



Generalizing spillover effects of goods and service brand extensions: A meta-analysis approach[☆]

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ABSTRACT

The paper examines the generalizability of forward and feedback effects of durable goods and service brand extensions through a main study and four replications. The replications address the generalizability of empirical findings across characteristics of parent brand (luxury versus non-luxury), extension type (e.g., goods extending into goods versus extending into services), and country (Spain, U.K. and Italy).

To establish the generalizability of results across the studies, the first instance uses a vote counting procedure—counting the number of significant and non-significant results for each hypothesis. This procedure reveals some potentially useful patterns, such as the extension type as a possible intervening factor. Overall, however, establishing conclusive results about the characteristics of the parent brand and the country is difficult.

Researchers then adopt a meta-analysis approach by integrating all effect sizes obtained in each experiment. Results show that fit between the extension and the parent brand is consistently the main factor when consumers evaluate brand extensions and the extended brands. However, brand image is more vulnerable to the perceptions of fit for parent brands associated with durable goods than for parent brands associated with services. Hence, when launching brand extensions, goods brands may face a higher risk to image than service brands. Another notable finding is that the effect of brand image on extension attitude is lower when the extension is in a different sector than the parent brand. Finally, neither the characteristics of the parent brand (luxury versus non-luxury) nor the country affected the results.

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1. Introduction

Much of the research during the past 20 years focuses on the determinants of consumers' evaluations of brand extensions (Czellar, 2003; Völckner & Sattler, 2006). Apart from the forward spillover effect, which refers to the transfer of beliefs and affect from the parent brand to the extension, researchers focus on the so-called feedback spillover effect of the extension on the evaluation of the parent brand (Balachander & Ghose, 2003; Martínez & de Chernatony, 2004; Thorbjørnsen, 2005; Völckner, Sattler, & Kaufmann, 2008). The latter

stream of research reveals that brand extensions can have a detrimental effect on the sales of the parent brand's existing products (Balachander & Ghose, 2003; Swaminathan, 2003; Swaminathan, Fox, & Reddy, 2001) and on the extended brand's image (John, Loken, & Joiner, 1998; Kim & Lavack, 1996).

While most research on the forward and feedback effects of brand extensions are one-time inquiries, a few researchers have attempted to determine the empirical generalizability and external validity of previous results either by conducting replication studies or by reanalyzing the original datasets. Specifically, a number of studies (notably Bottomley & Holden, 2001; Holden & Barwise, 1995; Sunde & Brodie, 1993 and Echambadi, Arroniz, Reinartz, & Lee, 2006) try to establish the generalizability of Aaker and Keller's (1990) early findings. However, not clear is whether the disparate results generated by these replications are due to variations in the experimental conditions or variations in the statistical techniques employed in the replication studies (the residual-centered analysis used by Bottomley & Holden, 2001 versus the mixed effect models used by Echambadi et al., 2006).

This article answers the calls of Klink and Smith (2001), Bottomley and Holden (2001), Czellar (2003) and Völckner and Sattler (2006) for more empirical replications in brand extension research. This research considers the forward and feedback effects of durable goods and of service brand extensions across the following conditions:

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characteristics of parent brand (luxury versus non-luxury); extension type (goods extending into goods versus extending into services); and country (Spain, U.K. and Italy). The research adopts a “many sets of data” approach (Ehrenberg, 1990; 1995), involving a first study and four interstudy replications (Easley, Madden, & Dunn, 2000), concerning different extensions, brand types and countries. Each individual study also follows an intrastudy replication method (Easley et al., 2000) by testing a set of hypotheses for durable goods as well as for services. The inter- and intrastudy replication approach seeks to establish both the internal and external validity of the findings, setting the boundary conditions within which the relationships hold (Uncles & Wright, 2004).

The paper offers two main contributions to replication research, in the context of brand extensions. The first contribution relates to the gaps identified in previous literature concerning the possible effects of product and extension types. Empirical studies that have explicitly focused on the generalizability of brand extension results are limited in scope (e.g., Klink & Smith, 2001) or consider only fast-moving consumer goods (e.g., Völckner & Sattler, 2006). Previous research on how extension-type (good or service) influences the valuations of the new products (Hem, de Chernatony, & Iversen, 2003; Lahiri & Gupta, 2005; Van Riel, Lemmink, & Ouwersloot, 2001) does not consider feedback effects. The second contribution, from a methodological standpoint, is the direct comparison of the vote counting and the meta-analysis approaches of synthesizing results across studies. Both methodologies occur to synthesize and integrate the results of the five studies.

This paper discusses the conceptual development of the hypotheses and describes the research design and methodology for the main study and its four replications. Then, the paper presents the results of the hypotheses testing, first for each individual study, then as a meta-analysis. In the final section, the paper discusses conclusions and implications of the results.

2. Conceptual development of the hypotheses

Consumers' attitudes toward brand extensions can depend on factors related to brand image, the extended category, perceived fit and consumer characteristics (Czellar, 2003; Reast, 2005; Völckner & Sattler, 2006). Present work focuses on brand image and perceived fit factors because of their recognized importance as drivers of brand extension success (Völckner & Sattler, 2006).

This paper first develops three general hypotheses to determine their external validity across product type (durable good or service) and the range of inter-study replications, that is, no matter what the characteristics of parent brand (luxury versus non-luxury), extension type (goods extending into goods versus extending into services) and country (Spain, U.K. and Italy). Then the paper discusses four specific hypotheses relating to the extension and product types (goods versus service extension and goods versus service parent brand) as factors affecting forward and feedback spillover effects of the extension.

2.1. General hypotheses – role of brand image and fit on spillover effects

The construct of brand image pulls together all the possible associations related to attributes, benefits and attitudes (Keller, 1993), which are stored in consumers' minds as a network consisting of concepts and links (Anderson, 1983; Morrin, 1999). These associations can be cognitive or affective, that is, related to the brand's performance (Mazursky & Jacoby, 1986) or to the brand's personality and its capacity to relate to consumers (Aaker, 1997; Fournier, 1998) or to the general brand reputation (Flavián, Torres, & Guinalú, 2004; Lapierre, 1998). Brand image represents a major component of brand equity (Aaker, 1991; Keller, 1993; Yoo, Donthu, & Lee, 2000).

In the context of brand extensions, the evaluation process is the result of integrating information about the parent brand with information arising from the new item (Anderson, 1981). The brand can act as a signal of the quality of the new product (Wernerfelt, 1988), reducing perceived risk and improving the attitudes toward the new goods or service (Czellar, 2003; Milewicz & Herbig, 1994).

Focusing on specific brand associations, several authors show that extension attitude depends on perceptions of brand quality (Van Riel et al., 2001; Völckner & Sattler, 2006), affection for the brand (Sheinin & Schmitt, 1994) and reputation (Hem et al., 2003). Lye, Venkateswarlu, and Barrett (2001) observed that prestige brand extensions receive better evaluations than functional ones.

Hypothesis 1. Attitude toward the extension is more favorable when the parent brand has a more positive image than when the image is less positive.

Perceived fit is another factor crucial to the success of a brand extension strategy and refers to the degree of proximity between the brand and the new product (Czellar, 2003; Lei, Dawar, & Lemmink, 2008). As basis of fit, consumers can assess the degree of category fit, or similarity between the new product and the pre-existing ones, and the image fit, or general coherence with the parent brand's image (Bhat & Reddy, 2001; Czellar, 2003; Grime, Diamantopoulos, & Smith, 2002). According to categorization and scheme-congruence theories, the categorization of the brand extension as a member of the parent brand category triggers the transference of perceptions and emotions stored in consumers' minds (Boush & Loken, 1991; Park, Milberg, & Lawson, 1991). For image fit, a higher perceived fit between parent brand and new product will also positively influence the attitude toward the extension (Aaker & Keller, 1990; Völckner & Sattler, 2006). In conclusion, for either category or image fit, the higher the fit, the more positive the consumer attitude toward the extension (Boush & Loken, 1991; Seltene, 2004).

Hypothesis 2. Attitude toward the extension is more favorable when the perceived fit between the new product and the parent brand is high rather than low.

Apart from influencing the likelihood of consumer acceptance, perceived fit can also have a positive feedback effect on the parent brand itself (John et al., 1998; Loken & John, 1993). Conversely, the lower the fit perception, the higher the dilution of brand associations (Loken & John, 1993; Martínez & de Chernatony, 2004; Park, McCarthy, & Milberg, 1993), since the new product will conflict with the brand shape.

Hypothesis 3. The effect of the brand extension on the parent brand's image is more favorable when the perceived fit between the new product and the brand is high rather than low.

2.2. Role of product type on spillover effects

Earlier literature shows that the previous general hypotheses would equally apply to services and to tangible goods, across the range of inter-study replications. However, investigators know very little about whether the type of parent product (good or service) or the type of extension (good or service) affects the success or failure of the extension and the feedback effect on the parent brand's image.

Compared with tangible products, consumers of services often face a more intangible and heterogeneous offer, which may hamper the purchase process (Rushton & Carson, 1985; Zeithaml & Bitner, 2003) and may increase perceived risk (Hem et al., 2003; Mitchell & Greatorex, 1993). Consequently consumers may rely more on heuristics like brand image to assess the quality of the new item (de Ruyter & Wetzels, 2000). The higher risk associated with new services may prompt doubts about their quality and performance (Iacobucci, 1998), which may

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