The Influence of Affective Trust on Brand Extension Quality Perceptions and Purchase Intentions

By: Neel Das, Michael Dotson, and Jennifer Nevins Henson

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Keywords: brand extension, brand trust, affective trust, fit

1. Introduction

Approximately 250,000 new products are launched globally each year. However the failure rate of new products ranges 85-95% according to a recent article in Forbes (Wong 2010). In efforts to facilitate new product acceptance among consumers, many firms use brand extensions whereby the application of a well-known brand name in a new product category is expected to leverage positive associations of the original brand and reduce consumer risk. There are some estimates that 70-80% of all new products are brand extensions (Kellog Insight 2013). Accordingly, there has been much research on brand extension and the factors that influence consumer reactions to such extensions.

In their review of drivers of brand extension success, Volckner and Sattler (2006) identified the five most important determinants of success to include the level of “fit” between the parent brand and the extension, conviction and experience with the parent brand, retailer acceptance of the extension product, and the level of marketing support for the new extension.
Of these, perceived fit was found to be the most critical factor in brand extension success. Subsequent studies have found that additional factors, beyond fit, influence the acceptance and success of brand extensions. Consumer and competitive characteristics have also been found to play a role. For example, Milberg, Sinn, and Goodstein (2010) found that the relative familiarity of an extension’s parent brand compared to competitors in the extension category was more important than fit, per se, in evaluating brand extensions. Consumer characteristics found to influence brand extension evaluation include consumer innovativeness (Klink and Smith 2001), the level of consumer experience with the product category (Broniariczky and Alba 1994), and consumer’s mood (Barone, Miniard, and Romeo 2000). Such studies indicate that there are several potential moderating factors that may explain brand extension success even when the perceived fit between the parent brand and the extension is low.

The present study builds on the previous studies of brand extension by investigating the role of trust on brand extension evaluations. Although the notion of trust has been implied in previous brand extension research in terms of parent brand “credibility” (Keller and Aaker 1992) few studies have directly included trust as an independent variable of brand extension success (Reast 2005). Specifically we are interested in affect-based trust and parent brand associations on consumer evaluations of brand extensions with low perceived fit. A brief review of the relevant literature is provided next, including development of research questions, followed by a description of methods, results, and discussion of limitations, future research directions, and practical implications.

2. Conceptual Development

2.1 Perceived Fit

Prior research has frequently focused on the notion of “perceived fit” in explaining the success or failure of brand extensions, where “fit” is defined generally as similarity to the parent brand. Fit is determined by the extent to which the brand extension is viewed as a substitute or complement to the original brand and/or the extent to which the parent brand’s skills and experience may be transferred to the extension (Aaker and Keller 1990). The basic premise of brand extensions is that consumers will use their existing knowledge and perceptions about the parent brand to evaluate an extension of that brand. Where fit is high, high perceived quality of the parent brand results in greater acceptance of the brand extension. Where fit is perceived to be low, brand extension evaluation is based on the extent to which attribute and benefit associations of the core brand are relevant in the extension and whether those associations are positive or negative (Keller and Aaker 1992). In their review of drivers of brand extension success, Volckner and Sattler (2006) found that fit between parent and extension to be of greatest importance.

Recent research has sought to explain instances where extensions with seemingly poor fit with the parent brand nonetheless perform well in the marketplace. Explanations have suggested that the importance of fit diminishes based on such factors as the level of product involvement (Nkwocha et al. 2005), the provision of information about the extension as well as increasing exposure to the extension (Klink and Smith 2001), and the relative familiarity of the parent brand versus competitors in the extension category (Milberg et al. 2010). Findings suggest that even where the fit between the parent brand and the extension is poor, consumer evaluation and acceptance of the extension is possible under certain conditions.

2.2 Parent Brand Associations

While perceived fit with the parent brand is routinely associated with the success or failure of a brand extension, Yeung and Wyer (2005) assert that an evaluation of fit requires a level of cognitive effort in matching parent and extension characteristics that consumers may not spontaneously engage in when they encounter brand extensions in the marketplace. Rather, consumers more likely base their product evaluations on other impressions associated with the parent brand. The parent brand effects have been attributed to parent brand quality (Aaker and Keller 1990), attitude or affect toward the parent brand (Aaker and Keller 1990; Bhat and Reddy 2001), parent brand conviction (Volckner and Sattler 2006), and spontaneous affect elicited by the parent brand name (Yeung and Wyer 2005).

Keller and Aaker (1992) found that high quality parent brands tend to elicit favorable extension evaluations even when the perceived fit between the parent brand and the extension is low. Core brands with only average quality did not generate such positive evaluations of dissimilar brand extensions. Brand names may also spontaneously trigger affective reactions in consumers, due to e.g., the brand’s prestige value, or consumers’ association of positive or negative past experience with the brand.
Bhat and Reddy (2001), however, found mixed results for a direct effect of parent brand affect on brand extension evaluation. These authors found that the transfer of positive parent brand associations to a dissimilar brand extension was only realized with symbolic brands, but not functional brands. Yeung and Wyer (2005) assert that consumers use affect triggered by the parent brand name as the basis for their evaluation of a brand extension without considering specific features of the extension at all. As such, a poor fitting brand extension may be evaluated positively based on consumers’ positive opinion of the parent brand.

Not all brands elicit affect, and of those that do, affect may be either positive or negative with a corresponding influence on extension evaluation (Yeung and Wyer 2005). For non-affect eliciting brands, evaluation of brand extension would be based on other relevant criteria, such as perceived fit (Yeung and Wyer 2005) or, as a limited number of studies have proposed, brand trust (Laforet 2008; Reast 2005; Wu and Yen 2007).

2.3 Brand Trust

Trust has long been included a key component of relationship marketing inquiry, particularly in commercial buyer-seller relationships (e.g., Dwyer et al. 1987, Morgan and Hunt 1994, Geyskens, Steenkamp and Kumar 1998). Fewer studies have addressed trust at the end consumer level or consumer trust in the brand domain (Delgado-Ballester 2002; Geyskens et al. 1998). Trust in a brand has been linked to brand loyalty, brand equity, as well as brand performance in the marketplace (Chaudhuri and Holbrook 2001; Delgado-Ballester and Munuera-Aleman 2005). Trust reduces the risk associated with new products (Wu and Yen 2007). As such, it seems logical that brand trust would have an influence on brand extension evaluations. Trust has been implied in the brand extension literature, usually in the form of “company credibility” based on perceptions of the parent brand’s expertise and trustworthiness (Keller and Aaker 1992). The credibility concept is frequently identified as a component of trust (e.g., Ganesan 1994; McAllister 1995). Yet, trust in the brand has seldom been explicitly considered in brand extension research.

Of the few brand extension studies found that directly incorporate trust as an independent variable, results have shown that trust does influence extension evaluations, although conceptualization and measurement of trust differed across studies. Laforet (2008) includes a unidimensional measure of brand trust in studying retail brand extension and finds that loyal customers were more likely to transfer parent brand trust to retail brand extensions. Wu and Yen (2007) also employ a unidimensional measure of brand trust based on Chaudhuri and Holbrook (2001) and find that brand trust has a positive direct effect on brand extensions. Brand trust was also found to have an interactive effect with fit on preference for brands with narrow versus broad portfolios (Wu and Yen 2007). Reast (2005) employs a two-dimensional trust construct consisting of “credibility-based trust” and “performance-satisfaction-based trust” and finds that performance-satisfaction based trust, but not credibility-trust, is significantly related to consumer’s likelihood of trying a brand extension. Both dimensions of trust are related to consumers’ trust in the parent brand to provide the extension, except in the case of the most unrelated extension (least fit). Further, Reast (2005) found that the effect of brand trust was stronger than that of perceived quality of the parent brand.

The predominant conceptualizations of trust across literature streams suggest that trust is multidimensional, comprised of both a cognitive and an affective component (Geyskens et al. 1998; McAllister 1995; Williams 2001). Trust grounded in cognitions usually draws upon perceptions of an exchange partner’s reliability, sincerity, and expectation that they will fulfill their role effectively. On the other hand, affect-based trust is frequently conceptualized as drawing upon perceptions of the partner’s concern for its customers, fairness, integrity, and benevolence (e.g., Anderson and Narus 1990; Black 2008; Ganesan 1994; Delgado-Ballester 2002; Geyskens et al., 1998). Of the two trust components, affect-based trust has received comparatively little research attention (Schoorman, Mayer, Davis 2007; Williams 2001), and as such, is the focus of our investigation.

Affective trust is characterized by a greater investment in emotion, and once formed, is more stable, durable, and becomes part of a global picture of an organization or brand, whereas cognition based trust is more superficial and less special (McAllister 1995; Williams 2001). Trust based in affect influences consumer judgments, motives and behaviors and is associated with approach or avoidance behaviors (Williams 2001). This could include consumer desire to engage with or avoid a brand extension, depending on their trust in the brand. Accordingly, we expect affective-based trust to influence consumer response to brand extensions.
Chaudhuri and Holbrook (2001) demonstrated that brand trust operates independently of brand affect in stimulating loyalty towards a brand. Further, the influence of brand trust was stronger than that of brand affect on loyalty towards the brand. These authors, however, did not distinguish separate dimensions of trust.

To summarize, prior research has shown that brand extensions with high perceived fit typically benefit from more positive consumer response. When fit is high, the transfer of attribute and benefit information and/or parent brand associations will determine positive or negative response to the extension. Consumers also transfer trust in the parent brand to extensions (Wu and Yen 2007). However, few brand extensions studies have directly examined trust or have distinguished the affective and cognitive dimensions of trust. The absence of literature distinguishing separate dimensions of trust on brand extensions has prompted development of the following research questions for this study:

1. Does affective trust influence brand extension evaluations?
2. Does affective trust have an influence on brand extension evaluations separate from other parent brand associations?
3. Does the influence of affective trust vary by the level of fit of the brand extension? How?

3. Methodology

146 respondents participated in a 2 (parent brand associations: superior vs. inferior) X 2 (brand extension fit: high vs. low) X 2 (affective trust for parent brand: high vs. low) between subject experimental design. Data were gathered online using Survey Monkey to design and administer the questionnaires randomly to participants assigned to one of the 8 conditions. The two parent brands chosen for this study were Apple (superior associations) and Blackberry (inferior associations). Parent brands and their respective associations were selected based on recent news articles featuring both companies. Based on knowledge of the researchers, brand extension fit was manipulated by mentioning that either a camera (high fit) or sunglasses (low fit) were being launched by the parent brand. Affective-based trust was a measured independent variable based on prior research (Ganesan 1994; coefficient alpha = .79). A median split was performed to get the high and low trust levels.

Respondents first saw an introductory screen explaining the directions. On the next screen they were exposed to the parent brand (Apple/Blackberry) and were asked to respond to the affective trust questions. After the trust questions, on the next screen they were asked, “What is your overall opinion of the Apple/Blackberry brand?” with response options (1: very inferior / 5: very superior). Following this they were told that the parent brand had recently announced a new product launch (camera/sunglass) and were instructed to read the mock press release (designed by the researchers) on the next screen carefully. The mock press release mentioned a short statement about the new product launch and also showed a picture of the product. This mock press release was developed following the format of press releases from each company’s website to ensure maximum validity.

Immediately following this treatment, brand extension evaluations were assessed using the dependent variables of quality perception (“I expect the quality level will be:” with response options (1: inferior / 5: superior)) and likely purchase intention (“To what extent would you be willing to purchase this new product, if you were planning a purchase in this product category?” with response options (1: not at all likely / 5: very likely)). Next, manipulation check questions for brand extension fit were asked using a scale adapted from Aaker and Keller (1990), (coefficient alpha = .85). Finally, the classification questions were asked and the questionnaire ended by thanking the participants and providing a debriefing statement about the study.

4. Findings

Respondents indicated a significantly superior opinion of Apple (MEAN = 4.27) than for Blackberry (MEAN = 2.74, t(144) = 9.20, p < .001). The brand extension fit was significantly higher for a camera (MEAN = 3.64) than for sunglasses (MEAN = 2.11, t(144) = 10.78, p < .001). To further validate the notion of brand extension fit, respondents also answered the question, “To what extent is the (camera/sunglass) consistent with the image of the (Apple/Blackberry) brand?” (1: very inconsistent / 5: very consistent). Independent sample t-test indicated that a camera was significantly more consistent (MEAN = 3.65) with the image of the Apple brand than the sunglasses (MEAN = 2.00, t(72) = 8.16, p < .001). Similarly, a camera was significantly more consistent (MEAN = 3.35) with the image of the Blackberry brand than the sunglasses (MEAN = 1.76, t(70) = 7.50, p < .001). Hence, the manipulations worked as expected.
A MANOVA revealed a significant three-way interaction on quality and likely purchase intention (Wilk’s Lambda = .943, F (1, 138) = 3.74, p < .05). For an inclusive understanding of the three-way interaction, univariate ANOVAs were run for quality perception and likely purchase intention. A significant three-way interaction on quality (F (1, 138) = 7.92, p < .01) was indicated. As shown in Figure 1(a) below, for a high fit extension (cameras), when affective trust was high, quality perceptions for the Apple and Blackberry cameras were not significantly different (MEAN <sub>APPLE</sub> = 4.08, MEAN <sub>BLACKBERRY</sub> = 4.00; t (31) = 0.24, p > .05). When affective trust was low, quality perception for the Apple camera (MEAN = 4.00) was significantly superior to that for the Blackberry camera (MEAN = 3.11; t (36) = 3.00, p < .01).

Figure 1(a): CAMERA (High Fit Extension)

According to Figure 1(b) below, when affective trust was low, quality perceptions for the Apple and Blackberry sunglasses were not significantly different (MEAN <sub>APPLE</sub> = 2.44, MEAN <sub>BLACKBERRY</sub> = 2.79; t (31) = -0.97, p > .05). When affective trust was high, quality perception for the Apple sunglasses (MEAN = 3.54) was significantly superior to that for the Blackberry sunglasses (MEAN = 2.86; t (40) = 2.23, p < .05).

Figure 1(b): SUNGLASSES (Low Fit Extension)

A significant three-way univariate interaction was also observed for likely purchase intention (F (1, 138) = 3.74, p < .05). When affective trust was high, likely purchase intentions for the Apple and Blackberry cameras were not significantly different (MEAN <sub>APPLE</sub> = 3.65, MEAN <sub>BLACKBERRY</sub> = 3.57; t (31) = 0.19, p > .05). When affective trust was low, likely purchase intention for the Apple camera (MEAN = 3.27) was significantly greater than that for the Blackberry camera (MEAN = 2.37; t (36) = 2.05, p < .05).
When affective trust was low, likely purchase intentions for the Apple and Blackberry sunglasses were not significantly different (MEAN <sub>APPLE</sub> = 1.44, MEAN <sub>BLACKBERRY</sub> = 1.75; t <sub>31</sub> = -1.06, p > .05). Similarly, when affective trust was high, likely purchase intentions for Apple and Blackberry sunglasses were not significantly different either (MEAN <sub>APPLE</sub> = 2.50, MEAN <sub>BLACKBERRY</sub> = 2.07; t <sub>40</sub> = 1.13, p > .05). Table 1 below categorizes our results in terms of the two dependent variables and provides a snapshot of how the likely purchase intention partially mirrors the results for the quality measures.

### Table 1: Results: Brand Extension Evaluations

<table>
<thead>
<tr>
<th>Quality:</th>
<th>Camera (High Fit)</th>
<th>Sunglasses (Low Fit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parent Brand:</td>
<td>High Trust</td>
<td>Low Trust</td>
</tr>
<tr>
<td>Apple (superior)</td>
<td>4.08</td>
<td><strong>4.00</strong></td>
</tr>
<tr>
<td>Blackberry (inferior)</td>
<td>4.00</td>
<td>3.11</td>
</tr>
<tr>
<td>t=0.24</td>
<td><strong>t=3.00</strong>**</td>
<td>t=2.23**</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Purchase Intention:</th>
<th>High Trust</th>
<th>Low Trust</th>
<th>High Trust</th>
<th>Low Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apple (superior)</td>
<td>3.65</td>
<td><strong>3.27</strong></td>
<td>2.50</td>
<td>1.44</td>
</tr>
<tr>
<td>Blackberry (inferior)</td>
<td>3.57</td>
<td>2.37</td>
<td>2.07</td>
<td>1.75</td>
</tr>
<tr>
<td>t=0.19</td>
<td><strong>t=2.05</strong>*</td>
<td>t=1.13</td>
<td>t=-1.06</td>
<td></td>
</tr>
</tbody>
</table>

*<sup>t</sup>: p < .01; **<sup>t</sup>: p < .05

### 5. Discussion

Assessing pertinent information reduces the amount of risk involved while considering new products (Campbell and Goodstein 2001). In the domain of brand extension research, prior studies have shown that the perception of fit of the new extension product with the parent brand is an important determinant of extension evaluation (Milberg, Sinn and Goodstein 2010). When the perception of fit increases, the positive associations of the parent brand are transferred to the extended product and the risk arising from the new product tends to decrease. Alternatively, when the perception of fit decreases, negative evaluations regarding the extension are attributed to risk. This research takes into account other cues in addition to the perception of fit to determine the success of an extension.

Our study provides additional insight into the role of trust on brand extension assessment and specifically the role of affect-based trust. With respect to our research questions, we found that affect-based trust does influence brand extension evaluations and does so separately from the influence of other parent brand associations. Few researchers have directly incorporated trust into models of brand extensions, and fewer have modeled trust as a multidimensional construct. Reast (2005) shows that his two dimensions of trust (credibility-based and performance-satisfaction based trust) have differential effects on brand extension acceptance. Reast’s dimensions of trust are conative and cognitive, respectively, but do not delineate trust grounded in affect, as much of the literature suggests (McAllister 1995). Additionally, our findings support those of Chaudhuri and Holbrook (2001) and Wu and Yen (2007) that trust operates independently of other brand associations on consumer assessments of products.

We observe that the evaluation of brand extensions in terms of quality perceptions and likely purchase intentions is a function of the conjunctive effects of the level of fit of the extension, amount of affective trust, and the differing opinions associated with the parent brand. When affective trust in the brand is low, extension evaluations are driven by fit and parent brand associations. When fit is low, extension evaluations are driven by trust and parent brand associations. When the extension was perceived to have a high fit with the parent brand and the affective trust was high, quality perception measures were similar regardless of the favorability of the parent brand. Such indifference in quality measures was also mirrored by similar purchase intentions for the extension. In contrast, when the extension was perceived to have a high fit with the parent brand and the affective trust was low, quality perception measures were significantly greater for the parent with the more favorable brand associations. Such a significant difference in quality measures was also extrapolated to likely purchase intentions.

When the extension was perceived to have a low fit with the parent brand and the affective trust was high, quality perception measures were significantly greater for the brand with the superior associations. Partial support was, however, obtained for likely purchase intentions.
Although purchase intentions were not significantly different, the directionality of the means indicated that the quality measures could be replicated with more subjects. Finally, when the extension was perceived to have a low fit with the parent brand and the affective trust was low, quality perception measures were similar regardless of the opinion of the brands. Such indifference in quality measures was mirrored by similar purchase intentions for the extension.

In conclusion then, and within the confines of our study, the results flip for a high versus a low fit extension in terms of quality perception when considering the differential effects of affective trust and opinion regarding the parent brand. Purchase intentions emulate these effects for a high fit, but do so partially for low fit. One reason for the partial support found for purchase intentions, as mentioned above, could be the inadequate number of respondents. We present this conjecture cautiously since the means for purchase intention in the low fit extension category seem to be, at least, in the right direction.

5.1 Practical Implications
Managerial implications emanating from this research are discussed in terms of the parent brands initiating the extensions as qualified by the amount of affective trust and the perception of fit. When a company enjoys a superior opinion in the minds of consumers, a low fit extension can still result in positive quality perception when the affective trust in the brand is high. Granted, a high fit extension is always perceived to have a better quality, regardless of the level of affective trust. Yet, for such a company both high and low levels of perceived fit are thus assessed to have good quality when the affective trust is high. When such trust is low, only a high fit extension is assessed to have a high quality. When a company does not benefit from superior associations in the minds of consumers, however, only a high fit extension is deemed to have better quality when the affective trust is high.

5.2 Limitations and Future Research
Some limitations and future research directions are worthy of mention. First, we investigated only one dimension of trust, while the extant literature suggests that trust has both affective and cognitive components (and some literature suggest more). Thus, a natural extension of this study would be to incorporate multiple measures and dimensions of trust for differential effects on brand extension evaluation. Second, the study employed only one parent product category and two brands, one of which (Apple) evokes strong reactions. Future studies could broaden the product categories and the brands to engender greater variance in levels of trust and opinions associated with the parent brands. Finally, our sample size presented some limitations. Enlarging the sample would permit additional analysis and strengthen confidence in the findings of this study.

References


