The Effect of Vertical Extensions’ Cognitive Mediation on Parent Brand’S Reciprocal Evaluation and Associations’ Structure Changes: An Accessibility-Diagnosticity Perspective

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Launching a new upward vertical extension inherently grabs target consumers’ attention. The level of accessibility of relevant parent brand associations before launch can balance the effect of the new extension on the parent brand’s attitude and cognitive structure after launch. Based on a 2 x 2 experimental random design, subjects in pre-launch high accessibility/diagnostic task’s cells neutralized the mediating effect of the upward extension on PB’s reciprocal attitude which was not the case for low accessibility cells. In terms of PB reciprocal associations structure neither the high or low accessibility cells could ponder the effect of the upward extension.

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EXTENDED ABSTRACT

Based on the accessibility-diagnosticity theory, Feldman and Lynch (1988) suggested that information may influence a consumer’s evaluation of a brand extension as long as it is accessible and diagnostic. Accessibility refers to the contextual ease of retrieving a piece of information from memory for input into a judgment (Feldman and Lynch 1988) and diagnosticity is the degree to which that piece of information is relevant for that judgment (Meyvis and Janiszewski 2004). Kardes et al. (2004) argued that products and brands can rarely be described completely by consumers, who mostly form inferences based on the information available (e.g. recent advertising, point-of-purchase displays) to them at the time of judgment.

In launching a new vertical line extension, an existing parent brand (PB) name is used to launch new products or services at a different price point and quality level (Xie, 2008; Keller and Aaker, 1998; Kim, Lavack, and Smith, 2001). In the case of an upward extension target consumers are likely to invest a significant amount of attention to the new extended brand because of its inherent involving effect. Wyer (2008) suggested that when individuals possess previously already interpreted information about an object on the basis of recently activated knowledge, it tends to persist over time on later judgments. In the case of a new extension launch, recent high accessibility and relevance task of established parent brand-related information such as key brand associations can potentially ponder the effect of the upward extension on reciprocal attitude toward the PB.

Unfortunately, little evidence exists in the literature that would allow concluding on the aforementioned potential effect of vertical extension. Yeung and Wyer (2004) suggested that an induced emotion before product evaluation persist even after introducing an interfering stimulus such as an attribute related to the product. In the case of an highly involving element such as an upward vertical extension we propose that the reciprocal attitude towards the parent brand will not be affected by the extension but the reciprocal PB brand association cognitive structure will change.

The goal of the study was to assess the extent to which the accessibility of a parent brand associations’ structure and the opportunity of a cognitive task related to it would influence the reciprocal evaluation and associations’ structure of the same parent brand after extension when it is developed upward. Based on Wyer (2008), recently induced prior judgments about of an object are suggested to persist over time. This remains true even if an interference factor comes to mediate those prior impressions (Yeung and Wyer, 2004). In the two previous findings, levels of involvement towards the mediating factor were not tested.

In order to test for the differences and variations in levels of accessibility and/or diagnosticity through the mediation of persuasion appeals of a vertical line extension, four experiments were planned. More specifically, a natural experiment based on a 2 x 2 between-subjects design was conducted with two levels of accessibility (high accessibility/low accessibility) and two levels of vertical extension (upward/downward). Before collecting the data, a series of pre-tests were conducted for brand name selection and stimuli development. The testing of the hypotheses was done using the statistical technique of Partial Least Squares (SmartPLS 2.0 (M3) by Ringle, Wende & Will, 2005). First, analyses of multiple causal relationships can be run with PLS (Chin 1998), as opposed to ANOVA. Second, as opposed to structural equation modeling (SEM), PLS allow for mixing continuous and nominal metrics as well as the use of small samples (Lei, de Ruyter and Wetzel, 2008).

The current study found that in a stimulus-based high accessibility context and cognitive task the effect of an established parent brand neutralized the mediating effect of an upward extension on both the extension’s and reciprocal parent brand’s attitude. In contrast, in a memory-based low accessibility context, the effect of the upward extension is quite significant. However, in terms of parent brand associations’ reciprocal cognitive structure the presence of a mediator such as an upward extension foster a significant change whether the accessibility of key PB information is high and low.

This study is important. It contributes to the accessibility-diagnosticity theory in a significant manner because it fills an important gap related to the area of vertical extensions and the influence it has of reciprocal brand associations’ cognitive structure of the parent brand. In the same way, it also contributes to a better understanding of the effect of prior impressions on future evaluation.

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