

A STUDY OF CONSUMER EVALUATIONS OF BRAND
EXTENSIONS OF NONDURABLE GOODS

Doctoral Dissertation Research

Submitted to the
Faculty of Argosy University Online Campus
College of Business

In Partial Fulfillment of
the Requirements for the Degree of
Doctor of Business Administration

By

Juliet Tran

February 2014

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ABSTRACT

The purpose of this study was to analyze the relationships between four different theoretical viewpoints – categorization, congruence, perception-of-fit, and product involvement – and their effects on consumer evaluations of brand extensions of nondurable goods and the underlying factors of how attitudes are transferred from the parent brands to its product extensions.

By using the single-step multiple mediator model by Preacher and Hayes (2008), the findings suggested, in general, that (1) a more positive effect of congruence, perception-of-fit, and product involvement between the parent brand and the product extension, the more the positive the attitude-toward-product-extension when there was an effect of the attitude-toward-parent-brand on the four intervening variables, (2) a more positive effect of categorization, congruence, and product involvement between the parent brand and the product extension, the more the positive the attitude-toward-product-extension as a result of the direct effects of the four intervening variables on attitude-toward-product-extensions, (3) congruence and product involvement were mediators, and the results showed that the direct effect of attitude-toward-parent-brand on attitude-toward-product-extension was statistically significantly different from zero, (4) the result on the direct effect of attitude-toward-parent-brand on attitude-toward-product-extension was not statistically significant at the 0.05 level, and (5) the result on the total effect of attitude-toward-parent-brand on attitude-toward-product-extension was statistically significant at the 0.05 level. Managerial implications and recommendations were addressed and suggestions were made for future research.

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Lastly, I give thanks to my three children, Sable, Vince, and Tony, for their ongoing support, patience, love, and belief. Most of all, I give thanks to God (Psalm 91 and Isaiah 54:17), who has always been there for me. Thanks also to my awesome friends who have stood the test of time by being patient and supportive while I pursued my academic goals.

DEDICATION

I dedicate my dissertation to the four most precious women in my life. I have had the greatest opportunity to be raised by four magnificent women. These women were: Mami, Lola Iyyang, and Lola Carmen, who is survived by my mother, Vacion. On June 21, 2013, my grandmother, Mrs. Carmen Alcantara Quines, passed away.

I would like to give a tribute to my Lola Carmen. I had the pleasure of being raised by four kind-hearted, educated, unselfish, most patient, strict, generous, tough, fearless, honest, and loving women in my life. Aside from instilling high ethics, morals, and values, Lola Carmen taught me the fundamental core concept of running a small business. One of my greatest memories is when I was about four years old. I had the greatest experience of watching and admiring my Lola Carmen demonstrate her business savviness in buying and selling tobacco leaves. I remember Lola Carmen grading the tobacco leaves to increase her return on investment as well as to increase her profit margin. Lola Carmen and I would walk and carry four to five basket-full of dried tobacco leaves from Daya to Sto. Domingo to sell them. Lola Carmen would sell every one of those baskets all in a day's work. She was a tough "negotiante." I will always remember and treasure these priceless moments deep within my heart. Without the teachings of Lola Carmen, Mami, Lola Iyyang, and my mother, Vacion, I would not be who I am today, a true survivor in every sense of that word. Thank you again, Lola Carmen for everything. I will never forget your golden mantra: for every struggle comes beauty.

TABLE OF CONTENTS

	Page
TABLE OF TABLES	ix
TABLE OF APPENDICES	x
CHAPTER 1: THE PROBLEM.....	1
Introduction.....	1
Problem Background.....	1
Problem Statement.....	5
Initial Literature Review.....	7
Theoretical Framework.....	9
Categorization Theory.....	10
Congruence Theory.....	11
Perception-of-Fit.....	12
Product Involvement.....	13
Purpose of Study.....	16
Research Questions.....	16
Limitations.....	16
Delimitations.....	17
Definitions.....	17
Importance of Study.....	19
Summary.....	21
CHAPTER 2: LITERATURE REVIEW.....	22
Introduction.....	22

Attitude Formation.....	23
Brand Extension and Attitude Formation.....	31
Categorization Theory.....	37
Congruence Theory.....	42
Perception-of-Fit.....	45
Product Involvement.....	48
Failures and Risks of Extensions.....	52
Conclusion of Extant Research.....	55
Summary.....	57
CHAPTER 3: RESEARCH METHODOLOGY.....	59
Introduction.....	59
Categorization.....	62
Congruence.....	62
Perception-of-Fit.....	63
Product Involvement.....	64
Attitude-Toward-Parent-Brand.....	64
Quantitative Research Method.....	66
Population and Sampling Procedures.....	67
Instrumentation.....	68
Procedures.....	70
Methodological Assumptions, Limitations, and Delimitations.....	72
Assumptions.....	72
Limitations.....	72

Delimitations.....	73
Summary.....	74
CHAPTER 4: DATA ANALYSES and RESULTS.....	75
Introduction.....	75
Data Collection.....	75
Demographic Information.....	78
Analyses.....	79
Results of the Analyses.....	82
Categorization.....	84
Congruence.....	84
Perception-of-Fit.....	84
Product Involvement.....	85
Categorization.....	85
Congruence.....	86
Perception-of-Fit.....	86
Product Involvement.....	87
Summary.....	90
CHAPTER 5: DISCUSSION, CONCLUSIONS, AND RECOMMENDATIONS.....	93
Introduction.....	93
Discussion of Results.....	94
Conclusions.....	101
Recommendations and Implications for Professionals.....	103
Future Research Recommendations.....	106

REFERENCES.....108
APPENDICES.....116

TABLE OF TABLES

Table	Page
1. Reliability Measurements in Previous Research.....	69
2. Instrument Items in Previous Research.....	70
3. Descriptive Statistics of the Six Factors.....	83
4. Analysis Results of the Single-Step Multiple Mediator Model – IV to Mediators (a paths).....	89
5. Analysis Results of the Single-Step Multiple Mediator Model – Direct Effects of Mediators on DV (b paths).....	90
6. Analysis Results of the Single-Step Multiple Mediator Model – Direct Effects of IV on DV (c' paths).....	90
7. Analysis Results of the Single-Step Multiple Mediator Model – Total Effect of IV on DV	90
8. Analysis Results of the Single-Step Multiple Mediator Model – Indirect Effects of IV on DV via Moderators (ab paths).....	91

TABLE OF APPENDICES

Appendix	Page
A. Participant Packet Cover Letter.....	118
B. Institution Permission Cover Letter.....	123
C. Participant Packet for Instructions.....	135
D. Main Survey for the Main Research.....	139
E. Participant Packet Demographic Questionnaire.....	147
F. Permission Correspondence to Use Instrumentation from Authors.....	150
G. SAS Macro.....	159
H. SPSS Macro.....	164
I. Synopsis of Selected Literature of Brand Extensions since 1990.....	168

CHAPTER ONE: THE PROBLEM

Introduction

A brand is defined as “a contract, a relationship, a guarantee; an elastic covenant with loose rules of engagement; a non-zero-sum game; improvisational theater at best” (Sherry, Jr., 2005, p. 41). According to Pavitt (2000), commercial branding has been in existence since the 18th century (as cited in Moor, 2008, p. 408), but the emergence of explicit branding surfaced only within the last fifteen to twenty years (Moor, 2008). The introduction of a new brand could be risky because of high failure rates and major financial obligations (Marcus, 2005).

According to Kalamas, Cleveland, Laroche, and Laufer (2006), estimates showed the cost of building a major brand in the largest main markets (i.e., USA, Japan, and Europe) was approximately one billion dollars. Notably, approximately 90-95% of new brands that entered the USA market alone each year came from brand extensions (Kalamas et al., 2006). Additionally, the costs of new brands increased because of several factors, such as marketing costs and distribution channels (Morgan & Rego, 2009). Therefore, companies have depended on leveraging their established brand names to introduce new products in new markets.

Problem Background

Brand extension strategies capitalized on the belief that the robustness of brand equity created a direction based on a firm’s previous marketing tactics that were reinforced in developing positive consumer perceptions of the brand extension (Keller, 2003). New product introductions suggested product brand extensions capitalized on the parent brand’s already established and recognizable name (Keller, 2003). With a powerful parent brand name, brand extension strategies minimized the obstacles

associated with the initial start-up costs, risks, marketing responsibilities, and managerial time allocated for new product introductions (Huifang & Krishnan, 2006; Oakley, Duhachek, Balanchander, & Sriram, 2008). Additionally, some researchers speculated the appropriate product brand extension has been beneficial to the core brand (Huifang & Krishnan, 2006; Kalamas, et al., 2006). However, other researchers have voiced several negative aspects of brand extensions that included the possibilities of failure, brand product dilution, and cannibalization (Chowdhury, 2007; Marcus, 2005; Morgan & Rego, 2009).

Substantial research of brand extensions on nondurable goods has demonstrated feasibility and profitability (i.e., Starbuck's ice cream, Coca-Cola's Diet Coke, McDonald's iced coffees, and Nike's Air Jordan shoes) when new products were introduced in the marketplace (Morgan & Rego, 2009). Companies such as Coca-Cola, Anheuser-Busch, McDonald's, and Procter & Gamble have successfully leveraged and capitalized on their well-established and valuable brand names with brand extensions, such as Coca-Cola's Coca-Cola Zero, Anheuser-Busch's Bud Light, McDonald's McCafe, and Procter & Gamble's Tide Total Care. However, there were also several companies that have experienced failures with brand extensions (Braig & Tybout, 2005). According to Maoz and Tybout (2002), some of the well-known failed product brand extensions included BIC (pens and razors) that introduced a line of perfumes, Pepsi (soft drinks) that launched Crystal Pepsi, and Bill Blass (clothing and apparel) that expanded by offering gourmet chocolates. Therefore, the requirements for the success or failure of product brand extensions were not representative of all product brand extensions in all product categories (Keller, 2003).

In essence, the idea of branding has become a powerful concept because it connected customers to a specific company, product, or service (Morgan & Rego, 2009). For example, customers recognized the red and white can that symbolized Coca-Cola, the Apple brand that bore the bitten apple fruit, or the LV (Louis Vuitton) logo that has been synonymous with exclusivity and premium-priced purses. Notably, customers recognized these unique brands because they generated a symbol of value (Laforet, 2008; Marcus, 2005; Morgan & Rego, 2009). Likewise, the value of a brand has contributed to a company's competitive advantage (Morgan & Rego, 2009). Most importantly, these high yielding brands have been considered assets to a successful company (Marcus, 2005; Milberg, Sinn, & Goodstein, 2010; Morgan & Rego, 2009). Brands were perceived as intangible assets that have positively met financial goals and generated status (Chowdhury, 2007; Dickinson & Heath, 2006; Morgan & Rego, 2009).

Calkins stated "the presence of a well-known brand will dramatically affect how people view a product or service" (2005a, p. 2). This type of perception or view of the brand created different aspects of consumer involvement when consumers evaluated the level of fit or similarity that existed between the parent brand and its product extensions. Consumer involvement theory is defined as a cognitive thought process that creates an emotional reaction stemming from impulsive behavior or in-depth rationalization that is developed when planning and deciding to buy a product extension (Klink & Smith, 2001). This emotional reaction could either be a high involvement (HI) or low involvement (LI) process (Klink & Smith, 2001). High involvement used in-depth rationalization, whereas low involvement used instinctive emotional reaction in the decision mechanism prior to buying a product extension, such as durable or nondurable

goods (Barone, 2005). Durable goods or hard goods (i.e., television, computer) are defined as products that are designed to last an extended time, whereas nondurable goods (i.e., shoes, clothing, or food) are consumable goods that are used for a short timeframe or immediate use.

By understanding the differences between the levels of consumer involvement and their effect on purchasing decisions, offering product extensions with similar benefits as the parent brands yielded favorable buying decisions toward the product extensions. For example, when consumers used low involvement (LI) on a low-risk product extension, they associated the product extension, like Starbucks tea, with a quality branded product, such as Starbucks coffee. This same perception of quality likely existed with all the brand's product extensions using consumer involvement theory.

Similarly, positive or negative attitude formation occurred when customers developed a specific perception or view about a brand and its product extensions (Calkins, 2005a). Consumer attitude is defined as a cognitive position that an individual develops when making an overall decision (i.e., purchase or intentions) toward a product or brand in regard to perception (i.e., price, quality, image, or value) (Maoz & Tybout, 2002). Consumer attitudes and purchased decisions were developed from different levels of consumer involvement that originated from cognitive processes based on past experiences, knowledge, and perception of the brand (Kalamas, et al., 2006). Past purchases of product extensions were based on a well-known, reliable, and trusted brand (Keller, 2003). In general, satisfied customers purchased product extensions from a brand name with which they have developed great sense of rapport and a positive attitude (Escalas, 2004).

New product extensions were evaluated, according to different viewpoints of consumer involvement based on consumer perception of the parent brand (Braig & Tybout, 2005). This perception was used to form a positive attitude toward the brand's product extensions that impacted future purchase decisions. For example, if a customer shopped at a Louis Vuitton boutique, the exclusive brand name attached to a high-priced product led to a perception of premium quality. This concept became a powerful factor in the introduction of product extensions into the marketplace.

Problem Statement

This study sought to provide additional insight to determine how to effectively introduce product extensions of nondurable goods into the marketplace. Recently, much attention has been given to the rapid growth of brand extensions of nondurable goods (Moor, 2008). Given the current trends in brand management and the increased number of brand extensions, little was known about the different aspects of consumer evaluations of brand extensions of nondurable goods (Huifang & Krishnan, 2006; Kalamas et al., 2006; Morgan & Rego, 2009; Ng & Houston, 2006; Sood & Dreze, 2006).

Most recent studies (Adaval, 2003; Bousch & Loken, 1991; Calkins, 2005a; Chowdhury, 2007) provided supplemental insights into the impact of consumer evaluations on brand extensions. They failed to consider the roles of categorization, congruence, perception-of-fit, and product involvement simultaneously in the evaluation of the successful entrance of product extensions of nondurable goods into the marketplace. Instead, these studies articulated research on consumer responses to retail brand extensions (Alexander & Colgate, 2005), effects of mood and involvement on brand extensions (Barone, 2005), impact of perceived fit, risks, and trust on brand

extensions (Laforet, 2008), financial strategies of a brand portfolio (Morgan & Rego, 2009), and brand synergy effects in multiple brand extensions (Shine, Park, & Wyer, 2007). Furthermore, these studies on consumer evaluations of product extensions provided limited understanding into how decision-making mechanisms affected future purchases, cognitive involvement, and attitude formation of product extensions of nondurable goods.

Some research (Aaker & Keller, 1990; Bottomley & Holden, 2001; Bridges, Keller, & Sood, 2000; Escalas, 2004; Gao, Wheeler, & Shiv, 2009) posited several potential negative effects to the introduction of product extensions, the identification and analysis of the roles of categorization, congruence, perception-of-fit, and product involvement during evaluation of product extensions demonstrated the impact of attitude formation and the level of consumer involvement affected the decision making processes in the purchases of product extensions. Earlier viewpoints have rendered a limited interpretation of how product extension attitudes were formed by failure to take into account all four areas of consumer evaluations when product extensions of nondurable goods are introduced into the marketplace (Chowdhury, 2007; Huifang & Krishnan, 2006; Kalamas et al., 2006; Morgan & Rego, 2009). This lack of understanding may have negatively impacted the success rate when product extensions of nondurable goods were introduced into the marketplace. Finally, previous studies only considered durable goods (Aaker & Jacobson, 2001; Alexander & Colgate, 2005). This study expanded the literature by the addition of information on how consumers evaluated the successful entrance of product extensions of nondurable goods as they entered into the marketplace.

Initial Literature Review

Brand management in consumer products has expanded in recent years (Moor, 2008). Initially, brand names were developed to identify their products (Calkins, 2005a). But recently, the purpose of developing advanced branding strategies was to build brand equity and compete for greater market share (Morgan & Rego, 2009). With increased business activities such as mergers and acquisitions, the strength of a brand has become highly profitable in the corporate world (Marcus, 2005).

The success of Procter & Gamble's introduction of the Camay soap brand in the 1930's helped established the development of brand management strategies (Braig & Tybout, 2005). The years that followed expanded the attention on the rising concept of successful introduction of brand product extensions into the marketplace. The fundamental reason was to decrease expenditures of introducing a totally new product in new markets by leveraging the equity of an already developed parent brand name (Morgan & Rego, 2009). Because of the expected growth of product brand extensions for nondurable goods, it was not surprising that companies who operated under this business strategy perceived a potentially viable route to increase their business growth by the development of products that continued to provide benefits relevant to meeting the ever-evolving, multiple tastes, and demands of savvier consumers (Adaval, 2003; Blichfeldt, 2005). The emerging trends of product brand extensions on nondurable goods continued to motivate consumers' interests in the brand (Blichfeldt, 2005). In essence, product extensions offered various consumers several product alternatives (i.e., McDonald's hamburgers, wraps, salads) across a wide spectrum. The belief behind this strategy was derived from the criteria that if a consumer had a positive evaluation of the

core brand, then this positive evaluation could be carried over to the brand product extension (Calkins, 2005a).

Branding strategies were used to gain new knowledge of which elements generated positive acceptance toward product extensions and how consumer receptivity affected the extensions. Recent studies on brand extensions depended on two major factors in relation to their success in the marketplace. First, researchers based their studies on consumer attitude in association to the parent brand as an indication of positive market acceptance (Alexander & Colgate, 2005; Barone, 2005; Bottomley & Holden, 2001; Huifang & Krishnan, 2006; Meyvis & Janieszewski, 2004). Second, the transferability of attributes, characteristics, and benefits from the core brands to their extensions in terms of perception of fit, brand strength, and multiplicity of product extensions were significant (Blichfeldt, 2005; Chowdhury, 2007). These previous studies contributed to the literature of consumer behavior research on consumer evaluations of product extensions.

However, there was a gap in the literature regarding how consumers developed their perceptions of these brands (Chowdhury, 2007; Dickinson & Heath, 2006; Laforet, 2008; Oakley et al., 2008). These limitations excluded the simultaneous studies and the analysis of the roles of categorization, congruence, perception-of-fit, and product involvement in attitude formation. Consumer involvement, measured by these four viewpoints affected positive consumer evaluations and impacted the successful entrance of these product extensions of nondurable goods into the marketplace. This research addressed the gap through the examination of the different aspects of consumer product brand extension evaluations for non-durable goods.

Theoretical Framework

The greater the knowledge gained about consumers' evaluations of brand extensions on nondurable goods, the higher the success rate of these brand extensions being introduced into the marketplace. The idea that the perception or image of a brand created either a positive or negative attitude was based on cognitive processes from the consumer's previous experiences, knowledge, and association, which resulted in the decision mechanism of liking, favoring, and eventually purchasing the product extensions (Calkins, 2005a). The identification and analysis of the roles of categorization, congruence, perception of fit, and product involvement developed from cognitive processes that shaped positive attitude formation between the parent brand and its product extension (Bottomley & Holden, 2001; Chowdhury, 2007; Dickinson & Heath, 2006; Kalamas et al., 2006). Consumers were more inclined to buy product extensions that displayed close resemblance or similarities to their parent brands (Calkins, 2005a; Escalas, 2004; Keller, 2003). Additionally, future purchase decisions of product extensions were affected by various levels of consumer involvement based on the customer's perception of the parent brand (Klink & Smith, 2001).

Several studies on consumer evaluations of brand extensions included the areas of brand attitude in retail markets (Aaker & Jacobson, 2001), accessibility-diagnostics views (Ahluwalia & Gurhan-Canlis, 2000), consumer responses to brand extensions (Alexander & Colgate, 2005), consumer evaluations based on secondary analysis of eight studies (Bottomley & Holden, 2001), categorization theory and consumer evaluations of product extensions (Kalamas et al., 2007), and consumer reactions to brand extensions (Milberg, Sinn, & Goodstein, 2010).

This collection of studies concluded a positive link between a core brand and its extension was created when consumers perceived a resemblance or “fit” between the two product offerings. The affirmation that a positive link between a perceived fit of the core brand and its product extension existed heightened the relevance of categorization theory, congruence, perception of fit, and product involvement as avenues used to understand the consumer’s evaluation of the product extension.

The studies of various theoretical viewpoints through attitude formation and consumer involvement and their impact on future purchases were significant to this research of consumer evaluations of product extensions of nondurable goods (Kalamas et al., 2006; Meyvis & Janiszewski, 2004; Shine, Park, & Wyer, 2007).

Categorization Theory

Categorization Theory (Barsalou, 1985) was originally utilized in consumer behavior literature (Adaval, 2003; Chowdhury, 2007; Kalamas et al., 2006).

Categorization Theory (Barsalou, 1985) stated when product extensions were linked with a previously assigned category or schema heightened the consumer’s positive attitude toward that extension was heightened (Mandler, 1982). Goodstein (1993) stated that categorization could be applied when there was a well-defined match between the product brand extension and the schema or category of the parent brand (as cited in Kalamas et al., 2006, p. 196). A category-based process was elicited and perceptions were based on close resemblance to the parent brand.

Barsalou (1985) proposed products that belonged to a category were characterized by the similarity or familiarity of the extensions to the parent brand. Mandler (1982)

stated when a consumer's evaluation demonstrated a mismatch between the product brand extension and the schema or category, a piecemeal process was elicited and perceptions were made based on the extension's limited characteristics. The category-based method to consumer evaluation of product extensions has been substantiated in various consumer behavior studies that included consumer processes and product adoption (Klink & Smith, 2001), perception applicability to product choices (Priester, Dholakia, & Fleming, 2004), and product category evaluation (Kalamas et al., 2006).

Congruence Theory

Mandler's (1982) Schema Congruity Theory suggested mismatched products that demonstrated a level of moderate incongruity received positive evaluation, as opposed to mismatched products that demonstrated extremely incongruent judgments (as cited in Kalamas et al., 2006, p. 196). In addition, incongruent judgments required deeper cognitive processes to obtain favorable evaluations of the extensions (Chowdhury, 2007). According to Mandler (1982), schema was defined as psychological reasoning that rose from previous involvement or experiences which led to the decision making process and evaluative process. For example, if new situations were assessed in contrast to a present schema and the new situations were discovered to be congruent with compatible images of the schema, congruence provided a positive evaluation of similarity, approval, and a sense of favorability. When incongruence occurred, greater detail in the evaluative process was required, which resulted in either a positive or negative evaluation.

Perception-of-fit

Several researchers acknowledged the role of perception-of-fit as a key element in brand extension evaluations (Chowdhury, 2007; Laforet, 2008; Milberg, Sinn, & Goodstein, 2010; Morrin, Lee, & Allenby, 2006; Morgan & Rego, 2009). According to Huifang and Krishnan (2006), perception-of-fit is defined as the consumer's perception of the level of similarity between the core brand and its product extension. When perception-of-fit was higher between the product characteristics of the parent brand and its product extension, consumer evaluations were positively transferred to both of the products (Oakley, et al., 2008).

Chowdhury (2007) suggested the consumer's perception-of-fit between the parent brand and the extended product were critical in the decision making processes in the formation of attitudes about purchases, acceptance, and likeness between the two products. In addition, Chowdhury (2007) posited consumer evaluations of product extensions on perception-of-fit depended on the consistency of product features and product functions between the parent brand and the extension category. Product extensions were perceived as members of a category in terms of consumer evaluations in how satisfactorily the product extensions met specific characteristics that belonged to the product category (Chowdhury, 2007). Additionally, if a product extension was not viewed as a "fit" with the parent brand, consumer evaluation of the product extension required piecemeal processing when the perception was unrelated to the product category. Therefore, if the relationship between the parent brand and its extended products were perceived to be a "fit," greater attitude formation occurred. When the perception-of-fit was low between the parent brand and its product extension, negative evaluation resulted.

Product Involvement

Product involvement, specifically consumer involvement (high or low) with the product extension, was seen as a significant tool in consumer evaluations of product extensions because of its integral role in terms of consumer cognitive associations with the parent brand, purchase decisions, and the development of a positive attitude (Barone, 2005). High involvement was utilized for low-fit and high-risk product extensions when consumers perceived the product extension as either not in congruence with the parent brand under category-type relatedness or the perception of fit was low between the core brand and its product extensions (Klink & Smith, 2001). For example, before a consumer would buy an Apple iPhone (a durable good), high involvement was used in the rationalization process to purchase it, as opposed to one having applied low involvement, an instinctive behavior prior to the purchase of a McDonald's hamburger (a nondurable good). Another example: before a consumer would buy a bottle of vodka that was perceived to be a low-fit product extension from an established high quality brand name such as Apple, high involvement would be applied during the extension-evaluation rationalization process because of the demonstration of the high-risk product extension.

In order for the consumer to invest in the low-fit high-risk product extension, increased brand awareness and higher exposure to the brand product extension was required (Klink & Smith, 2001). During the evaluation of a product extension, consumers integrated information affiliated with the new product based on the perception of the parent brand's moderate similarity that existed with the extension (Ng & Houston, 2006). According to Escalas (2004), product involvement enhanced cognitive associations with brands. These associations were very powerful in the development of

decision making processes because of the experiences derived from the parent brands that was interpreted as meaningful or symbolic, and thus motivated or influenced future purchase intentions of the product extension (Escalas, 2004).

This research centered on the study of consumer evaluations of product brand extensions of nondurable goods. It was essential to examine the domains that applied to the consumer cognitive process, consumer involvement, and attitude formation toward product brand extensions, as well as to delve into the fundamental elements of how consumers developed future purchase decisions and intentions. The four different theoretical viewpoints of categorization theory, congruence, perception-of-fit, and product involvement, enhanced the understanding of consumer evaluations of product extensions of nondurable goods.

The proposed theoretical framework illustrated how consumers evaluated brand extensions and was based on the literature of consumer evaluations of brand extensions (Chowdhury, 2007; Dickinson & Heath, 2006; Kalamas et al., 2006). The model embodied the significance of the different theoretical viewpoints and roles of categorization, congruence, perception of fit, and product involvement that were considered for necessary attitude formation between the parent brand and its extensions.

This research measured 1) categorization: product familiarity and its effect on consumer evaluations of brand extensions, 2) congruence: brand image and brand awareness and its effect on consumer evaluations of the extended brands, 3) perception-of-fit: product quality, brand image, complement, substitute, and transfer, and their effects on consumer responses to brand extensions, 4) product involvement: consumer

involvement and its effects on consumer evaluations of the extended brands, and 5) the direct effect of attitude-toward-the-parent-brand on attitude-toward-product-extension, in terms of likelihood of trying the extension, product quality, and brand awareness of parent brands and their product extensions. By exploring the important factors of categorization theory, congruence, perception-of-fit, and product involvement that were involved in the development and management of product extensions effectively, the effects of these four theoretical viewpoints in the formation of a correlation between the parent brand and its extensions was better understood (see Figure 1).

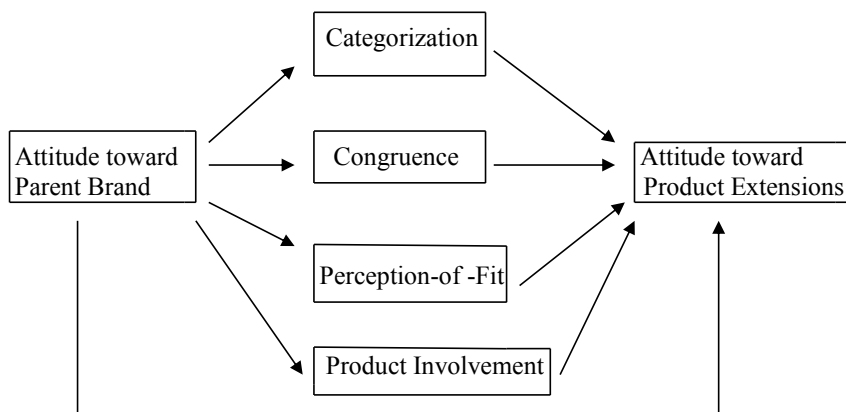


Figure 1: Proposed research model for this study.

Purpose of Study

The purpose of this research was to analyze the effects of categorization, congruence, perception of fit, and product involvement on consumer evaluations of product extensions of nondurable goods and the direct effect of attitude-toward-the-parent-brand on attitude-toward-the-product-extension. This research provided both

marketers and academicians with data that may contribute to the understanding of how consumers' evaluations of brand extensions on nondurable goods impacted brand equity and their successful entrance into the marketplace.

Research Questions

The following research questions addressed were:

1. How does categorization affect consumer attitudes toward brand extensions?
2. How does congruency affect consumer attitudes toward brand extensions?
3. How does perception-of-fit affect consumer attitudes toward brand extensions?
4. How does product involvement affect consumer attitudes toward brand extensions?
5. How does attitude-toward-the-parent-brand affect consumer attitudes-toward-brand- extensions?

Limitations

Due to the methodology of this research, the interpretation and generalizability of the results and findings posed possible weaknesses. The sample population included a mix of students, such as undergraduates and graduates of various majors. Any generalizations developed from the results would be limited, as different populations could produce unpredictable and varied results (Stringer, 2007). As a result, the selected population would not be representative of a broader population (Creswell, 2009).

Delimitations

This study concentrated on nondurable goods, such as food, liquor, clothing, and footwear. The selection of nondurable goods as opposed to durable goods or mixed goods addressed the limited research conducted on nondurable goods and the need to

analyze the roles of categorization, congruence, perception-of-fit, and product involvement that affected the level of consumer involvement and attitude formation. This impacted positive consumer evaluations and the successful entrance of product extensions of nondurable goods into the marketplace. The sample utilized for this study was composed of undergraduate and graduate students majoring in various fields, thereby decreasing the possibility of bias that might occur if the subjects were drawn from one field. A random sample of subjects provided a wider range of data in order to draw conclusions to determine how to successfully improve the introduction of brand extensions as they entered the marketplace.

Definitions

Attitude formation	a cognitive position an individual develops when making an overall decision (i.e., purchase intention) toward a product or brand in regard to perception (i.e., price, quality, image, value) (Maoz & Tybout, 2002).
Brand	a name, trademark, or symbol that represents a company and its products (Sherry, 2005).
Brand association	an organization of cognitive collaborations that are in partnership with common and shared attributes or characteristics of a product or brand (Keller, 2003).
Brand extension	a branding method that involves the expansion of new product lines from an established parent brand (Aaker & Jacobson, 2001).
Brand name	a combination of words that are developed and used to identify the company and its products (Calkins, 2005a).

Category schema	a cognitive framework composed of complementary associations linked to the product lines or categories of a brand (Barsalou, 1985; Kalamas et al., 2006).
Categorization theory	an evaluative process that involves cognitive schema in the organization of perception to further understand the concept of new product offerings in the marketplace (Kalamas et al., 2006).
Complementary	a consumer evaluation of two product categories that relate to one another or mutually complement each other (Chowdhury, 2007).
Congruence theory	an evaluative process of category information involving a match or similarity between the parent brand and its extension (Kalamas et al., 2006; Mandler, 1982).
Consumer involvement	a cognitive thought process that creates an emotional reaction stemming from impulsive behavior or in-depth rationalization that is developed when planning and deciding to buy a product (Klink & Smith, 2001).
Durable goods	products designed to last an extended time.
Mediate	the effect of a variable utilized in research that causes or alters the relationship between a dependent variable and independent variable (Keller, 2003).
Nondurable goods	consumable goods that are used for a short timeframe (i.e., immediate use).
Parent brand	the established original brand of a product (Calkins, 2005a).

Perception-of-fit	the perception level or degree of direct link of shared attributes between a parent brand and the extended brand (Keller, 2003).
Product involvement	used to measure significant consumer involvement with a product category or product line (Klink & Smith, 2001).
Substitution	a method of using one product in place of another product (Chowdhury, 2007).
Transfer	a method of perception that involves prior experience of an existing product that can be carried over to, or adopted by, the new product because of shared characteristics or attributes (Chowdhury, 2007).

Importance of Study

First, this research supplemented the present understanding of consumer evaluations of brand extensions of nondurable goods by addressing the limitations of previous research (Barone, 2005; Chowdhury, 2007). Previous studies (Aaker, 1990; Aaker & Keller, 1990; Chowdhury, 2007) demonstrated several factors played a significant role in the analysis of consumer attitude toward product brand extensions. Although these previous analyses have provided a significant gain in understanding how consumers evaluated product brand extensions, limited research existed in all areas that focused on extension-evaluations of nondurable goods. For example, since some studies focused only on the specific role of product involvement in consumer evaluations of brand extensions, the different viewpoints of consumer evaluation may have been limited or not analyzed to have a mediating effect (Chowdhury, 2007; Escalas, 2005). Therefore, the different viewpoints of consumer evaluation were utilized in this research and

demonstrated that the used of categorization, congruence, perception-of-fit, and product involvement simultaneously were more appropriate than the previous approaches used in past studies (Aaker, 1990; Aaker & Jacobson, 2001; Adaval, 2003; Moorman, 1998; Morgan & Rego, 2009; Park & Srinivasan, 1994).

Second, most of the research on product extensions has recognized some of the core sets of elements that have established the success of product extensions, such as the studies on the significance of consumer attitudes on brand extensions in high-technology retail (Aaker & Jacobson, 2001), consumer evaluations of brand extensions based on eight studies (Bottomley & Holden, 2001), product similarity and perceived fit (Chowdhury, 2007), co-branding (Dickinson & Heath, 2006), consumer interpretations of brand extensions (Escalas, 2004), and significant effects of parent brands and perception of fit of product extensions (Huifang & Krishnan, 2006). In these analyses, several factors involving product choices (Escalas, 2004; Gao, Wheeler, & Shiv, 2009) played an essential role in the interpretation of how consumer attitudes were formed toward product extensions (Chowdhury, 2007; Dickinson & Heath, 2006; Gao, Wheeler, & Shiv, 2009), brand knowledge (Keller, 2003; Kumar, 2005; Meyvis & Janieszewski, 2004), and perception-of-fit (Chowdhury, 2007; Laforet, 2008). The results of this research provided a significant addition to the understanding how consumer involvement, cognitive processes, and attitude formation impacted consumer evaluations of product extensions of nondurable goods.

Finally, this research attempted to provide a deeper understanding of the methods of brand extension evaluations on nondurable goods. Product brand extensions are important to both consumer behavior researchers and practitioners of brand management

strategies. This new understanding may contribute to more successful decisions being made about the introduction of product extensions for nondurable goods.

Summary

This chapter provided an introduction to the gap that exists in the literature and the significance of the simultaneous study of the four theoretical viewpoints of categorization, congruence, perception-of-fit, and product involvement on consumer evaluations of product extensions of nondurable goods and the direct effect of attitude toward the parent brand on attitude toward the product extension. According to Kalamas et al. (2006), estimates have demonstrated that the cost of building a major brand name in the largest main markets of USA, Japan, and Europe was approximately one billion dollars. Additionally, estimate of 90-95% of new brands that entered the USA market annually came from brand extensions alone (Kalamas et al., 2006). Therefore, brand managers and companies depended on leveraging their already established brand name to offer new products to consumers by introducing brand extensions into the marketplace. By introducing brand extensions, risks were reduced in the areas associated with start-up costs, marketing tactics, and managerial time (Oakley et al., 2008).

CHAPTER TWO: LITERATURE REVIEW

Introduction

According to Chowdhury (2007), the seminal research on brand extensions was conducted by Aaker and Keller (1990). Their study used exploratory research that largely contributed to understanding the influential factors of consumer behavior toward brand extensions (Chowdhury, 2007). Since then, several researchers have replicated the study on consumer evaluations of brand extensions. These studies included customer responses to brand extensions (Alexander & Colgate, 2005), relationship between self-concept and consumer product choices (Gao, Wheeler, & Shiv, 2009), fit judgments of product extensions (Huifang & Krishnan, 2006), consumer associations and connections to brand extensions (Escalas, 2004), and roles of congruency of prototypical brand extensions (Kalamas, et al., 2006; Petty & Cacioppo, 1984). The replications of these studies provided different and inconsistent results, as consumer attitude formation constructs remain evasive (Aaker, 1996; Aaker & Jacobson, 2001; Alexander & Colgate, 2005; Chang & Chan-Olmsted, 2010; Chowdhury, 2006; Dickinson & Heath, 2006). The uncertainties and inconsistencies were found in the different behaviors or methodological approaches utilized. As such, the researchers questioned the empirical generalizability of the findings that resulted from various authors on product brand extension evaluations (Chowdhury, 2007; Kalamas et al., 2006; Laforet, 2008; Laurent & Kapferer, 1985; Milberg, Sinn, & Goodstein, 2010; Morgan & Rego, 2009; Muthukrishnan & Weitz, 1991).

The purpose of this study is to analyze the relationships between four different theoretical viewpoints - categorization, congruence, perception-of-fit, and product

involvement – and their effects on consumer evaluations of brand extensions of nondurable goods and the underlying factors of how attitudes are transferred from the parent brand to its product extensions. Despite a few studies on consumer attitude (Aaker, 1996; Aaker & Jacobson, 2001; Alexander & Colgate, 2005; Chang & Chan-Olmsted, 2010; Chowdhury, 2006; Dickinson & Heath, 2006), research on these four different theoretical viewpoints (i.e., categorization, congruence, perception of fit, and product involvement), remains unclear. This research was an attempt to fill the gap in the existing literature and add to the body of knowledge in consumer research, social psychology, and marketing studies on consumer evaluations of brand extensions of nondurable goods.

Attitude Formation

This research focused on the study of consumer evaluations of brand extensions of nondurable goods. Nondurable goods such as food, clothing, and shoes were selected because of the limited studies that currently exist. Nondurable goods are consumable goods that are used immediately. Second, the discussion on attitude formation focused on the evaluative process central to four different viewpoints - categorization, congruence, perception-of-fit, and product involvement when perceptions are developed toward the parent brand. Third, research questions were proposed containing attitude formation of the parent brand to begin examination of the significance of these four perspectives as they affect consumer attitude of the parent brand toward its product extensions when introduced into the marketplace. Fourth, attitude formation between the parent brand and its product extensions were examined. Fifth, in-depth analyses of the four different viewpoints of evaluations were discussed. Sixth, risks and failures of

product extension strategy were considered. Finally, conclusion of the extant research was included at the end.

What is the meaning of a brand to the consumer? The meaning of a brand is both fixed and limitless (Sherry, Jr., 2005). It is a storytelling object that one can either relate to or disapprove of. It is experienced through our five senses and stirs curiosity that includes discussions ranging from how it benefits one's image to the value of a company (Calkins, 2005a). Through sight, brands mold one's thinking process and judgment. Through touch, brands have the ability to shape one's emotional response. Through sense of smell, brands create an aroma, either symbolic or neutral. Through sense of taste, brands reflect enjoyment or displeasure. Through sense of hearing, brands evoke a memorable or forgotten sound. Through these five senses, perception of a brand is created, developed, and shaped. Various meanings are produced by a product as it applies to the customer's need, values, and expectations (Calkins, 2005a). Brands have the ability to shape an individual's thinking, a country's acceptance of a product, or a cultural belief reflecting the acceptance of a product (Sherry, Jr., 2005). When this occurs, market behavior is developed to either accept or reject the product of a brand (Sherry, Jr., 2005).

Calkins defined brands as:

sets of associations linked to a name or mark associated with a product or service. The associations can be positive or negative, and anything can be branded, even water, cities, and people. In addition, brands have the ability to shape how people perceive products – they can elevate a product or diminish a product. As a result, brands are critically important; a brand with negative associations will hurt a

company, and a brand with positive associations will help” (2005a, p. 8).

For example, when a consumer thinks of buying soft drinks, the brand name “Coke” is used generically as the product. Similarly, the brand name “Kleenex” is used to refer to the product, when consumers are actually referring to a box of facial tissue. In addition, “Red Bull” is generally referred to as the caffeine drink product, and “Gatorade” is often used to describe any sports-drink product.

What are the elements that drive consumer acceptance to brands? Consumer product theorists identified the initial perception of a brand can determine marketplace behavior (Calkins, 2005a; Marcus, 2005; Moorman 1998; Morgan & Rego, 2009; Petty & Cacioppo, 1984; Petty, Cacioppo, & Schumann, 1983; Romeo, 1991; Sherry, Jr., 2005; Sujan, 1985). Similarly, consumer perception plays an integral role in how one behaves when evaluating and deciding to buy a product (Aaker, 1996; Calkins, 2005a; Deretsky, 2008; Dickinson & Heath, 2006; Hamilton & Chernev, 2010; Hobson, Strupeck, & Szostek, 2010; Keller, 2003; Zenor, 1994). For instance, look at a product offering of Harley-Davidson. Harley-Davidson is known for making unique motorcycles, and it is perceived by its customers as a lifestyle brand (Calkins, 2005a). Thus, Harley-Davidson is a powerful brand name. It continuously connects with its customers who might buy their products as lifestyle purchases (Calkins, 2005a). Harley-Davidson sells apparel goods that range from boots to leather jackets. These specific products have been successful and profitable for Harley-Davidson.

However, in 2005, Harley-Davidson introduced cake decorating kits that were promoted and directed for children’s birthday cakes. The product failed. When a consumer does not associate a product such as a cake decorating kit with a brand name,

Harley-Davidson, the product does not have equivalent perception of “fit” that the “lifestyle brand,” Harley-Davidson, is known for. On the other hand, in 2004, “high-fashion” Karl Lagerfeld introduced his “limited edition” apparel at H&M’s discount chain stores. This strategic offering was successful based on the favorable evaluations and positive judgments made by its targeted consumers. Karl Lagerfeld consistently offers quality merchandise that the brand name symbolizes. It provides the equivalent connotation Karl Lagerfeld personifies in his clothing line.

However, some of the well-known products that have failed include Bill Blass clothing apparel that offered gourmet chocolates; BIC, known for its razor and pen products, introduced a line of perfumes; Pepsi known for its dark cola soft drinks, launched Crystal Pepsi; and Coca-Cola brand that launched New Coke (Braig & Tybout, 2005). The question arises as to what factors drive marketplace behavior, and how does a famous and respectable brand name, such as Harley-Davidson, fail in some of their product offerings and succeed with other products? This lack of understanding may negatively impact the success rate of introducing product extensions of nondurable goods into the marketplace.

Marketers need to understand consumer perception more fully to determine how these influential factors lead consumers to accept and make the decision to buy the product (Chowdhury, 2007; Keller, 2003; Monga & John, 2007; Moor, 2008; Ng & Houston, 2006; Priester & Dholakia, 2004; Zaichowsky, 1985). For instance, consumers develop a specific perception of likability or favorability based on judgment made during the evaluative process of a brand (Calkins, 2005b). The research writings on perception of co-branding of products (Dickinson & Heath, 2006), developing consumer relations to

brands (Escalas, 2004), and fit evaluations of product extensions (Huifang & Krishnan, 2006) have established several aspects in developing consumer perception. In addition, these perceptions can be utilized as building blocks by consumers to act on buying a product to fulfill their needs, wants, and desires when the product has been accepted (Blichfeldt, 2005; Bottomley & Holden, 2001; Choi & Kim, 1999; Dacin & Smith, 1994; Malaviya & Sternthal, 2009).

Consumer perception was an important factor when a consumer's reaction (i.e., thought process, judgment, and acceptance) was developed about a brand that can then lead to action (i.e., decisions to buy or intentions) (Aaker, 1996; Aaker & Keller, 1990; Boush & Loken, 1991; Bridges, Keller, & Sood, 2000; Chowdhury, 2007; Keller, 2003; Meyvis & Janieszeski, 2004). As was introduced earlier, Harley-Davidson's success with the offerings of apparel goods was recognized as possessing a comparable "fit" through the assigned appropriate product category aligned with its flagship as the "lifestyle" brand (Aaker & Jacobson, 2001; Keller, 2003). In addition, Harley-Davidson's introduction of the rocking motorcycle product was supported by its target consumer because of its close resemblance and connection to the Harley-Davidson brand.

In this scenario, positive interpretations were established by perception when a favorable association was made between the brand and its products that demonstrated close congruity to its assigned product category while meeting consumer's needs (Kalamas et. al., 2006; Kumar, 2005; Morgan & Rego, 2009). On the other hand, product appraisal on Harley-Davidson's cake decorating kit was not perceived to be related or consistent with the brand's original symbol or attitude portrayed as a "lifestyle" brand. Harley-Davidson's target market was unable to develop the close connection associated

between the brand's product features and the product extension as belonging in the same product brand category.

According to Schiffman and Kanuk, perception is defined as "the process by which an individual selects, organizes, and interprets stimuli into a meaningful and coherent picture of the world" (2007, p. 152). These stimuli were referred to as parent brand names in this literature. Consumers established a different analysis of the same stimuli based on their past experiences, awareness, or knowledge about the stimuli (Blichfeldt, 2005; Kumar, 2005; Lane & Sutcliffe, 2006; Lee, 1995; Schiffman & Kanuk, 2007). When a consumer saw the stimuli, information was developed into cognitive processes that were stored in memory (Bridges, Sood, & Keller, 2000; Huifang & Krishnan, 2006; Kalamas et. al., 2006).

During the cognitive process, consumers were able to subconsciously eliminate or add significant information describing the object having either matching or mismatching attributes to the original brand (Aaker, 1996; Alexander & Colgate, 2005; Kalamas et al., 2006; Schiffman & Kanuk, 2007). Once this memory was retrieved, recommendations were elicited about the stimuli for evaluative process (Aaker, 1996; Aaker & Keller, 1990; Adaval, 2003; Barone, 2005). During the evaluative process, prior experiences about the brand allows for differentiation to be made between the product being offered and the parent brand (Keller, 2003). Does the product display consistency in its assigned brand category? The level of consistency or relatedness of the product being offered can be based on prior knowledge already established about the brand (Escalas, 2004; Gao, Wheeler, & Shiv, 2009). For example, every individual's past experiences with the Nike brand will be interpreted differently. When consumers make the decision to buy a pair of

shoes from Nike, these purchasing decisions can be related to categorizing the product from previous brand awareness, familiarity, or knowledge of the brand. These past experiences may symbolize specific childhood experiences, such as the sense of smell from when they bought their very first Nike brand shoes, the experiences from the touch of a premium quality fabric Nike brand uses, or the connection established to an admired athlete associated with the Nike brand.

Similarly, Mandler (1982) suggested that when subconsciously developing these unrelated attributes belonging to the product, an interpretation is formed through piecemeal processing. Piecemeal processing allowed for interpretation to contain meaningful attributes based on the selection of the product's individual characteristics, such as product features or product functions, to accept the product in fulfilling their own personal expectations, values, ideas, and experiences (Milberg, Sinn, & Goodstein, 2010; Monga & John, 2007; Schiffman & Kanuk, 2007; van Osselaer & Alba, 2003,). Thus, consumers perceived a product belonging to a specific product category based on matching or "fit" of the brand's product features or functions under that assigned product brand category. If the perception was based on mismatched or unrelated product features or functions, consumers created their judgments according to individual characteristics of the product to fit their needs, while interpreting their judgments based on their past experiences and perception consistent to the brand (Blichfeldt, 2005; Escalas, 2004; Kalamas et al., 2006; Sood & Dreze, 2006; Sujan, 1985; Yeung & Wyer, 2005; Zenor, 1994).

In addition, the types of product selected are based on previous experiences already developed using different levels of consumer involvement with the brand name

(Barone, 2005; Barone, Miniard, & Romeo, 2000; Klink & Smith, 2001; Schiffman & Kanuk, 2007). Consumer Involvement Theory (need research citation) was defined as a cognitive thought process that creates an emotional reaction stemming from impulsive behavior or in-depth rationalization that is developed when planning and deciding to buy a product (Barone, 2005; Barone, Miniard, & Romeo, 2000; Klink & Smith, 2001).

To illustrate using Traylor's (1981) theory on low involvement of nondurable goods based on familiarity and selection of the brand, a consumer can shop at a Louis Vuitton boutique, go directly to where the premium-priced belt is located, and make the selection to purchase the product extension. This purchasing behavior is based on past experiences of likability, familiarity, consistency, and favorability with the parent brand. The consumer used brand name familiarity as a form of low involvement to select the product's attributes as the principal factor of likability when buying the product extension (Schiffman & Kanuk, 2007). Since low involvement is used to purchase the product extension (i.e., belt) from the Louis Vuitton boutique, the process of using visual aids in advertising, symbols for brand familiarity, and selection, largely contributed to the elicitation of a specific meaningful view that the Louis Vuitton brand conveyed to its target consumers (Keller, 2003; Klink & Smith, 2001; Lee, 1995; Traylor, 1981). Attitude formation toward a brand originated from initial perceptions of the stimuli and the level of involvement used to formulate a decision to purchase the product (Aaker & Keller, 1990; Boush & Loken, 1991; Kalamas et. al., 2006).

These perceptions were developed through cognitive processes or piecemeal processes, where organized information is stored in memory and can be interpreted when judging or evaluating a brand (Aaker, 1996; Aaker & Jacobson, 2001; Aaker & Keller,

1990; Boush & Loken, 1991; Chowdhury, 2007; Kalamas et al., 2006; Romeo, 1991; Traylor, 1981). Building on this concept, we began exploring how attitudes are transferred from the parent brand to its product extensions and what types of situations are present when judgments are developed. The best known evaluative tasks in attitude transfer are categorization, congruence, perception-of-fit, and product involvement. First, how does categorization affect consumer attitudes toward brand extensions? Second, how does congruency determine consumer attitudes toward brand extensions? Third, how does perception-of-fit affect consumer attitudes toward brand extensions? Fourth, how does product involvement impact consumer attitudes toward brand extensions? Finally, how does attitude-toward-the-parent-brand affect consumer attitudes-toward-brand-extensions?

Brand Extension and Attitude Formation

Initially, we needed to gain a deeper understanding of how the formation of attitude about the parent brand affected consumer evaluations of its brand extensions when introduced into the marketplace. Both marketers and consumer researchers have focused on brand extension strategies as a link to drive positive market growth for companies. For example, for over two decades of product offerings, Ivory soap has effectively utilized brand extension strategy by developing and marketing various household products. P&G continues to introduce various product extensions into different sectors of its target consumer markets.

The risks of introducing products can be substantially lessened by leveraging the established parent brand name to extended products and by providing complementary attributes associated to the core brand (Aaker, 1996; Dickinson & Heath, 2006; Escalas,

2004; Hobson, Strupeck, & Szostek, 2010; Keller, 2003; Kumar, 2005; Lane & Sutcliffe, 2006; Levitt, 1960; Ozanne, Brucks, & Grewal, 1992). Marketers have successfully utilized the evaluative process of categorization, congruence, perception of fit, and product involvement to determine attitude formation and the different levels of consumer involvement between the parent brand and its product extensions (Aaker, 1996; Aaker & Jacobson, 2001; Aaker & Keller, 1990; Kalamas et al., 2006; Morrin, Lee, & Allenby 2006).

There are two different types of brand extensions. Horizontal extensions are referred to as a new product operating from the same brand name under the same product category such as Diet Coke with Coke (Aaker, 1990; Keller, 2003). This type of extension is the most popular mode of introducing brand extensions because these products are easily accepted with substantial reduction of costs to produce, market, promote, and launch them under the same flagship brand name (Aaker & Keller, 1990). Vertical extensions are referred to as a second brand in addition to the parent brand name such as Moet Hennessy USA luxury alcoholic beverages and Belvedere luxury vodka alcoholic beverages (Aaker, 1990; Aaker & Keller, 1990; Keller, 2003).

The potential downfall to the parent brand of the horizontal/line extension is when the customer perceives a product extension is too similar in attributes to the parent brand, cannibalization and potential dilution of the parent brand may occur. Similarly, if the flagship brand has a strong identity and the line extension displays inferior characteristics, such as low quality and value in comparison, then the product extension may not succeed in the marketplace (Aaker & Keller, 1990; Keller, 2003; Schiffman & Kanuk, 2007). Additionally, line extensions displaying weak attributes may be copied by

competitors due to reverse engineering, allowing the product to be easily copied (Braig & Tybout, 2005; Sansgiry & Nadkarni, 2004). On the other hand, vertical extensions must consider quality, value, and pricing as significant criteria to meet in gaining favorable consumer evaluations in associating with the parent brand (Escalas, 2004; Hamilton & Chernev, 2010). Too often, two brands from the same portfolio may be priced too closely, and competition becomes intense between the two brands (Carpenter, & Nakamoto, 2005; Escalas, 2004).

The primary concept behind vertical extension is to acquire new buyers by offering different types of products in order to strengthen the relationship between the existing and new consumers with the flagship brand name (Broniarczyk & Alba, 1994; Burman, Zeplin, & Riley, 2009; Chowdhury, 2007; Escalas, 2004; Sujan, 1985; Tauber, 1981). As discussed earlier with Nike, the Nike brand has continued to offer different ways to keep its current consumers while gaining new prospective consumers. This process was developed because of the various products and brand names it offered to a vast population of athletes and sports fans.

Recent studies on the development of attitude formation based on these four different viewpoints (i.e., categorization, consistency, perception-of-fit, and product involvement) have, for the most part, been written separately in brand extension and core brand management literature (Alexander & Colgate, 2005; Barone, 2005; Shine, Park, & Wyer, 2007). Examples of these recent studies concentrated on consumer reaction to brand extensions in retail (Alexander & Colgate, 2005), the leverage of positive mood to consumer evaluations (Barone, 2005), differentiation of consumer evaluations of brand extensions (Maoz & Tybout, 2002), perspectives on brand extensions involving broader

brands (Meyvis & Janieszewski, 2004), consumer relations to the extended product (Milberg, Sinn, & Goodstein, 2010), self-view and brand associations (Ng & Houston, 2006), order of entry of prototypical and exemplary brands (Oakley, et al., 2008), and multiple branding strategies (Shine, Park, & Wyer, 2007).

Brand extension researchers acknowledged the data provided consumers on the associations of extensions can be utilized by the consumer to accept similar expectations derived from the characteristics, attributes, and benefits of the original brand (Kumar, 2005; Lane & Sutcliffe, 2006; Park & Srinivasan, 1994; Shine, Park, & Wyer, 2007). To illustrate, the Coach brand is known for its ladies' luxury leather handbags. It expanded its leather goods products by offering shoes, key chains, umbrellas, and clothing to its consumers. The acceptance of these product extensions were derived from the images of classic fashion wear and past experiences of long-lasting quality and value under brand category.

Several researchers have emphasized studies on brand extensions of quality and self-perception associated with brand extensions (Chowdhury, 2007), product choices exemplifying self-views (Gao, Wheeler, & Shiv, 2009), perception-of-fit, risks, and trust involved in purchasing brand extensions (Laforet, 2008), consumer interpretations of the extended products in the competitive marketplace (Milberg, Sinn, & Goodstein, 2010), branding and portfolio management (Morgan & Rego, 2009), classification and comparative judgment of brand extensions (Oakley, et al., 2008), and brand extension and combination of products (Shine, Park, & Wyer, 2007).

The common concept derived from previous branding literature is that positive attitudes can be readily transferred from the parent brand to a newly introduced product

extension that demonstrates well-defined categorization or schema or brand fit (Adaval, 2003; Ahluwalia & Gurhan-Canli, 2005; Barone, Miniard, & Romeo, 2000; Bottomley & Holden, 2001; Calkins, 2005b; Kalamas et. al., 2006; Keller, 2003; Priester, Dholakia, & Fleming, 2004). Therefore, positive judgments can be anticipated on the newly introduced product extensions based on previously known information such as awareness, knowledge, perception, or views from the parent brand (Aaker, 1996; Aaker & Keller, 1990; Blichfeldt, 2005; Keller, 2003; Keller, Heckler, & Houston, 1998; Kumar, 2005; Laforet, 2008; Lane & Sutcliffe, 2006). For example, the Starbucks' brand is famously known for its gourmet coffees. When Starbucks' expanded their product offerings to cold drinks such as frappuccino and iced-tea beverages, the outcome was extraordinary because of shared attributes (i.e., beverage, quality). Consumers were able to see consistency with the original Starbucks brand. Consumers' perceptions and past experiences with the Starbucks brand transferred to Starbucks frappuccino, due to attributes belonging in a product brand category based on knowledge and degree of typicality with the parent brand.

Brand extensions can be both powerful and profitable channels for firms to utilize. Capitalizing on consumers' positive evaluations and favorable appraisals of the parent brand can also be beneficial routes for branding strategy (Loken & Ward, 1990; Marcus, 2005; Morgan & Rego, 2009; Ozanne, Brucks, & Grewal, 1992; Park & Srinivasan, 1994; Shine, Park, & Wyer, 2007). These relationships were significant in the present research because of their major role in demonstrating how consumers' positive attitudes are formed in the evaluative judgment tasks of the parent brand and its extended products of nondurable goods. These four different viewpoints of evaluations

(i.e., categorization, congruence, perception-of-fit, and product involvement) can demonstrate how attitudes are formed through cognitive processes and the different levels of consumer involvement that shape the consumers' attitudes toward brand extensions of nondurable goods. When provided with insufficient information, finding peripheral cues that consisted of similar or familiar attributes already established from the core brand eased the evaluation process and reduced complicated decisions.

According to Milberg, Sinn, and Goodstein (2010), brand extension strategies relied on cues provided by already-developed positive views or perceptions defined by brand "fit," similarity judgments, categorization, or schema of the parent brand name. To illustrate, the legendary Coca-Cola formula that was invented in 1886 by John Pemberton and is a brand known worldwide for its fizz and thirst quenching. It is attributed to meeting consumer satisfaction and its reinvention of products has been recognized by a wide customer base. Its product offering of Diet Coke (i.e., dark cola) has achieved success because it meets consumer demands and the Coca-Cola brand has maintained its initial perception of delivering great taste and value to its loyal consumers.

Another example is the McDonald's brand. McDonald's is synonymous with fast foods such as hamburgers and fries. The new healthy version of eating at McDonald's includes hot oatmeal and fruits in a cup, chicken salads, and wraps. These variations of foods offered by McDonald's have been accepted by various consumers because of specific characteristics (i.e., cues), such as price, value, and fast service, belonging to the original perception of the McDonald's brand category.

This research centered on the simultaneous study of categorization theory, congruence, perception-of-fit, and product involvement as major factors affecting attitude

formation, consumer involvement, and decisions made on future purchases as consumers evaluated product extensions of nondurable goods and their successful entrance into the marketplace. These four viewpoints, when studied together, filled the gap in the literature regarding how consumers developed their perceptions of brand extensions and their impact on attitude formation and consumer involvement that affected the positive evaluations and successful entrance of product extensions into the marketplace. Synopses of selected literatures of brand extensions from 1990 are listed in Appendix I to reflect the references used for the research questions for this study.

Categorization Theory

Attitude formation toward a brand and its product extension can be developed from products perceived as belonging in the same brand product category (Aaker & Keller, 1990; Keller, 2003). Categorization theory asserted the initial reaction toward product extension may be readily influenced or linked from prior consumer experiences with the core brand (Kalamas et al., 2006; Meyvis & Janiszewski, 2004; Priester, Dholakia, & Fleming, 2004; Shine, Park, & Wyer, 2007).

Ward, Bitner, and Barnes (1992) proposed consumers used cognitive efforts in processing a new stimulus (i.e., product brand extension) by classifying the new product based on recent stored category schema. A category schema is developed from known category traits, such as perception or knowledge previously established in memory (Aaker, 1996; Huifang & Krishnan, 2006; Kalamas et al., 2006). These attitudes can be automatically transferred to the new product based on evoked category-relatedness or category-type when there is a match to a family member of a brand name (Calkins, 2005b; Keller, 2003; Klink & Smith, 2001; Kumar, 2005). For instance, consumers'

acceptance of the Coach brand with matching wallets as product offerings as perceived in terms of having complementary objects for the handbags that included attributes such as durability and being fashion-conscious. These attributes provided a connection and close association between the handbags and the wallets based on the product's category-relatedness or category-based assessment. When consumers make the assessment between the handbag and the wallet, perception of associations on the level of similarities (i.e., close range) exist in the value, class, and complementarity inherent in the brand product category.

However, Loken, and Roedder John (1993) contended if the extension demonstrates unrelated or mismatched attributes to its product category, evaluations of the extension to the product category need to be conducted through a computational piecemeal processing. When the perceiver is confronted with using piecemeal processing, evaluations of the new product require gathering more information (i.e., commonality or shared similar attributes), in order to properly process the new product in its product category (Golder & Tellis, 1993; Kalamas, et al., 2006; Loken & Ward, 1990).

Another example was the clothing line introduced by the Coach brand. Upon first impression, consumers used cognitive processing by applying piecemeal processing to the unrelated idea of the clothing line. Piecemeal processing was utilized for the low involvement judgment task to determine whether the clothing line belongs in the same product category as the Coach brand. Individual attributes such as quality, price, and image were assessed in order to accept the level of consistency (i.e., far range) of the new product offering. Since favorable evaluations already existed with previous encounters

and observations of the characteristics of the Coach brand, exceptions were made to accept the clothing line.

According to Meyvis and Janieszewski (2004), if consumers perceive the extension of a brand category as mismatched and the perception-of-fit is low, then a greater amount of impact is placed upon the transfer process and the extension evaluation. If consumers positively associate the extension as matching the brand category, then the level of perceived fit is high, yielding a greater transfer of schema (Dacin & Smith, 1994; Kalamas et al., 2006; Kirmani, Sood, & Bridges, 1997; Meyvis & Janieszewski, 2004). A considerable body of research supports this viewpoint when processing a new stimulus under categorization theory (Huifang & Krishnan, 2006; Kalamas et al., 2006; Laforet, 2008; Meyvis & Janieszewski, 2004; Ng & Houston, 2006).

Ahluwalia and Gurhan-Canli postulated that under the accessibility-diagnosticsity model, “the accessibility of extension information is likely to moderate the effect of diagnosticsity of extension information on family brand extensions” (2000, p. 371). Additionally, Ahluwalia and Gurhan-Canli further theorized that the accessibility-diagnosticsity model can be utilized as a foundational response in establishing the following criteria of “the accessibility of the input in memory, the perceived diagnosticsity of the input for the judgment, and the accessibility of other inputs in memory” (2000, p. 371). Therefore, consumers’ evaluations of the extensions were affected by their joint similarity with the parent brand because the extensions contain information that demonstrates saliency and satisfaction for developing a judgment congruent to the parent brand name. For example, cognitive information processing occurred when a consumer

activated his cognitive responses (e.g., knowledge of extension), and judgment (e.g., brand name rating) occurred based on memory searchers (Ahluwalia & Gurhan-Canli, 2000). The research findings indicated perceived category similarity on running shoes was chosen as having close extension and briefcases as far extension for an athletic company. Additionally, interpretations from the results displayed positive close extensions of TV sets and vacuum cleaners to be far extensions for an electronic products company.

Meyvis and Janiszewski (2004) investigated the significance of categorization on consumer evaluations of product extensions. In this research, the brand and its product extensions were represented in separate brand categories. Broad brands were classified as brands exhibiting a portfolio of diverse products, such as durable blenders and hair dryers. Narrow brands were classified as brands exhibiting a portfolio of similar products, such as food processors and kitchen appliances. The use of categorization theory indicated how benefit associations – under accessibility (i.e., level to which a fraction of information can be recalled from memory for judgment), diagnosticity (i.e., level to which a fraction of information is significant for that judgment), similarity of category associations determined consumer evaluations of product extensions (Meyvis & Janiszewski, 2004).

The authors theorized that product extensions of a similar brand would be evaluated more favorably than product extensions of dissimilar brands when similar and dissimilar brands have equal use of accessibility and diagnosticity benefit associations (Meyvis & Janiszewski, 2004). It was discovered a broad brand has lower competing category associations than a narrow brand to the extent that benefit associations of either

brand are equally diagnostic. Additionally, a broad brand has a favored position in its strength of gaining extension success. The authors concluded a favorable relationship applies between a broad brand and its extensions, and that similar single-category brands extensions were preferred over dissimilar single-category brands extensions.

Based on the earlier literature review, it was concluded that positive evaluation of the extension can arise in conjunction to applying previously known category or schema as having a “fit” between the parent brand and its extension (Aaker, 1991; Aaker, 1996; Aaker & Keller, 1990; Huifang & Krishnan, 2006; Kalamas et al., 2006; Keller, 2003; Lee, 1996; Meyvis & Janiszewski, 2004; Morgan & Rego, 2009). Recent substantive research on categorization theory and brand extensions provided empirical support based on the notion that when greater similarities are associated between the parent brand and its extension, a higher level of perception of similarity can lead to a favorable evaluation of the extension (Aaker, 1996; Alexander & Colgate, 2005; Huifang & Krishnan, 2006; Laforet, 2008; Milberg, Sinn, & Goodstein, 2010; Ng & Houston, 2006).

Congruence Theory

Over a period of time, a brand must continuously live up to its promise to be consistent to the perception that consumers value about the brand (Calkins, 2005b). For example, Nike is a respectable brand. The Nike brand is known for reinvention by naming and designing shoes after famous athletes. The Nike brand has expanded its shoe wear to sports clothing and gear, and it continues to receive favorable recognition for all of its product offerings. The promise it consistently provides defines this brand by delivering quality merchandise. In return, consumers buy these products based on their positive associations with the Nike brand and connections to the sports world and various

athletes. Therefore, the perception consumers have of the Nike brand included positive associations consistent with the image they have portrayed in the marketplace.

Brand extension theorists suggested consumers evaluate brand names and their product extensions based on the consistency, image, and knowledge matching the parent brand name's attributes (Aaker, 1996; Blichfeldt, 2005; Chowdhury, 2007; Dickinson & Heath, 2006; Escalas, 2004; Kalamas et al., 2006; Lee, 1995; Park & McCarthy, 1993; Park, Milberg, & Lawson, 1991; Park & Srinivasan, 1994). Mandler (1982) suggested, according to schema congruity theories, cues that consist with some degree of incongruity are considered to create an elevated cognitive processing mechanism, and, as a result, are likely to be evaluated more positively than when cues are extremely incongruent or congruent (as cited in Kalamas et al., 2006, p. 196).

Mandler (1982) defined schema as subconscious reasoning based on experiences that influence perception and thought (as cited in Kalamas et al., 2006, p. 196). To illustrate, a cosmetic buyer evaluated a product, such as a bottle of nail polish, based on the product's brand name, Chanel, and an expensive price tag. Through this evaluation process, the consumer concluded the nail polish is highly priced based on knowledge, image, and awareness consistent with the brand name. Similarly, an analysis can be made when a consumer looks at a Gucci handbag. A swift judgment can be associated to the big-ticket luxury item based on the brand. The perception of lavish interior and premium quality exterior designs of this product is consistently attributed to the Gucci brand. When categorizing Gucci products, specific attributes can be developed to define this brand. In order to continue favorable consumer appraisal, Gucci must uphold its consistent image of quality its products represent.

According to Kalamas et al. (2006), parent-brand associations were not significant for moderately congruent and incongruent brand extensions. Results from this study indicated participants reacted positively to the idea of 1st Aid ointment as a brand extension to Band-Aid products under the congruent theory of category-relatedness between the parent brand and its extension. In addition, participants demonstrated positive evaluations of the concept extension of Kleenex to toilet paper because of its attributes such as softness, and disagreements were displayed to the concept extension of Xerox to a wristwatch because of preciseness. Similarly, participants reacted negatively to the idea of running shoes as a brand extension to Coke because of dissimilarities, or the perceived extreme incongruence of the category-types. In their research, Kalamas et al., (2006) concluded consumers using the congruence theory to process cues demonstrated category-relatedness and well-defined criteria by using attributes in assessing product extensions positively. These positive perceptions could be a dominant factor in future choices.

Research studies conducted by Yeung and Wyer (2005) indicated consumers' evaluations were based on initial reactions and impressions as congruent to the core brand and may be elicited toward their extensions. Furthermore, the influences of attitudes toward extensions can be derived from the available cognitive information, cues that are attributed to the core brand, or the affect being experienced at the time of the evaluation, regardless of similarity or dissimilarity between the core brand and the extension. The investigation process of an affect-eliciting brand determined when participants have been exposed to a brand that elicits affect, the response displays either a favorable or positive affect regardless of core-extension similarity. Results from this

study indicated respondents liked both Japan Airlines and Luftansa and disliked both Air China and Alaska Airlines. Additionally, positive feeling was demonstrated toward Japan Airlines and negative feeling toward Air China. According to the results based on the significance of judgments made toward the affect-eliciting brand, the core brand elicited positive affect rather than on favorableness alone.

Based on the studies provided of examples on congruity theory, it was concluded the analysis of a product such as a brand extension, when applied to the definition of congruence, demonstrated significant impact on consumers' evaluations on positive judgments. As a result, congruous perception of the core brand and its extensions were attributed to Mandler's (1982) congruity schema theory. The extent of how consumers form judgments and expectations about a brand and its product extensions impacted consumer evaluations. Through consumer perception, brands must convey and exhibit the same message of consistency through their product offerings.

Similarly, consumer interaction with the brand and its products produced associations and awareness of what the brand symbolizes. For example, consumers' knowledge of Starbucks brand displayed value consistency of its image ranging from its superb store experiences to product quality. A substantive part of research supported these inferences on congruence theory such as consumer responses to extended products (Alexander & Colgate, 2005), reactions to brand portfolio (Dacin & Smith, 1994), reactions to order of entry of products (Oakley et. al., 2008), multiple effects of brands (Shine et al., 2007), and loving products and its effects (Yeung & Wyer, 2005).

Perception-of-Fit

Perception-of-fit has been recognized to include product attributes, specifically product functions and product features in fulfilling consumer needs and wants (Aaker, 1996; Keller, 2003; Klink & Smith, 2001; Laforet, 2008; Maoz & Tybout, 2002; Romeo, 1991; Yeung & Wyer, 2005). Recently, several researchers have given serious thought to perception-of-fit in brand extensions by conducting studies on product similarity (Chowdhury, 2007), brand concept consistency (Laforet, 2008), and transferability, complementarity, and substitution (Dickinson & Heath, 2006). These studies demonstrated influences derived from the core brand name belonging to a specific product category and defined the association that exists between the parent and its product extension. This defining association can be transferred to a product extension when consumers view the product extension as having similar product traits or “fit” to the parent product category in a comparable way.

Consumers process information through evaluations and develop interpretations based on the attributes of the core brands, which allow them to make better decisions on product purchases according to how well the extension fits with the parent brand. In essence, loving a brand extension can occur in the decision making process when they feel that the extension has a higher fit to the core brand. An example is Richard Bronson’s marketing method of selling products from Virgin Records to airline tickets of his Virgin Airlines (Boush & Loken, 1991). Studies demonstrated the effect of liking the Virgin brand, derived from a core brand of a product category that will transfer to the product extension category when consumers develop perception-of-fit with the primary product category in some aspect (Aaker & Keller, 1990; Clarke & Belk, 1979; Keller, 2003).

Perception-of-fit perspective on brand extension evaluations were favorable even when the attention was not directly focused on product-related similarities. According to Shine, Park, and Wyer, brand synergy two-component theory discovered that “consumers reacted positively to product extensions that were complementary such as a digital camera and a digital photo printer and reacted negatively to brand extensions that belonged in unrelated categories such as a digital camera and a snowboard” (2007, p. 663). Positive evaluation was based on the attractiveness of completing a set of related products in the same parent-brand category. Functionality-related features were not considerable influences to positive evaluations of product extensions but complementarity within product-type categories was significant (Shine, et al., 2007).

Providing additional data on perception-of-fit, Chowdhury’s (2007) research examined the effects of brand-specific relationships versus category familiarity. Chowdhury (2007) suggested parent brands having a higher fit with their extensions will receive positive evaluations when consumers perceive these two product categories as demonstrating high quality and enhancing one’s self-concept. The author discovered participants evaluated Pran juice and Seiko together positively and Double cola and Camay together negatively. The Pran juice and Seiko were perceived as having high quality and Double cola and Camay as lower quality. The author suggested positive consumer interest could be advantageous to the evaluations of brand extensions when a positive relationship, such as meaningfulness, is directly linked to the parent brand. As a result, the author concluded that favorable evaluations of product extensions demonstrating self-enhancing factors, such as positive meaningfulness, elevating one’s self-esteem, and intensifying prestige, affected future choices.

Similarly, Papadimitriou, Apostolopoulou, and Louka's (2004) study on perception-of-fit assessed consumers' evaluations of fit between product extensions and the core brand in generating positive relationships and purchasing behaviors between sports fans and sports drink brand extensions. Perception-of-fit displayed a significant role in the introduction of sports drink brand extensions. Papadimitriou, Apostolopoulou, and Louka concluded:

(1) consumers perception-of-fit is higher for sports-related brand extensions, (2) extensions with a higher perception-of-fit with the team received higher evaluations, (3) fans were more willing to purchase brand extensions that had high perception-of-fit with the team, (4) there is more than perceived fit when it comes to the extension of sports products, and (5) attractiveness and originality were selling points for a sports brand extension. (2004, p. 32)

According to the study conducted by Bridges, Keller, and Sood (2000), perceived fit can be strengthened by utilizing explanatory links associated with the core brand and the extension. The information derived from the explanatory links must demonstrate distinction in relevance in association with the parent brand in order for consumers to develop positive evaluations toward the extension. The results indicated dominant attribute-based associations, such as physical characteristics of the core brand, were positively accepted when the extension lacked dominant attribute-based associations without the physical attributes. The participants evaluated that extension lower than the extension with dominant-based association that included the physical attributes. Similarly, attribute-based associations can be applied to a product such as Tide detergent. Benefits, such as Levi's (durability), can elicit favorability and higher responses from the

participants, according to the level of perception-of-fit between product extensions and its attributes.

Favorable evaluations of extensions on perception of “fit” are not based on extensions that demonstrate a perfect “fit” between the category-based schema and the product. Building on Mandler’s (1982) congruity schema theory, positive consumer perception existed with products which are moderately incongruent or moderately mismatched rather than when the products demonstrate extreme incongruity (as cited in Kalamas et al, 2006, p. 197). Further, positive judgments of product extensions demonstrating “acceptable fit” can be overlapped from one product class to another based on product features and product functions (Kalamas, et al., 2007). Mandler’s (1982) belief suggested consumers may use the existence of superior cues, such as a parent brand name, as a means to approach various cues related to a category or schema when evaluating product extensions.

Product Involvement

Does product involvement affect consumer evaluations of product extensions of nondurable goods? Does a high involvement or low involvement product involvement affect the attitude of perceived fit of brand extensions? An early scenario in Traylor’s (1981) low involvement theory involving nondurable goods and purchasing attitude of the Louis Vuitton brand and its extended product such as the belt was discussed. Applying low involvement engagement and the use of readily available and significant cues established from the parent brand were influential factors in obtaining favorable consumer evaluations on the extension.

Product involvement theory, specifically consumer involvement with a product extension, explored how levels of involvement affect purchasing decisions. According to Lee (1995), under low involvement engagement, if the consumer does not initially perceive an object to belong in a category based on product-schema incongruity and is not highly involved with the judgment task, then piecemeal processing is not utilized to process product information. By using piecemeal processing, in-depth cognitive effort is needed.

Suppose consumers who are shopping for a pair of shoes come across a pair of Louis Vuitton in black patent leather with three-inch heels, excellent craftsmanship and stitching, premium price, and highly comfortable. In order to understand the brand and its product attributes, the consumer took the product attributes and assigned it an appropriate brand product category by collecting dominant cues about the brand and its product attributes (Lee, 1995). Dominant and significant cues about the brand and its product attributes were perceived by the consumer as salient cues (brand and its price) connected with the primary category level that for evaluation to be made about the brand (Blichfeldt, 2005; Bottomley & Holden, 2001; Lee, 1995). These cues served as the foundation in categorizing the brand and were utilized to evaluate additional information, such as features of the product, to access for future references. Once a category has been assessed, the consumer made a confirmation of the product as a member belonging in the appropriate category by adding the remaining descriptive information about the product (Priester, Dholakia, & Fleming, 2004; van Osselaer & Alba, 2003; Yeung & Wyer, 2005).

Consumer researchers consider product involvement (consumer involvement) as having a major role in product purchasing (Keller, 2003), advertising (Bridges, Keller, & Sood, 2000), performance and product design (Muthukrishnan & Weitz, 1991), and product research design (Klink & Smith, 2001). Klink and Smith (2001) suggested product involvement existed in basic research design decisions and proposed high product involvement is required for low-fit extensions.

However, according to Muthukrishnan and Wietz (1991), fit judgment is developed based on peripheral cues, such as deep level cues (i.e., performance) and surface level cues (i.e., packaging characteristics of the product), to obtain the necessary information for a consumer to evaluate the product extensions. These cues provide pertinent data that give rise to the development of judgment when cognitive processes are used with the level of involvement (Muthukrishnan & Wietz, 1991; Traylor, 1981).

Similarly, Klink and Smith (2001) posited greater exposure was needed for low-fit extensions to elevate brand knowledge and to enhance consumer awareness to atypical product extensions. Greater exposure included multiple exposures to marketing communications, observations of products, and information exposure. For example, if the Dole brand introduced new products, like potato chips and cleaning sponges, consumers for the low-fit item (i.e., cleaning sponges) would require more information and high involvement to cognitively process the level of similarity and perception of “fit” that exists between these two products. Greater acceptance of the potato chips would be displayed because of the low level of involvement and low risk product extensions perceived as belonging in a brand product category.

Moreover, Klink and Smith suggested “low levels of exposure and information ... may have subtly created a relatively high-risk to evaluate alternatives” (2001, p. 329). Additionally, Smith and Andrews (1995) proposed the level of perceived risk increases if the level of perceived fit is low, leading to an unfavorable evaluation of the extension (as cited in Klink & Smith, 2001, p. 329). According to Zaichowsky (1985), product involvement was the perception-of-fit based on customer’s needs, identities, and values of the product extension. Similarly, Keller postulated “under low involvement consumers are deficient in the areas of motivation, ability, or opportunity, in which a brand may be utilized as a heuristic cue” (2003, p. 600). As a result, low involvement products do not require extensive rationalization application (Keller, 2003; Klink & Smith, 2001; Lee, 1995; Traylor, 1981; Zaichowsky, 1985).

Gao, Wheeler, and Shiv (2009) suggested product involvement was used to analyze product extensions as a means to bolster one’s original self-view. Similarly, product involvement was used as a deciding tool to positively evaluate the extension when the extension exhibited attributes that can enhance self-identity and increases self-confidence. Additionally, product involvement was used to develop an attitude to purchase the extension when the extension demonstrates quality, value, and prestige. High involvement may be required for higher perceived risk products, requiring consumers to use a schematic to form judgments on the extension by relying on reputable brand names when faced with decisions to purchase product extensions perceived to be higher risks (Gao, Wheeler, & Shiv, 2009). Based on these studies, several researchers have provided support on product involvement as an underlying factor in understanding how consumers develop attitudes when purchasing product extensions (Barone, 2005;

Clarke & Belk 1979; Gao, Wheeler, & Shiv, 2009; Keller, 2003; Klink & Smith, 2001; Tauber, 1988).

Failures and Risks of Extensions

Due to the extensive rate of brand extensions, precautionary measures must be developed and implemented because not all brand extensions guarantee success. The dangers of brand dilution may result in brand name equity dilution and may cause irreversible or irreparable damage to the reputation and business health of the parent brand (Morgan & Rego, 2009). Although the successes of brand extensions have been explicitly delineated, there are substantial risks involved with the extension strategies. According to Malaviya and Sternhal (2009), brand dilution can occur because of negative evaluations of the target under the umbrella branding strategy. Additionally, Malaviya and Sternhal (2009) asserted brand dilution can be based on the inclusion of parity features that play a significant role in reducing consumer likeness to the parent brand because of non-diagnostic information, features, or description.

Morrin, Lee, and Allenby (2006) noted maintaining constant monitoring was critical to the strength and survival of brand extensions. Similarly, monitoring can serve as a preventative measure in avoiding any negative reactions that may occur to both the parent brand and the extension. Several researchers hypothesized inconsistent or unrelated attributes, characteristics, and benefits between the parent brand and extension can lead to harmful effects to both the parent brand and the extension (Aaker, 1991; Aaker & Keller, 1990; Adaval, 2003; Ahluwalia & Gurhan-Canli, 2000; Kalamas et al, 2006; Kumar, 2005; Morgan & Rego, 2009; Ng & Houston, 2006). The damaging effects of inconsistency or atypicality had a negative impact on both the parent brand and

the extensions, such as the introduction of a three-piece suit in 1981 by Levi Strauss, a jeans company (Gao, Wheeler, & Shiv, 2009; Meyvis & Janieszewski, 2004; Milberg Sinn, & Goodstein, 2010; Zhang & Sood, 2002).

Previous studies have demonstrated associations to parent brands may be weakened by the negative perceptions displayed by consumers because of the incongruence affect, inappropriateness of line extension, or dissimilarity of attributes that have stemmed from the extension and reversal of this negative affect may be difficult to remedy (Aaker, 1991; Aaker & Jacobson, 2001; Aaker & Keller, 1990; Keller, 2003). By securing the parent brand, introducing relevant extensions to its target market is one key aspect to consider in avoiding these risks (Kalamas et al., 2006; Priester, Dholakia, & Fleming, 2004; Shine, Park, & Wyer, 2007).

In the 20-year investigative research conducted by Reddy, Holak, and Bhat (1994) of the determinant factors to successfully extend a branded product, the results were powerful. The results from the 20-year investigative study continue to be a significant contribution to the current literature on consumer research because they have magnified and enhanced the understanding of consumer behavior in market research of consumer evaluations of product extensions. These results further demonstrate the determinant factors that affect how attitudes are formed and the level of consumer involvement when consumers develop positive appraisals that lead them to buy product extensions. The study showed that brand dilution and cannibalization existed among the 75 line extensions of 34 cigarette brands from 1965 – 1984, whereas an astounding estimation of 30-35% of the total numbers failed in the categories of new product development and only 2 out of 10 single scale items were classified as successful brand extensions.

Similarly, Morgan and Rego (2009) posited that 1 out of 10 new products fail within their first year of entry in the marketplace. Results from Reddy, Holak, and Bhat (1994, p. 250) indicated the “decreasing market growth rate and increasing industry concentration were accompanied by an increased line extensions activities in this industry.” Even though companies have increased the amount of product extension offerings in the marketplace, consumers were not accepting of the different options or selections of branded cigarettes, accounting for the 75 line extensions cannibalizing the brand name.

According to Reddy, Holak, and Bhat, “the average market share of a line extension within the extension category is 5.6% (median share is 2.2%) and the range of shares from .1% to 30%, indicating high variability in the success of line extensions” (1994, p. 150). As discussed earlier concerning the successes and failures of introducing line and vertical product extensions, these results demonstrated the pitfalls of identifying too much similarity between attributes of the extension and the parent brand resulting in cannibalization and dilution of these branded cigarettes as they were introduced into the marketplace.

To summarize, brand extension management strategy involves in-depth examination of consumer perception and consumer market behavior. Gaining perspectives from previous studies that have concentrated on consumer attitudinal effects and product attributes relating to successful introductions of brand extensions were essential factors to the decision processes involving attitude formation, cognitive process, and product purchasing behaviors. Brand extension strategy needs to pay close attention to the negative effects involving the introductions of brand extensions and their effects on

the core brand. Repairing the negative status or reputation of the parent brand from its associations to the extension may be difficult to navigate (Aaker, 1991; Aaker & Keller, 1990; Adaval, 2003; Ahluwalia & Gurhan-Canli, 2000; Keller, 2003; Pruppers, Ouwersloot, & Lemmink, 2005; Zhang & Sood, 2002).

Conclusion of Extant Research

The literature review demonstrated the significance of extension evaluations in several dimensions. First, it demonstrated how attitudes were formed toward the parent brand with a focus on nondurable goods. Consumer perception of the brand can be developed, shaped, and interpreted into organized information through thought processes, where judgments can be utilized in the evaluative tasks to either accept or reject a product belonging to the brand product category.

Second, relevant discussions of how attitudes were formed between the parent brand and its extensions were pointed out, according to the salient perspectives on consumer perception and associations conceptualized as salient cues originating from the parent brand. Third, the conceptualized theory originating from category-based information processes postulated that explicit associations from prior knowledge of the parent brand will lead to a positive favorability of the extension. For example, if the evaluation of the extension fits the previous interpretations based on category-based information processes, then positive evaluations can be transferred from the parent to its extension.

Fourth, congruence suggested the attributes, characteristics, and benefits must display consistency from the parent brand to the extensions. Furthermore, positive brand elicitation affect can be derived when the information demonstrates saliency and

significance and displays congruence with the parent brand. For example, Bounty brand is known for its absorbent paper towel. If Bounty expanded their product offerings to dishwashing liquid soap and canned foods, would its target consumers accept the new products by using the level of congruency, consistency, and relevance that Bounty paper towel brand is known for? The acceptance for the dishwashing liquid soap may demonstrate higher consistency with the Bounty brand, rather than the canned foods when evaluating the two new products together based on category-relatedness.

Fifth, perception-of-fit suggested evaluation of brand connection demonstrated strong favorability when the extension displayed a positive fit or a higher fit of product attributes with the parent brand. For example, if the extension is perceived as having a complimentary effect on the parent brand, then consumers' receptivity for the extension will have a positive effect on the perception-of-fit between the parent brand and its extensions. Sixth, product involvement suggested levels of consumer involvement affect purchasing decisions of the extensions. For example, under a low level of involvement, consumers rely on the significant aspects previously known about the parent brand in terms of brand awareness, familiarity, and knowledge, in order to purchase the extension of nondurable goods. Consumers' knowledge of McDonald's fast food restaurants can be relied upon to deliver items immediately with affordable prices.

Finally, brand extension strategy may have negative effects on the parent brand because of brand dilution, damaging reputation, and major financial losses due to the risks involved. For example, when an extension is perceived as having weak attributes based on consumer perception of poor quality, the parent brand's image can suffer.

Summary

Chapter two provided current literature with a theoretical framework and background specific to consumer evaluations of brand extensions of nondurable goods. The literature review concentrated on influential factors of consumer behavior toward brand extensions. Additionally, the literature review included the analysis of the relationships between the four different theoretical constructs – categorization, congruence, perception-of-fit, and product involvement – and their effects on consumer evaluations of brand extensions of nondurable goods and the underlying factors of how attitudes were transferred from the parent brand to its product extensions.

The literature review provided in-depth discussions of credible theories of how consumers develop attitudes of brand extensions of nondurable goods. Discussions of theories and recent discoveries related to consumer evaluations of brand extensions of nondurable goods by Loken and Roedder John (1993) of how unrelated and mismatched attributes of new products to product category by using computational piecemeal processing to evaluate and gather additional information of the new product to determine if the new product belongs in the same product category as the parent brand. Meyvis and Janieszewski (2004) theorized that greater amount of impact is placed upon the transfer process of the new product if the perception of fit is low and is perceived to be a mismatched to the parent brand. Mandler (1982) postulated that schema congruity theories consist with some degree of incongruity are considered to create an elevated cognitive processing mechanism that result to a more positive evaluation than when cues are extremely incongruent. Traylor's (1981) low involvement theory involved the application of readily available and significant cues that were already established from

the parent brand were influential factors in obtaining favorable consumer evaluations of brand extensions.

CHAPTER THREE: RESEARCH METHODOLOGY

Introduction

This research study focused on how consumers evaluated brand extensions of nondurable goods. Categorization, congruence, perception-of-fit, and product involvement were four evaluative processes that played significant roles in the development of how attitudes were formed, levels of consumer involvement, and purchase decisions based on the evaluations between parent brands and their brand extensions (Aaker & Keller, 1990; Chowdhury, 2007; Kalamas et al., 2006; Zaichkowsky, 1985; Zaichkowsky, 1994). The impact of these four evaluative processes influenced the successful entrance of brand extensions into the marketplace. In order to address the literature gap on how consumers evaluated brand extensions of nondurable goods into the marketplace, five research questions, hypotheses, definitions, and variable operationalizations were established for each of the variables studied in this research.

This research measured: 1) categorization: product familiarity and its effect on consumer evaluations of brand extensions, 2) congruence: brand image and brand awareness and its effect on consumer evaluations of the extended brands, (3) perception-of-fit: product quality, brand image, complement, transfer, and substitute, and their effect on consumer responses to brand extensions, 4) product involvement: consumer involvement, and its effects on consumer evaluations of the extended brands, and 5) the direct effect of attitude-toward-the-parent-brand on attitude-toward-product-extension. The independent variable (IV) was attitude-toward-the-parent-brand. The intervening variables (IVV's) were: (1) categorization, (2) congruence, (3) perception-of-fit, and (4)

product involvement. The dependent variable (DV) was attitude-toward-the-product-extension.

This study utilized a field structured survey/correlational method that incorporated real brands and hypothetical extensions that consisted of closed-ended statements. A field structured survey is an experiment that is conducted in a real world setting. “Correlation method is defined as the statistical tool to quantitatively measure the relationships between variables that demonstrate the degree of association between the two items” (Alreck & Settle, 2004, p. 303). The procedure utilized a correlational/regression method among the variables with the SAS macro and SPSS macro base software, using the Excel table where $> p.50$ is positive and less than $< p.50$ is negative for measurement of variables and estimate of the reliability based on Cronbach’s alpha. The p value for this ratio was computed to refer to the standard normal distribution, and significance supported the hypothesis of mediation (Preacher & Hayes, 2008).

The survey questionnaire utilized for this research originated from Kwun’s (2004) study on consumers’ evaluations of brand portfolios on services and products. Analysis and collection of data from the survey used the single step multiple mediator model to test the proposed conceptual relationships and analyzed the mediating effects of categorization, congruence, perception-of-fit, and product involvement of attitude-toward-the-parent-brand on attitude- toward-brand-extensions, and the direct effect of attitude toward the parent brand on attitude-toward-product extensions (Preacher & Hayes, 2008).

“A single step multiple mediator model is defined as a statistical model that attempts to examine the links from variable X to the outcome of Y through one or more intervening paths in a causal model” (Preacher & Hayes, 2008, p. 879). The model tested if: (1) categorization mediated the effect of attitude-toward-parent-brand on attitude-toward-product-extensions, (2) congruence mediated the effect of attitude-toward-parent-brand on attitude-toward-product-extensions, (3) perception-of-fit mediated the effect of attitude-toward-parent-brand on attitude-toward-product-extensions, and (4) product involvement mediated the effect of attitude-toward-parent-brand on attitude-toward-product-extensions. The direct effect of attitude-toward-parent-brand on attitude-toward-product-extensions was also investigated. In this research, the definition for the notations was: (1) Y = attitude-toward-product-extension, (2) X = attitude-toward-parent-brand, (3) M1 = categorization, M2 = congruence, M3 = perception-of-fit, and M4 = product involvement. In the framework on single step multiple mediation, three effects were measured: (1) total effect of X on Y, (2) direct effect of X on Y, and (3) the specific indirect effects of X on Y through M1 to M4 (Preacher & Hayes, 2008). Figure 2 represents all of the variables and their relationships for this research study.

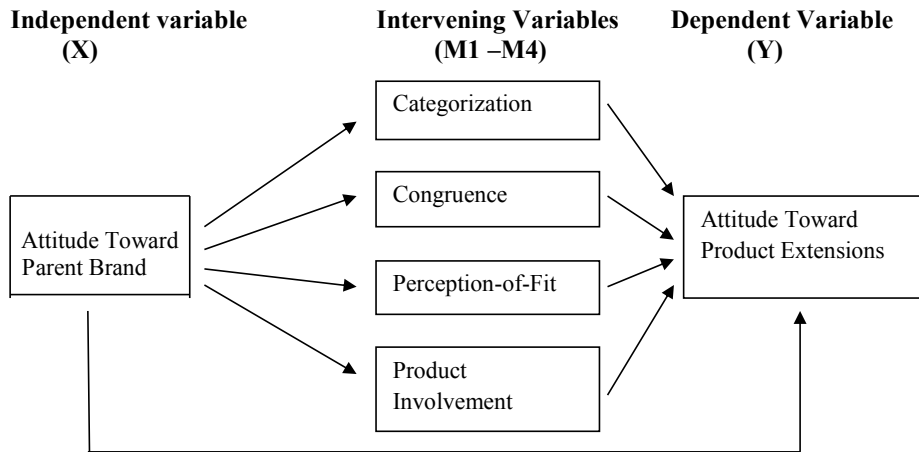


Figure 2: Variable relationship of (a) direct effect of attitude-toward-parent-brand (X) on attitude-toward-product-extensions (Y), (b) the specific indirect effects of attitude-toward-parent-brand (X) on attitude-toward-product-extensions (Y) through the four intervening variables (M1 – M4), and (c) total effect of attitude-toward-parent-brand (X) on attitude-toward-product-extension (Y).

Categorization

The research question for categorization was: How does categorization affect consumer attitudes-toward-brand-extensions? The null hypothesis specified the level of categorization between the parent brand and the product extension would have no effect on the attitude-toward-the-extension. Alternatively, the higher the level of categorization between the parent brand and product extension, the greater the positive attitude-toward-the-extension. In this study, categorization was defined as an individual's perception of product familiarity demonstrated between the product extension and the parent brand (Aaker & Keller, 1990; Adaval, 2003; Chowdhury, 2007; Kalamas et al., 2006; Zaichkowsky, 1985; Zaichowsky, 1994). The operationalization for categorization was

measured by utilizing brand familiarity that used Aaker and Keller's measurement (1990) of a 7-point likert scale from "Strongly Disagree" to "Strongly Agree" and "Very Dissimilar" to "Very Similar."

Congruence

The research question for congruence was: How does congruency affect consumer attitudes-toward-brand-extensions? The null hypothesis specified the level of congruency between the parent brand and the product extension would have no effect on the attitude-toward-the-extension. Alternatively, the higher the congruency between the parent brand and the product extension, the more positive the attitude-toward-the-extension. In this study, the definition of congruence was an individual's perception of consistent value demonstrated by the product extension based on attitude formed toward the parent brand (Aaker & Keller, 1990; Chowdhury, 2007; Escalas, 2004; Kalamas et al., 2006; Zaichkowsky, 1985; Zaichkowsky, 1994). The operationalization for congruence was measured by utilizing brand image and brand awareness that used Aaker's (1990) measurement of a 7-point Likert scale that is represented with "Strongly Disagree" to "Strongly Agree."

Perception-of-Fit

The research question for perception-of-fit was: How does perception-of-fit affect consumer attitudes-toward-brand-extensions? The null hypothesis specified the perception-of-fit between the parent brand and the product extension would have no effect on the attitude-toward-the-extension. Alternatively, the higher the perception-of-fit between the parent brand and the product extension, the greater the positive attitude-toward-the-extension. In this study, perception-of-fit was defined as an individual's

judgment that the product extension demonstrated similar product features or product functions and quality based on the attitude formed toward the parent brand (Aaker & Lee, 2001; Adaval, 2003; Chowdhury, 2007; Kalamas et al., 2006; Shine, Park, & Wyer, 2007). The operationalization for perception-of-fit was measured by using product quality (i.e., transfer, complement, or substitute) and brand image between the parent brand and its product extensions that used Aaker and Keller's (1990) with measurement of a 7-point Likert scale with "Strongly Disagree" to "Strongly Agree."

Product Involvement

The research question for product involvement was: How does product involvement affect consumer attitudes-toward-brand-extensions? The null hypothesis specified the level of product involvement between the parent brand and the product extension would have no effect on the attitude-toward-the-extension. Alternatively, the higher the level of product involvement between the parent brand and the product extension, the greater the positive attitude-toward-the-extension. In this study, product involvement was defined as an individual's level of involvement as an important factor utilized when the product extension demonstrated levels of no involvement to high involvement with the attitude formed toward the core brand (Keller 2003; Lee, 1995; Klink & Smith, 2001; Muthukrishnan & Weitz, 1991; Zaichkowsky, 1985; Zaichkowsky, 1994). The operationalization for product involvement measured a person's values and needs based on cognitive and affective aspects that used Zaichkowsky's (1994) measurement of "Important," "Boring," "Relevant," "Exciting," "Means Nothing," "Appealing," "Fascinating," "Worthless," "Involving," and "Not Needed."

Attitude-toward-parent-brand

The research question for attitude-toward-parent-brand was: How does attitude-toward-the-parent-brand affect consumer attitudes-toward-brand-extensions? The null hypothesis specified the level of attitudes between the parent brand and its product extension has no effect on the attitude-toward-the-extension. Alternatively, the higher the level of attitude between the parent brand and its extension, the greater the positive attitude-toward-the-extension. This study aimed to measure attitude-toward-product-extensions. Attitude formation is a neutral, negative, or positive cognitive process an individual developed when making an overall decision regarding purchase intentions of a product or brand based on price, quality, image, or value (Aaker & Keller, 1990; Maoz & Tybout, 2002). In purchase decision research, attitude-toward-the-parent-brand was used to introduce product extensions to lessen risks, and to leverage the established core brand names by offering complementary characteristics associated with parent brands (Aaker & Keller, 1990; Dickinson & Heath, 2006; Escalas, 2004; Morgan & Rego, 2009). In product class research, marketers have effectively utilized categorization, congruence, perception-of-fit, and product involvement to determine attitude formation and levels of consumer involvement between the parent brand and its extended products (Aaker, 1996; Aaker & Keller, 1990; Kalamas et al., 2006; Morrin, Lee, & Allenby, 2006). In this study, attitude was defined as an individual's evaluations already established from the parent brand and the significant factors involved in the development of either a neutral, negative, or positive attitude-toward-the-product-extension (Aaker & Keller, 1996; Kalamas et al., 2006; Keller, 1990; Morrin, Lee, & Allenby, 2006).

Likelihood of trying the extension was measured using Aaker and Keller's (1990) 7-point Likert scale of "Not at all likely" to "Very Likely." The instrument measured the

overall product quality and brand awareness of parent brands and their product extensions using a 7-point Likert scale of “Strongly Disagree” to “Strongly Agree,” and “Inferior” to “Superior” (Aaker & Keller, 1990). The “attitude-toward-the-parent-brand” that utilized “high quality” brands with the criteria of being relevant to subjects, generally perceived as high quality and not broadly extended previously that included past experiences with the parent brand used the 7-point Likert scale of “Not at all likely” to “Very Likely” (Aaker & Keller, 1990). Additionally, overall product quality and brand awareness was measured using a 7-point Likert scale of “Strongly Disagree” to “Strongly Agree,” and “Inferior” to “Superior” (Aaker & Keller, 1990).

Quantitative Research Method

Quantitative analyses were utilized to assess and evaluate two existing high quality parent brands and 2 hypothetical extensions for each parent brand name of nondurable goods. Preventative measures were taken to avoid obtaining results that may pose either a bias or a threat to the research on the basis of having had only one selected brand (Gao, Wheeler, & Shiv, 2009; Huifang & Krishnan, 2006; Meyvis & Janieszewski, 2004). In addition, the study limited its scope by excluding durable products because of the limited studies conducted on nondurable goods on product extensions. Coca-Cola and McDonald’s brands were utilized as sample products because they were perceived as global leaders in the beverage and fast foods industries (Aaker & Keller, 1990; Chowdhury, 2007; Kalamas et al., 2006). According to Aaker and Keller, “Coca-Cola and McDonald’s brands are selected because the use of low quality brands might provide unrealistic selection of brand extensions that might yield unrealistic results” (1990, p. 31).

Reasons for the selection of the hypothetical products (i.e., natural sorbet and music CD's) are as follows: using the McDonald's brand included the individual attributes of the hypothetical products, which could be evaluated based on the product's category-relatedness or category-based assessment. For the hypothetical product extension of natural sorbet, consumers' perception of associations on the level of similarities (i.e., close range) existed in the attributes and product class that belonged in the same brand product category. Whereas the music CDs possessed unrelated or mismatched attributes (i.e., far range) of this hypothetical product extension and required deeper cognitive processing that utilized the piecemeal process method to either accept or reject this product extension that belonged to the McDonald's brand product category. For the Coca-Cola brand, the hypothetical product extension of diet peach soft drinks displayed salient parent brand associations (i.e., close range) seen in the product extension's attributes and characteristics that belonged in the same brand product category. For the hypothetical product extension of running shoes, consumers' perception of inconsistent images (i.e., far range) were not perceived as a "fit" with the brand name Coca-Cola is known.

Population and Sampling Procedures

Participants included 120 undergraduate and graduate students (i.e., 60 females and 60 males), chosen based on convenience sampling and availability. This sample was believed to represent a population of consumers that were familiar with the product categories for this study. The study consisted of 30 participants from the undergraduate level in general psychology, 10 participants from undergraduate level in liberal arts, and 80 participants from graduate level in general business to participate in the survey.

Additional participants from business management (n=14) and doctoral psychology (n=14) were considered when needed to obtain the total of 120 participants for this research. The collection of demographic data was included in the survey instrument at the end of the participant packet. Permission was obtained from the Institution Review Board (IRB) prior to conducting this research. Additionally, permission to work with students was granted by university administration and program chairs related to the above-mentioned courses.

Instrumentation

Rationale for the uses of Aaker and Keller (1990) for categorization, Keller (1993) for congruence, Aaker and Keller (1990) for perception of fit, and Zaichkowsky (1994) for product involvement instrumentation for data collection was the use of the descriptive scales. Zaichkowsky's (1994) cognitive involvement instrument was used; it includes a ten-point scale composed of ten items (important, boring, relevant, exciting, means nothing, appealing, fascinating, worthless, involving, and not needed). The Cronbach Alpha internal reliability ranging from .86 to .95. Table 1 provides a list of instruments used and the reliability gathered from past research. Table 2 provides a list of instrument items that included variables, sources, and scales.

Table 1

Reliability Measurements in Previous Research

Variables	Sources	Cronbach's α
<i>Attitude-Toward-Extension</i>		
Intention of buying	Aaker & Keller, 1990	> 0.79
Product quality	Kwun, 2004	> 0.98
Brand awareness	Kwun, 2004	> 0.89
Product Involvement	Zaichowsky, 1994	> 0.85
<i>Categorization</i>		
Product quality	Kwun, 2004	> 0.98
Familiarity	Kwun, 2004	> 0.96
<i>Congruence</i>		
Brand image	Kwun, 2004	> 0.96
Awareness	Kwun, 2004	> 0.89
<i>Attitude-Toward-Parent-Brand</i>		
Product quality	Kwun, 2004	> 0.98
Brand awareness	Kwun, 2004	> 0.89

*Note: All items were measured on a 7-point Likert scale.

Table 2

Instrument Items in Previous Research

Variables	Sources	Measures & Scales
Attitude-Toward-Parent-Brands Q1	Aaker (1990) Aaker & Keller (1990)	A measure of likelihood of trying the extension, brand awareness, and overall product quality of parent brands and their product extensions
Attitude-Toward-Product-Extensions Q2-Q3	Keller (1993)	“Strongly Disagree” = 1 to “Strongly Agree” = 7; “Inferior” = 1 to “Superior” = 7; “Very Unlikely” = 1 to “Very Likely” = 7
Categorization Q4-Q5	Aaker & Keller (1990)	A measure of brand familiarity. “Strongly Disagree” = 1 to “Strongly Agree” = 7; “Very Dissimilar” = 1 to “Very Similar” = 7
Congruence Q6-Q11	Keller (1993)	A measure of brand image and brand awareness. “Strongly Disagree” = 1 to “Strongly Agree” = 7
Perception-of-Fit Q12-Q16	Aaker & Keller (1990)	A measure of product quality and brand image. “Strongly Disagree” = 1 to “Strongly Agree” = 7 A measure of complement, substitute, and transfer. “Strongly Disagree” = 1 to “Strongly Agree” = 7

Procedures

A survey questionnaire was administered to 120 participant sample. The first step was to obtain permission from IRB and the administration and professors who taught these majors at both undergraduate and graduate levels of general psychology, the undergraduate level of liberal arts, and the graduate level general business class. Once IRB approval was received and permission was obtained, participants were recruited.

Participants were Coca-Cola and McDonald's product users, in order to participate in the survey. Participant recruitment was anonymous and voluntary. Benefits of participation in this research were explained to the participants and included: (1) potential benefit to professors as a copy of my dissertation would be provided to them at no charge, (2) the study could fill a gap in the body of knowledge, (3) the results could identify weaknesses and strengths of brand strategies and the avenues utilized to determine how consumers evaluate brand extensions of nondurable goods, and (4) potential benefit for participants to voice opinions without being identified or afraid. Table 5 provided the breakdown of the sample.

The second contact with the participants occurred in the classroom of each selected class based on availability and convenience. Participants were provided with a handbook containing a self-administered questionnaire that consisted of closed-ended statements. The first page consisted of a cover letter containing a brief explanation of the research in which the subjects were asked to provide their reaction or attitude toward brand product extensions of brand names that already existed. Information about confidentiality and requesting participation in the study were included on the first page. The second page contained the instructions for completing the questionnaire. The following pages contained the self-administered questionnaire in which the participants answered questions pertaining to the extensions that used measurement items on a 7-point Likert scale. Additionally, participants were asked to provide demographic information - age, gender, and education level - on the last page. The survey lasted approximately 30 minutes. The completed self-administered questionnaires were deposited in a drop box

located at the front of the class and collected by the researcher once the survey was completed.

Methodological Assumptions, Limitations, and Delimitations

Assumptions

It was assumed that consumers developed either a neutral, negative, or positive attitude toward a product extension using all four evaluative processes of categorization, congruence, perception-of-fit, and product involvement. Analyses of the data were interpreted and further examination can be conducted for future research, scrutiny, and replication of the study. Additionally, it is assumed that consumers evaluated product extensions differently because every consumer makes his or her buying decisions differently on a product extension.

Limitations

First, a weakness of the study was the use of convenience sampling, which narrowed the sample. Second, the intervening variables measured were limited to four evaluative processes of categorization, congruence, perception-of-fit, and product involvement. Additionally, parent brands that included only Coca-Cola and McDonald's product users were utilized, as consumers used the evaluative processes to develop judgment toward a product. In addition, the reason for the limitation of the brands included a wider assortment of brand names and product choices. This posed a challenge to the participants who may not have used any of the brand names included in this survey. Therefore, their responses may not have strongly supported the consumer data and findings otherwise produced in this research.

Third, the sample population included a mix of students from undergraduate and graduate levels of various selected majors; however, this mix posed a limitation of a wider representation of population. Therefore, because the responses were limited due to the small sample size and the setting eliminating non-students, the results may not have represented the entire population. Fourth, the selected parent brands were Coca-Cola and McDonald's with hypothetical extensions that consisted of diet peach soft drinks and running shoes for Coke, and natural sorbet and music CDs for McDonald's. Fifth, real life purchase methods may not involve the use of all four evaluative processes all the time; therefore, the data provided in this survey may not have strong support for the hypotheses developed. Finally, any generalizations developed from the results are limited as different populations produce unpredictable and varied results (Stringer, 2007). In addition, the population being tested may have been reluctant to answer because they do not know the researcher that conducted the survey, (2) participants may have provided answers that they think may have helped the researcher, and (3) participants may not have felt comfortable to provide any answers on how they think toward brand name products or what they liked to buy.

Delimitations

First, the research limited its scope with four evaluative processes to study consumer evaluations of product extensions and narrow down the use of parent brands, including only Coca-Cola and McDonald's products. Second, the sources of participants were limited, and the sample size was limited to 120 students based on availability. Non-students were excluded in this study for the reason that this researcher was interested in

the answers provided by participants in a university setting because of the convenience sampling method.

Summary

Chapter three outlined the research purpose, research design, methodology, research questions, hypotheses, instrumentation, sample, and data collection that was utilized in this study. This research methodology used quantitative research methods to study the research questions and hypotheses outlined for this research. The research methodology delineated the description of the survey instrument, data analyses, participant selection process, sampling procedures, and sampling size developed for this research. This chapter included the methodological assumptions and limitations for the sample, along with the approval and certification from the IRB specific to the protection of human rights, confidentiality of data, disclosure forms, consent forms, and adherence to guidelines and regulations set by Argosy University.

CHAPTER FOUR: DATA ANALYSIS AND RESULTS

Introduction

This research focused on the study of consumer evaluations of brand extensions of nondurable goods. The purpose of this study was to analyze the relationships between four theoretical viewpoints (i.e., categorization, congruence, perception-of-fit, and product involvement) and their effects on consumer evaluations of brand extensions of nondurable goods. Additionally, underlying factors of how attitudes are transferred from the parent brand to its product extensions was examined (Aaker & Keller, 1990; Kalamas et al., 2006; Zaichowsky, 1994). The underlying premise was assumed attitude-toward-the-parent-brand would also influence the evaluation of product extensions. This chapter presents the results acquired from data analyses to answer the research questions developed for this research.

Data Collection

Data collection for this study took two weeks, as the administration of instruments to the participants was based on convenience sampling and availability. The participants were students from a Midwestern university currently enrolled at the graduate level in business management, general business, clinical psychology, doctoral psychology, and enrolled at the undergraduate level in general psychology and liberal arts. Participants affirmed product usage of both Coca-Cola and McDonald's.

The target rate of survey responses was 50% of the anticipated sample. The actual response rate of the survey questionnaires was 60%, equaling 72 participants. Four participants were excluded from the data analysis for having more than five missing values. Therefore, the final total number of participants was 68. Among the 68

participants, 13 had one missing value and two had two missing values for the entire surveys. These missing values were replaced with the modes of the corresponding questions.

For the independent variable, attitude-toward-parent-brand, a measure of the overall quality of parent brand, the corresponding survey question was Q1 (2 sub-questions: 1 = inferior, 7 = superior). A composite score for measuring attitude toward parent brand was created by summing the responses of the sub-questions of Q1 and then dividing it by the number of sub-questions. The range of the composite score was 1-7. The higher the score, the greater the positive attitude toward the quality of parent brand. See Table 7 for attitude-toward-parent-brand (IV) question.

For the dependent variable, attitude-toward-product-extension, which is a measure of the likelihood of one trying the extension, the corresponding survey questions were: Q2 (4 sub-questions: 1 = very unlikely, 7 = very likely), and Q3 (4 sub-questions: 1 = inferior, 7 = superior). A composite score for measuring attitude-toward-product-extension was created by summing the responses of the sub-questions of Q2 and Q3, and then dividing it by the number of sub-questions. The range of the composite score was 1-7. The higher the score, the higher the likelihood of trying the product extension.

Four intervening variables (mediators) included categorization, congruence, perception-of-fit, and product involvement. For the first intervening variable, categorization, a measure of brand familiarity, the corresponding survey questions were Q4 (4 sub-questions: 1 = very dissimilar, 7 = very similar) and Q5 (4 sub-questions: 1 = strongly disagree, 7 = strongly agree). A composite score for measuring categorization was created by summing the responses of the sub-questions of Q4 and Q5 and then

dividing it by the number of sub-questions. The range of the composite score was 1-7. The higher the score, the higher the level of categorization in terms of brand familiarity toward the product extension.

For the second intervening variable, congruence, a measure of brand image and brand awareness, the corresponding survey questions were: Q6 (2 sub-questions: 1 = strongly disagree, 7 = strongly agree), Q7 (4 sub-questions: 1 = strongly disagree, 7 = strongly agree), Q8 (4 sub-questions: 1 = strongly disagree, 7 = strongly agree), Q9 (4 sub-questions), Q10 (6 sub-questions: 1 = strongly disagree, 7 = strongly agree), and Q11 (6 sub-questions: 1 = strongly disagree, 7 = strongly agree). A composite score for measuring congruence was created by summing the responses of the sub-questions of Q6 – Q11, and then dividing it by the number of sub-questions. The range of the composite score was 1-7. The higher the score, the higher the level of congruence in terms of brand awareness and brand image toward the extension.

For the third intervening variable, perception-of-fit, a measure of product quality and brand image, the corresponding survey questions were: Q12, Q13, Q14, Q15, and Q16 (all have 4 sub-questions: 1 = strongly disagree, 7 = strongly agree). A composite score for measuring perception-of-fit was created by summing the responses of the sub-questions of Q12 through Q16, and then dividing it by the number of sub-questions. The range of the composite score was 1-7. The higher the score, the higher the level of perception of fit in terms of product quality and brand image toward the product extension.

For the fourth intervening variable, product involvement, a measure of product involvement, the corresponding survey questions were: Q17, Q18, Q19, Q20,

Q21, and Q22 (all have 10 sub-questions: scale from 1 to 7). Note that for each survey question, 6 out of the 10 sub-questions need to be reverse scored (Zaichkowsky, 1994). A composite score for measuring product involvement was created by summing the responses of the sub-questions of Q17 through Q22, and then dividing it by the number of sub-questions. The range of the composite score was 1-7. The higher the score, the higher the level of product involvement toward the product extension.

Demographic Information

The demographic data was obtained from the self-administered survey questionnaires. The collected demographics included the participant's gender, age, subject major, and level of education. Forty-two participants (61.76%) were females, and 26 participants (38.24%) were males. The majority (29, 42.65%) was within the 25 to 34-year-old age group. The remaining participants were in the following age ranges: one participant aged 18-24 years, 15 participants aged 35-44 years, 18 participants, 45-54 years, and 5 participants aged 55 and older. The majority of participants (28, 41.18%) were in the graduate level course in business management. Other participants were enrolled in clinical psychology (n=8), clinical doctoral psychology (n=2), doctoral psychology (n=14), general business (n=14), general psychology (n=1), and liberal arts (n=1).

Participants were asked to note reasons why they bought products, and they could use more than one reason. They were given choices of quality, price, reliability, and image. Quality was most frequently noted by 85% of participants, while reliability was the next more important with 63% of participants. Price and image received almost the same amount of votes by participants with 41% and 38%, respectively.

Analyses

Cronbach's coefficient alpha was used to determine the internal consistency of items for the six factors: attitude-toward-product-extension, attitude-toward-parent-brand, categorization, congruence, perception-of-fit, and product involvement.

Cronbach's alpha indicates the degree to which a set of items consistently measure a single latent construct, and as such is an appropriate statistic for use in this particular study. The general guidelines for alpha values: 0.90 to 1.0 is excellent, 0.80 to 0.89 is good, 0.70 to 0.79 is acceptable, 0.60 to 0.69 is questionable, 0.50 to 0.59 is poor, and below .50 is unacceptable (Cronbach, 1951).

The research questions for this study were:

- How does categorization affect consumer attitudes-toward-brand-extensions?
- How does congruency affect consumer attitudes-toward-brand-extensions?
- How does perception-of-fit affect consumer attitudes-toward-brand-extensions?
- How does product involvement affect consumer attitudes-toward-brand-extensions?
- How does attitude toward the parent brand affect consumer attitudes-toward-brand- extensions?

Therefore, using the single-step multiple mediator model proposed by Preacher and Hayes (2008), the following were investigated in this study:

- (1) Does categorization mediate the effect of attitude-toward-parent-brand on attitude-toward- product-extensions?
- (2) Does congruence mediate the effect of attitude-toward-parent-brand on attitude-toward- product-extensions?

(3) Does perception-of-fit mediate the effect of attitude-toward-parent-brand on attitude-toward-product-extensions?

(4) Does product involvement mediate the effect of attitude-toward-parent-brand on attitude-toward-product-extensions?

(5) Is there a statistically significantly indirect effect of attitude-toward-parent-brand on attitude-toward-product-extensions?

Following the proposed quantitative framework developed by Preacher and Hayes (2008), See Figure 3 for the graphical depiction of the single-step multiple mediator model used for this study. Attitude-toward-product-extensions was the dependent variable, and attitude-toward-parent-brand was the independent variable. There are four proposed mediators: categorization, congruence, perception-of-fit, and product involvement.

- Path a_j represents the effect of the independent variable, attitude-toward-parent-brand, on the j^{th} proposed mediator.
- Path b_j represents the direct effect of the j^{th} proposed mediator on the dependent variable, attitude-toward-product-extensions.
- Path c' represents the direct effect of the independent variable, attitude-toward-parent-brand, on the dependent variable, attitude-toward-product-extensions.
- The specific indirect effect of the independent variable on the dependent variable via the j^{th} proposed mediator is quantified as the product of the corresponding a path and b path, i.e., $a_j b_j$.
- The total indirect effect is the sum of the specific indirect effects, i.e., $a_1 b_1 + a_2 b_2 + a_3 b_3 + a_4 b_4$.

- The total effect of the independent variable on the dependent variable is the sum of the direct effect and the specific indirect effects: $c' + a_1b_1 + a_2b_2 + a_3b_3 + a_4b_4$.

The paths were estimated using an SAS macro and the SPSS macro for the purpose of comparisons, as described in Preacher and Hayes (2008). The analyses presented in this study were based on SAS output. See Appendices G and H for SAS macro and SPSS macro output.

To determine if the j^{th} proposed mediator mediates the effect of the independent variable on the dependent variable, the hypothesis of whether the indirect effect a_jb_j was statistically significantly different from 0 was tested. Two methods proposed in Preacher and Hayes' (2008) study were used for hypothesis testing: the Sobel test assuming the sampling distribution of ab is normal, and the bootstrapping method with bias correction calculating the 95% confidence interval of ab . Note that for bootstrapping, the null hypothesis of no indirect effect is tested by determining whether 0 is inside the confidence interval. If not, then we claim that the indirect effect is statistically significantly different from 0.

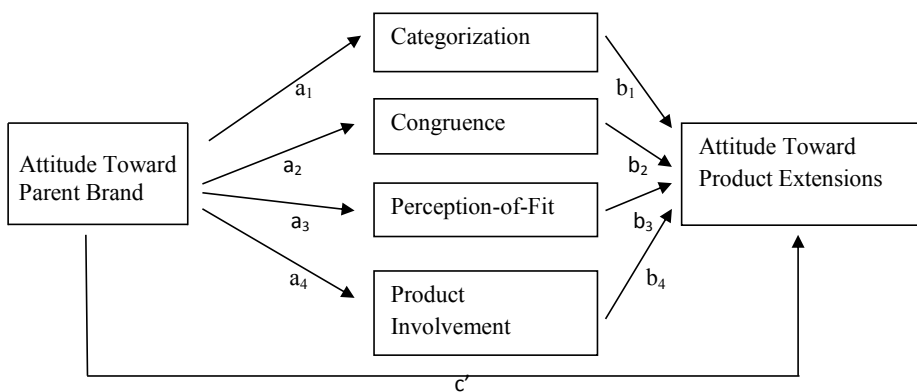


Figure 3: The single-step multiple mediator model

Results of the Analyses

The Cronbach's alpha for the six factors, attitude toward product extensions, attitude toward parent brand, categorization, congruence, perception-of-fit, and product involvement, ranges from 0.64 to 0.94. Attitude-toward-product-extensions with survey questions 2 and 3 had a Cronbach's alpha of 0.8525, indicating a good source of reliability score. Attitude-toward-parent-brand with survey question 1 had a Cronbach's alpha of 0.6438, indicating a questionable reliability score. Categorization with survey questions 4 and 5 had a Cronbach's alpha of 0.7797, indicating an acceptable reliability score. Congruence with survey questions 6 to 11 had a Cronbach's alpha of 0.863, indicating a good reliability score. Perception-of-fit with survey questions 12 to 16 had a Cronbach's alpha of 0.8749, indicating a good reliability score. Product involvement with survey questions 17-22 had a Cronbach's alpha of 0.9422, indicating an excellent reliability score.

Table 3 shows the descriptive statistics of the composite scores for the six factors: attitude-toward-product-extensions, attitude-toward-parent-brand, categorization, congruence, perception-of-fit, and product involvement, for the sixty-eight subjects. Recall that the range of the composite scores for the six factors was from 1 to 7.

- For attitude-toward-product-extensions, the higher the composite score, the higher the likelihood of trying the extension.
- For attitude-toward-parent-brand, the higher the composite score, the higher the perception for the quality of the parent brand.

- For categorization, the higher the composite score, the higher the brand familiarity.
- For congruence, the higher the composite score, the higher the brand awareness.
- For perception-of-fit, the higher the composite score, the higher the perception-of-fit of quality and brand image.
- For product involvement, the higher the composite score, the higher the product involvement.

Table 3

Descriptive Statistics of the Six Factors

Factor	Mean	SD	Median
Attitude-Toward-Product-Extensions	3.1673	1.3862	3.1250
Attitude-Toward-Parent-Brand	5.0735	1.4692	5.2500
Categorization	3.4412	1.2056	3.3750
Congruence	3.9475	0.8515	3.8750
Perception-of-Fit	3.4581	1.0451	3.3500
Product Involvement	4.2159	0.9530	4.1833

Note: SD= Standard Deviation; sample size n=68

The results of the single-step multiple mediator model used in this research study indicated the “a path,” representing the effect of the independent variable, attitude-toward-parent-brand, on the four proposed mediators. Note that the point estimates for a_1 – a_4 were all positive. The results suggested the more positive the attitude-toward-parent brand leads to a more positive effect of categorization, congruence, perception-of-fit, and product involvement.

Categorization

H_0 : The effect of attitude-toward-the-parent-brand on categorization is not statistically significant.

H_a : The effect of attitude-toward-the-parent-brand on categorization is statistically significant.

Based on the result of the data analysis, the point estimation for a_1 was 0.0859 with a standard error = 0.1005. The null hypothesis of $a_1 = 0$ was not rejected ($p=0.3958$). Therefore, we concluded the effect of attitude-toward-parent-brand on categorization is not statistically significant. Based on the assumption from which the sample was drawn, there was no effect on the attitude-toward-parent-brand on categorization.

Congruence

H_0 : The effect of attitude-toward-the-parent-brand on congruence is not statistically significant.

H_a : The effect of attitude-toward-the-parent-brand on congruence is statistically significant.

Based on the result of the data analyses, the point estimation for a_2 was 0.2148 with a standard error of 0.0663. The null hypothesis of $a_2 = 0$ was rejected ($p=0.0471$). Therefore, we concluded the effect of attitude-toward-parent-brand on congruence is statistically significant. There is an effect of attitude-toward-parent-brand on congruence.

Perception-of-Fit

H_0 : The effect of attitude-toward-the-parent-brand on perception-of-fit is not statistically significant.

H_a : The effect of attitude-toward-the-parent-brand on perception-of-fit is statistically significant.

Based on the result of the data analyses, the point estimation for a_3 was 0.1719 with a standard error = 0.0850. The null hypothesis of $a_3 = 0$ is rejected ($p=0.0471$). Therefore, we concluded the effect of attitude-toward-parent-brand on perception-of-fit is statistically significant. There was an effect of attitude-toward-parent-brand on perception-of-fit.

Product Involvement

H_0 : The effect of attitude-toward-the-parent-brand on product involvement is not statistically significant.

H_a : The effect of attitude-toward-the-parent-brand on product involvement is statistically significant.

Based on the result of the data analyses, the point estimation for a_4 was 0.2841 with a standard error of 0.0718. The null hypothesis of $a_4 = 0$ was rejected ($p = 0.0002$). Therefore, we conclude that the effect of attitude toward parent brand on product involvement is statistically significant. There is an effect of attitude-toward-parent-brand on product involvement. Note that the point estimates for $b_1 - b_4$ were all positive, indicating a more positive effect of categorization, congruence, perception-of-fit, and product involvement leads to a more positive attitude-toward-product-extensions.

Categorization

H_0 : The effect of categorization on the attitude-toward-the-product-extensions is not statistically significant.

H_a : The effect of categorization on the attitude-toward-the-product-extensions is statistically significant.

Based on the results of data analyses, the point estimation for b_1 was 0.3060 with a standard error of 0.1442. The null hypothesis of $b_1 = 0$ was rejected ($p=0.0378$). Therefore, we concluded the effect of categorization on attitude-toward-product- extensions is statistically significant. There is a direct effect of categorization on attitude toward product extensions.

Congruence

H_0 : The effect of congruence on the attitude-toward-the-product-extensions is not statistically significant.

H_a : The effect of congruence on the attitude-toward-the-product-extensions is statistically significant.

Based on the results of the data analyses, the point estimation for b_2 was 0.6528 with a standard error of 0.2116. The null hypothesis of $b_2 = 0$ was rejected ($p=0.07729$). Therefore, we conclude that the effect of congruence on attitude-toward-product-extensions was statistically significant. There was a direct effect of congruence on attitude-toward-product-extension.

Perception-of-Fit

H_0 : The effect of perception-of-fit on the attitude-toward-the-product-extensions is not statistically significant.

H_a : The effect of perception-of-fit on the attitude-toward-the-product-extensions is statistically significant.

Based on the results of the data analysis, the point estimation for b_3 was 0.0482 with a standard error = 0.1663. The null hypothesis of $b_3 = 0$ was not rejected ($p=0.7729$). Therefore, we conclude that the effect of perception-of-fit on attitude-toward- product-extensions is not statistically significant at the 0.05 level. Based on the assumption from which the sample was drawn, there is no direct effect of perception-of- fit on attitude-toward-product-extension (Cooper & Schindler, 2008, p. 479).

Product Involvement

H_0 : The effect of product involvement on the attitude-toward-the-product-extensions is not statistically significant.

H_a : The effect of product involvement on the attitude-toward-the-product-extensions is statistically significant.

Based on the results of the data analyses, the point estimation for b_4 was 0.2935 with a standard error of 0.1538. The p -value = 0.0610 suggest the null hypothesis of $b_4 = 0$ is not rejected at the 0.05 level of significance. Therefore, we concluded the effect of product involvement on attitude-toward-product-extensions was not statistically significant. There was not a direct effect of product involvement on attitude-toward-product-extension.

The results for the “ab path” were found by examining the specific indirect effect of the independent variable on the dependent variable via the j^{th} proposed mediator. Based on the results of data analyses, the point estimation for a_1b_1 was 0.0263 with a standard error of 0.0327. The null hypothesis of $a_1b_1 = 0$ was not rejected ($p=0.4224$). The bootstrap 95% confidence interval is (-0.0246, 0.1643), which contains 0. Therefore, we

concluded categorization does not mediate the effect of attitude-toward-parent-brand on attitude-toward-product-extensions. Categorization is not a mediator.

Based on the results of the data analysis for congruence, the point estimation for a_2b_2 was 0.1402 with a standard error = 0.0658. The null hypothesis of $a_2b_2 = 0$ was rejected (p-value=0.0332). The bootstrap 95% confidence interval is (-0.0348, 0.2816), which does not contain 0. Therefore, we concluded congruence mediated the effect of attitude-toward-parent-brand on attitude-toward-product-extensions. Congruence was a mediator.

Does perception-of-fit mediate the effect of attitude-toward-parent-brand on attitude-toward-product-extensions? Based on the results, the point estimation for a_3b_3 was 0.0083 with a standard error = 0.0278. The p-value = 0.7656 suggested the null hypothesis of $a_3b_3 = 0$ was not rejected. The bootstrap 95% confidence interval is (-0.0464, 0.1083), which contains 0. Therefore, we concluded perception-of-fit did not mediate the effect of attitude-toward-parent-brand on attitude-toward-product-extensions. Perception-of-fit was not a mediator.

Based on the results of the data analysis, the point estimation for a_4b_4 was 0.0834 with a standard error of 0.0469. The null hypothesis of $a_4b_4 = 0$ was not rejected (p-value = 0.0757). The bootstrap 95% confidence interval is (0.0064, 0.2394), which does not contain 0. Therefore, we concluded product involvement mediated the effect of attitude-toward-parent-brand on attitude-toward-product-extensions. Product involvement was a mediator.

Based on the results of the data analyses, the estimation of total indirect effect of the independent variable on the dependent variable via the four proposed mediators was

0.2581 ($0.0263 + 0.1402 + 0.0083 + 0.0834 = 0.2582$, rounding error), which was statistically significantly different from 0 ($p = 0.0042$). It is assumed that a relationship exists between the total indirect effect of attitude-toward-parent-brand on attitude-toward-product-extensions via categorization, congruence, perception-of-fit, and product involvement, and are related to one another in the population, just as they are in the sample when consumers evaluate product extensions of nondurable goods. Note that the point estimates for $a_1 - a_4$ and $b_1 - b_4$ are all positive, indicating that the more positive the attitude-toward-parent-brand leads to a more positive effect of categorization, congruence, perception-of-fit, and product involvement, which in turn leads to a more positive attitude-toward-product-extensions.

Based on the results, the direct effect of attitude-toward-parent-brand on attitude-toward-product-extensions was not statistically significant ($p = 0.8176$). No direct effect of attitude-toward-parent-brand on attitude-toward-product-extensions could be considered when consumers form evaluations. Based on the analyses, the total effect of attitude-toward-parent-brand on attitude-toward-product-extensions was statistically significant ($p = 0.0144$). See Tables 4, 5, 6, 7, and 8 for additional analyses results.

Table 4

Analyses Results of the Single-Step Multiple Mediator Model – IV to Mediators (a paths)

Factor	Point Estimates (SE)	Test Statistic (p-value)
Categorization	0.0859 (0.1005)	0.5848 (0.3958)
Congruence	0.2148 (0.0663)	3.2413 (0.0019)*
Perception-of-Fit	0.1719 (0.0850)	2.0231 (0.0471)*
Product Involvement	0.2841 (0.0718)	3.9581 (0.0002)*

Note: IV: Independent variable; SE: standard error. Test statistic was t.

* indicates statistically significantly different at the 0.05 level of significance.

Table 5

Analyses Results of the Single-Step Multiple Mediator Model – Direct Effects of Mediators on DV (b paths)

Factor	Point Estimates (SE)	Test Statistic (p-value)
Categorization	0.3060 (0.1442)	2.1224 (0.0378)*
Congruence	0.6528 (0.2116)	2.7017 (0.0089)*
Perception-of-Fit	0.0482 (0.1663)	0.2899 (0.7729)
Product Involvement	0.2935 (.01538)	1.9083 (0.0610)**

Note: DV: dependent variable; SE: standard error. Test statistic was t for b paths.

* indicates statistically significantly different at the 0.05 level of significance.

** indicates statistically significantly different at the 0.1 level of significance.

Table 6

Analyses Results of the Single-Step Multiple Mediator Model – Direct Effects of IV on DV (c' path)

Factor	Point Estimates (SE)	Test Statistic (p-value)
Attitude-toward-parent-brand	0.0209 (0.0901)	0.2316 (0.8176)

Note: IV: Independent variable; DV: dependent variable; SE: standard error; Test statistic was t c' path.

Table 7

Analyses Results of the Single-Step Multiple Mediator Model – Total Effect of IV on DV

Factor	Point Estimates (SE)	Test Statistic (p-value)
Attitude-toward-parent-brand	0.2790 (0.1109)	2.5149 (0.0144)*

Note: IV: Independent variable; DV: dependent variable; SE: standard error. Test statistic was t for total effect of IV on DV.

* indicates statistically significantly different at the 0.05 level of significance.

Table 8

Analyses Results of the Single-Step Multiple Mediator Model – Indirect Effects of IV on DV via Moderators (ab paths)

Factor	Point Est. (SE)	Test Stat. (p-value)	Bootstrapping CI
Categorization	0.0263 (0.0327)	0.8023 (0.4224)	(-0.246, 0.1643)
Congruence	0.1402 (0.0658)	2.1294 (0.0332)*	(0.0348, 0.2816)
Perception-of-Fit	0.0083 (0.0278)	0.2981 (0.7656)	(-0.0464, 0.1083)
Product Involvement	0.0834 (0.0469)	1.7761 (0.0757)**	(0.0064, 0.2394)
Total	0.2581 (0.0903)	2.8590 (0.0042)*	(0.1013, 0.4614)

Note: IV: Independent variable; DV: dependent variable; SE: standard error; CI: confidence interval. Test statistic was z for ab paths (Sobel test). Bootstrapping 95% CI was obtained for ab paths based on 1000 bootstrap samples.

* indicates statistically significantly different at the 0.05 level of significance.

** indicates statistically significantly different at the 0.1 level of significance.

Summary

Chapter Four provided results from the self-administered survey questionnaires completed by the study participants. Data analyses results were based on SAS macro, even though both SAS macro and SPSS macro were used for the purpose of comparisons following Preacher and Hayes' 2008 method. Cronbach's alpha was used for the six factors of attitude-toward-product-extension, attitude-toward-parent-brand, categorization, congruence, perception-of-fit, and product involvement to gauge reliability measurements. Convenience sampling was used for the 120 students who met the criteria to participate in this study.

Data from the responses of 72 participants were evaluated to better understand how consumers evaluate product extensions of nondurable goods. Additionally, categorization, congruence, perception-of-fit, and product involvement are four evaluative processes that play significant roles in developing how attitudes are formed,

levels of consumer involvement, and purchase decisions based on the evaluations between the parent brands and their brand extensions (Aaker & Keller, 1990; Kalamas et al., 2006; Zaichowsky, 1994). The underlying premise is that attitude-toward-the-parent-brand will also influence the evaluation of product extensions.

Based on the results obtained, (1) there was no effect of attitude toward parent brand on categorization, (2) there is an effect of attitude-toward-parent-brand on congruence, (3) there is an effect of attitude-toward-parent-brand on perception-of-fit, and (4) there is an effect of attitude-toward-parent-brand on product involvement (consumer involvement). The analysis of results used Preacher and Hayes (2008) single-step multiple mediator model for this research.

Based on the results, there is a direct effect of congruence and product involvement on attitude-towards- extensions. There was no direct effect found of perception-of-fit on attitude-toward-product- extensions

Based on the analysis results, categorization and perception-of-fit did not mediate the effect of attitude- toward-parent-brand on attitude-toward-product-extensions, whereas congruence and product involvement did mediate the effect of attitude-toward-parent-brand on attitude-toward-product-extensions. Based on the results of the data analysis, the estimation of total indirect effect of the independent variable on the dependent variable via the four proposed mediators is $0.2581 (0.0263 + 0.1402 + 0.0083 + 0.0834 = 0.2582, \text{ rounding error})$, which is statistically significantly different from 0 ($p = 0.0042$). It is assumed that a relationship does exists between the total indirect effect of attitude-toward-parent-brand on attitude-toward-product-extension via categorization, congruence, perception-of-fit, and product involvement, and are related to one another in

the population just as they are in the sample when consumers evaluate product extensions. No direct effect of attitude-toward-parent-brand on attitude-toward-product-extensions was found. Based on the analyses, a relationship was discovered between the total effect of attitude-toward-parent-brand on attitude-toward-product extensions.

CHAPTER FIVE: DISCUSSIONS, CONCLUSIONS, AND RECOMMENDATIONS

Introduction

This final chapter discusses the summary of the findings related to consumer evaluations of brand extensions of nondurable goods. As brand managers face several difficult challenges in developing strategies to introduce brand extensions into the marketplace successfully, gaining insight from previous studies that have concentrated on consumer attitudinal effects and product attributes relating to successful introductions of brand extensions. Essential factors related to the decision-making process involve attitude formation, cognitive processes, and product purchasing behaviors that affect consumer perception and consumer market behavior. Developing a new product is time consuming and very costly (Keller, 2003).

Companies capitalize on the existing powerful parent brand name to offer consumers more products by introducing brand extensions into the marketplace (Keller, 2003). Brand extension strategies can lessen the risks associated with developing a new product (Oakley, et al., 2008). These risks include minimizing the obstacles of initial start-up costs, marketing responsibilities, and managerial time (Huifang & Krishnan, 2006; Oakley et al., 2008).

This research analyzed the attitudes and perceptions of consumers on brand extensions of nondurable goods. Data were gathered from participants enrolled in either undergraduate or graduate level courses in psychology, business, or liberal arts at a Midwestern university. Participants also affirmed product use of Coca-Cola and

McDonald's. The results attempt to fill a gap in the consumer behavior literature by adding additional information to the body of knowledge.

Discussions of Results

This study analyzed consumers' evaluations of brand extensions of nondurable goods. This research helped fill a gap in the literature about brand consumer behavior. The findings suggested categorization, congruence, perception-of-fit, and product involvement played important roles in determining how attitudes were formed, levels of consumer involvement, and purchase decisions based on the evaluations between the parent brands and their brand extensions. This study used a quantitative method that employed a field survey, incorporating two real brands (i.e., Coca-Cola and McDonald's) and four hypothetical product extensions.

The data were collected by using a self-administered survey questionnaire, which was based on instrumentation used in Aaker and Keller's (1990) study of consumer evaluations of brand extensions measuring categorization, congruence (Keller, 1993), and perception of fit (Aaker & Keller, 1990), Kwun's (2004) study on consumers' evaluations of brand portfolios on services and products, and Zaichowsky's (1994) personal involvement inventory measuring cognitive involvement.

The results of this research were based on the relationship of the direct effect of attitude-toward-parent-brand on attitude-toward-product-extensions. Additionally, the results of this research were also based on the specific indirect effects of attitude-toward-parent-brand on attitude-toward-product-extensions through the four intervening variables (mediators) of categorization, congruence, perception-of-fit, and product

involvement. Similarly, the results of this research were also based on the total effect of attitude-toward-parent-brand on attitude-toward-product-extensions, that used Preacher and Hayes (2008) single-step multiple mediator model.

The hypotheses and test results represented the effect of the parent brand on the four mediators where the point estimates for $a_1 - a_4$ (the effect of the independent variable, attitude-toward-the-parent-brand, on the j^{th} proposed mediator) were all positive. As such, they indicated a more positive attitude-toward-parent-brand led to a more positive effect on categorization, congruence, perception-of-fit, and product involvement. According to the results, the model suggested no effect of attitude-toward-parent-brand on categorization when brand familiarity is used. This finding is contradictory to previous studies, which revealed brand familiarity of the parent can influence judgment and future purchasing intentions (Kalamas et al., 2006; Meyvis & Janiszewski, 2004; Priester, Dholakia, & Fleming, 2004; Shine, Park, & Wyer, 2007). Additionally, Aaker and Keller (1990) and Lane and Jacobson (1997) hypothesized consumers can develop attitudes when brand familiarity was associated with the parent brand. Because the result of the present research is contradictory to previous research, it is important to further investigate the categorization construct in the context of consumer evaluations as it was previously believed consumers transfer brand familiarity from one brand to another (Kalamas, et al., 2006).

The research model suggested an effect of the attitude-toward-parent-brand on congruence using brand image and awareness. This finding is consistent with Lafferty and Goldsmith's (1999) research, as researchers asserted consumers associated the perception of brand image and awareness as belonging to the parent brand during

evaluation and purchase decisions. Additionally, positive brand image and awareness could serve as extrinsic cues in the decision making process that affect purchase intentions (Aaker, 1991; Ahluwalia & Gurhan-Canli, 2000; Park, Jaworski, & McInnis, 1986).

The research model also suggested an effect of attitude-toward-parent-brand on perception-of-fit when product quality, brand image, complement, substitute, and transfer are used. This finding is consistent with previous research (Fombrun, 1996; Markus, 1977) that theorized positive brand image had a strong influence during purchase decision intentions. Additionally, positive brand image and awareness can serve as extrinsic cues in the decision making process that can affect purchase intentions (Aaker, 1991; Ahluwalia & Gurhan-Canli, 2000; Park, Jaworski, & McInnis, 1986).

An effect of attitude-toward-parent-brand on product involvement was also found. This finding is consistent with Muthukrishnan and Wietz' (1991) theory that fit judgment is developed based on peripheral cues, such as deep level cues (i.e., performance) and surface level cues (i.e., packaging characteristics of the product), during purchase decision processes of the parent brand. Additionally, Klink and Smith (2001) stated that greater exposure (i.e., multiple exposures to marketing communication, observations of products, and information exposure) is needed for low-fit extensions to elevate brand knowledge and enhance consumer awareness to atypical product extensions during decision making processes to either buy the parent brand. Previous research provided a strong support aligned with this current research based on the consistency of the findings between the research studies.

The direct effect of mediators on attitude-toward-product-extension suggested a direct effect of categorization on attitude-toward-product-extension. This finding is consistent with Aaker and Keller's (1990) study on categorization, in which they found brand familiarity was developed from products perceived as belonging in the same brand product category. This influenced positive evaluation. Category theory asserted the initial perception toward the product extension may be readily influenced or linked from previous consumer experiences with the parent brand (Kalamas et al., 2006; Meyvis & Janiszewski, 2004; Priester, Dholakia, & Fleming, 2004; Shine, Park, & Wyer, 2007). This research provided strong support for previously developed consumer perception affecting evaluations of the product extension, in turn supporting current findings.

A direct effect of congruence on attitude-toward-product extension was also found. This is consistent with brand theorists' suggestions that consumers evaluate product extensions based on brand image and awareness matching the parent brand name's characteristics and attributes during cognitive processes and decision mechanism (Aaker, 1996; Blichfeldt, 2005; Chowdhury, 2007; Escalas, 2004; Park, Milberg, & Lawson, 1991). Brand image and awareness often played important roles in the decision mechanism of how consumers evaluated product extensions.

No direct effect of perception-of-fit on attitude-toward-product-extension was indicated in the research model. This finding is contradictory to prior studies, which revealed product quality, brand image, and complement, substitute, and transfer of perception was favorable with some product extensions. This affected consumer attitude during purchasing decision making process and cognitive processing state (Aaker & Keller, 1990; Ahluwalia & Gurhan-Canli, 2000; Papadimitriou, Apostolopoulou, &

Louka, 2004). Since the results of the present research was contradictory to previous studies (Aaker & Keller, 1990; Ahluwalia & Gurhan-Canli, 2000), more attention is needed on the perception-of-fit construct and its measurement.

A direct effect of product involvement on attitude-toward-product-extension. This finding is consistent with Klink and Smith's (2001) product involvement theory. For example, these researchers asserted that high product involvement was required for low-fit extensions and greater exposure was needed for low-fit extensions to elevate brand knowledge and to increase consumer awareness to atypical product extensions.

Regarding the indirect effect of attitude-toward-parent-brand on attitude-toward-product-extensions via mediators, the research model suggested categorization did not mediate the effect of attitude-toward-parent-brand on attitude-toward-product-extension. Product familiarity when used under categorization also did not have a mediating effect when consumers form an attitude toward the extended product. This finding is contradictory to prior research (Meyvis & Janiszewski, 2004), where the researchers asserted the significance of categorization on consumer evaluations by indicating how accessibility (i.e., level of which a fraction of information can be recalled from memory for judgment), diagnosticity (i.e., level to which a fraction of information is significant for that judgment), and similarity of category associations determined consumer evaluations of product extensions. Further examination will be needed with respect of the role of the categorization construct in terms of product familiarity of brand fit in meeting the criteria to belong in the same product brand category during the extension evaluation process.

Congruence mediated the indirect effect of attitude-toward-parent-brand on attitude-toward-product-extension. Brand image and awareness when used under congruence both have mediating effects when consumers form an attitude toward the extended product. This finding is consistent with Aaker's (1991) and Park, Jaworski, and McInnis's (1986) research.

Perception-of-fit did not mediate the indirect effect of attitude-toward-the-parent-brand on attitude-toward-product-extension. Product quality, brand image, complement, substitute, and transfer under perception-of-fit did not have mediating effects when consumers form an attitude toward the extended product, which was contradictory to the research of Mandler (1982). Mandler (1982) suggested consumers used the existence of superior cues, such as attributes (i.e., product quality, brand image) belonging to the parent brand name as a means to approach various cues related to a category or schema when evaluating product extensions. Further exploration with respect to the perception-of-fit construct will be needed when using product quality, brand image, complement, substitute, and transfer during the extension evaluation process. The level of perceived fit between the parent brand and its product extensions can facilitate a degree of attitude transferability from the parent brand to its product extensions.

Product involvement mediated the indirect effect of attitude-toward-the-parent-brand on attitude-toward-product-extension. This finding is consistent with Traylor's (1981) theory on using product involvement when forming an attitude-toward-the-product-extension. Traylor (1981) suggested product involvement could be applied with buying attitudes of the extended product from available cues that were already developed

from the parent brand. These buying attitudes can be influential factors in obtaining favorable consumer evaluations of the product extensions.

The study suggested congruence and product involvement mediated the indirect effect of attitude-toward-parent brand on attitude-toward-product-extension. Categorization and perception-of-fit did not mediate the indirect effect of attitude-toward-parent-brand on attitude-toward-product-extensions. Notably, the estimation of total indirect effect of attitude-toward-parent-brand on attitude-toward-product-extension via categorization, congruence, perception-of-fit, and product involvement was 0.2581, which was statistically significantly different from 0 ($p=0.0042$). Furthermore, the point estimates for the effect of attitude-toward-parent-brand, on the j^{th} proposed mediator ($a_1 - a_4$), and the direct effect of the j^{th} proposed mediator on attitude-toward-product-extensions ($b_1 - b_4$) were all positive. This indicated that the more positive the attitude-toward-parent-brand led to a more positive effect of categorization, congruence, perception of fit, and product involvement, which in turn led to a more positive attitude-toward-product-extensions.

The direct effect of attitude-toward-parent brand on attitude-toward-product-extensions was not statistically significant. The evaluations of consumer on brand extensions were not due to the direct effect of attitude-toward-parent-brand on attitude-toward-product-extensions alone. The intervening variables (mediators) of categorization, congruence, perception-of-fit, and product involvement, provided insights into how attitudes are formed and how the level of consumer involvement affected the decision-making process in purchasing product extensions.

The total effect of attitude-toward-parent-brand on attitude-toward-product-extensions was statistically significant. The identification and analysis of the roles of categorization, congruence, perception-of-fit, and product involvement when used simultaneously provided further understanding into how the total effect of attitude-toward-parent-brand on attitude-toward-product-extension were applied when consumers made decisions on future purchases of product extensions.

Conclusions

The quantitative method utilized for this research was successful in combining theoretical and practical applications for this study. The findings provided a deeper understanding into how consumers evaluate product extensions of nondurable goods. Categorization, congruence, perception-of-fit, and product involvement were four evaluative processes that played significant roles in determining how attitudes were formed, levels of consumer involvement, and purchase decisions based on the evaluations between the parent brand and their product extensions (Aaker & Keller, 1990; Kalamas et al., 2006; Zaichowsky, 1994). The underlying premise was that attitude-toward-the-parent-brand would also influence the evaluation of product extensions.

This study expanded the investigation into understanding how consumers evaluate product extensions of nondurable goods as they enter into the marketplace. Consumer involvement, purchasing decisions, and attitude formation were key factors in the examination and analysis of categorization, congruence, perception-of-fit, and product involvement when studied simultaneously.

Based on the results obtained from using the single-step multiple mediator

model (Preacher & Hayes, 2008), with the effect of the parent brand on categorization, congruence, perception-of-fit, and product involvement, the research null hypotheses were rejected for congruence, perception-of-fit, and product involvement and not rejected for categorization. The point estimates of $a_1 - a_4$ were all positive. These results indicated a more positive attitude-toward-parent-brand led to a more positive effect of categorization, congruence, perception-of-fit, and product involvement. The null hypothesis for perception-of-fit was accepted and indicated there was no effect on the attitude-toward-product-extension. The alternative hypotheses were accepted for categorization, congruence, and product involvement, due to the direct effects of categorization, congruence, and product involvement on attitude-toward-product-extension. The point estimates of point for $b_1 - b_4$ were positive. These results indicated a more positive effect of categorization, congruence, perception-of-fit, and product involvement led to a more positive attitude-toward-product-extension.

According to the mediating effects, the results indicated categorization and perception-of-fit were not mediators. Congruence and product involvement were mediators. However, the point estimates of the significant effect of the independent variable, attitude-toward-parent-brand, on the j^{th} proposed mediator ($a_1 - a_4$) and the direct effect of the j^{th} proposed mediator on attitude-toward-product-extensions ($b_1 - b_4$) were all positive. These results indicated the more positive the attitude-toward-parent-brand led to a more positive effect of categorization, congruence, perception of fit, and product involvement, which in turn led to a more positive attitude-toward-product-extensions.

A clear understanding of the significant and critical roles of categorization, congruence, perception-of-fit, and product involvement is important in gaining insights into how consumers evaluate product extensions of nondurable goods. Categorization, congruence, perception-of-fit, and product involvement are powerful cognitive processes that have profound effects on consumer attitudes and the successful introductions of brand extensions of nondurable goods into the marketplace. These four theoretical viewpoints (categorization, congruence, perception-of-fit, and product involvement) are essentially significant to the decision-making processes that involve attitude formation, cognitive processes, and product purchasing behaviors that ultimately affect how consumers perceive and evaluate product extensions.

Recommendations and Implications for Professional Practice

Companies are continuously searching for greater opportunities to capitalize on the parent brand's already established and recognizable name (Keller, 2003). With a powerful parent brand name, brand extension strategies can minimize the obstacles associated with initial start-up costs, risks, marketing responsibilities, and managerial time allocated for new product introductions (Huifang & Krishnan, 2006; Oakley et al., 2008). Fundamentally, brand managers who develop brand extensions must consider several possibilities, including brand dilution, cannibalization, and failures (Chowdhury, 2007; Marcus, 2005; Morgan & Rego, 2009).

Given the attention of how consumers evaluate brand extensions into the marketplace, very little attention has been given to its implementation. This study provided several recommendations and opportunities for brand managers and organizations to improve on how consumers evaluate their brand extensions. Improvements may be through the

implementation of strategies that include these four evaluative processes together to develop high-yielding, profitable, and competitive performing brand extensions. The first recommendation would be to implement strategies that include these four evaluative processes simultaneously prior to developing a brand extension in order to lessen the risks of introducing product extensions into the marketplace. Positive perception and evaluation of brand extensions are critical in introducing products into the marketplace.

The second recommendation would be to take into consideration the indirect effects of the four mediators (i.e., categorization, congruence, perception-of-fit, and product involvement) on attitude-toward-parent-brand on attitude-toward-product-extensions during consumer evaluations. Product involvement and congruence were both mediators in this study, and these results were consistent with the interpretation that a more positive perception based on the effects of product involvement and congruence led to a positive evaluation of the product extension being introduced into the marketplace. During the extension evaluation process, consumers used product involvement, followed by brand image and awareness under congruence, to influence their ability to make a decision toward the product extension. The role of product involvement becomes even more important as competing companies continue to offer product extensions that may be perceived by consumers as having similar product attributes, characteristics, and uses in comparison with another product extension being offered into the marketplace. Therefore, it is imperative for brand managers to recognize the effects of product involvement when developing product extensions. The effects of product involvement may contribute to the product extension's market position, customer loyalty, and brand preferences.

The third recommendation is to recognize the total effect of attitude-toward-parent-brand on attitude-toward-product-extension. A more positive perception of the parent brand to its product extension was based on the sum of the direct effects and the specific indirect effects of attitude-toward-parent-brand on attitude-toward-product-extension, of categorization, congruence, and product involvement. During the extension evaluation, consumers used brand familiarity under categorization, brand image and awareness under congruence, and product involvement to associate the product extension to its parent brand. In purchase decision research, leveraging an established parent brand name by having the same complementary characteristics and attributes associated with the parent brand decreased the risks of introducing product extensions (Aaker & Keller, 1990). Furthermore, in product class research, managers should consider categorization, congruence, and product involvement in a holistic point of view in order to obtain a positive attitude, perception, and behavior toward the product extension (Aaker, 1996; Aaker & Keller, 1990; Kalamas et. al, 2006; Morrin et al., 2006).

The fourth recommendation is to recognize the significant effect of attitude-toward-parent-brand on the four mediators. Based on the result, it is with consistent interpretation that a more positive perception of the parent brand was based on the positive effects of congruence, perception-of-fit, and product involvement. Consumers evaluated the parent brand based on a positive perception by using brand image and awareness under congruence, product quality, brand image, complement, transfer, and substitute under perception-of-fit, and product involvement. Brand managers should recognize the initial perception of a brand can influence market behavior (Calkins, 2005(b); Moorman, 1998; Petty & Cacioppo, 1984).

The final recommendation is that brand managers not compare and contrast two mediators in their ability to mediate, but rather their unique abilities to mediate, above and beyond any other mediators or covariates in the model (Preacher & Hayes, 2008). Similarly, managers should consider how each mediator affects the relationship of attitude-toward-parent-brand on attitude-toward-product-extension individually during the extension evaluation process. Consumer evaluations of brand extensions are not formed due to the direct effect of attitude-toward-parent-brand on attitude-toward-product-extensions alone. The four theoretical viewpoints of categorization, congruence, perception of fit, and product involvement can provide deeper insights into how attitudes are formed and how the level of consumer involvement is affected when making a decision to buy the product extensions.

Similarly, developing positive consumer evaluations of product extensions of nondurable goods is a major discussion of global interest among brand managers as companies continuously evaluate their strategies to have a high-yielding and profitable brand name in the competitive marketplace. As times change and purchasing behaviors change, academic research in the areas of brand extensions are of greater importance to brand managers. Additionally, by conducting more academic research, brand extension researchers can delve into a broader and expanded analysis and into discovering in greater detail an understanding of how consumers evaluate product extensions of nondurable goods as they enter into the marketplace.

Future Research

Based on the results of the current study, the first recommendation for future research would be to have the same participant sample size. The study can obtain participants

from a mid-sized university similar to what this current researcher used. The same parent brand names and hypothetical product extensions should be used, when replicating this current study in order to increase generalizability.

Secondly, future research could utilize the same quantitative method, focused on using the four evaluative processes of categorization, congruence, perception of fit, and product involvement to gain insight into how attitudes are formed, levels of consumer involvement, and purchase intentions based on the evaluations between the parent brands and their product extensions. Future research may be able to replicate this work by using these four evaluative processes as mediating variables.

Lastly, future research may use the same survey questionnaire that was used to investigate how consumers evaluate product extensions of nondurable goods. For example, future research may use the same survey questionnaire developed by Aaker and Keller (1990) to measure the variable of categorization. It is possible future research may want to use the same method of analysis, such as the single-step multiple mediator model (Preacher & Hayes, 2008), to test the relationship of (1) direct effect of attitude-toward-parent-brand on attitude-toward-product-extensions, (2) the specific indirect effects of attitude-toward-parent-brand on attitude-toward-product-extensions through the four intervening variables (mediators) of categorization, congruence, perception-of-fit, and product involvement, and (3) total effect of attitude-toward-parent-brand on attitude-toward-product-extensions. Additionally, by using the single-step multiple mediator model (Preacher & Hayes, 2008), future research could test how categorization, congruence, perception-of-fit, and product involvement mediates the effect of attitude-toward-parent brand on attitude-toward-product-extensions.

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APPENDICES

APPENDIX A

APPENDIX A

Participant Packet Cover Letter

APPENDIX A

Participant Packet Cover Letter

INFORMED CONSENT FORM

This study is being done by Juliet Tran, who is a doctoral student in the College of Business at Argosy University-Online working on a dissertation. This study is a requirement to fulfill the researcher's degree and will not be used for decision-making by any organization.

The title of this study is "A Study of Consumer Evaluations of Brand Extensions of Nondurable Goods."

The purpose of this study is to analyze the relationships between four different theoretical constructs – categorization, congruence, perception of fit, and product involvement – and their effects on consumer evaluations of brand extensions of nondurable goods. The underlying premise is that attitude-toward-the-parent-brand will also influence the evaluation of product extensions.

I was asked to be in this study because my participation will add to the body of knowledge about brand management and consumer behavior, specifically with respect to the introduction of brand extensions. This knowledge may assist brand managers in their decisions about creating suitable brand extensions in order to better serve customers like me.

A total of 120 people have been asked to participate in this study.

If I agree to be in this study, I will be asked to fill out a self-administered survey questionnaire in the classroom.

This study will take 30 minutes.

The risks associated with this study are none, since the survey is voluntary and anonymous.

The benefits of participation are 1) contributing to the body of knowledge in brand management and consumer behavior, 2) helping to identify the potential weaknesses and strengths of branding strategies in consumer evaluations of brand extensions of

nondurable goods as they enter into the marketplace, and 3) expressing my opinions without being identified because the survey is anonymous and confidential.

I will receive no compensation or incentives.

The information I provide will be treated confidentially, which means that nobody except the researcher and her committee chair will be able to tell who I am.

The records of this study will be kept private. No words linking me to the study will be included in any sort of report that might be published.

The records will be stored securely and only the researcher and dissertation chair will have access to the records.

I have the right to get a summary of the results of this study if I would like to have them. I can get the summary by contacting the researcher via email or telephone.

I understand that my participation is strictly voluntary. If I do not participate, it will not harm my relationship with the researcher. If I decide to participate, I can refuse to answer any of the questions that may make me uncomfortable. I can quit at any time without my relations with the university, job, benefits, etc. being affected.

I can contact the researcher at tran_juliet@yahoo.com or 630.765.0815 with any questions about this study.

I understand that this study has been reviewed and Certified by the Institutional Review Board, Argosy University-Online. For problems or questions regarding participants' rights, I can contact the Institutional Review Board Chair, Dr. Calvin Berkey at cberkey@argosy.edu.

I have read and understand the explanation provided to me. I have had all my questions answered to my satisfaction, and I voluntarily agree to participate in this study. I have been given a copy of this consent form. By signing this document, I consent to participate in the study.

Name of Participant

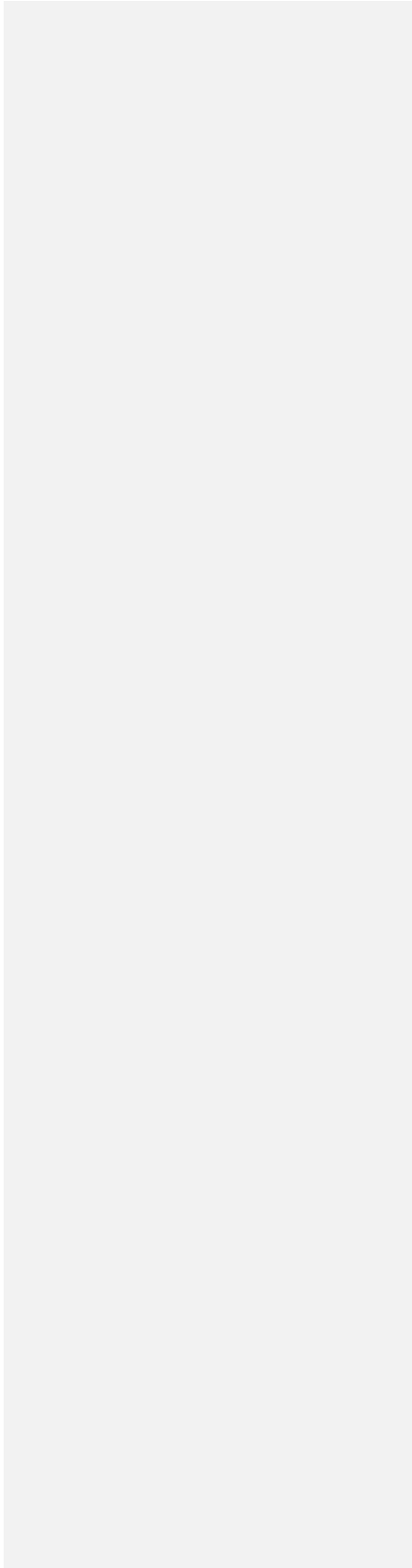
(printed): _____

Signature: _____ Date: _____

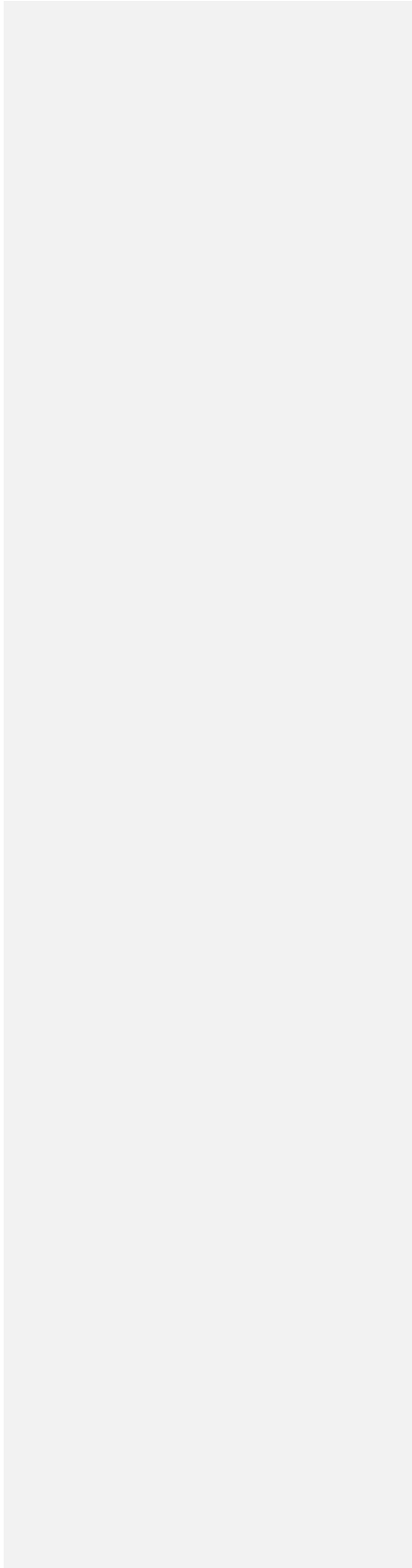
Signature of Principal

Investigator: _____

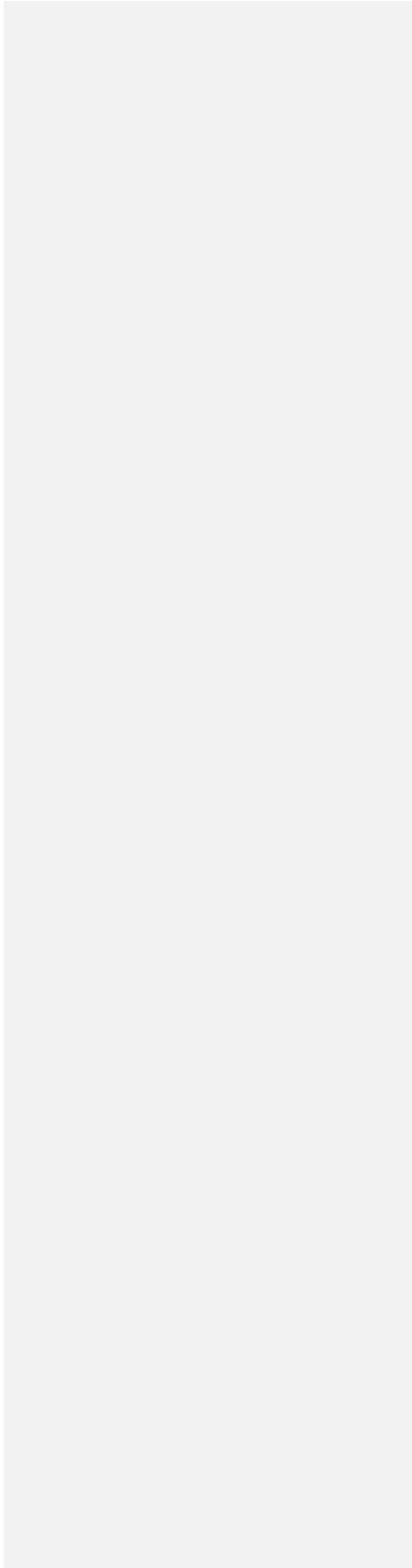
Date: _____



APPENDIX B



APPENDIX B
Institution Permission Cover Letter



APPENDIX B

Institution Permission Cover Letter

Dr. David B. VanWinkle, Ph.D., Vice President for Academic Affairs
Argosy University
225 North Michigan Avenue, Suite 1300
Chicago, IL 60601

December 12, 2012

Dear Dr. VanWinkle,

I am Juliet Tran, a graduate student at Argosy University, working on my dissertation under the supervision of Dr. Sandra Lueder, the faculty Doctoral Dissertation Research Chair.

In partial fulfillment of the requirements for the degree of Doctor of Business Administration, I am interested in conducting a study at Argosy University. The title of my study is "A Study of Consumer Evaluations of Brand Extensions of Nondurable Goods."

I seek your approval to conduct this quantitative method study using a Student Survey Questionnaire in a classroom setting from both the undergraduate and graduate level students of Marketing, Psychology, and English. Additionally, I seek approval to administer the Student Survey Questionnaire from the faculty who are teaching students in these majors.

The data provided for this research will be treated confidentially and handled securely. The results of the research will be reported as aggregate summary data only, with no individually identifiable information presented. The name of Argosy University will not be identified in the study. Faculty and students who agree to participate in the study will sign a letter of informed consent.

If approved, the on-site research activities are estimated to start February 1, 2013 (or sooner) and conclude by March 30, 2013. No data collection will be conducted before receiving approval of Argosy University or before certification by the Institutional Review Board (IRB) of Argosy University.

The potential benefit of this research is to have a better understanding of how consumers evaluate brand extensions of nondurable goods as they enter into the marketplace. If you grant approval to conduct this study, please provide your notice of approval on Argosy University letterhead. This is required for IRB certification purposes. Thank you for your consideration.

Sincerely, Juliet Tran

**Application for IRB Review and Certification of Compliance
Expedited Cover Sheet**

IRB# B13-038
Date Logged: 04/18/2013

Expedited Review (Level 2) Application, Moderate Risk

(Review by one or more IRB Members—May lead to Full IRB Review)

Principal Investigator/Researcher's Name: Juliet Tran

Student ID Number: 0802101183

Type of Research Project (CRP, Dissertation, describe other) Dissertation

Title of Research Project: A Study of Consumer Evaluations of Brand Extensions of Nondurable Goods

Principal Investigator/Researcher's Address: 129 Elk Trail #329
Carol Stream, IL 60188

Email Address: tran_juliet@yahoo.com Telephone Number: 630.765.0815

Faculty Research Supervisor/CRP/Dissertation Committee Chair's Name: Dr. Sandra L. Lueder, PhD

College: Business Psychology and Behavioral Sciences
 Education Health Sciences OTHER _____

Program of Study: Marketing Degree DBA

Project Proposed Start Date: 05/01/2013 Project Proposed Completion Date: 07/01/2013

As the principal investigator, I attest that all of the information on this form is accurate, and that every effort has been made to provide the reviewers with complete information related to the nature and procedures to be followed in the research project. Additional forms will be immediately filed with the IRB to report any change in subject(s), selection process, change of principal investigator, change in faculty research supervisor, adverse incidents, or final completion date of project. I also attest that I will treat human participants' data ethically and in compliance with all applicable state and federal rules and regulations that apply to this study, particularly as they apply to research work conducted in countries other than the United States.

Signature of Principal Investigator/Researcher Juliet tran Digitally signed by Juliet Tran
DN: cn=Juliet Tran, ou=Business
Administration, email=tran_juliet@yahoo.com, c=US
Date: 2013.04.18 21:00:55 -0500 / 04/08/2013
Date

Approval Signature - Faculty Research Supervisor/CRP/Dissertation Committee Chair:

Sandra Lueder Digitally signed by Sandra Lueder
DN: cn=Sandra Lueder, ou=Argosy University Online,
ou=College of Business, email=s.lueder@argosy.edu, c=US
Date: 2013.04.09 19:45:34 -0400 / 04/09/2013
Date

IRB Certification Signature:

Dr. Roger D. Fuller Digitally signed by Dr. Roger D. Fuller
DN: cn=Dr. Roger D. Fuller, ou=Assistant Professor/College
of Business/IRB Reviewer, email=rfuller@argosy.edu, c=US
Date: 2013.04.18 17:41:29 -0500 / _____
Date

The above named research project is certified for compliance with Argosy University's requirements for the protection of human research participants with the following conditions:

- 1. Research must be conducted according to the research project that was certified by the IRB.*
- 2. Any changes to the research project, such as procedures, consent or assent forms, addition of participants, or study design must be reported to and certified by the IRB.*
- 3. Any adverse events or reactions must be reported to the IRB immediately.*
- 4. The research project is certified for the specific time period noted in this application; any collection of data from human participants after this time period is in violation of IRB policy.*
- 5. When the study is complete, the investigator must complete a Completion of Research form.*
- 6. Any future correspondence should be through the principal investigator's research supervisor and include the assigned IRB research project number and the project title.*

NOTES:

- Please complete this cover and the Petition in detail. Every question must be answered. Please type your answers.*
- Attach the appropriate documents and submit the entire application materials under the cover of a completed Application Checklist to the CRP or Dissertation Chairperson.*
- Do not proceed with any research work with participants until IRB Certification is obtained.*
- If any change occurs in the procedure, sample size, research focus, or other element of the project impacts participants, the IRB must be notified in writing with the appropriate form (see ancillary forms).*
- Please allow 30 days after receipt of a complete application for processing.*
- DO NOT COLLECT DATA PRIOR TO RECEIVING IRB CERTIFICATION**

Appendix B

***Application for IRB Review and Certification of Compliance:
Expedited Application Form Checklist***

Expedited Review (Level 2) Application, Moderate Risk

(Review by the designated IRB member or the IRB Chair).

Application Form Checklist

To the Principal Investigator of a research project:

1. Please review the documents listed below that pertain to your research project. In the event that your project does require the use of any of the listed documents, attach a copy of that document to the application submitted for IRB review.
2. Please be advised that research projects involving interaction with human participants must have an Informed Consent Form(s) attached. If a minor or incapacitated individual of any age is involved, parent/guardian permission must be noted and included.
3. Parental permission does not negate the child's right to chose to not participate.
4. If you are conducting a research project in another institution (e.g., a hospital or school), you must attach a signed permission letter from a supervisor/administrator who is in a position to grant you permission to conduct the research at that site. The letter must be on institutional letterhead and must have an original signature.
5. If that institution also has a Human Subjects Review Committee--often referred to as the Institutional Review Board (IRB)-- then written permission from the participating institution's IRB must be attached to your IRB application.
6. If you are conducting the research outside of the United States, attach a letter of assurance that where the research is being conducted.

Please check: The attached Application for Certification of Compliance contains

- Institutional Permission Letter (where research is taking place)
- Assurance of Adherence to Governmental Regulations concerning Human Subjects (if Research project is conducted outside the US)
- Letter(s) of Informed Consent
- Parent/guardian Permission Letter (must have provision for written signature)
- Oral statement of Assurance (used with minors)
- Data-gathering instruments (s): Observation, Interview, Survey, other
- CITI completion documentation for Principal Investigator and all Committee Members
- Conflict of Interest Disclosure Statement
- Principal Investigator and Faculty Research Supervisor's signatures Chair's Initials: SLL

***Application for IRB Certification of Compliance
Expedited Application***

Expedited Review (Level 2) Application, Moderate Risk

(Review by one or more IRB Members— May lead to Full Review)

Research with minors, prisoners, mentally/emotionally/physically challenged persons, pregnant women, fetuses, in vitro fertilization, and/or individual or group studies where the investigator manipulates the participant' behavior or the subject is exposed to stressful or invasive experiences do(es) not qualify for Expedited status.

Please completely answer the requested information (NA is not acceptable for any question). DO NOT attach your research proposal – answer each specific question in the area provided. Begin typing in the blue boxes.

1. Purpose of the Study:

The purpose of this research is to analyze the relationships between four different theoretical constructs - categorization, congruence, perception-of-fit, and product involvement - and their effects on consumer evaluations of brand extensions of nondurable goods. The underlying premise is that attitude-toward-the-parent-brand will influence the evaluation of product extensions.

The importance of this study is to supplement the present understanding of consumer evaluations of brand extensions of nondurable goods by addressing the limitations of previous research. The result of this research may provide a significant addition to understanding how consumer involvement, cognitive processes, and attitude formation can impact consumer evaluations of product extensions of nondurable goods. This research looks to gain deeper understanding of the different methods utilized by consumers to evaluate brand extension of nondurable goods. Additionally, this new understanding may contribute to more successful decisions being made about introducing product extensions of nondurable goods into the marketplace.

2. Summary of the Study. Methodology (Be Specific).

A sample of 120 students will be recruited at the undergraduate level in general psychology and liberal arts, and the graduate level in general business. A university located in the Midwest will be used for this research. Additional students from clinical psychology, doctoral level psychology, and business management will be considered if needed to obtain the total of 120 participants. This research is descriptive in nature, and it will describe if the (a) four different theoretical constructs - categorization, congruence, perception-of-fit, and product involvement - affect consumer evaluations of brand extensions of nondurable goods, and (b) if the underlying premise that attitude-toward-the-parent-brand will influence the evaluation of product extensions. This study employs a quantitative research methodology. A convenience sample will be utilized to obtain the target sample of 120 participants. A target response rate of 50% or 60 participants is estimated. The principal investigator will provide the participants with a participant packet that contains a self-administered survey questionnaire that consists of closed-ended statements. The first item in the packet will be a brief explanation of the research in which the subjects are asked to provide their reaction or attitude toward brand product extensions of already existing brand names. The second item in the packet will be the informed consent form, which must be reviewed and signed prior to continuing. The third item will be the measurement instrument itself.

This research plans to measure: (a) categorization: product familiarity and its effect on consumer evaluations of brand extensions, (b) congruence: brand image and brand awareness and its effect on consumer evaluations of the extended brands, (c) perception-of-fit: product quality and brand image and their effect on consumer responses to brand extensions, (d) product involvement: consumer involvement and its influence on consumer evaluations of the extended brands, and (e) the direct effect of attitude-toward-the-parent-brand on attitude toward product extensions.

These are the research questions:

- (a) How does categorization affect consumer attitudes toward brand extensions?
- (b) How does congruence affect consumer attitudes toward brand extensions?
- (c) How does perception-of-fit affect consumer attitudes toward brand extensions?
- (d) How does product involvement affect consumer attitudes toward brand extensions?
- (e) How does attitude-toward-the-parent-brand affect consumer attitudes toward brand extensions?

Hypotheses for categorization:

HO: The level of categorization between the parent brand and the product extension has no effect on the attitude toward the extension.

H1: The higher the level of categorization between the parent brand and the product extension, the greater the positive attitude toward the extension.

Hypotheses for congruence:

HO: The level of congruency between the parent brand and the product extension has no effect on the attitude toward the extension.

H1: The higher the congruency between the parent brand and the product extension, the more positive the attitude toward the extension.

Hypotheses for perception-of-fit:

HO: The perception-of-fit between the parent brand and the product extension has no effect on the attitude toward the extension.

H1: The higher the perception-of-fit between the parent brand and the product extension, the greater the positive attitude toward the extension.

Hypotheses for product involvement:

HO: The level of product involvement between the parent brand and the product extension has no effect on the attitude toward the extension.

H1: The higher the level of product involvement between the parent brand and the product extension, the greater the positive attitude toward the extensions.

Hypotheses for attitude toward parent brand:

HO: The level of attitude between the parent brand and its product extension has no effect on the attitude toward the extension.

H1: The higher the level of attitude between the parent brand and its extension, the greater the positive attitude toward the extension.

The survey questionnaire construction is based on the theoretical research model of the following relationships: (a) direct effect of attitude toward the parent brand on attitude toward the product extensions, (b) the specific indirect effects of attitude toward the parent brand on attitude toward product extensions through the four intervening (mediating) variables of categorization, congruence, perception-of-fit, and product involvement, and (c) the total effect of attitude toward parent brand on attitude toward product extensions. Analysis and collection of data from the survey uses the single step multiple mediator model to test the proposed conceptual relationships and analyze the mediating effects of categorization, congruence, perception-of-fit, and product involvement on attitudes toward the brand extensions, and the direct effect of attitude toward the parent brand on attitude toward product extensions (Preacher & Hayes, 2008).

There are a total of 22 questions contained on the self-administered survey. The survey asks the subjects to assess each question based on a 7-point Likert scale. In gathering the participants for this study, permission from the (1) University and Administration, and (2) Program Chairs for both Undergraduate and Graduate Studies approvals were obtained.

3. Subject/participant Demographics:

a. Anticipated Sample Size:

A sample of 120 students will be recruited at the undergraduate level in general psychology and liberal arts, and the graduate level in general business. A university located in the Midwest will be used for this research. Additional students from clinical psychology, doctoral level psychology, and business management will be considered if needed to obtain the total of 120 participants. The sample will be composed of 60 females and 60 males. The total size of population of interest from

b. Special Ethnic Groups (describe):

There will be no special ethnic groups participating in the research, as the sample is drawn from the broader population.

c. Institutionalized Y N Protected Group (describe):

No institutionalized or protected groups will be used in the research. Instead, the participants will be students who are academically enrolled in either undergraduate and graduate level courses of general psychology, general business, and liberal arts in a university located from the Midwest area.

d. Age group:

The age group of the participants will range from 18 to 45. No participants will be under 18 years of age.

e. General State of Health:

All participants are presumed to be in good mental and physical health.

f. Other details to describe sample group:

There are no other details to describe the sample group.

4. Will deception be used in the study? Y N (please describe)

There will be no deception utilized in the study. All procedures are fully described to the participants.

5. Will audio or videotapes be used in the study? Y N (please explain)

There will be no audio or videotapes utilized in the study. Instead, the participants will complete a self-administered questionnaire in the classrooms of liberal arts, general psychology, and general business courses.

6. Confidentiality protection issues (pertains to audio and video as well as written documents):

- a. What precautions will be taken to insure the privacy and anonymity of the participants? (i.e. closed doors, private rooms, handling of materials where subject's identity could be discovered, etc.).

The survey for this specific research study is strictly anonymous. Additionally, this research data can only be accessed by me (the researcher) and my dissertation committee.

- b. What specific precautions will be taken to safeguard and protect subject's confidentiality while handling the data (audio/video/paper) both in principal investigator's possession and in reporting the findings? (i.e., coding, removal of identifying data).

No names will be on the surveys, no names will appear on any data, and all paper/raw data will be in the possession of the researcher in a securely stored locked box in my home. No other person will have access to any data pertaining to this study. The raw data will be stored for a minimum of 3 years per the IRB handbook and will be destroyed, disposed of properly, and shredded by the researcher after the conclusion of the study. The principal investigator will employ Liquidtechnology (800.797.5478) to erase and destroy the electronic data/files on the computer and/or flash drives by using the data wiping software method.

- c. Describe procedures where confidentiality may be broken by law (e.g., child abuse, suicidal intent).

While it is presumed that this research will have no child abuse, suicide intent, or other issues where confidentiality can be broken by law, if it happens, the proper authorities will be notified.

7. Review by institutions outside of Argosy University Y N
(Attach copies of permission letters, IRB certifications, and any other relevant documents).

There will be no reviews by institutions outside Argosy University. However, permission letters for the institution are provided in the portfolio.

8. Informed Consent and Assent (Attach copies of all relevant forms). If consent is not necessary (e.g., anonymous interview), describe how you will inform all participants of the elements of consent (see instructions).

Informed consent is required for all participants and a copy of the informed consent form is included in the IRB application.

9. If written or oral informed consent is required, describe the manner in which consent and/or assent was obtained for each level).

- (a) Adult Participants (18 years and older – written consent required).

Informed consent is required for all participants. Each participant is 18 years or older. The informed consent form is included as the first page of the participant packet and a signature is required from each participant.

- (b) Child Participants (under 18 – parent/guardian permission and participant assent required).

There is no written consent required for the survey, since this research excludes participants who are below 18 years of age.

- (c) Institutionalized participants (parent/guardian/conservator permission with appropriate participant assent).

No institutionalized participants will be included in this research. All participants are students in either undergraduate or graduate level courses in general psychology, general business, and liberal arts from a university located in the Midwest.

10. Describe any possible physical, psychological, social, legal, economic or other risks to participants

a. Describe the precautions taken to minimize risk to participants.

There are no perceived risks to the participants because the survey is voluntary and anonymous.

b. Describe procedures implemented for correcting harm caused by participating in the study (e.g., follow up calls, referral to appropriate agencies).

While there should be little concern of harm for the participants, if any issues emerge, the participants will be referred to the proper authorities.

11. Potential benefit of the study:

a. Assess the potential benefit(s) of the study for the participants.

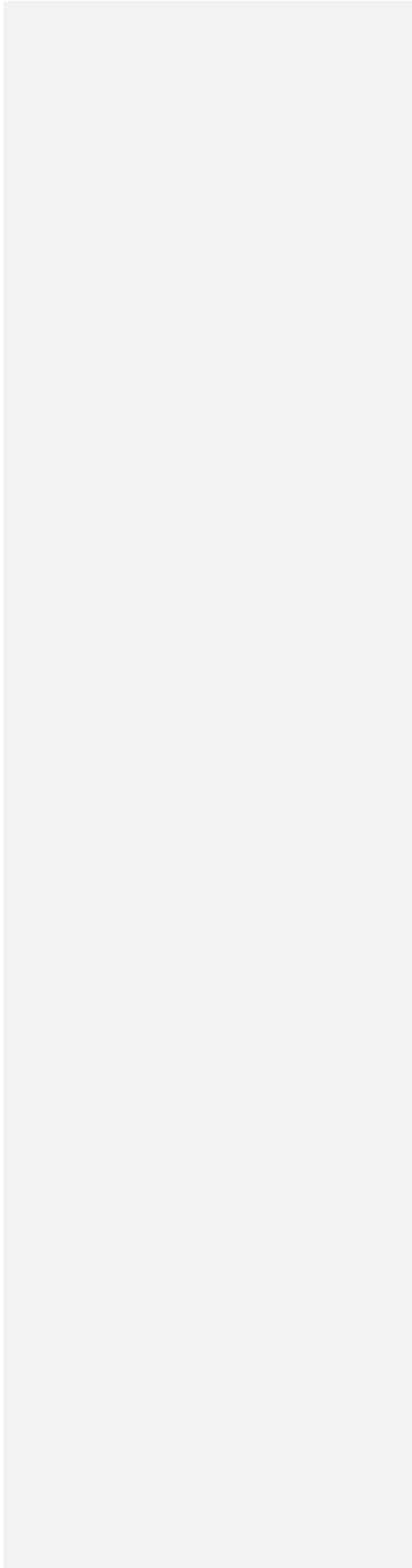
The potential benefits of this study for the participants would be that they have the ability to express their opinions without being afraid of being identified because the survey is anonymous. Additionally, the participants will contribute to the body of knowledge about brand management, specifically in terms of how consumers evaluate product extensions.

b. Assess the potential benefits(s) to the professional community.

The professional community can hopefully use the results of this study to help them identify the potential strengths and weaknesses of introducing brand extensions of nondurable goods into the marketplace. This, in turn, can contribute to the success and competitiveness of companies that seek to introduce product extensions as part of their brand strategy. Additionally, the contribution of this present study will add to the body of knowledge in brand management and consumer literature. A copy of my dissertation free of charge will be available to the professional community.

Attach any other required forms, including the principal investigator and faculty research supervisors' CITI completion forms, the principal investigator's Conflict of Interest form, tests, institutional permission slips, etc, related to this study. Failure to do so will result in delayed processing of the application.

APPENDIX C



APPENDIX C
Participant Packet for Instructions

Worthless	— : : : : : —	Valuable
Involving	— : : : : : —	Uninvolving
Not Needed	— : : : : : —	Needed

If you feel that the (product extension) *seems only slightly related* (but not really neutral) to one end of the scale, you should place your mark as follows:

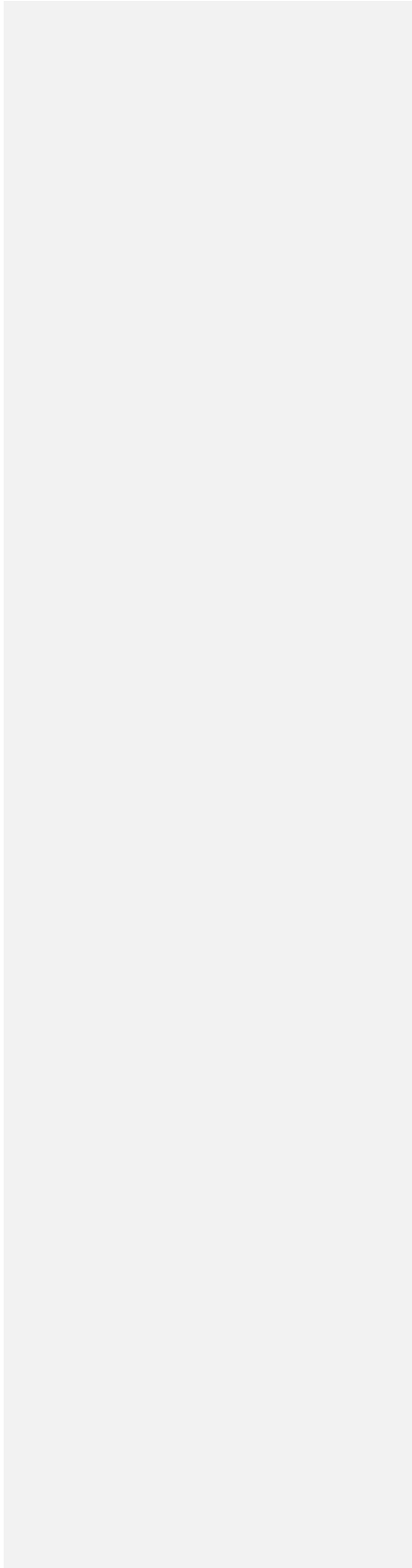
Important	— : : X : : : : —	Unimportant
Boring	— : : : X : : : : —	Interesting
Relevant	— : : : : : : : —	Irrelevant
Exciting	— : : : : : : : —	Unexciting
Means Nothing	— : : : : : : : —	Means a lot to
me		
Appealing	— : : : : : : : —	Unappealing
Fascinating	— : : : : : : : —	Mundane
Worthless	— : : : : : : : —	Valuable
Involving	— : : : : : : : —	Uninvolving
Not Needed	— : : : : : : : —	Needed

Important

1. Be sure that you check every scale for every (product extension); do not omit any.
2. Never put more than one check mark on a single scale.

Make each item a separate and independent judgment. Work at fairly high speed through this questionnaire. Do not worry or puzzle over individual items. It is your first impressions, the immediate feelings about the items, that we want. On the other hand, please do not be careless, because we want your true impressions.

APPENDIX D



APPENDIX D
Main Survey for the Main Research

Running Shoes and Coca-Cola _____
 Natural Sorbet and McDonald's _____
 Music CDs and McDonald's _____

6. These are highly **recognizable** parent brand names.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree
 Coca-Cola _____
 McDonald's _____

7. I can **recognize** the relationship between these product extensions as belonging with these parent brand names.

Strongly disagree ... 1 2 3 4 5 6 7 ... Strongly agree
 Diet Peach Soft Drinks
 and Coca-Cola _____
 Running Shoes and Coca-Cola _____
 Natural Sorbet and McDonald's _____
 Music CDs and McDonald's _____

8. I perceive the **image** of these product extensions to be **consistent** with their parent brand names. Image means a physical attribute or known characteristic (i.e., dark cola for Coca-Cola and fast foods for McDonald's) that is associated with the parent brand name.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree
 Coca-Cola and
 Diet Peach Soft Drinks _____
 Coca-Cola and Running Shoes _____
 McDonald's and Natural Sorbet _____
 McDonald's and Music CDs _____

9. My overall **perception** of the parent brands offering these product extensions is positive.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree
 Coca-Cola and
 Diet Peach Soft Drinks _____
 Coca-Cola and Running Shoes _____
 McDonald's and Natural Sorbet _____
 McDonald's and Music CDs _____

10. It is **important** for me to buy brand name for the following products.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree
 Cola _____
 Diet Peach Soft Drinks _____

Running Shoes	_____
Fast Food	_____
Natural Sorbet	_____
Music CDs	_____

11. Buying a brand name product boosts my **image**.

	Strongly disagree	.....	1	2	3	4	5	6	7	.....	Strongly agree
Cola			_____								
Diet Peach Soft Drinks			_____								
Running Shoes			_____								
Fast Food			_____								
Natural Sorbet			_____								
Music CDs			_____								

12. I will **transfer** my views of the parent brand to its product extensions.

	Strongly disagree	.....	1	2	3	4	5	6	7	.....	Strongly agree
Coca-Cola and Diet Peach Soft Drinks			_____								
Coca-Cola and Running Shoes			_____								
McDonald's and Natural Sorbet			_____								
McDonald's and Music CDs			_____								

13. The **perception of quality** of the parent brand names will be **transferred** to their product extensions.

	Strongly disagree	.....	1	2	3	4	5	6	7	.....	Strongly agree
Coca-Cola and Diet Peach Soft Drinks			_____								
Coca-Cola and Running Shoes			_____								
McDonald's and Natural Sorbet			_____								
McDonald's and Music CDs			_____								

14. These product extensions **complement** their parent brand names.

	Strongly disagree	.....	1	2	3	4	5	6	7	.....	Strongly agree
Diet Peach Soft Drinks and Coca-Cola			_____								
Running Shoes and Coca-Cola			_____								
Natural Sorbet and McDonald's			_____								
Music CDs and McDonald's			_____								

15. These parent brand names and their product extensions **fit together**. **Fit** means the product extension demonstrates similar product features or product functions as the parent brand name.

Strongly disagree	.....	1	2	3	4	5	6	7	.....	Strongly agree
Coca-Cola and Diet Peach Soft Drinks		---	---	---	---	---	---	---		
Coca-Cola and Running Shoes		---	---	---	---	---	---	---		
McDonald's and Natural Sorbet		---	---	---	---	---	---	---		
McDonald's and Music CDs		---	---	---	---	---	---	---		

16. I will be able to **substitute** these product extensions for their parent brand names in a certain usage situation. Certain usage situation means the extent to which consumers can replace one product with the other in usage and satisfy the same needs (Aaker and Keller, 1990, p. 30). For example, thirst can be satisfied by drinking a can of diet peach soft drink just as much as a can of Coke.

Strongly disagree	.....	1	2	3	4	5	6	7	.....	Strongly agree
Diet Peach Soft Drinks and Coca-Cola		---	---	---	---	---	---	---		
Running Shoes and Coca-Cola		---	---	---	---	---	---	---		
Natural Sorbet and McDonald's		---	---	---	---	---	---	---		
Music CDs and McDonald's		---	---	---	---	---	---	---		

For each product below, please put an "x" in the spot that best fits your judgment or belief.

17. To me, Coca-Cola is:

me	Important	: : : : : : : :	Unimportant Interesting Irrelevant Unexciting Means a lot to	
	Boring	: : : : : : : :		
	Relevant	: : : : : : : :		
	Exciting	: : : : : : : :		
	Means nothing	: : : : : : : :		
	Appealing	: : : : : : : :		Unappealing Mundane Valuable Uninvolving Needed
	Fascinating	: : : : : : : :		
	Worthless	: : : : : : : :		
	Involving	: : : : : : : :		
	Not needed	: : : : : : : :		

18. To me, a diet peach soft drink is:

me	Important	: : : : : : : :	Unimportant Interesting Irrelevant Unexciting Means a lot to
	Boring	: : : : : : : :	
	Relevant	: : : : : : : :	
	Exciting	: : : : : : : :	
	Means nothing	: : : : : : : :	

Appealing	_____	Unappealing
Fascinating	_____	Mundane
Worthless	_____	Valuable
Involving	_____	Uninvolving
Not needed	_____	Needed

19. To me, running shoes are:

Important	_____	Unimportant
Boring	_____	Interesting
Relevant	_____	Irrelevant
Exciting	_____	Unexciting
Means nothing	_____	Means a lot to

me

Appealing	_____	Unappealing
Fascinating	_____	Mundane
Worthless	_____	Valuable
Involving	_____	Uninvolving
Not needed	_____	Needed

20. To me, McDonald's is:

Important	_____	Unimportant
Boring	_____	Interesting
Relevant	_____	Irrelevant
Exciting	_____	Unexciting
Means nothing	_____	Means a lot to

me

Appealing	_____	Unappealing
Fascinating	_____	Mundane
Worthless	_____	Valuable
Involving	_____	Uninvolving
Not needed	_____	Needed

21. To me, natural sorbet is:

Important	_____	Unimportant
Boring	_____	Interesting
Relevant	_____	Irrelevant
Exciting	_____	Unexciting
Means nothing	_____	Means a lot to

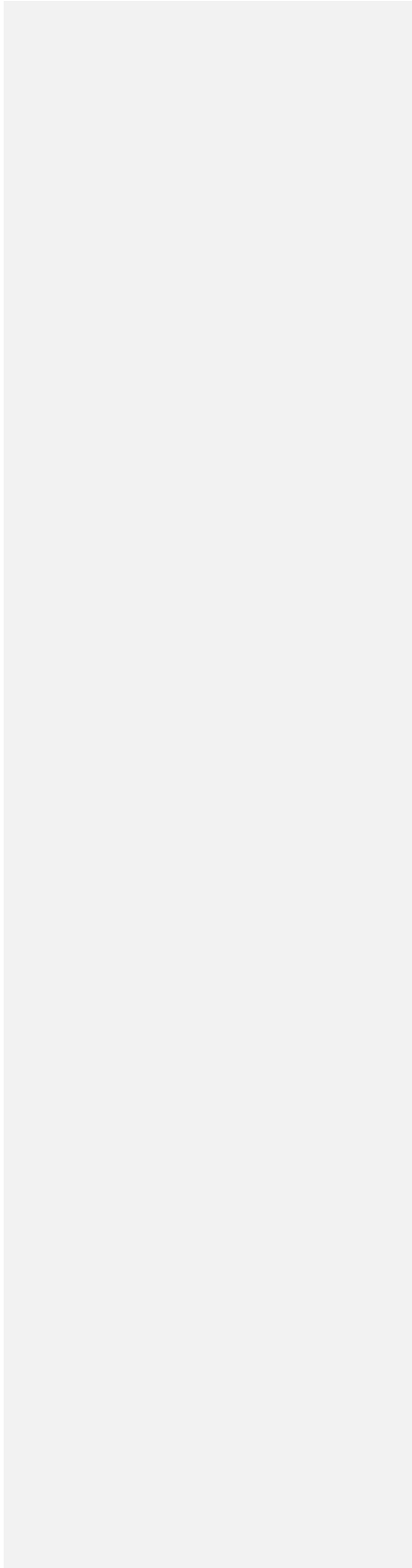
me

Appealing	_____	Unappealing
Fascinating	_____	Mundane
Worthless	_____	Valuable
Involving	_____	Uninvolving

	Not needed	: : : : : :	Needed
22. To me, music CDs are:			
	Important	: : : : : :	Unimportant
	Boring	: : : : : :	Interesting
	Relevant	: : : : : :	Irrelevant
	Exciting	: : : : : :	Unexciting
me	Means nothing	: : : : : :	Means a lot to
	Appealing	: : : : : :	Unappealing
	Fascinating	: : : : : :	Mundane
	Worthless	: : : : : :	Valuable
	Involving	: : : : : :	Uninvolving
	Not needed	: : : : : :	Needed

Thank you for your cooperation.
End of Main Survey Questionnaire for the Main Research

APPENDIX E



APPENDIX E
Participant Packet Demographic Questionnaire

APPENDIX E

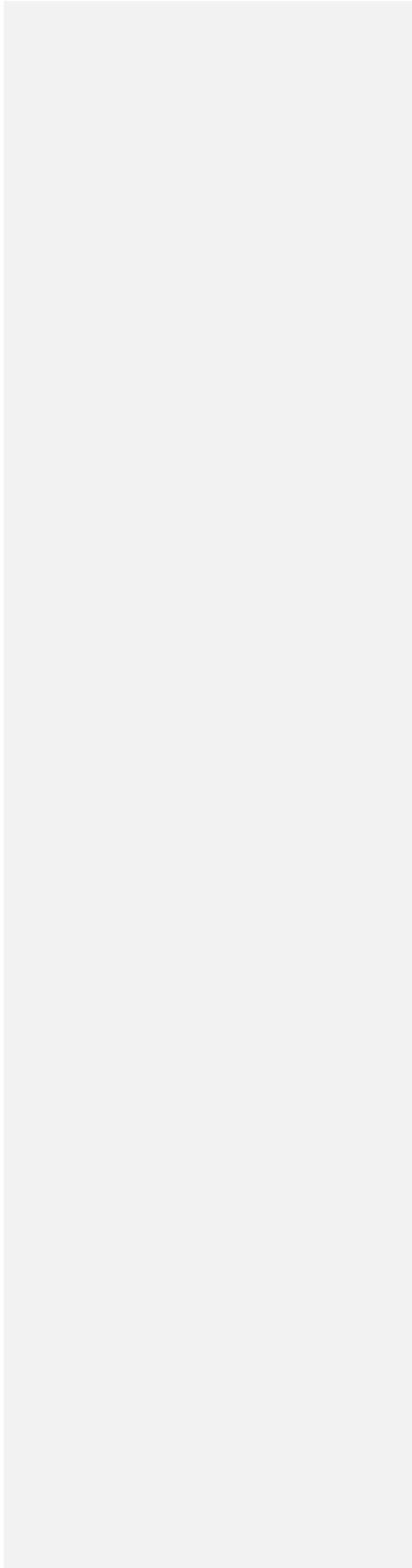
Participant Packet Demographic Questionnaire

This section is about you. Your responses are kept completely confidential.

1. Gender: _____ Female _____ Male
2. What is your age bracket: _____ 18 - 24
 _____ 25 - 34
 _____ 35 - 44
 _____ 45 - 54
 _____ 55 and above
3. Subject major: _____ General Psychology _____ Liberal Arts _____ General
 Business
 _____ Clinical Psychology _____ Doctoral Psychology _____ Business
 Management
4. Education level: _____ Undergraduate _____ Graduate
5. **CHECK ALL THAT APPLY:** I buy brand name products for the: ___ quality
 ___ price ___ reliability ___ image

Thank you for your cooperation.
Please return the questionnaire in the drop box located at the front of the classroom.

APPENDIX F



APPENDIX F

Permission correspondence to use instrumentation from authors

Appendix F

Correspondence authorizations

Re: PERMISSION TO UTILIZE PPI (Personal Involvement Inventory) AS INSTRUMENT FOR METHODOLOGY

Sunday, April 22, 2012 7:35 PM

From:

"juliet tran"

To:

"Judy Zaichkowsky"

Dear Dr. Zaichkowsky,

Thank you very, very much Dr. Zaichkowsky for giving me permission to use your Personal Involvement Inventory instrument! I truly appreciate your help. Yes, I will be using the 1994 scale, in addition to your newest information contained in your latest book chapter. I sincerely apologize for emailing you on Sunday.

Thank you again, Dr. Zaichokowsky. Have a great and profitable year!

Best,

Juliet Tran

--- On Sun, 4/22/12, Judy Zaichkowsky wrote:

From: Judy Zaichkowsky

Subject: Re: PERMISSION TO UTILIZE PPI AS INSTRUMENT FOR METHODOLOGY

To: "juliet tran"

Date: Sunday, April 22, 2012, 7:27 PM

dear Juliet,

Yes of course, but please make sure you use the 1994 scale,

Here is a book chapter that is coming out later this year.

You might find it useful.

all the best

JZ

From: "juliet tran"

To:

Sent: Sunday, 22 April, 2012 14:03:44

Subject: RE: PERMISSION TO UTILIZE PPI AS INSTRUMENT FOR
METHODOLOGY

Hello Dr. Zaichkowsky,

My name is Juliet Tran. I am a candidate for the Doctor of Business Administration at Argosy University. At present, I am writing my dissertation which is titled "A study of consumer evaluations of brand extensions of nondurable goods." As part of my methodology and instrumentation, I would like to ask if it would be possible to use the Personal Involvement Inventory to study the relationship between attitude and four evaluative process (i.e., categorization, congruence, perception of fit, and product involvement).

Thank you in advance, Dr. Zaichkowsky. I hope to hear from you soon! I truly appreciate your help.

Best,
Juliet Tran

RE: PERMISSION TO USE CONSUMER EVALUATION INSTRUMENTATION FOR METHODOLOGY

Monday, April 23, 2012 8:50 AM

From:

"juliet tran"

To:

"Kevin L. Keller"

Dear Dr. Keller,

Thank you very much for granting me the permission to use your methodology. I truly appreciate your help. Thank you, again.

Best,

Juliet Tran

--- On Mon, 4/23/12, Kevin L. Keller wrote:

> From: Kevin L. Keller

> Subject: RE: PERMISSION TO USE CONSUMER EVALUATION INSTRUMENTATION FOR METHODOLOGY

> To: "juliet tran"

> Date: Monday, April 23, 2012, 6:08 AM

> --- You wrote:

> Dear Dr. Keller,

>

> My name is Juliet Tran. I am a candidate for the

> doctoral program, Doctor of Business Administration at

> Argosy University. At present, I am writing my

> dissertation which is titled "A study of consumer

> evaluations of brand extensions of nondurable goods."

> As part of my methodology and instrumentation, I would like

> to ask if it would be possible to use the Consumer

> Evaluation Instrument (transfer, complement, and

> substitute)to study the relationships between attitude of

> brand extensions and parent brands and four evaluative

> processes (i.e., categorization, congruence, perception of

> fit, and product involvement).
>
> Thank you in advance, Dr. Keller. I hope to hear from
> you soon! I truly appreciate your help.
>
> Best,
> Juliet Tran
>
> --- end of quote ---
>
> Yes Juliet ... you have my permission and good wishes
> to use of any of my methodology ... good luck!
>
> All the best.
>
> KLK
>
> Kevin Lane Keller
> E.B. Osborn Professor of Marketing
> Tuck School of Business
> 100 Tuck Hall
> Dartmouth College
> Hanover, NH 03755-9011

>

**RE: PERMISSION TO USE INSTRUMENTATION AS PART OF
METHODOLOGY**

Monday, June 25, 2012 12:31 AM

From:

"David Aaker"

To:

"Kevin L. Keller" "juliet tran"

Be glad to give my permission but doubt that it is necessary. Good luck. Dave Aaker

David Aaker
Vice-Chairman, Prophet

-----Original Message-----

From: Kevin L. Keller

Sent: Sunday, June 24, 2012 12:27 PM

To: juliet tran

Cc: David Aaker

Subject: RE: PERMISSION TO USE INSTRUMENTATION AS PART OF METHODOLOGY

--- You wrote:

Dear Dr. Keller, My name is Juliet Tran. I am a doctoral candidate at Argosy University. Dr. Keller, I wrote to you several months ago regarding obtaining your permission to use your instrumentation as part of my methodology to study consumer evaluations of brand extensions of nondurable goods. I also wrote to Dr. Aaker, seeking for his permission to use the instrumentation, but have not received any response. I am in need of your guidance in contacting Dr. Aaker. Dr. Keller, since you have co-authored research papers together with Dr. Aaker before, do you by any chance have Dr. Aaker's email address, so that I may obtain his permission to use the same instrumentation? Thanks again, Dr. Keller. I appreciate your help. Sincerely, Juliet Tran

--- end of quote ---

Hi Juliet ... I'll cc Dave here ... I am sure he will give permission too. Good luck! Best. KLK

Kevin Lane Keller

E.B. Osborn Professor of Marketing

Tuck School of Business

100 Tuck Hall

Dartmouth College

Hanover, NH 03755-9011

Permission to use Instrumentation as part of Methodology

Tuesday, July 3, 2012 4:24 PM

From:

"David Kwun"

To:

"juliet tran"

Dear Juliet Tran;

You can certainly use my instrument as a benchmark. Your dissertation seems like a

very interesting topic and I hope the best for your remainder of the PhD process. Good luck and best regards,

David Kwun

RE: Thank you for your permission

Thursday, July 5, 2012 8:31 AM

From:

"David Kwun"

To:

"juliet tran"

Hello Juliet,

Many of my questionnaire items were originally used in research that based on brand name products. What is more important is that how you will design your research and tailor your questionnaire items in relation to other constructs in your research.

Best wishes,

David Kwun

-----Original Message-----

From: juliet tran

Sent: Wednesday, July 04, 2012 10:23 AM

To: David Kwun

Subject: RE: Thank you for your permission

Dear Dr. Kwun,

Thank you so much for giving me your permission to use your survey questionnaire as part of my methodology.

In your academic opinion, since your dissertation focused on the service and hospitality sector,

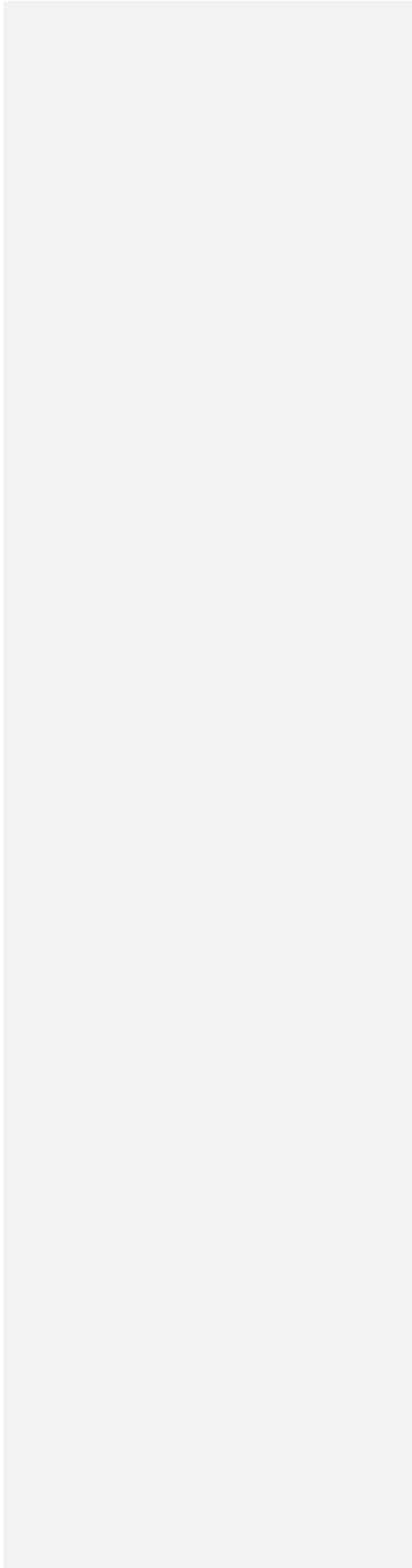
do you think that your survey questionnaire can be applied toward brand name products as well? I am writing my dissertation on the study of consumer evaluations of brand extensions of nondurable goods. I'm very much interested in your opinion.

Thank you again, Dr. Kwun. Have a nice 4th of July!

Best,

Juliet Tran

APPENDIX G



APPENDIX G

SAS MACRO

Appendix G: SAS Macro

The SAS System 5

Dependent, Independent, and Proposed Mediator Variables

vs

DV = ATTITUDE_EXTENSIONS
 IV = ATTITUDE_BRANDS
 MEDS = CATEGORIZATION
 CONGRUENCE
 PERCEPTION_FIT
 PRODUCT_INVOLVE

Sample size

n

68

IV to Mediators (a paths)

bzxmat				
Coeff	se	t	p	
CATEGORIZATION	0.0859	0.1005	0.8548	0.3958
CONGRUENCE	0.2148	0.0663	3.2413	0.0019
PERCEPTION_FIT	0.1719	0.0850	2.0231	0.0471
PRODUCT_INVOLVE	0.2841	0.0718	3.9581	0.0002

Direct Effects of Mediators on DV (b paths)

byzx2mat				
Coeff	se	t	p	
CATEGORIZATION	0.3060	0.1442	2.1224	0.0378
CONGRUENCE	0.6528	0.2416	2.7017	0.0089
PERCEPTION_FIT	0.0482	0.1663	0.2899	0.7729
PRODUCT_INVOLVE	0.2935	0.1538	1.9083	0.0610

Total effect of IV on DV (c path)

byxmat				
Coeff	se	t	p	
ATTITUDE_BRANDS	0.2790	0.1109	2.5149	0.0144

Direct Effect of IV on DV (c' path)

cprimmat				
Coeff	se	t	p	
ATTITUDE_BRANDS	0.0209	0.0901	0.2316	0.8176

Fit Statistics for DV Model

dvms					
R-sq	adj R-sq	F	df1	df2	p
0.5680	0.5332	16.3039	5.0000	62.0000	0.0000

NORMAL THEORY TESTS FOR INDIRECT EFFECTS

Indirect Effects of IV on DV through Mediators (ab paths)

spec					
Effect	se	Z	p		
TOTAL	0.2581	0.0903	2.8590	0.0042	
CATEGORIZATION	0.0263	0.0327	0.8023	0.4224	
CONGRUENCE	0.1402	0.0658	2.1294	0.0332	
PERCEPTION_FIT	0.0083	0.0278	0.2981	0.7656	
PRODUCT_INVOLVE	0.0834	0.0469	1.7761	0.0757	

BOOTSTRAP RESULTS FOR INDIRECT EFFECTS

Indirect Effects of IV on DV through Mediators (ab paths)

res					
Data	Boot	Bias	SE		
TOTAL	0.2581	0.2590	0.0008	0.0955	
CATEGORIZATION	0.0263	0.0306	0.0043	0.0434	
CONGRUENCE	0.1402	0.1377	-0.0025	0.0625	
PERCEPTION_FIT	0.0083	0.0127	0.0045	0.0360	
PRODUCT_INVOLVE	0.0834	0.0779	-0.0055	0.0526	

Bias Corrected and Accelerated Confidence Intervals

ci			
	Lower	Upper	
TOTAL	0.0737	0.4564	
CATEGORIZATION	-0.0400	0.1400	
CONGRUENCE	0.0407	0.2995	
PERCEPTION_FIT	-0.0527	0.0945	
PRODUCT_INVOLVE	0.0065	0.2406	

Bias Corrected Confidence Intervals

ci			
	Lower	Upper	
TOTAL	0.0737	0.4564	
CATEGORIZATION	-0.0343	0.1466	
CONGRUENCE	0.0407	0.2995	
PERCEPTION_FIT	-0.0514	0.0951	
PRODUCT_INVOLVE	0.0050	0.2396	

Percentile Confidence Intervals

	ci	
	Lower	Upper
TOTAL	0.0782	0.4564
CATEGORIZATION	-0.0405	0.1373
CONGRUENCE	0.0322	0.2808
PERCEPTION_FIT	-0.0559	0.0913
PRODUCT_INVOLVE	-0.0122	0.1976

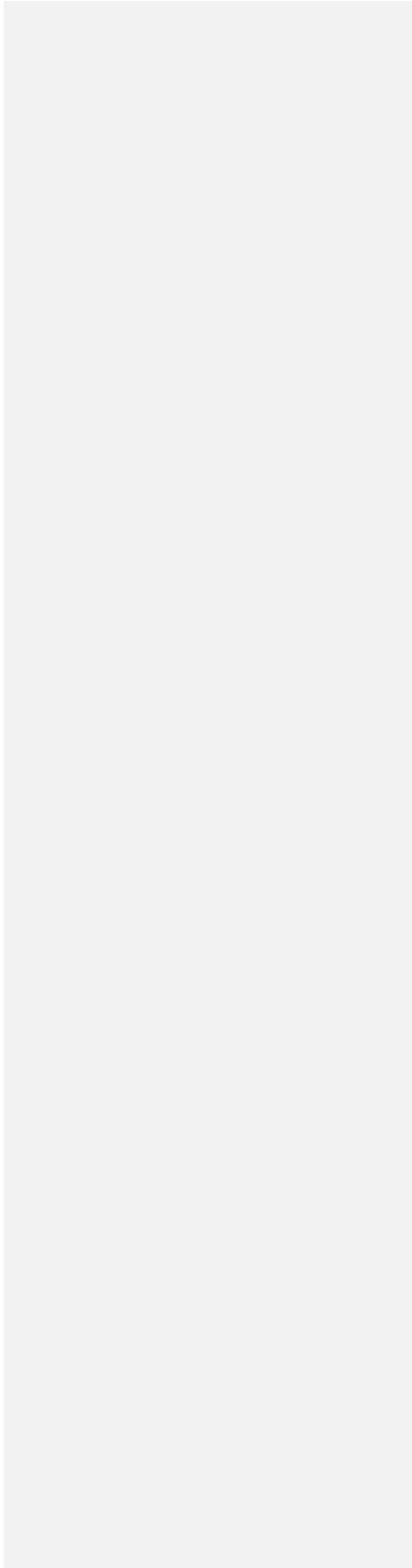
Level of Confidence for Confidence Intervals

conf
95

Number of Bootstrap Resamples

btn
1000

APPENDIX H



APPENDIX H
SPSS MACRO

Appendix H: SPSS Macro

Preacher And Hayes (2008) SPSS Macro For Multiple Mediation

Written by Andrew F. Hayes, The Ohio State University

<http://www.afhayes.com>

For details, see Preacher, K. J., & Hayes, A. F. (2008). Asymptotic and resampling strategies For assessing And comparing indirecct effects in multiple mediator models. Behavior Research Methods, 40, 879-891

Dependent, Independent, and Proposed Mediator Variables:

DV = attitude
 IV = attitu_1
 MEDS = categori
 congruen
 percepti
 product_

Sample size
 68

IV to Mediators (a paths)

	Coeff	se	t	p
categori	.0859	.1005	.8548	.3958
congruen	.2148	.0663	3.2413	.0019
percepti	.1719	.0850	2.0231	.0471
product_	.2841	.0718	3.9581	.0002

Direct Effects of Mediators on DV (b paths)

	Coeff	se	t	p
categori	.3060	.1442	2.1224	.0378
congruen	.6528	.2416	2.7017	.0089
percepti	.0482	.1663	.2899	.7729
product_	.2935	.1538	1.9083	.0610

Total Effect of IV on DV (c path)

	Coeff	se	t	p
attitu_1	.2790	.1109	2.5149	.0144

Direct Effect of IV on DV (c-prime path)

	Coeff	se	t	p
attitu_1	.0209	.0901	.2316	.8176

Model Summary for DV Model

R-sq	Adj R-sq	F	df1	df2	p
------	----------	---	-----	-----	---

.5680 .5332 16.3039 5.0000 62.0000 .0000

NORMAL THEORY TESTS FOR INDIRECT EFFECTS

Indirect Effects of IV on DV through Proposed Mediators (ab paths)

	Effect	se	Z	p
TOTAL	.2581	.0903	2.8590	.0042
categori	.0263	.0327	.8023	.4224
congruen	.1402	.0658	2.1294	.0332
percepti	.0083	.0278	.2981	.7656
product_	.0834	.0469	1.7761	.0757

BOOTSTRAP RESULTS FOR INDIRECT EFFECTS

Indirect Effects of IV on DV through Proposed Mediators (ab paths)

	Data	boot	Bias	SE
TOTAL	.2581	.2602	.0021	.1014
categori	.0263	.0297	.0034	.0439
congruen	.1402	.1401	-.0001	.0667
percepti	.0083	.0096	.0013	.0364
product_	.0834	.0809	-.0025	.0559

Bias Corrected Confidence Intervals

	Lower	Upper
TOTAL	.0908	.4852
categori	-.0312	.1580
congruen	.0364	.3005
percepti	-.0494	.1021
product_	.0040	.2556

Level of Confidence for Confidence Intervals:

95

Number of Bootstrap Resamples:

1000

APPENDIX I

APPENDIX I
SYNOPSIS OF SELECTED LITERATURE OF
BRAND EXTENSIONS SINCE 1990

Appendix I: Synopsis of Selected Literature of Brand Extensions Since 1990

Reference	Title	Summary & Research Questions
Aaker & Keller (1990)	Consumer evaluations of brand extensions	<p>The researchers analyzed how attitudes are formed toward its brand extensions. The study focused on perception of fit and perception of quality between two different product classes. Results from the study demonstrated that attitudes toward the product extension was more favorable when the perception-of-fit between the two different product classes and a perception of high quality were present for both the parent brand and its product extensions.</p> <p>Research Question: How does <i>perception-of-fit</i> affect consumer attitudes toward brand extensions?</p>
Boush & Loken (1991)	A process-tracing study of brand extension evaluation	<p>The researchers examined the impact of perception of similarity between both the flagship brand and its product extensions based category for the transfer of effect between the parent brand to its product extensions. Results have demonstrated that influential factors determine consumer evaluations based on the level of similarity or</p>

relatedness to the brand category. If lacking during evaluative process, piecemeal processing is utilized to determine close relatedness. In addition, supreme cues determined associations of brand category when judgments are made toward the extended product.

Research Question: How does *categorization* affect consumer attitudes toward brand extension?

Bottomley & Holden (2001) Do we really know how consumers evaluate brand Extensions? extensions, the authors generalizations based on secondary analysis of eight studies

Empirical

replicated the study by conducting seven more studies including the original. The results supported the original model, that posited where consumer evaluations were based on perception-of-fit and perception of high quality between the product extension and brand name under the brand category, but varied because of the brand and the culture.

Research Question: does *categorization* affect consumer attitudes toward brand extensions?

Maoz & Tybout (2002)	The moderating role of involvement and differentiation in the evaluation of brand extensions	<p>The authors examined levels of congruency and favorable consumer evaluations of brand extensions using two different experiments. The findings indicated that when low involvement is applied, congruent brand extension received high evaluations than moderately incongruent product extensions or extremely incongruent product extensions. Under high involvement, moderate incongruent brand extensions received more favorable evaluations than the congruent brand extensions only if the extensions demonstrated were undifferentiated from the original brand.</p> <p>Research Question: How does <i>product involvement</i> affect consumer attitudes toward brand extensions?</p>
Adaval (2003)	How good gets better and bad gets worse: Understanding the impact of affect on evaluations of known brands	<p>The author examined the impact of affects from judgments formed based on information obtained from the brand and its attributes. The results demonstrated that positive affect of judgment on the brand's evaluations increased</p>

incrementally in value rather than the weight or importance attached to the information attached of the brand.

Research Question:

How does *congruency* determine consumer attitudes toward brand extensions?

Papadimitriou and Apostolopoulou (2004)

The role of perceived fit in fans' evaluation of sports on brand extensions

The authors analyzed sports fans' evaluations sports team's introduction of brand extensions using perceived fit between the core brand and its extension. Results indicated that favorable evaluations exist when extensions were perceived to be higher fit causing fans' to increase purchase intentions of the extensions.

Research Question:

How does *perception-of-fit* affect consumer attitudes toward brand extensions?

Blichfeldt (2005)

On the development of brand and line extensions

From a managerial standpoint, the author examines the factors in managing and developing line extensions of non-durable goods using the positions of

		<p>established brands. Results indicated that companies need to “think” before “enacting” on the introduction of line product extensions.</p>
		<p>Research Questions: How does <i>categorization</i> affect consumer attitudes toward brand extensions?</p>
Dickinson and Heath (2006)	A comparison of qualitative and quantitative results concerning evaluations of co-branded offerings	<p>The authors examined co-branded attitudes based on Aaker and Keller’s (1990) model attitudes of parent toward product extensions. Results indicated that strong brands with favorable attitudes are the basis of consumer evaluations toward co-brands in terms of perception of fit and perception of high quality the co-brands.</p>
Huifang and Krishnan (2006)	Effects of prototype and exemplar fit on brand extension evaluations: A two-process contingency model	<p>Research Question: How does <i>perception-of-fit</i> affect consumer attitudes toward brand extensions?</p> <p>The authors analyzed brand extension evaluations on the basis of brand prototype fit and exemplar fit. Results indicated that product extensions</p>

containing low prototype fit may obtain favorable evaluation if the new product extension demonstrate high exemplar fit. In addition, prototype fit received much stronger influence when information were high versus low and information received on exemplar fit remained the same in effect.

Research Question:

How does *perception-of-fit* affect consumer attitudes toward brand extensions?

Kalamas, Cleveland, Laroche, and Laufer (2006)

The critical role of congruency in prototypical brand extensions

The authors explored the role on the level of congruency in prototypical brand extensions using categorization theory and based on attitude toward parent brand, extension fit, and extension success. Results demonstrated that perception of fit was the influential factor on the success of the extensions when evaluated.

Research Question:

How does *congruency* affect consumer attitudes toward brand extensions?

Oakley, Duhacheck,
Balanchander, and
Sriram (2008)

Order of entry and the
moderating role of
comparison brands in
brand extensions
evaluations

The authors explored
impact of fit
according to pioneer
and follower
evaluations of brands
and brand
extensions. Results
indicated that
comparisons made
from the pioneer
brands, follower
brands actually
benefited with
lower fit within
the product
extension category.