**Thicker Than Water: the Influence of Familism on Consumer Response to Brand Extensions**

Maria A. Rodas, University of Minnesota, USA

Michael J. Barone, University of Louisville, USA

Carlos J. Torelli, University of Illinois at Urbana-Champaign, USA

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# Thicker than Water: The Influence of Familism on Consumer Response to Brand Extensions

Maria A. Rodas, University of Minnesota, USA
Michael J. Barone, University of Louisville, USA
Carlos J. Torelli, University of Illinois at Urbana-Champaign, USA

## EXTENDED ABSTRACT

Brand extension strategies are widely used by firms to leverage the equity built into their brands. Every year, companies spend billions of dollars introducing new products under established brand names, as exemplified by Apple's iPhone, Arm & Hammer toothpaste, and Jeep baby strollers. Despite firms' reliance and investment on this strategy, many brand extensions fail. In this regard, research has identified a number of key determinants that shape brand extension success. For instance, consumer acceptance of brand extensions may be shaped by their trust toward or liking of the parent brand as well as the perceived fit between the parent brand and extension (see Loken, Joiner, & Houston, 2010, for review). Additionally, the extent to which brand extensions are viewed favorably can be determined by consumers' risk aversion (Yeo & Park, 2006), innovativeness (Völckner & Sattler, 2006), and cultural orientation (e.g., Ng & Houston, 2006).

We explore a novel consumer characteristic that impacts consumers' responses to brand extensions, familism. Familism is defined as a strong identification and attachment of individuals with their families (nuclear and extended) and strong feelings of loyalty, reciprocity and solidarity among members of the same family (Triandis, Marin, Betancourt, Lisansky, & Chang, 1982). We propose and find evidence that familism (either chronic or primed) can improve consumers' evaluations of brand extensions by increasing perceptions of the extensions fit with the parent brand. We theorize that this is the case because familism makes the family schema more accessible, which activates associations of relatedness.

Terminology used in past literature hints at the application of a family schema when discussing brand extensions. For example, this literature constantly refers to a "parent brand" to indicate the brand from which the extension originates, a "brand family" in reference to the group of products and extensions that fall under a given brand, and a "brand offspring" to indicate a brand extension. There is also evidence that consumers use relationships, including family, as metaphors when building bonds with brands (Fournier, 1998). However, the question remains whether consumers use the family schema to guide their attitudes when evaluating brand extensions. We propose that it does, resulting in a perception of greater similarity between the parent brand and offspring, which in turn positively impacts the evaluations of certain brand extensions.

Generally speaking, people value family. However, what distinguishes people high in familism is that they tend to put the needs of their family above their own. This type of ties to family is particularly apparent when family members are in need, or not doing very well. As such, we propose that the effect of familism will only emerge when the brand extension is of lower price and quality than the parent brand. Another reason why we don't expect to see any differences with high price/quality brand extensions is related to the asymmetric effect of quality (Heath & Chatterjee, 1995). When the price and quality of a given product is good, people can appreciate that. It's only when the price/quality is bad that people use other heuristics (e.g., decoys, schemas) to make their evaluations.

Furthermore, we propose the distance from the parent brand as a boundary condition. More specifically, we propose and find evidence that the effect of familism only emerges when evaluating brand extensions that don't stray too far from the parent brand. We argue that when the extension is too far from the brand (e.g., a calculator as an athletics brand extension), the similarities between the concepts of family and brands will weaken, which will prevent the family schema to be applied.

Across three experimental studies, we show that familism positively impacts consumers' response to brand extensions that don't stray too far from the parent brand and which are lower in price and quality than the parent brand. We observe this effect when familism is measured as a chronic individual difference (study 1), and when it's primed with writing exercised (studies 2 and 3). We also find evidence in studies 1 and 3 that the underlying mechanism is an increase in perceived similarity with the parent brand, providing evidence that family schemas are being mapped onto the brand extension domain. We identify distance from the parent brand as a boundary condition (studies 1 and 2), rule out analytic-holistic thinking as an alternative explanation (study 1), and provide evidence that the effects of familism extend beyond the nuclear family. Furthermore, our studies span different populations (college students, MTurkers) and different categories (electronics, athletics), adding robustness to our findings.

This research aims to contribute to the brand extension literature by empirically investigating a novel consumer characteristic that impacts consumers' responses to brand extensions, namely familism. Furthermore, our work has important managerial implications. Every year companies spend billions of dollars introducing new brand extensions, and many fail. Our research could provide guidance to minimize the risk of failure. For example, if a brand wants to downwardly extend itself by introducing a brand extension that is lower in price/quality, it could consider targeting consumer who are chronically high in familism (e.g., Hispanics) or it could prime familism in its communications (e.g., by portraying families).

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