Reciprocal transfer of brand identity and image associations arising from higher education brand extensions

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ARTICLE INFO

ABSTRACT

The purpose of this study is to discuss the concepts of brand identity and brand image from a brand extension perspective in the higher education sector. It addresses how consumers identify and transfer the parent university's brand identity into the extended brand image of an international satellite branch, and further explores the underlying causes of the backward reciprocal transfer from the extension to parent brand. The interview results reveal that the identity–image linkage is influenced by consumers' perceived congruence and legitimacy of the brand extension. Other than the impact of functional, symbolic, and self-image congruence between the parent brand and extension, the main factors of extension legitimacy are: regulative legitimacy, brand extension authenticity, desirable values to audiences, and cultural adaptation. The findings also suggest the importance of marketing exposure, exploitation avoidance, and resource transfer in enhancing the reciprocal influence of the extended brand image on the parent brand.

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1. Introduction

The drivers of globalization and the emergence of knowledge transfer are both leading to increased demands for internationally acceptable higher educational institutions. According to the Observatory on Borderless Higher Education statistics (2015), 162 universities were involved in cross-border extensions in international markets, nearly double the number of international university subsidiaries (82) in 2006. The number has increased to 279 in August 2015, with host institutions primarily from the United States, United Kingdom, and France (C-BERT, 2015). The question of how these universities manage their extensions is arguably one of the most important issues facing marketing in higher education (HE). Both theoretical papers and empirical research have highlighted international marketing of HE as a contemporary topic (e.g. Binsardi & Ekwulugo, 2003; Czarniawska & Genell, 2002; Hemsley-Brown & Goonawardana, 2007). These studies find that the internationalization of HE impacts on universities' competitive advantage (Czarniawska & Genell, 2002; Mazzarol & Soutar, 1999), improves institutional and sector image, encourages interest in developing partnerships, and promotes quality assurance (Ardakani & Araghieh, 2011).

A limited number of articles explicitly explore the development of brands in HE sectors. Existing research merely investigates the role of heritage (Bulotaite, 2003), the impacts of cognitive and affective brand attributes (Alwi & Kitchen, 2014), the emergence of brand identities (Lowrie, 2007) and brand architecture 'harmonization' of UK universities (Hemsley-Brown & Goonawardana, 2007) within the field of university branding. There is a lack of literature relating to how universities manage their brand identity–image link in international markets. A university can, through its branding strategies and communication messages, seek to convey its proposed brand identity to customers. However, customers will use their own interpretations and may respond differently (Nandan, 2005). The congruence between the identity and image thus becomes a critical challenge for universities since a consistent brand concept is often used for an extended market. According to institutional theory, international use of brand extensions should also achieve legitimacy in customers' minds (Farrugia & Lane, 2012). This legitimacy is largely determined by different levels of congruence between the parent brand identity and the extended brand. A notably strong parent brand identity can boost the perceived image of the extended brand. However, in the literature some researchers, although limited, propose a possible backward reciprocal effect of the extension on the parent brand (Martinez & de Chernatony, 2004). In international HE markets, it is particular important to protect a strong global parent brand identity, as the brand extension strategy may sometimes dilute the parent brand image.

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On the whole, the literature pays little attention to how customers perceive the backward reciprocal transfer of associations from the extension to the parent brand identity in the HE sector. This research topic is at a pioneer stage, with much still needed both from an exploratory and a strategic perspective. The present research finds a 'parent brand identity–extended brand image'-link, specifically, and explores various factors that influence customers' perceptions of extended brand image, with particular attention paid to brand congruence and legitimacy. In addition, the research findings reveal that some of the extended brand associations reinforce the backward reciprocal transfer of the extended brand image on the parent brand. This research contributes to the current literature by (1) identifying a brand's forward reciprocal effect of the identity–image link in the brand extension area; (2) documenting consumers' perceptions toward HE's extended brand image from an institutional perspective; and (3) exploring the moderating forces on backward reciprocal transferring from extended brand image to parent brand identity.

2. Theoretical foundation

2.1. Brand identity and brand image

Brand identity is the internal desired image with which the company implies a promise to customers and includes a unique set of brand associations (Ghodeswar, 2008). A strong brand has a clear and specified brand identity, which is used to differentiate itself from competitors. Kapferer (1992) develops a brand identity 'prism' that recognizes six components of the brand identity: brand physique, reflection, relationship, personality, culture, and self-image. Melewar and Akel (2005) identify a four-subculture construct of university identity: communication and visual identity, behavior, corporate culture, and market conditions. Basic brand identity focuses on product attributes, services, performance, and store ambience, while extended identity is more about providing brand texture and completeness, including brand personality and symbolic association (Ghodeswar, 2008). To be effective, a brand identity needs to know what the brand stands for and how to express that to customers. When organizations establish a strong brand identity and effectively communicate it to customers, a perceived brand image is formed.

In contrast to brand identity, which is established by the owner of the brand, brand image is created within the minds of customers (Aaker, 2004). Brand image is defined as a set of beliefs about a specific brand within the minds of target customers (ibid.). An image is created on the basis of subjective perceptions of brand associations that the consumers believe about the brand. These brand associations can be functional, symbolic, or rational (Aaker, 1996). Marketers strive to strengthen the connection between identity and image, specifically, to accurately convey the message of brand identity to customers. In an increasingly internationalized economy, leveraging a strong global brand identity through effective brand extension is crucial (Nandan, 2005). Marketers must be able to understand how the extension should best be combined and made consistent in order to create the optimal brand image in the minds of customers.

2.2. Brand extension

Brand extension can be defined as "the use of established brand names to enter new product categories or classes" (cite appears in Fu, Saunders and Qu, 2009, p. 217). The dominant research relating to brand extension is from Aaker and Keller (1990), who find that consumers' attitudes toward brand extension are positively influenced by the parent brand quality, the fit between product categories, and the degree of difficulty in designing and making a product in the extension category. A consensus exists in the relevant literature that consumers' evaluation of a brand extension is significantly influenced by psychological and functional congruence, which is the match or mismatch between the product, the brand extension, and a consumer's self (Festinger, 1964). Studies have applied different criteria to classify the dimensions of congruence. For example, Ahn, Ekinci, and Li (2013) suggest that congruence in the tourism context should be classified as self-congruence (match/mismatch between the perceived image of a product or brand and an individual self-image) and functional congruence (match/mismatch between perceived product functional attributes and an individual's expected functional attributes). Furthermore, Carter and Curry (2013) adopt a two-dimensional definition comprising functional congruence (functional and physical overlap between parent and extension), and image congruence (whether an extension has similarities with global brand concept feelings and associations).

Consumers increasingly desire and value congruence in the evaluations of brand extensions. This evaluation of the market expansion leads consumers to question the legitimacy of the brand extension's value. In the most thorough examination of legitimacy within the field of marketing to date, institutional theory is used to determine the legitimacy (e.g. Grayson, Johnson, & Chen, 2008). Based on institutional theory, researchers argue that consumers view legitimacy in various ways, depending on the goals of institutions and under which circumstances (Grayson et al., 2008; Handelman & Arnold, 1999). As defined by Suchman (1995), "legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (p. 574). There are three main types of legitimacy identified in prior research (Suchman, 1995): (1) regulative/pragmatic: being sanctioned by explicit rules or policies (e.g. legalization); (2) normative: congruence between the social values associated with or implied by actors and the norms of acceptable behavior in the larger social system; and (3) cultural–cognitive: the degree of fit with existing cognitive and cultural schemas. Prior research (e.g. Scaraboto & Fischer, 2012) suggests that legitimizing the brand extension validates the brand image as a rightful heir of the parent brand. Thus, legitimacy would help marketers to change markets and gain consumer acceptance and develop favorable customer attitudes.

2.3. Backward reciprocal effect

In addition to investigating the drivers of brand extension, researchers have also investigated the consequences of brand extension. In particular, studies have highlighted the 'reciprocal effects' of brand extension. 'Reciprocal effects' refer to the "fact that attitude toward the extension may dilute or enhance the consumer's original attitude toward the parent brand or the extension category" (Fu et al., 2009, p. 219). The associative network theory explains how evaluations of one stimulus are transferred to another when these two stimuli are consistent, and brand association in consumer memory is a critical component of brand-related effects (Aaker, 1996; Völckner, Sattler, & Kaufmann, 2008). Previous research has highlighted the forward reciprocal effects in different product categories, various characteristics of parent brands, and different countries (Pina, Riley, & Lomax, 2013). These studies indicate that the forward spillover effect is influenced by parent brand attitude (Völckner et al., 2008), parent brand image (Iversen & Hem, 2011), brand 'globalness' or 'localness' (Steenkamp & De Jong, 2010), country-of-origin of a global brand (Kim & Chung, 1997), and an individual's cognitive process (Monga & Roedder, 2010).

However, very little research has addressed the effects of brand extension on its parent brand. To date, only a few scholars have investigated the impact of extended products on the parent brand with objective data, such as the sales of a parent brand's success (Swaminathan, Fox, & Reddy, 2001). Knapp, Hennig-Thurau, and Mathys (2014) showed that a parent brand increases its financial performance when the extension generates higher sales and/or the marketing support is stronger. These, however, are of less relevance in the context of our study with its focus on internationalized higher education institutions. In international markets, it is particularly critical to choose branding strategies