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<td>DEEPER UNDERSTANDING OF NEGATIVE FEEDBACK EFFECTS OF BRAND EXTENSION: A META-ANALYTICAL AND EXPERIMENTAL APPROACH</td>
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FONDO NACIONAL DE DESARROLLO CIENTIFICO Y TECNOLOGICO (FONDECYT)
Moneda 1375, Santiago de Chile - casilla 297-V, Santiago 21
Telefono: 2435 4350 FAX 2365 4435
Email: informes.fondecyt@conicyt.cl
### OBJETIVOS

Cumplimiento de los Objetivos planteados en la etapa final, o pendientes de cumplir. Recuerde que en esta sección debe referirse a objetivos desarrollados, NO listar actividades desarrolladas.

<table>
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<tr>
<th>Nº</th>
<th>OBJETIVOS</th>
<th>CUMPLIMIENTO</th>
<th>FUNDAMENTO</th>
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| 1  | I. Study the conditions under which feedback effects occur and identify moderating variables that explain these effects using a meta-analytical approach.  
   Ia. Test and confirm results of the meta-analysis and experimental approach  
   Ib. Identify which dimensions of parent brands are most vulnerable to negative feedback effects. | PARCIAL       | Data for the meta-analysis was collected and coded resulting in an extensive and comprehensive database (see attachment).  
   Based on the first stage of the meta-analysis, we identified moderating variables that influence negative feedback effects. We are working on the confirmation of the first stage of the meta-analysis (second stage)(Ia).  
   We tested the vulnerability of two different parent brand dimensions (quality beliefs and parent brand attitudes) to negative feedback effects (Ib). |
| 2  | II. Examine the impact of negative information and extension fit on negative feedback effects. | TOTAL         |                                                                                                                                              |
| 3  | III. Study feedback effects when no information about the extension is provided | TOTAL         |                                                                                                                                              |
| 4  | IV. Understand the effect of positive information on negative feedback effects.  | TOTAL         |                                                                                                                                              |
| 5  | V. Study how prior brand experience may affect the vulnerability of brands to negative feedback effects.  
   Examine whether negative (positive) prior brand experience increases (decreases) a brand's vulnerability to negative feedback effects. | PARCIAL       | Based on the first stage of the meta-analysis, prior brand experience is being tested in the second stage.  
   We are guiding a master’s thesis that examines the effect of prior experience on feedback effects. |
| 6  | VI. Study new moderating variables to expand our understanding of feedback effects.  
   VIa. Understand the role of relative competitors' brand familiarity on negative feedback effects. | TOTAL         |                                                                                                                                              |
| 7  | VII. Examine the generalizability of negative feedback effects to competitive settings. | TOTAL         |                                                                                                                                              |

Otro(s) aspecto(s) que Ud. considere importante(s) en la evaluación del cumplimiento de objetivos planteados en la propuesta original o en las modificaciones autorizadas por los Consejos.
RESULTS OBTAINED:
For each specific goal, describe or summarize the results obtained. Relate each one to work already published and/or manuscripts submitted. In the Annex section include additional information deemed pertinent and relevant to the evaluation process. The maximum length for this section is 5 pages. (Arial or Verdana, font size 10).

Results

Data for the meta-analysis was collected and coded resulting in an extensive and comprehensive database (see attachment). Based on the first stage of the meta-analysis, we identified moderating variables that influence negative feedback effects. We are working on the confirmation of the first stage of the meta-analysis (second stage) (Goal Ia).

Moderating variables identified (stage one of the meta-analysis) are:

Parent Brand Variables
Brand name (fictitious/real), brand attitude, brand awareness, prior brand experience, brand flagship product category, brand quality, brand breadth (number and variability), quality variance among brand products, type of brand name (symbolic, functional, experiential).

Extension Characteristics Variables
Extension quality, line vs. category extension, number and success of intervening extensions, single vs. multiple extension, brand extension strategy (direct, sub-branding, co-branding), extension category and knowledge of extension category, extension category risk.

Parent Brand/Extension Characteristics Variables
Fit between the parent brand and the extension product category dimensions:
- Product category similarity and brand image associations’ consistency.

Other fit measures identified:
- Degree of fit and the confound between fit and information provided.

Market Factors Variables
Presence, amount, type and valence of information

Experimental Factors
Procedural: Methodology (experiment/market data/survey data), type of subjects (undergraduates, graduates, non students), student's career (business/other), , Involvement with the task, accessibility of extension information (evaluations measured immediately or delayed), attitude scales (interval scales), choice (binary), data collection site.
- Independent Variables:
  Design (within/between/mixed)
- Dependent Variables:
  Measures: parent brand attitudes, quality beliefs and choice
  Design: within/between subjects

The variables, no information, negative information, positive information, prior experience and extension fit are all included in the meta-analysis (Goal Ib, II, III, IV and V).

Additionally, we conducted two experiments examining the impact of extension fit (Goal II), no information, and positive information (Goals III and IV), competitor brand familiarity (Goal VI) on negative feedback effects on parent brand attitudes and quality beliefs (Goal Ib) as well as the generalizability of these effects to competitive settings (Goal VII).

Experiment One

First experiment used a 2x2x2(2)(2) between-subjects nested design. The five factors were parent brand quality (lower(Minolta)/higher(Nikon)), brand fit with the extension category (worse/better), setting (competitive/non-competitive), relative competitor familiarity (less/more familiar competitors) and information (no information/positive information) both nested within the competitive setting condition. The 466 participants were randomly assigned to one of the 20 conditions.
The dependent variables were the difference before/after the extension introduction on parent brand attitudes and parent quality beliefs. We analyzed the data using ANOVAs and planned contrasts.

Results

There were no significant effects of fit on parent brand attitudes in the no information condition. Specifically, for the Nikon brand there were no significant differences between the mean parent brand attitude before the introduction of extensions (M = 5.36) and after the introduction of better fitting extensions (M = 5.04) or worse fitting extensions (M = 4.64). Moreover, there were no significant effects of fit on parent brand quality beliefs in the no information condition. Specifically, for the Nikon brand, there were no significant differences between the mean parent brand quality beliefs before the introduction of extensions (M = 5.65) and after the introduction of better fitting extensions (M = 5.42) or worse fitting extensions (M = 5.12).

Similarly, for the Minolta brand, there were no significant fit effects on parent brand attitudes or quality beliefs. In particular, there were no differences between the mean parent brand attitude before the introduction of extensions (M = 4.88) and after the introduction of better fitting extensions (M = 4.44). Additionally, for the Minolta brand, the difference between the mean parent brand quality beliefs before the introduction of extensions (M = 4.90) and after the introduction of better fitting extensions (M = 4.62) or worse fitting extensions (M = 4.20) was marginally significant (p<.10).

There were no significant effects of information (no information/positive information) on parent brand attitudes and quality beliefs. Specifically, for the Nikon brand there were no significant differences between the mean parent brand attitude before the introduction of extensions (M = 5.36) and after the introduction in the no information (M = 4.82) versus the positive information conditions (M = 4.97). Also, no significant effects of information were observed between the mean parent brand quality beliefs before the introduction of extensions (M = 5.65) and the no information (M = 5.27) versus the positive information conditions (M = 5.24).

Similarly, for the Minolta brand, there were no significant information effects on parent brand attitudes or quality beliefs. In particular, there were no differences between the mean parent brand attitude before the introduction of extensions (M = 4.88) and the no information (M = 4.54) versus the positive information conditions (M = 4.47). Additionally, for the Minolta brand, there it is no significant difference between the mean parent brand quality beliefs before the introduction of extensions (M = 4.90) and the no information (M = 4.59) versus positive information condition (M = 4.74) (Goal III and IV).

The experimental results for Goals VI and VII were as follows:

As expected, there were significant negative feedback effects on parent brand attitudes and quality beliefs associated with the level of competitors' relative familiarity, in particular, when competitors were relatively more familiar. The parent brand attitude for Nikon after the introduction of brand extensions, when competitors were relatively more familiar (M = 4.36), was significantly lower than the parent brand attitude prior to extension introduction (M = 5.36). Whereas, there was no significant difference when competitors where relatively less familiar (M = 5.29).

Also, quality beliefs for Nikon after the introduction of brand extensions, when competitors were relatively more familiar (M = 4.88), was significantly lower than parent brand quality beliefs prior to extension introduction (M = 5.65). There was no significant difference when competitors where relatively less familiar (M = 5.66).

The parent brand attitude for Minolta after the introduction of brand extensions, when competitors were relatively more familiar (M = 4.47), was marginally lower than the parent brand attitude prior to extension introduction (M = 4.92; p<.10). Whereas, the parent brand attitude for Minolta after the introduction of brand extensions, when competitors were relatively less familiar (M = 4.79) was not significantly lower than the parent brand attitude prior to extension introduction (M = 4.88).

In addition, quality beliefs for Minolta after the introduction of brand extensions, when competitors were relatively more familiar (M = 4.20), was significantly lower than parent brand quality beliefs prior to extension introduction (M = 4.90). There was no significant difference when competitors where relatively less familiar (M = 4.98).

A second experiment was conducted to test for generalizability of these results across brands and product categories.
**Experiment Two**

This experiment used a 2x2x2(2)(2) between-subjects nested design. The five factors were parent brand quality (lower(Minolta)/higher(Nikon)), brand fit with the extension category (worse/better), setting (competitive/non-competitive), relative competitor familiarity (less/more familiar competitors) and information (no information/positive information) both nested within the competitive setting condition. The 480 participants were randomly assigned to one of the 20 conditions.

The dependent variables were the difference before/after the extension introduction on parent brand attitudes and parent quality beliefs. We analyzed the data using ANOVAs and planned contrasts.

**Results**

There were no significant effects of fit on parent brand attitudes in the no information condition. Specifically, for the Sony brand there were no significant differences between the mean parent brand attitude before the introduction of extensions (M = 6.27) and after the introduction of better fitting extensions (M = 6.25) or worse fitting extensions (M = 6.02). Moreover, there were no significant effects of fit on parent brand quality beliefs in the no information condition. Specifically, for the Sony brand, there were no significant differences between the mean parent brand quality beliefs before the introduction of extensions (M = 6.38) and after the introduction of better fitting extensions (M = 6.29) or worse fitting extensions (M = 6.00).

Similarly, for the Samsung brand, there were no significant fit effects on parent brand attitudes or quality beliefs. In particular, there were no differences between the mean parent brand attitude before the introduction of extensions (M = 5.13) and after the introduction of better fitting extensions (M = 4.71) or worse fitting extensions (M = 5.16). Additionally, for the Samsung brand, the difference between the mean parent brand quality beliefs before the introduction of extensions (M = 4.86) and after the introduction of better fitting extensions (M = 4.86) or worse fitting extensions (M = 4.90) was not significant.

There were no significant effects of information (no information/positive information) on parent brand attitudes and quality beliefs. Specifically, for the Sony brand there were no significant differences between the mean parent brand attitude before the introduction of extensions (M = 6.27) and after the introduction in the no information (M = 6.13) versus the positive information conditions (M = 5.92). Also, no significant effects of information were observed between the mean parent brand quality beliefs before the introduction of extensions (M = 6.38) and the no information (M = 6.14) versus the positive information conditions (M = 6.01).

Similarly, for the Samsung brand, there were no significant information effects on parent brand attitudes or quality beliefs. In particular, there were no differences between the mean parent brand attitude before the introduction of extensions (M = 5.13) and the no information (M = 4.93) versus the positive information conditions (M = 4.72). Additionally, for the Samsung brand, there is no significant difference between the mean parent brand quality beliefs before the introduction of extensions (M = 4.86) and the no information (M = 4.88) versus positive information condition (M = 4.79) (Goal III and IV).

The experimental results for Goals VI and VII were as follows:

Unlike experiment one, there were no significant negative feedback effects on parent brand attitudes and quality beliefs associated with the level of competitors’ relative familiarity. The parent brand attitude for Sony after the introduction of brand extensions, when competitors were relatively more familiar (M = 6.07), was not significantly lower than the parent brand attitude prior to extension introduction (M = 6.27), or when competitors where relatively less familiar (M = 6.20). Also, quality beliefs for Sony after the introduction of brand extensions, when competitors were relatively more familiar (M = 6.15), was not significantly lower than parent brand quality beliefs prior to extension introduction (M = 6.38), or when competitors where relatively less familiar (M = 6.20).

The parent brand attitude for Samsung after the introduction of brand extensions, when competitors were relatively more familiar (M = 5.00), was not significantly lower than the parent brand attitude prior to extension introduction (M = 5.13), or when competitors were relatively less familiar (M = 4.97). In addition, quality beliefs for Samsung after the introduction of brand extensions, when competitors were relatively more familiar (M = 4.72), was not significantly lower than parent brand quality beliefs prior to extension introduction (M = 4.86), or when competitors where relatively less familiar (M = 5.04).

Goal VII addresses the generalizability of previous research results to competitive settings. Prior research results of fit on the feedback effects of brand extension have sometimes been obtained under non-competitive scenarios. The experiments that we conducted examined feedback effects in competitive
settings. In general, we found little evidence of feedback effects in competitive scenarios. In part, the presence of competitors that vary with respect to their level of brand familiarity seems to swamp any fit effects. The presence of the competitive cue, relative brand familiarity, may be more diagnostic than extension fit in forming inferences about extension performance, thus reducing the influence of extension fit.

In summary, there was weak and inconsistent evidence of feedback effects across brands. The initial manuscript that was submitted to the Journal of Consumer Research contained the above feedback effects of the brand extensions as well as the effects of the same independent variables on the evaluation and choice of the brand extensions. The reviewers commented that as the feedback effects were equivocal and inconsistent they felt they added little value to the manuscript. On the other hand, they felt that the ideas and results surrounding the evaluation and choice of extensions in competitive scenarios versus non-competitive scenarios was an important contribution to the field. They asked us to eliminate the data on the feedback effects data and focus primarily on the evaluation and choice of the extensions. In particular, to concentrate on how the role of fit in extension evaluations and choice are affected by the inclusion of competitors. We added an additional experiment to address methodological issues raised by the reviewers. Therefore the latest version of the manuscript, is in line with the requests of the reviewers (see attached manuscript) and was accepted for publication in the Journal.
OTHER ACHIEVEMENTS OF THE PROJECT:
- Research visit(s) to other institution(s).
- Outreach activities related to the project’s main topic.
- Any other contribution, not addressed elsewhere, that you consider important.

The maximum length for this section is 1 page. (Arial or Verdana, font size 10).

Through an extensive research review, we were able to develop a comprehensive database that includes 67 publications for feedback effects on parent brands. For all of these publications we identified all factors that may affect feedback effects on the parent brand (see Brand Extension Feedback Effects Meta-analysis and Meta-analysis parameters explanations files attached).

We expect that this file will allow us to continue and broaden our knowledge and research in the field.
Abstract

Recognizing that brand equity is a key competitive asset, firms have strategically leveraged their brands to enter new markets. Extending brands into new product categories, has been the cornerstone of many firms’ growth strategies evidenced by the fact that extensions have become the most common form of introduction in each of the past two decades. The rationale of endowing a new product with a well-known brand name is to take advantage of cost efficiencies and to gain easier consumer acceptance of new offerings. Despite these advantages, concerns have been raised that extending brands may have some negative consequences. These potential harmful reciprocal effects of brand extensions on the parent brand are referred to as “negative feedback effects”. Therefore, as extending brands can pose considerable risk of diluting brand associations, a major challenge for managers is to determine how to leverage brands while simultaneously mitigating potentially negative feedback effects.

The dynamic relationship between extensions and the parent brand has been addressed in a number of studies in the past years. Most of them feature the degree of fit between the extension and the parent brand and the valence of information about the extension as the critical factors. These studies have produced a range of findings. Some of them showed that low fit extensions harm the parent brand while others document null or limited effect of low fit extensions. Moreover, the impact of negative extension information on the parent brand is also equivocal. Mixed findings of prior research offers little consistent guidance to understand the conditions under which negative feedback effects will or will not occur. In addition, an important limitation of this research is the limited attention to the effect of variations in consumers’ characteristics and market factors on negative feedback effects. Thus, to better understand the vulnerability of brands on negative feedback effects a deeper and broader consideration of other important factors should be undertaken.

To address these issues, our research is designed to explicate the conditions under which negative feedback effects occur. Through an extensive and comprehensive meta-analysis we identified the factors influencing negative feedback effects. In addition, two experiments were conducted to examine the impact of extension fit, extension information and competitor brand familiarity on negative feedback effects of parent brand attitudes and quality beliefs as well as the generalizability of these effects to competitive settings. No evidence of fit or information effects on negative feedback effect was found in either experiment. Results of relative competitors’ familiarity on negative feedback effects were equivocal; negative feedback effects were found when competitors are relatively more familiar for parent brand attitudes and quality beliefs in the first experiment but not in the second.

In summary, we found weak and inconsistent evidence of feedback effects across brands. On the other hand, in the same experiments, we studied ideas surrounding the evaluation and choice of extensions in competitive scenarios versus non-competitive scenarios resulting in an important contribution to the field. We proposed that findings from previous brand extension research, regarding the effect of fit and parent brand quality on extension success are somewhat limited by the fact that they were obtained in the absence of competition. To address this situation, we tested whether the fit-extension relationship generalizes to scenarios that include relatively more or less familiar competitor brands. Support was found for this relationship in non-competitive scenarios but it was diminished by competitors’ relative brand familiarity. Moreover, we found that perceived risk mediates the effects of fit and competitor brand familiarity. These results have been included in a manuscript that has been recently accepted for publication in the Journal of Consumer Research.
PRODUCTOS
ARTÍCULOS
Para trabajos en Prensa/ Aceptados/Enviados adjunte copia de carta de aceptación o de recepción.

Nº : 1
Autor (a)(es/as) : Milberg, SJ.; Sinn F.; Goodstein R.
Nombre Completo de la Revista : Journal of Consumer Research
Título (Idioma original) : Consumer Reactions to Brand Extensions in a Competitive Context: Does Fit Still Matter?
Indexación : ISI
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CONGRESOS

Nº : 1
Autor (a)(es/as) : Milberg, SJ.; Sinn F.; Goodstein R.; Cuneo A.
Título (Idioma original) : Brand Extension Success: A Matter of Reducing Consumers’ Risk Perceptions
Nombre del Congreso : 6th International Conference of the AM’s Brand, Identity and Corporate Reputation Special Interest Group
País : ESPANA
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Vol. :
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Archivo Asociado: Abstract_brand_extensions_and_perceived_risk_final_ESADE_.pdf

TESIS/MEMORIAS

Nº: 1
Título de Tesis: The Effects of Prior Brand Experience on Negative Feedback Effects
Nombre y Apellidos del(de la) Alumno(a): Michelle Pinochet Gonzalez
Nombre y Apellidos del(de la) Tutor(a): Sandra Milberg
Título Grado: Magister
Institución: Universidad Adolfo Ibañez, Escuela de Negocios
País: CHILE
Ciudad: Santiago
Estado de Tesis: En Ejecución
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Envíe documento en papel: sí
Archivo Asociado: Fondecyt_Prior_brand_experience_2x.pdf

ANEXOS

A continuación se detallan los anexos físicos/papel que no se incluyen en el informe en formato PDF.

Estos dos archivos se adjuntan en un CD al informe impreso