The Effect of Power on the Evaluations of Brand Extensions

Youngseon Kim, Associate professor of Marketing, Central Connecticut State University, USA

ABSTRACT

This paper explores the effect of power on the evaluations of brand extensions. Research has found that the psychological state of feeling powerful or powerless can influence consumers’ information processing. Having a sense of high power leads to more abstract information processing that entails focusing on primary aspects of stimuli and detecting the gist. High-power individuals categorizes information at a higher level than low-power individuals do. This hints that a consumer's perception of his or her own power could influence evaluations of brand extensions, especially when evaluating somewhat dissimilar extensions. One experiment confirms that high-power primed participants evaluated dissimilar extensions more favorably than low-power primed participants, whereas the experiment found no difference in the evaluation of a similar extension between the two groups.

Keywords: Brand Extension Evaluations, Power, Abstract thinking, Fit judgment

INTRODUCTION

Brand extension is a popular strategy for companies with a strong brand to adopt when launching a new product in another category. About 80 percent of new product launches were identified to be either brand extensions or line extensions (Keller, 1998; Sims, 2005). Brand extension strategy is a low-risk model through which a well-built brand and its image can transfer to a new product in a product category different from the parent brand. Comparatively, launching a new product under a totally new brand name would be a high-risk model. A surge of research has emerged to identify factors that contribute to the strategy’s success (Keller, 2002; Meyvis & Janiszewski, 2004). Extant research highlights fit (or similarity) between a parent brand and its extension product as a major determinant of a brand extension’s success (Ahluwalia, 2008; Keller, 2002). Researchers examined brand-related factors such as brand-concept consistency (Park, Milberg, & Lawson, 1991), brand-specific associations (Broniarczyk & Alba, 1994), and individual differences and cultural factors in brand-information processing (Ahluwalia, 2008; Monga & John, 2007) as variables that influence perceived fit and evaluation of extensions. Marketing professionals and brand managers might continue considering factors that impact a consumer’s evaluative processing of brand extensions beyond brand-related factors. They could then integrate such factors into a marketing plan for a new product launch, especially when the brand extension is a bit of a stretch from the parent brand’s current product offerings.

Current research introduces power as a moderator for evaluations of brand extensions. Power is a ubiquitous force occurring in everyday social interactions (e.g., boss vs. subordinate) (Rucker & Galinsky, 2008). The concept of power has recently gained attention from consumer scholars who found that power has a systematic effect on consumer decisions such as spending propensities (Rucker, Dubois, & Galinsky, 2011). Still, power has been largely ignored in the literature surrounding brand extensions. Research on the effect of power priming on abstract information processing (Smith & Trope, 2006) demonstrates that people with high power tend to engage in more abstract thinking than those with low power. This finding allows the possibility that elevated power may affect the consumer’s perceived fit of a brand extension positively and help with successful brand extensions.
THEORETICAL DEVELOPMENT

Abstract thinking involves transcending the details of a stimulus so that it entails a generalization. In this, the thinker extracts the core aspects of information (Levy, Freitas, & Salovey, 2002; Sagristano, Liberman, & Trope, 2002). This process is less constraining than concrete, item-specific thinking and allows for more freedom and flexibility. Construal level theory (Liberman & Trope, 2003) suggests that people use abstract thinking processes when they feel psychologically distant in terms of time, space, social relationships, etc. Thus, people interpret an object or an event abstractly (Liberman & Trope, 2003; Trope, Liberman, & Wakslak, 2007). Previous research also explains that power nurtures a psychological distance that can lead to abstract thinking (Hogg & Reid, 2001).

Power has been defined as outcome control/dependence or relative control over another’s valued outcome (Fiske & Berdahl, 2007; Fiske & Depret, 1996; Overbeck & Park, 2001; Smith & Trope, 2006; Thibaut & Kelly, 1959). As Smith and Trope (2006) note, “when Person A can control what happens to Person B more than Person B can control what happens to Person A, Person A is said to have power over Person B. Person A is also less dependent on Person B to obtain what Person A wants” (Smith & Trope, 2006, p. 579). Having control over other people’s outcomes changes people in the way of viewing the world around them and evaluating events or objects (Chen, Lee-Chai, & Bargh, 2001). For example, leaders or managers in an organization must have vision based on a long-term view, whereas a follower or junior-level worker concentrates on daily specific work assigned under a larger plan. This example illustrates that elevated power facilitates abstract thinking. People perform different roles or tasks according to whether they have power or control over other people or whether other people have control over them (Chen et al., 2001).

Smith and Trope (2006) investigated the effects of priming high versus low power on abstract thinking. In their experiments, high-power primed participants in the task of categorization were more inclusive in their categorization than low-power primed participants. These high-power primed participants rated the weak exemplars as less atypical. They also chose a greater number of a higher level of alternatives than low-power primed participants in a Behavior Identification Form (BIF) (Vallacher & Wegner, 1989) task that measured different levels of abstractness of behaviors. Additionally, the high-power primed participants performed better in a task of intuitive judgments of coherent word triads (e.g., salt, deep, foam are regarded to be coherent because they link to the sea) than low-power primed participants. Priming people with having power led them to think more abstractly than priming them with lacking power. Smith and Trope (2006) demonstrated that the concept of having power is inherently linked to abstract thinking, and the concept of lacking power is inherently linked to concrete thinking. These findings suggest that power influence consumers’ information processing and, further, play a role in brand extension evaluations.

The perception of fit is a global judgment of the relations that exist between a brand extension and its parent brand when considering factors such as being in similar product categories and sharing important attributes (Aaker and Keller, 1990; Kim and John, 2008). People who process information at an abstract level may perceive a greater degree of fit between the brand extension and the parent brand (Aggarwal & Law, 2005; Monga & John, 2007). Thus, this research proposes that high-power primed people will process brand extension evaluations at a higher level of abstraction, perceive a moderately dissimilar brand extension as being more similar to the parent-brand category, and evaluate the extension more favorably than low-power-primed people. However, no differences between the two groups are predicted in the evaluation of a similar brand extension since it would already be rated as a member of the
parent-brand category, regardless of the level of power (high vs. low). Prior research has shown that consumers tend to be influenced by situational factors such as mood in their brand extension evaluations more when the brand extension was moderately dissimilar than extremely dissimilar (Barone, Miniard & Romeo, 2000). A far stretch is perceived as too different to be judged as a member of its parent-brand category. For this reason, this research does not include an extremely dissimilar brand extension. Finally the formal hypotheses are as follows:

**H1**: High-power consumers will evaluate a moderately dissimilar brand extension more favorably than low-power consumers.

**H2**: There will be no difference in the evaluation of a similar brand extension between high-power consumers and low-power consumers.

**EXPERIMENT**

**Method**

**Design and Participants.** Eighty-one undergraduate students from a large southwestern university participated in a 2 (power priming: high vs. low) x 2 (extension fit: similar vs. moderately dissimilar) between-subjects study. They were randomly assigned to one of four conditions.

**Stimuli.** BMW was used as the parent brand. Two hypothetical extensions for BMW were chosen after a pretest (N = 25): a BMW motorboat as a similar extension and BMW golf clubs as a moderately dissimilar extension were chosen ($t(24) = 4.32, p < .001$).

**Procedure.** Participants were first asked for their attitude towards BMW brand on a scale from 1 (poor) to 7 (excellent). Next, they were asked to complete a writing task to manipulate power. Galinsky, Gruenfeld, and Magee (2003) had originally developed the task. Smith and Trope (2006) also used this task to prime power stats (high vs. low). Participants in the high-power condition were instructed as follows: “Please recall a particular incident in which you had power over another individual or individuals. By power, we mean a situation in which you controlled the ability of another person or persons to get something they wanted, or were in a position to evaluate those individuals. Please describe this situation in which you had power---what happened, how you felt, etc.”; Participants in the low-power condition were instructed as follows: “Please recall a particular incident in which someone else had power over you. By power, we mean a situation in which someone had control over your ability to get something you wanted, or was in a position to evaluate you. Please describe this situation in which you did not have power---what happened, how you felt, etc.” Following this task, participants evaluated a BMW brand extension (BMW motorboat or BMW golf clubs) on a seven-point scale (1 = poor; 7 = excellent) and indicated their judgment of fit between BMW and the brand extension on two seven-point scales (1 = inconsistent/not fit; 7 = consistent/fit). For analysis, they were averaged ($r = .74$).

**Results**

Brand attitude was used as covariate in the analysis in order to control for the factor. Past research shows that brand attitude is positively correlated with evaluation of brand extensions (Aaker & Keller, 1990). A 2 x 2 ANCOVA was run on the brand extension evaluation. The main effect of power was significant ($F (1, 76) = 6.50, p < .05$) and the main effect of fit level was also significant ($F (1, 76) = 18.81, p < .05$). However, more importantly, the interaction between power and extension fit on the evaluation emerged ($F (1, 76) = 5.08, p < .05$). Subsequent simple contrasts showed that high-power participants evaluated BMW golf clubs more favorably than low-power participants ($M_{\text{high power}} = 4.56$, $M_{\text{low power}} = 3.62, p < .05$).
$M_{low\,power} = 3.03, F(1, 76) = 11.27, p < .05$). Comparatively, such a difference was not observed in the evaluation of the BMW motorboat ($M_{high\,power} = 5.18, M_{low\,power} = 5.04, F(1, 76) = .05, p = .83$). Therefore, H1 and H2 were supported. Supporting this interaction, high-power participants perceived a greater fit between BMW and BMW golf clubs than low-power primed participants ($M_{high\,power} = 3.97, M_{low\,power} = 2.98, F(1, 77) = 4.66, p < .05$) but they did not show a difference in fit judgment between BMW and BMW motorboat from the low-power participants ($p = .36$).

Figure: The Effect of Power on the Evaluations of Brand Extensions

CONCLUSION

This research demonstrates that the effect of power on abstract thinking can influence the evaluation of brand extensions. Considering that brand extension strategy can increase brand equity (Keller, 2002), this research offers important contributions to future inquiries, while simultaneously offering strong managerial implications. At its foremost, this research definitively demonstrates the new role of power as moderator in brand extension evaluations. In comparison, most other current research has focused on the effect of power on consumers’ spending propensities such as status consumption. Additionally, this is the first study that has investigated the role of power in brand extension research. In comparison, most research in the literature has examined individual factors or brand-related factors for their influence in the evaluation of brand extension. This research also demonstrates that different social power groups might view the same brand extension differently. More importantly, a psychological state of power activated in social relations can influence the evaluations of brand extensions. Therefore, brand managers can adopt this psychological factor in their marketing programs for relatively dissimilar brand extensions and can induce more customers to use an abstract thinking style which leads to greater perception of fit between the brand extension and the parent brand through marketing communications. Following these findings, the next step for this research is to generalize the findings in different settings and to produce further tests on whether the moderating role of power in the brand extension evaluation would be tempered by a parent brand’s status association.
REFERENCES


Simms, J. (2005). Where are all the new ideas? Marketing (UK), (December 18), 34-36.


