

**BRAND EXTENSIONS IN A COMPETITIVE CONTEXT:
EFFECTS OF COMPETITIVE TARGETS AND PRODUCT-
ATTRIBUTE TYPICALITY ON PERCEIVED QUALITY**

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Effects of Competitive Targets and Product Attribute Typicality on Perceived
Quality

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Abstract

Brand-extension strategy in a competitive context includes two key decisions: (1) whether the brand should be compared against the prototypical brand of the extension category, against a nonprototypical brand, or whether a comparison should be avoided; and (2) whether typical attributes of the extension category or atypical ones should be highlighted. Using comparative and noncomparative ads, results of two experiments show that noncomparative advertising results in higher perceived brand quality than comparative advertising when the brand is perceived to fit with the category; however, comparative ads with a focus on prototypical competitive brands are preferable in low-fit cases. Moreover, associating the brand extension with atypical product attributes is more desirable when comparisons are made with the prototype than when no such comparisons are made.

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Quality

In today's fiercely competitive marketplace, brand extensions have become a standard strategy for new product introductions. Brand extensions have proliferated over the past decade, escalating to an all-time high, with estimates ranging from 81% to 95%, by the beginning of this decade (*The Wall Street Journal* January 1992).

The rationale behind endowing a new product with a well-known brand name is to provide consumers--and the trade--with a sense of familiarity and security by leveraging positive brand characteristics in a new product category. In this respect, brand-extension research has shown that the positive affect of a brand may be transferred to the extension (Boush et al. 1987). Moreover, affect transfer is most likely to occur when the brand's old and the new categories are perceived to be similar (Aaker 1990; Aaker and Keller 1990; Park, Milberg, and Lawson 1991). Finally, brand-specific associations are another important factor to consider; they may dominate the effects of brand affect and category similarity, especially when consumers are knowledgeable about the brand (Broniarczyk and Alba 1994).

Investigating primarily brand characteristics such as brand affect and associations, as well as the role of category similarity, previous research has not paid sufficient attention to the competitive context of brand extensions. Indeed, brand extensions have been treated as if they occurred in a competitive vacuum. Yet, competitive pressures are among the key challenges and opportunities facing brand management today (Shocker, Srivastava, and

Ruekert 1994). Understanding the essential features of the competitive context is therefore critical for developing a complete theoretical account of brand extensions.

CONCEPTUALIZING THE ESSENTIAL FEATURES OF THE COMPETITIVE SITUATION

Brand-extension strategy in a competitive environment is comprised of two crucial strategic decisions: (1) *against which competitive brand* to position the new product, and (2) *how to position* the new product. The first decision--which we will call the competitive-target decision--requires an understanding of the competitive structure and an analysis of the opportunities and threats associated with selecting a certain position (Hauser and Shugan 1983; Hotelling 1929). The second issue--which we will call the attribute-selection decision--concerns the selection of product attributes or benefits that provide a differential advantage for the new product compared to the competitive offerings (Hauser and Simmie 1981; Lane 1980).

Since most brand extensions are new entries of established brands into established product categories, both strategic decisions may be conceptualized by analyzing pertinent extension-category dynamics. The competitive-target decision may thus be viewed by distinguishing two types of competitive targets (Carpenter and Nakamoto 1989): those brands that, in the eyes of consumers, serve as the prototypes in the extension category (usually the market leader or a brand with a substantial market share) and those that do not serve as the prototype for the product category (e.g., followers or niche players). The decision of focusing on a prototypical or nonprototypical target may be implemented, for example, in a comparative advertising campaign by displaying

the new brand against the prototype of the category or against a nonprototypical brand. In addition to these two strategic options, the firm may decide not to position the brand explicitly against any competitor. In implementing this strategy, the firm may advertise the brand and its benefits on its own grounds rather than in a comparative fashion.

The attribute-selection decision may be conceptualized in an analogous manner. Similar to competitive targets, product attributes also vary in their degree of typicality to the product category. Some product attributes are closely associated with the product category and thus prototypical of a given product category; others may be seen as relatively atypical.¹ Determinants of attribute typicality include the familiarity or frequency of association of the attribute with the category and how essential the attribute is for the category (Barsalou 1985; Hampton and Gardiner 1983; Loken and Ward 1990; Schwanenflugel and Ray 1986). For example, the attribute "fruit flavor" seems to be a more prototypical attribute of yogurt than "vitamin A content." Conceptually, the attribute-selection decision thus concerns the issue of whether or not a typical (e.g., fruit flavor) or atypical (e.g., vitamin A content) product attribute should be selected and advertised when the firm introduces a brand extension.

In the remainder of this paper, we discuss how the selection of a competitive target and the selection of product attributes affects brand-extension evaluations in the form of product-quality perceptions. We will use the construct of category familiarity--or "perceived fit"--between the old and new category, which has been shown to be a crucial determinant of product-quality perceptions in numerous studies (Aaker and Keller 1990; Boush and Loken 1991; Keller and Aaker 1992) as an additional theoretical construct to derive hypotheses about the effects of a certain competitive target (prototypical,

nonprototypical, or no explicit target) and of certain attributes (typical or atypical) on perceived product quality. Predictions will be tested in two experiments with real brands and hypothetical brand extensions.

STUDY 1: COMPETITIVE TARGETS AND BRAND EXTENSIONS

Should a firm position a brand with established equity directly against the prototypical competitive brand in the new category, against a nonprototypical competitor, or not use a comparative approach? Prior research on comparative (vs. noncomparative) advertising is useful for addressing this question. As the name implies, a comparative advertisement draws an explicit comparison between the advertised brand and one or more competing brands, whereas a noncomparative one does not include a competitor in the ad (Barry and Tremblay 1975).

Research on comparative vs. noncomparative advertising to date has been inconclusive with respect to the question of which type of advertising is most effective. On the one hand, compared to noncomparative advertising, the comparative approach has been perceived as being more offensive (Wilson 1976), more impersonal (Goodwin and Etgar 1980), less friendly and pleasant (Wilson and Muderrisoglu 1979), more aggressive and intense (Mazis 1976; Wilson and Muderrisoglu 1979), and less believable (Levine 1976; Murphy and Amundsen 1981; Prasad 1976; Shimp and Dyer 1978; Swinyard 1981; Wilson 1976). On the other hand, comparative advertising has been shown to reduce the psychological distance between the advertised brand (usually a new or a small-share brand) with the comparison brand (usually a prototypical brand) for both superiority and parity claims (Dröge and Darmon 1987; Gorn and Weinberg 1984; Pechmann and Ratneshwar 1991; Pechmann and Stewart

1990; Shimp and Dyer 1978; Walker, Swasy, and Rethans 1985).

To determine the effect of the type of advertising in the case of brand extensions, a crucial factor to consider seems to be the perceived fit between the brand and the extension. As mentioned earlier, previous research has provided ample evidence that the higher the perceptual fit between the original brand and the extension, the greater is the affect transfer from the original brand to the extension (Aaker and Keller 1990; Park, Milberg, and Lawson 1991; Boush et al. 1987). As a result, consumers may prefer a noncomparative approach and judge an extension to be of higher quality when the fit between the brand and the extension is high because the extension is already closely related to the brand and there seems to be no need to reduce the distance between the brand and the competition. In other words, the extension has little to gain by associating itself with a competitive brand but it may be hurt by the negative associations that consumers have about comparative advertising. We therefore predict that, if the fit is high, the extension will be evaluated more positively if a noncomparative format than a comparative format is used.

This argument should apply, in particular, in cases in which a nonprototypical competitor is the target of comparison. Walker, Swasy, and Rethans (1985) showed that comparing (vs. not comparing) a new brand to nonprototypical brands results, in fact, in a lower perceived similarity between the two. For example, when a new entry to the beer market was compared to nonprototypical brands in the beer category such as Heineken, Michelob, and Löwenbräu, the result was an increase in perceptual disparity between the former and the latter. The beneficial effect of perceived fit should therefore be reduced significantly in cases in which a comparison with a nonprototypical target is made. Thus, we hypothesize:

H1a: Under conditions of high perceived fit, brand extensions will be evaluated more positively if presented in a noncomparative format than a comparative format.

H1b: Under conditions of high perceived fit, brand extensions will be evaluated more positively if presented in a comparative format with a prototypical target than a nonprototypical target.

Under conditions of low fit, on the other hand, a comparative format should be beneficial for a brand extension because the comparative format reduces the distance resulting from the poor fit between the brand and the product category. This reasoning, however, should apply only to a comparison with a prototypical competitor because the prototypical competitor is the best representative exemplar of the new product category. A nonprototypical competitor, on the other hand, is not a good example of the new product category and therefore should not be able to decrease the distance resulting from the poor perceived fit between the brand and the new product category. In sum, for low fit cases we predict:

H2: Under conditions of low fit, brand extensions displayed in a comparative ad with a prototypical competitor will be evaluated more positively than those displayed in a noncomparative ad or in a comparative ad with a nonprototypical competitor.

METHOD

Design

The experiment designed to test H1 and H2 took the form of a 2 (perceptual fit) x 3 (type of ad) between-subjects design. The two levels of

perceptual fit (high and low) were determined in advance through a pretest and also measured in the main study as a manipulation check. Three types of ads were constructed: noncomparative ads, comparative ads with prototypical targets, and comparative ads with nonprototypical targets. All ads depicted the product visually and included a product claim. In terms of brand names, noncomparative ads featured the name of the advertised brand only; comparative ads explicitly featured the names of both the advertised brand (the brand extension) and the comparison brand. Following Carpenter and Nakamoto (1989) and Walker, Swasy, and Rethans (1989), the prototypicality/nonprototypicality of the comparison brand was operationalized by selecting brands that are market leaders or prominent prototypical brands in a category versus brands that are premium brands in the category. Selections were validated via a manipulation check in the study.

Subjects

Subject were 120 undergraduate and graduate students who were recruited via fliers posted around the campus of a large U.S. university. Subjects were randomly assigned to experimental conditions and paid five dollars each for participating in the study.

Stimuli and Pretests

As in prior branding research (e.g., Aaker and Keller 1990; Maheswaran, Mackie, and Chaiken 1992; Park, Milberg, and Lawson 1991; Romeo 1991), actual brands available in the marketplace were selected as stimuli to increase the ecological validity of the study. Moreover, to make sure that each subject would associate each brand with a distinct product category, brands of narrow brand breadth (Boush and Loken 1991) were selected as stimuli. The following brands were included in the experiment: Häagen-Dazs Ice Cream, Heineken

Beer, and Crest Toothpaste. Subsequently, the following brand extensions of high and low perceived fit were selected intuitively for each of the aforementioned original brands: Häagen-Dazs Yogurt and Häagen-Dazs Ball-Point Pen; Heineken Light Beer and Heineken Iced Tea; Crest Mouthwash and Crest Deodorant. A pretest with 41 subjects confirmed that the intuitively selected categories were indeed appropriate: the fit between the Häagen-Dazs Ice Cream and yogurt was significantly higher than that with ball-point pen ($M = 4.71$ vs. $M = 1.13$; $t[39] = 8.82$; $p < 0.0001$); the fit between Heineken Beer and light beer was significantly higher than that with iced tea ($M = 5.83$ vs. $M = 1.88$; $t[39] = 10.98$; $p < 0.0001$); and the fit between Crest Toothpaste and mouthwash was significantly higher than that with deodorant ($M = 5.06$ vs. $M = 3.08$; $t[39] = 4.50$; $p < 0.0001$).

Next, an open-ended questionnaire was used to determine prototypical and nonprototypical competitors for the extension categories. The success of this operationalization was determined in the manipulation check of the study. The resultant prototypical and nonprototypical brands in the extension categories, respectively, were: Dannon and Yoplait (for yogurt); Bic and Parker (for ball-point pen); Bud Light and Beck's Light (for light beer); Lipton and Snapple (for iced tea); Scope and Listerine (for mouthwash); and Sure and Bān (for deodorant). Finally, product attributes to be featured in the advertisements were selected for both high and low fit extensions and were tested for their equality in importance to consumers. As a pretest with 23 subjects indicated, the product attributes selected for the study did not differ significantly in attribute importance between the respective good and poor fit extensions: "creaminess" of Häagen-Dazs Yogurt vs. "quick-drying" of Häagen-Dazs Ball-Point Pen ($M = 5.83$ vs. $M = 5.67$; $t[22] = 0.17$; $p > .86$); the "low calorie" aspect of Heineken

Light Beer vs. the “naturally-brewed taste” of Heineken Iced Tea ($M = 5.33$ vs. $M = 6.00$; $t[22] = 1.12$; $p > 0.28$); the “breath-freshening” and “gum-disease preventing” aspects of Crest Mouthwash vs. the “odor-fighting” and the “wetness-preventing” aspects of Crest Deodorant ($M = 6.58$ and $M = 5.42$ vs. $M = 6.41$ and $M = 6.08$; $t[22] = 1.26$; all pairwise $ps > 0.23$).

Procedure

Subjects were given booklets which consisted of the advertisements for each of the three brands: Häagen-Dazs, Heineken, and Crest. A professional artist was hired to do the visual renderings of the hypothetical extension products. The pictorial parts and the ad copy were identical in all experimental conditions except that noncomparative ads featured the extension brand and a product claim (e.g., “Presenting Häagen-Dazs Yogurt ... Taste the essence of *creaminess*”) whereas comparative ads featured the extension brand and a competitor and included a superiority claim (“Presenting Häagen-Dazs Yogurt ... Taste the essence of *creaminess*...even better than Dannon Yogurts”). The presentation order of the three brands was counter-balanced to rule out order effects.

Measures

The primary dependent variable was perceived product quality (i.e., “overall perceived quality of brand extension X”), measured on a seven-point scale (1 = inferior, 7 = superior). Perceived quality--one of the central measures of prior brand-extension research (Aaker and Keller 1990)--refers to a consumer’s global assessment of the superiority or excellence of a product (Zeithaml 1988) and is correlated with stock performance (Aaker and Jacobson 1994). In addition, perceived fit and prototypicality of the comparative brand were also measured for manipulation-check purposes: subjects rated the

similarity between the parent brand and the extended brand (1 = low, 7 = high) and the typicality of the competitor in the product class (i.e., “brand X is typical of the Y category; 1 = strongly disagree, 7 = strongly agree). Finally, for exploratory purposes, attitudes toward the parent brand, extension category knowledge and interest level, and the usage rate of the products in the extension category were measured. None of the latter measures was a significant predictor of brand-extension evaluations in a regression model including those factors in addition to the experimental variables; therefore they will not be discussed further.

RESULTS

Manipulation Checks

Analyses of the manipulation-check measures--perceived fit and prototypicality of the comparative brand--indicated that the experimental factors were successfully manipulated. Concerning perceived fit, the fit-rating of Häagen-Dazs Yogurt was significantly higher than that of Häagen-Dazs Ball-Point Pen ($M = 5.07$ vs. $M = 2.17$; $t[118] = 11.32$; $p < 0.0001$); the rating for Heineken Light Beer was significantly higher than that of Heineken Iced Tea ($M = 5.15$ vs. $M = 3.63$; $t[117] = 5.78$; $p < 0.0001$); and the rating of Crest Mouthwash was significantly higher than that of Crest Deodorant ($M = 4.58$ vs. $M = 3.68$; $t[117] = 2.96$; $p < 0.01$). Concerning prototypicality of the comparative brand, brands intended to be prototypical in their respective category were rated to be significantly more prototypical than those brands intended to be less prototypical for their respective category: Dannon vs. Yoplait ($M = 5.20$ vs. $M = 3.75$; $t[37] = 2.27$; $p < .05$); Bic vs. Parker ($M = 5.89$ vs. $M = 3.80$; $t[35] = 3.45$; $p < 0.01$); Bud Light vs. Beck's Light ($M = 5.00$ vs. $M =$

3.60; $t[38] = 2.40$; $p < 0.05$); Lipton vs. Snapple ($M = 5.47$ vs. $M = 4.15$; $t[37] = 2.39$; $p < 0.05$); Scope vs. Listerine ($M = 5.85$ vs. $M = 4.30$; $t[38] = 2.85$; $p < 0.01$); and Sure vs. Bān ($M = 5.47$ vs. $M = 3.45$; $t[36] = 3.56$; $p < 0.01$).

Perceived Product Quality

Data of the three brands were pooled for the analysis on product quality. A 2 x 3 ANOVA conducted on perceived product quality revealed a main effect for perceived fit ($F[1/358] = 69.73$; $p < 0.0001$) and type of ad ($F[2/357] = 3.20$; $p < 0.05$) and, most importantly, the predicted significant interaction of perceived fit and type of ad ($F[2/357] = 7.45$; $p < 0.001$). The main effect of perceived fit replicated previous brand-extension research: high-fit extensions were perceived to be of higher quality than low-fit extensions ($M = 5.10$ vs. $M = 3.83$). The main effect of ad type was due to the fact that brands displayed in comparative ads with prototypical targets were rated to be of higher quality than brands displayed in comparative ads with nonprototypical targets ($M = 4.72$ vs. $M = 4.25$; $p < 0.05$); noncomparative ads ($M = 4.43$) were not significantly different from the other two types of ads ($p > 0.76$).

These two main effects have to be interpreted in the context of the significant interaction. Table 1 shows the means of perceived product quality as a function of perceived fit and type of ad. When the fit between the parent brand and the extension was high, the extension product was perceived to be of higher quality when the product was featured in a noncomparative ad than when it was featured in either one of the two comparative ads ($M = 5.41$ vs. $M = 4.98$; and $M = 5.41$ vs. $M = 4.90$, respectively, $ps < 0.05$). Thus H1a was confirmed. However, there was no significant difference between the comparative ad featuring a prototypical competitor and the comparative ad featuring a nonprototypical competitor ($p > 0.75$). Thus H1b was disconfirmed.

Concerning H2, when the perceived fit was low, the brand extension was rated of higher quality when the product was compared to the prototypical competitor than when it was featured either in a noncomparative ad ($M = 4.45$ vs. $M = 3.45$; $F[1/118] = 14.49$; $p < 0.001$) or in an ad with a nonprototypical competitor ($M = 4.45$ vs. $M = 3.60$; $F[1/118] = 10.47$; $p < .001$). In addition, there was no significant difference in the mean perceived product-quality ratings ($p > 0.50$) between a comparative ad featuring a nonprototypical competitor as the target and a noncomparative ad featuring the brand extension by itself. Thus H2 was fully confirmed.

 Insert Table 1 about here

DISCUSSION

Predictions for Study 1 were largely confirmed: when consumers thought that a new product category provided an appropriate fit for the established brand, they evaluated the brand's quality higher when the brand was not compared to a competitive brand--whether it is a prototypical or nonprototypical competitor. When consumers perceived a lack of fit, however, they evaluated the extension more positively when the brand was compared to the prototypical brand in the new category than when the brand was advertised in a noncomparative format or when it was compared to a nonprototypical target.

As hypothesized, association with the prototype of the new category seems to reduce the perceptual distance between the brand and the new category. Comparative advertising with a focus on the extension-category prototype thus seems to be a worthwhile strategic option for companies that intend to extend brands with established equity to relatively remote product

categories. However, comparative advertising focusing on nonprototypical targets does not seem to be a viable option, even when the nonprototypical brand is a premium brand. Comparisons with nonprototypical brands are clearly less desirable than other options (noncomparative advertising in the case of high fit, and comparative advertising with a prototypical comparison in the case of low fit).

Contrary to our predictions, H1b was not supported. In the case of high fit, comparative ads with nonprototypical targets did not receive lower quality ratings compared to ads with prototypical targets; instead they were judged at par with prototypical targets. This finding may be explained by consumers' tendency to minimize their cognitive efforts (Shugan 1980). That is, due to the high perceived fit, consumers may have processed brand quality and the ad format only and may not have engaged in effortful processing to consider differences between prototypical and nonprototypical competitors.

The major finding of Study 1, both in a conceptual and applied sense, is the cross-over interaction effect that exists between high versus low levels of perceived fit and noncomparative advertising versus comparative advertising with a prototypical target. Since, in both experimental cases (high and low fit), comparative ads with nonprototypical targets were judged similarly to one other manipulation, we will not include nonprototypical comparisons in Study 2 which focuses on the second key issue of brand-extension strategy--the attribute-selection decision.

STUDY 2: ATTRIBUTE TYPICALITY AND BRAND EXTENSIONS

The attribute-selection decision concerns the choice of one or several product attributes that should be highlighted to consumers. One important issue

in this respect is whether the selection of certain types of featured attributes may enhance or hinder the effects induced by comparative and noncomparative advertising formats. For example, could the selection of certain attributes alter the cross-over interaction effect that we observed under high and low fit conditions for the noncomparative format and the comparative ad format with a prototypical competitor?

Based on research by Rosch and Mervis (1975) and Loken and Ward (1987), attributes may be viewed along a continuum of typicality, and for experimental purposes, be classified as either typical or atypical. In Study 1, the featured attributes were all typical attributes; therefore, we could not address the role of how different types of attributes may affect brand evaluations in a comparative or noncomparative context.

How could attribute typicality affect brand evaluations in a comparative and noncomparative context? In a study by Pechmann and Ratneshwar (1991), a comparative ad format with atypical product attributes did not result in any stronger association with the comparison brand, whereas, a comparative ad format with typical attributes did. Pechmann and Ratneshwar explained this finding with reference to the construct of incongruency with the existing product category schema. Since an atypical attribute is typically not associated with the comparison brands, the incongruency will induce consumers to rely more on the attribute information rather than on simple heuristics (e.g., "If the advertiser compared these brands, they must be comparable").

Indeed, in line with this interpretation, schema-incongruent objects have been found to evoke greater cognitive effort than congruent ones (Mandler 1982; Meyers-Levy and Tybout 1989; Fiske and Pavelchak 1986). The underlying theory is that stimuli which match the product category schema will

be processed heuristically in line with the existing schema. When there is a mismatch with the existing category schema, a more effortful cognitive processing called “piecemeal processing” takes place in an effort to resolve the incongruity (Meyers-Levy and Tybout 1989).

In the context of brand extensions, when shown ads of brand extensions with typical attributes, the presence of typical attributes is consistent with consumers’ expectations. As a result, consumers should engage in heuristic processing. Therefore, for typical attributes, we should be able to replicate the interaction of Study 1, namely that:

H3: Under conditions of high perceived fit, brand extensions with typical attributes will be evaluated more positively if presented in a noncomparative format than a comparative format.

H4: Under conditions of low perceived fit, brand extensions with typical attributes will be evaluated more positively if presented in a comparative format than a noncomparative format.

When presented with atypical attributes, on the other hand, consumers should engage in piecemeal processing. In noncomparative advertising, there is a discrepancy between the atypical attributes that the new product has and consumers’ normal expectations concerning the features of the product category. Moreover, consumers lack a cue that would facilitate a justification (e.g., “the company wants to provide a differential advantage in the category”) via piecemeal processing of the atypical attribute and its context. In contrast, in the case of a comparative ad with a prototypical competitor, consumers may infer that the company wants to focus on the differentiating features of the brand in comparison to its competitor and they are provided with an explicit cue (such

as a competitor in the ad) to trigger such an inference. As a result, we expect that consumers evaluate a brand with atypical attributes more positively in a comparative than a noncomparative context. The same argument should apply to both high fit and low fit situations. Therefore, we predict:

H5: Under conditions of both high and low perceived fit, brand extensions with atypical attributes will be evaluated more positively if presented in a comparative format than a noncomparative format.

METHOD

Design

A 2 (perceived fit: high, low) x 2 (type of ad: comparative, noncomparative) x 2 (attribute of comparison: typical, atypical) between-subjects design was employed in Study 2. As in Study 1, perceived fit was determined in advance via a pretest and was measured in the main study as a manipulation check. Comparative ads featured the names of the brand extension and a prototypical comparison brand, whereas noncomparative ad featured only the name of the brand extension. The attribute of comparison, displayed in the advertisement, was either typical or atypical for the selected product category. Similarly to the prototypicality/nonprototypicality determination in Study 1, the typicality/atypicality assessment was made in advance through a pretest.

Stimuli and Pretests

Three brands--Häagen-Dazs, Nike, and Norelco--were selected to be leveraged as extensions in new product categories. High and low fit categories were intuitively selected for each of the aforementioned original brands, namely yogurt and pen (for Häagen-Dazs), sunglasses and camera (for Nike), and hair dryer and computer (for Norelco). A pretest (N = 13) confirmed that the

intuitively selected categories were indeed appropriate: the fit between Häagen-Dazs Ice Cream and yogurt was significantly higher than that with ball-point pen ($M = 6.61$ vs. $M = 1.30$; $t[12] = 22.38$; $p < 0.0001$); the fit between Nike Sports Equipment and sports sunglasses was significantly higher than that with camera ($M = 6.07$ vs. $M = 3.23$; $t[12] = 3.71$; $p < 0.003$); and the fit between Norelco Electric Shaver and hair dryer was significantly higher than that with computer ($M = 6.58$ vs. $M = 1.67$; $t[12] = 11.31$; $p < 0.0001$).

An open-ended question was used to obtain the prototypical competitors for the new the extension categories. The following brands were selected: Ray-Ban for sunglasses; Canon for camera; Conair for hair dryer; and IBM for computer. Subsequently, typical and atypical category attributes were selected for each of the extension categories and examined in a pretest with 13 subjects. The following are the typical and atypical attributes, respectively, chosen for each of the categories (typicality means appear in parentheses; 1 = typical and 7 = atypical): (1) yogurt: real fruit flavor, vitamin A & D ($M = 6.23$ vs. $M = 3.61$; $t[12] = 4.66$; $p < 0.001$); ball-point pen: non-smudging ink, washable ink ($M = 5.69$ vs. $M = 2.61$; $t[12] = 4.22$; $p < 0.001$); (3) sunglasses: ultraviolet-ray protection, night visibility ($M = 5.85$ vs. $M = 2.23$; $t[12] = 5.87$; $p < 0.0001$); (4) camera: autofocus, waterproof body ($M = 6.23$ vs. $M = 2.76$; $t[12] = 6.73$; $p < 0.0001$); (5) hair dryer: high wattage, break-resistant body construction ($M = 6.53$ vs. $M = 2.84$; $t[12] = 5.64$; $p < 0.0001$); and (6) computer: high processing speed, 3-year warranty ($M = 6.84$ vs. $M = 2.53$; $t[12] = 10.03$; $p < 0.0001$).

The advertisements used in this study contained only copy claims and no pictorial materials. All ads (noncomparative/comparative ads with typical/atypical attributes) were identical in ad copy claims except for the experimental manipulations. The presentation of the three brands were

counter-balanced.

Subjects

The sample consisted of 240 graduate and undergraduate students recruited via fliers posted on campus, and they were paid five dollars each for participating in the study.

Measures

Perceived product quality was measured on a 7-point scale (1 = inferior, 7 = superior). In addition, perceived fit (1 = low, 7 = high), attribute typicality (1 = atypical, 7 = typical), and competitor prototypicality (1 = nonprototypical, 7 = prototypical), as well as desirability of the attribute for the category (1 = undesirable, 7 = desirable) were measured. Potential covariates such as attitudes toward the parent brand, extension category knowledge, and category interest level were measured for exploratory purposes but will not be discussed further.

RESULTS AND DISCUSSION

Manipulation Checks

With regard to perceived fit, results indicated that the variable had been successfully manipulated. The *t*-test results for the three brands were as follows: the mean perceived fit rating for Häagen-Dazs Yogurt was significantly higher than that for Ball-Point Pen ($M = 4.57$ vs. $M = 2.16$; $t[237] = 13.19$; $p < 0.0001$); Nike Sunglasses were significantly highly rated than Nike Camera ($M = 4.82$ vs. $M = 2.33$; $t[238] = 14.14$; $p < 0.0001$); and Norelco Hair Dryer was significantly highly rated than Norelco Computer ($M = 4.14$ vs. $M = 2.29$; $t[237] = 10.73$; $p < 0.0001$).

A manipulation check for ad format (comparative vs. noncomparative)

seemed unnecessary because, by definition, an ad is comparative if it features a comparison brand and noncomparative if it does not. The mean prototypicality ratings of the competitors suggested that brands were considered by subjects as prototypical. Dannon's rating for yogurt was 5.48 ($SD = 1.58$); Bic's rating for ball-point pens was 5.71 ($SD = 1.49$); Ray-Ban's rating for sunglasses was 5.59 ($SD = 1.39$); Canon's rating for camera was 5.33 ($SD = 1.64$); Conair's rating for hair dryer was 5.15 ($SD = 1.66$); and IBM's rating for computer was 5.95 ($SD = 1.10$). Please note that all brand prototypicality ratings are in the 5-6 point range on a 7-point scale and thus comparable in their ratings to the benchmark established for prototypical brands in Study 1.

With regard to attribute typicality, the t -tests for each of the six product categories indicated that there were significant differences in perceived typicality between the selected attributes: (1) yogurt category: *real fruit content* vs. *vitamin A & D content* ($M = 4.57$ vs. $M = 2.75$; $t[119] = 5.40$; $p < 0.0001$); (2) sunglasses category: *UV protection* vs. *night visibility* ($M = 4.98$ vs. $M = 2.77$; $t[118] = 7.25$; $p < 0.0001$); (3) hair dryer category: *high power/# of watts* vs. *carbon-graphite composite body* ($M = 4.48$ vs. $M = 2.41$; $t[118] = 7.60$; $p < 0.0001$); (4) ball-point pen category: *smudging ink* vs. *washable ink* ($M = 5.22$ vs. $M = 2.30$; $t[116] = 9.35$; $p < 0.0001$); (5) compact camera category: *autofocus* vs. *waterproof body* ($M = 5.52$ vs. $M = 2.76$; $t[116] = 8.62$; $p < 0.0001$); and (6) personal computer category: *speedy processor* vs. *3-year warranty* ($M = 6.00$ vs. $M = 3.25$; $t[113] = 9.98$; $p < 0.0001$). The corresponding typical/atypical attributes of each category, however, did not differ in their desirability for the category: (1) yogurt: *real fruit content* vs. *vitamin A & D content* ($M = 5.63$ vs. $M = 5.27$; $p > 0.18$); (2) sunglasses: *UV protection* vs. *night visibility* ($M = 5.47$ vs. $M = 5.17$; $p > 0.41$); (3) hair dryer: *high power/# of*

watts vs. break-resistant composite body ($M = 5.19$ vs. $M = 5.03$; $p > 0.54$); (4) ball-point pen: *nonsmudging ink vs. washable ink* ($M = 5.84$ vs. $M = 5.61$; $p > 0.32$); (5) camera: *autofocus vs. waterproof body* ($M = 5.78$ vs. $M = 5.41$; $p > 0.16$); and (6) personal computer category: *speedy processor vs. 3-year warranty* ($M = 6.21$ vs. $M = 6.07$; $p > 0.54$).

Perceived Product Quality

A 2 x 2 x 2 ANOVA conducted on perceived quality of the extension revealed the following significant effects: a main effect of perceived fit ($p < 0.0001$), a main effect of type of ad ($p < 0.05$), an interaction of perceived fit and type of ad ($p < 0.0001$), and most importantly, the predicted significant three-way interaction of perceived fit, type of ad, and attribute typicality ($p < 0.05$). The other effects were not significant ($ps > 0.18$). The quality of extensions with high perceived fits was rated higher than those with low fit ($M = 4.96$ vs. $M = 3.39$). Also, in general, comparative ads resulted in higher perceptions of quality than noncomparative ads ($M = 4.29$ vs. $M = 4.09$). However, comparative ads did not result in higher quality perceptions than noncomparative ads in cases of high perceived-fit extensions ($M = 4.92$ vs. $M = 5.00$); whereas, comparative ads did result in higher quality perceptions than noncomparative counterparts for low-fitting extensions ($M = 3.59$ vs. $M = 3.20$).

The main effects and the lower-order interaction must be explained in the context of the significant three-way interaction. Table 2 shows the means for each experimental condition. When perceived fit was high, the quality of the extension was rated as significantly higher for noncomparative than comparative ads ($M = 5.47$ vs. $M = 4.93$; $p < 0.05$), whereas, when fit was low, quality was rated marginally significantly higher for comparative than noncomparative ads ($M = 3.42$ vs. $M = 3.07$; $p = 0.087$). Thus H3 and H4 were

confirmed. As noted earlier, based on the prototypicality ratings of the comparison brands, it is reasonable to assume that the comparative ads of Study 2 featured prototypical comparison brands. Also, based on the desirability ratings of Study 1, it is plausible to assume that the brand attributes of Study 1 constituted typical attributes. Thus, the pattern of results for brands with typical attributes in Table 2 provides a replication of the cross-over interaction of Study 1.²

For atypical attributes a different pattern of results was observed. As predicted in H5, the extension presented with atypical attributes, under conditions of both high and low fit comparative advertising, resulted in higher perceptions of quality than noncomparative advertising ($M = 4.91$ vs. $M = 4.53$; $p = 0.05$; $M = 3.77$ vs. $M = 3.33$; $p < 0.05$). Atypical attributes, stressing the differential advantage of a brand in a competitive context, thus seem to be an attractive option in comparative advertising because they provide a justification why a brand positions itself directly against the prototype of a category in a comparative ad.

 Insert Table 2 about here

GENERAL DISCUSSION

The present paper demonstrated the importance of the competitive situation in brand extensions. Our results indicate that there are three key factors that a company must consider in the implementation of a brand-extension strategy: (1) competitive brands in the extension categories; (2) the attributes of the extension brand; and (3) the perceived fit between the brand and the extension.

If there is a high fit between the established image of a brand and the extension category, a brand extension with attributes that are perceived to be typical in the extension category is judged to be of higher quality when consumers evaluate the brand extension on its own grounds rather than in comparison with brands in the extension category. In contrast, when the brand does not fit easily with the extension category, the brand with typical attributes is judged to be of higher quality if the brand is positioned explicitly against the prototypical brand of the extension category. Finally, in cases in which the brand's attributes in the extension category are atypical (i.e., the brand possesses attributes that differentiate it from other brands in the extension category), positioning the brand against the category prototype is generally preferable to the noncomparative format.

In the present studies, low-fit brand extensions were generally judged to be of lower quality than high-fit brand extensions, and neither the ad format nor the type of attribute could overcome the negative effects of low fit. Since product attributes may become associated with a brand, this finding may seem at odds with recent findings by Broniarczyk and Alba (1994) who observed preference reversals between high and low fit cases as a result of specific brand associations. However, in contrast to Broniarczyk and Alba's stimuli, typical and atypical attributes in the present studies were not typical or atypical attribute-associations of the brand but of the category. Moreover, brand extensions are, by definition, new products; therefore respondents may not have associated the attributes with the brand strongly. Future research, however, should examine whether attributes that are atypical for the category but typical for the brand may result in the types of preference reversals observed by Broniarczyk and Alba (1994).

The present findings are also subject to several limitations which should be addressed in future research. First, in the present studies, the prototypicality of the competitor was operationalized, and empirically confirmed in our manipulation checks, as the market leader or as an otherwise prominent brand. As a result, the majority of the brands used in the study were high-share, popular brands (for example, Bic and Lipton in Study 1, and Canon and IBM in Study 2), but they were not necessarily the best-quality brands in the extension category. Therefore, the superiority claims of our advertisements may have been plausible arguments in the context of the ads provided, especially since the brands that were extended were of high quality and had accumulated considerable brand equity which could be leveraged in brand extensions. Our findings may not hold true for comparisons with the best-quality brands in the extension category. In those circumstances, a superiority claim of a brand extension may not be plausible and may not be successful in associating the new brand with the successful brand in the extension category.

Second, in both studies, the comparison claim in the ads was a superiority claim rather than a parity claim. As mentioned earlier, similar effects have been obtained in prior research on comparative advertising for superiority and parity claims (Dröge and Darmon 1987; Gorn and Weinberg 1984; Walker, Swasy, and Rethans 1985); therefore it seemed unnecessary to include both types of claims in our studies. In some cases, however, e.g., in the case of a comparison with the best brand in the extension category, a parity claim may be more believable and therefore more desirable than a superiority claim. Future research should test whether our results also hold for parity claims or under what conditions parity and superiority claims are most

successful for brand extensions.

Another limitation concerns the operationalization of perceived fit in our studies. Perceived fit--i.e., the similarity between the brand and the extension--may be determined in various ways, aside from the global, overall similarity judgment that was used in the present research. Tauber (1988), after scrutinizing a sample of 276 brand extensions, distinguished several dimensions of fit. Park, Milberg, and Lawson (1991) drew an important distinction between concept and attribute fit and found that the most favorable brand-extension evaluations occurred in cases of high brand concept consistency and high product-feature similarity. Future research should examine the viability of comparative and noncomparative positioning for different types of fit between the brand and the extension.

Finally, future research should examine more closely the cognitive processes involved in consumers' judgments of brand extensions in the context of comparative brands. In addition to the outcome measures as in the present studies, cognitive-response measures as well as experimental manipulations should be employed to provide further evidence for the cognitive mechanisms underlying extension-evaluations such as a reduction in the perceived distance between the brand and the extension in the case of comparative advertising.

FOOTNOTES

1. Following prior conventions, we will be using the terms “prototypical” and “nonprototypical” in conjunction with competitors and the terms “typical” and “atypical” in conjunction with attributes. The two word pairs refer to largely identical phenomena--namely, the degrees of typicality between objects/features and a category.
2. The brand Häagen-Dazs, which was used as a stimulus in both Study 1 and Study 2, allows for a direct comparison of results. ANOVA analyses conducted on Häagen-Dazs revealed a significant interaction of fit and ad format for typical attributes in both studies 1 and 2 ($p < 0.05$ in Study 1; $p < 0.0001$ in Study 2).

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Table 1
 MEAN PERCEIVED PRODUCT QUALITY AS A FUNCTION OF PERCEIVED
 FIT AND TYPE OF ADVERTISEMENT

Perceived fit	Type of advertisement		
	Noncomparative	Comparative with prototypical target	Comparative with nonprototypical target
High	5.41	4.98	4.90
Low	3.45	4.45	3.60

Table 2
 MEAN PERCEIVED PRODUCT QUALITY AS A FUNCTION OF PERCEIVED
 FIT, TYPE OF ADVERTISEMENT, AND ATTRIBUTE TYPICALITY

Type of advertisement		
Perceived fit	Noncomparative	Comparative
Typical attributes		
High	5.47	4.93
Low	3.07	3.42
Atypical attributes		
High	4.53	4.91
Low	3.33	3.77

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