

Tensions of Extensions

Adverse effects of brand extension within consumer relationships

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EFI THE ECONOMIC RESEARCH INSTITUTE



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Preface

This report is a result of a research project carried out at the Center for Consumer Marketing at the Economic Research Institute at the Stockholm School of Economics.

This volume is submitted as a doctor's thesis at the Stockholm School of Economics. As usual at the Economic Research Institute, the author has been entirely free to conduct and present his research in his own ways as an expression of his own ideas.

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Stockholm March 27, 2008

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To my parents

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Introduction and rationale

Over the last decade and a half, two issues have been at the top of the agenda for many marketers: extending successful brands and forging strong customer relationships. The topics have also been among the more popular targets for academic research. With this in mind, it is remarkable that few studies have considered the two subjects in combination. In fact, the research literature dealing with the intersection between brand extension and customer relationships is rather meager. As a consequence, the benefits of pursuing each of the objectives have been well documented, whereas less attention has been given to potential problems in bringing them together. This thesis seeks a better understanding of what is in the balance, by exploring how strong consumer-brand bonds may complicate managerial attempts to develop the brand offering. It is an inquiry into tensions of brand extensions, initiatives that can make demands on consumers and companies, stretching and complicating relationships.

The desire for brand extension

Devising new and improved means to satisfy evolving customer needs is a necessary task for every company. The ability to survive as a business, let alone to grow, depends on how successfully new products and services are brought to market. In their efforts to introduce attractive new products, companies can either develop completely new brands or capitalize on existing brands by somehow applying these to the new products. They can also do both, by combining new and old names. Whenever established brands are used to introduce a new product, the approach can be referred to as brand extension (Keller 2008). This reliance on brands that already are familiar and attractive to consumers can help marketers launch products both in product categories they already serve and in new ones. The first case is sometimes referred to as “line extension”, whereas the second can be called “category extension”. However, the distinction is blurry and I will use the more general term of brand extension throughout this thesis.

Brand extension can give marketers important advantages when they introduce new products. The strategy can reduce the risk that consumers perceive when faced with a new product, help establish positive attitudes, attract retailers, encourage trial, and offer efficiencies in marketing communications and other cost savings (e.g., Aaker and Keller 1990; DelVecchio and Smith 2005; Smith 1992; Smith and Park 1992; Wernerfelt

1988). It can also provide positive feedback effects to the brand by improving its image, enhancing brand awareness, renewing consumer interest, and enabling future growth (e.g., Keller and Aaker 1992; Morrin 1999; Sjödin and Törn 2006; Supphellen, Eismann and Hem 2004).

Well-known examples of brand extension include the Mars brand being extended from chocolate bars to ice-cream and Dove being applied to both soap and hair-care products. However, brand extension is not limited to consumer packaged goods but is a strategy used by all sorts of companies. Grocery retailer Tesco offers telecom and financial services. The Apple brand, originally associated with computers, has most recently been leveraged to market movie rentals through their products iTunes and Apple TV. Fashion retailer H&M recently began selling shoes and is now moving into the home textile market with a concept called H&M Home. Asked about future plans, Stefan Persson, main owner and chairman of the company, stated:

We are into retailing and we are into fashion. You could say that we are in the entertainment business. The customers are almost like our audience that we should offer something, and we can choose between any number of things.

(di.se, May 9 2007, my translation)

The examples suggest that brand extension has become highly interesting also to companies perhaps not traditionally associated with this strategy. They also suggest that contemporary extension strategies can involve unexpected or unorthodox initiatives. Companies do not necessarily stick to a particular product assortment just because it has worked in the past. Classic examples of failed extensions, such as Levi's tailored suits or Bic perfumes, do not seem to overshadow the substantial advantages that brand extension can offer in terms of growth and improved brand perceptions.

The desire for close consumer-brand relationships

Besides brand extension, many marketers simultaneously pursue another objective: close consumer-brand relationships. Establishing and maintaining long customer relationships have been high on the marketing agenda for quite some time. Promises of lower costs and higher margins in retaining existing customers rather than recruiting new ones are attractive to companies (e.g., Reichheld and Sasser 1990). Several means for customer retention are

available. Popular approaches include service quality initiatives, customization, and various forms of rewards or loyalty programs (e.g., Bolton, Lemon, and Verhoef 2004; de Wulf, Odekerken-Schröder, Iacobucci 2001; Verhoef 2003). The pursuit of customer relationships has inspired activity also from a brand management perspective. In addition to deploying structural means for attracting consumers, many marketing organizations have worked hard to establish consumer perceptions that allow brands to become appealing relationship partners (Fournier 1998).

Brands can be attractive to consumers on the basis of functionality. Promising and delivering a certain quality, sturdiness, taste, or even more concrete benefits are important elements of many brand strategies. However, most brands offer also intangible attributes and symbolic benefits. Marketers have a long tradition of designing imagery and stories meant to elaborate brand meanings beyond functional performance. Ever since the 1950's, the importance of "brand image" has been widely recognized (Gardner and Levy 1955). These immaterial aspects can be at least as important as functionality in appealing to consumers. They give brands value. Sometimes they even allow consumers to feel close to a brand, making it a meaningful part of their lives. A brand can attain special status already in childhood, but relationships can also develop later in life (Fournier 1998). Reflecting this potential, many recent marketing programs have been characterized by a desire to strengthen consumers' emotional bonds to the brand (cf. Albert, Merunka, and Valette-Florence 2007; Carroll and Ahuvia 2006; Pawle and Cooper 2006; Roberts 2004; Thompson, Rindfleisch and Arsel 2006; Thomson, MacInnis, and Park 2005). In these programs, great care is taken to devise communications that speak in a language that is personally relevant to consumers and inspire them to connect with the brand. Thompson et al. (2006, p. 51) review the tenets of what is sometimes referred to as "emotional branding":

From an emotional-branding standpoint, brand strategists should focus on telling stories that inspire and captivate consumers. These stories must demonstrate a genuine understanding of consumers' lifestyles, dreams, and goals and compellingly represent how the brand can enrich their lives (Roberts 2004). As Gobe (2002, p. xxi) writes, "consumers today not only want to be romanced by the brands they choose to bring into their lives, they absolutely want to establish a multifaceted holistic relationship with that brand, and this means they expect the brand to play a positive, proactive role in their lives." Thus, the strategic objective of emotional branding is to forge strong and meaningful affective bonds with consumers and, in so doing, become part of their life stories, memories, and an important link in their social networks

(Atkin 2004). Over the past few years, many well-known brands have adopted emotional-branding strategies, including Tide, Lexus, Apple, Nike, IBM, Cheerios, McDonald's, and Starbucks (Atkin 2004; Gobe 2001; Roberts 2004).

Along the same lines, Keller (2008) asserts the value of “brand resonance”. The message is that the level of customer engagement should go way beyond mere approval, towards a close relationship. In addition to favorable judgments about such issues as quality, brands should preferably elicit positive feelings and a personal attachment. Such a strong bond could be at hand when consumers express “that they ‘love’ the brand, describe it as one of their favorite possessions, or view it as a ‘little pleasure’ that they look forward to” (Keller 2008, p. 72).

Thomson et al. (2005) develop the notion of consumers’ emotional attachments to brands. Similar discussions are also featured elsewhere (Park and MacInnis 2006; Park, MacInnis, and Priester 2006; Park, MacInnis, and Priester 2007). Drawing on psychological research on people’s attachments to other individuals (cf. Bowlby 1979, 1980), they explain attachment as “an emotion-laden target-specific bond between a person and a specific object”, with stronger attachments being associated with “stronger feelings of connection, affection, love, and passion” (Thomson et al. 2005, p. 77-78). It is well known that consumers can form emotional bonds to material objects (e.g., Ahuvia 2005; Ball and Tasaki 1992; Kleine, Kleine, and Allen 1995; Schultz, Kleine, and Kernan 1989), but brands too can be targets of such bonding and indeed evoke love-like feelings (Albert et al. 2007; Carroll and Ahuvia 2006; Fournier and Mick 1999; Shimp and Madden 1988). For instance, Carroll and Ahuvia (2006) link a measure of “brand love” to higher levels of brand loyalty and positive word of mouth, although they acknowledge that consumers may not experience brand love in fully the same way as they experience love to other people. They also find that the potential for love is related to how consumers perceive the benefits of the product category and the brand. Specifically, brands of hedonic products are more lovable than utilitarian products, and brands that enhance one’s social self and/or reflect one’s inner self are also positively related to love. In other words, their results suggest that consumers are more inclined to love self-expressive brands that help them shape their identities.

Although emotional attachments might be most apparent with brands such as Apple or Nike, I would argue that the managerial ambition to encourage personal and emotional connections extends beyond the peers of such global, high-profile brands. For an example, we might return to H&M. Their current marketing has effectively nurtured the fashion aspirations of their customers through a series of high-profile designer collaborations. As a result, their appeal seems to have grown well beyond the promise of affordable prices. The desire to strengthen emotional ties is present even in businesses that are more prosaic. For instance, both telecom operator Telia and dominant Swedish food retailer ICA have had long-running and very successful advertising campaigns focused on developing warm feelings, using recurring characters that a TV audience can identify with.

In marketing their research services, The Gallup Organization has referred to surveys showing that “passion can be sparked by goods as everyday as hiking boots or potato chips” and that a significant proportion of consumers have emotional attachments even in industries such as consumer banking and mass retailing (The Gallup Organization 2001). Regardless of the validity of these claims, I believe it is fair to say that they do reflect a rather widespread managerial desire to foster such bonds.

Tensions between the two desires?

How are brand extension strategies affected when brand stories get richer and more emotional in order to strengthen consumer relationships? In many cases, brand extensions are undoubtedly quite attractive to existing customers. Park and MacInnis (2006) even speculate, although without offering empirical evidence, that emotional attachment to a brand might facilitate brand extensions, as consumers are motivated to maintain the relationship and can draw on emotional linkages that already exist. On the other hand, it is possible that the very efforts to get consumers involved with a brand can become a double-edged sword when beloved features of the brand are threatened by innovation:

...surf brands such as Billabong and Ripcurl constantly struggle with the need to expand the brand, while also remaining true to their original values of amateurism and commitment to hard-core surf cultures. This is difficult because the mass-market adoption of such brands is off-putting to many surfers who see these brands as selling out.

(Yakimova and Beverland 2005, p. 445)

Critiquing the emotional branding approach, Thompson et al. (2006) offer similar thoughts as they recount the trouble that the soft-drink brand Snapple got into in the 1990's:

When a brand is viewed as transgressing or abandoning its emotional-branding promises, formerly loyal customers can create a significant backlash. This pernicious consequence of passionate consumer-brand relationships is vividly illustrated by the travails of Snapple, which was brought to the brink of collapse by a widespread rebellion among its most loyal consumers—energized by the spurned former spokesman Howard Stern, who angrily rechristened the brand “Crapple”—after its new corporate owner, Quaker, attempted to mainstream the brand (Deighton 2002; Holt 2003).

(Thompson et al. 2006, p. 52)

The quotes illustrate how existing bonds can hamper new business initiatives and they suggest that there might be drawbacks of forcefully pursuing brand extension strategies and close relationships at the same time. Tensions between the desires are interesting from an academic point of view, but they could also be quite consequential for marketing organizations. Existing customer relationships and brand equity represent substantial intangible assets in most companies. Brand extension therefore needs to be managed in a way that does not destroy value by offending consumers with close ties to the brand. For marketers and scholars interested in the risks involved, it is useful to consider characteristics of emotional attachments that could complicate attempts at brand extension. Firstly, such bonds connect brands to the self (Park and MacInnis 2006; Thomson et al. 2005). They typically develop over long periods of time, with frequent experiences and interactions that strengthen the connection between the brand and the consumer (Thomson et al. 2005). This allows consumers to create personalized meanings for a brand and link it to the self (Park et al. 2006). The connectedness between the self and the brand can be quite meaningful to consumers. It is useful in their construction and maintenance of a personal identity, and it helps them communicate aspects of themselves to other people (cf. Belk 1988; Chaplin and Roedder John 2005; Escalas and Bettman 2003; Schau and Gilly 2003). When consumers learn about a brand extension which they feel signals that the brand is becoming less aligned with their identity, the self-brand connection could become problematic. Moreover, emotional attachments imply numerous and strong memories involving the brand (Thomson et al. 2005). These are often concrete, vivid,

autobiographical, and affect-laden. The experiences are highly accessible. People can easily recall many past encounters with the brand and they have pretty clear ideas of what the brand is about. If they are at odds with the perception of a new brand extension, consumers may be more inclined to react than if they only have access to loose or abstract notions of the brand.

It is particularly important to recognize the motivational implications of emotion-laden bonds. Emotional attachments have been theoretically and empirically associated with proximity maintenance, separation distress, and reliance on the attachment object as a secure base and safe haven in a stressful environment (Thomson et al. 2005). In other words, a relationship partner becomes a source of security (Mikulincer, Shaver, and Pereg 2003). Indeed, the ability to offer certainty and consistency in a turbulent world has been proposed as a general and valuable property of brands (Elliott & Wattanasuwan 1998). When the closeness and security of relationships are under threat, people are motivated to act in order to preserve the link (Thomson et al. 2005). A sense of rejection and helplessness can even provoke so-called hyperactivating strategies of response, aimed at restoring the closeness (Mikulincer et al. 2003). This typically involves an anxious search for signs of interest from the relationship partner, in conjunction with pleads or expressions of anger when the efforts are unsuccessful. In other marketing contexts, the motivational properties of attachments often benefit marketers, such as when consumers stockpile to prevent product unavailability or defend a brand against unfavorable claims (Park et al. 2006). However, if consumers sense that their brand is moving away or losing touch with them as a consequence of brand extension, problems might arise. Company actions perceived to increase consumers' mental distance to the brand could trigger behaviors that are undesirable from the marketer's point of view.

In other words, prudent marketers should recognize that an ambition to develop brands that are emotionally inspiring and engaging can bring rewards in terms of close consumer relationships, but it might in some ways make brand extension more challenging. Surely, some extensions are trivial and uncontroversial but when consumers with emotional bonds to a brand do resist marketer attempts to extend the brand, there can be direct consequences for the roll-out of new products. The attempts can thus produce tensions and adverse effects for both parties in the relationship. The present thesis represents an effort to explore some of these ramifications.

Asserting the practical relevance of the topic

Ideally, investigations into adverse effects of brand extension within consumer relationships should be pertinent to the needs of marketing practitioners. With regard to this criterion, it might be informative to consider the topic of my research in the light of research priorities as established by the Marketing Science Institute (MSI). Every two years, this well-respected non-profit institution organizes a process in which some of the most successful marketing organizations in the world get to express their thoughts on issues in great need of academic research. Through a series of meetings and surveys, trustees from companies such as Intel, Coca-Cola, Johnson & Johnson, Time Warner, and Visa, are asked about their perceptions of current marketing imperatives and how they translate into research priorities. This way, the process provides an outlook on contemporary marketing. After collecting the views of the approximately 70 member companies consulted about the 2006-2008 research priorities, MSI summarized their interests as being directed at “The Connected Customer”. In the view of MSI, “The Connected Customer” signifies a marketing environment in which consumers are better informed and inform each other more than before. Against this backdrop, research on three particular matters was given the very highest priority: connecting innovation with growth, connecting customers with the company, and connecting metrics with marketing strategy. Regarding the first theme, connecting innovation with growth, MSI explains how companies believe that customers now “play a much larger role in shaping innovation strategy and execution” (Marketing Science Institute 2006, p. 3). Customer insights are deemed critical, both to inform innovation and to understand how interpersonal influence affects commercialization. The second theme, connecting customers with the company, captures how “companies are looking for ways to engage their customers and thus strengthen customer loyalty” (Marketing Science Institute 2006, p. 4). Encouraging customers to form emotional connections with brands is seen as desirable, just as previously discussed. The third and last theme, connecting metrics with marketing strategy, addresses a need for measurement and effective performance: “tying for the most votes (with customer insights for innovation and design) was the research question, ‘What is the impact of marketing metrics and models on marketing decision making?’” (Marketing Science Institute 2006, p. 5).

Reviewing the MSI account of how leading marketing organizations perceive their situation, my attention to ramifications of brand extension in the context of consumer relationships seems appropriate and current. While my main interest is oriented towards reactions of consumers within such relationships, I also recognize the urgent demand for guidelines that facilitate quantitative assessment of marketing strategies. Measurement and management often go together. Insofar as marketing decision-makers take an interest in the linkage between brand extension and strong consumer-brand connections, they probably need to analyze and communicate their proposals in terms of value-creation and financial performance of the firm. Tools for relating brand extension outcomes to such terms would accordingly be appreciated outputs of research efforts in this area. As marketers are increasingly accountable for their actions, they should benefit from guidance on how to decide and justify an appropriate level of resources and managerial attention for the development of a brand extension. I recognize this demand and will seek to accommodate it, yet primarily pursue the consumer insights that the Marketing Science Institute describes as crucial.

Aims of the thesis

Over the past decade or so, considerable marketing efforts have been aimed at achieving two different objectives, as described in the introductory sections of this text. One objective has been to sustain competitiveness through brand extension. The other objective has been to make brands emotionally appealing as long-term partners. Benefits of these strategies are widely proclaimed and well known. However, a balanced appreciation implies attention to the possibility that the two objectives are not always easy to reconcile. It seems possible for strong consumer-brand bonds to get in the way for managerial attempts to develop the brand offering. To assess and resolve this potential dilemma requires a rich understanding of the complications and tensions involved. Through this thesis, I hope to contribute new insights to such an understanding.

The thesis consists of this introductory chapter and four published studies. In all of them, I explore ramifications of brand extension when existing consumer-brand relationships are affected. Overall, I want to understand how this interaction can trouble consumers and complicate business development for companies: what is at stake? My aim is to advance knowledge about

adverse and unintended effects of brand extension within consumer relationships, for both companies and consumers. Toward this end, I seek new insights into how consumers with close ties to a brand react to brand extension. I also consider implications for brand management and marketing practice, and address financial assessments of brand extension. Such assessments can help reveal the impact of brand extensions on business performance and support managerial decision-making. The thesis should add to the literature on brand extension and contribute to research on symbolic and experiential aspects of consumer-brand relationships. Through the introductory chapter, I bring together previous research from these different strands to discuss how my findings integrate with existing literature.

Literature review

This thesis is guided by a brand management perspective and I believe it has close kinship with parts of the branding literature. There are two streams of literature that are particularly pertinent to the topic at hand and that provide orientation and exemplars for my investigations. These harbor the sources and researcher communities that I wish to engage. The first stream connects to “an emerging tradition of studies that use qualitative data and culturally based insights to develop new theoretical knowledge of the symbolic and experiential dimensions of consumer-brand relationships” (Thompson et al. 2006, p. 51). It holds research that seeks in-depth understanding of how consumers use brands to construct identities and social ties. Some of these studies have specifically examined unintended consequences of strategies for encouraging consumers to have close connections with brands (Aaker, Fournier, and Brasel 2004; Aggarwal 2004; Thompson et al. 2006). The second stream contains experimental and survey-based research on brand extension, which refers to the practice of introducing new products with the help of established brands. This is a mature and rather consolidated tradition, encompassing a large number of studies (Czellar 2003; Grime et al. 2002; Hem, de Chernatony, and Iversen 2003; Völckner and Sattler 2006). However, few of these account for the relationship between consumer and brand. Both streams of research offer valuable insights regarding the subject at hand. They validate the importance of the topic and expose interesting research opportunities. In the following, I draw on these bodies of literature to outline theoretical points of reference for my investigations.

Research on consumer-brand relationships

In consumer culture, brands are important to people individually (e.g., Carroll and Ahuvia 2006; Chaplin and Roedder John 2005; Escalas and Bettman 2003; Fournier 1998; Thomson et al. 2005) and in groups, communities, and subcultures (e.g., Bagozzi and Dholakia 2006; Cova and Cova 2002; Holt 2002; Kates 2004; Muñiz and O'Guinn 2001; Schouten and McAlexander 1995). The significance of brands for fulfilling consumption and life goals, constructing and maintaining personal identities, and shaping social ties and interaction is well documented.

Because brands carry this great significance, many consumers are interested in the marketing decisions and behaviors that are related to them. Actions are judged relative to beliefs about what is appropriate both for brands in general and for a particular brand. These judgments are not limited to the actual performance associated with the branded products and services, although such satisfaction evaluations certainly can be consequential (cf. Ward and Ostrom 2006). Consumers generally disapprove when companies fail to deliver quality and value in transactions. Research on judgments of this type has generated the vast literature on customer satisfaction, service failure, and recovery (e.g., Aaker et al. 2004; Ringberg, Odekerken-Schröder, and Christensen 2007; Smith and Bolton 1998; Smith, Bolton, and Wagner 1999; Tax, Brown, and Chandrashekar 1998). However, brands are held responsible also for behaviors that have less to do with the performance they deliver. The appropriateness of advertising, pricing, or social responsibility are just a few examples of other aspects that also get evaluated. People with no particular relationship to the brand can make such judgments. Often, they might be inconsequential or lead to indifferent rejection of the brand. Sometimes they might fuel oppositional brand loyalty (Muñiz and Hamer 2001). This would be the case when Coke drinkers distance themselves from new products from Pepsi or when Apple users derogate a new Microsoft commercial. Disapproval can also come from individuals or organizations that follow the brand but engage in active resistance, such as boycotts or anti-brand activism (e.g., Holt 2002; Kozinets and Handelman 2004; Peñaloza and Price 1993; Rumbo 2002).

More relevant to the matter at hand, judgments are passed also by existing customers. Consumers can find brand-related behaviors inappropriate even

though they have strong connections to a brand. A few researchers have taken particular interest in this kind of judgments. They have put forward a number of valuable concepts to illuminate different issues that all bear on this basic situation.

In a much-cited article, Fournier (1998) presents a dense collection of propositions and findings on consumer-brand relationships. The relationship metaphor itself has attracted some critique (e.g., Bengtsson 2003), but has nevertheless proven to be an accepted and a useful way of referring to the connections consumers make to brands. Some of Fournier's theoretical contributions relate to the dynamic aspects of relationships. For instance, she offers a typology of different kinds of stress that can threaten relationships. Fournier suggests that one type of stress occurs due to "trespass of unwritten relationship rules, breach of trust, failure to keep a promise, or perception of neglect on part of relationship partner" (Fournier 1998, p. 363). The example she offers is inconsistent quality, but the argument can probably be extended to issues unrelated to product performance as such. Relationship stress can also originate in a "managerial decision to terminate the relationship or alter the brand partner role" (Fournier 1998, p. 363). For instance, one of Fournier's informants was quite upset when her favorite beauty care brand discontinued a particular color of lipstick. Similar reactions are also reported by Martin (2002) in her study of consumer responses to product discontinuance.

When brands encourage consumers to form relationships that go beyond pure exchange to more resemble human relationships, they also encourage consumers to think about a wider range of behaviors as appropriate or inappropriate. To capture this, Aggarwal (2004) develops the notion of relationship norms in a brand context. He distinguishes between exchange relationships and communal relationships. Friendships and other close relations represent the latter, and Aggarwal argues that many marketing programs are aimed at achieving similar kinds of relationships. His main contribution is to show how such relationships are guided by different norms than exchange relationships. Communal relationship norms are less related to self-interest and more related to responsiveness, attentiveness, and helping. Aggarwal shows that brands suffer when these norms are violated. For instance, he demonstrates that communal relationships prompt consumers to react negatively when they are charged a fee for receiving help in the form of a special service. McGraw and Tetlock (2005) argue in similar terms, when

they describe taboo trade-offs. They investigate exchange proposals that evoke fiercely negative reactions. Their studies are not focused on brands but they suggest that future research should continue investigating the effect of relational strategies:

Consumers who have been gulled into thinking of themselves as part of a corporate family or partnership may feel especially bitter when they discover that the other party was treating them all along purely as objects of monetary calculation, even to the point of placing dollar values on their safety and lives.

(McGraw and Tetlock 2005, p. 14)

Belk (2005) comments on McGraw and Tetlock (2005), discussing how perspectives from sociology and anthropology might inform the study of taboo trade-offs. Sacredness, romantic love, purity, and boundaries are some of the concepts he believes would be useful.

In their work on brand community, Muñiz and O'Guinn (2001) give more emphasis to the collective negotiation of consumer judgments. A brand community is "a specialized, non-geographically bound community, based on a structured set of social relations among admirers of a brand" (Muñiz and O'Guinn 2001, p. 412). It reflects social ties that emerge out of a shared interest in a brand. Consciousness of kind, or a sense that there is a "we", is an important marker of brand community. Because these communities are virtual rather than formal, anyone who has a strong interest in a brand can be regarded as a member. However, Muñiz and O'Guinn note how members often are concerned with discerning "true believers" from those who are attracted to the brand for the "wrong reasons". They suggest that this concern can be a barrier to growth, as hard core members wish to limit access to the brand. Along these lines, Schouten and McAlexander (1995) describe tensions between "traditional" and "upscale" Harley-Davidson bikers, in their research on subcultures of consumption. They report how long-time owners felt betrayed when the motorcycle manufacturer leveraged the mythical image, which these customers had helped create, to charge excessive prices in order to make money on "yuppies". In a different context, Quester, Beverland, and Farrelly (2006) examine attitudes towards commercialization and mainstreaming of brands targeted at sports subcultures. They too note several concerns over these marketing ambitions, although consumers' responses vary depending on the values that underlie their involvement.

In other words, marketing goals may differ from goals of the community members. This tension is a recurring theme in research related to brand community (O'Guinn and Muñiz 2005; Muñiz and O'Guinn 2005; Muñiz and Schau 2005; Muñiz and Schau 2007). For instance, Muñiz and O'Guinn (2005, p. 67) discuss how consumers are concerned with how the brand is represented through advertising and other elements of the marketing mix:

Members of brand communities tend to have very well-developed ideas concerning the brand to which they are committed. This includes notions of what the brand means and what directions this meaning should take in the future. Many feel they understand the true essence of the brand better than the marketer does. As a result, they can be quite opinionated about branding and marketing efforts, spending a great deal of time analyzing and critiquing marketing communication in community forums. Ads for the brand are interpreted collectively by the community, with special attention directed to the degree to which the brand as presented in the ad corresponds to the brand as experienced by members. When the ads map onto the brand as understood by the community, the themes in the ads are embraced, celebrated, and elaborated upon (in stories and personal webspace). When the ads are at odds with the community's conceptualization of the brand, the ads are likely to be rejected as members endeavor to create their own meanings for the brand (Brown, Kozinets & Sherry, 2003; Muniz & O'Guinn, 2001).

The introduction of new products can also be at odds with community understandings of the brand. In some of the studies above, such occurrences have been noted but not expounded (O'Guinn and Muñiz 2005; Muñiz and O'Guinn 2001, 2005). Research on "retro brands", relaunched historical brands with updated features, looks at new products more specifically (Brown, Kozinets, and Sherry 2003). The investigation by Brown et al. shows how the presentations of the Volkswagen New Beetle and the new movie reviving the Star Wars series both stirred debate among brand followers. Not everyone accepted the attempts toward innovation. Marketing efforts to designate the new products as authentic expressions of the brands were actively interpreted, discussed, and sometimes challenged by consumers.

Recent work by Avery (2007) offers explicit treatment of the intersection between brand extension and consumer relationships. She investigates how the launch of a brand extension affects the use of the brand for self-presentation purposes. Using ethnographic methods and discourse analysis, she examines online conversations. The findings show how a new Porsche

model forced core consumers to take action, because the new model was less conducive to their self-presentation needs of core consumers. They did not discard the brand altogether, but rather prompted them to re-negotiate brand meanings to save face and retain their connection to the brand. Avery's analysis is focused on the implications for self-presentation and the social processes that are triggered by the stigmatizing extension. Her longitudinal study is particularly valuable in highlighting the self-serving meaning-making of the brand community. She finds that community members shape the interpretations of outside audiences in a way that puts distance between the new product and central brand meanings. Acting as gatekeepers, they defend their views of the brand while making them less available for new customers. While Avery's analysis highlights self-presentation needs and efforts, other ramifications of brand extension are less apparent. For instance, she leaves the field open for exploring reactions that precede and/or supplement the rather intentional and strategic face-work by consumers that she discusses.

Conclusion

My review of culturally-grounded brand research points to a growing body of literature that deals with consequences, some of them unintended, of strong consumer-brand relationships. This development is reassuring, in showing that the subject of this thesis is current and relevant. The review is also inspiring, because the subject is not exhausted. Previous studies offer valuable insights and approaches that I sympathize deeply with, but seldom if ever has their main purpose been to investigate adverse reactions and effects of brand extension within consumer relationships. Accordingly, a focused investigation of brand extension can further the ongoing exploration of relationship dilemmas.

Research on brand extension

Brand extension refers to the use of an established brand name to introduce new products (Keller 2008). Reflecting the popularity and strategic importance of this strategy, a considerable body of research has accumulated since the beginning of the 1990's, when practitioner and academic interest mounted (cf. Aaker and Keller 1990). The literature is rather concentrated, predominantly using cognitive psychology to explain how a consumer

evaluates a brand extension. The basics of research on brand extension are neatly summarized in an integrative model by Czellar (2003, p. 99):

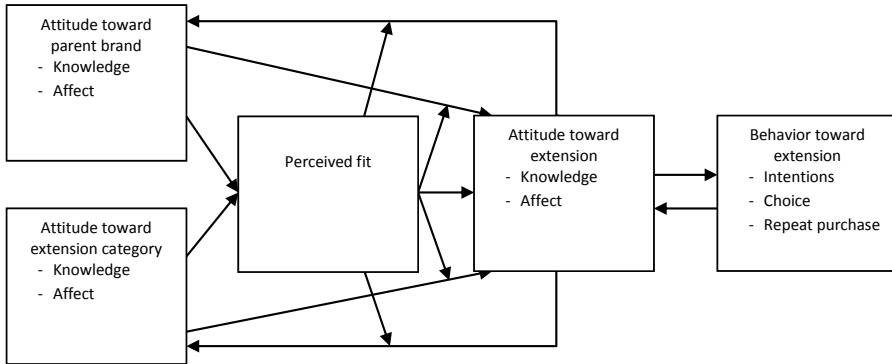


Figure 1: Consumer evaluation of brand extension (Czellar 2003)

The model captures how consumers use existing attitudes, relying on both knowledge and affective components, to evaluate a brand extension. The attitudes towards the launching, “parent”, brand and the category in which the new product is launched, interact to shape the attitude toward the extended product. Importantly, the degree of perceived fit between the brand and the new category influences their effects, through mediation and moderation. The resultant attitude towards the brand extension is then thought to affect actual consumer behavior. Furthermore, the behavior and extension attitude can feed back to the attitude towards the brand (and towards the extension category).

In this literature, two questions have attracted particularly much researcher attention: Firstly, what is the role of perceived fit in determining the fate of an extension? Secondly, can brand extensions damage, or “dilute”, the equity of the extending brand?

The fundamental idea underlying research on perceived fit is that consumers judge how similar the new product is to the brand and its existing products. If it is similar (because they share many associations), perceived fit is high, and vice versa. As hinted in Czellar’s model, perceived fit can be seen as having two dimensions: product category fit and brand-level fit. It can also be

conceptualized as a more holistic judgment. Bridges, Keller, and Sood (2000) suggest that perceived fit is dependent on consumers establishing explanatory links, connecting the extension with the brand. Regardless of conceptualization, perceived fit plays a prominent role in most extension research and the typical finding is that it is instrumental in determining acceptance of the extension (Czellar 2003; Grime et al. 2002; Hem et al. 2003; Völckner and Sattler 2007). Most studies find that consumers like extensions better when perceived fit is high. Reviewing extant literature, Völckner and Sattler (2006) identified ten factors with a previously documented relationship to measures of brand extension success. They then studied the effects of these factors on consumer evaluations across a wide range of consumer goods, and found that perceived fit was the most important determinant of success, defined as perceived quality: “Although the significance of this factor was not unexpected [...], the overwhelming impact of this factor compared with other brand extension success factors is a notable result, especially because we used real brand extensions” (Völckner and Sattler 2006, p. 27).

As for the question of brand equity damage, research has addressed the managerial worry that failed or inappropriate brand extensions would cause consumers to change their brand perceptions and/or like the brand less. These studies indicate that established brands are quite resistant to change and that dilution becomes an issue only under specific circumstances (Chang 2002; Keller and Aaker 1992; Milberg, Park, and McCarthy 1997; Roedder John, Loken, and Joiner 1998; Romeo 1991). Keller and Sood (2003) review the findings from existing studies and conclude that extensions need to be salient, unambiguous, diagnostic, and inconsistent, to affect what consumers think of the brand. Along similar lines, Thorbjørnsen (2005) finds that incongruent extensions produce a more pronounced negative feedback effect when consumers are highly familiar with the brand than when they are less familiar with it. He argues that the information processing is more effortful when brand familiarity is high.

Altogether, previous research on brand extension is indeed impressive in its programmatic and thorough examination of consumer evaluations and the concept of perceived fit. In a comprehensive review, Czellar (2003) concludes that “the bulk of research investigates, essentially through experimental designs, the main and interaction effects between a handful of cognitive and affective attitude constructs”. Accordingly, the resulting

literature displays an effective use of cognitive psychology to explain consumers' personal evaluations. Still, extant brand extension literature is less than perfectly aligned with an agenda for exploring ramifications of brand extension within strong consumer-brand relationships. The accumulated literature accounts for brand familiarity and a general sense of likeability, but does not capture close connections particularly well (cf. Czellar 2003; Grime et al. 2002; Hem et al. 2003; Völckner and Sattler 2006, 2007). Most studies are oblivious to the potential significance of existing consumer-brand relationships. These claims are hardly particularly controversial, because previous studies were never meant to support any ambitions of this kind. Previous studies, probably in pursuit of generalizability, aggregate data from all kinds of participating consumers, rather than attend specifically to consumers within existing relationships.

There are a few important exceptions to this aggregated approach. Swaminathan, Fox, and Reddy (2001) use retail scanner data, which allows them to separate brand users from non-users. In one of their studies, they investigate the effects of a brand extension that failed to the extent that it was withdrawn from the market after a year and a half. They detect a difference in brand choice between users and non-users. The failed brand extension reduced the likelihood of purchasing the brand for users, but not for non-users. Kirmani, Sood, and Bridges (1999) make a distinction between owners and non-owners, when they investigate consumer responses to line extensions. Line extensions are new products within the same product category as existing products from the brand, but with minor modifications. In their studies, owners were more positive towards line extensions than non-owners, apart from the situation when prestige brands (BMW and Calvin Klein) were reported to launch a "downward" extension, that is, a new product which would reduce the exclusivity of the brand. In this case, owners reacted more negatively than non-owners. For instance, Calvin Klein owners, who were more involved with the brand than non-owners, reported lower brand attitudes in response to a new style of jeans priced below the current price range. Along the same lines, Hem and Iversen (2003) present a study in which they find that an affective brand relationship does not benefit brand extension evaluations. Altogether, these research efforts point to motivational differences between different groups of consumers.

The findings clearly encourage further exploration of the repercussions from combining innovation with efforts to forge strong links between consumers

and brands. For instance, Kirmani et al. (1999) argue for future studies into extensions beyond, rather than within, the current product category. It is also worth noting that brand extension studies typically report how study participants evaluate proposed brand extensions for themselves. Further ramifications are scarcely considered. This “atomistic” approach has limitations (Avery 2007). A rich understanding would benefit from attention to a broader range of experiential and emotional reactions. When brands become important in people’s lives, it seems unwise to restrict inquiries to a few measures of attitudes taken in a laboratory. Expanding the scope of investigation would advance knowledge about the impact of brand extension on consumer-brand relationships. This stance is supported by Czellar (2003, p. 98), who concludes a comprehensive review of brand extension research by encouraging researchers to “adopt alternative conceptual and research paradigms to deepen our understanding of consumer attitude vis-à-vis brand extensions”.

Conclusion

The academic interest regarding brand extension is considerable and an impressive body of work has accumulated. Still the review indicates that it would be useful to devote more attention to the effects and implications of consumer-brand relationships. There seems to be unrealized potential in considering their social, symbolic, and experiential dimensions, as discussed earlier. Based on the research reviewed, there is reason to believe that they can bring new challenges to theory and practice related to brand extension. Accordingly, new insights should be attainable through further investigations of existing consumers and by exploring links between their reactions and the marketing goals of companies.

The four studies: an overview

Besides this introduction, my thesis comprises four published studies. Separately and together they contribute to research efforts to better understand consumer-brand relationships, brand extension, and brand management generally. Three of the studies explore consumer reactions. They acknowledge that consumers who come close to a brand potentially become stakeholders with opinions on efforts to change the product ranges and marketing programs of that brand. They suggest that the implications of combining brand extension and strong consumer connections can be

substantial and wide-ranging. The fourth study is aimed at discussing how the financial implications in particular can be analyzed and communicated within organizations. It positions brand extensions as vulnerable investments by examining the potential impact on future cash flows and highlighting the role of metrics in decision processes.

Over the following sections, the four studies are introduced and briefly summarized.

1. Dirt! An Interpretive Study of Negative Opinions about a Brand Extension

(presented at the EACR 2005 conference in Gothenburg and subsequently published in *European Advances in Consumer Research*)

In this study, I observe an internet newsgroup where consumers discuss the introduction of the first sports utility vehicle (SUV) bearing the Porsche brand. Adopting a qualitative methodology, I examine and interpret the discourse on this topic during the years that preceded the December 2002 launch of the new SUV. Traditionally associated with classical sports cars, the news that the brand would now be applied to a quite different kind of vehicle was controversial. Struck by the intensity of many negative opinions, I argue that the conventional reference to poor perceived fit is inadequate to explain this intensity. Accordingly, I put the resistance in new light with the help of different, more sociological and cultural, sources of literature.

Considering how notions of purity and impurity manifest the need for order in cultures, the article proposes a metaphor of brand extension as dirt. Metaphors can have value in themselves, inspiring both scholars and managers to make new insights based on analogy. However, the purity/impurity perspective has additional significance. It suggests that consumer reactions are shaped by a cultural template for thinking and acting that has old origins. Relating consumer tenacity to maintain brand purity to this implicit but deeply held template helps explain why a seemingly innocent act of brand extension can set powerful forces in motion.

Subsequent to my study, Avery (2007) has concluded dissertation research based on the same empirical context. While her study focuses on consumers' self-presentation needs and efforts, my study offers an interpretation that also highlights other reactions. The findings are organized into three themes: the

brand extension is disturbing and upsetting (both to the intellect and to people's feelings), it is dangerous and risky, and it is immoral and blameworthy. Importantly, I draw attention to the emotional component in consumer reactions. The article also shows how consumers who are attached to a brand evaluate an extension initiative in several dimensions. For these consumers, an extension represents much more than a new product with a certain perceived fit with the brand. They judge its merits, its rationale, and its relationship to other company activities. Company profits, the competitive landscape, and the decision to withdraw from the popular high-level racing are just three examples of issues considered by Porsche consumers when discussing the extension. The conclusion is that managers devising brand extension plans need to take a holistic view of such initiatives – because many of their customers will. The findings call for empathy on the part of marketers. They should consider the role of the brand in the lives of their loyal consumers when they weigh alternative strategies for sustaining competitiveness.

In a closing remark, I point out how innovation gives consumers cause to celebrate and reinforce the very meanings that are under threat. As they react to the impending brand extension, people effectively praise and promote what their brand “really” is about. Differently put, it is not necessarily so that controversial initiatives drive long-time consumers to stop using and supporting the brand altogether. It is possible that their reactions, although disapproving, might actually benefit the parts of the product range and marketing program that they do accept.

2. “Uh-oh, Where Is Our Brand Headed?” Exploring the Role of Risk in Brand Change (presented at the ACR 2006 conference in Orlando, and subsequently published in *Advances in Consumer Research*)

The second publication expands the view of risk in brand management and consumer research, claiming that this concept is useful in understanding consumers' responses to change. Empirically, I revisit the discussions of the new Porsche model. The data calls attention to the losses that Porsche consumers expect the product introduction to result in. Innovation is complicated by the vulnerability that these consumers experience.

Risk has been defined as subjective expectations of loss (Peter and Ryan 1976; Stone and Grønhaug 1993). Drawing on this, I identify different expressions of risk in the data and argue that many consumers care about more than the car as a potential purchase for them: they worry about their brands (“brand risk”) and about their future relationships with them (“relationship risk”). Their sophisticated reasoning implies that one-dimensional conceptions of customers as outsiders to the organization can be too simplified and misleading.

Acknowledging the relevance of risk and how it can bias consumers against change can help managers assess and understand resistance to brand extension. Even if the perceived fit between the new product and the brand is acceptable, factors such as the scale of the initiative or decision irreversibility can bring about risk. Moreover, I suggest that “converting” negative feelings into risk discourse can make consumer complaints more convincing and provide a rhetorical resource for word of mouth.

I propose that the outcome of a change initiative is affected by the managerial willingness and ability to address risk perceptions. Marketers should strive for a good understanding of how brand relationships are affected from a consumer point of view. Suggestions for communication strategies include participatory dialog and reframing risk as adventure.

3. Upsetting brand extensions: An enquiry into current customers’ inclination to spread negative word of mouth

(Published in *Journal of Brand Management*)

In the third publication, I develop the case for giving more attention to the social, interpersonal consequences of brand extension. Offering a different methodology than the preceding studies, this is an investigation of reactions to brand extension across a wide range of brands and a more inclusive sample of consumers. Study participants were recruited at an urban train station and were asked to respond to a questionnaire which included a brand extension scenario. 223 questionnaires constitute the data base.

Acting on the significance of emotions that emerged in the first study, I take a closer look at anger specifically. This emotion is not at all uncommon in the marketplace and is typically produced when consumers blame someone else

for a service failure or interpersonal problem, such as a lost baggage or rude behavior (e.g., Menon and Dubé 2004). In the article, I describe how anger is a common response to perceived wrongdoings in general and explain how brand extension might fall in this category. Drawing on the literature on consumption emotions, I then explicate how angry consumers can be motivated to act out their feelings by criticizing a brand extension. Empirically, the participants were asked to react to an extension scenario which involved brands which they themselves had reported a liking for. Structural equations modeling substantiates that anger is associated with an inclination to criticize the extension. The findings suggest that this relationship holds for broader segments of customers than cliques of fanatics.

The study confirms the notion that consumers can be concerned with other aspects of brand extension initiatives than those that pertain to the new product as such (e.g., perceived fit). In the article, I suggest concerns over the reasons behind the product introduction as one such aspect.

I conceptually review the reasons why consumer-to-consumer communication is important for shaping brand meaning and the outcome of innovation. Against this backdrop, I argue that managers need to understand the sources and consequences of consumer anger. To this end, they should evaluate extension strategies against a broad set of standards, beyond the most immediate merits of a new product. Managers are wise to assess the downside of initiatives with contentious profiles. Consumer reservations might be addressed through prudent communication efforts, but managers need to explore and understand the ramifications of provocative initiatives.

4. Financial assessment of brand extensions

(Published in *Journal of Brand Management*)

In many cases, consumers appreciate brand extension, as it can represent an opportunity to satisfy additional needs by retaining trusted and attractive suppliers. Accordingly, brand extension can create value for both consumers and companies. On the other hand, it can also destroy value. When companies embark on brand extension initiatives, they are exposed to the risk of failure and/or consumer opposition, as suggested by the first three articles. Accordingly, brand extension can be seen as a strategic decision, representing

an investment in business development. In contemporary organizations, such decisions must increasingly be defensible in the creation of long-term economic value. In the concluding article of the thesis, I acknowledge this demand and offer a framework for evaluating brand extension in these terms. I discuss how this value can be assessed and why such exercises can be meaningful. The assessment framework outlines important connections between consumer responses to brand extension and a company's ability to create economic value.

In the article, I claim that precise assessments are unfeasible and contend that the conceptual contribution offers more of a checklist, facilitating project analysis, helping expose unknowns, and encouraging scenario analysis. It invites a broad view on brand extension and promotes cross-functional attentiveness to crucial issues. Consumer reactions of the kind highlighted in the three preceding publications take on additional significance when they can be linked to the business performance of the firm. The framework can support analysis of the potential impact of upsetting consumers. For example, the assessment framework points to the financial benefits of analyzing issues such as how fast extensions become accepted and whether they strengthen or weaken consumers' emotional ties. Above all, it is suggested that financial assessments can serve as a platform for important discussions between marketers and top management or other functions within organizations. An economic language might be necessary to bring together the competence, attention, and organizational resources that are required to sustain close consumer-brand relationships throughout brand extensions.

Discussion of contributions

As I have argued, two ambitions have affected marketing practice in many companies during recent years. The first is an ambition to achieve development and growth through brand extension. The second is an ambition to foster enduring and emotion-laden relationships between consumers and brands. Through this thesis, I have sought an understanding of how these intersecting trends might affect consumers and companies. Theoretically, I have drawn upon and extended research on brand extension (cf., Czellar 2003; Grime et al. 2002; Hem et al. 2003; Völckner and Sattler 2007) and consumer-brand relationships (cf., Fournier 1998; Muñiz and O'Guinn 2001, 2005; Thompson et al. 2006). Practice-wise, I have discussed a number of

implications for marketing and brand management. The investigations of this thesis add to the literature in several ways, as discussed over the following sections.

Contributions to the literature on brand extension

Most studies into brand extension have not made distinctions between different groups of consumers based on the existence and nature of a brand relationship. Rather, researchers have prioritized generalizability by using mixed samples meant to capture a cross-section of consumers with a general familiarity of the brands in the study (cf. Czellar 2003; Grime et al. 2002; Hem et al. 2003). Yet we know from a few significant studies that there can be important motivational differences among consumers, such that those with closer relationships to the brands can be expected to have other reactions to brand extension (Hem and Iversen 2003; Kirmani et al. 1999; Swaminathan et al. 2001). These studies do not offer very detailed findings, but they serve as important calls for further research. Research on unselective samples can easily mask reactions from consumers with emotional attachments, making an in-depth understanding of their response more difficult to achieve.

A major contribution of this thesis is to uncover and delve into reactions that have been cut off from exploration in previous research. Although broad samples have their merits, there are several reasons why more focused investigations are valuable complements. To begin with, reactions from consumers in close brand relationships are interesting in their own right. Emotional bonds imply that the brands in question are meaningful and carry significance in the everyday life of consumers. To some extent, they depend on their brands. The brands are relevant to their well-being. As a consumer researcher, I am interested in understanding their situation on these grounds alone. However, these consumers are also particularly interesting to businesses. Managers often anticipate cross-selling opportunities and appreciate how their core customers lend credibility to the brand. At a minimum, they hope that brand extensions will be tolerated by this segment. Furthermore, the reactions of consumers with emotional attachments are interesting for another reason. Plenty of marketers try to encourage consumers to form such bonds. If their emotional branding programs are successful, more and more consumers are bound to get a new and different outlook on attempts at brand extension. This way, the present thesis offers indications on some of the challenges that such a future might bring.

In simple terms, the thesis demonstrates that a close consumer-brand relationship does not guarantee a favorable response to brand extension. In fact, extension can even provoke negative reactions for consumers and marketers alike. The investigations thus validate and extend the limited research that has taken active interest in the motivational effects of brand ownership and relationships on brand extension (Hem and Iversen 2003; Kirmani et al. 1999; Swaminathan et al. 2001). Joining Avery (2007), the thesis offers better probing of the identity-serving role of brands and the reactions of consumers when the stability of a relationship is threatened. Likewise, it gives more attention to the consumer perspective and experiential dimensions of brand extensions: what reactions are there beyond attitudes and purchase intentions? Responding to calls for investigations into the relationship between metrics and marketing strategies, the thesis also offers a discussion about financial assessments and their role in the development of brand extensions (cf. Marketing Science Institute 2006).

In his review of the literature on brand extension, Czellar (2003, p. 98) concludes that “the bulk of research investigates, essentially through experimental designs, the main and interaction effects between a handful of cognitive and affective attitude constructs”. The investigations of this thesis capture a different set of effects and propose other constructs that enrich the literature.

A close relationship is no guarantee for support

All of the three first articles demonstrate that consumers can express concerns or even protest against brand extensions despite a strong relationship with the brand that is being extended. Their favorable predisposition does not prevent them from dissenting. Such dissent can carry financial consequences for companies, as outlined in the fourth and final article. The findings presented align with the few brand extension studies that have noted that a prior relationship with the brand does not necessarily translate into reactions that are favorable for marketers (Avery 2007; Hem and Iversen 2003; Kirmani et al. 1999; Swaminathan et al. 2001). The findings extend this body of work in several ways. They demonstrate that negative reactions are not restricted to line extensions with different price/quality ratios, but can occur in other kinds of brand extension (cf. Kirmani et al. 1999). They highlight active, vocal expressions of dissent rather than personal evaluations or scanner data (cf. Hem and Iversen 2003;

Kirmani et al. 1999; Swaminathan et al. 2001). Through the third article, they include a broad range of products and services, in addition to automobiles (cf. Avery 2007).

Overall, the thesis provides a challenge to conventional notions of brand loyalty. It shows that it is wrong to assume that a favorable relationship to a brand automatically results in favorable reactions. The effects of such a relationship are not necessarily that straightforward and some of the effects might not be appreciated by marketers. The thesis shows how consumers are particular and restrict their enthusiasm to certain aspects of the brand, as they can support existing products but resist unwanted additions.

Threats to consumer identity

Previous research on brand extension has not been characterized by great interest for one of the important roles that brands have in contemporary society. Adding to the literature, the findings of this thesis draw more attention to how brand extension is complicated by the fact that consumers use brands as resources in a continuous construction of personal and social identities. Brands help define how consumers see themselves and how they want others to see them (cf. Belk 1988; Escalas and Bettman 2003; Schau and Gilly 2003). Elliott and Wattanasuwan (1998) suggest that brands help people cope with threats that come from the turbulence of life in our time. In a fragmented world with fast-paced and unpredictable changes, brands can offer precious stability and predictability. A brand can thus act as a secure base and safe haven in a stressful environment (Thomson et al. 2005). The value in offering an almost existential reliability is captured in an old Volkswagen slogan: “If only everything in life was as reliable as a Volkswagen” (Elliott and Wattanasuwan 1998).

The present thesis adds to the brand extension literature by exploring how consumers respond when the meaning of cherished brands destabilize, in more depth than previous studies have done. For instance, when Kirmani et al. (1999) discuss the potential for an “ownership effect”, they briefly conclude that owners of prestige brands are more involved than non-owners and therefore are motivated to uphold the status of their brands. Further discussion of identity issues are beyond the scope of their article. My studies shed more light on how taxing the symbolic fluidity of the contemporary marketplace can be. When consumers interpret a brand extension as a signal that the brand is changing to become less aligned with their identity, they are

faced with a threatening situation. Consumer attention is easily drawn to discrepancies in brand presentations and thanks to a culturally programmed quest for purity such discrepancies are very easily seen in unfavorable light—basically as dirt. The predictability that brands can offer becomes conspicuously absent and consumers worry about the brand’s future ability to satisfy their needs. The brand relationship, which brings the consumer practical and emotional rewards, is at risk. By being loyal to a brand, consumers might have reduced risk in past purchases, but they seem to face new risks when they are no longer reassured by the actions of their brands. These are real troubles for consumers with strong ties to a brand. A rich network of memories and experiences let them identify problems for themselves and for the brand. Imagining and discussing the future, even when it is scary, is one way of gaining a sense of control and possibly even preventing bad things from happening. The (perceived) ability to control events is generally important to us as humans, so company actions can be quite disturbing when they seem to be about to change something, namely the brand, that has been linked to the self.

My findings align with subsequent research by Avery (2007), who offers a rich and insightful treatment of the processes set in motion by a brand extension that represents an identity-threatening event. She explicates the social implications and describes how consumers respond to save face after a “stigmatizing” extension. Avery’s framework explains how consumers take collective action to shape brand meaning when their self-presentation efforts are disrupted through brand extension. We thus agree on the importance of understanding how existing customers contribute to brand meaning through word of mouth and she extends my research by offering more details on the processes. Conversely, my thesis offers additional insights on how and why a brand extension might pose a threat to consumers’ identities, with the theoretical advances relating to brand purity/impurity and risk. The third article also demonstrates that our common interest is relevant across a range of product categories and for broader groups of consumers than true zealots.

Although company officials may often argue that a particular brand extension is required to remain competitive in a changing world, the findings of this thesis and other real-world examples suggest that consumers might not be so willing to accept this argument. The risk perspective offered in the second article links this penchant for the status quo to so-called omission bias: the risks of action are normally judged to be higher than the risks of non-action.

This means that consumers are biased towards having an easier time to believe that brands will remain valuable resources for their identity if they stay the way they are, than if their brands are about to change. This bias is likely to lead them towards incorrect assumptions and actions, which presents a challenge to marketers who seek support for new initiatives.

Emotional reactions

The brand extension literature primarily features cognitive constructs, such as perceived fit, to describe and explain consumer reactions (Czellar 2003; Grime et al. 2002; Hem et al. 2003). The research presented in this thesis makes a contribution to the literature by considering the importance also of emotional reactions. Brand extension can be both intellectually and emotionally disturbing. Consumers with existing ties to a brand do not stop at making disinterested assessments of how a brand extension fits the brand; they are also influenced and energized by emotions. The first article of the thesis gives evidence of naturally-occurring expressions of negative emotions in an internet newsgroup. The third article focuses particularly on one of the most frequent negative emotions: anger. Through quantitative means, I show that anger can be related or unrelated to the offering itself. Accordingly, anger can be provoked by poor perceived fit, but importantly also by other things, such as the perceived reasons behind the initiative. Moreover, angry consumers are inclined to engage in negative word of mouth. In fact, the findings of this article indicate that anger is an even more influential antecedent of the potential for criticism than perceived fit. Researchers should therefore avoid limiting their attention to consumers' "cool reasoning", but rather make further efforts to explore emotional aspects of brand extension (cf. Barone, Miniard, and Romeo 2000; Yeung and Wyer 2005).

Beyond the product and the purchase

The research in this thesis documents how consumers base their reactions to brand extension on many things besides product characteristics or how the product fits with the brand. Previous research has typically concentrated on how consumers perceive the actual offering (cf. Czellar 2003; Grime et al. 2002; Hem et al. 2003). Extending this body of work, my research shows that consumers with ties to a brand also consider issues that do not concern the offering as such, but rather the circumstances around it. They do not evaluate brand extensions solely, or even primarily, for their value to them in a straightforward purchase situation. They evaluate a bigger picture. One

important set of circumstances being considered concerns the perceived potential for success. Attached consumers peer into the future and they do not want to see uncertain initiatives that might weaken their brand or its ability to satisfy their needs. For instance, they care about the risk that the brand extension might lead to economic problems or that it will do damage to the image of the brand. These worries are not necessarily related to an impending or recent purchase, but emerge because the brand is a part of these consumers' lives. A brand extension can be seen as risky because it represents a great investment, because it requires change, or because it reminds people of other initiatives that have been unsuccessful. In other words, consumer response is influenced by concerns that do not relate directly to the perceived value of the product as such.

Other important circumstances are those that inform judgments of a moral nature, which consumers often make about brand extensions. Such judgments require that managers initiate brand extensions for acceptable reasons. When consumers with strong ties to a brand get the impression that profits are pursued at the expense of nurturing "what the brand is about", brand extension meets resistance. Commercial motives are typically not enough and may even represent a red flag to some consumers. Like judgments of the business merits, these judgments of legitimacy are also influenced by information that does not necessarily have to do with the product itself. For instance, they might relate to traditions, values, or business practices espoused in the past. Perceived fit or other features of a particular brand extension only constitute part of a big picture, which also includes other company behaviors and indeed even the broader cultural discourse on corporations and capitalism. The brand extension literature benefits from these contributions. Past research offers good insight into how consumers evaluate product-related properties of a brand extension as input to (often hypothetical) purchase decisions, but less exploration of how other issues affect their reactions in a broader sense.

The co-creation of brand meaning

Academic studies on brand extension typically focus on the evaluations that consumers make for themselves: would the new product be an attractive purchase to them and would it modify their mental image of the original brand? The accumulated knowledge on these matters is considerable (cf. Czellar 2003; Grime et al. 2002; Hem et al. 2003). In comparison, we know little about interpersonal effects of brand extension. In the words of Avery

(2007), most research has been carried out with an “atomistic” approach, using laboratory experiments to uncover meaning change in the mind of the individual consumer. Such an approach ignores the social implications, word of mouth, and community-based sensemaking that accompany many brand extensions. Interpersonal effects are important from a practical point of view, because they can facilitate or impede the promotion of new products. They are theoretically interesting too. Researchers on word of mouth have recently and specifically asked for further study into the motivations of customers who advise against their supplier (East et al. 2007). As this group might be expected to support the undertakings of their brand, it is interesting to consider situations when they in fact do not. My studies align with this appeal and thus contribute to the literature. Two of the studies explore consumer discourse and find that identity maintenance, negative emotions, risk, and moral judgments are important concepts that are related to the active consumer resistance. Another study links the inclination to criticize a brand extension to the emotional experience of anger. This link is substantiated both for consumers who are highly satisfied with their brand and for those who are fairly satisfied with it. The findings indicate that it may be strongest for fairly satisfied consumers.

The contributions of this thesis are all the more important because they acknowledge the idea that brand meaning is co-created by marketers, consumers, and other stakeholders including the media (cf. Beverland 2005; Brown et al. 2003; Holt 2002; Muñiz and Schau 2007). Planned communications by marketers coalesce with claims and counter-claims from external actors to form collectively shared knowledge about brands. Like Avery (2007), I discuss how brand extension can provoke consumers with brand attachments to contribute to this ongoing conversation. My studies illuminate the consumer motivations for contributing and illustrate how their input includes emotionally-induced invectives as well as rationalized arguments. The articles recognize the possibility that these consumer opinions diffuse to a wider audience, through journalists and other intermediaries or through platforms such as the internet, damaging marketer efforts to cast the brand extension in such favorable light as possible. However, the first article offers an additional possibility. Based on the findings, I speculate that criticism against a brand extension can energize the brand discourse and the consumption of the “original” brand values. The reason is that the criticism so often involves revisiting the brand history and praising core brand meanings. These celebrations might prompt attached

consumers to renew their self-brand connections, making them stronger although perhaps also fragmented and limited to those parts of the brand that remain relevant to them.

Assessing the financial impact

Advancing knowledge about how consumers in close brand relationships react to brand extension is important in its own right, because of the significance that brands have in these consumers' lives and in contemporary society at large. Another justification is more business-oriented. Brand extension is a strategic activity with impact on a company's financial performance. Accordingly, an important contribution of this thesis is contained in its concluding article, with the discussion of financial assessment of brand extension proposals. By connecting the topic of the thesis with quantitative evaluation, I acknowledge a widespread interest in understanding how metrics can support marketing strategies (cf. Marketing Science Institute 2006). I argue that it is important to recognize that consumer reactions to brand extensions have consequences for the financial well-being of companies. Despite the plausibility of this claim, the literature on brand extension has not offered much in way of guidelines for those who wish to assess these consequences. In the article, I describe why it is important to have a framework for analyzing brand extension in terms of value creation. The main point is that it can serve as a platform for important discussions between marketers and top management or other functions within organizations. An economic language might be necessary to bring together the competence, attention, and organizational resources that are required to develop attractive brand extensions—and to maintain close consumer-brand relationships throughout the process. The article offers a more comprehensive treatment of financial assessments than previously available in the academic literature on brand extension. One outcome is an integrated framework that can be used to analyze the effects of brand extensions and to craft sound proposals. Several of its components relate directly to the reactions of current customers. For example, the assessment framework points to the benefits of analyzing issues such as how fast extensions become accepted and whether they strengthen or weaken consumers' emotional ties. It is also possible to infer additional implications on the basis of the principles presented. For instance, if a contentious brand extension is being considered, the framework might serve as a reminder to incorporate the marketing costs required to deal with negative word of mouth from current customers.

Methodological contributions

Reviewers of the literature on brand extension have remarked that a great portion of existing research has relied on laboratory settings, fictitious brands, and student samples (Hem et al. 2003; Klink and Smith 2001; Völckner and Sattler 2007). Along similar lines, Czellar (2003) calls for alternative methodologies and new theoretical perspectives to broaden knowledge on brand extension. My studies align with this call. The concluding article develops the financial view on brand extension, which is an important perspective that has not received adequate treatment in the past. It outlines a general procedure for assessing the financial consequences of brand extension and points at the opportunity for further investigations related to cash flow effects. The remaining studies feature real brands with which consumers have real relationships. In order to examine the interplay between consumer-brand relationships and brand extension, this realism is essential. It would clearly be difficult to study the consequences of brand attachments in situations where such attachments are simulated or even absent. Through the experimental and cognitive orientation of earlier research, the potentially complex thoughts and feelings that consumers hold have been represented through a small number of evaluations in a numerical format. The opportunity for consumers to express thoughts and feelings in a less constrained format has been limited. The nuances and complexities of consumer reasoning come across less easily in averages and frequencies than in verbatim comments. Accordingly, two of the studies use unobtrusive means to examine naturally occurring consumer discourse in an internet discussion forum. The rich data sets enable new theoretical insights, for example by suggesting how consumer responses are related to underlying notions and patterns of thinking in culture. Such discoveries are hard to uncover through traditional approaches, partly because of social desirability concerns, and partly because they might well emerge outside researcher preconceptions. The vivid representations made possible by this methodology could also make phenomena “come alive” to researchers and managers.

Contributions to the literature on consumer-brand relationships

My research also adds to a body of knowledge on the social, symbolic, and experiential dimensions of consumer-brand relationships. The thesis extends this literature in several ways. In the following sections, I will discuss theoretical contributions relating to unintended relationship consequences,

consumers' expression of criticism, and the relationship between consumers and finance.

Unintended relationship consequences

Researcher interest in unintended consequences of close consumer-brand relationships has grown in recent years (Aaker et al. 2004; Aggarwal 2004; Thompson et al. 2006). The present thesis advances knowledge regarding the consequences for efforts to grow or renew brands through the introduction of new products. Previous research on the topic has noted how such efforts get interpreted and debated by consumers with brand attachments (Brown et al. 2003; Muñiz and O'Guinn 2001; Avery 2007). This has shown that consumers do not always react to brand extension with enthusiasm, but sometimes even with outright opposition. My studies contribute by offering additional insights into the negative reactions that motivate such opposition. The studies consider how brand extension can represent a threat and how consumers cope with this threat. I draw on Elliott and Wattanasuwan (1998) and Thomson et al. (2005) to propose that many consumers appreciate the sense of security and control that reasonably predictable brands offer them. Consumers who are attached to a brand have accumulated autobiographical and often vivid memories of many previous interactions with the brand. They may even see their preference for this particular brand over others as a part of being the kind of person they are. Against this backdrop, corporate initiatives that appear to take the brand in new directions could remove the sense of control from consumers so that the brand no longer serves as a safe haven. This perspective extends previous insights on the importance of brand authenticity or legitimacy (Brown et al. 2003; Kozinets 2001; Muñiz and O'Guinn 2001) and consumers' desire to save face in front of social audiences (Avery 2007).

The first article puts forward the metaphor of purity/impurity to cast light on the pressing need of Porsche consumers to make sense of brand disorder. When negative opinions towards this brand extension are analyzed, three themes are discerned: the extension is disturbing to both intellect and feelings, it is seen as dangerous and risky, and it is questioned on moral grounds. The themes represent one answer to the question of why brand extension can provoke so fierce reactions from the brand's own consumers. As the themes converge in a metaphor of dirt, a complementary answer is offered. When consumers are appalled by a brand extension they are acting on a cultural template with old origins that orients them toward that which

does not fit neatly into existing classifications. Anomalies are easily stamped as taboo and dirty, which upholds boundaries and promotes notions of familiarity and safety. This suggests that by regarding a new initiative as dirt, consumers seek to regain control and cope with a disturbing brand anomaly. Stamping it as dirty is a way to preserve the brand as a pure and safe place. The interpretation contributes to the literature by drawing on socioculturally oriented theory to explore how consumers deal with deviations and symbolic fluidity in the marketplace, in line with the suggestions by Belk (2005).

The expression of criticism

From previous research it is known that marketers are not the sole authors of brand meaning. Several important studies have documented how consumers provide important input to the collectively negotiated meaning (cf. Arnould and Thompson 2005). Brand meaning is co-created. Consumers in close relationships can be particularly active and influential. For instance, consumers within a brand community often disseminate their opinions about the brand to potential buyers and others (e.g., Brown et al. 2003; Kozinets 2001; Muñiz and O'Guinn 2005). Muñiz and Schau (2007, p. 35) define vigilante marketing as “unpaid advertising and marketing efforts, including one-to-one, one-to-many, and many-to-many commercially oriented communications, undertaken by brand loyalists on behalf of the brand”. Managers obviously hope that these communications cast the brand in a light that will favor their business and they often encourage such customer evangelism. However, consumer-generated messages do not always fulfill their desires. Consumers with ties to a brand sometimes contest the very meanings that marketers seek to establish (O'Guinn and Muñiz 2005; Muñiz and O'Guinn 2001, 2005; Muñiz and Schau 2007).

The present thesis contributes to the knowledge on this phenomenon. It examines how and why consumers, within existing brand relationships, generate and circulate their own accounts of how the brand is developing. The role of emotions is highlighted. Specifically, anger is identified as an important trigger of negative communications. Anger can have many sources, which do not necessarily have to involve the performance of the brand. As an example, the third article identifies concerns over the reasons behind a brand extension as one antecedent of anger. In the second article, the role of risk is considered. The study features consumer commentary that draws attention to the risks that a new initiative brings and shows that some of these messages are quite sophisticated in terms of content and rhetoric. I argue that

consumers with ties to a brand are in a good position to identify risks and that risk can be a very useful resource for constructing persuasive arguments. When risk is added to expressions of frustration or accusations against a company, the messages grow stronger. The reason is that risk is conceptually associated with objectivity and rationality. The study adds to a growing body of research on the means of expressions that consumers utilize when they participate in the co-creation of brand meaning. For instance, Ward and Ostrom (2006) examine rhetorical strategies used by consumers who essentially have severed their ties to the brand and taken the radical step to construct complaint web sites. They find that these typically cast personal grievances as common causes. Site creators seek to engage others, as they amplify consequences of company mistakes and blame executives for perceived betrayals. In a general sense, our findings align but my discussion of risk extends their work, as the grievances featured in my research do not concern service failure in the traditional sense and emanate from consumers who have not had a personal falling out with representatives of the brand. Muñiz and Schau (2007) offer another investigation of consumer attempts to shape brand meanings. They describe how consumers use styles and conventions from advertising when they disseminate messages about brands that they care for. They speculate that such expertise and sophistication can enable consumers to challenge the power of advertisers and in the long run give consumers more control over brand meanings. My research extends their findings by showing how consumers promote their opinions in other sophisticated ways besides emulating advertising. A rationalized, business-oriented vocabulary of risk is an alternative but potent means for contesting corporate activities. Through my exploration of risk in this brand context, I also contribute to research efforts to broaden consumer research on risk (cf. Thompson 2005).

The third article of this thesis builds on the qualitative studies in article two and three. It demonstrates that brand criticism and anger can be observed also in other, more mundane, settings than in the sports cars context of those articles. The participants in the third study are certainly not exceptional zealots but a rather diverse sample of ordinary consumers who are asked to themselves identify a brand which they like a lot. With this design, the study contributes to the literature by including a wider range of brands and consumers than case studies allow, while maintaining the focus on real consumer-brand relationships (cf. Avery 2007; Brown et al. 2003; Muñiz and O'Guinn 2001).

Consumers and finance

Researchers who produce new knowledge on the symbolic and experiential aspects of consumer-brand relationships typically do not seek to connect their findings to financial impact or organizational decision-making. I recognize that efforts to better understand consumer-brand relationships are valuable beyond their economic relevance. I believe that such work can be fully motivated by the achievement of other important objectives, contributing to our understanding of the human condition and contemporary consumer society. The present thesis still articulates a link between events that take place within consumer-brand relationships and managerial assessments of financial gains. One perspective on this link is that it is possible, and sometimes worthwhile, to study how different aspects and outcomes of consumer-brand relationships carry financial implications. The framework in the fourth article is specific to brand extensions, but the principles and arguments can be applied to other areas too. However, I highlight the link not only because consumer reactions have bearing on financial implications, but also because financial implications have bearing on consumer reactions. My research shows how events that are consequential for companies are consequential also for consumers with ties to their brands. Accordingly, they want to know that the consequences of a brand extension are acceptable and that they have been properly analyzed. It is not only the event itself that matters, but also the rationale behind the event. In modern business, financial assessments are important elements of that rationale. The second and third articles illustrate that contemporary consumers are aware of this. The findings reveal two different ways in which consumers relate to financial implications when they criticize company initiatives. The first is to question their weight in managerial decisions. The second is to accept that financial aspects are important for brand decisions, but challenge the particular managerial judgments. Sophisticated consumers, equipped with industry knowledge and effective communication channels, can argue for alternative financial implications in order to further their own agenda for the brand. By revealing these concerns and rhetorical strategies, my thesis adds to the literature on consumer-brand relationships.

Contributions to brand management and marketing practice

Besides the theoretical contributions, the investigations of this thesis should also carry a number of more practical implications. In particular, they should

allow new insights and ideas on business practices relating to brand extension and the management of brand meaning. As such they concern marketing decision-makers and general management. I will now discuss how the thesis can inform corporate efforts to understand consumers and the potential for open criticism, as well as communication strategies and decision-making related to brand extensions.

Understanding consumers

An important way in which this research can contribute to practice is through demonstrating the need to pay special attention to customers that have strong ties to a brand. As discussed throughout the thesis, these customers have different needs and motivations than others. A brand extension can be an important event in a longer consumer-brand relationship, which is a perspective that is easily obscured if companies are preoccupied with finding out if the average consumer is attracted to the new product. Heedless application of knowledge and strategies related to mainstream audiences to this group of consumers might therefore be ineffective or even detrimental. Crucially, brand relationships offer no guarantee for endorsements of new business initiatives such as brand extension. Rather, marketers need to make a more careful analysis of the potential impact of a brand extension on the relationship, from the consumer perspective. This requires an understanding of the significance that the brand has in the life of the consumer.

To detached observers, some consumer reactions reported in the first and second studies might seem exaggerated or unwarranted. For instance, one might find Porsche consumers who are “really mad”, see a new car model as “an insult to me as a Porsche owner”, or find it “humiliating”, to be overstating their problem. Whether or not these and similar comments are justified, or inflate the “true” level of distress that their authors experience, my research prompts marketers to recognize that their decisions have consequences for consumers who are attached to a brand. Brand attachments imply that consumers have accumulated vivid memories and personalized meanings of brands that communicate something about who they are. These brands matter to them. There is no reason to dispute that they can perceive a brand extension as a significant threat with disagreeable implications for their personal and social identities. In fact, given the results of the third article, it is likely that a good number of consumers can identify a brand that they connect with and that certain brand extensions would be quite upsetting to most anyone. As marketers balance the continued well-being of the business

with the well-being of concerned consumers, their sense of responsibility is revealed.

In some respects, attached consumers challenge the boundaries of organizations. They are not employed in service of the brand, but the research findings suggest that their identification, concerns, and rhetoric extends beyond what is typically expected from ordinary customers. The research findings feature consumers who do not limit their analysis to whether a new product might be a good buy for them personally, but also consider what they think is good for the brand in the long run. They express an interest in the business merits of a new initiative which should put them on par with many employees. However, their position is different from that of corporate decision-makers. They care about the brand as such, not necessarily about accountability or shareholders. This implies that they are likely to see the downside of new ventures in a different light than managers do. They also have other moral standards which might temper their willingness to develop the brand in new directions. Fundamentally, their view of what is good for the brand is intertwined with their view of how the brand will satisfy their own needs.

When companies evaluate brand extension proposals, their evaluation should thus be informed by a comprehensive and insightful understanding of the consumers who have close ties to the brand already. Managers are in danger of making faulty decisions if they rely only on information about “the average consumer”. Such information can mask the reactions from an important and influential audience of core consumers. Based on the findings of this thesis, managers should be able to answer such exacting questions as: What makes these consumers angry? What are their moral reservations? What dangers do they see in the future of the brand? Carefully mapping the pitfalls will make it easier to evaluate the options and determine whether the overall financial implications and strategic importance justify the trouble that may arise. The conclusion is not that consumers with emotional attachments should be the final arbiters, but that it is crucial to anticipate their possible reactions.

To achieve this, managers would be wise to consider research tools that complement standard surveys addressed at random samples of consumers. They should try to find consumers who have close ties to the brand and seek a thorough understanding of their views. Not all organizations have internal

systems that allow them to identify emotionally attached consumers on an individual basis. However, with some creative thinking it is quite feasible to reach such consumers, for instance through certain distributors or internet-based communities, or by staging special events or competitions. The LEGO group, the Danish toymaker with many fans around the world, provides an interesting example from practice (Koerner 2006). When the company planned a new generation of the programmable robot kit Mindstorms, their best-selling product of all times, dedicated consumers were invited to take part in the development. Lego managers monitored online forums and identified a small group of enthusiastic and qualified individuals, who were approached through an e-mail with a vague request for help on a secret project. The resulting Mindstorms User Panel joined the project before even a prototype existed and participated in the design process, through electronic channels and face-to-face meetings with company liaisons. They provided suggestions for improvements and feedback on company plans, effectively shaping the new product Mindstorms NXT. The company has since instituted a formal program where adult fans can apply to become LEGO Ambassadors to use their “building proficiency, enthusiasm, and professionalism” in various forms of service for the worldwide LEGO community (LEGO.com 2008). Other companies, particularly in the technology and internet-based sector, have started employing “community managers” to develop the dialog with interested consumers. Along these lines, Dell hosts a web site (www.ideastorm.com) where consumers can submit their own ideas for new products or service and discuss development ideas.

The potential for open criticism

Marketing efforts to cast a brand extension in a favorable light are joined by consumer-generated messages that may or may not support a new product introduction. Through investigation of consumer discourse and the inclination to engage in word of mouth, the thesis draws attention to this co-creation of brand meaning by marketers and consumers. The thesis is a call for marketers to consider the possibility that customers spread concerns with a brand extension to a wider audience. Upset consumers may upset marketing plans, as they circulate their discontent. The diffusion of criticism through interactive and traditional media is a strong incentive for managers to consider the interplay between brand extensions and relationship-building strategies.

The research of this thesis demonstrates that close relationships do not necessarily preclude consumers from criticizing a brand extension. Attachment theory suggests that threatened separation can provoke actions to restore perceived control (Thomson et al. 2005). In line with this, my articles describe how consumers deal with negative feelings and try to make sense of brand disorder as they communicate their concerns to others. Word of mouth offers an opportunity for consumers to vent annoyance and cope with a threatening situation. Anger is proposed as a particularly important driver of criticism. Previous research relates this emotion to aggressive behaviors, such as saying something nasty or verbally attacking the cause of anger (Bougie et al. 2003; Shaver et al. 1987). This relationship is evident also in my research. Angry people are stirred to take action. The third article of this thesis shows how lack of perceived fit between the brand and the new product can be one source of anger but that managers should consider other sources too. The study illustrates how concerns over the reasons behind a brand extension represent another source of anger. In other words, marketers need to look beyond the characteristics of the product itself to predict how consumers will respond. Taken together, the first three articles should enrich our understanding of why existing customers would go against their own brands. Researchers on word of mouth have recommended that special care should be taken to understand this group of people, as their activity can be expected to be high even if their number is limited (East et al. 2007).

One reason that marketers should consider the possibility of vocal opposition from current customers is that their criticism might diffuse to prospective buyers and other important stakeholders. Conversations about companies, marketing, and brands are commonplace in consumer society. When these conversations take place in electronic channels, their influence grows. E-mail, websites, blogs, and similar platforms disseminate negative opinions very efficiently. Compared to personal communication, they reach a much greater and more geographically dispersed audience. In some cases, consumer protests might attract the attention of more traditional media, further intensifying the ripple effects. My research presents a variety of critical expressions. Some of these have greater rhetorical power than others. The second article highlights consumers' use of risk in their comments. It suggests that consumers can make sophisticated references to risk, conveying a sense of objectivity and rationality which can give their criticism added persuasive potential. Criticism can be more compelling when it is grounded in risk than in subjective feelings or beliefs.

On the face of it, the circulation of consumer criticism may seem like an unambiguously negative scenario. Such resistance certainly puts a brand manager in an awkward position, but it can also have side-effects that are less obvious. In a closing remark in the first article, I point out how a contentious brand extension gives consumers cause to celebrate and reinforce the very meanings that are under threat. Under the threat of the new initiative, they rally around the safe and familiar aspects of the original brand. By calling attention to all the things that the brand “really” represents and the extension fails to deliver, the original associations get rehearsed and elaborated. It is therefore possible that such reactions, although disapproving, might actually benefit parts of the product range and marketing program that they do accept. The problem of criticism would also be mitigated if prospective buyers for some reason would discount the opinions of current customers. This possibility might be explored in future research.

Communication strategies

The findings of this thesis research reinforce the notion that successful brand extension requires appropriate communication. When brand extension is affected by existing consumer-brand relationships, this imperative takes on added importance. Consumers who are attached to a brand that is subject to an extension need to be reassured that the extension does not pose a threat. This is more than a matter of courtesy, as a good communication strategy should facilitate and accelerate consumer acceptance of the new initiative. The fourth article outlines how the effectiveness of these marketing efforts is connected to the estimated value of a brand extension.

The standard recommendation to managers is to develop communications that create explanatory links that enhance the perceived fit between the brand and the new product (Bridges et al. 2000; Keller 2008). Managers are thus advised to figure out which brand knowledge consumers already use to evaluate an extension and then supply the additional information that is needed to make a logical connection. My studies corroborate this approach. However, I suggest a number of amendments to the communication strategy, to better accommodate the existence of consumers with an emotional attachment to the brand. The rationale is that these customers are likely to have additional concerns about proposed brand extensions. My findings show how one such concern relates to the perceived reasons behind the new initiative. Consumers with strong ties to a brand want to know *why* this brand

is entering uncharted territory. When there is little information to guide them, they jump to conclusions. Efforts to explain the grounds in terms that are meaningful to this group of people can establish trust and relegate speculation. From this example it is clear that companies ought to differentiate their communications. Average consumers are probably not interested in a particularly detailed background to new initiatives. They do not share the concerns of consumers with close ties to the brand, simply because the brand has a different and less significant meaning to them. I suggest that marketers use specialized channels to communicate with the consumers who are closest to the brand. These might include company-sponsored and independent websites, customer magazines, newsletters, owner group meetings, and special interest media (e.g., automobile magazines for a car company). Like Muñiz and O'Guinn (2005), Thompson et al. (2005), and others, I would also recommend marketers to monitor relevant internet discussion groups and meeting points. Whether active participation is constructive would probably depend on the context and culture of the forum, but there is much to be gained just by becoming familiar with the conversation.

The first article describes how consumers draw on a deep-rooted metaphor of purity/impurity when they relate a brand extension to dirt. The second article probes how the concept of risk is invoked in critical comments. Managers planning a brand extension should anticipate such claims and if possible address them before they arise. One way of shifting the focus away from these pejorative perceptions might be to put forward alternative metaphors or viewpoints. Early establishment of positive frames such as creativity, progress, adventure, or growth could challenge the appeal of more conservative views. Timing is likely to be of great importance. Communication efforts that anticipate consumer claims are more effective than those that attempt to refute criticism after it appears. Refutations of this kind can even backfire and make the criticism more salient (e.g., Skurnik et al. 2005).

This implies that companies need to start communicating in very early stages of a brand extension. Information flows quickly in the modern marketplace and chances are that consumers who are close to the brand will learn about plans for an upcoming extension before the new product is actually introduced. Limiting managerial attention to marketing communications at the time of launch can therefore be a mistake. Efforts to gain the support of

consumers should be made well before any negative rumors get the chance to circulate. Ideally, these efforts form part of an ongoing dialog with consumers who take interest in the brand. The second article notes how such an approach is analogous to engaging citizens in collaborative conversations to increase the acceptability of risk policy decisions (cf. Arvai 2003; Tuler 2000). The basic idea is to keep active individuals informed and solicit their ideas about the future of the brand, integrating their feedback into the decision-making process. This way of working has been used in, for instance, the software and entertainment industries. Admittedly, an ambition to keep key consumers in the loop is not easy to live up to. It means that the time for analysis and deliberation within the organization shrinks. It gets more difficult to keep secrets from the competition. Customers may acquire a taste for greater influence which can be difficult to satisfy. Essentially, companies may be worried that they lose control when they become more open. This is a debate that extends beyond the scope of this dissertation and I do not aspire to give a full treatment of these intricate issues. Exactly how far companies should go to grant their customers insight into, or even control over, brand extension plans remains an open question. The findings of this thesis should nevertheless encourage marketers to find appropriate ways to demonstrate empathy with consumers who feel close to the brand and to achieve their support.

Metrics and decision-making

Sustaining consumer-brand relationships and developing brands through brand extension are both very common ingredients in marketing strategies aimed at creating economic value. The interplay between them has rarely been addressed in previous research. The present thesis suggests that this interplay is highly relevant also to practicing marketers. Customers in established relationships can influence the outcome of a brand extension, and a brand extension can influence the development of established relationships. Both scenarios carry financial implications.

The business environment of today compels decision-makers to analyze and argue proposals in a language suitable for investments and boardroom scrutiny. Still, there has been little academic guidance available for managers who need to consider brand extension in this light. Accordingly, the concluding article of the thesis offers a framework for assessing the financial consequences of brand extension. This should be useful for determining how urgent a rich understanding of extension proposals would be from this

particular perspective, which is claimed to gain influence within many organizations. When extensions are viewed as vulnerable investments it might be easier to allocate appropriate resources for analyzing potential threats. The framework shows that brand extensions that sustain and strengthen the ties with consumers are more valuable than those who do not, all else equal. Beyond immediate effects on cash flow, such extensions can enjoy lower risk, faster acceptance, and more sustainable cash flows.

In essence, managers are urged to adopt a strategic view of brand extension and consider the potential impact of consumer responses on the long-term financial well-being of the company. Gains and losses of alternative brand development strategies should be projected. The article suggests that there is merit in discussing brand equity and financial aspects in conjunction. The framework represents a contribution by synthesizing questions and principles that can guide managerial decision-making. Managers are warned against unrealistic expectations of precise assessments and are asked to consider the framework to facilitate project analysis, help expose unknowns, and encourage scenario analysis. These tasks require cross-functional attention and prompts marketers to communicate their significance to top management and other decision-makers. The article shows how this significance can be derived from financial assessments and describes why this might be a meaningful effort for many organizations. This contribution should be seen in the light of recent calls for perspectives on the relationship between metrics and marketing decision-making (Marketing Science Institute 2006).

Limitations

In the following, I will discuss certain limitations that apply to this thesis. Some of them are general whereas others apply to individual articles.

General limitations

The spirit of the research in this thesis is discovery-oriented rather than conclusive. I have confidence in the findings and propositions but their relevance may not transfer equally well to every setting. A general limitation is the premise that there are consumers who are emotionally attached to the brand that is being extended. In reality, there are many brands that thrive in the marketplace without inspiring consumers to form very close relationships with them. Although individual consumers might become attached to just

about any brand in any product category, the likelihood for such attachments is higher in some settings than in others. Thomson et al. (2005) suggest that attachments are more common for high-involvement products and symbolic or hedonic brands, as these are generally considered meaningful and are valued for what they say about the self. Along the same lines, Carroll and Ahuvia (2006) find that hedonic products and self-expressive brands are loved more. Albert et al. (2007, p. 7) mention “shoes, cars, lingerie, watches, perfumes, food items, music, cigarettes, and furniture” as product categories with a demonstrated strong association to the feeling of love. The characterizations from these previous studies also provide a good fit with the most commonly mentioned types of brands in the third study of my thesis. The relevance of this thesis is therefore likely to be highest for brands associated with self-expression, symbolism and/or hedonism.

The empirical investigations of this thesis do not offer conclusive evidence that the informants actually are customers to their brands. For instance, it is possible that the people who discuss Porsche in the internet newsgroup do not really own a car themselves. Even though this represents somewhat of a limitation, it is useful to keep in mind that they nevertheless have a relationship with the brand, as manifested by the fact that they care about it enough to discuss it with other consumers. In contemporary society, people can be attracted to brands even if they do not consume products but the experiences and symbolism that surround them.

The articles explore situations where the brand extension is still in development and the new product has not yet reached consumers. Although contemporary consumers are well informed, some brand extensions are certainly launched without any prior speculation. The reported or self-experienced performance of the new product should then be a stronger influence on consumer reactions. It is also possible that some of the consumer concerns discussed here, such as the risks of brand extension, might be less pronounced or outweighed by other concerns.

Article-specific limitations

The individual articles carry certain additional limitations. Some are discussed in the articles, but I want to acknowledge a few others at this point. The first and second articles analyze consumer reactions to one particular extension of a single brand. These reactions are expressed in an online

discussion forum. It is possible that consumers might react differently to brand extension in other settings. However, the articles are explicitly oriented towards achieving in-depth understanding of a particular situation in order to generate new insights. How well these insights transfer to another particular situation needs to be assessed on a case-by-case basis.

The third article is based on data from consumers who respond to a scenario involving brand extension to one particular category (coffee shops). The stimulus was intended to allow variation in the participants' reactions. The category was therefore chosen to present participants with an extension that might be more or less likely, but not totally unfeasible, for the particular brand they select. Further research would be needed to rule out the possibility that the selection of this particular product category limits the generalizability of the findings.

The fourth article deals with financial assessment of brand extension. Although the general discussion is relevant for all kinds of organizations, it is likely that the actual assessment framework is most useful in fairly sophisticated organizations, where there are procedures and human resources to support such assessments. It should also be in these organizations that the need for an assessment framework is greatest. Another limitation of the article is that it does not elaborate on the difficulty of establishing appropriate time horizons and discount rates. Their importance is mentioned, but the article does not contain a full discussion of the implications of these decisions. A minor error in Table 1 of the article should also be noted: An extension which is quickly understood and accepted represents a sample situation increasing cash flows while cash flows decrease when consumer require time to accept the extension, not the other way around.

Finally, all of the first three articles examine negative reactions to brand extension. This is in line with the aims of the thesis. However, it might be appropriate to once again stress that consumers can and do have positive reactions as well. It just has not been the purpose of these investigations to look into the positive aspects of combining brand extension with consumer relationships. My aspiration has been to add to our knowledge about pitfalls and adverse effects, for both companies and consumers. Such knowledge is valuable in its own right but it is also essential for a balanced appreciation of brand strategies and managerial efforts to give such extension proposals due care and attention.

Onwards

After this introduction to my research and how it connects both with marketing practice and the work of other scholars, the four published studies will follow. My aspiration has been to provide an introduction that can explain how these investigations align with one another and with current perspectives on marketing. Crafting this text, it has been interesting to discover new connections and get the opportunity see my own research efforts in a somewhat new light. As the investigations have been strung out over several years, it has been a challenging but gratifying experience to revisit their conclusions and organize them to establish their relevance at present. The resulting frame should orient readers toward what I now see as key contributions of the studies, hopefully without inhibiting anyone from discovering additional connections from their own vantage points.

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