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Author
Dwivedi, Abhishek, Sweeney, Arthur

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An Exploratory Study Of Consumer Expertise And Perceived Fit In Brand Extensions

Abhishek Dwivedi, Arthur D.P. Sweeney: Griffith University, Gold Coast, Queensland

Abstract

Brand extensions have been an important area of research dominated by the study of the process of fit perception between the core brand and the extension. To our knowledge, how varying levels of consumer expertise with an extension affect extension evaluation are little understood and has not been attempted in the literature before. Thus this study is an early exploratory step in investigating the lack of consensus in the literature about the role of consumer expertise in the brand extension evaluation process. Specifically, we investigate how and why the level of consumer expertise determines the perceived fit between a parent brand and an extension category. Exploratory interviews were conducted among users of MP3 players who were presented with a hypothetical scenario of Intel launching MP3 players. The findings revealed that there were differences between how expert and novice users of MP3 players perceived a proposed Intel extension decision. The experts welcomed the idea and saw a ‘fit’ between Intel and MP3 players both at the brand-level and at the category-level. Novices on the other hand found the idea illogical and were unable to perceive a fit between the parent brand and the extension. These findings emphasize the importance of treating consumer expertise as a segmentation variable while planning brand-extension decisions.

Keywords: Brand extension, consumer expertise, brand extension evaluation

Introduction

Marketers like introducing new products to the marketplace through brand extensions, where an established brand name is applied to a new product category, either related or unrelated, in order to capitalize on the equity of the core brand name (Chung and Lavack, 1996). Alternatively, what consumers think of brand extensions has been systematically researched since the seminal studies by Boush et al. (1987) and Aaker & Keller (1990), where the focus has been on information processing and affect transfer, particularly consumers’ perception of ‘fit’, direct effect of ‘category fit’ and knowledge transfer from the parent brand to the extension (Czellar, 2003). Thus, the issue of ‘fit’ as a generalized concept across all types of product categories has dominated research into consumers and brands (McWilliam, 1993). Indeed, the evidence suggests that consumer knowledge plays a role in the acquisition and evaluation of extrinsic cues such as brand name, which in turn affects evaluations of products in terms of attitude toward the product, purchase intention and perceived quality (Cordell, 1997).

One of the components of consumer knowledge is consumer expertise, which has been treated as a more profound dimension of consumer knowledge and refers to the ability to perform product-related tasks successfully. It is more subjective than objective knowledge and better defines consumer strategies and heuristics, as it is based on what the consumer thinks he or she knows (Broniarczyk and Alba, 1987; Cordell, 1997). How varying levels of consumer expertise with an extension affects extension evaluation is little understood and Bhat and Reddy (2001) suggested that future research should address this issue. Thus the present study contributes to the body of knowledge in brand extension research by exploring the issues surrounding the impact of consumer expertise on brand extension evaluation and laying the foundation for future studies in this direction.
This paper has four other parts. Research issues arising from the literature are discussed next, then we describe the methodology, analyse the results and end with a discussion and implications.

**Research issues**

**Consumer Expertise**

Consumer knowledge influences how consumers gather and organise information, and what products they buy and how they use them. It has two major dimensions: familiarity and expertise, where familiarity is the number of product related experiences accumulated by the consumer, and expertise is the ability to perform product related tasks successfully (Alba and Hutchinson, 1987). Specifically, consumer expertise incorporates both cognitive structures (e.g., beliefs about product attributes) and cognitive processes (e.g., decision rules for acting on those beliefs) required to perform product-related tasks successfully.

Consumers’ prior knowledge facilitates information processing (Brucks, 1985; Rao and Monroe, 1988), and decision processes and strategies of consumers who have high product knowledge differ from those whose product knowledge is low, and that it is natural for the bases of perceived similarity to vary with individuals (Kapferer, 2004; Muthukrishnan and Weitz, 1991). High knowledge consumers (experts) are more likely to process information analytically by applying decision criteria that should be readily available from memory and are less likely than low knowledge consumers (novices) to rely on heuristic cues while they make product inferences because low knowledge consumers probably do not have enough knowledge to make confident judgements, even when they have a direct product experience (Bettman & Sujan 1987; Biswas & Sherrel 1993, Chang, 2004). Particularly, consumer perceptions of quality for products sharing the same brand name in two categories are affected by experience in either of the categories (Erdem, 1988). In brief, experts have the ability to perceive relations between the base and the target object and engage in schema-based transfer to integrate knowledge from the base domain to the target. Novices on the other hand do not have the knowledge of the base domain to perceive fit between the base domain and the target object, nor do they have access to a schema to assess relations between the two domains (Roy & Cornwell, 2004).

**Perceived Fit**

Perceived fit is the number of shared associations between the extension product category and the brand (Czellar, 2003), and has two dimensions (Bhat & Reddy, 2001; Park, Milberg and Lawson, 1991). Product-category fit reflects the similarity between the extension category and the existing product categories of the parent brand, while brand-level fit is the match between the brand-image and the extension product category. Perceived fit influences consumer attitudes to the extension in two ways. It can either mediate the transfer of attitude components from the parent brand and extension category to the new extension, or it can moderate the relative influence of brand and category attitude on extension attitude. This brand extension attitude formation leads to concrete consumer behaviour in the marketplace in terms of intentions, choice and repeat purchase (Sheinin, 1998), and thus is a key element in predicting brand extension success (Tauber, 1988).
Consumer expertise and perceived fit

On the relationship between consumer-expertise and perceived fit, there does not seem to be a consensus in the literature. For example, experts possess a plentiful and a well-organized knowledge structure compared with novices and this makes it easier for them to find matches between core brands and extensions (Alba and Hutchinson, 1987). On the other hand, although Muthukrishnan and Weitz (1991) acknowledge the expert-novice difference with regard to similarity or fit judgment in an attitude extension, they suggest that no such difference may exist if the global image of the firm is very high. Further, others disagree that knowledgeable consumers are better at finding similarity between core brand and extensions (Hansen and Hem, 2004).

It is natural for both experts and non-experts to use different indexes to evaluate the degree of similarity (or fit) between two products (Kapferer, 2004). Experts may find fit between the original product and the new product with the same brand name on the basis of ‘deep cues’. Novices, on the other hand, may tend to relate the original and the new product on the basis of ‘surface level cues’ (Muthukrishnan and Weitz, 1991). Also, Mason, Burton and Roach (2001) showed that high levels of product experience allows consumers to form more accurate attribute relationship schemata that may be accessed and used when making brand and attribute judgments. In other words, expertise in the extended category may lead to a better perception of fit.

Research Objectives

In brief, the objective of the study is to explore the effect of consumer expertise on the perceived fit in brand extension evaluations. Specifically, we investigate how and why the level of consumer expertise (whether a consumer is an expert or a novice) determines the perceived fit between a parent brand and an extension category. In this study, we have chosen to explore the brand extension evaluation process in a high-technology product category.

Exploring brand extensions requires that well known brand names be selected and potential extension of these brands be identified (Martin & Stewart, 2001). As fictitious brands do not carry well-formed associations and feelings that are requisite for a brand extension, Intel was chosen as the parent brand and the MP3-player as the potential product category for entry. Intel’s reputation as a highly technological competent firm justified this choice.

Methodology

Personal interviews were used to explore the issues as little is known about the impact of consumer expertise on brand extension evaluations. We selected a relatively homogeneous sample of participants from a Queensland university who either owned an MP3 player or intended to buy one in the near future (ethical clearance was obtained from the university). Theory suggests that, when conducting interviews with a relatively homogenous population, there is a point of diminishing returns after 10-15 interviews, where little new information will be learned (Imms and Ereaut, 2002). This was observed in our study after 12 interviews (lead author conducted interviews) and the qualitative data was analysed using manual content analysis of the interview audio recordings (both authors involved in data analysis) based on the steps recommended by Cavana, Delahaye, and Sekaran (2001). That is, the main patterns in the data were identified, coded, and categorized. Excerpts from the personal interviews are cited in italics below.
Results

The respondents were first asked about their usage and familiarity with MP3 players and a self-assessment of expertise with them. Experts (six respondents) had used MP3 players for a long time, they use them many times a day, are well aware of various brand and product variants in the market, are comfortable with all kinds of operations and act as opinion leaders among their peers. On the other hand, novices (six respondents) either had an MP3 player for a short duration or were exposed to it through their peers. They were neither aware of many brands nor comfortable with their full operations, nor did they consider themselves knowledgeable. When asked specifically about a possible Intel MP-3 player, there were contrasting opinions among experts and novices.

The opinion of experts revealed a positive perception of fit between the Intel brand name (brand-level fit) as well as Intel’s products and MP-3 players (category-level fit). Experts welcomed the idea and considered the decision logical and as natural progression by Intel, which signifies the perception of category-level fit. They said that “Intel matches MP3 nicely”, and “Computers, MP3 files, MP3 players, the two lines meet, they have stakes in PCs so something which is compatible to computers is a logical move”. Other comments were that “they have ability to make MP3 players”, and “I have faith that it would be of good quality and they have the competency to do so”. “Intel can compete ‘cos it has a strong brand name”. Only in one case did an expert respondent not perceive a fit because an MP3 player was seen as a step-down extension from Intel’s current technological superiority. Overall, exploratory findings revealed both a brand-level and a category-level perception of fit among the experts.

On the other hand, novices did not see any logic in Intel launching MP3 players. This was observed both at the brand-level and at the category-level. They framed this logic mainly on the basis of their perception that Intel’s current product, processors and “computer related stuff” are totally different from MP3 players as products, signifying the lack of category-level fit. Respondents said “computer is computer, why MP3 player”, and they are “two entirely different things, one so big and one so small, silly”, or, “it’s a different type of product”, “it’s in the computer field and should stay there”, “not a good idea, it’s too diversified, too spread out, would not have strength in one field”, and “not a good idea, totally different thing from Intel, does not go hand-in-hand”. The novices who did not perceive match at the brand-level gave statements like “Intel and MP3 doesn’t sound good”, “I don’t follow the logic because it is not their specialization and they are more into computers and not MP3 players” and it represents “no focus for Intel”. Novices compared Intel to other dominant MP3 player manufacturers as well and did not feel that Intel had the market experience and it was too late for them to enter the MP3 market.

Thus, there seems to be evidence of a relationship between the expertise and the perception of fit between the Intel brand and its hypothesized extension. The differences between experts and novices in brand extension evaluations have implications for practitioners, discussed next.

Discussion and Implications

This study is an early exploratory step in investigating the lack of consensus in the literature about the role of consumer expertise in the brand extension evaluation process. Our results tentatively suggest that experts have a plentiful knowledge structure compared with novices making it easier to find fit between brands and extensions (Alba and Hutchinson, 1987). On the other hand, we did not find support in our limited study for the assertion by
Muthukrishnan and Weitz (1991) that the expert-novice difference may not exist if the global image of the firm is high as it is with Intel. Further, the suggestion that knowledgeable consumers are not better than novices at finding similarity between core brand and extensions (Hansen and Hem, 2004) is not supported by our results. In addition, we find support for the idea that experts find fit between the original product and the new on the basis of deep cues while novices use surface level cues (Kapferer 2004; Muthukrishnan and Weitz, 1991). Moreover, our study also supports the literature that expertise in the extended category may lead to a better perception of fit (Mason, Burton and Roach 2001). On the contrary, one expert respondent did not perceive a fit because an MP3 player was seen as a step-down extension from Intel’s current technological superiority, which lends support to Chung and Lavack (1996) that step-downs might hurt the core brand.

Practical implications of this study are that consumers can be classified as experts and novices and managers should not view customers as homogenous. Indeed, expertise with a product category may be considered as a basis for market segmentation involving high technology products. Today most electronic household durables are “high-tech” with a lot of “specs”. A firm planning an extension in a category where technical specifications are involved should keep in mind that many customers might not understand the specifications and may perceive the product as over-priced when what they want is just the ‘basics’. Also, our findings suggest the importance of giving product information through manuals, websites, guides and brochures and more importantly, in a language that is easy to comprehend.

Furthermore, as high-technology goods are mostly considered high-involvement due to their higher prices, an enquiry into how ‘consumer involvement’ affects extension evaluation should be made. Lastly researchers may also look at how “situational expertise” impacts perceived fit in the extension evaluation process. This refers to people gathering product information prior to purchase and trying out the product (possibly with friends) in order to become knowledgeable or ‘experts’ in the product they plan to buy.

Finally, we acknowledge the limitations of a small purposive sample and the divergent views on how best to determine validity in qualitative research (Carson et al., 2001). Since this exploratory study is based on 12 interviews, we feel that future research should include more interviews with a non-student population and follow the well-known and recommended method of triangulating data collection using multiple methods and data sources (Merriam et. al, 2002). This would include an in-depth quantitative examination of how consumer expertise affects perceived-fit with each of the brand elements including brand name, logo, and brand essence or brand mantra.
References


