Leveraging a Brand Through Brand Extension: 
A Review of Two Decades of Research*

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In this chapter, we review 20 years of research on family brands, particularly as it pertains to brand extensions and the conditions under which brand extensions are likely to succeed. Companies rely on brand extensions as low-cost, low-risk leveraging strategies to reach new consumer segments, meet changing consumer needs, respond to competitors' extensions, and increase shelf space in a tough retail environment. Brand extensions can also revitalize brands and introduce innovation, thereby boosting usage occasions for a brand, increasing first-mover advantages in certain product categories, and increasing consumers' perceptions of a brand as youthful and innovative. In this chapter we address academic research pertaining to brand extensions and the factors that improve their chances for success.

What Is a Brand Extension?  
We begin by defining a *brand extension*, as well as enumerate many of the types of brand extensions that exist in the marketplace. We define

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brand extension as a product or service introduced in the marketplace that includes an existing brand's name. For example, Tide to Go instant stain remover is an extension of the Tide brand name. The term line extension refers to a particular type of brand extension, a variant of an existing product within the same product category. For example, extending from Diet Coke to No Caffeine Diet Coke would be an example of a line extension.

We define a sub-brand extension as one in which the parent brand name is assigned to the brand extension along with another name created by the company. For example, Toyota Camry, Canon PowerShot, and Courtyard by Marriott are all sub-branded extensions that include both the parent brand name (Toyota, Canon, Marriott) and another created name (Camry, PowerShot, Courtyard). The added name serves to differentiate the product from others of the parent brand. While there are many variants of sub-branded extensions, a common one is an endorser brand extension such as Polo by Ralph Lauren, Cottenelle by Kleenex, or Courtyard by Marriott, which assigns a stronger role to the sub-branded name through the use of "by" or "from" or endorsement by font and type size on product packaging. With endorser and many sub-brands in general, a goal of many companies is to establish a differentiated brand name (Polo, Cottenelle, Courtyard) under the parent brand name (Ralph Lauren, Kleenex, Marriott) which over time (as consumers learn about the endorsed brand) is recognizable without the parent.

We define co-branded extensions as extensions that pair two established brand names, such as the Eddie Bower edition of Ford Explorer or Pillsbury Cinnabon rolls, and in which both brands are included in the name of the extension. Co-branded extensions, like sub-branded extensions, can include endorser relationships, such as Campbell's V8 soups, in which both brands are established (in this case, they are from the same company, but usually they are not). Co-branded extensions are sometimes referred to as composite brands or one form of brand alliance. Research on brand alliances is reviewed elsewhere (Rao, this volume).

The term family brand is an overarching name given to brands or lines within a category (e.g., Toyota includes Camry and RAV4 as sub-brands and LE and LX as models or variations of one or more lines), and the parent

brand name, such as Toyota, is the brand name that links all the individual products of the brand. The larger network of brands and sub-brands built by a company is often referred to as a house of brands, brand hierarchy, or brand architecture. These terms are used to describe the multiple ways in which parent brand names can be used with sub-brands and co-brands to extend to new product categories, new consumer markets, and new situational uses for brands.

Most brand extensions succeed in part because of consumers' familiarity with the parent brand name. Consumers trust that a new brand extension will fulfill the brand's promise and they expect a brand extension to be consistent with the parent brand's core associations. For example, a Coke extension might be expected to be "great tasting," "cola-flavored," and "carbonated." The brand associations that are held most strongly by consumers, for a given situation or for a targeted group of consumers, are core associations about the brand, and may include brand image attributes, prototypical products of the brand, the brand's logo, trademarked color combinations, sonic brand tones, CSR initiatives, and/or other prominent elements of a brand. Consumers expect that a new brand extension will include some (although perhaps not all) of these core associations. In addition, however, some brand extensions play a new role in the family, broadening out the brand's image associations in favorable ways and taking risks by changing one or more core brand associations. For example, the Curves International fitness club chain successfully broadened its brand concept of female-only fitness centers to include food products. The company's line of brand extensions, including breakfast cereals and bars, introduced an entirely new set of associations to the Curves's core brand (e.g., "reducing calories to lose weight").

In this chapter, we examine two scenarios involving brand extensions. First, we examine brand extensions that stretch associations that are familiar to consumers and consistent with consumers' expectations for the brand. Most of the existing academic research examines factors leading to success or failure of new brand extensions in the context of brand names and associations that are familiar to consumers. Unless otherwise specified, we use the term brand extension to refer to extensions without a sub-brand or co-brand name attached to them. We review the research findings concerning factors that heighten success of these brand extensions. Second, less frequently researched, but nevertheless increasingly important for the development of brand portfolios, are brand stretches, which function to broaden the brand's core associations and strengths but also have the advantage of retaining at least some of the brand's core strengths. Some of these brand stretches are innovations in product categories to which they extend (e.g., Westin Heavenly Beds). In these instances, the parent brand is often paired with a new sub-branded extension (e.g., Apple's iPhone) or co-branded extension (e.g., Pillsbury Cinnabon rolls or

* The distinction between a line and a brand extension is not always apparent. For example, a bag of Hershey's miniature chocolate with almond candy bars may be viewed as a line extension of the regular Hershey's chocolate bars, and yet with sufficient variation in target market or packaging, it could represent a brand extension. While the literature sometimes makes a distinction between line and brand extension, for the purposes of brevity in this chapter we often group them and refer to both as brand extensions.

* Some brand alliances do not name both brands, such as distributor's brands (e.g., Sears Roadhandler Tires are made by Michelin but are not indicated as such), and are not included in our definition since consumers may be unaware of such alliances.
Radisson's Select Comfort Sleep Number bed) that identifies an innovation or feature that is either unique to the brand or unique to the product category in which the extension occurs. The distinctiveness of the sub-branding or co-branding label, as well as the association with the core brand, can have significant competitive advantages for the brand.

In the sections that follow, we discuss relevant research findings on success or failure of brand extensions. We begin with a discussion of three brand factors (brand strength, brand extension consistency, and information prominence or accessibility) that have been found in academic research to increase acceptance of brand extensions. Next, we examine some of the brand extension strategies that have been researched relevant to product, pricing, distribution, promotion, and competitive strategies, and evaluate their effectiveness. A number of marketing strategies have been found to increase acceptance of a brand extension even when other conditions, such as the brand extension's fit, are not favorable, and these are examined as well. We then turn to a discussion of brand stretches that depart significantly from the brand's original categories and brand extension innovations, both of which are increasingly common in the marketplace. Sub-brand and co-brand names used on brand extensions have been found to reduce risk, but they have other advantages for brand extensions that are also discussed. With a focus on the nature of self-constructual and the attendant differences in processing, we then examine the effects of culture on the evaluation of brand extensions. Finally, we address future research needs for brand extensions. Theoretical perspectives on branding research are covered elsewhere (Loken, 2006; Loken, Joiner, & Peck, 2002; Loken, Barsalou, & Joiner, 2008).

**Brand Extensions That Extend Familiar Brand Associations**

Research on brand extensions has identified three key factors that influence whether a new brand extension introduced in the marketplace is evaluated favorably or not. A brand extension is more likely to be accepted (1) when consumers feel commitment, trust, and/or liking for the parent brand or have had experience using the parent brand, (2) when the extension is consistent with the core brand image or product associations of the parent brand, and (3) when the focus of the information about the brand extension (which could include associations about the parent brand, the product category of the extension, the distinctive features of the brand extension, or other foci) includes favorable relevant information. We discuss each of these factors in turn (other useful reviews of the brand extension literature can be found in Bridges, Keller, & Sood, 2000; Czellar, 2003; Keller, 2002a, Loken et al., 2008; and Völckner & Sattler, 2006). Parent brand information has low impact on extension success under some conditions (e.g., when it is not accessible to consumers), and these conditions are addressed as well.

**Parent Brand Commitment, Trust, Liking, and Experience**

Not surprisingly, brand extensions are more likely to be accepted from high-quality brands (Aaker & Keller, 1990; Randall, Ulrich, & Reibstein, 1998), well-liked brands (Rangaswamy, Burke, & Oliva, 1993), and from stronger brands with higher market share (Reddy, Holak, & Bhat, 1994; Smith & Park, 1992) than from brands that are average in rating, are less well liked, and have lower market shares. Consumers' feelings of trust and commitment toward a parent brand have also been found to increase acceptance of brand extensions (Park & Kim, 2002; see also Kirmani, Sood, & Bridges, 1999; Völckner & Sattler, 2006). Brands that are rated highly on esteem and that are prominent in the marketplace, such as Coca-Cola, Hershey's, and Campbell's, have also been found to create positive stock market reaction when introducing brand extensions (Lane & Jacobson, 1995).

Other research describes specific marketing conditions that favor strong brands, and findings depend to some extent on whether brand strength derives from knowledge or familiarity with the brand or from prior experiences with the brand's products. When consumers have low knowledge of the brand extension's product category, and the extended product is one that requires trial in order to evaluate it (e.g., cold remedies or other experience goods), trust in the brand name becomes even more important. Smith and Park (1992), for example, found that a brand extension's market share and the brand's advertising efficiency were greater when consumers were familiar with the parent brand but unfamiliar with the extension category. Furthermore, effects of a parent brand on a brand extension's market share and advertising efficiency are greatest at the time of the extension's introduction, when beliefs about the brand extension are most unfamiliar or most malleable; importantly, the effects decrease over time (Smith & Park, 1992). Consumers also rely more on a strong parent brand when the brand extension is introduced in a product category that has only a few competitors (Smith & Park, 1992). On the other hand, if a brand's dominance in the extension category is unclear or questionable (Kim, 2006; see also Herr, Farquhar, & Fazio, 1996), evaluations of the extension are more likely to be influenced by factors other than the parent brand name.

Research on prior experience with a brand yields more mixed findings, but tends to suggest that prior positive experience with a parent brand increases acceptance of a new brand extension (Kim & Sullivan, 1998; Swaminathan, 2003; Swaminathan, Fox, & Reddy, 2001; Völckner
& Sattler, 2006). Furthermore, consumers’ experiences with an intervening extension increases purchase rates of a subsequent brand extension (Swaminathan, 2003). On the other hand, the role of parent brand experiences reduces significantly after consumers try the brand extension. Prior experiences with the parent brand can increase expectations for the brand extension and if the extension’s performance is not matched, consumers may show even lower rates of repurchase than non-experienced consumers (cf. Swaminathan et al., 2001).

**Brand Extension Consistency**

A second factor that influences brand extension acceptance is the *consistency*, *fit*, or similarity between elements of the brand extension and elements of the parent brand. When the relationship between the parent brand and the brand extension is perceived to be high, attitudes toward the parent brand and beliefs about the brand’s core associations will be more likely to transfer to the new brand extension. An abundance of research findings support the consistency effect. For example, extensions are more likely to be accepted when they occur in a product category that is perceived as similar to or a good fit with the parent brand categories (Aaker & Keller, 1990; Boush et al., 1987; Boush & Loken, 1991; Herr et al., 1996; Vöckner & Sattler, 2006). Consistency with respect to a core brand association also enhances acceptance of a brand extension, such as the brand Coach extending on the “prestige” image attribute, the brand Calvin Klein extending on an “edgy” image attribute (Bhat & Reddy, 2001; Park, Milberg, & Lawson, 1991), or a brand extending on a brand usage goal (Martin & Stewart, 2001), such as Reebok cotton spandex athletic apparel. In fact, brand image consistency has been found, at times, to be more important than product category consistency in achieving brand extension success. Park et al. (1991) found that a brand extension that maintained a prestige brand image of a symbolic product (e.g., perfume) led to even greater extension acceptance than a brand extension that moved to a similar product category. Broniarczyk and Alba (1994) found that the relevance of the core brand associations to the new product category was more important than the similarity of the extension and brand product categories. For example, a Timex alarm system, for which “reliability” is relevant, may be perceived more favorably than a Timex bracelet, which appears similar to a watch but for which Timex associations are less relevant.

The consistency effect is widespread although it tends to vary with certain consumer groups and with expertise. For example, Zhang and Sood (2002) found that children ages 11–12 based extension evaluations more on surface cues (such as the brand’s name or linguistic features like rhyming names, Coca-Cola Gola iced tea or Wrigley’s Higley’s toffee) and less on deep cues (such as similarity in product categories of parent brand and extension). Adults, in contrast, used the consistency rule more often, evaluating near extensions (e.g., Coca-Cola iced tea) more favorably than far extensions (e.g., Coca-Cola toffee). When the children were cued to make similarity judgments prior to evaluation, this knowledge prompted them to behave more like adults, evaluating near extensions more favorably than far extensions. Muthukrishnan and Weitz (1991) found that both experts and novices used a consistency rule in judgments of brand extensions, but experts based their judgments on more complex cues. That is, experts (more than novices) transferred associations from the parent brand to the extension when fit between them was based on complex attributes (e.g., the fit between a computer and a camera relied on technological competencies). Novices, on the other hand, transferred associations based on surface similarities between the parent brand and the extension categories (e.g., the fit between camera and film). Finally, Puligadda, Ross, and Grewal (2008) found that consumers who tended to be generally receptive to brand information, or more *brand centric*, were more likely to rely on brand image consistency in evaluating extensions than consumers who were not brand centric.

**Information Prominence and Accessibility**

The third factor that influences brand extension acceptance is information in the marketing environment that is *prominent* or of sufficient intensity to capture consumers’ attention and thought. The associations in memory that are most *accessible* to consumers are the ones most likely to influence judgments of a new brand extension. Information that is prominent (from the point of view of the marketer) or accessible (from the point of view of the consumer) determines both the focus of attention and consumers’ interpretation of brand information (and this could include information about the brand’s image attributes, information about the brand’s existing products, and/or information about the new extension and new extension category).

One way in which accessibility becomes important is in determining whether information that consumers bring to mind reinforces similarities between the parent brand and the brand extension or highlights differences between them. Depending on which information is accessible or selectively attended to about the brand (e.g., the brand image attributes or the product categories of the brand) or about the brand extension (e.g., the product category of the extension, relation-to-category information, or unique, individualizing information about the extension), the transfer of beliefs and affect from the brand to brand extension can vary. For example, a consumer who recently attended an engaging athletic event sponsored by Coke will have different information accessible about Coke than a consumer who recently tried the Coke extension Coke Blak. These different
cognitions for different consumers, or for the same consumer on different occasions, have implications for the interpretation of new information. Information that is currently accessible (to the consumer) or prominent (in the marketing environment) about the brand serves as the backdrop for evaluating a new extension. Researchers have shown, for example, that providing information unique to the extension (e.g., Klink & Smith, 2001) or increasing people’s knowledge of the product category of the extension (e.g., McCarthy, Heath, & Milberg, 2001) increases the prominence of extension information and reduces the importance of brand name. Therefore, a poor fitting extension might be partially overcome by providing more product information about the extension itself. The importance of prominence or accessibility of information in affecting judgments has been found in a variety of research in consumer psychology, and its importance in branding has been widely established (e.g., Ahluwalia & Gurhan-Canli, 2000; Boush, 1993; Bridges et al., 2000; Loken, 2006; Loken et al., 2008; Pryor & Brodie, 1998; Shine, Park, & Wyer, 2007; Van Osselaer & Alba, 2003).

Strategic Brand Decision Making

Building brands through consistency is not only supported by academic research; it makes intuitive sense as a marketing goal. Consumers are less confused about what the brand represents and are able to predict performance for each of the brand’s products when consistency is maintained. Further, study results make clear that the connection between a parent brand and a brand extension needs to be perceived as a good fit from the consumer’s, rather than the marketer’s, perspective. When marketers desire to extend their brands to moderately dissimilar categories to reach new consumers, encourage new usage occasions, or introduce new product benefits, a connection to the parent brand may need to be communicated clearly to the consumer. Prior research indicates that consumers probably engage in more thought when evaluating moderately inconsistent brand extensions (relative to consistent extensions) and require more time to evaluate them (Boush & Loken, 1991; Lane, 2000). Searching for a connection between the parent brand and the brand extension may be the reason, and marketing strategies can facilitate achieving resolution of inconsistencies.

In this section, we review research findings that apply the three principles described above (brand strength, brand consistency, and information prominence) to understanding product, price, distribution, promotion, and competitive strategy decisions with respect to brand extensions. We focus on findings that improve or reduce acceptance rates of brand extensions.

Product Branding Strategies

As noted earlier, creating brand extensions that are consistent with the brand’s core promise, either by extending into similar and compatible product categories, extending along attributes that are consistent with the parent brand, or extending based on consumers’ goals for using and purchasing the brand, increases the success of the brand extension (Aaker & Keller, 1990; Bottomley & Holden, 2001; Boush & Loken, 1991; Broniarczyk & Alba, 1994; Park et al., 1991). In addition to this general consistency strategy, several product development strategies, such as (1) increasing brand breadth, (2) maintaining quality consistency, (3) logical sequencing of brand extension introductions, and (4) generating brand extension synergies have been studied in the context of brand extensions.

The first strategy found to impact brand extension success or failure is increasing the breadth of the brand (Boush & Loken, 1991; Dacin & Smith, 1994; Meyvis & Janiszewski, 2004). Boush and Loken (1991) found that a brand that includes products in diverse product categories (e.g., Healthy Choice) has certain advantages over narrow brands that include products in only one product category (e.g., Campbell’s) in extending to new categories. Narrow brands have advantages over broad categories in introducing a line extension within the same category of expertise (e.g., a new soup) but have disadvantages in moving to a moderately different product category (e.g., spaghetti sauce or frozen vegetables).

One rationale behind the broadness findings is that narrow brands trigger from consumers’ memories the product category as a core brand association and consumers selectively attend to this information (Meyvis & Janiszewski, 2004). For example, consumers selectively attend to and consider “cola beverage” when evaluating a Pepsi brand extension, and selectively attend to and consider “soup” when evaluating a Campbell’s brand extension. As a result, when consumers evaluate a new Pepsi cola beverage, or a new Campbell’s soup, these line extensions are compatible with the consumers’ accessible product category associations, but extensions to different product categories, such as Crystal Pepsi (a clear-colored beverage) or Campbell’s spaghetti sauce (which fared less well than Prego spaghetti sauce), are not viewed as compatible. Herr et al. (1996) found, too, that when a strong brand is linked to a particular product category, this product category association deters consumers’ tendencies to transfer beliefs and affect about the brand to a brand extension in a distant product category. When consumers think about an extension of a broad brand, in contrast, the brand associations that are prominent are more likely to include nonproduct-category associations, such as “exclusive” in the case of the Ralph Lauren brand, or “healthy meal” in the case of the Healthy Choice brand (cf. Park et al., 1991). As a result, an extension into a moderately different product category is more
likely to be perceived as consistent with the brand. Rangaswamy et al. (1993), too, found that when two brands were preferred equally, but one was associated with brand image attributes (and not physical attributes of the product category), it was more successful in extending to distant extensions than the other brand that was linked to both brand image and physical attributes of the product categories. The authors argue, for example, that Oscar Mayer may have difficulty extending to cheese, chips, and other nonmeat product categories, since the name is closely associated with meat products.

Another product development factor found to increase extension success is quality consistency of products of the brand. Not surprisingly, brands that are consistently high in quality (and particularly ones with a high number of products in their portfolio) have been found to be more successful in extending than brands with high quality variation (Dacin & Smith, 1994). Consumers infer that a brand successful in making consistently high quality products is likely to make another one. A product strategy that has been found to increase perceived brand quality and expertise is introducing multiple versions of a brand, within a brand line, such as multiple flavors of chocolate (Berger, Draganska, & Simonson 2007). On the other hand, a product strategy that can reduce quality perceptions and hamper future success is extending vertically downward on a quality dimension. Jun, Mazundar, and Raj (1999) found that when the parent brand’s product category was at a higher technological level than a brand extension (e.g., Motorola moving from high-end workstations to desktop computers), the extension was judged more favorably than when the parent brand’s product category was at a lower technological level than the extension (e.g., Canon moving from 35 mm cameras to camcorders). Experts, however, more than novices, valued upward technological extensions (Jun et al., 1999), and a vertical move upward was rated more favorably when the move was to a similar category (from cameras to camcorders) than when the move was to a dissimilar category (from televisions to computers).

A third product strategy found to increase brand extension success is the logical sequencing of extensions. When multiple brand extensions are introduced sequentially under a well-known brand name, success of a brand extension in a moderately different product category can be improved if the ordering of the extension introductions progresses from the greatest fit to the lowest fit category. Dawar and Anderson (1994) found that acceptance of a distant brand extension (e.g., Cheerios salty snack mix) was better achieved when first introducing a moderately-consistent brand extension (Cheerios milk and cereal bars) than either by not introducing it or by introducing a poor-fitting intermediate extension. Introducing extensions in a sequential manner allows the consumer’s perceptions of the brand category to expand gradually such that inconsistent extensions are viewed as a better fit for the parent category and thus more likely to be accepted. Ralph Lauren is an example of a brand that extended successfully from clothing to bedding to home furnishings, rather than directly from clothing to home furnishings. Keller and Aaker (1992) found that an unsuccessful intervening extension can make subsequent extensions difficult for a high quality parent brand. But a successful extension has a positive effect on subsequent extensions for an average-quality parent brand. Swaminathan (2003), using scanner panel data, found that having experience with both the parent brand (e.g., Tide) and an intervening extension (e.g., Tide dishwashing liquid) increased purchases of a subsequent brand extension (e.g., Tide stain removal), especially among those with more to gain from the experience. Having more than one experience with the intervening extension also increased purchases. While these studies show that sequencing brand extension introductions from most to least consistent, and promoting trial of intervening extensions, can be a successful strategy for increasing brand extension acceptance, company expertise also needs to be considered. Moving from clothing to sunglasses may be perceived by consumers as easier than moving from sunglasses to clothing. The latent brand equity of a brand allows it to move from a more to a less technologically advanced category more easily than the reverse.

A fourth product extension strategy found to increase extension acceptance is the simultaneous introduction of multiple brand extensions that have a synergistic effect (Shine et al., 2007). Research indicates that when two extensions were complementary (e.g., a digital camera and a digital photo printer), the synergies between the new product uses outweighed the importance of parent brand-extension similarity.

**Pricing Brand Strategies**

Several pricing decisions that affect acceptance of a brand extension have been examined in academic research, including (1) price premiums and extension fit, and (2) step-up and step-down pricing. The first issue is whether brand extensions from highly valued parent brands can command price premiums. A price premium is the amount consumers are willing to pay for a product as compared to another product with the same set of benefits (cf. Aaker, 1991). Researchers (DelVecchio & Smith, 2007) found that a high fit between the parent brand and the brand extension category increased the price premium, but only when social and financial risk associated with the extension product category was high. In other words, a high fit extension eased the uncertainty associated with a high-risk extension. Whether a strong, liked brand can command a price premium is important in several contexts, such as in determining licensing fees for a brand (e.g., Ralph Lauren; Curves...
EXTENDING A STRONG, NARROW BRAND SUCCESSFULLY

General Mills believes that the key to Cheerios’ extension success is that the brand builds on established strength and continues to innovate to increase its value to consumers. “Because Cheerios is our strongest cereal brand equity and the category leader, it is a powerful platform for brand extensions,” says Vivian Callaway, Senior Vice President, Center for Learning and Experimentation at General Mills. “Cheerios has incredible brand equity. This cereal is so well known and so trusted that new additions to the brand have an automatic credibility on the shelves.

“When the parent brand is strong,” Callaway notes, “the trust and experience will transfer to the rest of the brand.” Conversely, if your brand is running low on equity, extension may not be the best marketplace strategy — best to step back and shore up equity rather than run the risk of a wary reception from shoppers.

General Mills first introduced Cheerios (as Cheeri Oats) in 1941 and has been building on the brand’s name ever since, particularly in the last 30 years. Consumers have welcomed the cereal’s fortification with vitamins and minerals, clinical studies on the heart-health benefits of oats and new varieties and flavors. Most people in America have an experience and, indeed, a relationship with Cheerios—the little O’s are often babies’ first solid food. Whether the yellow-box brand, Multi-grain or Honey Nut, billions of people have tasted and trusted Cheerios. While, like many famous brands, Cheerios carry a story, General Mills’ consistent spot at the top of the pack speaks most powerfully for the value of trust the brand holds in the cereal aisle.

But Cheerios is also a brand that was formerly connected to only one category—cereal—and still has that strong connection to the category. So how does a company stretch a strong, but narrow brand such as Kleenex, Campbell’s, or Cheerios? A brand that is stretched too far too quickly can jeopardize its equity. Appropriate sequencing of line and brand extensions can broaden a brand gradually and increase its ability to leverage to new categories.

Cheerios is an example of a narrow brand that gradually introduced new line extensions successfully and more recently is expanding to new categories such as breakfast bars. “General Mills has introduced at least 12 Cheerios brand extensions since the advent of Honey Nut in 1979,” concludes Callaway. “Combined, these extensions account for a significant share of the market—7.6 in 2008, up .9 over year ago, with a total dollar share of 12.9, a full point higher than just a year ago.” Stretching a strong, trusted, brand thoughtfully and gradually has added to the Cheerios brand promise and “turned the Cheerios franchise into a true mega brand.”

R.D.M. & L.W.P.

International) that uses needed manufacturing skills or channel ties of another brand (e.g., Sherwin Williams; General Mills) to extend its own brand to a new product category (e.g., Ralph Lauren house paint; Curves breakfast cereal and bars).

A second pricing issue examined in academic research is whether a brand extension that is a vertical step-up or step-down in price from the parent brand is likely to be accepted. Research suggests that consumers often evaluate a step-down pricing strategy negatively (Kirmani et al., 1999; Kim, Lavack, & Smith, 2001; see also Randall et al., 1998). However, extension fit and ownership qualify this effect. One set of studies examined whether distant brand extensions would yield more or less acceptance when they were priced high. Taylor and Bearden (2002) found that raising the price of a dissimilar brand extension increased consumers’ ratings of the extension, which they argued reflected consumers’ high price-high quality inferences for dissimilar but not for similar extensions. They argue that when low cost positioning strategies are used for dissimilar extensions, consumers infer that the extension is low in quality (rather than high in value) and may show lower acceptance rates. Kim et al. (2001), too, found that using graphical and linguistic distancing techniques that differentiated the parent brand from the extension were harmful to brand extensions when the price point was a step downward, since they probably indicated a lower quality difference.

Research also suggests that owners differ from nonowners in their acceptance of step-up and step-down pricing. Kirmani et al. (1999) found that owners (versus non-owners) of a brand (e.g., Acura) were more accepting of both upward and downward price extensions as long as the brand was a non-prestige brand. When the brand was a prestige brand (e.g., American Express or BMW), owners were more likely than non-owners to accept upward price extensions (e.g., American Express platinum card) but not downward stretches of prestige brands (e.g., a new entry-level BMW for $11,990). Downward stretches violated owners’ desires for brand exclusivity, and therefore sub-branding strategies (e.g., Ultra by BMW) were preferred.

Finally, it seems reasonable to assume that consumers will expect the price of a brand extension to be consistent with the parent brand pricing strategy. For example, Harley-Davidson is viewed as a premium brand
in motorcycles; if they were to extend to automobiles consumers might expect these automobiles to command a premium price while simultaneously factoring in that motorcycles are less pricey than automobiles (Jun, MacInnis, & Park, 2004).

Distribution Branding Strategies

The retail environment is an important context in which brand extensions are exposed to consumers. Manufacturers carefully select retail locations that best reinforce their brand's image (Joachimsthaler & Aaker, 1997) and that maintain consistency between a brand's image and the retailer. A brand extension that appears in a "provocative, edgy" retail outlet may be viewed as a poor fit with a parent brand that has a "sincere, wholesome" image. Similarly, a brand extension of a high-status brand that appears in a discount store may be perceived negatively. As described earlier, brand owners of prestige brands often wish to maintain brand exclusivity. They may negatively view lower-priced brand extensions of Coach or other designers sold in outlet malls, whereas non-owners of the brand may view the lower-priced extensions as a way to achieve designer-brand status. Placing different versions of a brand in different retail outlets (e.g., Charmin Basic in Walmart and Charmin Ultra in high-end grocery stores) is a strategy sometimes used, with the assumption that different consumers are exposed to each of the brand variants. (However, see Loken & John, Chapter 11, this volume, for concerns about brand dilution in retail locations.)

Manufacturers have control over their choices of distribution channels and retail locations, but they have less control over the way in which their products are displayed in stores. The category in which a brand extension is displayed (e.g., in the context of other products of the brand versus in the context of other brands in the category) may affect brand extension perceptions. More research is needed to determine whether retail displays and assortments that are inconsistent with the brand's image, or that increase the prominence of the brand's other products or competitor brands, reduce acceptance of brand extensions.

Another consumer factor with implications for retail and distribution that has been researched relates to consumer mood or affective states. The effects of consumers' moods and other affective states on brand extension acceptance has relevance to retailing decisions as these states are sometimes triggered by a retail environment. Research has found that consumers who were in a positive mood tended to show increased acceptance of brand extensions (e.g., Nike basketball nets) that were moderately different from the well-liked parent brand. This effect seemed to occur because being in a positive mood enhanced consumers' similarity ratings of the brand extension and the parent brand when consumers considered the fit of the extension prior to judgment (Barone, 2005; Barone & Miniard, 2002; Barone, Miniard, & Romeo, 2000; Yeung & Wyer, 2005) or served as an affective heuristic in lower involvement situations (Barone, 2005). The same effects did not occur for disliked brands or for extensions that were extremely inconsistent with the parent brand (Barone & Miniard, 2002; Barone et al., 2000). Consumers' favorable feelings about the parent brand may also come from other elements of the retail environment in which extension information is evaluated. For example, retailing environments sometimes encourage trial and favorable, engaging experiences may increase positive affect and subsequent product acceptance. Research finds that consumers' feelings of involvement in the product category in which a new brand extension is introduced, or involvement that resolves ambiguities or inconsistencies between the parent brand and the brand extension, increases consumers' evaluations and likelihood of purchasing the new brand extension (Hansen & Hem, 2004; Maoz & Tybout, 2002).

Promotional Brand Strategies

Increasingly, research on brand extensions has turned to understanding the effects of promotional strategies in enhancing acceptance of inconsistent brand extensions. Early research found that strong advertising and promotional support improved the success of extensions (Reddy et al., 1994; see, also, Völckner & Sattler, 2006). More recent research has attempted to understand how advertising works to improve an extension's success. Research has examined increasing fit through (1) ad repetition, (2) advertising message, and (3) changing the prominence of the parent brand name in marketing communications. In short, research findings suggest that promotions, advertising, and other product information that increase consumers' perceptions of brand extension fit (to the parent brand) increase consumers' acceptance of the extension (cf. Bottomley & Holden, 2001; Lane, 2000; Martin & Stewart, 2001). One advertising technique that enhances fit is simply repeated exposures to brand extension information (Klink & Smith, 2001; Lane, 2000). For example, research by Lane (2000) suggests that repeated exposure to information that links an extension positively to a brand directs the focus of attention and increases positive thoughts about the brand extension. With an increased number of exposures (five versus one) more positive thoughts about the extension were triggered, even when the exposure information included brand associations not strongly related to the brand. Klink and Smith (2001) found, too, that multiple exposures (three versus one) increased consumers' ratings of a moderately dissimilar extension, even, in this case, when only the brand name and extension product category information were provided. Other research (Lehmann, Stuart, Johar, & Thozhur, 2007) has found that being able to visualize the brand extension is important and can predict
choice behavior. However, linkages between a brand and brand extension will not always be credible if the brand extension is too far a stretch. Lane (2000) found that when a brand extension (product category) was extremely dissimilar from the brand, even multiple exposures did not increase acceptance of the extension. It seems reasonable to assume, then, that consumers will rate brand extensions more favorably when ad repetition enables consumers to establish a connection between the parent brand and the brand extension on their own, or when the ad explicitly makes a connection and the connection is a credible one.

Van Osselaer and Alba (2003) show how prominent associations of a parent brand affect brand extension acceptance. While we tend to think that brands should always position themselves along key image attributes, when positioned attributes are not relevant to a new brand extension, these positioning effects can hamper acceptance of the extension. Instead, a positioning strategy that focuses on overall brand name (rather than brand attribute) prominence may be more advantageous. Thus, extension products may be rated as less acceptable when certain of the brand’s product associations that are prominent are not relevant to those extension products (Van Osselaer & Alba, 2003). Broniarczyk and Gershoff (2003) found that if a brand extends on a trivial attribute (e.g., pro-vitamin ingredients in shampoo), and this information is prominent to consumers, future extensions in different product categories will be rated less positively, especially if the brand is a lower-tier brand. The prominence of the trivial attribute may decrease perceived fit of the brand to other product categories and lead to lower extendibility.

Reducing the prominence of parent brand information can sometimes work to the marketer’s advantage. McCarthy et al. (2001) found that when consumers were provided with significant amounts of new product information relating to a new brand extension, it mattered little whether the new product was named after an existing brand (i.e., a brand extension) or not. Furthermore, the abundance of new product information reduced the importance of brand extension fit (see also Klink & Smith, 2001). In such cases, marketers may desire to create new brand names (e.g., the Swiffer name instead of a Mr. Clean extension). When new product information is amply provided to consumers, creating a new brand name (instead of using a brand extension) may have long-term advantages in product positioning and brand architecture.

**Competitive Strategies**

Recent research by Oakley, Duhachek, Balachander, and Sriram (2008) demonstrates that the process by which brand extensions are introduced into a new category (e.g., Clorox, Lysol, and Mr. Clean into the cleaning wipes category) is a dynamic one such that brand extensions are evaluated in the context of entrants in the category. The absence or presence of other brands in the extension product category (i.e., whether the extension is a pioneer or a follower in the category) can influence consumers’ reactions to the brand extension. Pioneer extensions are more likely to be evaluated singularly (without reference to a comparison brand) and yield favorable evaluations if the parent brand is liked; a follower extension, in contrast, is compared to other brands already in the category (e.g., the pioneer).

Finally, Kumar (2005) examined competitor responses to brand extensions in the context of counter-extensions. When one brand introduces a brand extension (e.g., Redenbacher’s, a popcorn brand, introducing a corn crisp extension) in a product category dominated by a second brand (Bugles), a counter-extension is a (retaliatory) move made by the second brand (Bugles) into the first brand’s category (e.g., Bugles popcorn). The initial move broadens the consumer’s perception of the category (popcorn and corn crisps increase in perceived similarity), and the counter-extension can benefit from this change. Counter-extensions were also found to be rated more favorably (hurting the first brand more) when the initial extension was solo-branded (Redenbacher’s corn crisps) than when it was co-branded (e.g., Redenbacher’s Jays or Jays Redenbacher’s corn crisps). A co-branded extension enables consumers to separate the Redenbacher brand from the brand extension and, more importantly, the category perceptions remain narrowly defined (popcorn, corn crisps); as a result, consumers respond less favorably to a retaliatory move on the part of the competitor brand.

While consistency is one of the tenets of brand extension strategies, exceptions to the rule are prevalent. As indicated in the Redenbacher example, and as discussed next, when a brand extension is a significant departure for the brand with respect to product category expertise, consumer franchise, or brand usage context, a sub-branding strategy is often advisable. When brand extensions represent unique or innovative extensions, strong connections with some of the brand’s core associations may not be warranted.

**Brand Extensions That Are Innovative**

Although much of the focus of both research and practice has pertained to consistency between the parent brand and new extensions, there are reasons why companies may want to use their brand extensions to signal a break from the parent brand (cf. Aaker, 2007). In these situations
inconsistency may be viewed favorably, with companies wanting to extend along different, innovative attributes, and to call attention to these differences. While the brand manufacturer may in some cases create new opportunities by using a new brand name (e.g., Lexus) that is different from the existing parent brand (e.g., Toyota), in other cases the manufacturer may find a brand extension strategy beneficial even in casting a wide net that significantly stretches the brand. The following sections illustrate some of the reasons why marketers may want to introduce brand extensions that are inconsistent with the parent brand, including situations in which (1) the brand needs to be revitalized, (2) the target consumer prefers novelty and/or risk, (3) the brand stretching will broaden the brand and create long-range opportunities, or (4) the brand has potential first-mover advantages in a new product category.

**Brand Revitalization**

Older brands can become stodgy and require a complete change in positioning (e.g., youthful associations) to brighten and revitalize the brand. While these newer associations may be inconsistent with the older stodgy image, they can represent a positive change. When a brand is not strongly liked, research finds that inconsistent extensions are sometimes preferred to consistent ones (e.g., Boush et al., 1987; Brown & Dacin, 1997; cf. Kim, 2006; Wänke, Bless, & Schwartz, 1998).

Further, certain types of brands are more likely to require continual updating and innovation. For example, inconsistent extensions of experiential brands may be valued by the consumer for their uniqueness and innovativeness. Researchers (Sood & Dreze, 2006) have found that for certain experiential extensions, such as movie sequels (e.g., High School Musical 3), experiential attributes are likely to satiate, with consumers preferring to experience novelty in the brand extension. Dissimilarity is preferred to similarity for such experiential brand extensions (Sood & Dreze, 1996). When consumers satiate on a product, they tend to prefer an alternative with different attributes on a subsequent occasion (Lattin & McAlister, 1985; McAlister, 1982). Further, information about a brand extension that is innovative or unique (e.g., a Timex bicycle with a unique gear system) may be highlighted through promotions, and this information, rather than a parent brand connection, may be a strong determinant of extension success (Klink & Smith, 2001).

**Consumers Who Prefer Novelty and Risk**

Certain types of consumers may find inconsistent brand extensions more pleasing than consistent extensions. Consumers who are less risk-averse (either chronically or situationally) or who place more emphasis on hedonic (versus functional) values have been found to rate inconsistent extensions more favorably than consistent extensions (cf. Yeo & Park, 2006), perhaps because they interpret the extensions as more "adventurous." Also, consumers who are high in an innovativeness trait tend to be less sensitive to risk and are more likely to accept moderately different brand extensions (Klink & Smith, 2001; Völkner & Sattler, 2006). It seems likely that marketers who are selling products to consumers typically seen as less risk-averse and more attuned to hedonic values may have more latitude with inconsistent brand extensions.

**Increasing Brand Breadth**

As described previously, a broad brand carries the advantages of being able to extend into a wider range of categories with greater acceptance (Boush & Loken, 1991; Meyvis & Janiszewski, 2004). A brand manufacturer that has continued to use a narrow brand strategy over many years (e.g., Kleenex) may find it increasingly difficult over time to add the same product offerings as competitors (e.g., Scott). The narrowness of the brand category, over time, becomes more strongly etched in consumers’ perceptions of the brand. Since inconsistent brand extensions are evaluated more positively for broad (than narrow) brands (Boush & Loken, 1991; Sheinin & Schmitt, 1994), stretching a narrow brand early on in the life of the brand can have advantages if done successfully, and can present more long-range opportunities in new product categories. Since older narrow brands, such as Campbell’s, face greater challenges, increased brand breadth may be attempted sometimes through sub-branding, co-branding, and endorser relationships (e.g., Campbell’s V8 soups). Further, if the quality of extensions that are introduced remains constant, consumers’ confidence in their evaluations of the brand extensions increases (Dacin & Smith, 1994).

**Establishing a First-Mover Advantage**

Research on order-of-entry effects in the marketplace indicates that the pioneer holds enduring general advantages over later entrants (Carpenter & Nakamoto, 1989; Oakley et al., 2008). Brand extensions are often a viable option for introducing a new pioneering product. Line extensions of strong brands entering early in a product sub-category have been found to be more successful than extensions entering later (Reddy et al., 1994). Brand extensions that are inconsistent with the parent brand tend to be
more positively evaluated when they enter the new product market as a pioneer rather than as a follower (Oakley et al., 2008).

Research has found numerous strategies for which introducing inconsistent brand extensions may be warranted (see, also, Loken & John, Chapter 11, this volume, for a discussion of risks to the parent brand in introducing inconsistent brand extensions). The most common strategy shown to be effective in introducing inconsistent brand extensions is sub-branding.

**Sub-Brand Strategies**

How should a company proceed if it decides that its brand extension should signal some form of differentiation or innovation, whether a brand revitalization, an experiential attribute innovation, or a first-mover in a new product category? More generally, how should a brand manufacturer introduce a quite distant brand extension? The most commonly recommended strategy, based on prior research, is a sub-branding strategy (see, also, Aaker, 2007). The new sub-brand name can range in prominence, relative to the existing brand name, from greater in importance than the parent brand name (e.g., Apple’s iPod or iPhone) to less than or equally important as the parent brand name (e.g., Samsung DuoCam camcorders). The sub-branding strategy can also differ in whether the parent brand name serves as a modifier (e.g., Courtyard by Marriott) or not (Hallmark Shoebox greeting cards). While research on the range of sub-brand naming strategies is limited, an ample number of studies, some already discussed, demonstrate that the parent brand’s use of sub-brands not only protects the parent brand from failed or inconsistent brand extensions (Kirmani et al., 1999; Milberg, Park, & McCarthy, 1997), but also may confer benefits to the brand extension (Sood & Dreze, 2006). Research shows that if a sub-branding strategy is used for a brand extension that is inconsistent with the parent brand (e.g., a copiercoper “Caliber by Timex”), evaluation of the brand extension increases relative to using a direct strategy (a copiercoper “by Timex”) in which only the parent brand name appears on the extension. This subcategory helps insulate the original parent brand associations from changes due to an inconsistent brand extension (Milberg et al., 1997), and also helps the consumer understand that the extension is differentiated from the parent.

Desai and Keller (2002) found that the sub-branding of an ingredient (e.g., Tide with EverFresh scented bath soap) increased extension acceptance in the long run as compared to a strategy of co-branding with a familiar brand name (e.g., Tide with Irish Spring scented bath soap), as long as the brand extension was not a good fit for the brand. Janiszewski and Van Osselaer (2000) found that co-branding with another familiar brand name increased expectations of the extension’s quality. In such cases, marketers should ensure that consumers’ experiences with the extension meet their expectations. Further, if an ingredient brand is co-branded with other known brands as well (e.g., Intel co-branding with many computer brands), its value to a co-branded alliance may diminish (Janiszewski & Van Osselaar, 2000). For these reasons, sub-branding extensions are often preferred to co-branded extensions. Sub-branded ingredients may have other advantages as well. Carpenter, Glazer, and Nakamoto (1994) found that naming an attribute that a competitor did not name increased brand preference (see also Brown & Carpenter, 2000). Aaker (2007) argues, too, that innovative branded ingredients, features, and subcategories (e.g., Westin’s Heavenly beds) can strengthen brand extension positioning and may decrease the likelihood that competitors can take over the innovative ingredient or feature. Analogous to other sub-branding strategies, a branded ingredient can serve to differentiate the extension from the brand. This area of brand extension strategy calls out for future investigation. By combining existing and new brand names on a brand extension, sub-branding often provides marketers with an entirely new set of strategic branding options.

Finally, companies are increasingly using sub-branding strategies to denote their cause and social marketing efforts. For example, General Mills’ use of Yoplait’s “Save Lids to Save Lives” cause marketing campaign, or their pairing of breakfast cereals with their “Boxtops for Education” social programs, are examples of the use of novel sub-branding strategies. While research exists concerning brand partnerships between brands and charity organizations (see Gürhan-Canli & Fries, Chapter 5, this volume), less is known about sub-branding strategies that combine a well-established brand and a socially relevant sub-brand.

**Cultural Factors in Brand Extension Evaluation**

In our global economy, marketers are increasingly cognizant that products distributed and sold to consumers in other cultures may be perceived differently from products sold locally. American brands are increasingly present in other countries, and understanding differences between cultures in acceptance of brand extensions has therefore become important. Also, consumers in many cultures are increasingly bi-cultural, resulting from the increased Westernization of many traditionally Eastern cultures, the increased cultural diversity within the United States and many European countries, and increased availability of products globally. Depending on the context in which brand information is received by a bi-cultural consumer, a particular cultural view (e.g., relational or independent; Eastern or Western) may be more accessible. The effects of culture
on the acceptance of a brand extension potentially have implications for the extension strategy that is pursued, how the extension is promoted and distributed, and how innovative it can be. A growing body of research has examined culture and its effects on the acceptance of a brand extension. This research has focused primarily on differences in Eastern and Western cultures.

The major focus driving the research has been on differences in self-view among cultures. Members of Eastern cultures are characterized as having an interdependent view of self. They base their identity on roles and relationships and view themselves in the context of, and inseparable from, important others. Members of Western cultures possess an independent self-view, focusing on personal attributes that distinguish them from others. The consequences of these different views of self on how individuals process information (Markus and Kitayama, 1991) permeates the research on culture and brand extension evaluations.

The earliest to examine cultural effects on brand extension acceptance appear to be Han and Schmitt (1997). Comparing Hong Kong consumers to U.S. consumers, they found that the perceived fit of an extension is more important to U.S. consumers, while characteristics of the company (e.g., size) offering the extension is more important to Hong Kong consumers when the fit of the extension is low. They attribute these findings to the collectivist versus individualist nature of the cultures. The collectivist consumers of Hong Kong are willing to consider the characteristics of companies as a basis for trusting a low-fit extension, while the individualistic U.S. consumers rely on their judgment abilities to assess the fit. This finding represents an early indication that the stretch available for a brand extension may be greater in collectivist cultures.

Further evidence that acceptance of brand extensions without strong fit may be stronger in collectivist cultures stems from the work of Ng and Houston (2006). Drawing on the view that individuals with an independent self-construal engage in a more abstract form of thinking and focus more on trait attributes in their judgments of objects or events, requiring them to abstract and generalize across contexts, Ng and Houston (2006) suggest that independents are more likely to form judgments about a brand that apply across categories in which the brand operates. Individuals with an interdependent self-construal focus more on context and are more likely to engage in concrete thinking. Consequently, they are more inclined to think about the brand in different contexts. In free-association measures they found that independents are more likely to retrieve brand associations that are global beliefs (e.g., Sony is high quality) about a brand that are applied to different product categories in which the brand operates. Interdependents, on the other hand, retrieve more exemplars of the brand (e.g., Sony televisions). Furthermore, independents tend to group together brands that share the same global associations, while interdependents group together brands that tend to be used together in the same usage occasion. Therefore, interdependents are more favorable toward extensions that may be used in the same usage occasion as existing products of the brand than independents, while independents are more favorable toward extensions falling in the same product category.

Monga and John (2007) examined evaluations of brand extensions between Easterners and Westerners and proposed that the holistic style of processing of Easterners yields more favorable evaluations of brand extensions than the analytic style of Westerners. Holistic processing results in greater attention to the field, thus allowing more opportunity for connections to be made between the extension and the parent brand. The analytic style of Westerners focuses them on whether the same attributes transfer from one category to another, resulting in more favorable evaluations for extensions fitting closely with the category of the parent brand. Their findings show that Easterners indeed evaluate brand extensions more favorably, especially as they depart further from the parent category. Cultural differences in evaluations do not occur for extensions with a strong fit to the parent brand.

In somewhat similar research, Ahluwalia (2008) also found that the relational processing style of individuals with an interdependent self-construal allowed them to consider a wider array of relationships between distant brand extensions and the parent brand. The taxonomic processing of low interdependents focuses primarily on category and attribute bases of similarity, thereby limiting the scope of relationships they consider. More positive evaluations of brand extensions occur on the part of high interdependents when considering brand extensions that represent a stretch from the parent brand. However, this effect is only realized when high interdependents are motivated to elaborate or think about a moderately inconsistent extension, allowing them to find a suitable connection between the parent brand and the extension. Under low motivation conditions or with an extremely inconsistent extension, suitable connections remain elusive, regardless of the level of interdependency in the self.

The above findings collectively suggest that brand extensions may be more positively evaluated in Eastern cultures where an interdependent self-construal is chronic. Furthermore, a wider scope of possible extensions would seem to be available. The collective findings summarized above were generated through either comparisons of cross-national samples from Eastern and Western cultures or through comparisons of samples primed to temporarily elicit an interdependent or independent self-view. The priming methodology is based on the view that individuals possess both types of self, and primes can make one temporarily more dominant than the other. Using priming methods, research can be conducted within one country but generate findings that reflect what might be expected in a different culture, thereby controlling for other cross-national differences.
In somewhat of a departure from cross-cultural research focused on self-construal as the key source of cultural effects, Merz, Alden, Hoyer, and Desai (2008) invoke some of Hofstede’s (2001) cultural dimensions as a basis for understanding cross-cultural differences in the potential success of brand extensions. Specifically, they consider power distance, uncertainty avoidance, and individualism-collectivism as cultural dimensions that moderate the determinants of brand extension evaluations. While not offering empirical findings, they suggest a large number of propositions involving the three cultural dimensions. For example, cultures high in power distance will attach more importance to perceived similarity between the parent and the extension when evaluating the extension than cultures low in power distance. They propose a similar effect when considering uncertainty avoidance as a cultural dimension. Too numerous to mention here, these propositions are offered as a framework to guide future research.

Conclusions and Future Research

Since 1980, when brand extensions began to proliferate, the marketplace has changed remarkably. Consumers have been bombarded with hundreds of new brand extensions each year. No doubt they are also becoming increasingly aware and savvy about brands and have expectations and norms about how brands should extend into new categories. Many well-known brands have staked out new and different categories in the past two decades (e.g., clothing to accessories, perfume, and housewares; sedans to SUVs, minivans, and crossover vehicles). As a result of these stretches, brand extensions that would have appeared distant in 1980 or 1990 probably seem less distant in 2009. Results on brand extension consistency highlight the importance of considering consistency from the point of view of the consumer, not the marketer. Brand extension strategies that consumers perceive as extending brands to similar product categories, or extending along core brand associations that are consistent with the parent brand associations, are more likely to be successful than those in which categories or associations are perceived as inconsistent. Further, elements of the brand and the extension that are consistent can be made prominent to the consumer (if they are not already prominent) through product, pricing, promotion, and distribution decisions.

Numerous alternative brand extension strategies that may potentially affect introduction of a brand extension were reviewed. Research on product brand strategies shows that brand extension acceptance increases when brand breadth is high, when quality consistency in extensions is maintained, and when brand extensions are introduced either in a logical sequence from most to least similar or are introduced simultaneously with complementary synergies. Research on pricing strategies indicates that brand extensions are more likely to be accepted by brand owners when they are a step up rather than a step down in pricing, that price premiums increase when extending into categories of high social or financial risk, and that pricing an extension high can signal quality to the consumer. Research suggests, too, that brand extension success may increase when the retail environment triggers a positive mood. Brand extension acceptance may also be higher for introductions in countries that foster relational or Eastern thought styles. Research on promotional strategies suggests that when the brand extension is not a strong fit to the parent brand, promotional strategies and advertising repetition can be useful for making consumers aware of a credible connection (if one exists) between the parent brand and the brand extension. Research on competitive context suggests that brand extension success increases for first-movers in a category, and increases when the consumer does not already have loyalty to incumbent brands in the extension product category.

Sub-branding strategies have been shown to be useful in differentiating extensions of a brand. They can be useful for introducing brand extensions that are not a good fit for the parent brand but that seek to address other needs, such as brand revitalization, increased product breadth, first-mover advantages in new categories, experiential brands, and for consumers who prefer novelty and risk.

We also see that culture, as characterized by independent versus interdependent self-construals, may influence how far a brand extension can stretch. The relational, context-driven processing style of interdependents compared to the abstract, taxonomic style of independents appears to allow greater acceptance of extensions that are at least moderately inconsistent with the parent brand.

As we have reviewed research and practice related to brand extension strategies, we have touched on a number of areas that seem to provide tremendous opportunities for future development and investigation. As both companies and consumers become increasingly familiar with brand extensions and ever-expanding family brands, research needs to continue to examine extensions dynamically and the conditions under which sub-brands are beneficial. Research is also needed on whether some branding strategies are more useful than others for grouping and naming sub-brands. Research on sequential and simultaneous introductions of extensions, the impact of multiple exposures to promotions for the extension over time, and consideration of the order-of-entry effects on extension evaluations are all examples of this type of research.

However, there is much more that can be done. For example, research could examine whether fit judgments change over time and how these...
changes influence an extension’s evaluation as it moves from a “new” product to a more established product. It would also be useful to know how these changes are influenced by the presence or absence of subsequent extension introductions. Additionally, research can consider how changes to the parent brand’s core associations over time influence both the parent brand and also subsequent brand extensions.

Future brand extension research would benefit from further investigation into the context in which an extension is introduced—specifically in terms of competing brands. Competition may be relevant both in the parent brand’s core product categories, but also in the extension category. The presence or absence of direct competitors, the accessibility of this competitive information, and the role of situational contexts in influencing this competitive set are all viable future research topics.

Another contextual variable worth examining is the role of the retail setting on brand extension judgments. Additional research is needed to determine whether retail displays and assortments inconsistent with the brand’s image, or that increase either the prominence of the brand’s other products or competitor brands, influence acceptance of brand extensions. This needs to be considered in traditional bricks-and-mortar settings as well as in online retail settings where display options are extensive and potentially influential. As sub-brands increase in popularity, multiple questions about how they should be displayed (e.g., individual, in groupings) in online retail settings might be addressed. There has been some interesting initial research that has considered the role of product design in influencing brand perceptions (Kreuzbauer & Malter, 2005). A potential contribution of this research is to investigate the role that product form and design (e.g., packaging, graphics, colors) can play in brand extension strategy. Marketers typically go through a great deal of time and effort in designing their brand extensions to include some resemblance to the other products in the family brand and yet much of the research done on brand extensions fails to take this into account, often using simple, visually limited stimuli. To what extent can different design concepts influence the acceptability of brand extensions?

Although there have been some recent studies that have begun to look into it, future research must continue to examine brand extensions and cross-cultural issues (Ahluwalia, 2008; Bottomley & Holden, 2001; Merz et al., 2008; Monga & John, 2007; Ng & Houston, 2006). Global brands and attempts at standardized international communication efforts suggest that marketers would benefit from a more rigorous approach to determining how and when cross-cultural issues impact brand extension strategies.

Finally, the application of brand extension strategies to social marketing (such as health or environmental marketing) has been virtually ignored in the academic research community. As researchers try to bring a number of relevant concepts from the commercial world to the non-profit world by considering where there are similarities and differences between practices in each, brand extensions strategies may be increasingly considered. For example, can successful not-for-profit brands (e.g., Smithsonian) extend to other activities, causes, or products (e.g., furniture)? Do the same factors that drive the acceptance of extensions in commercial products influence extensions of brands in nonprofit marketing contexts? Nonprofit marketers are likely to be just as interested in leveraging their brands to further pursue their objectives as traditional marketers. The use of sub-brands in cause marketing and other corporate social responsibility initiatives is also a topic open for research.

Over the past 20 years, a great deal of progress has been made in understanding family brands, brand extensions, and the conditions under which brand extensions are likely to succeed. Given the interest of both practitioners and academics in this topic, we can expect this to continue to be a significant area of knowledge development in the future.

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