Evaluation of Brand Extensions: The Role of Product Feature Similarity and Brand Concept Consistency

C. WHAN PARK
SANDRA MILBERG
ROBERT LAWSON*

This article examines two factors that differentiate between successful and unsuccessful brand extensions: product feature similarity and brand concept consistency. The results reveal that, in identifying brand extensions, consumers take into account not only information about the product-level feature similarity between the new product and the products already associated with the brand, but also the concept consistency between the brand concept and the extension. For both function-oriented and prestige-oriented brand names, the most favorable reactions occur when brand extensions are made with high brand concept consistency and high product feature similarity. In addition, the relative impact of these two factors differs to some extent, depending on the nature of the brand-name concept. When a brand's concept is consistent with those of its extension products, the prestige brand seems to have greater extendibility to products with low feature similarity than the functional brand does.

Despite the acknowledged prevalence and obvious importance of using brand extensions as a marketing strategy for introducing new products (Tauber 1988), relatively little is known about how consumers react to them. Consumers' reactions to brand extensions appear to involve a categorization process in which the new product is judged according to the suitability of its membership in a category (perceived "fit") that already contains a product or a set of products and that has some brand name as its identifiable label. The beliefs and affect associated with this brand category may transfer to an extension when consumers perceive the extension as fitting with the brand category (Cohen and Basu 1987; Fiske 1982; Levy and Tybout 1989; Sujan 1985). Those brand associations should, in turn, influence extension evaluations (see Cohen and Areni [1990]; Fiske and Pavelchak [1986]; and Sujan [1985] for two different possible processes of this influence: category-based and piecemeal-based evaluations).

The purpose of this article is to identify and empirically examine the importance of two different bases that consumers may use to evaluate an extension's "goodness of fit" with the brand category. These bases are product feature similarity and brand concept consistency. Unlike previous research that only examined the impact of product feature similarity, this study systematically examines the roles of both these bases.

THEORY AND HYPOTHESES

Understanding how consumers judge the goodness of fit between an extension and a parent brand requires one to know exactly which aspects of the new product and the existing brand category they will compare. Following the past literature in object categorization (Rosch and Mervis 1975; Tversky 1977), prior brand-extension research has conceptualized and measured perceived fit as a function of product-similarity judgments in which consumers compare some aspects of the existing set of products with those of the extension product.

The University of Minnesota Consumer Behavior Seminar (1987) measured subjects' evaluations of various extensions for a fictitious manufacturer of calculators. Aaker and Keller (1990), using real brand names, examined how consumers form attitudes toward brand extensions. They identified various bases of perceived fit between the original and extension product classes. In particular, these bases were (1) complementarity, or

*C. Whan Park is distinguished professor of marketing at the Joseph M. Katz Graduate School of Business, University of Pittsburgh, Pittsburgh, PA 15260, Sandra Milberg is assistant professor of marketing, Georgetown University, Washington, DC 20054, and Robert Lawson is assistant professor of marketing, the University of Scranton, Scranton, PA 18510. The authors would like to thank two anonymous reviewers and Dipankar Chakravarti, Tim Heath, Kevin Keller, and Mita Sujan for their valuable comments on an earlier draft of this article.

the extent to which extensions and existing products share the same usage context, (2) substitutability, or the extent to which one product can replace the other in satisfying the same need, and (3) transferability, or the degree to which the manufacturing skill that is required for the extension overlaps with what already exists. Smith and Park (1990) also identified multiple bases of product feature similarity and measured their effects on sales of brand extensions. Other researchers have examined how the "relatedness" (similarity) of the product category that is associated with existing brand products and the brand extensions mediates brand extension evaluations and/or purchase intentions (Chakravarti, MacInnis, and Nakamoto 1990; Farquhar, Herr, and Fazio 1989). In general, these studies found a positive relationship between product feature similarity and consumers' evaluations, purchase intentions, and sales of brand extensions.

The notion of similarity among products is certainly an important basis for determining the perceived fit between a brand and its extensions. However, the presence or absence of identifiable relationships between existing brand products and potential extensions may not be the only basis on which consumers judge perceived fit. Category members also may "hang together" because they are understood to share some concept. For example, objects such as a pet, a photo album, and a wallet do not appear to be similar, but they may be seen as fitting together when a conceptual label, such as "objects removed from a house during a fire," is provided (Barsalou 1983). According to Murphy and Medin (1985), people may have their own theories, other than object-to-object similarity relationships, about why entities belong in the same category. Therefore, to understand category coherence and categorization phenomena, they suggest that other aspects of a concept category, such as concept relationships among objects, need to be considered along with object similarity. Murphy and Medin's view is applicable to understanding the perceived fit of brand extensions.

Specifically, researchers have not given adequate consideration to how a brand-name concept or image affects consumers' perceptions of the fit between the brand name and its extensions. Brand concepts position products in the minds of consumers and differentiate given products from other brands in the same product category (Park, Jaworski, and MacInnis 1986). Product features are attributes that can vary from concrete levels (e.g., engine size) to abstract levels (e.g., used in outdoor activities; Johnson 1984, 1988). Brand concepts are brand-unique abstract meanings (e.g., high status) that typically originate from a particular configuration of product features (e.g., high price, expensive-looking design, etc.) and a firm's efforts to create meanings from these arrangements (e.g., "the relentless pursuit of perfection" by Lexus). To illustrate this distinction, the Seiko and Rolex names both belong to the watch product category and share many product-level associations

at various abstraction levels. Through brand concept-management activities (Park et al. 1986), however, only the Rolex name has become associated with the concepts of luxury and high status. It is important, therefore, to recognize that studies of consumers' evaluations of brand extensions should consider not only product feature similarity but also brand concept consistency (see also Bridges's [1990] concept of brand schema cohesiveness).

Whether an extension product is seen as consistent with the brand concept depends on how readily it can accommodate a certain brand-name concept. This readiness, in turn, depends on consumers' perceptions of whether the brand-concept associations (e.g., status, reliability) are potentially relevant and/or desirable in connection with a particular product. For example, consider the product category "toys" as a possible extension of the brands McDonald's or Wendy's. At the level of product features, toys are clearly dissimilar to hamburgers. However, in light of McDonald's new advertising campaign and slogan, "food, folks, and fun," toys may be perceived as a more appropriate extension for McDonald's than for Wendy's. This follows because McDonald's brand concept would be consistent with the "fun" that is associated with toys.

To recapitulate, we propose that evaluations of brand extensions depend on the degree of perceived fit between the extension product and the brand name. The degree of perceived fit is a function of both product-feature-similarity perceptions and brand-concept-consistency perceptions. Product-feature-similarity perceptions depend on identifying the relationships between product extensions and the brand's existing products, whether concrete (e.g., feature correlations, attribute matching) or abstract (e.g., shared-usage situations). Concept-consistency perceptions rely on the extension product's ability to accommodate the brand concept. These relationships, which represent the framework of our analysis, are shown in Figure 1.

Although there are many different brand names with different brand-name concepts, in our study we single out a brand name with a function-oriented brand concept and a brand name with a prestige-oriented brand concept because those concepts were distinguished in the past in a number of research areas (Lutz 1979; Park et al. 1986; Sirgy 1982), and it allows us to test whether our model (Fig. 1) applies to two widely divergent brand concepts. A function-oriented brand concept is understood primarily in terms of brand-unique aspects that are related to product performance, while a prestige-oriented brand concept is understood primarily in terms of consumers' expression of self-concepts or images. The two brand concepts are, hereafter, referred to as functional and prestige concepts, respectively.

As noted earlier, previous research did not control for, measure, or manipulate perceived fit so that it included both product feature similarity and brand concept consistency. For example, the potential product

FIGURE 1

PROCESS OF BRAND-EXTENSION EVALUATIONS
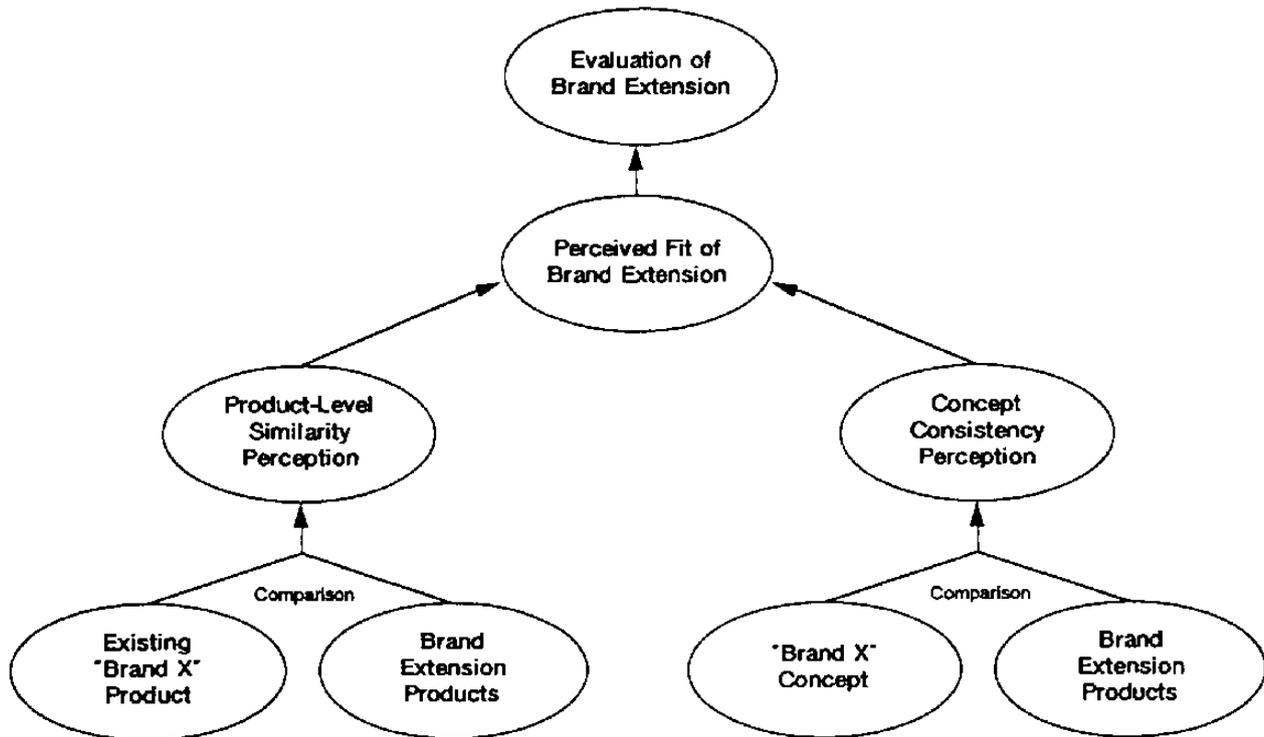
extensions that were investigated in Aaker and Keller (1990, study 1), which were perceived as fitting with the original brand name, actually may have been both similar at the product level and consistent with the brand-name concept.[1] They neither directly considered brand concept consistency nor systematically separated these two constructs. Therefore, the present study, using an experimental design, systematically manipulates both product feature similarity and brand concept consistency using the same products as potential extensions of two different brand names.

To test empirically the notion that product feature similarity, by itself, does not adequately predict or explain brand-extension evaluations, we examine the effects of brand concept consistency on consumers' reactions to brand extensions. As discussed earlier, we expect that consumers perceive greater fit between a brand and its extensions when the extensions share the same concept as the brand than when they do not. The

following hypotheses, therefore, are offered with the assumption that consumers' evaluations of the original brand are favorable.

H1: Consumers react more favorably to the extensions of a functional brand name when the extension products reflect a functional concept than when they reflect a prestige concept.

H2: Consumers react more favorably to extensions of a prestige brand name when they reflect a prestige concept than when they reflect a functional concept.

While the current study extends previous research primarily by examining the viability of brand concept as a predictor of fit, we examine two additional issues. The first issue relates to the method of prior research (Aaker and Keller 1990; Smith and Park 1990) that demonstrated the importance of the perceived fit between a brand and its extensions as a function of product feature similarity. It involves the use of correlational measures rather than the experimental manipulation of perceived fit. We therefore experimentally replicate the results of prior research.

The second issue involves the differences in consumers' reactions to the extensions of the two different brands when the extensions lack either product feature

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[1]Aaker and Keller (1990), to their credit, recognized that product feature similarity was a function of more than just concrete product features. They identified more abstract relationships between products, such as complementarity (e.g., shared-usage situations), that influence evaluations of brand extensions. This goes beyond what has typically been explored in the categorization literature, but they still focused only on product-feature relationships.

similarity or brand concept consistency. The prior findings concerning product feature similarity, and the hypotheses of this study, suggest that consumers react less favorably to brand extensions that lack fit on one of the two bases (partial fit) than to those that possess fit on both bases (good fit). It can also be inferred that consumers react more favorably to partial-fit extensions than to those that lack fit on both bases (poor fit). This is because, when brand extensions possess partial fit, some brand-name associations may still affect consumers' evaluations of the brand extensions, even though these associations may be tentative and incomplete. However, it is difficult to predict whether the absence of one base versus the absence of the other (high product feature similarity and low concept consistency vs. low product feature similarity and high concept consistency) has the same effect on extension evaluations of the two brand names with divergent concepts. We therefore explore potential differences between consumers' extension evaluations of functional and prestige brands under the two different partial-fit conditions and the implications of these potential differences for understanding the degree of extendibility across product classes.

METHOD

Overview

This study examined consumers' reactions to a variety of extensions for two different brand names (Timex, a function-oriented brand, and Rolex, a prestige-oriented brand) under four different extension conditions that varied on two levels of product similarity and brand concept consistency. In addition, to explore the contribution of concept consistency to evaluations of brand extensions, we used a control condition in which a fictitious brand name, ABC Watch Company, served as the basis for brand extensions. Information about the ABC brand name as a watch manufacturer was provided to subjects to ensure that their reactions to the Timex, Rolex, and ABC extensions all shared the same information base concerning the brand name's relevance to the product, a watch. Thus, comparing reactions to Timex and Rolex extensions with reactions to ABC extensions allows us to assess the impact of brand concept consistency.

Stimulus Materials and Manipulations

Several stages of pretesting were required to develop stimulus materials and manipulations.

Stage 1 Pretesting. The purpose of this stage was to identify two brand names from the same product category that were strongly identified with only one product, and that had widely divergent brand-name concepts. Wristwatches were chosen as the product category because two brands in this product category, Timex and Rolex, met these criteria. Specifically, 52 un-

dergraduate students who attended a large eastern university were asked to list up to three thoughts that represented their understanding of the meanings associated with the brand names Timex and Rolex. A coder, who was unaware of the purpose of the study, classified the thought statements about the brand names into functional and prestige categories. The results indicated that 82 percent (111 out of 136) of the total statements about the Timex concept corresponded to performance and functional aspects (e.g., durable, reliable, utilitarian, value, etc.). In contrast, 90 percent (128 out of 142) of the total statements about the Rolex concept reflected aspects of self-image or value expression (e.g., status symbol, wealth, luxury, fashion, etc.).

Stage 2 Pretesting. The purpose of this stage of pretesting was (1) to have subjects generate extension ideas for a Rolex and a Timex watch that would be used as potential product extensions in the main study and (2) to investigate our assumptions concerning consumers' use of both bases (product feature similarity and brand concept consistency) when they thought about brand extensions.

Specifically, 30 subjects were asked to generate up to four nonwatch products that fit (went together) with Timex and Rolex, with their presentation order counterbalanced.[2] Then subjects were asked to go back and provide a reason, by writing a word or phrase, for each product that they had listed in the generation task.

Two coders (with intercoder reliability of .91) who were blind to the brand name classified the reason responses into the following five categories: physical product characteristics (e.g., "portable," "round shape"), product usage (e.g., "wear on wrist," "accessory to outfit"), product functions (e.g., "keeps time," "tells date"), functional concepts, and prestige concepts.[3] The first three categories reflect product-level associations (product feature similarity). The functional and prestige concept categories represent more abstract concept-level associations with the brand-name concepts of Timex and Rolex (see Stage 1 Pretesting). Disagreements between the two coders were resolved by a third independent coder.

Two results, suggesting different reactions to the two brand names, need to be noted from this pretesting. First, the mean number of products generated in the Rolex condition ($\bar{X}$ = 2.74) was significantly higher as

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[2] A wording of "fit" was used rather than "being similar" for this task. This is due to the findings of recent research (Park, Lawson, and Milberg 1989) that suggest that fit judgments facilitate detection of the associative relationships among various brands on the basis of not only features but also abstract concepts, while similarity judgments are based primarily on features. There are also others who used the term "fit" in categorization works (e.g., Fiske 1982; Rosch and Mervis 1975).

[3] There was also the sixth category, the task-irrelevant category, in which subjects named other brands of watches rather than products, or responses in which no reason was given for the product generated. This category was excluded from the analyses.

compared with that generated in the Timex condition ($\bar{X}$ = 2.19; $t(29)$ = 2.05, p < .05). This hints at a greater extendibility for the prestige concept. Second, subjects used both product-feature-similarity and brand-concept-consistency categories as bases for generating brand extensions for Timex and Rolex, although the pattern of use of these bases differed. Specifically, the mean proportion of feature-based reasons provided for Timex extensions was .50, compared to .27 for (functional) concept-based reasons (Z = 1.74, p < .10). For Rolex, these proportions were reversed; .20 were categorized as feature-based reasons compared to .64 that were categorized as (prestige) concept-based reasons (Z = 3.41, p < .01). While both product-level similarity and concept consistency are important, the pattern of the differential use of these bases suggests, perhaps, less sensitivity to product feature similarity for generating potential Rolex brand extensions than for generating potential Timex brand extensions. In addition to being more salient for Rolex extensions, prestige concepts (e.g., status) are, in general, more abstract than product features (e.g., "keeps time"). Because of this abstract nature, such prestige concepts may have a greater capacity to accommodate different product classes. Prestige brand extensions may, therefore, have greater extendibility across different product classes than functional brand extensions. In the main study this issue will be further explored.

Stage 3 Pretesting. To control for subjects' familiarity with and attitudes toward the three brand names, 48 M.B.A. student subjects were asked to indicate their attitudinal predispositions toward Timex, Rolex, and ABC on seven-point scale items. The average of these items indicates that subjects were equally favorable toward both Timex and Rolex ($\bar{X}$ = 5.31 and 5.73, respectively), and significantly ($t(47)$ = 6.68 and 7.24, respectively, p < .001) more favorable toward Timex and Rolex than toward the ABC brand ($\bar{X}$ = 4.14). The same subjects were also asked to indicate on a seven-point scale (1 = very unfamiliar and 7 = very familiar) their level of familiarity with the meanings of the Timex, Rolex, and ABC brand names. The results of this pretest show that subjects were equally familiar with Timex ($\bar{X}$ = 6.08) and Rolex ($\bar{X}$ = 6.02), and these ratings are significantly different from those of ABC ($\bar{X}$ = 1.10; $t(47)$ = 20.99 and 23.88, respectively, p < .001). These results successfully met the requirements for the main study.

Stage 4 Pretesting. To examine consumer's reactions to a variety of extensions, we developed a list of products that could serve as potential brand extensions and, at the same time, serve as manipulations of feature similarity and concept consistency. To accomplish this, first, we generated a set of 34 products by using the products that were listed by subjects in stage 2 pretesting and suggested by experimenters. Three groups of subjects then rated this set of 34 products on three different

TABLE 1

PRODUCTS DISTINGUISHED IN TERMS OF CONCEPT TYPES AND PRODUCT SIMILARITY

Product similarity	Function-oriented products	Prestige-oriented products
Low	Smoke detector, garage door opener, flashlight	Cologne, necktie, cuff links
High	Stopwatch, batteries, calculator	Grandfather clock, bracelet, ring

10-point scales to generate a set of extension products that would vary independently on the dimensions of similarity to a watch, prestige concept, and functional concept. Specifically, 19 subjects rated each of the 34 products on a 10-point scale according to their similarity to a wristwatch. Nineteen different subjects rated each product according to how important the characteristics "durability" and "reliability" are when people buy these products. These characteristics correspond to the functional concept that is associated with the Timex brand name and found in stage 1 pretesting. Finally, a third group of 20 subjects rated each product on how important the characteristics of "high status" and "luxury" would be in deciding to buy these products. These characteristics correspond to the prestige concept that was also found in stage 1 pretesting.

On the basis of these results, we selected products that varied independently on feature similarity (low and high) and concept consistency, and that were rated highly on either the functional (durable, reliable) or the prestige (high status, luxury) concept measure, but not on both. The assignment of the 12 products to four different extension conditions is shown in Table 1.[4] Note that products that are assigned to the prestige concept possess concept consistency with Rolex while the same products are not concept consistent with Timex, and vice versa.

Design

The overall design is a 3 × 2 × 2 mixed design, with brand name (Timex, Rolex, ABC Watch Company) as the between-subjects factor, and feature similarity (low, high) and concept dominance (function-oriented, prestige-oriented) as the two within-subjects factors.

Each subject received only a subset of four products from the total set of 12 products. This was done to avoid

[4]The category of the prestige product concept and high product feature similarity initially contained only one product, a bracelet. To make this condition comparable to the other conditions, we added a ring and a grandfather clock to that group. These two additional products were chosen because they had been listed, although less frequently, by subjects in the stage 2 pretesting as fitting with a Rolex watch. Use of three different products per category should enhance the generalizability of the results.

TABLE 2

CONSUMER REACTIONS TO BRAND EXTENSIONS UNDER DIFFERENT CONDITIONS

Feature similarity	Function-oriented brand name (Timex; N = 66)		Prestige-oriented brand name (Rolex; N = 65)		Fictitious brand name (ABC; N = 64)	
	Functional-concept products	Prestige-concept products	Functional-concept products	Prestige-concept products	Functional-concept products	Prestige-concept products
Low	2.58	1.80	1.46	3.03	1.92	1.92
High	3.72	2.62	2.71	3.84	3.19	3.10

NOTE.—Data are means of the three items measuring subjects' reactions to different brand extensions for that set of experimental conditions.

subjects' boredom and fatigue. Each one of the four extension products belonged to a different product-level similarity and concept dominance combination. Furthermore, each product appeared in two different product subsets to control for the possible effects of the subset configuration (context). The configurations of the four product subsets were chosen randomly, with the restriction that each product appear in exactly two of the subset configurations. This resulted in 18 different versions of the questionnaire, since there are three levels of brand name, three examples of product extensions in each category, and two different product-subset configurations.

Subjects and Procedure

Subjects were 195 M.B.A. students enrolled in a large eastern university. The experimenter began by explaining the idea of brand-name extensions to the subjects and told them that this was a study that investigated consumers' reactions to different brand extensions. Subjects were then instructed to answer seven five-point scale items in the questionnaire. The first three items on the questionnaire concerned evaluative judgments: how "good" (or "bad") an idea the extension was, how "likable" the extension was, and how "pleased" the extension made you feel. The fourth item asked subjects to rate how similar in price each of the extension products was to a Timex or a Rolex watch. Note that this item did not appear in the ABC condition, since there was no basis for making this judgment. Finally, the last three items asked for ratings on the extension product's "similarity" to a watch, the importance of the characteristics "reliability" and "durability," and the importance of the characteristics "luxury" and "status" when deciding which brand to buy. These questions provided a manipulation check of the extension-product categorizations that were generated from the pretest data. The entire procedure took about 20 minutes to complete.

RESULTS
Manipulation Checks

The manipulation checks of the selected products yielded results that were highly consistent with those found in the pretest. Across the three brand names, the products that were initially assigned to a high-similarity condition were rated higher in similarity ($\bar{X} = 3.03$) than the products that were assigned to a low-similarity condition ($\bar{X} = 1.63$; $F(2,192) = 358.27$, $p < .001$). The results for subjects' ratings of functional-concept importance show that the products that were assigned to the functional-concept category were judged to have higher functional importance ($\bar{X} = 4.36$) than those that were assigned to the prestige-concept category ($\bar{X} = 2.95$; $F(2,192) = 250.29$, $p < .004$).[5] Finally, the products that were assigned to the prestige category were judged to have higher prestige importance ($\bar{X} = 4.06$) than those assigned to the functional-concept category ($\bar{X} = 1.79$; $F(2,192) = 896.58$, $p < .001$).

Hypothesis Testing

Since the three items that measured subjects' reactions to different brand extensions were highly correlated for the products in each of the four cells (Cronbach alphas ranging from .87 to .92), they were averaged to obtain a single dependent measure. The mean scores on this combined measure for the different experimental conditions are shown in Table 2. With the ABC Company excluded, a 2 (Timex vs. Rolex) × 2 (high vs. low product-level similarity) × 2 (functional- vs. prestige-concept-consistent products) mixed-design analysis of variance (ANOVA) was used to test the hypotheses.[6]

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[5]As in n. 4, the two products, grandfather clock and ring, were added to the prestige-concept/high-feature-similarity category. While both the grandfather clock and the ring were judged to be significantly more similar to a watch ($\bar{X} = 3.28$ and 3.19, respectively) across the three brand conditions than those assigned to the same prestige-concept/low-feature-similarity category ($\bar{X} = 1.63$), they differed in the prestige concept. While a ring was judged ($t(53) = 6.43$, $p < .01$) to be more prestigious ($\bar{X} = 4.35$) than functional ($\bar{X} = 3.03$), a grandfather clock was judged to be equally prestigious and functional ($\bar{X} = 4.58$ and 4.46, respectively). This elevated the mean score of the functional concept's importance ($\bar{X} = 2.95$) for the products assigned to the prestige-concept category. Including the grandfather clock, therefore, works against Hypotheses 1 and 2.

[6]Since subjects' reactions to different brand extensions may be confounded by price differences, their perceptions about prices of these products were used as a covariate ($p < .05$) in the ANOVAs.

Hypotheses 1 and 2 predict that the products that are consistent with the functional concept will extend more favorably from Timex, while the products that are consistent with the prestige concept will extend more favorably from Rolex. A significant brand-name-by-product-concept interaction clearly reveals this effect ($F(1,129) = 108.27$, $p < .001$). As shown in Figure 2, when Timex was extended to products that were consistent with the functional concept, those products were evaluated more favorably ($\bar{X} = 3.15$) than Timex extension products rated to be more consistent with a prestige concept ($\bar{X} = 2.21$; $t(65) = 6.22$, $p < .01$). Conversely, Rolex evaluations were more favorable when those same prestige-concept-consistent products ($\bar{X} = 3.44$) were extended than when the functional-concept-consistent products were extended ($\bar{X} = 2.09$; $t(64) = 8.44$, $p < .01$). In contrast, the effects of the concept consistency of products had no effect on the evaluation ratings of the ABC Watch Company ($\bar{X} = 2.51$ for prestige products; $\bar{X} = 2.56$ for functional products; $t(63) = 0.30$). These results strongly support Hypotheses 1 and 2 (see Fig. 2).

Further indications of the impact of brand-name concept can be observed by comparing particular conditions involving Timex and Rolex with analogous conditions involving the fictitious, concept-neutral ABC Watch Company. Referring to Table 2, we note a pattern of results in which the ratings of the concept-consistent extensions of Timex and Rolex are invariably higher than the ratings for the same extensions of ABC at a given level of similarity. For example, at the high similarity level, the functional-concept-consistent products are rated higher for Timex ($\bar{X} = 3.72$) than those same products were rated for ABC ($\bar{X} = 3.19$), and the concept-inconsistent products ($\bar{X} = 2.62$) are rated lower than those same products for ABC ($\bar{X} = 3.10$). Seven of these eight comparisons yielded significant differences ($p < .05$; Scheffé tests), with the only nonsignificant comparison involving the Timex concept-inconsistent products ($\bar{X} = 1.80$ vs. 1.92). These results suggest that the concept information that is carried with the brand name is taken into account, either by enhancing the extension evaluation when the product is consistent with the concept, or by detracting from the evaluation when it is not.

In addition, the results show a significant main effect for product feature similarity on brand-extension evaluations in the expected direction ($\bar{X} = 3.22$ vs. 2.22 for high and low feature similarity, respectively; $F(1,129) = 119.18$, $p < .001$). This result held for both Timex ($\bar{X} = 3.17$ vs. 2.19; $t(65) = 8.28$, $p < .01$) and Rolex ($\bar{X} = 3.28$ vs. 2.25; $t(64) = 7.29$, $p < .01$). In addition, for ABC extensions, products that had high similarity to a watch were evaluated more favorably ($\bar{X} = 3.15$) than those with low similarity ($\bar{X} = 1.92$; $t(63) = 9.87$, $p < .01$). These results support the findings of previous research about the facilitating effects of high feature similarity on brand-extension evaluations.
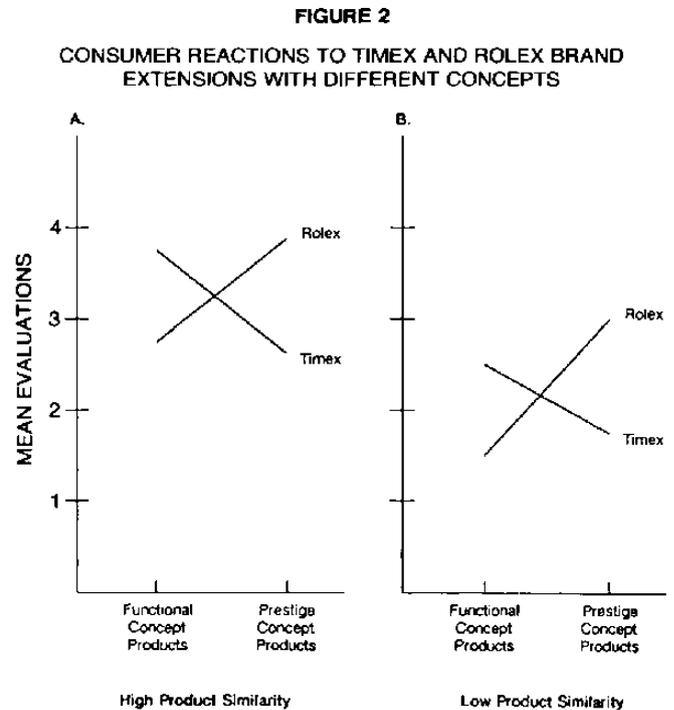
Additional Findings

The design of this study also permitted analysis of differential effects of product feature similarity and brand concept consistency on the extensions of the two brand names. This becomes possible when the extension ratings shown in Table 2 are reorganized so that, instead of product concept type (functional vs. prestige) being identified as a factor, product consistency with the brand name (consistent vs. not consistent) is used (this can be understood as having the effect of transposing the third and fourth numerical columns of Table 2).

For both Timex and Rolex, brand extensions across the two levels of brand concept consistency yielded similarly higher evaluations with high feature similarity ($\bar{X} = 3.17$ and 3.28, respectively) than with low feature similarity ($\bar{X} = 2.19$ and 2.25, respectively). There was no significant interaction effect between brand name and product feature similarity ($F(1,129) = .08$, $p < .77$). There was, however, a marginally significant interaction effect ($F(1,129) = 3.40$, $p < .06$) between brand name and concept consistency. The effect of brand concept consistency was greater for Rolex brand extensions across low and high feature-similarity levels ($\Delta = 1.35$; $\bar{X} = 3.44$ vs. 2.09, for consistent and nonconsistent concepts, respectively) than for Timex brand extensions across the same levels of feature similarity ($\Delta = 0.94$; $\bar{X} = 3.15$ vs. 2.21, for consistent and nonconsistent concepts, respectively). Although concept consistency has a strong effect on both brand names, it appears to have a relatively greater effect on Rolex than on Timex.

A significant three-way interaction ($F(1,129) = 8.43$; $p < .001$) reveals that the relatively greater effect of concept consistency on Rolex was confined to the low-similarity extension conditions. As is shown in Figure 3 and Table 2, Rolex benefits more than Timex does from an increase in the level of concept consistency in the low-similarity conditions ($\Delta = 1.57$ vs. 0.78 for Rolex and Timex, respectively), but not in the high-similarity conditions ($\Delta = 1.13$ vs. 1.10 for Rolex and Timex, respectively).

Focusing on the low-similarity conditions, it appears that the lack of concept consistency hurt the evaluation of Rolex extensions ($\bar{X} = 1.46$) more than it did the evaluation of Timex extensions ($\bar{X} = 1.80$; $t(129) = 2.90$, $p < .005$), while the added presence of this factor aided the evaluations of Rolex ($\bar{X} = 3.03$) more than it did the evaluations of Timex ($\bar{X} = 2.55$; $t(129) = 2.19$, $p < .02$). This particular result suggests that a prestige brand concept has a greater ability to extend to dissimilar product classes than does a functional brand concept simply by offering extensions that are consistent with its brand concept (see also the results of Stage 2 Pretesting).

DISCUSSION

According to the results of this study, the emphasis that previous extension research placed on product-level similarity (the relatedness of the existing product class and the extension product class) needs to be redirected to incorporate the effects of brand concept consistency. The results demonstrate that evaluations of brand extensions depend on the perceived fit of the new product in relation to the existing brand, and that this fit is a function of two factors, product feature similarity and brand concept consistency. Whenever a new product is presented for evaluation as a potential extension of a known brand name, consumers appear to take into account both the similarity of the new product to the existing product and the degree of brand concept consistency.

While the results clearly demonstrate the importance of both product feature similarity and brand concept consistency in understanding brand-extension evaluations, there is a marginally significant result concerning the differential effect of brand concept consistency for the two brand names. Specifically, the data suggest that concept consistency may have a greater effect on the prestige brand than on the functional brand. One implication of these results is the potential for greater extendibility across different product classes for the prestige brand. This may occur because of the unique characteristics of a prestige brand name in memory.

According to the results of the pretests, brand concepts seem to be more accessible for the prestige brand than for the functional brand. In addition, the results of Park et al.'s (1989) study 1 showed that prestige brand

FIGURE 3

CONSUMER REACTIONS TO TIMEX AND ROLEX BRAND EXTENSIONS AS A FUNCTION OF CONCEPT CONSISTENCY
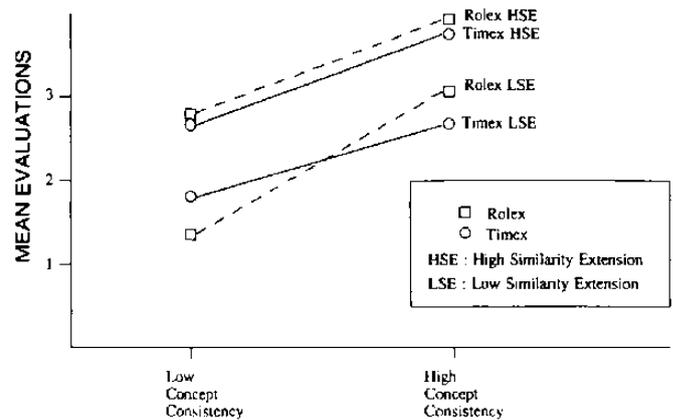
names may be stored together under a superordinate concept category such as luxury and status, while functional brand names may be stored primarily under their respective product-class categories along with their brand concepts. Specifically, when subjects were presented with a set of prestige brand names whose products were dissimilar (e.g., Mercedes, Lenox, and Reebok), they readily identified common links between these brand names using concepts like luxury and status. However, when subjects were presented with a set of functional brand names whose products were dissimilar (e.g., Sony, Xerox, and Honda), they were unable to identify common superordinate links between these brand names. By being stored together under the same concept category, prestige brand names may be more extendible to other product classes than are functional brand names as long as those product classes share the prestige concepts. Moreover, since these readily accessible, prestige brand concepts (e.g., luxury, status) are more abstract than functional concepts (e.g., reliability, durability), they may be able to accommodate a more diverse set of objects that share fewer features (Johnson 1984; Sujan and Dekleva 1987).

It is important to note that, while the marginally significant results concerning the greater effect of brand concept consistency on extendibility for a prestige brand is interesting, caution must be applied in generalizing these particular results. Since only one brand name actually represented a prestige brand and only one represented a functional brand in this study, there is a need to use several brands sharing these concepts in the future to adequately generalize the findings concerning differences in the degree of extendibility.

Finally, future research on brand extensions may have to examine carefully their reciprocal effects on the original brand name (Aaker and Keller 1990). When and how these reciprocity effects work to weaken or strengthen the brand name is an important research

issue, which also has implications for measures of brand equity. Specifically, brand equity should be measured in terms of the brand-extension range as well as susceptibility to the negative and positive reciprocity effects of brand extensions.

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