The Effects of Experience with Brand Extensions on Parent Brand Knowledge

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The influence of brand extensions on the parent brand is important to understand because they may change its core beliefs and thus either enhance or jeopardize its positioning. However, previous research has focused on beliefs about brand extensions not beliefs about the parent brand. We explore the influence of direct experience with a brand extension on consumers’ knowledge about parent brands that differ in familiarity. We find differences in beliefs about unfamiliar parent brands between a positive and negative experience but no differences in beliefs about familiar parent brands. Similarly, after experience with a brand extension, consumers changed their beliefs about and attitude toward unfamiliar parent brands more so than with familiar parent brands. We discuss theoretical and managerial implications, limitations, and future research directions.

n important reason why companies continue to use brand extensions aggressively is to create excitement for a mature brand (Aaker, 1991). However, that may not be an appropriate strategic objective if they influence consumers’ knowledge about the parent brand, which is the brand being extended. This influence is possible because consumers can have different beliefs about a brand extension than about the parent brand because they are in different categories that represent new product and usage contexts. It is important to understand because knowledge about a parent brand underlies its core equity (Sujan and Bettman, 1989; Aaker, 1991), and thus any changes brought about by brand extensions could alter its competitive position.

Yet, prior research has focussed on knowledge about the brand extension itself (e.g., Aaker and Keller, 1990; Boush and Loken, 1991). Surprisingly little effort has examined the influence of brand extensions on a parent brand (for exceptions, see Loken and Roedder John [1993] and Roedder John, Loken, and Joiner [1998]). Moreover, no research we have seen has explored the effects of actual experience with them despite the fact that perceptions based on experience are important determinants of product knowledge (Smith and Swin- yard, 1983; Isen, 1984; Oliver, 1993).

As an example, Reebok recently introduced hiking shoes. Before the introduction, consumers had beliefs about Reebok (‘lightweight’ and ‘comfortable’) and hiking shoes (‘in earth colors’ and ‘heavyweight’). After the brand extension, would consumers link their beliefs about hiking shoes with Reebok? Would they change their initial beliefs about Reebok? This is important, as these beliefs underlie Reeboks’ competitive advantage in athletic shoes. Would consumers’ responses change if they had a positive or negative experience with the hiking shoes? Finally, if a less familiar athletic shoe brand such as New Balance introduced hiking shoes, would its beliefs change in a similar manner as Reebok’s? These are critical questions for brand managers to understand in order to fully assess the implications of a hiking shoe launch.

In this research, we explore how brand extensions influence knowledge about parent brands. Unlike previous research, we examine how this influence may change with parent brands differing in familiarity, and positive and negative experiences with brand extensions. We study familiarity because knowledge change should differ between more and less familiar parent brands. We develop a theoretical framework and derive hypotheses, which we test in an experiment. After the presentation of the results, we discuss theoretical and managerial implications, and limitations and future research directions.

Theoretical Framework

Research has focussed on how consumers form beliefs about and attitudes toward brand extensions not on their influence on parent brand knowledge. What little work exists on the topic is inconclusive. A couple of studies document a negative influence (Loken and Roedder John, 1993; Roedder John, Loken, and Joiner, 1998), while others indicate no influence (Romeo, 1991; Keller and Aaker, 1992). Many questions are unresolved, including how direct experience with brand ex-
tensions influences knowledge about familiar and unfamiliar parent brands. Therefore, our discussion starts with an overview of brand knowledge.

Brand knowledge is typically represented as a structure in memory consisting of beliefs and an attitude, which are associated with differing degrees of strength (Keller, 1993; Broniarczyk and Alba, 1994). Knowledge can be influenced by new and relevant information because consumers can more strongly associate new beliefs and change their strengths of association of existing beliefs (Crocker, Fiske, and Taylor, 1984). Brand extensions in fact represent both new and relevant information relative to parent brands: new information because they are in a different category and relevant information because they share the parent-brand’s name. Thus, brand extensions can influence parent brand knowledge if consumers create stronger associations between their beliefs about brand extensions and the parent brand, or if they change their strengths of existing parent-brand beliefs. In turn, consumers may display differences in their attitudes toward parent brands.

For example, how might the hiking shoe extension influence consumers’ knowledge about Reebok? First, they may more strongly associate beliefs about hiking shoes (“heavy-weight”) with Reebok. We call such beliefs extension-derived beliefs because they are beliefs about the parent brand (Reebok) that stem from the brand-extension’s category (hiking shoes). Second, they may change their existing beliefs about Reebok (“lightweight”). We call such beliefs initial-brand beliefs because they are beliefs about the parent brand that were present before the brand extension. Therefore, in this research, we are only concerned with beliefs about parent brands following experience with a brand extension, not beliefs about the brand extension per se. We study two sets of beliefs about parent brands: extension-derived beliefs, and initial-brand beliefs.

With extension-derived beliefs, product experience is important because positive experience biases judgment (Westbrook, 1987) by inducing cognitive flexibility, an elaborative effect that causes stronger connections between knowledge sources (Isen, 1984). Specifically, after a positive experience, consumers create broader, more inclusive categories, creating stronger links between otherwise unrelated knowledge sources. Similarly, consumers identify more relationships than they do after a negative experience (Isen and Daubman, 1984), making stronger associations between even disparate knowledge sources. Based on these findings, a positive experience with a brand extension should cause consumers to more strongly associate extension-derived beliefs with parent brands than would a negative experience.

However, this effect should be moderated by parent brand familiarity. Familiarity is important in understanding knowledge effects because beliefs about unfamiliar objects are unstable (Weber and Crocker, 1983; Linville, Salovey, and Fischer, 1986; Alba and Hutchinson, 1987) and change easily (Linville, Salovey, and Fischer, 1986). New and relevant information becomes readily associated (Weber and Crocker, 1983). Conversely, knowledge about familiar objects is stable and difficult to change (Crocker, Fiske, and Taylor, 1984; Alba and Hutchinson, 1987). Because familiar knowledge develops from numerous direct experiences, the resulting stability provides order, structure, and predictability. Thus, consumers should more weakly associate extension-derived beliefs with familiar parent brands regardless of their extension experience.

**H1:** Consumers will more strongly associate extension-derived beliefs with unfamiliar parent brands than familiar parent brands after experiencing a brand extension.

**H2a:** Consumers will more strongly associate extension-derived beliefs with unfamiliar parent brands after a positive experience with a brand extension than after a negative experience.

**H2b:** Consumers will equally and weakly associate extension-derived beliefs with familiar parent brands regardless of their experience with a brand extension.

In terms of initial-brand beliefs, newly associated information causes weaker links between unfamiliar objects and their base categories, thus making their original beliefs less stable (Weber and Crocker, 1983). Knowledge about unfamiliar objects can be biased toward new information because those beliefs can become more stable than the original beliefs (Linville, Salovey, and Fischer, 1986). In fact, original beliefs become more weakly associated as new beliefs become more strongly associated (Sujan and Bettman, 1989). As we argued, with unfamiliar parent brands, we expect a positive brand extension experience to generate stronger extension-category beliefs than a negative experience. This suggests initial-brand beliefs would weaken. Conversely, with familiar objects, consumers quickly and strongly link them with their relevant categories and retain these links even in the presence of new and relevant information (cf., Fiske and Taylor, 1991). Thus, with familiar parent brands, consumers should have stable initial-brand beliefs that are unlikely to change regardless of their experience with a brand extension.

**H3:** Consumers will more weakly associate initial-brand beliefs with unfamiliar parent brands than familiar parent brands after experiencing a brand extension.

**H4a:** Consumers will more weakly associate initial-brand beliefs with unfamiliar parent brands after a positive experience with a brand extension than after a negative experience.

**H4b:** Consumers will equally and strongly associate initial-brand beliefs with familiar parent brands regardless of their experience with a brand extension.

Finally, these differences in parent-brand beliefs are likely to produce differences in their attitudes because attitudes are based on underlying beliefs (e.g., Fishbein and Azjen, 1975). Attitude toward unfamiliar brands should change between
### Table 1. Study Measures and Scale Endpoints

<table>
<thead>
<tr>
<th>Measures</th>
<th>Scale Endpoints</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dependent variables</strong></td>
<td></td>
</tr>
<tr>
<td>Extension-derived beliefs (fruit juice category)(^a)</td>
<td>Not associated/strongly associated</td>
</tr>
<tr>
<td>Initial-brand beliefs (cola category)(^b)</td>
<td>Not associated/strongly associated</td>
</tr>
<tr>
<td>Attitude toward parent brands</td>
<td></td>
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<tr>
<td>Manipulation checks</td>
<td></td>
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<td>Brand-extension experience</td>
<td></td>
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<td>Parent-brand familiarity</td>
<td></td>
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<td><strong>Covariates</strong></td>
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<tr>
<td>Parent-brand price</td>
<td></td>
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<tr>
<td>Parent-brand fit with the brand extension’s category</td>
<td>Inexpensive/expensive, costs little/costs a lot ((\alpha = 0.93))</td>
</tr>
<tr>
<td>Category familiarity (colas and fruit juices)</td>
<td>Unfamiliar/familiar, know little/know a lot ((\alpha = 0.84))</td>
</tr>
<tr>
<td>Category frequency of use (colas and fruit juices)</td>
<td>Infrequent/frequent, never use/use daily ((\alpha = 0.84))</td>
</tr>
</tbody>
</table>

\(^a\) Specific beliefs: healthy, nutritious, contains vitamins, sweet, high in calories, all natural, and drink cold.

\(^b\) Specific beliefs: carbonated, dark color, has caffeine, sweet, drink cold, unhealthy, contains additives, and targets younger consumers.

A positive and negative brand-extension experience because beliefs are expected to change. Specifically, after a negative experience, consumers should display a more negative attitude toward unfamiliar parent brands than after a positive experience. Conversely, attitude toward familiar brands should not change regardless of brand-extension experience because their beliefs should remain the same.

**H5a**: Consumers will display more of a negative attitude toward unfamiliar parent brands after a negative experience with a brand extension than after a positive experience.

**H5b**: Consumers will display an equal attitude toward familiar parent brands regardless of their experience with a brand extension.

### The Study

To test this theoretical framework and hypotheses, an experimental study was conducted. The following section details the method and results of the experiment.

#### Pretesting

A total of three pretests were conducted to obtain: initial-brand beliefs; parent brands differing in familiarity; beliefs about feasible brand extensions, which would be measured in the main study as extension-derived beliefs; and brand extensions differing in experience. In the first pretest, \((n = 22)\) familiarity, attitude, and price expectations (see Table 1 for study measures and scale endpoints) were measured for brands in the cola, fruit juice, and saltine categories (all measures used nine-point semantic differential scales). In addition, an open-ended question asked about brand beliefs, which would be used as dependent variables in the study as initial-brand beliefs. According to the results, cola was an appropriate stimulus category because brands differed in familiarity, yet were equal in attitude and price expectations (see Table 2 for mean values, Scheffé multiple-means results, and relevant contrast tests). Responses to the open-ended question were aggregated to form stimuli initial-brand beliefs (see Table 1).

In the second pretest \((n = 20)\), brand-extension beliefs were obtained, and perceived fit was measured. Beliefs were used as dependent variables in the study as extension-derived beliefs (see Table 1). Importantly, fit was the same across all cola brands with the extension “fruit juice” (see Table 2; \(p > 0.40\)). In addition, category familiarity and category frequency of use were the same between cola \((p > 0.80)\) and fruit juice \((p > 0.40)\). In the third pretest \((n = 41)\), attitudes toward new fruit juices were assessed. Each subject tried one juice and then filled out scales measuring attitudes and purchase intention. As real juices were used, subject were also asked if the juice was similar in taste with any existing brand. If they could identify the brand that manufactured the juice, they could bias their responses by incorporating their attitude toward the brand. The results indicated two juices significantly differed in response, with one juice tasting better \((M = 7.29)\) than the other \((M = 3.45; t(40) = 5.15; p < 0.0001)\). Moreover, no one knew which brands manufactured the juices as they were new products in the regional market. These two juices were used in the study.

#### Method

**Subjects**

We used 250 M.B.A. students at a large eastern private school because they were heavy users in the beverage category (Simmons Market Research Report, 1994).

**Design**

A 2 (parent-brand familiarity: high and low) \(\times\) 2 (brand-extension experience: positive and negative) \(\times\) 2 (replicate) between-subjects experimental design was used. The two stimulus sets consisted of one familiar and one unfamiliar parent
Table 2. Pretesting Results—Stimulus Category and Parent Brand Means

<table>
<thead>
<tr>
<th>Brand</th>
<th>Familiarity</th>
<th>Attitude</th>
<th>Expected Price</th>
<th>Fit with Fruit Juice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coca-Cola</td>
<td>8.83</td>
<td>7.72</td>
<td>2.00</td>
<td>5.24</td>
</tr>
<tr>
<td>Pepsi-Cola</td>
<td>8.69</td>
<td>7.36</td>
<td>1.97</td>
<td>5.09</td>
</tr>
<tr>
<td>Dr. Pepper</td>
<td>5.71*</td>
<td>7.23</td>
<td>2.31</td>
<td>5.51</td>
</tr>
<tr>
<td>RC Cola</td>
<td>5.45*</td>
<td>7.06</td>
<td>1.86</td>
<td>4.80</td>
</tr>
</tbody>
</table>

Scheffé multiple-means test

$p < 0.001$  $p > 0.70$  $p > 0.60$  $p > 0.40$

*a $p < 0.001$ versus Coca-Cola and Pepsi-Cola.

brand: Coca-Cola and Dr. Pepper; and Pepsi-Cola and RC-Cola. We used two stimulus sets to have a replicate that would enhance external validity. Additionally, two control conditions were used to obtain parent-brand beliefs and attitudes independent of brand extensions. Data from the control groups were compared with data from the experimental conditions to better understand changes in parent-brand beliefs and attitudes following experience with a brand extension (see Additional Results).

Procedure

Subjects received one questionnaire that they filled out individually in groups of about 20. All subjects completed the questionnaire well before the stated time limit of 30 minutes. Subjects read that they were participating in a study about new products. Then, the subjects randomly assigned to one of the four experimental conditions tried a fruit juice, with half trying each juice. As a manipulation check, they subsequently rated their experience (see Table 1). Afterwards, subjects were told which brand manufactured the juice, with a quarter receiving each brand. For example, some read that: “This product is Pepsi Fruit Juice and is manufactured by the Pepsi-Cola company. It is a new product that is currently in Western U.S. test markets.” All subjects in both the experimental and control conditions assessed parent-brand beliefs and attitudes. Beliefs about the parent brand stemmed from two sources (see Table 1): extension-derived beliefs and initial-brand beliefs (obtained in the pretests). Beliefs were listed randomly in two different orders. Subsequently, as a manipulation check, subjects rated the parent brands on familiarity. Then, as feasible covariates, subjects rated the parent brands on price and fit with the fruit juice category, and rated category familiarity and frequency of use. Finally, subjects answered an open-ended question asking them to guess the purpose of the research (none did).

Results

Manipulation Checks and Covariate Analyses

In the first manipulation check, subjects displayed a more positive experience with the juice that tasted better in the pretest ($M = 6.46$) than with the juice that tasted worse ($M = 3.50$; $F(1,198) = 9.02; p < 0.0001$). In the second manipulation check, subjects were more familiar with the familiar brands ($M = 8.55$) than the unfamiliar brands ($M = 5.02; F(1,198) = 7.91; p < 0.0001$). Covariate analyses were conducted using 2 (parent-brand familiarity) $\times$ 2 (brand-extension experience) MANCOVAs, with attitude, price, fit with the fruit juice category, category familiarity, and category frequency of use as measured covariates. Dependent variables were the two parent-brand belief sets (see Table 1). No main or interaction effects were significant (each $p > 0.20$), indicating differences between the parent brands were due primarily to familiarity.

Principal Components Analysis

A principal components analysis run on parent-brand beliefs revealed two significant (eigenvalue > 1.0) factors, explaining 71% of the variance, which were interpreted as extension-derived beliefs and initial-brand beliefs. Each factor was internally consistent (Cronbach $\alpha = 0.86$ and 0.87, respectively). Thus, in the main study, we conducted MANOVAs by using individual beliefs and ANOVAs by using an average of beliefs underlying each factor.

Order Effects

As indicated in the procedure, we used two randomly generated question orders for the belief measures. To test for order effects, the order condition was a factor in a 2 (parent-brand familiarity) $\times$ 2 (brand-extension experience) ANOVA. No main or interaction effects involving the order condition were significant (each $p > 0.40$).

Hypothesis Testing

To test the hypotheses, we conducted analyses within the experimental conditions (see Additional Results for analyses incorporating the control conditions). To examine $H1$, $H2a$, and $H2b$ (which we specify and examine in the next paragraph), we first tested for overall differences in extension-derived beliefs by conducting a 2 (parent-brand familiarity) $\times$ 2 (brand-extension experience) MANOVA. The MANOVA, which used all individual extension-derived beliefs, displayed main effects for parent-brand familiarity (Wilks’ $\lambda = 0.59$; $F(1,196) = 5.50; p < 0.05$) and brand-extension experience.
Effects of Experience with Brand Extensions

(Wilks’ λ = 0.68; F(1,196) = 3.79; p < 0.05), and a two-way interaction effect (Wilks’ λ = 0.74; F(3,196) = 3.34; p < 0.05). The main effect for parent-brand familiarity explained the greatest proportion of variance. We then conducted an ANOVA with contrast tests using an averaged measure of all extension-derived beliefs as the dependent variable. This analysis was justified because the principal component analysis had identified extension-derived beliefs as representing one factor. The results displayed main effects for parent-brand familiarity (F(1,196) = 4.72; p < 0.05; ω² = 0.07) and brand-extension experience (F(1,196) = 3.36; p < 0.05; ω² = 0.04), and a two-way interaction effect (F(3,196) = 3.06; p < 0.05; ω² = 0.06).

We directly tested the hypotheses by using contrast tests (see Figure 1A). H1, in which we predicted consumers would more strongly associate extension-derived beliefs with unfamiliar parent brands than with familiar parent brands after experiencing a brand extension, was confirmed as subjects had stronger extension-derived beliefs with unfamiliar parent brands (M = 3.83) than with familiar parent brands (M = 2.64); t(99) = 4.09; p < 0.001. H2a, in which we predicted consumers would more strongly associate extension-derived beliefs with unfamiliar parent brands after a positive experience with a brand extension than after a negative experience, was confirmed as subjects had stronger extension-derived beliefs with unfamiliar parent brands after a positive brand-extension experience (M = 4.37) than a negative experience (M = 3.29); t(49) = 6.44; p < 0.001. In addition, indicative of stronger beliefs (Ben-Ari, Kedem, and Levy-Weiner, 1992), subjects displayed greater variance in their extension-derived beliefs with unfamiliar parent brands after a positive brand-extension experience (S = 2.14) than a negative one (S = 1.48); t(49) = 2.58; p < 0.05. Finally, H2b, in which we predicted consumers would equally and weakly associate extension-derived beliefs with familiar parent brands regardless of their experience with a brand extension, was also confirmed as subjects displayed equally weak extension-derived beliefs with familiar parent brands after a positive brand-extension experience (M = 2.62) as after a negative experience (M = 2.66; p > 0.80).

Then, to examine H3, H4a, and H4b, we first tested for overall differences in initial-brand beliefs by conducting a 2 (parent-brand familiarity) × 2 (brand-extension experience) MANOVA. The MANOVA, which used all individual initial-brand beliefs, displayed a main effect for parent-brand familiarity (Wilks’ λ = 0.52; F(1,196) = 5.21; p < 0.01) and a two-way interaction effect with brand-extension experience (Wilks’ λ = 0.75; F(3,196) = 2.99; p < 0.05). Again, the main effect explained the greatest proportion of variance. We then conducted an ANOVA with contrast tests using an averaged measure of all initial-brand beliefs as the dependent variable. This analysis was justified because the principal component analysis had identified initial-brand beliefs as representing one factor. The results displayed main effects for par-

Figure 1. Hypothesis testing results: (A) H1, H2a, H2b; (B) H3, H4a, H4b; (C) H5a, H5b.
ent-brand familiarity ($F(1,196) = 5.50; p < 0.01; \omega^2 = 0.11$) and brand-extension experience ($F(1,196) = 2.65; p < 0.05; \omega^2 = 0.05$), and a two-way interaction effect ($F(3,196) = 4.00; p < 0.01; \omega^2 = 0.09$).

We directly tested the hypotheses by using contrast tests (see Figure 1B). H3, in which we predicted consumers would more strongly associate initial-brand beliefs with unfamiliar parent brands than with familiar parent brands after experiencing a brand extension, was confirmed as subjects displayed weaker initial-brand beliefs with unfamiliar parent brands ($M = 6.47$) than familiar parent brands ($M = 8.09; t(99) = 3.12; p < 0.05$) after experiencing a brand extension. H4a, in which we predicted consumers would more weakly associate initial-brand beliefs with unfamiliar parent brands after a positive experience with a brand extension than after a negative experience, was confirmed as subjects displayed weaker initial-brand beliefs with unfamiliar parent brands after a positive brand-extension experience ($M = 6.04$) compared with after a negative one ($M = 6.89; t(49) = 2.72; p < 0.05$). Finally, H4b, in which we predicted consumers would equally and strongly associate initial-brand beliefs with familiar parent brands regardless of their experience with a brand extension, was also confirmed as subjects displayed equally strong initial-brand beliefs with familiar parent brands after a positive brand-extension experience ($M = 8.11$) and a negative experience ($M = 8.07; p > 0.80$).

Finally, we tested $H5a$ and $H5b$ by using a 2 (parent-brand familiarity) \times 2 (brand-extension experience) ANOVA and contrast tests with attitude toward the parent brands after experiencing the brand extension as the dependent variable. The ANOVA revealed significant main effects for parent-brand familiarity ($F(1,196) = 3.99; p < 0.05; \omega^2 = 0.06$) and brand-extension experience ($F(1,196) = 3.87; p < 0.05; \omega^2 = 0.06$), and a marginal two-way interaction effect ($F(3,196) = 2.88; p < 0.10; \omega^2 = 0.03$). We then examined the contrast tests to directly test the hypotheses (see Figure 1C). $H5a$, in which we predicted consumers would display more of a negative attitude toward unfamiliar parent brands following a negative brand-extension experience than following a positive brand-extension experience, was confirmed as subjects displayed more of a negative attitude toward unfamiliar parent brands after a negative brand-extension experience ($M = 4.71$) than a positive experience ($M = 6.30; t(49) = 3.38; p < 0.05$). $H5b$, in which we predicted consumers would display equal attitudes toward familiar parent brands regardless of their brand-extension experience, was also confirmed as subjects' displayed equal attitudes toward familiar parent brands after a negative experience ($M = 6.69$) and a positive experience ($M = 6.87; p > 0.40$).

**Additional Results**

The previous data were analyzed within the experimental conditions. To gain deeper insight into how parent-brand beliefs and attitude may change after experience with a brand extension, we compared data from the experimental and control conditions. Recall subjects in the control conditions did not experience a brand extension, but evaluated the same dependent variables as those in the experimental conditions allowing us to investigate “pre-post” results.

Subjects strengthened extension-derived beliefs with unfamiliar parent brands after experiencing a brand extension ($M = 3.83$) compared with the control ($M = 1.98; t(24) = 4.75; p < 0.001$), and weakened their initial-brand beliefs ($M = 6.47$) compared with the control ($M = 7.97; t(24) = 4.09; p < 0.001$). Surprisingly, subjects also directionally strengthened extension-derived beliefs with familiar parent brands after both positive ($M = 2.62$) and negative ($M = 2.66$) experiences with a brand extension compared with the control ($M = 1.71; t(24) = 2.38$ and $p < 0.10$ versus a positive experience and $t(24) = 2.48$ and $p < 0.10$ versus a negative experience) but did not change their initial-brand beliefs ($M = 8.09$) compared with the control ($M = 8.10$). Finally, in terms of attitude, subjects displayed more of a negative attitude toward unfamiliar parent brands after a positive experience ($M = 6.30$) and a negative experience ($M = 4.71$) with a brand extension compared with the control ($M = 7.15; t(24) = 2.94$ and $p < 0.05$ versus a positive experience, and $t(24) = 6.49$ and $p < 0.001$ versus a negative experience). With familiar parent brands, subjects again displayed more of a negative attitude after a positive experience ($M = 6.87$) and a negative experience ($M = 6.69$) with a brand extension compared with the control ($M = 7.40; t(24) = 4.75$ and $p < 0.05$ versus a positive experience, and $t(24) = 3.09$ and $p < 0.05$ versus a negative experience).

**Discussion**

These findings add to the literature on brand extensions by better understanding how they influence knowledge about parent brands. Beliefs about brand extensions are not only important in determining perceived fit with parent brands and attitudes toward brand extensions (Aaker and Keller, 1990; Keller and Aaker, 1992) but are also important in discerning changes to parent-brand knowledge. Brand extensions changed how strongly consumers associated extension-derived beliefs and initial-brand beliefs with parent brands. The data indicate changes vary as a function of experience with a brand extension and familiarity with the parent brand. We summarize the results, and discuss theoretical and managerial implications.

Brand extensions influence knowledge of unfamiliar parent brands more than familiar parent brands. This replicates more familiar knowledge being more difficult to change than less familiar knowledge (Crocker, Fiske, and Taylor, 1984). However, unlike existing research, the results indicate cognitive flexibility is moderated by parent-brand familiarity in that...
effects were only seen with unfamiliar parent-brands. Previous research indicated only that positive experiences led to stronger links between knowledge sources (Isen and Daubman, 1984; Westbrook, 1987). Indeed, consumers displayed them but only with unfamiliar parent brands. In this manner, consumers were more willing to consider the brand extensions as members of the unfamiliar parent brands’ group of products.

These stronger links between beliefs about brand extensions and unfamiliar parent brands represent a potential benefit because consumers expand their brand knowledge. An important component of brand equity is the number of associations, and more associations make recall easier and competitive brand-building more difficult (Keller, 1993). However, the data also demonstrate a major concurrent risk. With unfamiliar parent brands, consumers strengthened extension-derived beliefs but weakened initial-brand beliefs following a positive experience with a brand extension. This supports the notion that adding new beliefs to unfamiliar knowledge structures may cause them to be less representative of their original categories (Sujan and Bettman, 1989). Managerially, the weakening of existing beliefs suggests unfamiliar parent brands, which are already less accessible than familiar ones, may become even more distant from their categories after developing even positively evaluated brand extensions. Consumers may become even less likely to include an unfamiliar parent brand in their consideration set of the brand’s original category and thus less likely to purchase it.

Additional evidence of this negative consequence was found by examining the differences in parent-brand knowledge before and after experiencing a brand extension. Consumers strengthen their association between extension-derived beliefs and unfamiliar parent brands after a brand extension compared with the control condition and weaken their initial-brand beliefs. This is consistent with the assimilation model of knowledge change. With assimilation, new beliefs are linked with existing knowledge, and existing beliefs change (Weber and Crocker, 1983). Although assimilation effects are commonly found in the literature (Crocker, Fiske, and Taylor, 1984), little prior work has explored the conditions under which assimilation occurs. These data indicate assimilation may occur when existing knowledge is unfamiliar. Managerially, these data indicate a risk to managers of unfamiliar parent brands in developing brand extensions is they may lose their link with their original categories.

Therefore, unlike previous research that indicated unsuccessful brand extensions can weaken existing beliefs (Loken and Roedder John, 1993), we find in fact that successful brand extensions can weaken existing beliefs. Unsuccessful brand extensions did not change existing beliefs. We obtained different results because, as opposed to previous researchers, we examined the effects of parent-brand familiarity and experience with a brand extension.

With familiar parent brands, consumers do not display cognitive flexibility. Brand beliefs and attitudes were unchanged following a positive or negative experience with a brand extension. Consumers display stable beliefs likely due to their frequency of both usage and exposure to parent brand communications. Although this stability was expected, it was important because it moderated experiential effects. Prior research demonstrated that product experience had greater affective and cognitive implications than reading new product information (Smith and Swinyard, 1983), but no moderating effects of experience had previously been found.

For managers, the stability of beliefs about familiar parent brands is important. They should develop brand extensions for familiar parent brands with the objective of leveraging their equity not repositioning or otherwise changing consumers’ knowledge of them. Thus, although many brand extensions are developed to create excitement for a mature brand (Aaker, 1991), this may not be an appropriate strategic objective for highly familiar parent brands. In addition, it is important for managers to realize even the most familiar parent brands are unlikely immune to the effects of many poorly performing brand extensions. For example, although consumer knowledge of Levi’s appeared unchanged after its introduction of suits, Levi’s not only took its time in introducing subsequent brand extensions but even used sub-brands in naming them (e.g., Dockers and Slates) to guard against dilution of Levis’ core beliefs in the event of another extension failure.

Consumers more strongly associate extension-derived beliefs but did not change initial-brand beliefs with familiar parent brands after experiencing a brand extension compared with the control condition. This is consistent with the subtyping model of knowledge change. With subtyping, new beliefs are linked with existing knowledge without changing existing beliefs (Weber and Crocker, 1983). Again, although subtyping effects are commonly found in the literature (Crocker, Fiske, and Taylor, 1984), little prior work had explored the conditions under which subtyping occurs. These data indicate subtyping may occur when existing knowledge is highly familiar. Managerially, even if consumers strengthen their association between their beliefs about the brand extension and a familiar parent brand, they are unlikely to alter existing knowledge.

Finally, consumers display a more negative attitude toward both familiar and unfamiliar parent brands after a positive experience with a brand extension compared with the control. This correlates with the finding that consumers more strongly associate new beliefs (extension-derived beliefs) with parent brands following experience with a brand extension. The two results indicate the new beliefs may have negative attitude consequences. Assuming consumers associate the parent brands closely with their core product categories, the new beliefs may move them further from their categories and thus cause more negative attitudes. Thus, even though brand extensions may not change initial-brand beliefs with familiar parent brands, they may nevertheless add new beliefs that can negatively influence consumers’ attitudes. Interestingly, this appears to represent more of an averaging model, as opposed to an additive
model, of multiattribute attitude formation (cf., Azjen and Fishbein, 1980). Regardless of the strength and valence of consumers’ brand beliefs, brand extensions may lower their attitudes because new beliefs averaged with even strongly positive initial beliefs would cause belief dilution. This explains why brand extensions may have a negative effect on “flagship brands” (Roedder John, Loken, and Joiner, 1998). With unfamiliar parent brands, this risk appears even greater because their initial-brand beliefs are more likely to change.

Limitations and Future Research

Several limitations of this study are worth noting because they point toward future research efforts. Even though the results were confirmed using a replicate stimulus set, only one product-category was used. Although numerous pretests and determination of principal components ensured the stimuli set met all theoretically derived selection criteria, confirmation of these results across other types of products would clearly increase external validity.

Another limitation was these findings represent the effects of a single stimulus exposure. To counteract this concern, it is important to examine the temporal effects of brand extensions on the parent brand. It is unknown how parent-brand knowledge may change in the long run across multiple brand extensions. Long-term knowledge change may require either frequent exposure to new information or attachment of new information to many exemplars (Weber and Crocker, 1983). However, as is demonstrated in these results, product experience may increase the salience and the richness of new information (Smith and Swinyard, 1983). Future researchers should examine how highly salient information may affect brand beliefs in the long run.

Finally, the fit between the parent brand and the brand-extension’s category was kept constant. Different levels of fit change perceptions of brand extensions (Aaker and Keller, 1990) and parent-brand dilution (Loken and Roedder-John, 1993). Moreover, incongruous information changes knowledge differently than does moderately congruous or congruous information (Weber and Crocker, 1983). This may have several key implications for parent-brand knowledge following brand extensions. For example, an incongruous fit between a parent brand and brand-extension category may prevent consumers from being cognitively flexible after a positive brand-extension experience.

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