Construal and Categorization: Impacts of Psychological Distance on Brand Extensions

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We propose psychological distance influences acceptance of brand extensions. Studies showed psychologically distant brand extensions were evaluated more positively than the near ones, especially when the extensions were less consistent with the associated brands. More importantly, this psychological distance effect was mediated by the perceived fit of extensions.

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EXTENDED ABSTRACT

The topic of brand extension has been pervasively studied in the fields of marketing and consumer psychology. Previous research suggested that brands and their affiliated products are represented in memory as different categorial representations, and consumers use those mental representations to assign a new product or service to a certain category, and draw inferences about it (Loken et al., 2002). Categorial representations are flexible and malleable, and the likelihood of category inferences depends on the similarity or match between the representation of the existing brand category and the representation of a new category member (i.e., Meyvis & Janiszewski, 2004; Cowley & Mitchell, 2003). The higher the match between the extension product and its parent brand category, the more likely beliefs and attitudes typical to the parent brand will be ascribed to the extension.

Recently, Ahluwalia’s research (2008) showed a consumer’s self-construal influences the perceived fit of an extension and thus, a brand’s stretchability. Interdependent self-construal leads to a superior ability to uncover relationships between an extension and its parent brand, and thus is likely to enhance the perceived fit and acceptance of an extension.

The construal level theory (CLT) proposed by Liberman and Trope (1998) suggested that the chronically-built association between psychological distance and abstraction in cognition results in the tendency to construe objects/events with more high (low)-level, abstract (concrete) features when they are psychologically distant (near). Categorization itself is hierarchal and with different levels of abstractness; one could construe less or more inclusive categories of objects, depending on the level of construal being used to represent the objects. Greater psychological distance leads to a more inclusive categorization (Liberman et al., 2002).

On the basis of this literature, we propose that psychological distance also enhance the stretchability of a brand extension. Psychological distance will influence the levels of construal people use to represent an extension, its categorization, and the likelihood of category inferences from existing brand category to the extension. Specifically, when a brand extension is represented at a higher, more abstract, and superordinate construal level, it is more likely to be included in the existing brand category, leading to greater categorization inferences. We report the results of four experiments that examined our propositions.

In Study 1, construal level was manipulated by temporal distance of brand extensions. Participants were presented with a series of brand extensions (four brands and each had eight proposed extensions) which were suggested to be introduced in either near or distant future, and then reported their attitude toward the extensions. A control group was asked to evaluate the consistency of those extensions to their affiliated parent brands. A median-split was performed on these consistency measures to categorize the extension into low and high consistency group. Fifty-eight undergraduate students participated in this study. Results showed extensions represented in distant future were evaluated more favorably than the ones in the near future. Furthermore, the interaction between temporal distance and consistency suggested that the psychological distance effect was greater for low consistency extensions than high consistency ones.

To increase generalizability, different brand extensions were used in Study 2. Furthermore, another psychological distance dimension was included to manipulate construal level. Study 2 is a 2(psychological distance: near vs. far) X 2 (distance type: temporal vs. spatial) mixed design with construal level as between-subjects factor and distance type as within-subjects factor. Forty-seven undergraduate students participated in this study. They were presented with eighteen hypothetical extensions (three brands, each with six extensions), suggested to be introduced either in the near (distant) future or in the US (a foreign country). For each brand, half of the extensions were manipulated by temporal distance and the other half was by spatial distance. Participants then reported their attitude toward each extension. Results of study 2 again supported our hypothesis. When extensions were introduced in either distant future or spatially distant, participants evaluated the brand extensions more favorably. And the effect of psychological distance remained regardless of brands, extensions, and distance type.

Study 3 is to examine the mediation effect of perceived similarity (fit). The design of study 3 is similar to study 2, except that one more brand and six more extensions were included, and measures of brand attitude as well as perceived similarity (fit) were included because previous research suggested that brand attitude effect on brand extension evaluation is also mediated by fit. One hundred undergraduate students participated. Results replicated the findings of study 1 and 2, and extended previous studies by demonstrating that the influence of psychological distance on brand extension evaluation was mediated by the perceived similarity (fit) (Sobel’s test: p_{1-tailed}=0.01).

Study 4 adopted a 2 (temporal distance: far vs. near) X 2 (social distance: far vs. near) between-subject design to examine the potential interplay between different dimensions of psychological distance. Participants were presented with ten domestic (US-based) vs. foreign (foreign country of origin) brand extensions to be introduced in temporally near vs. distant future. We matched the brands in terms of their product class and brand strength. It’s assumed that although all the brands are available in the US markets, foreign brands should be perceived more socially distant than domestic brands. Results showed a significant social distance main effect on liking and purchase intention toward brand extension, and a marginal significant two-way interaction effect on purchase intention.

Taken together, the findings across four studies shed light on the linkage between construal level theory and categorization theory, and their application on brand extension. The categorization and evaluation of a new product extension is influenced by its psychological distance, especially when the extensions are inconsistent with the parent brands. The present study contributes to the brand extension literature by providing construal level as another route to understand the potential of brand stretchability, and how a brand extension is perceived, and its likelihood of acceptance by consumers. This study also extends previous research by examining the effect of other psychological distance dimensions (spatial and social) and their interplay on brand extension evaluation.

REFERENCES


