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The Impacts of Contextual Cues on the Effects of Brand Extension
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Abstract

Brand extension strategy represents one of the most frequently used branding strategies. The degree of success in this stimulus generalization process depends on the perceived fit between the existing parent product and the extension product. In this article, we examine whether a brand extension initiated by a foreign (vs. domestic) company is construed differently by consumers and consequently whether it affects factors used to judge the fit between the parent brand and the extension brand. A 3 (foreign vs. U.S. vs. control) x 2 (anti-cavity toothpaste vs. pain relievers) between subjects factorial design was used for the study.

The present study found a higher perceived fit leads to a higher quality perception. The results also provide additional evidence that category similarity takes precedence over similarity in product features in forming the overall similarity judgments. However, the results do not support the expectation that distant events (foreign brand extension) lead to the use of higher level construals. The results do show that when the anti-cavity toothpastes extension was launched by a foreign company, the extension is perceived to fit better than the same toothpastes launched by a U.S. company. But the better fit perception does not spill over to result in better quality perception and higher purchase intention.

Keywords

brand extension