

The Moderating Role of Involvement and Differentiation in the Evaluation of Brand Extensions

Eyal Maoz

*Department of Marketing
Hebrew University of Jerusalem*

Alice M. Tybout

*Kellogg School of Management
Northwestern University*

Two experiments qualify the previously observed finding that a moderately incongruent brand extension is evaluated more favorably than a congruent or extremely incongruent brand extension and reconcile this finding with other outcomes that have been reported in the brand extension literature. A congruent brand extension is judged more favorably than either a moderately incongruent extension or an extremely incongruent extension when involvement in the task is low. Apparently, incongruity per se does not always prompt the elaboration required to reconcile a moderately incongruent extension with the parent brand and, thereby, enhance evaluation of the moderately incongruent extension. Further, when involvement is high, a moderately incongruent brand extension may only be judged more favorably than a congruent one if the extension is undifferentiated. If the extension is differentiated, the differentiation may provide a basis for favorable evaluation irrespective of the level of congruity with the brand. Recall of information about the performance of the extension relative to competitive brands and measures of attitude toward the parent brand, fit between the extension and the parent brand, and task satisfaction provide insight into the processes that underlie these effects.

In the past decade, a popular marketing strategy has been to introduce new products using an established brand name. Although many of these so-called brand extensions have involved product categories that readily “fit” with common associations to the parent brand name, a number of recent brand extensions have been into product categories that seem incongruent because they lack an obvious connection with the brand (Liesse, 1993). For example, BIC (pens, lighters, and razors) launched a line of perfumes, Uncle Ben’s (rice) introduced pasta sauces, Bill Blass (fashion designer) offered gourmet chocolates, Starbucks (coffee) expanded into ice cream, and Jack Daniels (whiskey) marketed charcoal. The observation that some of these extensions have been successful (Starbucks ice cream), whereas others have been quickly withdrawn from the markets (BIC perfume), raises an important question:

What is the relationship between the congruity of an extension with the parent brand and consumers’ response to the extension?

An investigation reported by Meyers-Levy, Louie, and Curren (1994) offers some evidence relevant to this question. Research participants were asked to evaluate brand extensions that were chosen to be congruent (Kellogg peanut butter flavored cereal), moderately incongruent (Kellogg corn chips), or extremely incongruent (Kellogg peanut butter covered crackers) with the parent brand. Their findings revealed that a moderate level of incongruity between the extension and the parent brand resulted in more favorable evaluations than either a high level of congruity or incongruity.

The authors explain the inverted *U* pattern that they observe by drawing on theorizing regarding how schema congruity affects cognitive elaboration (see Mandler, 1982). According to this view, encountering incongruity prompts greater elaboration than does encountering congruity. This elaboration may lead to the resolution of incongruity that is moderate, but not incongruity that is extreme. As a result, moderate incongruity is expected to result in more favorable

response than either congruity or extreme incongruity both because the elaboration process prompts the activation of more positive thoughts (Tesser, 1978) and because the experience of resolving incongruity may itself be satisfying (Meyers-Levy & Tybout, 1989).

Meyers-Levy et al.'s theorizing affords a good account for their data and is consistent with findings in the schema congruity literature (e.g., Meyers-Levy & Tybout, 1989; Peracchio & Tybout, 1996; Stayman, Alden, & Smith, 1992). At the same time, the inverted *U* relationship between parent extension congruity and judgment is not the only outcome that has been observed by brand extension researchers. Indeed, there are numerous investigations that lend support for the intuition that the favorableness of evaluation will increase as the congruity or "fit" between the extension and the parent brand increases (e.g., Boush & Loken, 1991; Chakravarti, MacInnis, & Nakamoto, 1990; Keller & Aaker, 1992; Park, Milberg, & Lawson, 1991; Smith & Park, 1992; The University of Minnesota Consumer Behavior Seminar 1987). This linear relationship has been attributed to a heuristic process of transferring the presumably favorable attitude toward the parent brand to those extensions that are readily perceived to fit with the it, but not to extensions that seem incongruent (Fiske & Neuberg, 1990; Fiske & Pavelchak, 1986). Although this interpretation of a linear pattern is plausible, confidence that such a process indeed occurs would be increased if attitude toward the brand were shown to be significantly correlated with evaluation of congruent, but not incongruent extensions at the level of individual judgments.

More generally, if current knowledge about the effect of brand extension congruity on evaluation of the brand extension is to be of practical value, it will be important to determine when this relationship will follow an inverted *U* pattern and when it will be a linear decreasing function. This research addresses this issue by investigating the possibility that the decision-maker's task involvement is one determinant of the level of brand extension congruity that evokes the most favorable consumer response.

THE MODERATING ROLE OF INVOLVEMENT

There is substantial evidence that the task of resolving incongruity is resource demanding, whereas processing congruent information requires few cognitive resources (Fiske & Neuberg, 1990; Meyers-Levy et al., 1994; Meyers-Levy & Tybout, 1989). Thus, research procedures that encourage respondents to consider an extension thoughtfully seem likely to result in resolution of moderate incongruity and, thereby, the observation of the inverted *U* relationship between congruity and extension evaluation. Consistent with this thesis, Meyers-Levy et al. presented their participants with a single extension for which a detailed description was provided. Presumably,

this procedure gave their respondents the time and information needed to reconcile the moderately incongruous extension with the parent brand and, thereby, resulted in the inverted *U* relationship that the authors report.

By contrast, research procedures that limit the opportunity to elaborate are expected to result in a favorable evaluation of only those extensions that are congruous with the parent brand. Consistent with this speculation, a number of brand extension studies have asked respondents to evaluate several extensions, each of which is described only in terms of their category membership (e.g., Rolex cologne; Park et al., 1991; Haagen Dazs chocolate syrup; Chakravarti et al., 1990). The presentation of multiple stimuli and the impoverished information about each stimulus would seem to inhibit respondents' motivation and ability to resolve any incongruity between an extension and the parent brand and, thus, explain why these studies find a positive linear relationship between congruity and extension evaluation.

Accordingly, we hypothesize that the relation between the congruity of an extension with the parent brand and extension evaluation will be moderated by factors that affect the cognitive resources that respondents devote to evaluating the extension. One such factor is respondents' task involvement. Numerous studies demonstrate that information is processed in a more detailed, thoughtful manner when task involvement is high versus low (e.g., Eagly & Chaiken, 1993; Petty & Cacioppo, 1984, 1986; Petty, Cacioppo, & Schumann, 1983). Thus, we predict that when task involvement is high respondents will devote substantial resources to evaluating a brand extension and an inverted *U* relationship between congruity with the brand and extension evaluation will be observed. When task involvement is low, respondents are expected to devote fewer resources to evaluating an extension and a positive linear relationship between congruity and extension evaluation is expected.

AVAILABILITY OF COMPETITIVE INFORMATION

Respondent involvement may not be the only factor that affects whether an inverted *U* relationship between brand-extension congruity and extension evaluation is observed. Information about the attribute-level performance of an extension relative to competitive alternatives also may moderate this relationship when involvement is high. This issue is of practical interest because when a decision has significant personal consequences, consumers may supplement the information that they glean from advertising with detailed, attribute-level comparisons of competing brands that are provided by independent rating sources such as *Consumer Reports* or *e-compare.com*.

Accessible competitive information might affect observation of the inverted *U* relation for two reasons. First, information about how the extension compares to alternative brands

might draw attention that would otherwise be allocated toward resolving any incongruity with the parent brand. If the moderate incongruity remains unresolved, the brand extension is likely to be evaluated less favorably than a congruent brand extension.

Second, the nature of competitive information may affect the relationship between congruity and evaluation even if it does not interfere with the resolution of moderate incongruity. Specifically, if the competitive information reveals that the brand extension is differentiated from its competitors in a favorable manner, this information may enhance evaluation of the congruent extension and, thereby reduce or eliminate the advantage that results from resolving moderate incongruity. Indeed, information indicating that an extension is differentiated from the competition may be seen as particularly diagnostic and, thereby, may serve as the primary basis for judgment irrespective of the level of congruity. This speculation is supported by the general notion that judgments are based on the most diagnostic information that is accessible (Feldman & Lynch, 1988). It is also consistent with evidence that the content of information processed receives greater weight than does any affect that may emerge from the processing that content when judgments are formed (Garbarino & Edell, 1997; Peracchio & Tybout, 1996). Thus, when involvement is high, a moderately incongruent extension is expected to stimulate more favorable judgments than a congruent extension if the extension is otherwise undifferentiated (i.e., a "me too" brand extension; cf. Meyers-Levy et al., 1994), but not if the extension enjoys a competitive advantage. These predictions also are tested.

In sum, this research extends the observation that a moderately incongruent brand extension is evaluated more favorably than an extension that is either congruent or extremely incongruent with its parent brand in several ways. From a theoretical perspective, the research examines whether resolution of a moderately incongruent brand extension is highly resource-demanding as more general work on incongruity suggests, and whether diagnostic, performance-related information about a brand extension has greater impact on judgments than does the affect attendant to the process of resolving incongruity. From a practical perspective, the research indicates the conditions under which moderate incongruity is likely to produce the most favorable judgments and suggests how a congruent extension may offset the advantage that can emerge from resolving incongruity.

Two experiments are reported. In the first, the focus centers on how involvement affects the relationship between congruity of the extension with the parent brand and extension evaluation when the extension is undifferentiated from competing products. The second experiment replicates and extends the first by examining both differentiated and undifferentiated extensions. The second experiment also includes an expanded set of dependent measures that offer insight into the processes that underlie the effects observed.

EXPERIMENT 1

Stimulus Information

We had two criteria in choosing a brand to test our hypotheses. First, we sought a brand that would be familiar to our research participants (MBA students). Familiarity was required to allow participants to draw upon their knowledge and be able to resolve a moderate incongruity between the brand and an extension when high involvement encouraged elaboration. Second, we wanted a brand that would evoke similar, positive associations across participants. This quality in a stimulus would reduce the likelihood that Type II error would mask either the transfer of the positive attitude toward the brand to the extension or the effect of any affect generated in the course of responding to incongruity. It also would enhance ecological validity because extensions are typically introduced for brands that are evaluated favorably. Initial, qualitative research suggested that the BMW brand fit these criteria.

A pre-experimental study was then conducted with 83 MBA students. These individuals evaluated the BMW brand on six 9-point semantic differential scales that assessed the overall quality of the brand (*good/bad*, *pleasant/unpleasant*, *like/dislike*, *good quality/bad quality*, *better than most brands/worse than most brands*, *appealing/unappealing*). They also evaluated the similarity to BMW of 13 potential extensions using a single 9-point semantic differential scale.

The survey results confirmed that BMW was evaluated in a consistent and relatively positive manner ($\chi = 7.49$, $SD = 1.08$). Further, three potential extensions, motor boats, lawnmowers, and cameras, were found to differ systematically in their similarity to the BMW brand. Lawnmowers were perceived to be less congruent with BMW than were motor boats ($\chi = 3.45$ versus 5.19 , $t_{82} = 7.21$, $p < .01$), but were more congruent with BMW than were cameras ($\chi = 2.45$, $t_{82} = 3.85$, $p < .01$). Thus, these extensions were chosen to represent three relative levels of congruity with the BMW brand; congruity (motorboat), moderate incongruity (lawnmower), and extreme incongruity (camera).

An additional study was conducted with a separate sample of 14 MBA students to confirm that, when high involvement encouraged detailed thought, they could resolve the moderate but not the extreme incongruity. Students were asked, "If BMW was to introduce a _____(lawnmower/camera) into the market, what might be the rationale for such a product?" Their responses indicated that a BMW lawnmower would draw upon the company's knowledge of engines and engineering and might be differentiated from competitive brands by the prestige and status of the brand.

By contrast, a BMW camera was perceived as lacking any connection to the company's expertise and, thus, was viewed as difficult to explain and unlikely to be successful. Therefore, it seemed likely that participants in the main study who were motivated to engage in detailed thought would be able to resolve the moderate incongruity represented by the

lawnmower, but not the extreme incongruity represented by the camera.

Procedure

Eighty-four graduate students (50 males) at a large midwestern university participated as part of their enrollment in a volunteer research pool. Participation in the research pool was motivated by chances to win prizes in a lottery. Students were run in small groups of 5 to 8 people.

When participants arrived at the laboratory, they were given a booklet that contained the experimental manipulations and the dependent measures. They read a short paragraph telling them that the research was being conducted as part of an effort to write a marketing case study about a new product that BMW was planning to introduce in the North American market. In the congruent extension condition, participants were informed that the new product was a BMW motorboat, whereas in the moderately incongruent condition it was a BMW lawnmower, and in the extremely incongruent condition it was a BMW camera. A print ad that was ostensibly to be run for the product was then presented. This advertisement included the sentences "From the company that brought you total quality and dependability in a car" and "BMW, the Quality you deserve," which were intended to heighten all participants' access to positive, quality-related associations about the BMW brand.

The next paragraph contained instructions designed to influence participants' motivation to engage in elaborate thought regarding the extension. Following a procedure employed by Maheswaran and Sternthal (1990), those assigned to the high involvement condition were told that they were one of only very few people providing input for the marketing case, that their opinion was of utmost importance, and that each response would be evaluated individually. Participants in the low involvement condition were informed that they were one of many people providing input and that their re-

sponses would be averaged with hundreds of others before the results would be examined.

The second page presented participants with detailed information about the new BMW product and six competitors that were already serving the market. This competitive data provided participants with access to information beyond the brand name that could serve as a basis for evaluating the extension. The information was presented in a 7×4 matrix (see Table 1). The rows of the table represented the brands, with BMW listed the first row and the other, purportedly disguised brand names, U, V, W, X, Y, and Z, appearing in the next six rows. The alternatives were scored on four attributes; durability, styling, power, and performance, which were chosen because they were plausible dimensions for evaluating all three extensions (i.e., motorboats, lawnmowers, and cameras). These abstract dimensions are also ones on which the BMW brand excels, making it likely that the company would emphasize them in launching a brand extension. The attributes were represented as being of equal importance to members of the target market in order to minimize the likelihood that subjects would weigh the attributes differently for the three extensions.

Participants were told that the matrix information reflected the results of a survey that had been conducted in markets where the new product was being tested and that the numbers were the mean ratings given to the brands on a 1–70 scale. The rating for the BMW extension on each dimension was constructed to equal the mean of the other six brands and was also the median of all seven brands. Thus, in terms of performance on the four attributes, the brand extension was identical and undifferentiated relative to the competition. If participants elaborated on this attribute information, presumably their evaluations would be less favorable than if they merely transferred the positive attitude toward the parent brand to the extension.

After examining the matrix, participants were instructed to turn the page and evaluate the extension on six 9-point semantic differential scales (*good/bad*, *pleasant/unpleasant*, *like/dislike*, *good quality/bad quality*, *better than most brands/worse than most brands*, *appealing/unappealing*). Finally, participants were thanked and debriefed.

In summary, a 2×3 between subjects factorial design was employed. Participants' task involvement was varied (low, high) and they were asked to evaluate one of three extensions that differed in congruity with the BMW brand (congruent = motorboat; moderately incongruent = lawnmower; extremely incongruent = camera). As outlined earlier, an interaction between involvement and congruity was anticipated. When involvement was high, a replication of the inverted *U* relationship reported by Meyers-Levy et al. (1994) was expected. Specifically, the moderately incongruent extension was predicted to evoke a more favorable evaluation than either the congruent or the extremely incongruent extension. However, when involvement was low, a positive, linear relationship was anticipated whereby the congruent extension

TABLE 1
Undifferentiated Attribute Information

Attribute Labels				
Brand	Durability	Styling	Power	Performance
BMW	47	51	43	39
U	46	57	40	49
V	62	36	59	24
W	29	64	25	54
X	54	49	50	37
Y	39	61	33	44
Z	52	39	51	26

was expected to result in more favorable evaluation than the incongruent extensions.

Results and Discussion

A factor analysis of the six evaluation items revealed a single underlying dimension. Thus, the items were averaged to form a general evaluative index (Cronbach's $\alpha = .88$). Table 2 reports the treatment means on this index.

An analysis of variance (ANOVA) on the evaluation index revealed that the interaction between involvement and congruity was significant ($F_{2,78} = 4.26, p < .02$, see Figure 1). As expected, when involvement was high, an inverted U relation was observed (quadratic trend, $F_{1,78} = 5.83, p < .02$). Planned contrasts revealed that the moderately incongruent extension was evaluated more favorably than both the congruent extension ($F_{1,78} = 5.40, p < .03$), and the extremely incongruent extension ($F_{1,78} = 3.45, p < .07$). However, when involvement was low, the extension was evaluated more favorably as its congruity with the brand increased (linear trend, $F_{1,78} = 4.51, p < .04$). Planned contrasts revealed that the two incongruent extensions were evaluated similarly ($F < 1$) and less favorably than the congruent extension ($F_{1,78} = 5.02, p < .03$).

As an alternative to analyzing the effects of congruity at each level of involvement, the data may be analyzed to examine the effect of involvement at each level of congruity. Increasing involvement depressed evaluation when the extension was congruent ($F_{1,78} = 5.71, p < .02$), somewhat enhanced evaluation when the extension was moderately incongruent ($F_{1,78} = 2.86, p < .10$) and had no effect on evaluation when the extension was extremely incongruent ($F < 1$). When the extension was congruent, increasing involvement may have led to greater consideration of attribute matrix informa-

tion. Because this information revealed that the extension was undifferentiated, attention to this information would seem likely to dampen evaluations relative to focusing on favorable associations to the parent brand.

However, when the extension was moderately incongruent, increasing involvement presumably allowed respondents to elaborate on and resolve the incongruity, thereby generating task satisfaction and resulting in a more favorable evaluation of the extension. By contrast, the extremely incongruent extension could not be resolved irrespective of elaboration and, therefore, it was unaffected by the manipulation of involvement.

In summary, our findings demonstrate that involvement moderates the relation between congruity and extension evaluation. Moreover, the pattern of effects offers initial support for the view that high involvement leads to elaborate thought and outcomes that are consistent with Mandler's (1982) schema congruity theory. By contrast, low involvement appears to encourage a more heuristic process of transferring the positive attitude toward the brand to only those extensions that are readily perceived to fit with it. To obtain further evidence for these hypothesized underlying processes, additional measures were introduced in Experiment 2.

Our data also suggest that congruity effects are relatively robust. Congruity with the brand influenced evaluation of the extension even though detailed information regarding the actual performance of the product was accessible. However, the possibility remains that the advantage of moderate incongruity observed under high involvement will be limited to situations in which the competitive performance of the extension is undifferentiated. When the attribute information reveals that the extension enjoys a competitive advantage, elaboration on this favorable information, which is likely to be greatest when there is no incongruity to resolve, may enhance

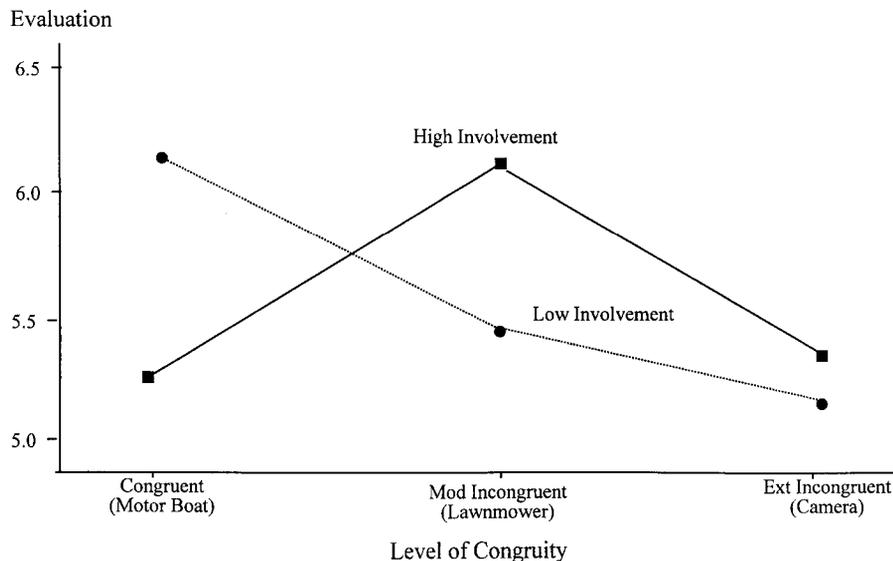


FIGURE 1 Experiment 1—The involvement by congruity interaction on evaluation.

TABLE 2
Experiment 1 Extension Evaluation:
Treatment Means and Standard Deviations

<i>Level of Congruity</i>	<i>Low Involvement</i>		<i>High Involvement</i>	
	<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>
Congruent (motor boat)	6.12 ^a	1.14	5.26	0.91
Moderate incongruity (lawnmower)	5.49	0.64	6.10	0.83
Extreme incongruity (camera)	5.36	0.74	5.43	1.29

^a*N* = 14 per cell.

evaluation of the congruent extension. If so, the advantage of moderate incongruity under high involvement observed in Experiment 1 might be eliminated. In fact, information that the product is differentiated may be viewed as sufficiently diagnostic that it may guide judgment of both the congruent and moderately incongruent extensions (Feldman & Lynch, 1988). To explore the effect of differentiation on the relationship between parent-extension congruity and extension evaluation, the competitive performance of the extension was manipulated in Experiment 2.

EXPERIMENT 2

Overview of the Study

Experiment 2 examined extensions of the BMW brand employing the same general procedures used in Experiment 1. However, three changes were made. First, only the congruent (motorboat) and the moderately incongruent (lawnmower) extensions were retained in the design. The extremely incongruent (camera) extension was dropped because evaluation of this extension was invariant across levels of involvement and, therefore, it offered only limited insight into the underlying processes.

Instead, the performance of the BMW extension in relation to competitive alternatives was varied. In the undifferentiated condition, participants saw the same attribute matrix used in Experiment 1 (Table 1). In the differentiated matrix condition, participants saw a matrix in which the aggregate score for the BMW extension, as reflected by the summing the scores across the four attributes, dominated all of the competitive alternatives (see Table 3).

Several additional dependent measures also were administered. Measures of attitude toward the parent brand were taken prior to presenting the extension information in order to ensure that all participants could easily access such associations and to confirm that these associations were uniformly positive. In addition, these measures enabled calculating the correlation between participants' attitude toward the parent brand and their evaluation of the extension. Doing so allowed

us to explore the hypothesis that a positive attitude toward the parent brand would be transferred to the extension only when involvement was low and the extension was congruent.

Other new measures were included to explore the processing when involvement was high or the extension was incongruent. Specifically, participants were given an unexpected recall task that was intended to determine the extent of processing of the attribute information in the matrix. We reasoned that greater processing of the matrix should lead to improved recall of this information. In addition, postevaluation perception of the fit between the extension and the parent brand and task satisfaction were assessed. These measures were intended to determine whether high involvement did indeed allow participants to resolve moderate incongruity and, if so, whether this resolution process created task satisfaction. Finally, participants reported their involvement on several scales so that the effectiveness of this manipulation could be assessed. All other aspects of the study were identical to those described in Experiment 1.

In summary, a $2 \times 2 \times 2$ between-subjects, factorial design was employed. There were two levels of involvement (high, low), two levels of extension congruity (congruent, moderately incongruent), and two levels of differentiation (undifferentiated, differentiated).

Procedure

One hundred four participants (67 males) from the same research pool employed in Experiment 1 participated in the study. No individual participated in both studies. Research participants were run in small groups of 5 to 8 and they were randomly assigned to one of the experimental treatments by the booklet they received. After reading general instructions that presented the study guise, participants evaluated the BMW brand on the same six, 9-point semantic differential scales that assessed overall quality in the pre-experimental study.

TABLE 3
Differentiated Attribute Information

<i>Brand</i>	<i>Attribute Labels</i>			
	<i>Durability</i>	<i>Styling</i>	<i>Power</i>	<i>Performance</i>
BMW	53	59	50	46
U	46	57	40	49
V	62	36	59	24
W	29	64	25	54
X	54	49	50	37
Y	39	61	33	44
Z	52	39	51	26

Next, participants were exposed to an ad for one of two extensions (congruity manipulation) and were told about the personal relevance of their evaluation (involvement manipulation). Participants turned the page and saw the attribute information depicting the competitive performance of the extension (differentiation manipulation). They then evaluated the extension on the same six semantic differential scales employed in Experiment 1 and reported their task involvement on three, 9-point semantic differential scales (*very involved/not involved*, *very motivated/not motivated*, *very interesting/not interesting*). Their task satisfaction was assessed on two, 9-point semantic differential scales (*very satisfying/not satisfying*, *very enjoyable/not enjoyable*), and their postevaluation perception of fit between the BMW brand and the extension was assessed on a 9-point semantic differential scale (*very good fit/very bad fit*). Finally, participants were asked to recall the four attributes presented in the matrix and to indicate the relative performance of the BMW extension on each of these attributes. At the close of the study, participants were asked to provide demographic information. They were then asked guess the experimental hypotheses (none did so correctly) and were debriefed.

Hypotheses

It was anticipated that the interaction between involvement and congruity observed in Experiment 1 would be replicated, but the form of this interaction would be qualified by whether the extension was differentiated when involvement was high. Specifically, we expected that, when involvement was high and the extension was undifferentiated, the moderately incongruent extension would be evaluated more favorably than the congruent extension. However, when the extension was differentiated, the advantage of moderate incongruity relative to congruity was anticipated to be weak or absent altogether. This result was predicted to occur because the differentiation would provide a basis for favorable elaboration when there was no incongruity to resolve. Thus, both the congruent and the moderately incongruent extension would be evaluated positively.

When involvement was low, it was expected that the congruent extension would be evaluated more favorably than the moderately incongruent extension regardless of whether the product was differentiated. The outcome was anticipated because when involvement was low, subjects were not expected to engage in detailed elaboration of the attribute information. Instead, their judgments were hypothesized to reflect a process of transferring the positive attitude associated with the parent brand to a congruent, but not an incongruent brand extension.

In addition, further evidence for the processing that has been reasoned to occur under high versus low involvement was sought by testing hypotheses related to the new measures of recall, postevaluation fit, and task satisfaction. An interac-

tion of involvement and congruity was expected for recall of the attribute matrix. Specifically, participants in the high involvement-congruent extension condition were expected to have greater recall of the matrix than participants any other condition. This outcome should occur because increasing involvement should increase elaboration. When there was no incongruity to resolve, the increased elaboration was anticipated to focus on the attribute matrix and, thereby, enhance recall of that information. However, when the extension was incongruent, the increased elaboration was expected to focus on relating the extension to prior knowledge about the brand in an effort to resolve the incongruity. As a result, less attention would be devoted to the competitive performance information presented in the attribute matrix, which would not seem to be particularly helpful in resolving incongruity with the brand, and recall of this information would be lower than in the congruent condition.

An interaction of involvement and congruity also was anticipated for judgments of postevaluation fit between the extension and the parent brand. The form of this interaction was expected to be such that, for moderately congruent extension, perceived fit would be greater when involvement was high rather than low. Indeed, when involvement is high, the moderately incongruent extension should be viewed similarly to the congruent extension in terms of its post-evaluation fit with the parent brand. This prediction follows from the assumption that increasing involvement prompts greater elaboration and, thereby, enables resolution of moderate incongruity.

Finally, an interaction of involvement and congruity was predicted for respondents' task satisfaction. It was expected that task satisfaction would be the greatest when involvement was high and the extension was moderately incongruent. This was predicted because the process of resolving incongruity, which was only anticipated to occur when involvement was high, is thought to be a source of task satisfaction.

Results and Discussion

Manipulation checks. Evaluations of BMW were analyzed to verify the assumption that attitude toward the parent brand was consistently positive across the experimental conditions. The six semantic differential items were averaged to form an index (Cronbach's $\alpha = .84$), and a three-way ANOVA on this index was conducted. The mean score for this index was relatively positive ($\chi = 7.55$ on a 9-point scale; $SD = .93$) and did not vary as a function of the experimental manipulations. These results are parallel to those obtained in the pre-experimental study reported in Experiment 1.

Next, items measuring respondents' involvement and motivation when evaluating the extension were averaged to create an involvement index (Cronbach's $\alpha = .68$). As expected, a three-way ANOVA revealed only one main effect. Respondents in the high-involvement condition reported signifi-

cantly greater task involvement ($\chi = 6.50$) than those in the low-involvement condition ($\chi = 5.16$, $F_{1,96} = 48.16$, $p < .01$).

Scale construction. Analysis of the criterion measures began with the development of indices for those dependent variables that were assessed by multiple items. First, a measure of overall recall was constructed by combining the number of attribute labels recalled with the number of correct answers regarding the ranking of the BMW extension on these attributes. The resulting index ranged from 0 to 8, with higher numbers reflect more complete, accurate recall. Next, because the scales used to assess how interesting and intellectually stimulating respondents found the task were highly correlated ($r = .83$) they were averaged to form an index of task satisfaction. Finally, the six extension evaluation items were factor analyzed. This analysis revealed the existence of only one factor, which was reliable (Cronbach's $\alpha = .91$). Accordingly, the evaluation items were averaged to form an index of extension evaluation. The treatment means for these three indexes, as well as the means for the postevaluation perceived fit scale, are reported in Table 4.

Extension evaluation. Analysis began by examining whether the findings of Experiment 1 were replicated when the product was undifferentiated. An ANOVA that included only treatments run in the undifferentiated condition revealed a significant involvement by congruity interaction ($F_{1,48} = 11.06$, $p < .01$) that followed the same pattern as in Experiment 1. When involvement was high, the moderately incongruent extension was evaluated more favorably than the congruent extension ($F_{1,48} = 4.73$, $p < .04$), whereas when

involvement was low, the congruent extension was evaluated more favorably than the moderately incongruent extension ($F_{1,48} = 6.40$, $p < .02$). This outcome increases confidence in the stability of results observed in Experiment 1.

Next, an ANOVA on the full three-factor design was performed. This analysis revealed two main effects. Not surprisingly, evaluations were considerably more favorable when the extension was differentiated, rather than undifferentiated ($F_{1,96} = 64.35$, $p < .01$). Evaluations also were more favorable when the extension was congruent rather than moderately incongruent ($F_{1,96} = 4.77$, $p < .03$). These main effects were qualified by two 2-way interactions.

There was an interaction between involvement and congruity ($F_{1,96} = 13.35$, $p < .01$, see Figure 2a). As was the case in Experiment 1, when involvement was low, the congruent extension was evaluated more favorably than the moderately incongruent extension ($F_{1,96} = 17.04$, $p < .01$). However, in contrast to our findings in Experiment 1 and in the present experiment when only treatments run in the undifferentiated condition were considered, the two extensions were judged similarly and favorably when involvement was high ($F = 1$). An analysis of the effect of involvement on moderate incongruity revealed that this outcome occurred despite the fact that increasing involvement increased evaluation of the moderately incongruent extension ($F_{1,96} = 8.64$, $p < .01$), as expected and previously observed.

The observation that the advantage of moderate incongruity, which was found when only the undifferentiated condition was examined, was eliminated when the differentiated condition was added to the design implies that differentiation plays a role in the relationship between congruity and extension evaluation. At the same time, the failure of differentiation to qualify the congruity by involvement interaction (i.e., the absence of a three-way interaction) indicates that the role

TABLE 4
Experiment 2: Treatment Means and Standard Deviations for Judgments

Dependent Measure	Undifferentiated				Differentiated			
	Low Involvement		High Involvement		Low Involvement		High Involvement	
	Congruent	Moderate Incongruity	Congruent	Moderate Incongruity	Congruent	Moderate Incongruity	Congruent	Moderate Incongruity
1. Extension evaluation	5.83 ^a (0.94)	5.10 (0.75)	5.21 (0.47)	5.83 (0.71)	7.19 (0.77)	6.14 (1.09)	6.86 (0.59)	6.68 (0.74)
2. Recall	3.62 (1.94)	3.46 (1.61)	5.23 (0.93)	2.77 (2.05)	2.85 (1.99)	3.38 (1.85)	4.23 (2.42)	3.46 (2.02)
3. Post-evaluation fit	4.62 (2.14)	3.54 (0.66)	5.23 (2.09)	4.69 (0.75)	5.85 (2.34)	4.08 (1.12)	4.92 (1.71)	5.07 (2.02)
4. Task satisfaction	5.35 (1.91)	5.54 (1.41)	5.62 (1.53)	6.23 (0.60)	5.31 (1.76)	5.04 (1.35)	4.77 (1.39)	5.92 (0.61)

Note. SD in parentheses.

^a $N = 13$ subjects per cell.

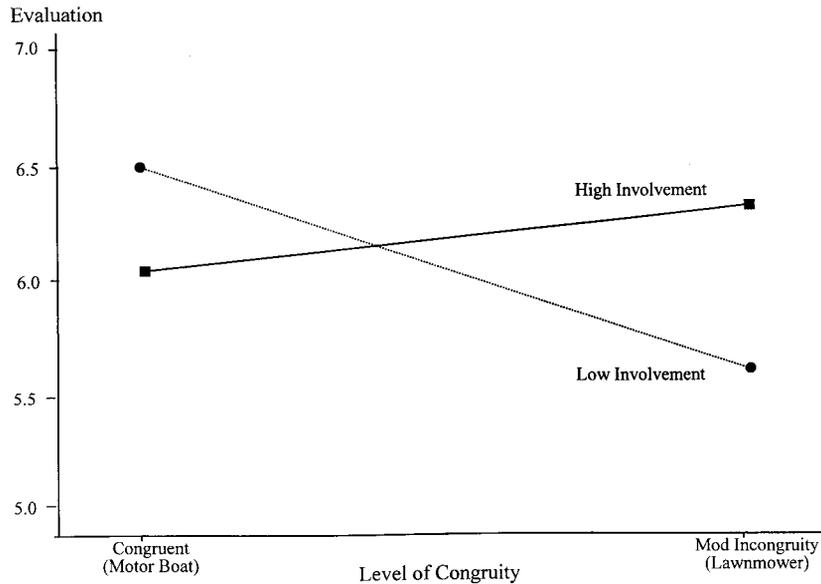


FIGURE 2a Experiment 2—The involvement by congruity interaction on evaluation.

of differentiation is relatively subtle. As our subsequent discussion of measures that offer insight into the underlying process indicates, the level of differentiation did not affect the resolution of incongruity or task satisfaction. Rather, it appears that inclusion of the differentiated condition led to a somewhat more favorable evaluation of the congruent extension and, thereby, eliminated the advantage that might otherwise result from the process of resolving the moderately incongruent extension (see Table 4).

Finally, a marginally significant interaction of congruity and differentiation ($F_{1,96} = 3.41, p < .07$), offers further support for the processing that was hypothesized to occur. The differentiated extension was always evaluated more favorably than the undifferentiated extension, however differentiation had a greater effect on evaluations when the extension was congruent ($\chi = 5.52$ vs. 7.03), rather than moderately incongruent ($\chi = 5.46$ versus 6.41 , partial $\omega^2 = .31$ and $.11$ for congruent and moderate incongruity conditions, respectively; Keppel, 1991). This outcome reinforces the view that resolution of incongruity requires cognitive resources and takes priority over examination of detailed attribute information.

Recall. As might be expected, there was a marginally significant main effect of congruity on recall of the attribute information ($F_{1,96} = 3.66, p < .06$). That is, respondents in the congruent condition had better recall of the attribute matrix than did respondents in the moderately incongruent condition. This effect was qualified by the hypothesized interaction of involvement and congruity ($F_{1,96} = 5.91, p < .02$, see Figure 2b). A planned contrast demonstrated that, as anticipated, recall of the attribute matrix

was greater when involvement was high and the extension was congruent than when either of these conditions were not met ($F_{1,102} = 12.01, p < .01$). This pattern is consistent with the view that high involvement increases elaboration, which focuses on the attribute information when there is no incongruity that requires resolution.

Postevaluation fit. There was also a significant main effect of congruity on post-evaluation perceptions of how well the extension fit the parent brand ($F_{1,96} = 5.74, p < .02$). Not surprisingly, the congruent extension was perceived to fit the brand better than the incongruent extension. However, this main effect was qualified by a marginally significant interaction of involvement and congruity ($F_{1,96} = 3.33, p < .07$, see Figure 2c). Consistent with the view that elaboration will lead to resolution of moderate incongruity and, hence, result in “delayed” congruity, perceptions of fit between the moderately incongruent extension and the brand were greater when involvement was high rather than low ($F_{1,96} = 5.10, p < .03$). Indeed, when involvement was high, congruity had no effect on postevaluation perceptions of fit with the brand ($F < 1$), whereas when involvement was low, the congruent extension was perceived to better fit the brand than the moderately incongruent extension ($F_{1,96} = 8.90, p < .01$).

Task satisfaction. An analysis of variance (ANOVA) on task satisfaction revealed a marginally significant interaction of involvement and congruity ($F_{1,96} = 2.85, p < .10$, see Figure 2d). Planned contrasts revealed that when the extension was moderately incongruent, task satisfaction was

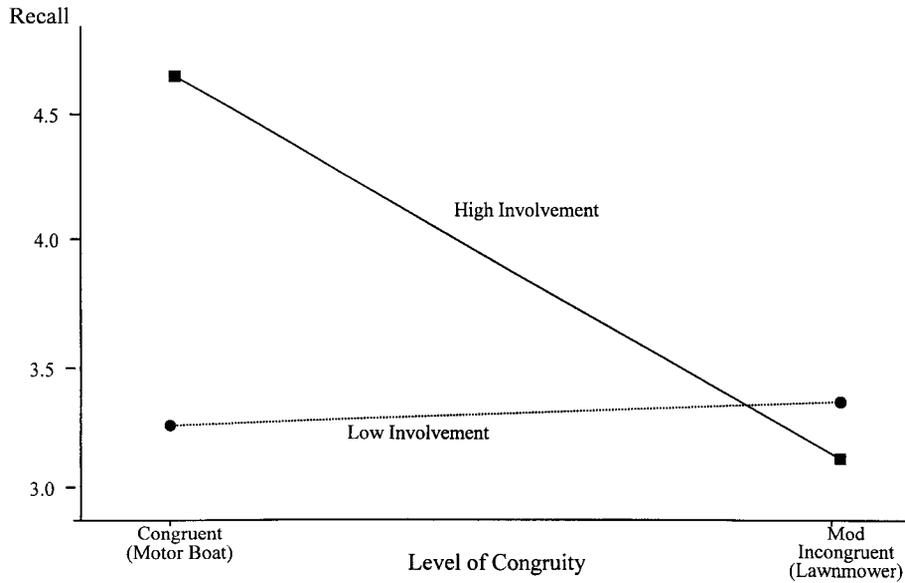


FIGURE 2b Experiment 2—The involvement by congruity interaction on recall of attribute information.

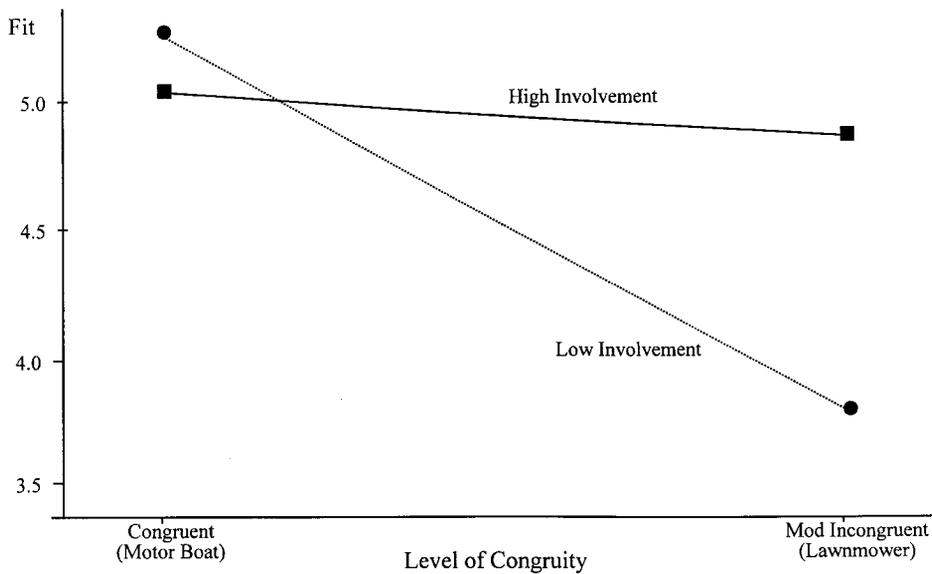


FIGURE 2c Experiment 2—The involvement by congruity interaction on postevaluation fit.

greater when involvement was high rather than low ($F_{1,96} = 4.16, p < .05$), and when involvement was high, task satisfaction was greater when the extension was moderately incongruent rather than congruent ($F_{1,96} = 5.24, p < .03$). Although the interaction did not reach the conventional .05 level of significance, these simple effects observed cannot be explained as due to main effects because the main effects were not significant. Thus, the outcomes for the task satisfaction measure support the view that the process of resolving moderate incongruity, made possible by the high involvement, creates satisfaction.

Transfer of attitude toward the parent brand to the extension. A heuristic process of transferring the favorable attitude toward the parent brand to the extension was hypothesized to occur only when the extension was congruent and involvement was low. To provide evidence for such processing at the level of individual judgments, we calculated the correlation between the attitude toward the parent brand and evaluation of the extension within each of the involvement by congruity conditions. Consistent with our expectation, this correlation was only significant when the extension was congruent and involvement

GENERAL DISCUSSION

was low ($r = .38, p < .057$). When either the extension was moderately incongruent or involvement was high, the correlation did not reach conventional levels of significance (congruent, high involvement condition, $r = -.32, p = .11$; moderately incongruent, low involvement condition, $r = -.32, p = .11$; moderately incongruent, high involvement condition, $r = .09, p > .50$).

The negative sign for the two marginally significant effects suggests that, if anything, these respondents contrasted the brand extension with the attitude toward the parent brand that they expressed initially. A contrast effect might have occurred in the congruent, high involvement condition because respondents considered the matrix information, which was the focus of their elaboration, to be at odds with their expectations for the brand. This would seem particularly plausible for those respondents in the undifferentiated condition. A contrast effect also might be understood in the moderately incongruent, low involvement condition because these respondents did not resolve incongruity between the extension and the brand and, therefore, would seem likely to shift their evaluation of the extension away from their attitude toward the parent brand.

What might be viewed as surprising is the absence of a significant, positive correlation in the moderately incongruent, high involvement condition. However, in the process of reconciling the extension with the brand, respondents may have changed their initial perceptions of the brand and, thereby, attenuating the relationship between the extension evaluation and a measure of attitude toward the brand that was taken before the extension was presented.

Our findings replicate and extend prior work investigating brand extensions. Under certain conditions we, like Meyers-Levy et al. (1994), observe an inverted *U* relation between congruity with a brand and evaluation of an extension such that a moderately incongruent extension is evaluated more favorably than either a congruent extension or an extremely incongruent extension. Moreover, this outcome occurs despite the accessibility of information about the competitive performance of the extension, which could serve as a basis for forming an evaluation.

However, as anticipated, the inverted *U* relation is qualified in two ways. Experiment 1 demonstrates that the inverted *U* relation is only observed when task involvement is high. Further, while increasing involvement enhances evaluation of a moderately incongruent brand extension, Experiment 2 reveals that this evaluation is only significantly more favorable than that generated in response to a congruent brand extension when the actual performance of the extension is undifferentiated. When our analysis included an extension that enjoyed a competitive advantage in its overall performance, the moderately incongruent extension and the congruent extension were evaluated in a similar, relatively favorable manner.

Our findings imply an underlying process that is generally compatible with Mandler's (1982) schema congruity theory. Specifically, we offer evidence that increasing involvement leads to the resolution of moderate incongruity and increases task satisfaction. Presumably this occurs because increasing involvement motivates cognitive elaboration and, as Mandler theorized, elaboration enables the identification of a means for integrating the new information (the extension) with existing knowledge (associations to the brand). Both the pro-

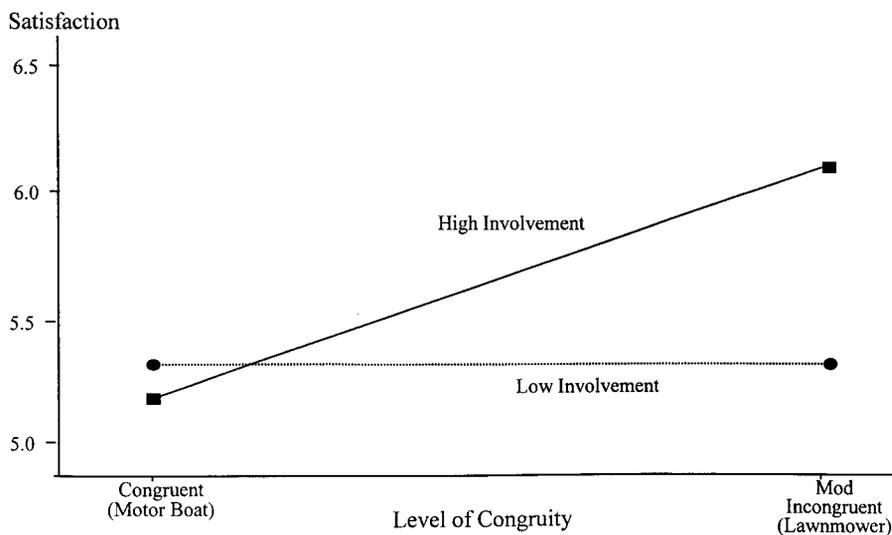


FIGURE 2d Experiment 2—The involvement by congruity interaction on task satisfaction.

cess of elaboration and the satisfaction associated with arriving at a solution to the puzzle of how the extension and brand relate may contribute to the more favorable evaluation of a moderately incongruent extension, relative to a congruent extension or an extremely incongruent extension.

At the same time, the outcomes that we observe suggest that the schema congruity effect may be more limited than originally assumed. To date, investigations of schema congruity theory have proceeded on the assumption that encountering incongruity is sufficient to prompt elaboration. In contrast, we observe that when task involvement is low, more heuristic processing occurs even when the extension is incongruent. Apparently, low task involvement can exert a countervailing influence on the motivation to elaborate that encountering incongruity might otherwise prompt. Meyers-Levy & Tybout (1989) reported a similar effect for the individual difference variable, dogmatism. They observe the schema congruity effect for nondogmatic, but not for dogmatic respondents. It seems that, like individuals who experience low task involvement, dogmatics are unwilling to undertake the elaboration required to resolve moderate incongruity. Taken together, these findings suggest that the willingness to engage in intentional learning may play an important role in schema congruity effects.

Further, although we find that the elaboration prompted by high involvement results in resolution of moderate incongruity and enhances task satisfaction, we also offer evidence that resolution is not sufficient to ensure that a moderately incongruent extension will be evaluated more favorably than a congruent extension. Whether an advantage of moderate incongruity will be observed appears to depend upon the favorableness of the information that is the focus of elaboration in the congruity condition. In our studies, respondents in the congruity condition focused on the attribute matrix, as evidenced by their superior recall of this information. When the matrix revealed that the extension was undifferentiated, the advantage of moderate incongruity predicted by Mandler's theorizing emerged. However, when our analysis included respondents exposed to the matrix revealing that the extension was favorably differentiated from the competition, the congruent and moderately incongruent extensions received a similar, favorable evaluation. Thus, if factors such as high involvement prompt elaboration irrespective of the level of congruity, the favorableness of the information that will be the focus of this elaboration when the stimulus is congruent must be considered in order to predict the relation between the level of congruity and evaluation.

Our findings also offer insight into how consumers form their evaluations of extensions when they lack the motivation to engage in detailed thought. Consistent with the view that the attitude toward the category in which the object holds membership may serve as a heuristic basis for judgment when the object can be readily categorized as belonging to that category (Fiske & Neberg, 1990), we find a significant positive correlation between attitude toward the

brand (i.e., the category) and extension evaluation when involvement is low and the extension is congruent. Nevertheless, the strong main effect of differentiation indicates even these low involvement respondents had sufficient resources to detect the difference between the two attribute matrices and to use this knowledge in forming their evaluations. In the terminology used by Fiske and Neberg (1990), our low involvement subjects engaged in a combination of category-based and piecemeal-based processing. This implies that while less elaboration may have occurred in the low involvement condition as compared to the high involvement condition, involvement was never low in the absolute sense. As discussed later, different effects might emerge if more extreme levels of low involvement were examined.

Our findings also have several practical implications. First, they suggest that strong brands can be successfully extended into seemingly incongruent product categories provided that consumers are motivated and able to identify a meaningful communality between the products. Consumers who are knowledgeable about the brand and involved with the product category may identify such commonalities spontaneously (see Muthukrishnan & Weitz, 1991). However, managers may need to develop marketing communications that assist those who have less elaborate knowledge or who are less involved with the product category if such consumers are to develop a rationale for an incongruent extension. Further, the advantage gained by employing an established brand name is likely to be greatest when the extension is undistinguished in terms of its product features or when involvement with the product category is low, which may be the case later in the product life cycle. When an extension dominates other members of the product category, the advantage of using an established brand name is more limited and its use should be weighted against other considerations such as the potential for backlash effects on the brand (see Loken & John, 1993).

Several directions for future research are promising. In our studies, participants had the goal of learning about a company's new product so that they could evaluate it. As suggested earlier, such a situation would seem to insure some processing of the stimulus information irrespective of the level of congruity. Accordingly, our findings reflect not whether participants attended the information presented, but rather the extent of their elaboration in response to this information and, thereby, whether any incongruity presented was resolved. The findings we report may generalize to situations in which consumers are motivated actively search for and process information (i.e., when they are making decisions that are viewed as having high economic, social, or psychic costs). However, in situations where consumers are the passive recipients of a barrage of information, incongruous stimuli may gain an advantage over congruous ones primarily because they break through the clutter and grab attention. Gaining attention may be especially beneficial if the incongruity supports a message that might otherwise be dismissed as lacking credibility. For example, consider Milk Mustache campaign.

Pictures of celebrities with a milk mustache are unexpected, but this image provides compelling evidence for those who are skeptical of the claim that hip, with-it adults drink milk. Future research might explore this speculation about the benefit of incongruity under incidental learning conditions, which might be viewed as representing a more extreme level of low involvement than the one that we examined.

Future research also might extend the present work by exploring the generality of our findings to more complex branding strategies that are growing in popularity, such as cobranding. When a cobranded product is launched, an additional source of congruity is introduced; the congruity between the partners. It is plausible that this "partner congruity" operates in much the same manner as the brand extension congruity investigated in the present research. If so, sponsorship by moderately incongruent partners may enhance evaluation of the new product among involved consumers. Further, the dimension(s) of partner incongruity may direct attention toward ways in which any product category incongruity might be resolved.

Finally, it would be worthwhile to explore the particular strategies that consumers employ when they reconcile an extension with their prior knowledge of a brand and to examine how the strategy that is adopted may alter the brand schema. Because reconciliation of incongruity is predicated on identifying a nonobvious linkage between the extension and the brand, this process may increase the salience of brand attributes and associations that would otherwise receive little attention and, thereby, alter the brand image.

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