CONSUMER EVALUATION OF BRAND EXTENSIONS

DISSERTATION

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By

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To my parents Dinker and Lalitha Sirdeshmukh

and

my grand-father Bhagwant Rao Sirdeshmukh
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CHAPTER I

INTRODUCTION

STATEMENT OF PROBLEM

The development and market introduction of new products and brands is an important activity for firms seeking to maintain their competitive advantage in the market. Accelerated product life cycles, increased competition, and increasing diversity in customer needs have further enhanced the role of new product introductions (Takeuchi and Nonaka 1986, Uttal 1987). In recent times the increased rate of new product introduction has led to a marketplace characterized by an average of 2000 new product introductions per year in some industries (Clancy and Shulman 1991). The costs of such ventures are typically high, often ranging between $50 and $100 million (Brown 1985, Biggar and Selame 1992). However, entering new markets is an increasingly risky financial proposition for firms, particularly those in the consumer goods area, given the high rate of product failure (Biggar and Selame 1992). Estimates of the rate of new product failures have been as high as 80% (Clancy and Shulman 1991, Cooper and Kleinschmidt 1991).

Given the high cost of new product failure, marketing academics and practitioners have focused efforts on developing methods and product introduction strategies that will help enhance the likelihood of new product success (Urban and Hauser 1980, Cooper and Kleinschmidt 1991, Herbig and Milewicz 1993). An increasingly popular approach in order to achieve this end is the use of a brand extension strategy (Tauber 1988, Aaker and Keller 1990, Aaker 1991). A brand extension strategy involves the use of a brand name
initially established in one product category to enter a product market in a new category. For example, the Honda brand name, historically associated with motorcycles and automobiles, has been extended to new products categories such as lawnmowers and snowmobiles. The Sony brand name has been extended to Sony Corp.'s new product introductions in diverse product categories. Increasingly, several well known brand names such as Arm & Hammer, Campbell, and Hewlett-Packard are extending their name to their new product introductions (Dagnoli 1991, Brown 1992). It has been estimated that almost 70% of new products are introduced under existing brand names (Buday 1989).

A brand extension strategy relies on the notion that the strength of the positive brand image developed through the firm's past marketing efforts will assist in creating favorable consumer perceptions of the extension. Brand image refers to the composite of salient associations that are linked to the brand name in memory (Shocker, Srivastava and Ruekert 1994, Keller 1993, Fiske and Neuberg 1990). These associations may include tangible elements such as product attributes and related functional benefits and intangible elements such as experiential and symbolic aspects of the product and related intangible benefits (Aaker 1991, Park and Srinivasan 1994). These associations may be developed through experience with products bearing the brand name or on the basis of marketing communications and may have positive or negative evaluations attached to them. The consumer's summary brand attitude is linked to the brand name. Attitude represents consumers' overall evaluation of the brand and may be generated through integration of the relevant associations linked to the brand name (Fishbein and Ajzen 1975, Fiske and Pavelchak 1986). In sum, a favorable brand image is said to exist when a
consumer has salient positive associations and positive attitude linked to the brand name.

A brand extension strategy can capitalize on the positive brand image and enhance likelihood of the new product's success in several ways. Compared to a new brand entry, a brand extension requires a lower amount of marketing communications support since the brand name is already familiar to customers (Smith 1992, Smith and Park, 1992). Smith (1992) demonstrated that under certain circumstances, the advertising to sales ratio was significantly lower for a brand extension compared to a new brand introduction. Established brand names can also enhance the acceptance of a brand extension by distribution channel members. Most importantly, the familiarity, positive attitude and beliefs that consumers associate with the established brand name give a brand extension a greater likelihood of trial compared to product introductions that bear a relatively unknown name (Winters 1993, Farquhar 1989, Aaker 1992). For instance, Winters (1993) documents that Crystal Pepsi captured a record 2.4% share of supermarket soft-drink sales within 3 months of introduction.

Brand extensions assist consumers in decision making by helping reduce risk in product purchase. Consumers invest effort during brand choice in order to maximize utility or minimize risk (Ingene and Hughes 1985). However, given cognitive and temporal limitations, coupled with the surfeit of information targeted at them, consumers frequently use information processing strategies that help them make a satisfactory choice as opposed to an optimal one (Wright, 1975, Bettman 1979). In such cases consumers are likely to use a brand name as a proxy for product quality given their prior
knowledge and confidence in the brand (Park and Lessig 1981, Maheswaran, Mackie and Chaiken 1992). Jacoby, Szybillo and Busato-Schach (1977) report that in a pre-choice information acquisition task, brand name information was the most frequently acquired piece of information from an information display board. Also, subjects who were familiar with the brand name tended to acquire lesser amounts of other information compared to subjects who did not have the brand name available. Thus, a brand's value may depend on its ability to engender consumer confidence and to create positive purchase intention.

More recently, Crimmins (1992) reports the results of a survey conducted by DDB Needham which measured consumers' beliefs in brand names. The survey found that more than 60% of the respondents reported that they generally "try to stick to well known brand names." The survey also found that over the last decade, there has been a steady rise in the proportion of consumers who agreed with the statement "a national brand is usually a better brand than a generic brand". These findings seem to suggest that the brand name constitutes an important input to consumers' decision making.

Thus, a brand extension strategy capitalizes on positive consumer attitudes and provides the firm with advantages over an individual branding strategy. However, such a strategy does not always guarantee product success, considering the large number of extensions that are included in the list of failed products (Farquhar 1994). The failure of a brand extension can lead to negative consequences beyond the direct and immediate financial implications generally involved with product failure (Sharp 1993).
First, when extensions are evaluated unfavorably, the image of the parent brand is likely to suffer. Loken and Roedder-John (1993) report that parent brand associations may be diluted when attributes of a brand extension are inconsistent with the parent brand. They found that when consumers held weak beliefs regarding attributes associated with the brand extension, this led to weakening of those beliefs with respect to the parent brand. Another study found that negative perceptions of extensions affected parent brand image most severely when the extension was in the same product category and possessed similar salient attributes as the parent category (Romeo, 1991).

Second, under certain conditions, when an extension is evaluated negatively, it can have a negative effect on evaluations of subsequent extensions of the brand. Keller and Aaker (1992) found that for high-quality brands, an unsuccessful intervening extension led to unfavorable evaluations of subsequent introductions bearing the same brand name. They also found that as the number of unsuccessful extensions increased, consumers' perception of quality of further extensions also decreased.

Third, the failure of a brand extension may have negative effects on consumer evaluations of other products currently marketed under the same brand name. Sullivan's (1990) research found, in the context of line extensions of an automobile brand, that negative news about one model had a significant negative effect on the depreciation rates of other models sold under the same brand name. Further, this negative effect was heightened for the model that was most closely associated with the negatively affected model.
Finally, extensions that do not maintain and consolidate the parent brand's image may damage the brand by diffusing brand image (Schlossberg 1990, Brown 1992). For example, Pierre Cardin's licensing of its brand names to approximately 850 products world-wide has been perceived to have irreparably damaged its prestige status (Brown 1992). Such diffusion of brand names, through inappropriate extensions, results in the reduction of brand equity, the very foundation of brand extensions.

Given the negative consequences of brand extension failures, it is important to determine factors that will enhance the probability of long term success of the extension. This objective can be facilitated through research that can provide a complete description of the process involved in consumers' evaluation of brand extensions. Specifically, conditions facilitating the transfer of parent brand evaluations to the brand extension, the specific components of the brand extension's image that are influenced by the parent brand, and the influence of such effects on subsequent behavioral intention bear further examination.

The key focus of prior work has been to identify factors that determine transfer of attitude associated with the parent brand to the brand extension (Keller and Aaker 1992, Aaker and Keller, 1990, Farquhar, Herr and Fazio 1990, Bousch and Loken 1991). This research has demonstrated that consumers' perception of fit between the parent product category and the extension category facilitates transfer of positive attitudes and beliefs from the parent brand to the extension. Fit has commonly been operationalized in terms of perceived similarity between parent brand product category and extension product category (Bousch and Loken 1991, Keller and Aaker 1992). While this
research has contributed to an understanding of how consumers evaluate brand extensions, it is subject to several limitations.

A key limitation of research in this area is that most studies have examined parent brand influence on the brand extension in terms of overall evaluation of the extension (Broniarczyk and Alba 1994, Keller and Aaker 1992). Although overall evaluation is an important component of the extension's image, other measures of brand strength should be incorporated in order to fully capture the role of the brand in consumer decision making (Haugtvedt, Leavitt and Schneier 1993, Berger and Mitchell 1989). Recent research has demonstrated the importance of including non-evaluative dimensions of an attitude in order to fully capture attitude strength (Krosnick, Boninger, Chuang, Berent and Carnot 1993, Berger and Mitchell 1989).

The confidence with which an attitude is held is one such dimension of attitude strength (Berger 1992, Fazio and Zanna 1978, Berger and Mitchell 1989). Confidence captures the underlying uncertainty in the consumer's attitude, a dimension not accounted for by measures of attitude extremity. To date, brand extension research has not examined factors that determine the strength of a consumer's attitude toward an extension. Since consumers are presumed to use the brand name as a mode of risk-reduction, a dimension of attitude that directly pertains to its risk-reduction function, namely confidence, should be incorporated in the study of parent brand effects on extensions.

Research has shown that confidence has a positive influence on the attitude-behavior relationship (Berger 1992, Fazio and Zanna 1978). Research
has also demonstrated that while attitude extremity and attitude confidence are related, they are separate dimensions characterizing an attitude (Krosnick et al. 1993, Marks and Kamins 1988). Therefore, it is important to measure consumer confidence in parent brand attitude and to examine the effects of confidence in brand extension evaluation. This will help in providing a complete explanation of the beneficial effects of a brand extension strategy and the implications of such a strategy for product purchase likelihood.

A related limitation of extant research is that most studies have not measured extension beliefs in a structured manner (see Park and Srinivasan 1994 for an exception). Rather, they have examined brand extension effects in terms of overall evaluations (Park et al. 1991) or perceived quality (Smith and Park 1992). The use of summary dependent variables reduces the ability of these studies to shed light on the fundamental basis of extension evaluation and on the relative impact of affective and cognitive processes involved in extension evaluation. It is important to understand the underlying processes by which the parent brand's image influences the brand extension so that normative implications for extension strategies can be derived.

Another limitation is that most brand extension research has proposed that the extent of overlap between attributes of products currently marketed under the parent brand name and attributes of the proposed extension product determines the fit between the extension and the parent brand (Smith and Park 1992, Boush and Loken 1991, Chakravarti, MacInnis and Nakamoto 1990). One potential problem with such a conceptualization of fit is that it may lead to high variance in fit judgments when brands are associated with existing products in more than one category. In such cases, judgment of fit between a
proposed extension and a brand may vary across consumers as a function of the specific parent brand product chosen for comparison. Indeed, some researchers have constrained their models of extension evaluation to those parent brands that are associated with a single product category (Farquhar, Herr and Fazio 1990).

A more critical drawback of similarity based approaches is that they are based on feature mapping processes that only account for product attribute based relationships between the brand and the extension. They are limited in their ability to incorporate any intangible associations that may exist in the brand schema. For instance, brand schemas for the Polo brand include associations such as classy, sporty and "outdoorsy" along with tangible attributes and benefits such as quality and durability. These intangible associations, which affect brand differentiation in the existing product categories, may also determine its potential extendibility into new product categories. By failing to incorporate such associations, similarity based approaches are limited in their ability to provide a complete description of extension evaluation.

Most studies examining brand extensions have used hypothetical brands that further preclude their ability to examine brand specific effects (Boush and Loken 1991, Keller and Aaker 1992). In these studies, subjects are provided with information regarding a hypothetical parent brand and its current product category. When they are asked to judge the fit between the proposed extension and the "brand", the only information on which subjects can base this judgment is the parent brand's product category. If real brands are employed in extension research, subjects will have the opportunity to judge
the extension's fit based on the parent brand schema as opposed to the parent product schema. Such an approach will more completely incorporate the role of brand differentiation in extension evaluation.

FOCUS OF THIS DISSERTATION

This dissertation is intended to contribute to our understanding of consumers' evaluation of a brand extension by addressing limitations of prior research. First, the nature of consumers' evaluation of the relationship between the parent brand and the extension is conceptualized in terms of schematic fit. Schematic fit is a theoretically developed measure of fit that is employed in this dissertation, offering greater parsimony and not requiring the researcher to infer the attributes used by consumers in evaluating fit. It is argued that a brand's value in the extension category is a function of its ability to provide the benefits required in that category and that such an ability would be a function of specific brand associations.

Consumers' judgment of fit between a parent brand and an extension product is expected to depend on the strength of the attributes made salient by the brand schema and the determinance of these attributes in the extension product context. Determinacy refers to the notion that while several associations may be salient with regard to a product schema, certain associations are expected to carry greater weight than others in consumers' judgment of fit (Fishbein and Ajzen 1975). The weights are determined by the relevance of the brand associations in the product purchase decision. The relevance may be determined by the consumption situation, goal of product purchase, demographic factors or a combination of factors. Association
strength refers to the consumers' perception of the relationship between a brand and an association.

Next, brand strength is more appropriately conceptualized by including attitude confidence, a non-evaluative dimension of attitudes. An established parent brand is expected to carry associations that are held with greater confidence than an unknown brand. This dissertation investigates whether another key benefit that the parent brand confers upon the extension may be the confidence that the extension will perform to the consumer's level of expectations or the confidence that the extension will not let the consumer down. As a result of the higher confidence in extension evaluation, purchase intention toward the extension should be enhanced, over and above the effect of the extension's overall evaluation.

While the attitudinal advantages of a brand extension have been studied, the potential for the parent brand to affect consumers' confidence in the brand extension has not been examined. The moderating effect of consumers' perception of "fit" on the generation of confidence in the extension will also be examined. The effect of attitude confidence on purchase intention, independent of the effect of attitude extremity, is investigated.

The process of brand extension attitude generation will be more fully understood through the measurement of brand extension beliefs and belief confidence in addition to brand attitude. This will allow an examination of the cognitive and affective processes that may co-occur in extension attitude generation. The moderating effect of schematic fit on extension beliefs and belief confidence is examined.
The present dissertation also hopes to demonstrate that the conceptualization of fit used in this research is more appropriate than similarity based approaches typical of past research. Schematic fit incorporates the influence of the parent brand, as opposed to the parent product category, on consumers' evaluation of the relationship between the parent brand and the extension concept. When consumers judge the appropriateness of a brand extension during alternative evaluation, such judgments are not limited to product category similarity. The anticipated performance of the brand extension will be assessed on the basis of the consumers' parent brand schema. The relative effects of a similarity based measure of fit and the proposed basis of fit on extension evaluation will be examined. The use of existing brands as opposed to hypothetical brands will help facilitate this objective.

A series of preliminary experiments culminating in a final experiment designed to test implications of hypothesis will be conducted. An extension category will be selected and research will be undertaken to help identify parent brands that vary in terms of similarity and schematic fit. In the final experiment schematic fit and similarity will be manipulated. Brand extension attitude, attitude confidence, beliefs, belief confidence, and purchase intention will be measured.
CONTRIBUTION

This dissertation contributes to the current understanding of consumers' evaluation of brand extensions\(^1\) in several ways. Prior research has typically measured brand extension evaluation in terms of overall attitude. The present research, incorporating contemporary perspectives on attitude strength, introduces attitude confidence as another dimension of extension evaluation. The consumer's confidence in his attitude toward the brand extension is affected by his perception of fit between the parent brand and the extension. The effect of attitude extremity and attitude confidence, multiple sources of brand strength, on purchase likelihood are examined. By including attitude confidence, the present research hopes to demonstrate additional benefits of employing a brand extension strategy compared to a new brand strategy.

The key implication of extant research is that attitude toward a brand extension becomes more positive as the overlap of attributes between the extension category and the parent brand's current product category increases. The present research proposes that it is the overlap of parent brand associations rather than parent product attributes that has a greater effect on extension evaluation. From this perspective, a parent brand may be extended to categories that do not share common features with the brand's current categories, so long as the consumer's schema of the brand contains associations that are valued in the extension category. Thus, this dissertation

\(^1\) Since the introduction of brand extensions is based on the notion that positive beliefs associated with the parent class will transfer to the extension, discussion is limited to the context of positively evaluated parent brands. However, the arguments are equally applicable to brands in general.
incorporates brand differentiation as a determinant of its extendibility and provides a more complete description of brand extension evaluation compared to earlier research.

A final contribution of this dissertation is related to the process of brand extension evaluation. Most existing brand extension research has employed overall evaluation or other aggregate measures as dependent variables. Consequently, the specific process underlying extension evaluation have not been studied. In this research, multiple dimensions of extension evaluation including extension beliefs, overall attitude, attitude confidence, belief confidence and purchase intention are incorporated. Consequently, this dissertation contributes to a more complete understanding of the specific process underlying brand extension evaluation.
CHAPTER II

LITERATURE REVIEW AND DEVELOPMENT OF HYPOTHESES

This section will review literature pertaining to factors that affect consumers' evaluation of brand extensions. The first section will review research that has examined the role of parent brand attitude in determining brand extension attitude and the moderating role of perceived "fit" between the parent brand and the extension. Fit has generally been operationalized in terms of perceived similarity between the parent product category and the extension category. Limitations of extant research on brand extensions will be summarized. The second section will review research related to schema theory and discuss the role of brand schemas in extension evaluations. Schematic fit, a theory-based approach to fit that recognizes the role of parent brand associations is conceptualized. The third section will address the importance of consumers' confidence in brand attitude and its effects on likelihood of trial. The moderating effect of schematic fit on extension attitude confidence is discussed. Hypotheses for testing are derived in the course of the literature review.

ROLE OF PARENT BRAND EVALUATION AND THE RELATIONSHIP BETWEEN EXTENSION CATEGORY AND PARENT BRAND/CATEGORY

The Role of Perceived Similarity Between the Parent Product Category and Extension Product Category

Much of extension research has focused on factors that determine the likelihood that the consumers' evaluation of a parent brand will affect their evaluation of its extension (Boush et. al. 1987, Aaker and Keller 1990). The common notion underlying this research is that a brand extension's
evaluation is affected by transfer of affect from parent to extension and consequently, parent brand characteristics will have an impact on extension evaluation. This research suggests that in order for a brand name in one product category to be successfully extended to a new category, (a) consumers should have a positive attitude toward the parent brand, and (b) the original product class and the extension product class should be perceived as being similar in some respect (Aaker and Keller 1990). This reasoning is consistent with categorization theories which suggest that affect transfer from a familiar category to a new object is facilitated when the new object is perceived as having characteristics that are similar to those associated with the category (Fiske and Pavelchak 1986, Boush et. al. 1987).

Categorization theories in social cognition research (Brewer 1988, Fiske and Pavelchak, 1986) have established that an individual's experience over time leads to the formation of distinct categories in memory. In the context of objects such as products, an individual is expected to form categories that consist of objects that share common features. When a new object is encountered, categorization theories propose alternative routes to impression formation (Fiske and Neuberg 1990). They suggest that rather than evaluate the specific attributes of the new object which is a cognitively effortful process, an individual will first attempt to evaluate the object through categorization. Here, the individual will first attempt to classify the object into any of the known categories that are stored in memory. This is a relatively quick and effortless process and membership is determined by the new product's salient attributes. If the product is determined to fit into a known category, then the affect attached to that category is transferred to the new product. If an adequate fit to a known category is not perceived, then the
attributes of the product are evaluated and an overall evaluation is generated as a result of a computational method (piecemeal processing). In general, individuals tend to prefer a process of category based affect transfer in evaluating an object given its lower information processing demands compared to the more elaborate "piecemeal" process (Fiske and Neuberg 1990).

Several recent attempts at understanding evaluations of brand extensions have focused on factors moderating the transfer of parent brand affect to the extension (Boush and Loken 1991, Aaker and Keller 1990, Keller and Aaker, 1992). Boush et. al (1987) examined the moderating effects of perceived similarity between the parent brand category and extension category on transfer of affect from the parent to the extension. The authors suggest that consumers use a brand name as a means of aggregating their knowledge regarding a brand. This aggregate information is the basis of their overall impression or affect toward the brand. When consumers evaluate a brand extension, the overall evaluation of the brand is expected to influence the evaluation of the extension. The extent to which the parent brand influences the extension's evaluation is expected to be moderated by the perceived similarity between the parent product category and the extension product category.

In a study meant to test this proposition, subjects were asked to provide attitude ratings toward a hypothetical brand of calculators. The favorability of attitude toward the brand was manipulated by varying the ratings of calculators presently manufactured by the brand. Next, subjects were asked to rate a new calculator (line extension) and several extensions (e.g., home computer, television) along evaluative scales, and also to indicate how similar
they perceived the extension category was to the parent brand category. Results indicated that favorability of attitude toward the new calculator was affected by the manipulated attitude toward the parent brand. This effect was moderated by the similarity of the parent brand's products to the extension category. In conditions where the extension was perceived to be similar to the parent brand's products, as the number of positively evaluated products associated with the brand name increased, so did evaluations of extensions. On the other hand, for the low similarity products, subjects seemed to develop more negative attitudes as parent brand attitudes became more positive. The authors speculate that consumer's may infer that a brand with a positive reputation in a dissimilar category may not be proficient in manufacturing the extension product. Finally, the magnitude of correlations between attitude toward the brand and attitude toward the extension were stronger for extensions perceived to be similar than for dissimilar extensions.

This study provides evidence that parent brand affect is a determinant of consumers' evaluation of brand extensions. Thus, a benefit of a strong brand name may be its ability to affect the evaluations of extensions bearing the brand name. However, in this research judgment of the relationship between the extension and the parent was based on the parent's product portfolio and not parent brand associations. This fact coupled with the use of hypothetical brands precluded the examination of brand specific associations and their role in attitude generation. This dissertation will propose that an explanation of extension evaluation solely in terms of parent product category effects provides a limited view of the process. Consumers' image of the brand may include non-attribute associations that may play an important role in extension evaluation.
Categorization research was also used by Aaker and Keller (1990) to hypothesize that there will be a greater likelihood of transfer of attitude from a parent brand in one category to an extension product in another category as the fit between two product categories increases (Cohen and Basu 1987, Fiske and Pavelchak 1986). Categorization research suggests that if a consumer perceives a good fit between the brand extension class and the parent brand class, then attitude toward the parent brand will transfer to the extension following a category-based process, without a detailed assessment of the attributes of the extension. Under such conditions, extensions have an advantage over individual brands given the prior positive attitude toward the parent brand held by consumers. Based on these ideas, Aaker and Keller (1990) hypothesize that when a consumer encounters a brand extension, he will attempt to evaluate the product using knowledge of the parent brand class. If the consumer perceives a fit between the brand extension class and the parent brand class, then attitude toward the brand will transfer to the extension following a category-based process. If an inadequate fit is perceived, the extension will be evaluated based on its attributes alone, in a piece-meal fashion. Thus inadequate perception of fit would minimize the role of parent brand affect. Three measures of fit were developed by the authors, including the extent to which consumers view two product classes as complements, the extent to which consumers view the two products as substitutes, and the ability of the firm operating in the first product class to make a product in the extension product class.
Aaker and Keller (1990) propose that attitude toward a brand is a function of the attributes possessed by the brand as well as affect toward the parent brand. Based on Zeithaml's (1988) research, the authors conceptualize parent brand attitude in terms of perceived quality, a measure that is abstract enough to capture the attribute based and affective components of attitude. Attitude toward the extension was operationalized as a composite measure of subject's perception of extension quality and likelihood of purchase.

Subjects were presented with hypothetical brand extensions of several well known brands and were asked to provide their evaluations of the concepts. They were also asked to indicate the thoughts that came to mind when they considered purchasing the product. Subjects also responded to measures of fit and product quality. Analysis revealed a main effect for the variable capturing the perceived transferability of manufacturing skills from the parent product to the extension suggesting that regardless of parent brand quality, transferability of manufacturing skills is a determinant of extension attitudes. The independent effect of parent brand quality on extension ratings was small and not significant as reflected by the beta coefficient for quality. However, an interaction of quality with two out of three fit measures, the complementarity and the substitutability of the parent and the extension products was found. Thus, quality perceptions as well as perceived complementarity or substitutability between the parent category and extension jointly determined consumers' attitude toward the extension. This result suggests that positive quality perceptions of the parent brand do not guarantee transfer of affect to the extension. Consistent with categorization research, positive attitudes toward the parent brand resulted when the parent
brand was perceived as being of high quality and when the extension product category was seen as being similar to the parent brand's products.

The qualitative results obtained in Aaker and Keller (1990) provide insight into reasons behind consumers' evaluations of the brand extension. Subjects generated negative associations for products that were not perceived as being a good fit with the parent category. These associations included perceptions that the manufacturer of the parent brand lacked the ability to manufacture a superior product in the extension category or that the extension product did not require specialized production skills. Also, negatively evaluated extensions were hurt by associations that were considered positively in the parent product context.

The bases for judgment of fit (e.g. substitutability) in the Aaker and Keller (1990) study do not have a theoretical rationale but were based on the authors' intuition. While high on face validity, intuitive measures may be deficient in their ability to describe the actual factors that consumers consider in extension evaluation. Additionally, fit was conceptualized as a function of parent category and extension category relationships. The critical role of parent brand associations, which play a role in extension judgments, is ignored when fit is conceptualized at the general product category level.

In a second study, Keller and Aaker (1992) examined the effect of fit and success of past extensions on the transfer of attitude from the parent brand to the extension. Fit is again conceptualized in terms of similarity between the original and the extension product categories. Consistent with this definition, the authors manipulate fit based on a pretest where subjects were asked to
provide their perceived similarity between several pairs of product classes, one being the parent brand class and the other the extension class to generate extensions at three levels of perceived fit. Hypothetical brand names were used and brand quality was manipulated through the favorability of information provided in the description of the brands' sales and history. Subjects were asked to provide evaluations of the extension concept and evaluate fit along three scales: good fit-bad fit, logical-not logical, appropriate-not appropriate.

Results showed that when the parent brand was of average quality, close extensions were rated more highly than distant extensions. However, when the parent brand had very high quality ratings, extension evaluations were unaffected by similarity between the parent and the extension category. Extensions were evaluated positively regardless of similarity. The authors speculate that this result implies that a parent brand with very high quality perceptions may be extended to more distant categories than average quality brands. The authors suggest that a second reason for this finding could be that even the dissimilar extension in this study was within the parent brand's general product class (snacks), and consequently may be perceived as more similar than the authors had expected. In a follow-up to this study, where the brands were extended to more dissimilar categories, the predicted interaction between parent brand attitude and fit was obtained, supporting the authors' argument.

The use of hypothetical brands limits this research in that the impact of parent category associations rather than the impact of parent brand associations were studied. It may be argued that brand extension success will
be influenced more by relevance of parent brand associations in the extension
category than parent category associations. Leverage of the brand is based on
its ability to provide a benefit in the extension category that is not provided by
other brands currently in the category. From this perspective, it is the
specific brand-attribute relationship rather than overall similarity between
the parent product category and the extension product category that should
determine evaluation of the extension. Further, extension category beliefs
were not measured by Keller and Aaker (1992), limiting their ability to
examine the processes by which extension attitude was generated. It is not
possible to discern whether extension attitude was influenced by extension
beliefs, by transfer of parent brand affect or a combination of both processes.

Employing aggregate measures of brand strength, Smith and Park
(1992) report results of a study meant to investigate the benefits that may
accrue to a firm through the use of a brand extension strategy. This study is
the first to use survey data, measuring variables across a wide range of
existing brands, in comparison to lab studies involving one or two
hypothetical brands. The authors test the notion that a key benefit of using a
brand extension strategy is the advertising efficiency it provides the firm due
to the prior awareness and attitude that consumers have toward the parent
brand. Secondly, the authors examine whether a brand extension, capitalizing
on the strengths of the brand name, is able to capture a larger market share
compared to a new brand. Based on Wernerfelt (1988), the authors hypothesize
that consumers expect that an established brand will not risk extending its
name to products of inferior quality. An established brand stands to suffer
more from an extension to an inferior product, compared to an unknown
(new) brand. Consequently, Smith and Park (1992) propose that consumers
expect a brand extension to be of high quality, reducing their perceived risk in trial. This perception should in turn lead to higher trial rates resulting in higher market share relative to an unknown brand introduction in the same product category.

Brand strength was expected to influence advertising efficiency and market share. Smith and Park (1992) conceptualize brand strength as a composite of brand quality and brand value. Based on Aaker and Keller's (1990) research, the similarity between the extension product and each of the products currently marketed under the brand name was expected to moderate this relationship. Similarity was measured along four dimensions, needs satisfied, usage situations, manufacturing skills and component parts, included on the basis of the authors' judgment. Subjects were asked to indicate the extent to which the extension product was similar to the other products manufactured by the brand in terms of each dimension. Needs satisfied and usage situations were meant to tap into "extrinsic" bases of similarity judgments while manufacturing skills and component parts are related to "intrinsic" bases of similarity. Based on past research on brand extensions (Aaker and Keller 1990), it was expected that intrinsic bases of similarity would have a greater effect on consumers' judgment of quality than extrinsic bases. Market share was measured as unit market share of the brand in its category while advertising efficiency was measured in terms of the advertising cost to sales ratio.

Results revealed a significant effect of brand extension strategy on market share and advertising efficiency, although the magnitude of these effects was relatively small with a change in $R^2$ of .041 and .073 respectively.
Next, while market share was affected by brand strength, the amount of variance explained was low (4.8%). Contrary to the authors' hypothesis, advertising efficiency was not affected by brand strength. Finally, analysis revealed that similarity had minimal impact on the dependent measures, as reflected by the standardized coefficients for the brand strategy X similarity interaction terms. The effect of brand strength on market share was not moderated by either basis of similarity while the effect on advertising efficiency was moderated by intrinsic similarity and not by extrinsic similarity.

The authors suggest that the lack of effect of similarity on the brand strength-efficiency relationship or on the brand strength-market share relationships may be a result of the nature of the brands and extensions included in the study. They suggest that a ceiling effect, due to presence of only successful extensions in the study may have obscured the effects of similarity. The authors also offer an explanation for the weak effect of parent brand strength on extension evaluation. One explanation is that the brands included in the study were of moderate to strong strength, resulting in a ceiling effect. The second explanation offered by the authors is that brand strength was measured in purely evaluative terms. Without suggesting why this may be a problem in this case, they make a general suggestion that future research should incorporate other dimensions of brand strength including behavioral indicators such as brand loyalty. There are two other limitations of the brand strength measures employed in this research. First, brand strength was measured in terms of quality and value associated with the brand. The theoretical basis for combining the two variables to arrive at this measure is unclear. More importantly, the measure does not include other, more widely
recognized, aspects of attitude strength such as attitude confidence and accessibility (Berger and Mitchell 1989). These limitations may lead to a bias in the brand strength measure.

Unlike the studies reviewed thus far, Boush and Loken (1991) examined the specific processes that underlie brand extension evaluations and conditions that determine the nature of consumer processing. In this research, a brand and its products are viewed as a category. The products within a brand’s portfolio follow a graded structure, where some are more typical or representative of the brand than others. The authors examined how brand breadth affects the typicality of a proposed extension and how perceived typicality affects the evaluation process. Typicality was operationalized in terms of consumers’ perception of similarity between the extension product and other products currently made by the brand. Brand breadth refers to the variability of products currently bearing the brand name. A narrow brand may be associated with a single category while the broad brand may be associated with several product categories. In this study for example, a narrow brand was associated with the sole category of soup, while a broad brand was associated with soup, condiments and frozen vegetables.

The authors hypothesize that an extension that is the same as the current product marketed by the narrow brand is more likely to be considered typical of a narrow brand than of the broad brand. On the other hand, an extension that is different from the products currently marketed under a brand name is more likely to be perceived as typical of the broad brand than the narrow brand. The authors propose that extremely typical as well as
extremely atypical extensions would be evaluated with minimal thought on the consumer's part leading to fewer cognitive responses and a quicker evaluation. However, the authors predict a direct positive relationship between typicality and affect toward the extension.

Hypothetical parent brands were presented to the subjects, accompanied by information that was meant to engender positive attitudes regarding the parent brands. Subjects first indicated their attitude toward the parent brand and were then asked to evaluate the extension and to verbalize their thoughts during evaluation. Next they responded to questions regarding overall attitude toward the extension and similarity between the extension and the parent category. Subjects then rated the similarity between the extension product and the products currently made by the brand. Response times were also recorded in order to trace the effect of the manipulations on the evaluation process used by subjects.

Consistent with their hypotheses, the authors report that consumers' evaluations of extremely typical and extremely atypical extensions were made faster than those of moderately typical extensions. However, this effect held for only one of the two products examined. This quicker evaluation process was accompanied by less thought as evidenced by the fewer cognitive responses generated by the subjects for the extremely typical and atypical extensions. The authors take these results to suggest that subjects employed more category based processing to evaluate the extremely typical and extremely atypical extensions and employed more attribute based processing in the moderate typicality condition. Next, attitude toward the extension was positively and monotonically related to extension typicality. When fit was low,
the extension received negative ratings, which the authors speculate as reflecting consumers' skepticism about the manufacturer's ability to provide a quality product in two discrepant categories.

There are limitations in the Boush and Loken (1991) study that reduce the scope of this research. First, typicality was operationalized as the perceived similarity between the extension category and the parent brand category. Such a construal of typicality is limiting, in that consumers may use parent brand knowledge in judging appropriateness of an extension as opposed to parent product category knowledge. Parent brand knowledge is expected to contain associations at a higher level of abstraction than knowledge regarding any specific product manufactured by the brand. The use of hypothetical brands further limits the authors' ability to explore the effects of brand influence on the extension.

Second, no attribute information was provided with the extension products. When no information is provided, categorization theory (Fiske and Pavelchak, 1986) predicts that judgments will be based on relatively quick categorization and not through piecemeal processing. This should occur regardless of the nature of the fit. Consistent with this argument, the authors report that a majority of the subjects did not generate any piecemeal responses. The predicted inverse relationship between typicality and reaction time was found only for the electronic product and not the grocery product replicate. However, it can be argued even in the case of the electronics product extension that reaction times may simply reflect subjects' difficulty in categorizations as opposed to piecemeal processing. The specific nature of the cognitive responses would shed light on this possibility. In sum, although the
predicted relationship between typicality and extension evaluation held up, the role of consumers' piecemeal processing is not clear.

Beyond Parent Category-Extension Category Similarity

While the work reviewed above has mainly examined the role of product class similarity in generating extension attitudes, some recent research has begun to investigate the role of the parent brand in consumers’ judgment of fit (Park, Milberg and Lawson 1991, Schmitt and Dube 1992, Broniarczyk and Alba 1992). This research suggests that while product class similarity may facilitate the generation of positive attitudes toward the extension, other bases of fit may be equally or more important. A single, unique brand association may be an important determinant of consumer's attitude toward the brand's extension, apart from the perceived similarity between the extension product's attributes and the parent product's attribute.

Employing this line of thinking, Park, Milberg and Lawson (1991) suggest that fit should be evaluated in terms of concept consistency in addition to feature similarity. Feature similarity refers to the extent of shared attributes between the parent brands category and the extension category. Concept consistency refers to the notion that the two products may be perceived to fit if they provide a common benefit, irrespective of product level similarity. Park at. al. (1991) propose that an extension product may be seen as being a good fit with a brand even if there is no feature similarity, if consumers perceive concept consistency between the brand and the extension. Thus a parent brand associated with image oriented product lines may be able to
extend into a product class where the concept of "upscale image" is important, irrespective of overlap of attribute features.

The authors examine the effect of high and low feature similarity and high and low concept consistency between the parent brand and the extension class on brand extension evaluations. Feature similarity was manipulated in terms of overlap between parent brand category and brand extension category. Concept consistency was manipulated in terms of shared importance of a key association (functional versus image) between the parent brand and the extension category. Existing brands were used in this study instead of hypothetical brands allowing for an examination of the effects of brand associations on extension evaluation. Each brand represented either a functional or an image-based positioning.

Analysis of variance revealed a significant brand name by concept consistency interaction. An extension was more favorably evaluated in a category that was consistent with the parent brand's concept. Also, consistent with past research, a main effect of feature similarity was found. Extensions that had high similarity with the parent brand's product category were rated more favorably than those that did not. Analysis revealed that the most positively rated brand extensions were those that had both high feature similarity and concept consistency. Finally, a comparison of the effects of concept consistency between the "image" and "functional" brands suggests that concept consistency allows for greater extendibility for an "image" related brand than for a "functional" brand.
This research suggests that in evaluating brand extensions in certain product markets, the role of parent brand associations may be as important as parent product category associations. Consequently, limiting analysis to feature overlap may lead to erroneous conclusions regarding the extendibility of brands. Unfortunately, the authors limit their dependent measure to overall evaluations and do not collect specific extension beliefs that would have allowed for an examination of the process of attitude generation. Moreover, brand effects were distilled into a single concept such as functional or prestige, which does not capture the multi-dimensional nature of brand schemas. Indeed, brands schemas often contain a combination of functional and non-functional associations and a single, overall dimension may not be appropriate in all contexts.

Broniarczyk and Alba’s (1994) research has two key objectives. First, they examine the influence of product level similarity and a brand specific association on brand extension attitudes. Similar to Park et. al. (1992), the authors suggest that if consumers perceive that a key belief associated with a brand is relevant to the extension product category, then a positive attitude toward the extension may be generated despite perceived dissimilarities between the brand category and the extension category. Just as Park et. al. (1992) examined brand effects in terms of the overall positioning (functional versus prestige), Broniarczyk and Alba (1994) constrain brand effects to a single association. The authors argue that evaluation of an extension is made with respect to a certain goal that underlies the product's purchase. Consequently, consumers' judgment of the relevance of the brand name in the extension context is made in terms of the relevance of the parent brand's association in the extension category.
The second objective of Broniarczyk and Alba's (1994) effort was to compare the relative influence of parent brand affect versus brand specific associations on brand extension attitudes. They suggest that a brand with lower affect associated with it may be a better candidate for extension if it possesses an association that is considered more relevant in the extension class compared to a brand with relatively higher affect but which does not possess the relevant association. That is, consumers' perception of the ability of a product to offer desired benefits is influenced more by the associations it carries than the affect associated with it.

The propositions are tested in one experiment where product similarity and association relevance were manipulated and a second experiment where parent brand affect and association relevance were the independent variables. Pretests were conducted to ensure that one brand was superior to the other in terms of similarity to the extension category/parent brand affect while the other possessed an association perceived as relevant in the extension category. Subjects evaluated extensions of brand pairs that varied in terms of product similarity and relevance of a single association. Dependent measures included overall evaluations of the brand extension, attitude toward the parent brand in the existing category, and brand familiarity.

Results supported the authors' hypotheses. Analysis revealed a significant interaction of extension relevance and similarity. Simple main effects revealed that a brand was more preferred (subjects had higher overall evaluations of the brand) in a category where it possessed a relevant association despite being perceived as being dissimilar to the extension
category. Consumer evaluations seem to be influenced more by extension relevance than by product category similarity. Next, the authors found that in 8 out of 10 categories, brand extensions of the parent brand with the relevant association were rated higher than extensions of the parent brand with the higher affect. The authors' interpretation of this result is that parent brand affect may be less important in extension evaluation than the presence of a key association in consumers' perception of the parent brand. This result may also be interpreted as suggesting that the affect transfer process is facilitated by consumers' perception of fit, where fit is judged in terms of the relevant attribute. This interpretation would be consistent with past findings (Aaker and Keller 1990).

Broniarczyk and Alba (1994) demonstrate that category similarity and parent brand affect may not be as important as the relevance of a brand association, in determining the success of a brand extension. The use of real brands allowed the authors to compare parent brand versus parent category effects. However, this research is deficient in some respects. Fit was manipulated on the basis of the relevance of one association. The authors do not provide a clear indication of how they arrived at a single association from the multiple associations provided by subjects in a free association task. While a single association approach may be appropriate under the conditions of this study, it may be limiting in other conditions. Specifically, a limitation of Broniarczyk and Alba's (1994) work is that subject's are directed to provide their evaluation of brand extensions, without being provided a specific goal such as product purchase. When consumers evaluate a brand extension with product purchase as the end goal, it is conceivable that multiple associations will affect extension evaluations (Rothschild and Houston 1977). Research
employing a single brand association as the determinant of extension evaluation may not provide an accurate account of such situations.

Another limitation of Broniarczyk and Alba's (1994) research is that overall evaluations were used as the sole dependent variable. A complete elicitation of the effects of a brand extension strategy may require measurement of non-evaluative dimensions of attitudes that are related to brand strength (e.g. confidence). Purchase intention, a variable that is most closely related to trial, is not included as a dependent variable. Additionally, the process by which extension evaluations were affected is not clear. Does the presence of a key association alter subjects' beliefs (a cognitive process) or does it simply facilitate affect transfer (an affect transfer categorization process)? These issues remain unresolved.

Schmitt and Dube (1992) suggest that the mental frame or context in which fit judgments are made will affect the attributes made salient in the schema or mental representation of a category. These salient attributes in turn guide the judgment of fit between the brand and an extension. Consequently, within a particular schema, judgments of fit can be varied by altering the relative salience of attributes or benefits. This view is offered in contrast to the static view of fit judgments suggested by feature mapping models which assume that all the attributes in a schema are salient, independent of the context in which the schema is evoked.

In Schmitt and Dube's (1992) study, mental frames were manipulated by having subjects think either about the parent company's image or the parent company's existing products or features of extension products as alternative
primes, prior to extension evaluation. Subjects also judged the similarity of the extension to existing offerings of the company. These mental frames were expected to enhance the salience of associations about brand image versus brand product category. These salient associations were then expected to be used for judging fit, affecting brand extension attitudes. Analysis of variance revealed a main effect of the priming manipulation on purchase intentions. Subjects indicated higher purchase intentions when they had been primed with the company image than with existing products or extension products. Contrasts between the company image condition versus the other two conditions combined indicated significant differences in purchases intentions in four out of six categories. Surprisingly, perceived similarity was not affected by the prime. All extensions were perceived as generally different from the company’s existing products.

The authors speculate that subjects primed with the company image would tend to focus on affectively oriented associations included in the company’s image compared to subjects who focused on the relationship between product specific features. Consequently, the latter subjects seemed to have taken a narrower, feature-oriented approach to judging fit, increasing the likelihood that the extension would be deemed inappropriate. Subjects provided with the company image prime may have expressed greater purchase intent despite perception of lack of fit, given the strength of parent brand affect.

In a second study, Schmitt and Dube (1992) examine the internal content of brand extension representations. Specifically, the purpose of the study was to examine the extent to which cognitive representations of brand extensions
contained brand associations, product associations and contextualized representations. Contextualized representations are those that may created by subjects, in the extension context. These representations are not unique to the brand or the product but are hybrid associations formed through a conjugation of brand and extension features. In a free response task, subjects were asked to provide their expectations of several brand extensions. Subjects' descriptions revealed that approximately 40% of cognitive representations of the extension were hybrid, contextualized associations that were unique to the brand extension. This result would suggest that unique cognitions which are developed by consumers in the context of the extension may best be captured using a cognitive response measure rather than structured or aggregate measures.

SUMMARY AND LIMITATIONS OF EXTANT RESEARCH

To summarize, extant research on brand extensions suggests that parent brand attitude is a determinant of consumers' overall evaluation toward the brand extension (Boush et. al. 1987, Aaker and Keller 1990). Most research demonstrates that consumers' perceived similarity between the parent brand category and the extension category is a moderator of the transfer of attitude from the parent to the extension (Boush and Loken 1991, Keller and Aaker 1992). Other research has suggested that besides category similarity, a key parent brand association may moderate attitude transfer (Park et. al. 1991, Broniarczyk and Alba 1994).
While this research has made some advances toward understanding consumer evaluations of brand extensions, there are several limitations. The most critical limitation is related to the operationalization of fit in terms of the similarity between parent brand product category and extension product category in most prior research. It is not clear why and if consumers evaluate extensions based on attribute overlap of parent and extension products. Alternately, such a perspective may provide a partial explanation of extension evaluations, by ignoring the non-attribute associations contained in a brand schema. In order to incorporate the role of brand differentiation and to provide a complete picture of brand extension evaluation, extension research should recognize the role of parent brand associations as opposed to brand category attributes in consumer judgments of brand extensions. Further, when parent brands are associated with multiple products, the proposed operationalization may lead to a high variance in fit judgments across consumers. In such cases, perceived fit will vary depending on the parent brand product that the consumer chooses as the basis of comparison.

While some studies have recognized the role of brand related effects in extension evaluation, apart from parent category effects (Park et. al. 1991, Broniarczyk and Alba 1994) they have limited brand effects to a single association. As stated earlier, while such a conceptualization may be appropriate for relatively simple categories, brand differentiation in mature categories is typically based on more than one benefit or dimension (Park, Jaworski and MacInnis 1986, Farquhar 1994) or may be based on intangible elements (Biel 1992). Consequently, research examining the role of the brand in extension evaluations must accommodate the role of multiple, salient brand associations.
A second limitation of past studies is their tendency to measure brand extension effects solely in terms of attitude or overall evaluations. If the logic behind the use of brand extensions is that they tap into the strength of a brand then such a limited conceptualization may be inappropriate. Given that consumers are assumed to use brand names as a method of reducing uncertainty in product choice (Ingene and Hughes 1985), it is necessary to employ conceptual and operational measures of brand strength that capture its risk reduction function in consumer decision making. Further, research has documented that the impact of attitudes on purchase intention is also moderated by dimensions of attitudes that are not captured in overall evaluations (Fazio and Zanna 1978, Smith and Swinyard 1988). In order to provide a complete description of the influence of the parent brand on a brand extension, it is necessary to employ measures that are not limited to overall evaluations. Purchase intention should also be measured as a separate measure and not combined with quality, value or other measures of overall evaluation.

A third limitation of the reviewed research is that most research into brand extensions has not measured brand extension cognitions. Most research has used overall evaluation or extension quality as the dependent measure (Keller and Aaker 1992, Broniarczyk and Alba 1994). Indeed some research has used composite measures of quality and value (Smith and Park 1992) and quality and purchase likelihood (Aaker and Keller 1990). Some composite measures incorrectly combine the antecedent of a variable (perceived quality) with the variable (purchase likelihood) itself. In order to understand the role of parent brand influence on the brand extension, it is important to
independently examine overall evaluation, beliefs, attitude confidence and purchase intentions related to the extension. This will facilitate a complete understanding of how the extension benefits from the parent brand and the extent of cognitive mediation in the process.

This dissertation will argue that a brand based approach to fit judgments provides a more accurate description of the extension evaluation process compared to similarity based approaches. The nature and role of schemas in information processing and attitude formation is discussed (Fiske and Neuberg 1990, Taylor and Crocker 1981). The role of consumers' brand schemas in product evaluation is developed and conceptual and operational measures of fit that incorporate the role of the brand schema in extension evaluation are developed. Consumers using brand associations as a determinant of fit may reach a different conclusion regarding the appropriateness of a brand extension compared to those using a product category based approach to extension evaluation. Consequently, it is important for research to examine the effect of alternative conceptualizations of fit in determining brand extension evaluations.

This dissertation also suggests that apart from the positive attitude and beliefs that brand extensions are expected to engender, another advantage they possess may be the higher confidence associated with these beliefs and attitudes compared to an unknown brand. Confidence in beliefs and attitudes is a dimension that has recently emerged as a measure that captures the strength underlying attitude or beliefs (Berger 1992, Berger and Mitchell 1989, Krosnick et. al. 1993). Confidence refers to an individual's certitude in the accuracy of their belief or attitude and has been shown to be independent of
belief or attitude extremity (Krosnick et. al. 1993, Marks and Kamins, 1988). Importantly, confidently held attitudes are superior predictors of subsequent behavior (Smith 1993, Fazio and Zanna 1978a, Berger and Mitchell 1989). It is therefore necessary to examine the effect of the parent brand on the confidence with which brand extension evaluations are held and conditions where such confidence may have a facilitating effect on consumers' purchase intentions.

In the following sections, research pertaining to schemas and their effects on attitude formation is reviewed and the concept of "schematic fit" is developed. Next, the role of attitude confidence in extension evaluation is discussed. Finally, the influence of extension confidence on purchase intention and conditions that will moderate such influence are noted. Hypotheses to be tested in this dissertation are also proposed in the course of the following review.

BRAND SCHEMAS

The Nature of Brand Schemas

In the present research, brand and product knowledge is assumed to be organized in the form of schemas. Schemas refer to "cognitive structures of organized prior knowledge" (Fiske and Linville 1980). A schema regarding a domain or category is comprised of associations that are interconnected to each other and are also connected to a central organizing concept or the category label (Fiske and Neuberg 1990). The associations in a schema represents the individual's general knowledge about a domain. The
information contained in a schema may include attributes, relationships among attributes, examples of objects that are representative of the schema, etc. Schematic information may be considered as a set of hypotheses regarding a domain; subsequent information regarding the schema is processed in light of these hypotheses (Taylor and Crocker 1981).

In the context of the present research, a brand schema may be defined as the set of associations that are evoked when a consumer encounters the brand name. A brand schema may contain attributes, benefits, image associations, affect, relationships among the attributes, instances of products marketed under the brand name, corporate image, etc. These associations are interconnected and become strengthened around a central organizing concept, i.e., the brand. Brand schemas develop as the consumer develops knowledge regarding the brand name through experience with product's marketed by the brand, exposure to brand communications, corporate communications, word of mouth etc.

In the process of differentiation of their offerings, firms invest considerable resources in building brand perceptions apart from the specific products under the brand umbrella. These brand perceptions or images influence the consumer's brand schema. Several authors discuss the types of associations that can make up a brand image (Biel 1992, Blackston 1992, Keller 1993, Park and Srinivasan 1994). Biel (p. RC-8, 1992) defines the image of the brand as "the cluster of attributes and associations that consumers connect to the brand name." Brand image may consist of "hard" associations such as tangible/functional benefits and "soft" emotional attributes such as excitement and masculinity (Biel, 1992). The origins of these associations may
reside in the image of the product/service, the image of the maker (corporate image) and/or the image of the user.

Keller (1993) classifies the associations that make up brand image into attributes, benefits, and attitudes. Attributes are further divided into product-related and non-product related that include user imagery and usage imagery. Benefits are divided into the categories of functional, experiential and symbolic benefits. The associations classified as user imagery, usage imagery, experiential benefits and symbolic benefits in Keller’s (1993) classification are all non-attribute based. These associations may play an equal if not greater part in differentiating the brand and establishing a unique positioning in the consumer’s perception of the product market. It is therefore important that research examining the role of the brand in brand extension evaluation incorporate non-attribute associations, in addition to attribute-based associations.

To summarize, a brand schema may be defined as the set of associations that are evoked upon encountering the brand name. These associations may include tangible attributes and related benefits as well as intangible associations. The consumer’s experience with and exposure to the brand leads to the brand name being the organizing concept around which the brand associations are linked. The next section will discuss research which demonstrates that schemas play an important part in information processing.
A consumer evaluating a brand extension as a potential alternative has intended goals that the product is meant to satisfy. These goals may be determined by the usage context, situational influence, reference group influence or generally by any factors that affect underlying motivations in product purchase. The goals influence the relative weights of various criteria that determine product choice. The nature and number of criteria considered in any particular situation, and the specific process of arriving at a brand evaluation will be determined by ability and motivation factors (Petty et. al. 1983). The evaluation of a brand alternative is affected by its ability to meet these criteria. Thus, brand extension evaluation is not a goal in itself but a part of the process of the consumer attempting to identify a brand alternative that meets goals relevant to product choice.

When the consumer encounters the brand extension, the parent brand name evokes the brand schema in memory. The evoked associations may include attributes and benefits related to the brand's current products along with non-attribute based dimensions. The influence of the brand in the consumer's judgment of the extension product is then moderated by the relevance of these associations in the extension context. That is, the consumers' perception of "fit" between the parent brand schema and the extension schema will determine the influence of parent brand knowledge on extension attitude. This dissertation proposes that consumers' judgment of fit between a parent brand and the extension product is determined by the strength of associations\(^2\) made salient by the brand and their determinance in the extension product context. This bases of fit is defined as schematic fit.

\(^2\) The term "association" refers to attributes, benefits, images and in general any concept that consumers associate with the brand. It is used in place of the term "attribute" which connotes tangible properties of the product.
Salient associations in the brand schema are the set of associations that are connected to the brand name and are immediately evoked upon encountering the brand name (Chakravarti, MacInnis and Nakamoto 1990, Fazio, Powell and Williams 1989). Marketers invest considerable resources in developing brand associations that correspond to the intended positioning and in ensuring that the associations are firmly encoded in memory (Ries and Trout, 1981). These associations are meant to become immediately accessible when the brand name is perceived. The salience of an association may be measured by its frequency of mention or its order of mention in subjects' production norms (Lynch and Srull 1982).

Association strength refers to the consumers' judgment of the relationship between a salient association and the brand. While salience is related to the linkage of an association to a brand in memory, strength is related to the brand's perceived "performance" in term of the association. Association strength is analogous to "expectancy" in Fishbein's (1967) behavioral intention model where it is measured in terms of a consumer's subjective probability that the brand and an association are related (likelihood).

In this research, association strength (LC) includes association confidence in addition to likelihood. Likelihood (L) measures the subject's estimate of the relationship between the brand and the association. Association confidence (C) measures the subject's certainty that the estimated subjective probability is accurate. As will be argued in subsequent sections, brand
strength is best captured by including non-evaluative measures of strength (Haugtvedt et. al. 1993). Analogously, association strength, a cognitive dimension of brand evaluation is best captured by perceived likelihood and confidence.

The role of the parent brand in extension evaluations has typically been conceptualized in terms of its overall evaluation. However, there are other aspects of a parent brand image including the consumer's confidence in their evaluation of the parent brand or that the parent brand will not let them down (Aaker 1991), that should be incorporated. Recent research has demonstrated that attitude confidence and extremity are independent aspects of attitude strength (Krosnick et. al. 1993). Therefore attitude confidence is included as another aspect of the consumer's parent brand image that will affect their judgment of fit.

While several associations may be salient for any given brand, the strength of their relationship to the brand may vary. The consumer's cumulative experience with the brand and/or exposure to brand communication determine the strength of various associations in the brand schema. Alternatively, a particular association (such as high-tech) may be salient in the schemas of several brands. However, association strength may vary across brands, determining the positioning of the brands in consumers memory. That is, measures of salience alone will not suffice in describing brand strength. While a brand may evoke several associations, they may vary in strength. By including association strength in the conceptualization of schematic fit, the present research explicitly recognizes the role of brand
strength in brand extension evaluation. Product similarity based explanations of brand extension evaluation fail to recognize brand specific strengths.

Next, determinacy refers to the notion that while several associations may be salient with regard to the extension product category to be judged, the weight attached to the associations may vary. As discussed earlier, the weights are determined by end goals that the product is meant to satisfy. The goals and consequently the relative weights attached to associations may vary over contexts or over segments. Similarity based conceptualizations of fit include all salient associations in judgment of fit. In the present conceptualization of schematic fit, the consumer's perception (expectation) of a brand's performance on the determinant attributes will determine the perceived relevance of the brand in the extension context.

Thus, schematic fit between a brand and an extension product is determined by the extent to which a consumer perceives that the brand is able to satisfy product related goals. The ability of the brand to satisfy product related goals is a function of the strength of salient associations and their relevance in the extension category. This conceptualization of schematic fit may be operationalized as a multiplicative function of the evaluation of the brand's associations in the extension product category (E) and the strength of the association in the parent brand schema (L X C). Marks and Kamins (1988) and Bennett and Harrell (1975) employ similar operations to compute multi-

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3 The present view of determinacy differs from Alpert's (1971) definition. Alpert's notion of determinacy refers to relative differences in brand performance on a salient attribute, across an evoked set. In this dissertation, determinacy refers to the relative weights across associations in an individual's product schema.
attribute attitude scores. Schematic fit between a parent brand and an extension product may be calculated as follows:

\[
\text{Schematic Fit} = \Sigma \ ELC, \ \text{where}
\]

\[
E = \text{evaluation of the association in the extension category}
\]
\[
L = \text{likelihood of the association in the parent brand schema}
\]
\[
C = \text{confidence in the association in the parent brand schema}
\]

Consider, for example, the case of a consumer evaluating the relationship between a parent brand currently manufacturing clothing with a "high fashion" or "trendy" image and an extension into the shoe category. Older and younger consumers may evoke identical parent brand schemas and extension category schemas. However, these two segments may be expected to vary in the nature of the determinant attributes in their evoked schemas for "shoes". For example, "durability" and "comfort" may be a determinant attribute for the older segment and "style" and "looks" may be determinant for the younger segment. Since trendy is a salient association in the parent brand schema and it is related to the determinant attributes "style" and "looks", the younger segment is expected to perceive a greater amount of fit between the parent and the extension compared to the older segment.

The conceptualization of fit offered here finds support from research in several areas (Murphy and Medin 1985, Komatsu 1992, Loken and Ward 1990, Feldman and Lynch 1988, Barsalou 1985). Loken and Ward (1990) examine the ability of alternative determinants of typicality to predict consumers' judgments of typicality and the relationship between such typicality
judgments and evaluation. Typicality was defined as the degree to which a product is perceived to be representative of a category. Several approaches to typicality judgments are compared. The family resemblance approach (Rosch and Mervis, 1975) suggests that the degree to which a category member has attributes in common with other category members determines its typicality. A product that shares a greater number of attributes with other members of the category will be judged as a typical member of the category. In contrast, the valued attributes approach, exemplified in Barsalou's (1983) "ideals" construct suggests that goal derived categories consist of items that help achieve a common goal. Individuals come to consider them as a category based on their ability to help realize a common goal even if they are physically disparate. Thus new instances will be classified as being typical of the category to the extent that they help achieve the goal that typifies the category.

Finally, Loken and Ward (1990) propose a basis for typicality that is essentially a fine-grained modification of Barsalou's (1983) ideals construct. The authors suggest that consumers judge typicality by the extent to which the product has salient attributes that help achieve the goals or the uses of the category. The "attribute-structure" approach suggests that a set of goals rather than a single goal may underlie category membership and determination of typicality. Further, this approach is based on the individual's specific beliefs regarding the category and the new instance rather than on relatively abstract goals. In their study, Loken and Ward (1990) compute "attribute-structure" by averaging belief scores across all salient attributes across subjects. They do not include attribute evaluation in the computation of "attribute-structure" and consequently, the weights of the attributes in typicality judgments are assumed to be equal.
Analysis of the relationship between the determinants of typicality and perceived typicality revealed that all three determinants predicted typicality across all categories. However, attribute-structure and ideals were more strongly correlated with attitude compared to the family resemblance approach. Both determinants were significant predictors of attitude while the family resemblance approach did not predict attitude.

The attribute-structure approach to typicality judgments used in Loken and Ward's (1990) study is similar to the perspective of schematic fit posited in the present research. Both approaches suggest that judgments of fit based on the overlap of attributes deemed important in the extension category with those in the brand schema and not based merely on overall resemblance between the extension and parent product categories are more predictive of attitude. However, in the present research, attribute evaluations, a measure of determinance, are included in judgment of fit. Fit judgments should be affected to a greater extent by attributes that are valued more and this is not recognized in Loken and Ward's (1990) operationalization. We also include association confidence in order to capture the strength of associations in the brand schema. The salience of associations is expected to influence the role of such associations in guiding schematic processing, and consequently, extension attitude formation.

The conceptualization of schematic fit is also compatible with the accessibility-diagnosticity perspective (Feldman and Lynch 1988, Lynch, Marmorstein and Weigold 1988). Feldman and Lynch (1988) suggest that the likelihood that a specific input will contribute to judgment depends on the
accessibility of the input and the diagnosticity of the input. Accessibility refers to the ease with which an input can be brought to mind. An input's diagnosticity refers to the degree to which the consumer believes that the input is relevant to the judgment decision. When several inputs are accessible, their influence on the judgment is a function of their relative diagnosticity. This would suggest that judgments of fit are not a mere function of the proportion of salient associations in the parent brand schema and extension category schema that overlap. Instead, the relative diagnosticity or determinance of the extension category associations that overlap with the parent brand schema should be the basis by which fit is determined. Consumers' evaluation of fit is not a goal in itself but a means to making attitudinal or behavioral decisions. Consequently, the overlap of attributes that are functional in making the decision will be critical in fit judgments.

This perspective is also consistent with the notion of goal derived categories (Barsalou, 1983, 1985). Barsalou (1983) defines goal derived categories as those that are created for the needs of a specific situation. Membership of an instance in such goal derived categories will depend on the associations or "ideals" that are important in terms of achieving the particular goal at hand. Thus, the match between an instance and the category will be affected to a greater extent by a match of ideals than family resemblance or similarity with other members of the category. Irrespective of feature mapping, an instance may be perceived as fitting into a category to the extent that it will maximize goal attainment.

To summarize, an extension should be evaluated positively when the parent brand has positive, confidently held attitudes associated with it, and
consumers perceive a schematic fit between the brand schema and the extension product. In this case, the parent brand schema will affect brand extension evaluations by influencing associations regarding the extension. Given the strength of parent brand associations, inferences regarding the extensions are expected to reflect this strength, when fit is high. When fit is low, it implies that the parent brand does not possess the associations that are relevant in the extension context. As a result, the performance of the extension on several attributes has to be inferred independent of the parent brand schema. Here, inferences may be based on product class averages leading to greater uncertainty compared to inferences made on the basis of parent brand associations (Meyer and Sathi 1985). Therefore, consumers typically discount such inferences resulting in weaker beliefs held with greater uncertainty (Huber and McCann 1982). Alternatively, low fit may imply that the brand possesses the relevant associations but it is perceived to be weak in terms of these associations. Consequently, when schematic fit is perceived to be low, brand extension beliefs are expected to be of lower strength.

H1: Subjects' attitude toward the brand extension will be more positive when schematic fit between the parent brand and extension product is high than when it is low.

The conceptualization of fit between the parent brand and the extension category offered here is expected to have a greater influence on extension evaluation compared to similarity based approaches. First, since brand extensions are meant to capitalize on the strength of the parent brand, it is the parent brand image - brand extension relationship that will determine extension evaluation, rather than the parent category - extension relationship. Moreover, a product similarity based approach would
erroneously suggest that two brands that are associated with similar products are equally extendible to an extension category. However, it is the nature of the specific brand image that determines the appropriateness and likelihood of success of an extension. Marketers manage brand communications in order to differentiate and strengthen the brand's image among consumers (Park, Jaworski and MacInnis 1986). The notion of salience in the present conceptualization explicitly recognizes the specific strengths of the brand, in evaluating fit.

Second, schematic fit provides a direct link between attitude formation and evaluation of fit. Valued attributes are expected to play a greater role in consumer's judgment of a product such as a brand extension (Ajzen and Fishbein 1980, Ahtola 1975). Schematic fit allows for differences in the impact of attributes on fit judgments through the notion of determinance. Some authors have recognized brand effects (Park et al. 1991, Broniarczyk and Alba 1994) but have typically limited such effects to one association. Such a limitation may not be appropriate when consumers use multiple dimensions in evaluating a product. Therefore, schematic fit is expected to have a greater influence on extension attitude, compared to perceived similarity between the parent category and the extension category.

H2: Change in schematic fit will have a greater effect on subjects' attitude toward the extension compared to change in perceived similarity between parent category and the extension product.

ROLE OF BELIEF AND ATTITUDE CONFIDENCE IN EXTENSION EVALUATION
While generation of positive brand evaluations is important, another important but previously unresearched advantage that a parent brand can provide to an extension is to enhance the confidence with which these evaluations are held. Belief confidence refers to an individual's certainty in the accuracy of their beliefs. Similarly attitudinal confidence reflects the individuals certainty that their expressed attitude is correct. As Fishbein and Ajzen state (Fishbein and Ajzen, 1975, p. 102-103), "persons who assign the same subjective probability to a given position on the content dimension may vary in their confidence associated with this probability estimate..." Thus, confidence in beliefs may be viewed as a second order construct underlying evaluation that may be influenced independent of the evaluation (Fazio and Zanna 1978, Berger and Mitchell 1989).

Along with attitude extremity, attitude confidence has been shown to be correlated with attitude strength (Krosnick et. al. 1993). Studies have demonstrated that confidently held attitudes are more stable over time (Pelham 1991) and resistant to change (Wu and Shaffer 1987, Marks and Kamins 1988). Perhaps most relevant to marketers is the fact that several authors have demonstrated that attitudes and beliefs that are held with greater confidence tend to be more predictive of behavioral intention (Berger 1992, Smith and Swinyard 1988, Davidson, Yantis, Norwood and Montano 1985, Fazio and Zanna 1978). In the context of product purchase intention, confidence may be viewed as being inversely related to uncertainty, which is in turn a component of risk (Meyer and Sathi 1985, Ingene and Hughes 1985). In the case of new product trial where the consumer may be faced with uncertainty regarding product performance coupled with the possibility of monetary loss, confidence in the brand attitude may help mitigate uncertainty. Consequently, positive
attitudes accompanied by high confidence will lead to reduction in perceived risk in product trial, thus increasing the strength of the attitude-intention relationship.

Several studies have demonstrated that attitudes formed as a result of direct experience with the attitude object lead to greater confidence in the attitude (Smith 1993, Borgida and Campbell 1982, Davidson et. al. 1985, Marks and Kamins 1988). Fazio and Zanna (1978) report the results of a study meant to investigate the impact of "moderators" on the attitude-behavior relationship. In the face of equivocal support for the role of attitudes as predictors of behavior, the authors suggest that the route to attitude formation should have an influence on non-evaluative dimensions of an attitude, including confidence. The authors hypothesize that attitudes that may be equal in extremity may vary in terms of the confidence with which they are held. Specifically, attitudes generated as a result of direct experience with the attitude object were expected to be held with greater confidence compared to those generated as a result of communications. Compared to communications, direct experience provides the individual with a greater amount of information, and is also considered more reflective of one's attitude compared to attitudes generated as a result of communications.

In a study conducted to examine this proposition, subjects were either assigned the task of working through some puzzles or were exposed to the puzzles without having the opportunity to solve them. Next, measures of attitude (interest ratings), confidence and behavior were taken. Consistent with their hypotheses, direct experience subjects expressed greater confidence compared to indirect experience subjects. Importantly, the
attitude-behavior correlation was significantly higher in the direct experience than in the indirect experience condition. These results held up in a second experiment where confidence was manipulated as a result of bogus feedback provided to the subjects suggesting that attitude extremity and confidence may be independently manipulated.

Berger and Mitchell (1989) further investigate the role of experience on confidence. Employing the moderator variable perspective offered by Fazio and Zanna (1978), they suggest that direct experience leads to greater confidence. Direct experience provides subjects with a greater amount of information on which to base an attitude, compared to an ad alone. Also, direct experience provides subjects with the ability to elaborate on the information that is the basis of the attitude. Results indicated that the attitudinal confidence of subjects with direct experience was significantly greater than subjects who has been provided with one exposure of an advertisement. Brand evaluations, however, did not vary between these two groups. Finally, the authors report a significant but moderate correlation between attitude extremity and confidence ($r = 0.34$).

The authors also proposed that repetition can enhance confidence by providing greater amounts of information, allowing for elaboration and also by facilitating repeated expression of attitudes. Results supported their hypotheses suggesting that sufficient repetition of advertising can lead to belief confidence similar to that engendered by experience. Subjects who received 3 or more repetitions of the ad held their attitude with confidence equivalent to that of subjects having experience with the product.
Several other authors have demonstrated that consumers who have a greater amount of information about an object develop attitudes that are held with greater confidence (Borgida and Campbell 1982, Haugtvedt et. al 1994). Haugtvedt et. al. (1994) demonstrated that repetitions of advertising lead to greater attitudinal confidence compared to a single exposure. Moreover, exposure to multiple ads that varied in the nature of product claims lead to attitudes that were more resistant to competitive claims, compared to exposure to multiple ads varying in executional elements. However, confidence did not differ between the claims-repetition and execution-repetition condition. The authors did not examine the moderating role of confidence on attitude resistance.

Using a different line of reasoning, other authors (Smith 1993, Marks and Kamins 1988, Smith and Swinyard 1983) suggest that experience leads to "higher-order" beliefs, or beliefs that are held with more confidence and with greater strength. Advertising on the other hand leads to "lower order" beliefs that are held with lesser confidence and are relatively weaker. Direct experience provides information that is more trustworthy since it is not being provided by a third party whose veracity may be doubtful. The individual himself is experiencing the object and he is generating data that will be used in belief formation. Thus, the processing of such information is not likely to be characterized by source derogation or counter-argumentation, both of which are likely to occur during processing of commercial information.

In a study meant to examine this proposition, Smith and Swinyard (1983) demonstrated that subjects who were provided with the opportunity to sample a new snack food had greater confidence in their beliefs as well as global
evaluations compared to subjects who had evaluated the product on the basis of an ad. It was also found that belief strength was greater for direct experience attitudes. In a subsequent study where these effects were replicated (Smith and Swinyard, 1988) the authors also demonstrate that while belief strength and belief confidence were not independent, the amount of shared variation was relatively small.

In sum, research on attitude confidence would suggest that experience with an object or multiple exposures to communication regarding an object leads to attitudes held with greater confidence. This would imply that attitudes and beliefs regarding established brands will be held with greater confidence compared to unknown brands given the greater likelihood of past experience with the parent brand or greater likelihood of multiple exposures to brand communications. Also, attitude extremity and attitude confidence are related but independent dimensions of attitude strength. Processing of newly encountered brand information such as communications or new extensions should be affected not just by parent brand attitude but also by the confidence with which such attitudes are held.

Past research examining brand extensions has suggested that brand extensions benefit from the transfer of positive beliefs and positive attitude from the parent brand to the extension. Based on the reviewed research, consumer's confidence in parent brand beliefs and attitude may be another aspect of their brand schema that confers an advantage to a brand extension compared to an unknown brand. While beliefs and attitudes of brand extensions are expected to be affected, it is possible that consumers' parent brand schema may also affect consumers' confidence in these beliefs and
attitudes. That is, when parent brand associations are transferred to the extension, association extremity and association confidence should be influenced generating beliefs and attitudes held with greater confidence relative to an unknown brand. Such a possibility has not been addressed by any research to date\textsuperscript{4}. The use of fictitious brand names, in most extension research, would also be a deterrent to the examination of confidence in parent brand attitude.

Apart from the moderating role played in the transfer of attitude and beliefs from the parent brand to the extension, "fit" is also expected to play an important role in moderating the generation of extension confidence. When fit is high, it is expected that along with transfer of belief regarding the determinant associations, the consumer's confidence in the associations will also be affected. Given the conceptualization of schematic fit, high fit implies that the extension category possesses key associations with which the consumer has had past familiarity or multiple exposure to communications in the context of the parent brand. Such prior experience should enhance the confidence in these associations (Park and Lessig 1981, Lim and Kim 1992).

Virtually no past research into consumers' evaluation of brand extension has examined the issue of transfer of confidence. However, a recent study by Lim and Kim (1992) in an unrelated context, provides support for the above arguments. Lim and Kim (1992) found that consumers' familiarity with a

\textsuperscript{4} One exception is the research reported by Dacin and Smith (1994) who included attitude confidence as a dependent variable. However neither the specific reasons for confidence, nor the impact of fit on confidence are explored. The key point made by the authors is that as the number of products associated with the brand increases so does confidence in extension evaluation.
product class enhanced their confidence in inferred attributes. Subjects who had prior experience with computers were expected to have more accurate knowledge of the relationships among attributes of a computer. Consequently, their ability to infer attributes of a new computer and the confidence underlying such inferences was expected to be higher compared to consumers without such experience. Results supported this reasoning. Path analysis revealed a positive and significant relationship between familiarity and confidence. Analogously, the argument may be made that when consumers perceive a high fit between the parent and the extension, inferred attributes should be associated with greater confidence compared to low fit situations. In this case, high fit implies a greater overlap of associations with which the consumer has had prior familiarity in the context of the parent brand.

When fit is low, the extension may possess some attributes with which the consumer has had no experience related to the parent brand. As a result, while attitude and belief transfer is expected to occur to a lesser extent for "low fit" extensions, these attitudes and beliefs are also expected to be held with lower confidence than "high fit" extensions. Alternatively, based on the conceptualization of schematic fit offered here, a low fit extension may be one where the parent brand is perceived to possess relevant associations but subject's confidence in the associations are low. In this situation, while there may be an overlap of salient parent brand associations with determinant extension category associations, it is expected that extension confidence will be lower given the lower confidence in parent associations to start with.

H3 : Subjects' confidence in attitude toward the brand extension will be higher when schematic fit between the parent brand and extension product is high than when it is low.
Along the lines of the earlier discussion delineating the relative effects of schematic fit and similarity, it is argued here that schematic fit will have a greater influence on extension confidence compared to product similarity. Schematic fit provides a direct link between brand associations and evaluation of fit. Since schematic fit is posited to provide a more accurate description of the effects of a parent brand on the extension, it follows that extension attitudes are expected to be more sensitive to variations in schematic fit as opposed to category similarity.

H4: Change in schematic fit will have a greater effect on subjects' confidence in attitude toward the extension compared to change in perceived similarity between parent category and the extension product.

EFFECTS OF EXTENSION BELIEF AND ATTITUDE CONFIDENCE

It has been repeatedly demonstrated that attitudes held with higher confidence are more likely to guide (and thus predict) behavior compared to attitudes that are held with lower confidence (Berger and Mitchell 1989, Smith and Swinyard 1983). Some authors have speculated about the process by which confidence moderates the attitude-behavior relationship. Berger (1992) suggests that an attitude may be used or rejected in making such a decision based on the individual's perception of its relevance to the behavior. Attitude confidence is expected to have a positive influence on the perceived relevance of the attitude in making a behavioral decision. Alternatively, consumers perceive some amount of risk in any product choice situation. While positive attitudes guide decision making, attitude confidence is directly related to perceived risk. By definition as confidence goes up, perceived uncertainty and the risk involved in decision making should go down. Consequently, a
confidently held attitude is more likely to affect behavior and will thus strengthen the attitude-behavior relationship.5

Several researchers have found that attitudinal confidence enhances the strength of the attitude-behavior relationship (Fazio and Zanna 1978, Berger and Mitchell 1989, Marks and Kamins, 1988). Fazio and Zanna (1978) report the results of a study where subjects were asked to indicate their intention to volunteer in an experimental study. Independent variables included attitude toward volunteering, past experience and certainty of their attitudes. Results revealed that past experience and attitudinal certainty were correlated and importantly, past experience had a positive effect on relationship between attitude and behavioral intention.

The most current perspective on confidence emerges from research examining the relationships between attitude extremity and attitude confidence. Bennett and Harrell (1975) proposed that confidence will moderate the relationship between brand attitude and behavioral intention. They suggest that the addition of measures of belief confidence to the Fishbein behavioral intention model will enhance the predictive ability of the model. Based on theories of perceived risk it is proposed that the individual's belief strength as well as the perceived uncertainty surrounding their beliefs should both be included in any approach meant to predict behavior as a function of these beliefs. The results of a study meant to test their reasoning are supportive of their view. On the basis of a median split, subjects were separated into high and low confidence groups. Overall the correlation between Fishbein's model and intentions was stronger for subjects in the high confidence group than the low confidence group. Interestingly, confidence
and behavioral intention were highly correlated suggesting that there may be a direct relationship between the two variables. In other words, confidence may exert an independent effect on purchase intention apart from the effect of attitude on intention.

Since Bennett and Harrell's (1975) research, other authors have concluded that while extremity and confidence are related, the two should be treated as separate constructs (Krosnick et. al 1993, Edwards 1990, Marks and Kamins 1988, Smith and Swinyard 1988). Marks and Kamins (1988) for instance, report that the amount of shared variation between attribute extremity and confidence was relatively low (average of 9%). Smith and Swinyard (1988) suggest that based on the low amounts of shared variance among belief and confidence scores (average $R^2 = .17$), the two measures had significant amounts of non-common variation, outside of the extremity-confidence relationship.

Krosnick et. al. (1993) conducted a comprehensive analysis of relationships between several dimensions underlying attitude strength, including extremity and confidence. The authors suggest that although extremity and confidence displayed substantial correlations, the two dimensions should be treated as independent dimensions of attitude. Multitrait-multimethod confirmatory factor analysis was employed to compare models where the two dimensions were treated as one factor versus unconstrained models. It was found that the single factor model was rejected in 2 out of 4 studies suggesting the independence of confidence and extremity.
Thus, in the context of brand extension attitudes and subjects' behavioral intentions, we suggest that attitude confidence will enhance the strength of the attitude-behavior relationship. As stated earlier, high schematic fit between the brand and the extension is expected to engender attitudes held with higher confidence compared to low fit extensions. The higher confidence is expected to have a positive effect on consumers' purchase intentions toward the extension. Similarly, following from earlier discussions, schematic fit is expected to have a greater effect on purchase intention compared to category similarity given the inclusion of valued attributes and confidence in determination of schematic fit. Brand extension research that has included measures of purchase intention, has typically combined them with measures of attitude or "brand value." Importantly, the process by which purchase intentions may be affected has not been studied to date.

H5 : Subjects' purchase intention toward the brand extension will be higher when schematic fit between the parent brand and extension product is high than when it is low.

H6 : Change in schematic fit will have a greater effect on subjects' purchase intention toward the extension compared to change in perceived similarity between parent category and the extension product.

H7 : The effect of subjects' attitude toward the brand extension on purchase intention will be greater when confidence in attitude is high than when it is low.
CHAPTER III
STIMULUS DEVELOPMENT, RESEARCH DESIGN AND PROCEDURE

OVERVIEW

The purpose of this research is to examine the role of schematic fit and product similarity in the transfer of parent brand attitude to the brand extension. It is expected that schematic fit will be a moderator of the influence of the parent brand on brand extension attitude, confidence and purchase intention. Further, schematic fit is expected to exert greater influence on attitude strength compared to category similarity. Finally, attitude extremity and confidence are expected to exert independent effects on purchase intention. The sample comprised of student subjects and casual shoes were chosen as the product category.

Table 1
Design (Schematic Fit X Product Category Similarity)

<table>
<thead>
<tr>
<th>Product category similarity</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Brand A</td>
<td>Brand B</td>
</tr>
<tr>
<td>Low</td>
<td>Brand C</td>
<td>Brand D</td>
</tr>
</tbody>
</table>

64
STIMULUS DEVELOPMENT

Stimulus development involved several initial experiments. The first pretest was meant to examine the validity of the argument that parent brand associations go beyond product attributes to include several types of non-attribute associations. Next, four pretests were conducted to help identify appropriate stimuli for the study that would help operationalize the concept of schematic fit that was developed earlier. Based on the pretests, four brands will be selected so that the required criteria for schematic fit and product category similarity are met. Specifically, brands will selected that are high/high, high/low, low/high and low/low in terms of schematic fit and category similarity respectively.

Pretest 1 (Brand Schemas)

The objective of pretest one was to ascertain that the conceptualization of brand schemas developed in chapter 3 was accurate. Specifically, it was argued that brand extension research should incorporate the role of non-attribute dimensions of parent brand schemas. In addition to product attributes, it is expected that brand schemas include non-attribute associations such as instances of specific products manufactured by the brand, and product benefits. Additionally, intangible associations are also expected to be a part of parent brand schemas.

Subjects' schemas for several well known brands were elicited in order to examine the nature of the associations therein. Six well known brands from diverse product categories were chosen. Students subjects were informed that
the researchers were interested in finding out what consumers think of various brand names. They were provided with a questionnaire where they were given a brand name and asked to write down "any thoughts, ideas or images" associated with the brand that came to their mind. They were given 3 minutes for listing their thoughts associated with a brand before proceeding to the next brand, listed on the subsequent page. If they were not aware of the brand name presented, they were asked to wait for time to be called before proceeding to the next page.

The thoughts listed by subjects were coded into distinct categories of associations. The frequency of mention of each type of association was noted. An association appearing in the thought protocol of a minimum of 30% of respondents was considered to be a salient association for this particular sample of subjects. The resultant lists of associations for the six products are provided in Table 2.

The results of this pretest demonstrate the wide variety of associations that make up a brand's schema. Across the six brands, associations include attributes, benefits, products manufactured by the brand, specific brands under the family brand, commercials, slogans, product labels, spokespersons, overall company images, and country-of-origin. In fact, while specific products comprising of the brand portfolio were mentioned frequently, very few specific product attributes were mentioned. This pretest demonstrates that while brand schemas include products and product attributes, non-attribute associations account for a significant proportion of the schema. The key implication of this result is that it substantiates that the view that brand extension evaluation may be affected by non-attribute associations of a brand
schema that product similarity based approaches as well as single association views fail to recognize.

Table 2
Parent Brand Associations

<table>
<thead>
<tr>
<th>Sony</th>
<th>IBM</th>
<th>Campbell</th>
</tr>
</thead>
<tbody>
<tr>
<td>High quality</td>
<td>Computers</td>
<td>Soups</td>
</tr>
<tr>
<td>Walkman</td>
<td>Large company</td>
<td>&quot;M-M-M good&quot;</td>
</tr>
<tr>
<td>Japanese</td>
<td>High quality</td>
<td>Soup kids</td>
</tr>
<tr>
<td>Television</td>
<td>Industry leader</td>
<td>Red and White Label</td>
</tr>
<tr>
<td>Expensive</td>
<td>High tech</td>
<td>Healthy</td>
</tr>
<tr>
<td>Stereos</td>
<td>Expensive</td>
<td>Warmth</td>
</tr>
<tr>
<td>Electronics</td>
<td>Big Blue</td>
<td>Sickness</td>
</tr>
<tr>
<td>Leaders in design /innovative</td>
<td>Confusing /difficult to use</td>
<td>Many varieties</td>
</tr>
<tr>
<td>CDs</td>
<td>IBM PC</td>
<td>Cold day</td>
</tr>
<tr>
<td></td>
<td>For business</td>
<td>Inexpensive</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nike</th>
<th>Hershey</th>
<th>Gillette</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>Chocolate</td>
<td>Razors</td>
</tr>
<tr>
<td>Expensive</td>
<td>Good taste</td>
<td>Skin cream</td>
</tr>
<tr>
<td>Michael Jordan</td>
<td>Candy bars</td>
<td>Close/smooth shave</td>
</tr>
<tr>
<td>Just Do It</td>
<td>Nuts/almonds</td>
<td>Commercials</td>
</tr>
<tr>
<td>Air Jordan</td>
<td>Wide variety</td>
<td>Sensor</td>
</tr>
<tr>
<td>Shoes</td>
<td>&quot;Kisses&quot;</td>
<td>Disposable razors</td>
</tr>
<tr>
<td>Clothes/shirts</td>
<td>High quality</td>
<td>For men /The best a man can get</td>
</tr>
<tr>
<td></td>
<td>Hershey, PA</td>
<td>Inexpensive</td>
</tr>
<tr>
<td></td>
<td>Syrup</td>
<td>Beards</td>
</tr>
<tr>
<td></td>
<td>Chocolate milk</td>
<td>Electric shavers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cuts</td>
</tr>
<tr>
<td>Basketball</td>
<td></td>
<td>Shave</td>
</tr>
</tbody>
</table>
Pretest 2 (Extension Product Schema):

The second pretest was designed to identify the associations that would be determinant when subjects had to make a choice in the extension product category. Identifying the associations contained in the product schema is the first step in determining brands that vary on schematic fit, as required for the main study. In subsequent pretests, subjects' evaluation of the associations will be collected. For the purpose of this pretest, several product categories with which student subjects would have had prior experience and familiarity were selected. 44 student subjects were informed that the researcher was attempting to understand how consumers evaluate products when making purchase decisions. Subjects were presented with the names of seven product categories, one product category at a time. The order of the categories presented was reversed for half of the subjects. Subjects were given two minutes to write down all associations they would evaluate if they were considering purchasing the product. Thus, subjects' schemas should indicate associations that are relevant to the goal of making a product purchase.

Result: The frequency with which each association was mentioned by subjects was noted. Only those attributes mentioned by a minimum of 30% (13) of the respondents were selected to represent the product schema. Based on the nature of attributes generated and the researcher's judgment three categories were judged as potential candidates for further pretests, including casual shoes, dress shoes, and peanut butter. Finally, among the three categories, casual shoes were chosen as the category for the final study. For the casual shoes category, subjects generated a total of 9 associations (Table 3).
Associations other than the 9 selected were mentioned by less than 5 (13 %) of the subjects.

Table 3

Frequency of Mention of Extension Product Associations

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Number of Respondents Mentioning (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Price</td>
<td>100</td>
</tr>
<tr>
<td>2. Brand name</td>
<td>83</td>
</tr>
<tr>
<td>3. Comfort</td>
<td>79</td>
</tr>
<tr>
<td>4. Style</td>
<td>66</td>
</tr>
<tr>
<td>5. Durability</td>
<td>59</td>
</tr>
<tr>
<td>6. Material quality</td>
<td>52</td>
</tr>
<tr>
<td>7. Color</td>
<td>51</td>
</tr>
<tr>
<td>8. Usage situations (versatility)</td>
<td>38</td>
</tr>
<tr>
<td>9. Looks</td>
<td>35</td>
</tr>
</tbody>
</table>

Color, brand name and price were excluded from the set of attributes and the other six were retained for further pretesting.

Pretest 3 (Extension Product Association Evaluations):

Pretest 2 yielded 6 associations that made up subjects' schema for the extension product. In order to operationalize schematic fit, it was necessary to obtain subjects' evaluations of the associations. This pretest was conducted to obtain subjects' evaluation (E) of each association in the extension product schema. A questionnaire was developed on the basis of the 6 associations collected in pretest 1. For each association, subjects were asked to indicate whether they perceive it is very good or very bad for a casual shoe to possess that association (E).

Result: The responses were coded on a scale from very good (7) to very bad (1). The pretest indicated the following evaluations of the 6 associations (Table 4):
Table 4
Association Evaluations

<table>
<thead>
<tr>
<th>Association</th>
<th>Evaluation (Standard deviation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comfort</td>
<td>6.46 (.64)</td>
</tr>
<tr>
<td>Looks</td>
<td>6.43 (.84)</td>
</tr>
<tr>
<td>Style</td>
<td>6.29 (.94)</td>
</tr>
<tr>
<td>Material Quality</td>
<td>6.29 (.66)</td>
</tr>
<tr>
<td>Durability</td>
<td>6.14 (.93)</td>
</tr>
<tr>
<td>Versatility</td>
<td>4.68 (1.22)</td>
</tr>
</tbody>
</table>

The evaluations (E) indicate that comfort and looks were most desirable associations while versatility was relatively less important. Overall, all the associations were rated on the positive half of the scale.

Pretest 4 (Parent Brand Associations):

In this pretest subjects' schemas for several brands were collected in order to determine candidate brands that met criteria required for the main study. For the casual shoe product category, several brand names that were in related but not identical product categories were chosen. Several periodicals including Marketing and Media Decisions and Adweek's Marketing Week as well as the Encyclopedia of Consumer Brands (1994) were consulted as sources of brand names from several product categories. Based on the researcher's judgment, several brands from a wide array of categories were chosen in order to produce the required variation in category similarity. Brands from
categories extremely different from casual shoes were not selected, in order to maintain the realism of the study. Similar to pretest 1, 37 subjects were provided with one brand name at a time and were given two minutes to write down any thoughts, ideas, or images associated with the brand that came to mind. The number of associations along with the frequency of mention was recorded.

Result: Based on an evaluation of the nature of associations mentioned for each brand and their relative frequencies, eight brands were chosen for pretest 5 based on the researcher's judgment. Specifically, brands that seemed to have the ability to provide the determinant associations identified in pretest 2 were judged as being candidates for the high fit cells. Conversely, those brands that seemed weak in terms of the determinant attributes were judged to belong to the low fit cells. Finally, a judgment of how similar the extension category would be perceived to the current products of the brand was made. Based on these judgments, the following eight brands were chosen as potential candidates:

1. Bostonian
2. Polo
3. Swatch
4. Florsheim
5. Birkenstock
6. Benetton
7. Wrangler
8. Ray-Ban

Pretest 5 (Parent Brand -Extension Product Similarity, Brand Association Likelihood and Confidence):

This pretest was the final step in identifying brands that varied in schematic fit and similarity as required. In pretest 4, brands that were judged
to provide different levels of schematic fit and product similarity were identified. This pretest was meant to provide a measure of association strength which in combination with the evaluations obtained in pretest 2 would be used to calculate schematic fit. For each brand that was short listed in pretest 3, subjects were asked to indicate association likelihood (L) (Extremely likely / Extremely unlikely). Subjects also indicated their perceived confidence (C) that the brand is associated with the association (Very confident / Not at all confident).

Schematic fit (Σ ELC) was computed using procedures analogous to those used in research on multi-attribute attitude models. Consistent with the development of the concept in an earlier section, for each brand, evaluation X belief X confidence was computed for each attribute and the scores were summed across all the salient attributes for the subject to calculate schematic fit between the brand and the extension. Schematic fit was calculated separately for each subject and then the average fit across subjects was calculated for the brand.

Product similarity was to be manipulated so that the parent brand categories would be either similar or dissimilar to the extension product category. Perceived similarity was measured by asking subjects to indicate the extent to which the extension product category was similar to the parent brand category (not similar (7) - very similar (1)). They were also asked to indicate overall brand attitude and knowledge of the parent brand's products.

Results: Association likelihood and association confidence scores for the eight brands are presented in Table 5.
Table 5
Association Likelihood and Association Confidence

<table>
<thead>
<tr>
<th></th>
<th>Brands</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bostonian</td>
<td>Polo</td>
<td>Swatch</td>
<td>Birkenstock</td>
</tr>
<tr>
<td><strong>Association Likelihood</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Durability</td>
<td>5.04</td>
<td>5.75</td>
<td>5.14</td>
<td>5.72</td>
</tr>
<tr>
<td></td>
<td>(1.34)</td>
<td>(1.08)</td>
<td>(1.86)</td>
<td>(1.21)</td>
</tr>
<tr>
<td>Style</td>
<td>4.88</td>
<td>6.39</td>
<td>5.32</td>
<td>4.88</td>
</tr>
<tr>
<td></td>
<td>(1.20)</td>
<td>(1.17)</td>
<td>(1.68)</td>
<td>(1.96)</td>
</tr>
<tr>
<td>Material Quality</td>
<td>5.24</td>
<td>6.25</td>
<td>4.82</td>
<td>6.08</td>
</tr>
<tr>
<td></td>
<td>(1.23)</td>
<td>(0.84)</td>
<td>(1.61)</td>
<td>(0.81)</td>
</tr>
<tr>
<td>Comfort</td>
<td>4.36</td>
<td>5.64</td>
<td>5.32</td>
<td>5.32</td>
</tr>
<tr>
<td></td>
<td>(1.08)</td>
<td>(1.34)</td>
<td>(1.54)</td>
<td>(1.63)</td>
</tr>
<tr>
<td>Looks</td>
<td>4.64</td>
<td>6.43</td>
<td>5.21</td>
<td>4.04</td>
</tr>
<tr>
<td></td>
<td>(1.47)</td>
<td>(0.96)</td>
<td>(1.62)</td>
<td>(1.67)</td>
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<tr>
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<td>5.11</td>
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<td>3.71</td>
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<tr>
<td></td>
<td>(1.47)</td>
<td>(1.13)</td>
<td>(1.93)</td>
<td>(1.94)</td>
</tr>
<tr>
<td><strong>Association Confidence</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Durability</td>
<td>4.35</td>
<td>5.68</td>
<td>5.32</td>
<td>5.00</td>
</tr>
<tr>
<td></td>
<td>(1.72)</td>
<td>(0.98)</td>
<td>(1.89)</td>
<td>(1.71)</td>
</tr>
<tr>
<td>Style</td>
<td>4.63</td>
<td>6.50</td>
<td>5.54</td>
<td>5.20</td>
</tr>
<tr>
<td></td>
<td>(1.81)</td>
<td>(0.75)</td>
<td>(1.67)</td>
<td>(1.96)</td>
</tr>
<tr>
<td>Material Quality</td>
<td>4.72</td>
<td>6.00</td>
<td>4.93</td>
<td>5.20</td>
</tr>
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<td>(1.02)</td>
<td>(1.78)</td>
<td>(1.80)</td>
</tr>
<tr>
<td>Comfort</td>
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<td>5.64</td>
<td>4.96</td>
<td>4.92</td>
</tr>
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<td></td>
<td>(1.44)</td>
<td>(1.39)</td>
<td>(1.91)</td>
<td>(2.06)</td>
</tr>
<tr>
<td>Looks</td>
<td>3.24</td>
<td>6.50</td>
<td>5.47</td>
<td>4.92</td>
</tr>
<tr>
<td></td>
<td>(1.56)</td>
<td>(0.75)</td>
<td>(1.62)</td>
<td>(1.89)</td>
</tr>
<tr>
<td>Versatility</td>
<td>3.80</td>
<td>5.32</td>
<td>5.11</td>
<td>4.75</td>
</tr>
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<td>(1.52)</td>
<td>(1.77)</td>
<td>(1.92)</td>
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</table>
Table 5 (continued)

Association Likelihood and Association Confidence

<table>
<thead>
<tr>
<th>Brands</th>
<th>Florsheim</th>
<th>Benetton</th>
<th>Wrangler</th>
<th>Ray-Ban</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Association Likelihood</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Durability</td>
<td>5.52</td>
<td>5.14</td>
<td>5.68</td>
<td>5.68</td>
</tr>
<tr>
<td></td>
<td>(1.29)</td>
<td>(1.56)</td>
<td>(1.79)</td>
<td>(1.33)</td>
</tr>
<tr>
<td>Style</td>
<td>4.80</td>
<td>5.96</td>
<td>2.86</td>
<td>6.39</td>
</tr>
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<td>(1.73)</td>
<td>(1.26)</td>
<td>(1.48)</td>
<td>(0.88)</td>
</tr>
<tr>
<td>Material Quality</td>
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<td>5.38</td>
<td>4.89</td>
<td>6.00</td>
</tr>
<tr>
<td></td>
<td>(1.55)</td>
<td>(1.36)</td>
<td>(1.71)</td>
<td>(1.36)</td>
</tr>
<tr>
<td>Comfort</td>
<td>4.60</td>
<td>5.50</td>
<td>4.21</td>
<td>5.75</td>
</tr>
<tr>
<td></td>
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<td>(1.29)</td>
<td>(1.64)</td>
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<td>2.86</td>
<td>6.32</td>
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<td>(1.86)</td>
<td>(1.15)</td>
<td>(1.58)</td>
<td>(1.06)</td>
</tr>
<tr>
<td>Versatility</td>
<td>4.36</td>
<td>4.75</td>
<td>4.04</td>
<td>5.50</td>
</tr>
<tr>
<td></td>
<td>(1.11)</td>
<td>(1.43)</td>
<td>(1.64)</td>
<td>(1.32)</td>
</tr>
<tr>
<td><strong>Association Confidence</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Durability</td>
<td>5.20</td>
<td>5.36</td>
<td>5.32</td>
<td>5.79</td>
</tr>
<tr>
<td></td>
<td>(1.66)</td>
<td>(1.66)</td>
<td>(1.93)</td>
<td>(1.32)</td>
</tr>
<tr>
<td>Style</td>
<td>5.12</td>
<td>6.07</td>
<td>5.07</td>
<td>6.14</td>
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<td></td>
<td>(1.64)</td>
<td>(1.27)</td>
<td>(1.90)</td>
<td>(1.33)</td>
</tr>
<tr>
<td>Material Quality</td>
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<td>5.57</td>
<td>5.14</td>
<td>5.68</td>
</tr>
<tr>
<td></td>
<td>(1.56)</td>
<td>(1.45)</td>
<td>(2.01)</td>
<td>(1.76)</td>
</tr>
<tr>
<td>Comfort</td>
<td>3.72</td>
<td>5.61</td>
<td>4.71</td>
<td>5.43</td>
</tr>
<tr>
<td></td>
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<td>Looks</td>
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<td>6.00</td>
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<td>(1.38)</td>
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<tr>
<td>Versatility</td>
<td>4.48</td>
<td>5.36</td>
<td>4.82</td>
<td>5.46</td>
</tr>
<tr>
<td></td>
<td>(1.98)</td>
<td>(1.73)</td>
<td>(1.94)</td>
<td>(1.69)</td>
</tr>
</tbody>
</table>
Schematic fit was calculated by combining these scores with the likelihood scores produced in pretest 5. Subjects' ratings of schematic fit and perceived similarity are presented in Table 6. Next, based on the ratings, the eight brands were ranked according to similarity and schematic fit. A low number indicates high performance on the measure. For instance, Florsheim ranked highest in terms of perceived similarity. The rankings for the eight brands, on the two measures are presented in Table 7.

The rankings of the brands (Table 8) indicate a divergence in the performance of brands in terms of similarity and schematic fit. For example, among the 8 brands rated, Ray-Ban was perceived to have the lowest similarity to casual shoes, but rated second highest in terms of calculated schematic fit. It appears that there are four brands which vary in similarity and fit according to the requirements for the study - Polo, Florsheim, Wrangler, Ray-Ban (Table 8).

| Table 6 | Perceived Similarity and Schematic Fit* |
|-----------------|-----------------|-----------------|
| **Brands** | **Perceived Similarity** | **Schematic Fit (Σ ELC)** |
| Bostonian | 4.67 (1.71) | 153.83 |
| Polo | 4.07 (1.49) | 68.79 |
| Swatch | 5.04 (1.95) | 128.86 |
| Florsheim | 3.67 (1.80) | 127.75 |
| Birkenstock | 4.42 (2.27) | 130.36 |
| Benetton | 4.64 (1.79) | 84.29 |
| Wrangler | 5.14 (1.69) | 138.96 |
| Ray-Ban | 5.64 (1.54) | 71.82 |

* Lower scores reflect superior performance on the dimension
Table 7
Brand rankings on Similarity and Schematic Fit

<table>
<thead>
<tr>
<th>BRAND</th>
<th>SIMILARITY</th>
<th>FIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bostonian</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Polo</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Swatch</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Florsheim</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Birkenstock</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Benetton</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Wrangler</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Ray-Ban</td>
<td>8</td>
<td>2</td>
</tr>
</tbody>
</table>

Table 8
Brands Selected for the Study

<table>
<thead>
<tr>
<th>BRAND</th>
<th>SIMILARITY</th>
<th>FIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polo</td>
<td>H</td>
<td>H</td>
</tr>
<tr>
<td>Florsheim</td>
<td>H</td>
<td>L</td>
</tr>
<tr>
<td>Wrangler</td>
<td>L</td>
<td>L</td>
</tr>
<tr>
<td>Ray-Ban</td>
<td>L</td>
<td>H</td>
</tr>
</tbody>
</table>

Next, the correlations between schematic fit and similarity for each of the four brands were calculated. The results are produced in Table 9.

Table 9
Correlation Coefficients - Similarity and Schematic fit

<table>
<thead>
<tr>
<th></th>
<th>Polo</th>
<th>Florsheim</th>
<th>Wrangler</th>
<th>Ray-Ban</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polo</td>
<td>-.084</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Florsheim</td>
<td>.204</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wrangler</td>
<td>.246</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ray-Ban</td>
<td>-.218</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The correlations between schematic fit and category similarity are low and not significant for any of the 4 brands. This result demonstrates that the two constructs are not based on similar underlying dimensions.

Finally, paired t-tests were conducted to establish that the brands varied on each basis (fit and similarity) as required. For instance, to be included in the main study, it is required that in terms of similarity, Polo be significantly different from Ray-Ban, but not significantly different from Florsheim. The results for similarity are presented in Table 10.

All the 6 comparisons yielded results that confirmed the expectations based on the rankings. The 4 pairs that were expected to vary in similarity were all rated significantly different from each other. The 2 pairs expected to be at the same level of similarity were not significantly different. It appears that all the brands vary on similarity as required.

Table 10

<table>
<thead>
<tr>
<th>Comparisons of Similarity Ratings</th>
<th>t-value</th>
<th>Prob</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polo H Florsheim H</td>
<td>0.87</td>
<td>.391  NS</td>
</tr>
<tr>
<td>Polo H Wrangler L</td>
<td>-2.76</td>
<td>.010</td>
</tr>
<tr>
<td>Polo H Ray-Ban L</td>
<td>-5.21</td>
<td>.000</td>
</tr>
<tr>
<td>Florsheim H Wrangler L</td>
<td>-3.61</td>
<td>.001</td>
</tr>
<tr>
<td>Florsheim H Ray-Ban L</td>
<td>-4.03</td>
<td>.000</td>
</tr>
<tr>
<td>Wrangler L Ray-Ban L</td>
<td>-1.44</td>
<td>.161  NS</td>
</tr>
</tbody>
</table>
Similarly, in terms of schematic fit, all the comparisons yielded results that suggest that the 4 brands are appropriate for the main study (Table 11). For instance, in terms of schematic fit, the Ray-Ban (H) - Polo (H) and Florsheim (L) - Wrangler (L) pairs were expected to be at the same level. The non-significant t-tests confirm this expectation. The other 4 comparisons were all significant suggesting that the brands in each pair were significantly different in terms of schematic fit.

Table 11
Comparisons of Schematic Fit Ratings

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>t-value</th>
<th>Prob</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polo H</td>
<td>Florsheim L</td>
<td>-2.99</td>
<td>.007</td>
</tr>
<tr>
<td>Polo H</td>
<td>Wrangler L</td>
<td>-4.20</td>
<td>.000</td>
</tr>
<tr>
<td>Polo H</td>
<td>Ray-Ban H</td>
<td>-0.24</td>
<td>.815  NS</td>
</tr>
<tr>
<td>Florsheim L</td>
<td>Wrangler L</td>
<td>-0.67</td>
<td>.512  NS</td>
</tr>
<tr>
<td>Florsheim L</td>
<td>Ray-Ban H</td>
<td>2.58</td>
<td>.017</td>
</tr>
<tr>
<td>Wrangler L</td>
<td>Ray-Ban H</td>
<td>3.21</td>
<td>.003</td>
</tr>
</tbody>
</table>

To summarize, the initial studies in the casual shoes category produced four parent brands varying on the dimension of schematic fit and similarity as required. Schematic fit was calculated on the basis of product association evaluations and parent brand association likelihood and confidence. Similarity was measured in terms of subjects' perceived similarity between the parent category and extension product category. Based on the results of the paired comparisons, the four brands were selected for inclusion in the main study.

METHODOLOGY

Design
The study was designed to examine the role of schematic fit versus product category similarity in extension evaluation. A 2 (schematic fit: high, low) X 2 (product category similarity: high, low) factorial design was employed, in order to test the hypotheses. Based on the pretests, four brands that provided the required combination of schematic fit and product category similarity were selected for the study.

Subjects

Subjects were recruited from an undergraduate introductory marketing class, at the Ohio State University. Subjects were told that they would be awarded extra-credit and a token monetary compensation of $2 for participating in the study. Two hundred and six subjects were included in the experiment. A maximum of eight subjects could sign-up for each session. Subjects in each session were randomly assigned to the one of the four cells and a maximum of two subjects per session were assigned to any particular cell.

Table 12
Assignment of Subjects by Cell

<table>
<thead>
<tr>
<th>Product category similarity</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>51</td>
<td>50</td>
</tr>
<tr>
<td>Low</td>
<td>51</td>
<td>54</td>
</tr>
</tbody>
</table>

Schematic fit
Stimuli

Stimulus material consisted of black and white mock ads for five products, including an ad for the target product, presented in a closed folder. The basic format of all the ads included the brand name, copy, and a picture or graphic to augment the copy. The ads were presented in the same order to all subjects and the target ad was the third ad in the sequence.

Copy for the target ads was the same across all four conditions with the exception of the brand name. The arguments were developed on the basis of the salient association mentioned by subjects in the pretest. They were, however, not intended to describe every association in detail. In line with the conceptualization of schematic fit, it was expected that the brand name would make appropriate associations salient for each brand. Arguments were meant to be of moderate strength and deemed plausible. A picture of casual shoes was also included in the ad and the brand name was prominently displayed at the bottom of the ad.

Four filler products which would also be of interest to student subjects were selected so that subjects would have some motivation in processing the ads. The filler ads were included in order to simulate realistic processing of the target ad by diffusing subjects' focus on the target ad. The filler ads were for a soft-drink, a watch, a tooth-brush, and a shampoo. Existing brand names that were not very familiar to the subjects were chosen for three products. One
filler product, the toothbrush, was also positioned as a brand extension in order not to draw attention to the target brand. The copy for the filler products was developed on the basis of ads for existing brands in the same product category.

Procedure

Subjects participated in groups of eight or less. The instructions and cover story informed subjects that this study was meant to examine their reactions to several new product concepts that were being tested for introduction to the college student market. They were told that as the target group for these products, the researchers were interested in obtaining their honest opinion regarding these products. They would be provided with preliminary advertisements for some products and their task was to evaluate the products as they would if they were considering them for purchase. Subjects were asked to carefully examine the attributes and performance of the brands as depicted in the ads.

Subjects were provided with one folder containing the five ads with the cover story and stimuli. They were asked to go through the ads at their own pace and to close the folder when done. Next, they were asked to open a second folder which contained the questionnaire (Appendix A) and provide their responses to the measures.

Measures
The cover sheet contained instructions for responding to the measures in the questionnaire. Subjects responded to measures pertaining to the following constructs, in order: brand extension attitude, confidence, purchase intention, brand extension beliefs and extension belief confidence (or alternate belief measure), parent brand attitude, parent brand knowledge. A three-item, seven-point semantic differential scale was used to measure brand extension attitude (Very Good/Very Bad, Very Undesirable/Very Desirable, Very Superior/Very Inferior). Based on the ad they had seen and their personal experience as consumers, subjects were asked to provide their expectations of the product. An analysis of inter-item reliability indicated a Cronbach alpha of 0.88 for the scale.

Extension confidence was measured on two nine-point scales. The statements preceding the confidence measure made clear the distinction between attitude and confidence and explained that the researchers were interested in subjects' confidence, regardless of their attitude toward the extension. The statements were as follows:

"In the above question, based on your knowledge and experience as a consumer and the information provided to you in the ad, you have indicated to us what you expect (Brand) casual shoes to be. However, as you know, experience tells us that expectations about various new products are not always met. Some new products fall below our expectations, others meet expectations, while some may exceed expectations. Such experiences with products in the past would make us more or less confident about our expectations regarding new products."

Subjects were asked to indicate how confident they were that the shoes would be every bit as good or bad as they thought they would be (Very Confident/Not At All Confident, Not At All Certain/Very Certain). The items were significantly correlated (r = 0.85).
These statements were made in order to distinguish the concept of confidence from the concept of overall evaluation, in the consumers' minds. Next, extension purchase intention was measured using two scales (Very Likely/Very Unlikely, Very Probable/Very Improbable). The two items were highly correlated ($r = 0.87$).

Next, subjects' beliefs regarding six attributes (durability, stylishness, material quality, comfort, looks, and versatility) were measured on seven-point scales (Extremely likely/Extremely unlikely). Subjects' confidence in how the brand will perform along each belief dimension was measured using two nine-point scales (Very Confident/Not At All Confident, Not At All Certain/Very Certain). Again, the distinction between beliefs and confidence in the brand was briefly explained as follows:

Please answer the following questions regarding the personal confidence or certainty you feel about several issues. For instance, you may believe that the Chrysler "Neon" is very fuel efficient but you may not be very confident in your belief. On the other hand, you may believe that the new Pentium PC works at high speed and you may also be very confident in your belief. In this section, regardless of the beliefs you may hold, we are interested in your personal confidence regarding several issues.

Subjects were asked to provide their confidence regarding the brand's expected performance on each dimension, regardless of their beliefs. These instructions were intended to delineate the difference between belief confidence and belief extremity. Also, these confidence questions were interspersed among several questions tapping subjects' confidence regarding several unrelated issues. This was done in order to avoid subjects directly accessing their belief strength ratings and applying the ratings to confidence
measure. Correlations between the two scales measuring belief confidence for each association ranged between 0.65 and 0.52.

Beliefs and belief confidence were measured for only a subset of subjects (88). The rest of the subjects were provided an open ended measure and asked to write down reasons why they liked or disliked the extension. Schmitt and Dube (1992) have suggested that a brand extension may contain contextualized associations that are hybrid connotations combining brand concepts and extension product concepts. It will not be possible to measure such associations using structured belief scales. Consequently, for 118 subjects beliefs were measured using the alternative, open ended question.

Parent brand attitude was measured using the same three-item scale used to measure brand extension attitude. Cronbach alpha for the three scales (Very Good/Very Bad, Very Undesirable/Very Desirable, Very Superior/Very Inferior) was 0.90. Finally, a single-item measure of self-reported knowledge of products made by the parent brand was included (Very Knowledgeable/Not Very knowledgeable).
CHAPTER IV

ANALYSIS AND RESULTS

This chapter presents results of analysis conducted on data generated in the experiment described in the last chapter. The purpose of the analysis is to test the earlier stated hypotheses regarding consumers' evaluation of brand extensions. The effects of schematic fit and category similarity on extension evaluations are examined.

EFFECT OF SCHEMATIC FIT ON BRAND EXTENSION ATTITUDE

Hypothesis one proposed that subjects' attitude toward the brand extension will be more positive when schematic fit between the parent brand and the extension is high rather than low. The hypothesis was based on the argument that consumers' evaluation of the extension is affected by the strength of salient parent brand associations that are valued in the extension context. Association strength was jointly determined by subject's perceived strength of the relationship between the association and the brand (L) and subjects' confidence that the brand is linked to the association (C).

Evidence for hypothesis one was obtained through a 2 (similarity) X 2 (fit) ANOVA on brand extension evaluation. Cell means are reported in Table 13. Support for the hypothesis requires a main effect of schematic fit on extension attitude. Analysis supported the hypothesis. Subjects' attitude toward the high fit extension \( M = 5.46 \) was significantly higher than attitude toward the low fit extension \( M = 3.98, F(1, 202) = 87.99, p < .001 \).
TABLE 13
Cell Means (Standard Deviations) for Dependent Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Experimental Conditions</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High Similarity</td>
<td>Low Similarity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>High Fit</td>
<td>Low Fit</td>
<td>High Fit</td>
<td>Low Fit</td>
<td></td>
</tr>
<tr>
<td>Attitude^a</td>
<td>5.70</td>
<td>4.26</td>
<td>5.22</td>
<td>3.72</td>
<td></td>
</tr>
<tr>
<td>(0.97)</td>
<td>(1.21)</td>
<td>(0.99)</td>
<td>(1.28)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attitude Confidence^b</td>
<td>7.01</td>
<td>5.39</td>
<td>6.18</td>
<td>5.34</td>
<td></td>
</tr>
<tr>
<td>(1.40)</td>
<td>(1.90)</td>
<td>(1.88)</td>
<td>(1.96)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase Intention^a</td>
<td>4.44</td>
<td>2.78</td>
<td>4.32</td>
<td>2.55</td>
<td></td>
</tr>
<tr>
<td>(1.61)</td>
<td>(1.50)</td>
<td>(1.66)</td>
<td>(1.63)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Belief^a</td>
<td>5.84</td>
<td>4.85</td>
<td>5.17</td>
<td>4.65</td>
<td></td>
</tr>
<tr>
<td>(0.59)</td>
<td>(0.94)</td>
<td>(0.73)</td>
<td>(0.72)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Belief Confidence^b</td>
<td>7.31</td>
<td>5.62</td>
<td>6.30</td>
<td>5.55</td>
<td></td>
</tr>
<tr>
<td>(0.93)</td>
<td>(1.22)</td>
<td>(1.06)</td>
<td>(0.82)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>n</td>
<td>51</td>
<td>51</td>
<td>50</td>
<td>54</td>
<td></td>
</tr>
</tbody>
</table>

^a Ranges from 1 to 7
^b Ranges from 1 to 9

The hypothesis was also tested using subjects' beliefs regarding the product as the dependent variable. For each of the 88 subjects who had provided belief scores for the extension, belief strength was computed as the mean over the six attribute beliefs (Cronbach alpha = .82). A 2 (similarity) × 2 (schematic fit) ANOVA on beliefs revealed a main effect for schematic fit (F
(1,84) = 21.77, p < .001). Subjects in the high fit conditions have stronger beliefs (M = 5.50) compared to subjects in the low fit condition (M = 4.75). Thus analysis of both variables provides strong support for hypothesis one.

**RELATIVE EFFECTS OF SCHEMATIC FIT AND CATEGORY SIMILARITY ON EXTENSION ATTITUDE**

The second hypothesis compares the relative effects of schematic fit and perceived similarity between the parent product category and extension category on extension attitudes. Support for hypothesis two calls for main effects of similarity and schematic fit. It was argued that schematic fit would have a greater effect on extension attitude because it captures the role of brand specific associations in product evaluation. Consumers' expectations of product performance on valued attributes are captured by schematic fit. Moreover, consumers' confidence in the parent brand, also included in schematic fit, was expected to have a positive effect on extension evaluation.

Consistent with past research, results of the 2 X 2 ANOVA revealed a main effect for similarity on extension evaluation (F (1, 202) = 10.51, p < .005). Extensions of parent brands whose current products were perceived to be highly similar to the extension product were evaluated more positively (M = 4.98) than extensions of low similarity parent brands (M = 4.44).

Analysis utilizing belief scores also yielded a non-significant interaction (F (1, 84) = 2.04, p > .1) and a significant main effect for category similarity (F (1, 84) = 7.46, p < .01). Mean beliefs were significantly higher in the high similarity condition (M = 5.35) compared to the low similarity
condition (M = 4.92). Mean belief scores on individual attributes, broken down by schematic fit and similarity, are reported in Table 14.

Further analyses of the main effects of the two factors, schematic fit and category similarity were conducted in order to shed light on their relative influence on extension evaluation. The relative strengths of effects were examined by calculating omega squared (\( \omega^2 \)). Omega squared indicates the proportion of the total population variance accounted for by the manipulation (Keppel 1982) and can range between .00 and 1.00.

A comparison of \( \omega^2 \) for each of the manipulated factors will provide an indication of the strength of their effects on extension evaluation. \( \omega^2 \) for schematic fit was 0.28 and for perceived similarity was 0.02. Cohen (1977) suggests that the large error variance inherent to behavioral research reduces the likelihood of observing large values of \( \omega^2 \). It is suggested that a value of .15 or greater indicates a "large" effect size, .06 a "medium" effect and .01 a "small" effect. Based on this standard, the effect of schematic fit can be classified as large compared to the small effect of similarity. Similarly, the effect of schematic fit on mean beliefs was large (\( \omega^2 = .16 \)) and that of category similarity was in the lower range (\( \omega^2 = .04 \)). In sum, a comparison of effect sizes indicates that schematic fit has a greater effect on extension evaluation compared to category similarity, both in terms of overall evaluation and beliefs. Hypothesis 2 is supported.
TABLE 14
Means (standard deviations) of Individual Association Beliefs

<table>
<thead>
<tr>
<th>Dependent Variablea</th>
<th>Experimental Conditions</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High Similarity</td>
<td>Low Similarity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>High Fit</td>
<td>Low Fit</td>
<td>High Fit</td>
</tr>
<tr>
<td>Durability</td>
<td>6.04 (0.78)</td>
<td>5.22 (1.23)</td>
<td>5.47 (0.94)</td>
</tr>
<tr>
<td>Material</td>
<td>6.31 (0.78)</td>
<td>5.40 (1.22)</td>
<td>5.60 (0.65)</td>
</tr>
<tr>
<td>Style</td>
<td>5.95 (0.99)</td>
<td>4.13 (1.35)</td>
<td>4.73 (1.17)</td>
</tr>
<tr>
<td>Comfort</td>
<td>5.86 (0.71)</td>
<td>5.40 (1.18)</td>
<td>5.39 (0.89)</td>
</tr>
<tr>
<td>Looks</td>
<td>5.90 (0.81)</td>
<td>4.22 (1.57)</td>
<td>4.91 (1.20)</td>
</tr>
<tr>
<td>Versatility</td>
<td>4.95 (1.13)</td>
<td>4.72 (1.07)</td>
<td>4.91 (1.34)</td>
</tr>
<tr>
<td>n</td>
<td>22</td>
<td>22</td>
<td>23</td>
</tr>
</tbody>
</table>

a Ranges from 1 to 7

EFFECT OF SCHEMATIC FIT ON BRAND EXTENSION CONFIDENCE

It was proposed in hypothesis three that schematic fit would affect extension confidence in addition to its effect on extension attitude. Consumers are expected to have confidence in the parent brand associations as a result of prior experience with the brand and due to multiple exposures to brand communication. Consequently, when extensions are perceived to fit with the
parent brand, it is expected that subjects' confidence in extension product evaluations will be positively affected. A 2 (similarity) × 2 (schematic fit) ANOVA on attitude confidence revealed a main effect for schematic fit. Subjects were significantly more confident toward the high fit extensions (M = 6.60) than they were toward low fit extensions (M = 5.36, F (1, 202) = 23.82, p < .001).

A similar analysis on mean belief confidence revealed a main effect for schematic fit. High fit extensions engendered significantly greater belief confidence (M = 6.79) compared to low fit extensions (M = 4.75, F (1, 84) = 30.70, p < .001). Thus, both sets of analyses support hypothesis three. Subjects' perception of schematic fit affected brand extension evaluations, both in terms of extension confidence and extension belief confidence.

**RELATIVE EFFECTS OF SCHEMATIC FIT AND CATEGORY SIMILARITY ON EXTENSION CONFIDENCE**

While past studies have demonstrated the influence of category similarity on transfer of attitudes, its effects on extension confidence has not been examined to date. Hypothesis four proposed that schematic fit would have a greater influence on extension confidence compared to category similarity. Confidence is determined by the strength of parent brand associations. Since schematic fit more completely captures parent brand effects compared to category similarity, it was expected to have a greater influence on extension confidence.
A marginally significant effect of category similarity on confidence (F (1, 202) = 3.01, p = .08) was revealed by the ANOVA. Subjects were more confident in the extension when category similarity was high (M = 6.2) than when it was low (M = 5.7). As noted earlier, product similarity captures a partial aspect of a brand's strength. Schematic fit, on the other hand, incorporates the role of brand specific associations and confidence and provides a more complete assessment of brand strength. Therefore, it is not surprising that while similarity had some effect on confidence, the effect was weaker than that of schematic fit.

Again, an estimation of the relative effect sizes of schematic fit and category similarity on extension confidence revealed a sizable difference. $\omega^2$ for the effect of schematic fit on confidence was .13 versus .03 for category similarity. This demonstrates the greater sensitivity of extension confidence to schematic fit, as was also evident in the marginal effect of similarity on confidence.

Further corroboration of the effect of schematic fit on extension evaluation was obtained through a 2 X 2 ANOVA on mean belief confidence. Mean belief confidence scores on individual attributes, broken down by schematic fit and similarity, are reported in Table 15. Analysis revealed a main effect of schematic fit. Belief confidence was higher for the high fit brand (M = 6.79) compared to the low fit brand (M = 5.59, F (1,84) = 30.70, p < .001). A main effect of similarity was also evident. High category similarity led to greater belief confidence (M = 6.46) compared to low category similarity (M = 5.94, F (1.84) = 6.33, p < .05). However, these main effects were qualified by a significant interaction (F (1.84) = 4.62, p < .05). Simple main effects revealed
that schematic fit affected belief confidence only under the high similarity condition (p < .05).

TABLE 15
Means (standard deviations) of Individual Association Belief Confidence

<table>
<thead>
<tr>
<th>Experimental Conditions</th>
<th>Dependent Variablea</th>
<th>High Similarity</th>
<th>Low Similarity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>High Fit</td>
<td>Low Fit</td>
</tr>
<tr>
<td>Durability</td>
<td></td>
<td>7.38 (1.12)</td>
<td>5.93 (1.52)</td>
</tr>
<tr>
<td>Material</td>
<td></td>
<td>7.77 (0.84)</td>
<td>6.09 (1.51)</td>
</tr>
<tr>
<td>Style</td>
<td></td>
<td>7.59 (1.62)</td>
<td>5.11 (1.95)</td>
</tr>
<tr>
<td>Comfort</td>
<td></td>
<td>7.11 (1.47)</td>
<td>6.25 (1.35)</td>
</tr>
<tr>
<td>Looks</td>
<td></td>
<td>7.61 (1.01)</td>
<td>5.18 (1.65)</td>
</tr>
<tr>
<td>Versatility</td>
<td></td>
<td>6.38 (1.85)</td>
<td>5.20 (1.43)</td>
</tr>
<tr>
<td>n</td>
<td></td>
<td>22</td>
<td>22</td>
</tr>
</tbody>
</table>

a Ranges from 1 to 9

In sum, the comparison of the size of the effects of schematic fit and similarity on extension attitude confidence coupled with the predicted effects on belief confidence provide clear support for hypothesis four. These results indicate that while similarity had some effect on overall confidence, subjects'
confidence in the ability of the brand to deliver expected performance on valued associations was determined to a significantly greater extent by schematic fit. These results provide evidence that schematic fit, because it captures the role of brand associations in extension evaluation, has multi-dimensional effects on extension evaluation.

EFFECT OF SCHEMATIC FIT ON BRAND EXTENSION PURCHASE INTENTION

Hypothesis five predicted that purchase intention toward the extension would be greater when schematic fit was high than when it was low. The results discussed earlier demonstrate that when schematic fit is high, brand extension attitudes as well as confidence is higher compared to low fit extensions. Based on past research, the higher attitude and confidence were expected to lead to lead to stronger purchase intention.

A 2 (schematic fit) X 2 (category similarity) ANOVA on purchase intention revealed the expected significant main effect of schematic fit (F(1, 202) = 58.57, p < .001). Subjects expressed higher purchase intention for the high fit extension (M = 4.38) compared to the low fit extension (M = 2.66) supporting hypothesis five. As discussed below, neither the main effect of similarity nor the interaction was significant.

RELATIVE EFFECTS OF SCHEMATIC FIT AND CATEGORY SIMILARITY ON EXTENSION PURCHASE INTENTION

Based on hypothesis 6, it was expected that extension purchase intention would be affected more by schematic fit than by category similarity. High schematic fit was expected to lead to greater confidence, a variable that effects
purchase intention. Category similarity was expected to have a lesser influence on confidence and consequently on purchase intention. Thus, an interaction between the two factors was predicted.

The 2 X 2 ANOVA on purchase intention failed to yield the expected interactions (F (1, 202) = .058, p > .1). Additionally, similarity did not have a significant effect on purchase intention (Ms = 3.61, 3.40, F (1,202) = .620, p > .1). This result attests to the weaker role of similarity in determining purchase intention, as predicted in the hypothesis. The results help confirm the argument that consumers perception of the ability of the brand to meet the goals of product purchase are affected by the presence of salient associations in the brand schema. In this study, mere perceived similarity between the parent brand category and the extension product category has no effect on purchase intention.

INFLUENCE OF CONFIDENCE ON PURCHASE INTENTION

According to hypothesis seven, confidence in the brand extension was expected to have a positive influence on purchase intention, independent of the effect of extension attitude. Past research has typically included confidence as a moderator of the effects of attitude on purchase intention. However, in this research, confidence was viewed as an independent predictor of intention. Krosnick et. al. (1993) have demonstrated that attitude confidence and attitude extremity are separate dimensions of attitude. Therefore confidence was expected to have a direct, risk-reducing effect on consumer decision making, thereby affecting purchasing intention.
Multiple regression was used to examine the effects of attitude, and confidence, on purchase intention. In the step-wise procedure in SPSS-X, the effect of an independent variable entered into the equation is computed after accounting for the effects of independent variables already in the equation. The result is analogous to computing the semi-partial correlation between the dependent variable and the independent variable after partialling out the effects of other independent variables. Therefore, support for hypothesis seven requires a significant β associated with confidence. Results are presented in Table 16. As predicted, as subjects confidence increases, so does purchase intention (β = .189, p < .005). Hypothesis 7 is supported. Also, consistent with extant research, subjects' purchase intention increased as their extension attitude becomes more positive (β = .610, p < .0001).

**TABLE 16**

Effect of Attitude Confidence and Attitude Extremity on Purchase Intention

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Beta</th>
<th>T</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitude Extremity</td>
<td>.610</td>
<td>10.90</td>
<td>.0001</td>
</tr>
<tr>
<td>Attitude Confidence</td>
<td>.189</td>
<td>3.38</td>
<td>.001</td>
</tr>
</tbody>
</table>

**Dependent Variable**

\[ R^2 = .52 \]
\[ F = 112.4, p < .001 \]
The present view of schematic fit was compared with Broniarczyk and Alba'a (1994) basis of fit which was based on the relevance of a single key brand association in the extension context. While it is unclear how the authors arrived at the single association, presumably it was the benefit that was most valued in the extension product context. In the present research, comfort was the most positively evaluated association. Relying on this attribute alone, Ray-Ban would be rated as having higher schematic fit compared to Polo. It appears that a multi-attribute based measure of fit would lead to a different result compared to Broniarczyk and Alba'a (1994) measure of fit. However, in the present research, since both brands are classified as high fit brands, both approaches to fit would lead to similar conclusions.
CHAPTER V

CONCLUSIONS AND IMPLICATIONS

The purpose of this research was to examine the brand extension evaluation process and to identify key determinants of brand extension evaluations. This chapter discusses the major findings, managerial implications of the results and limitations of the research. Areas for future research are identified.

CONCLUSIONS

This dissertation demonstrates the importance of recognizing the role of parent brand associations in consumer evaluation of brand extension. An initial study demonstrated that subjects' brand schemas are not limited to product attributes. The brand schemas of several brands included a significant number of non-attribute based associations in addition to product attributes. This demonstrates that conceptualizing brand effects solely in terms of its products may represent a narrow perspective of brand image. Another study demonstrated that schematic fit, as operationalized in this research, is distinct from category similarity. There appeared to be no systematic pattern of relationship between the two dimensions as evidenced by the correlations between the two measures and rank orders of the brands. Perceived similarity between the parent brand category and extension does not guarantee that the parent brand's associations will be valued in the extension context.
The main study provides strong evidence that schematic fit has an influence on consumer evaluations of the extension. Schematic fit was conceptualized as an alternative to feature similarity based approaches that are typical of most brand extension research. Schematic fit had a stronger effect on consumer evaluations compared to perceived similarity between the parent product category and extension category. This would suggest that valued associations have a greater effect on consumers judgment of the relationship between a brand and an extension product. This effect was replicated when beliefs were used as the dependent variable, establishing clearly the dominance of schematic fit over similarity. The effect of schematic fit on beliefs also confirms that evaluation of extensions is not merely an affect-transfer process but one where the value of a parent brand in the extension context is determined following some processing on the consumer's behalf. This result demonstrates the importance of brand differentiation in extension evaluation.

Next, while attitude research (Krosnick et. al., 1993) as well as research into brand strength (Hautvetd, Leavitt and Schneier 1993) has attested to the importance of non-evaluative bases of attitude strength, such measures have not been included in extension research. This study included attitude confidence and belief confidence as measures of brand strength, in addition to attitude and belief extremity. It was found that schematic fit had a significant effect on attitude confidence and belief confidence. It was also demonstrated that schematic fit had a greater effect on confidence compared to product similarity. The use of multiple measures of brand extension evaluation, beyond overall evaluation helps provide a complete picture of the effect of the parent brand schema.
Another finding of this research pertains to the relative effects of schematic fit and similarity on purchase intention. Since the ultimate aim of employing a brand extension strategy is to have a positive effect on purchase intention, this research examined the effect of schematic fit on intentions. The results clearly demonstrate that schematic fit has a significantly greater effect on purchase intention compared to similarity. Indeed, in this research similarity had no effect on purchase intention. The two earlier results may contribute to the effect of schematic fit on purchase intentions. First, an extension perceived to fit with the parent brand is one that would possess attributes valued in the extension class. Second, a high schematic fit leads to higher confidence in extension evaluations. These factors combine to produce higher purchase intentions for the high fit extension compared to the low fit extension. Similarity, on the other hand is based on product attribute overlap without regard to brand based advantages. Even if the extension product category is similar to the parent brand category, the parent brand may not be viewed as possessing valued associations in the extension context. Conversely, a brand whose current category is not similar to the extension category, may possess associations that are valued in the extension context. The possession of such associations affects consumers' intention to purchase the brand.

Finally, another key finding of this research relates to the independent role of confidence and attitude extremity on purchase intention. Some past research has demonstrated that confidence moderates the relationship between attitude extremity and purchase intention (Fazio and Zanna 1978, Smith and Swinyard 1988). However, an emerging perspective suggests that confidence and extremity are independent dimensions of attitude strength.
(Krosnick et. al., 1993). The results of this research supports such a view. Attitude extremity and confidence were demonstrated to have independent effects on extension purchase intention. The results also demonstrate the benefits of affecting confidence in addition to attitude extremity.

MANAGERIAL IMPLICATIONS

A key implication of this research is regarding approaches for determining the appropriateness of potential brand extensions. Given the high cost of new product introduction and the cost of product failure it is important to understand factors that lead to positive extension attitude and purchase intention. Past research has suggested that firms should only extend to categories which are perceived to be similar to the brand's current categories. The present research demonstrates that schematic fit should be a greater consideration compared to similarity. The use of similarity alone may lead to extensions that on one hand may not be the most appropriate and on the other may lead the firm to underestimate the potential extendibility of the brand. Schematic fit on the other hand recognizes that the perception of the brand may go beyond consumers' perception of the products manufactured by the brand. In this sense, schematic fit fully captures the role of brand differentiation as a source of strength.

In order to understand the role of alternative moderators of brand extension judgment, this research recommends that purchase intentions be measured independently. While similarity had an affect on extension attitude, purchase intention were not affected. Schematic fit, on the other hand had strong effects on attitude and purchase intention. Since the motivation behind
the use of a brand extension strategy is to enhance likelihood of trial, it is important to measure purchase intention. Pragmatically, brand strength may be leveraged by identifying extension product areas where the brand's associations are valued despite product category dissimilarities between parent product categories and the extension category. Trial rates of such extensions are more likely to be positively influenced by the brand schema.

This dissertation also demonstrates the importance of including confidence as a measure of attitude strength, independent of attitude extremity. Given that marketers ultimately aim to create trial and repeat purchase for the extension, the role of confidence bears examination. For instance, it may be advisable to extend a brand only when attitude extremity and confidence are high. Marketers of brand extensions which are not perceived as being a good schematic fit with the parent brand may need to consider approaches to influencing confidence in extensions such as increased advertising repetition. More generally, this dissertation demonstrates that the ability to engender confidence is an additional source of equity for a parent brand. When two brands evoke similar associations, consumers' confidence in the associations may play a major role in extension evaluations.

The present view of schematic fit suggests that parent brand associations that are most strongly held are influential in determination of schematic fit. In cases where the parent brand contains associations that do not encourage entry to an extension category may be able to facilitate entry by manipulating the strength of those associations that are valued in the extension category. Marketing communication strategies that enhance the
strength of particular brand associations by highlighting these associations may be one approach to achieving this end.

LIMITATIONS

This dissertation extends the current understanding of the brand extension evaluation process. However, the results of this research should be interpreted in light of certain limitations. First, subjects' response to the dependent variables was collected immediately after processing the advertisements. This may have affected the salience of brand information in subjects' memory. The cognitive dependent variables would be affected more than overall evaluation. A time delay between exposure to the ads and collection of dependent measures may lead to weaker effects on the belief measures.

Based on the conceptual development of extension evaluation, the instructions to subjects asked them to evaluate the brand as they would if they were considering product choice. However, subjects were not presented with the opportunity of choosing a brand. To be fully consistent with the theoretical development, the effect of schematic fit on consumers' product choice should be studied. However, this limitation of the research resulted in a conservative test of the hypotheses. If consumers were placed in a product choice mode, it is expected that the effects of schematic fit over similarity would be further heightened.

Another limitation of this research was the failure to measure subjects' perceived involvement with product and the task. Subjects' perceived
involvement with product choice has been demonstrated to affect their mode of product evaluation (Petty and Cacioppo 1984). As involvement increases, the role of product arguments in overall evaluation increases (Petty, Cacioppo and Schumann 1983). In the present research, as involvement increases, the influence of schematic fit on extension evaluation relative to category similarity may be expected to increase. The inclusion of measures of subjects' perceived involvement in product evaluation would have helped examine this possibility.

Finally, some of the instructions provided to subjects may have biased their processing. Specifically, subjects were provided with brief illustrations to demonstrate the distinction between attitude extremity and attitude confidence as well as belief extremity and belief confidence. These instructions were meant to clearly identify the underlying concepts that the measures were meant to capture. A limitation of these instructions is that they may have created an artificial distinction between the concepts. This could have lead to greater discrimination between subjects' extremity and confidence scores, as an artifact. However, an examination of the correlations between attitude extremity and confidence scores in the four cells demonstrates that the instructions did not interfere with the evaluation process. The variation in correlation scores ($r = 0.74, 0.68, 0.20, 0.23$) suggests that the effects of the instructions did not lead to a consistent response bias. It does not however preclude the possibility that some bias was introduced.

FUTURE RESEARCH DIRECTIONS
Several areas for further research stemming from this dissertation may be identified. The effect of involvement on consumer evaluation of brand extensions bears examination. Consumer involvement may be affected by personal, situational or product factors. Since schematic fit involves a greater amount of cognitive effort on part of the consumer, the relative importance of schematic fit may be greater at greater levels of involvement. The inclusion of an involvement manipulation, such as the opportunity to select a brand, would also shed further light on the role of schematic fit (a multi-attribute, multi-dimensional measure) relative to that of a single brand association (Broniarczyk and Alba 1994). Similarly, personality variables such as need for cognition (Haugtvedt, Petty and Cacioppo 1992) may attenuate the extension evaluation process through their effects on consumer information processing. Individuals high in need for cognition may be affected more by schematic fit than by product similarity, affecting their evaluation of brand extensions.

Future research should also examine the relative roles of schematic fit and product similarity in the evaluation of brand extension in categories where "image" or "prestige" are dominant benefits (Park et. al. 1991). Since schematic fit can accommodate non-attribute basis of extension evaluation, it may have greater influence on extension evaluation compared to category similarity. A related area for future research may be to examine the role of schematic fit in evaluation of extensions in categories that are characterized by "credence" claims or claims that are difficult to verify prior to purchase (Ford, Smith and Swasy 1990). When a brand is extended to such categories, the confidence dimension of schematic fit may play a greater role in extension evaluation.
The role of confidence in extension failure is another area for further research. Extant research has failed to find consistent effects of extension failure on the evaluation of the parent brand. However, such effects have chiefly been examined in terms of parent brand evaluation. It may be argued that while parent brand attitude may not be immediately affected by extension failure, the underlying confidence or certainty with which parent brand attitude is held may be affected. Thus, a negative evaluation may affect the confidence, in the short term and may hurt attitude in the long term. The effect of extension failure on the consumer's confidence in parent brand attitude should be examined.

The relationship between the present manipulation of fit and Loken and Ward's (1990) "attribute-structure" measure should be examined further. Loken and Ward's (1990) demonstrated that their summated belief measure provided a superior explanation of typicality and attitude compared to feature-mapping approaches. The benefit of incorporating measures of confidence and evaluation in measures of typicality is another topic for future research.
APPENDIX A

QUESTIONNAIRE FOR MAIN STUDY

INSTRUCTIONS: One of the ads which you saw earlier was for Polo LiteStride casual shoes. On the following pages you will be asked to answer some questions regarding Polo LiteStride casual shoes. Please respond by circling the appropriate number.

I. Based on the ad you just saw and based on your knowledge and personal experience as a consumer, we would like to know your expectations regarding Polo LiteStride casual shoes.

I personally expect Polo casual shoes to be:

Very Good  1  2  3  4  5  6  7  Very Bad
Very Undesirable  1  2  3  4  5  6  7  Very Desirable
Very Superior  1  2  3  4  5  6  7  Very Inferior

II. In the above question, based on your knowledge and experience as a consumer and the information provided to you in the ad, you have indicated to us what you expect Polo casual shoes to be. However, as you know, experience tells us that expectations about various new products are not always met. Some new products fall below our expectations, others meet expectations, while some may exceed expectations. Such experiences with products in the past would make us more or less confident about our expectations regarding new products. Now, given the expectations regarding Polo LiteStride casual shoes that you have conveyed above, how confident are you that Polo shoes will be every bit as good or bad as you think they will be?

With respect to my expectations of Polo casual shoes, I am:

Very Confident  1  2  3  4  5  6  7  8  9  Not At all Confident
Not At All Certain  1  2  3  4  5  6  7  8  9  Very Certain

III. If you were in the market for a new pair of casual shoes, please indicate how likely you would be to purchase Polo LiteStride casual shoes, if they were available in your market.

Very Likely  1  2  3  4  5  6  7  Very Unlikely
Very Probable  1  2  3  4  5  6  7  Very Improbable

IV. In this question, we are interested in what you think of Polo LiteStride casual shoes. Again, based on your knowledge and experience as a consumer and the information provided to you in the ad, please indicate how likely or unlikely it is that Polo casual shoes possess each attribute listed below.

I believe that Polo casual shoes will be Durable

Extremely likely  1  2  3  4  5  6  7  Extremely unlikely
I believe that Polo casual shoes will be **Stylish**

Extremely likely 1 2 3 4 5 6 7 Extremely unlikely

I believe that Polo casual shoes will have **Quality Material**

Extremely likely 1 2 3 4 5 6 7 Extremely unlikely

I believe that Polo casual shoes will be **Comfortable**

Extremely likely 1 2 3 4 5 6 7 Extremely unlikely

I believe that Polo casual shoes will have **Good Looks**

Extremely likely 1 2 3 4 5 6 7 Extremely unlikely

I believe that Polo casual shoes will be **Versatile**

Extremely likely 1 2 3 4 5 6 7 Extremely unlikely

V. Next, please answer the following questions regarding the personal confidence or certainty you feel about several issues. For instance, you may believe that the Chrysler "Neon" is very fuel efficient but you may not be very confident in your belief. On the other hand, you may believe that the new Pentium PC works at high speed and you may also be very confident in your belief. In this section, regardless of the beliefs you may hold, we are interested in your personal confidence regarding several issues. Please respond by circling the appropriate numbers.

1. How confident are you that Arm & Hammer deodorant will smell good?

   Very Confident 1 2 3 4 5 6 7 8 9 Not At all Confident

   Not At All Certain 1 2 3 4 5 6 7 8 9 Very Certain

2. How confident are you that Polo casual shoes will have quality material?

   Very Confident 1 2 3 4 5 6 7 8 9 Not At all Confident

   Not At All Certain 1 2 3 4 5 6 7 8 9 Very Certain

3. How confident are you that the Power Macintosh will lead the market this year?

   Very Confident 1 2 3 4 5 6 7 8 9 Not At all Confident
Not At All Certain  1  2  3  4  5  6  7  8  9  Very Certain

4. How confident are you that Arm & Hammer deodorant will *protect well*?
   Very Confident  1  2  3  4  5  6  7  8  9  Not At All Confident
   Not At All Certain  1  2  3  4  5  6  7  8  9  Very Certain

5. How confident are you that Polo casual shoes will be *durable*?
   Very Confident  1  2  3  4  5  6  7  8  9  Not At All Confident
   Not At All Certain  1  2  3  4  5  6  7  8  9  Very Certain

6. How confident are you that Pantene Pro-V styling gel is *good for the hair*?
   Very Confident  1  2  3  4  5  6  7  8  9  Not At All Confident
   Not At All Certain  1  2  3  4  5  6  7  8  9  Very Certain

7. How confident are you that Polo casual shoes will be *versatile*?
   Very Confident  1  2  3  4  5  6  7  8  9  Not At All Confident
   Not At All Certain  1  2  3  4  5  6  7  8  9  Very Certain

8. How confident are you that Arm & Hammer deodorant will *succeed in the market*?
   Very Confident  1  2  3  4  5  6  7  8  9  Not At All Confident
   Not At All Certain  1  2  3  4  5  6  7  8  9  Very Certain

9. How confident are you that Pantene Pro-V styling gel is *all natural*?
   Very Confident  1  2  3  4  5  6  7  8  9  Not At All Confident
   Not At All Certain  1  2  3  4  5  6  7  8  9  Very Certain

10. How confident are you that Polo casual shoes will have *good looks*?
    Very Confident  1  2  3  4  5  6  7  8  9  Not At All Confident
    Not At All Certain  1  2  3  4  5  6  7  8  9  Very Certain

11. How confident are you that the Russian economy will *improve this year*?
    Very Confident  1  2  3  4  5  6  7  8  9  Not At All Confident
    Not At All Certain  1  2  3  4  5  6  7  8  9  Very Certain
12. How confident are you that Polo casual shoes will be comfortable?

   Very Confident  1  2  3  4  5  6  7  8  9  Not At all Confident

   Not At All Certain  1  2  3  4  5  6  7  8  9  Very Certain

13. How confident are you that the Power Macintosh has an Intel micro-chip?

   Very Confident  1  2  3  4  5  6  7  8  9  Not At all Confident

   Not At All Certain  1  2  3  4  5  6  7  8  9  Very Certain

14. How confident are you that Arm & Hammer deodorant is transparent?

   Very Confident  1  2  3  4  5  6  7  8  9  Not At all Confident

   Not At All Certain  1  2  3  4  5  6  7  8  9  Very Certain

15. How confident are you that Polo casual shoes will be stylish?

   Very Confident  1  2  3  4  5  6  7  8  9  Not At all Confident

   Not At All Certain  1  2  3  4  5  6  7  8  9  Very Certain

VI. Now, we would like to know what you feel about the brand name "Polo". Please take a moment to think of all the products made by Polo. How do you feel about the Polo brand in general?

   I personally feel that, in general, the Polo brand is:

   Very Good  1  2  3  4  5  6  7  Very Bad

   Very Undesirable  1  2  3  4  5  6  7  Very Desirable

   Very Superior  1  2  3  4  5  6  7  Very Inferior

VII. In general, compared to the average student, please rate your knowledge of products made by Polo.

   With respect to products made by Polo, compared to the average student, I am:

   Very Knowledgeable  1  2  3  4  5  6  7  Not Very Knowledgeable
(Alternative Measure of Extension Beliefs)

Now, please tell us what it was about Polo LiteStride casual shoes that got you to like or dislike the product.
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