Chapter 18

Advertising Claims and Evidence as Bases for Brand Equity and Consumer Evaluations of Brand Extensions

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Much of the literature examining brand equity has focused on the bases for its transfer to brand extensions, and the underlying question is how the brand can capitalize on existing equity (e.g., Aaker & Keller, 1990). Although there is some uncertainty regarding the detailed process, one requirement for successful transfer is some linkage between the two product categories—a reason other than brand name for consumers to suppose that their liking for the brand's existing products should apply to the brand extension (Boush et al., 1987; Chakravarti, MacInnis, & Nakamoto, 1990; Farquhar, Herr, & Fazio, 1989; MacInnis & Nakamoto, 1991; Park, Jaworski, & MacInnis, 1986). In particular, given the competitive setting of product evaluation, it seems that the connection between the two categories should be relevant to the basis for competitive advantage enjoyed by the brand's existing products (cf. Tauber, 1988).

This need for relevance suggests the importance of understanding the nature of the competitive advantage of the existing product. However, few analyses have considered how brand equity is formed or how that formation process affects the nature of equity and its transfer to brand extensions. In particular, the question of how consumer exposure to the brand's existing products and advertising might frame their perceptions of the brand's competitive advantage, and thus limit or enhance the transfer of its equity to brand extensions, remains to be examined. Yet, it is clear that not all brands are equal in their transfer potential, even within a category. Calvin Klein, for example, has successfully extended its line from clothing to such diverse products as perfume and underwear, whereas Levi's, an equally dominant name, was unable to

extend even from jeans to suits. In this chapter, we consider how the genesis of brand equity—through advertising and experience (or evidence)—may influence the types of product categories to which brands extend.

In developing these ideas, let us first consider the nature of *brand equity*. Central to this concept is the notion that brand equity is closely tied to the development of long-lived competitive advantage in the eyes of the consumer, hence, a generalized preference for the brand. This competitive aspect is central to the idea of brand equity. It is not enough that a brand is good; it must be better in some sense than the alternatives that contribute to equity. Competitive advantage has been the focus of several recent studies including those by Carpenter and Nakamoto (1987), who suggested that consumers develop naive theories about the basis of performance in a product category as a function of advertising claims and experience. For example, Vaseline was originally introduced in the 1880s and advertised as a wound preparation of great purity, a claim linked to its clear translucent color compared to black coal tar alternatives. Sampling Vaseline, buyers presumably found that the wounds healed and, generalizing from this observation, inferred the importance of purity as reflected in its color. Thus, these perceptions, which emerge from the consumer's exposure to advertising and product experience, frame category preferences as well as specific brand perceptions, giving rise to competitive advantage, as shown by Carpenter and Nakamoto (1989). Presumably, then, advertising and experience provide important bases for brand equity.

More detailed studies of the interaction of advertising and evidence or experience in the evaluation of products were conducted by Deighton (1984) and Hoch and Ha (1986, Ha & Hoch, 1989). These authors suggested that the consumer would learn about a product and its potential benefits through advertising. However, because of the low credibility of advertising, the veracity of these claims would likely be tested, either through experience or through a search for credible evidence (e.g., reviews in *Consumer Reports*). Of particular interest to these authors was the case of ambiguous evidence, where the evidence or experience would be essentially uninformative to the consumer or difficult to interpret. In this case, an interaction between evidence and advertising was found. Alone, neither advertising nor evidence had an impact on product evaluation. However, when advertising preceded evidence, a significant increase in evaluation was noted (Deighton, 1984; Hoch & Ha, 1986). The evidence was interpreted by consumers as validating the advertising claims. When clear, unambiguous evidence was presented, however, the advertising had little effect; evaluation was driven by evidence alone.

Although this research has examined how advertising and evidence frame consumers' perceptions of an original brand, our interest lies in: (a) how these factors may also influence consumers' perceptions of a brand extension, and (b) how or whether they limit or enhance the kinds of categories to which such

brands may extend. In other words, if advertising and evidence are factors which promote brand equity, they may also shape the transfer of this equity to novel product categories (see Fig. 18.1).

In the present study, we apply this learning framework to examine the limits of brand equity in supporting brand extensions. In particular, we suggest that the type of information presented in advertising and evidence will affect the basis for the brand's reputation and, as a result, affect its transfer potential to brand extensions. A reputation (and, therefore, competitive advantage) built on a generalized image (e.g., durability of Maytag, sophistication of Liz Clayborne, reliability of Timex) may extend to many product categories. In contrast, a reputation built on a specific attribute (e.g., richness in Haagen Dazs ice cream, whitening power of Clorox, decay prevention of Crest), may be more limited in the types of categories to which it can extend.

ADVERTISING CLAIMS AND EVIDENCE

The development of brand equity relates to the brand's original products. As noted, we suggest that this equity emerges from consumer learning about these products through exposure to advertising and evidence (or experience). Whereas studies of advertising/evidence interactions make no specification of the types of claims and their interaction with evidence, other research on advertising proposed various distinctions among types of message or executional content. For example, Stewart and Furse (1986) distinguish executions featuring, among other things, (a) product attributes, (b) user satisfaction, and (c) superiority claims. Aaker and Myers (1987) distinguished positioning strategies (and, thus, advertising objectives), such as: (a) associating the product with a characteristic or benefit, (b) taking a particular position on price–quality tradeoffs (Saks Fifth Avenue vs. Sears), and (c) associating the product with particular cultural symbols. A general distinction here is one between claims that are linked to a *specific attribute* or function of the product versus claims that develop a *general image* of uniqueness, quality, or superiority for the product (see also Gutman & Reynolds, 1979).

The same type of distinction might be drawn between types of evidence or experience. For example, *Consumer Reports* most often gives product ratings along several different attributes. In some cases, these ratings are not aggregated; in others, a global ranking of quality and/or value is also provided. Direct product experience is likely to be quite general—the product worked. In some cases, however, it may be possible to discern the performance of the product on specific dimensions as well. For example, one can certainly ascertain the gas mileage of a car. Thus, evidence or experience, like advertising, may be described as attribute based or based on overall quality.

Our focus is on the interaction of these factors—attribute specific versus general quality claims in advertising, and attribute based versus general quality information in evidence—as they relate to the character of the brand equity that results. However, in assessing the impact of this equity, we look to the ability of the equity to transfer to brand extensions. Thus, we explore how various forms of advertising (attribute based and quality based) and various forms of evidence (attribute based and quality based) frame consumers' evaluations of the brand extension.

In this study, we examine two types of ads: (a) ads making a claim regarding a single attribute (A_1), and (b) ads making a claim of overall quality. We suggest that advertising for a single attribute focuses attention on that attribute, increasing its salience and importance to evaluation. In addition, we examine three types of evidence (see Table 18.1):

1. Attribute evidence in which the brand is superior on attribute A_1 but mediocre on four others.
2. Attribute evidence in which the brand is inferior on attribute A_1 but superior on four others.
3. General quality-oriented evidence in which no data are given on individual attributes, but the brand is shown to be excellent in overall quality.

We suggest that evidence will be evaluated in light of the advertising claims. Given an attribute-specific claim, attribute-level evidence supporting the claim will generate a strong perception of performance (thus, equity) linked to that attribute. Attribute evidence supporting that claim, even if other evidence is contrary, will lead to some level of equity; attribute evidence refuting the claim, even if other evidence is positive, will not give rise to much equity. Evidence of superior general quality will be interpreted to support the attribute-specific claim, but less strongly, so that equity will again be attribute limited, but weaker.

Given a general quality claim in advertising, by contrast, we expect all evidence—attribute or general quality—to be taken into account, so that the impact on brand extensions will be less dependent on any particular attribute. Generally positive evidence will give rise to broad-based equity, as will evidence attesting to superior general quality. Generally mediocre evidence will lead to less positive evaluation and, thus, equity.

These sources of information form the bases for evaluation of the original branded product (Fig. 18.1). However, our primary interest here is in the evaluation of an extension (i.e., another product bearing the same brand name after the original branded product has developed a reputation). In particular, we are interested in the limits of brand equity in adding perceived value to a brand extension.

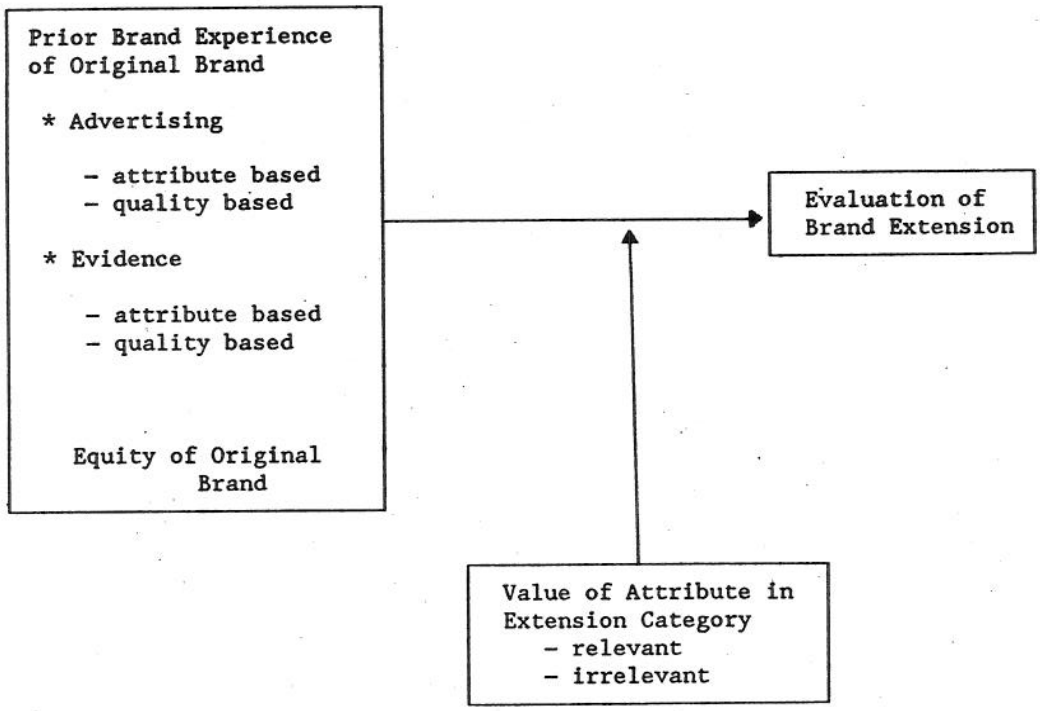

FIG. 18.1. Conceptual model.

ADVERTISING CLAIMS, EVIDENCE, AND EVALUATION OF BRAND EXTENSIONS

We hypothesize that a brand whose reputation is based on excellence of one attribute (e.g., via attribute-based advertising and attribute-based evidence) will be more limited in the type of extension it can contemplate than one whose reputation is based on image or overall quality (e.g., via quality-based advertising and quality-based evidence). For example, the Levi's brand name has long been synonymous with jeans (durable denim pants). Levi's attempt to expand into suits was disastrous, presumably because the features that made its jeans good were either irrelevant or undesirable for suits. By contrast, Calvin Klein developed a reputation built around a high fashion image. As such, it has successfully diversified into not only jeans and suits but also a variety of other fashion-oriented products, such as perfume. We therefore hypothesize (H) that:

H1. Brand extensions for products whose equity is based on a specific attribute (e.g., via attribute-based advertising and attribute-based evidence) will benefit only if that attribute is valued (relevant) in the extension category.

H2. Brand extensions for products whose equity is based on a general quality claim (e.g., quality-based advertising and quality-based evidence) will be more extendible to irrelevant product categories than brands whose equity is based on a specific attribute.

At the same time, we suggest that there is a cost to this generality. Although it is true that a more general reputation can extend further, we suggest that the transfer of value is lessened. This is because the basis for the transfer is less specific and concrete. That is, if a brand's equity is attribute specific and that attribute is valued in the extension category (a type of extension we call *relevant*), then that attribute superiority will be salient in the evaluation of the extension so that transfer will be strong. General quality claims will transfer to a broader array of products but provide less value in the extension because of the lack of focus on specific bases for relevance of the brand's quality in the extension category. If, on the other hand, the attribute is not valued in the extension category (an *irrelevant* extension), the brand whose equity is based on a general quality claim will be enhanced more. Thus,

H3. Brand extensions for products whose equity is based on a specific attribute will be more extendible to relevant product categories than brand extensions to products based on general quality perceptions.

The above hypotheses deal with situations in which advertising and evidence builds equity, which is clearly based on a specific attribute or overall quality perceptions (i.e., cases when the type of advertising claim and evidence match). It is less clear how equity based on mixed combinations of advertising and evidence (e.g., attribute-based advertising/quality-based experience, quality-based advertising/attribute-based experience) will affect a brand's transfer potential. We therefore treat these cases in a more exploratory fashion, offering limited predictions.

Central to our analysis are the earlier findings of Deighton (1984) and Hoch and Ha (1986) that advertising appears to frame the interpretation of evidence. If advertising is quality based and evidence is attribute based, consumers should evaluate the attribute-based evidence in a holistic fashion, focusing on the global combination of attributes. Because advertising frames a more global interpretation of evidence, we expect a weaker linkage between equity of the brand and any specific attribute. Hence, brands may be more extendible to irrelevant product categories. If, on the other hand, advertising makes a claim of superiority on a specific attribute, then general quality evidence should be treated as confirmation of that claim, so that equity should remain tied to the specific attribute. Thus, in general, we would expect the mixed conditions to mirror those predicted for the two types of advertising.

At the same time, these mixed conditions are likely to be more ambiguous for the consumer when evaluating a brand extension. That is, if the attribute evidence is generally positive, but not uniformly so, the case for a general quality claim in an ad is weaker and the transfer should be weaker than when the evidence supports the general superiority of the brand. Likewise, given a specific attribute claim in advertising, overall quality evidence is ambiguous in the nature of the brand's superiority. Thus, transfer should

be weaker than when an attribute claim is supported by validation of that specific claim.

To test these hypotheses, we conducted an experiment in which subjects were exposed to advertising and evidence relating to the quality of a hypothetical branded product. They then evaluated both that product and a brand extension.

STUDY

Experimental Design and Stimuli

Advertising Manipulation. Two types of ads were constructed for the hypothetical brands: (a) one that advertised a specific attribute, and (b) one that made a general quality claim. The base product categories were "yogurt" and "stereo equipment." Advertised attributes were chosen, through a pretest, to be attributes that were not naturally central to evaluation—compatibility with a TV for "stereos" and amount of fruit for "yogurt." For each product class, the two ads used identical graphics but differed in headline and text.

Evidence Manipulation. As noted earlier, three evidence conditions were constructed. A brand attribute rating matrix was used to present the data on five hypothetical brands in each category. Subjects were told the data were drawn from a consumer test organization. Data for four of the brands were held constant for all attributes or overall quality, whichever was presented. Only data for the target brand were varied, as shown in Table 18.1. For the attribute data, each attribute rating was displayed using one to five stars (five stars being better); for overall quality data, a single rating of one to five stars was used. In addition to the focal attributes, the attributes used for stereos were: (a) FM tuner performance, (b) AM tuner performance, (c) convenience, and (d) power output; for yogurt, the attributes were: (a) taste, (b) calories, (c) sodium, and (d) nutritional value.

The advertising and evidence manipulations were crossed, yielding six cells. Each subject was exposed to both product categories. For one of the base categories, the subject saw the attribute ad; for the other category, the subject saw the general quality ad. In addition, the evidence condition differed for the two categories.

Extension Categories. Finally, two product categories were used as extension categories for each base category. In the case of stereos, the extension products were "VCRs" (similar extension category) and "electronic keyboards" (dissimilar extension category). For yogurt, they were "fruit preserves" (similar extension category) and "mayonnaise" (dissimilar extension category).

TABLE 18.1
Evidence Conditions for Stereos (Original Category)

	Attribute Evidence Conditions					*Overall Quality Condition*
Example of Evidence Data Format Experimental Conditions[a]						
Brand	*FM Tuner Performance*	*AM Tuner Performance*	*Interface with TV*	*Convenience*	*Power Output*	*Overall Quality*
SPEX	**	**	*	***	*	*
Banner	***	**	*****	****	***	***
TXNAD	****	***	****	****	**	****
Schugan	***	***	***	****	**	**
Techaji	*****	****	****	*****	****	*****
Evidence Data for Experimental Conditions						
Specific Attribute Superiority						
Banner	***	**	*****	****	***	
Specific Attribute Inferiority						
Banner	*****	****	*	*****	****	
Overall Superior Quality						
Banner						*****

Note. [a]Brand shown in bold was target brand; shaded attribute was advertised attribute in attribute-specific ad conditions. Other brands and ratings were held constant. (Overall Quality data column was not included in attribute evidence conditions, and vice versa.)

Subjects evaluated each extension in the same experimental session as their exposure to the attribute/evidence condition. Each subject rated all four extensions. Given the attribute-specific ad, we expected that the attribute targeted in the attribute-specific ad (TV interface capability for "stereos" and amount of fruit for "yogurt") would be relevant and valued for "VCRs" and "fruit preserves," but not for "electronic keyboards" and "mayonnaise." This was verified through manipulation checks. Ten subjects were assigned to each of the 12 cells of the design.

Measures

All brand evaluations were provided using three 7-point semantic differential scales anchored by: (a) *very bad quality–very good quality*, (b) *very dislikable–very likable*, and (c) *very unfavorable–very favorable*. The Cronbach alpha for both "stereos" and "yogurt" were .94. Thus, the scores on the three items were averaged to form an evaluation.

RESULTS

Development of Equity Perceptions

The brand evaluations for the base product category which serve as manipulation checks and a baseline for evaluation of the extensions are reported here. Because the results were similar for the two categories, the results are combined for ease of presentation. In an analysis of variance, the interaction of type of evidence and type of advertising is significant ($F_{12,13} = 12.14$; $p < .001$) (more detailed analyses of the evaluations of the original products is presented in Jung, 1991; here, we consider only data and results relevant to the present study). As expected, for the attribute-specific superiority condition, compared to the quality ad, the attribute-ad-enhanced brand equity ($X = 4.96$ vs. 4.39), even though the brand's performance on other attributes was mediocre ($t_{113} = 1.65$; $p < .05$; one-sided). On the other hand, when the claim was disconfirmed (attribute-specific inferiority condition, $\bar{X} = 3.87$), equity was not enhanced; the evaluation was greatly reduced relative to the general quality claim ($\bar{X} = 5.35$), even when performance on the other attributes was very good ($t_{113} = 4.27$; $p < .01$). For the general quality ad, evaluation in the various attribute evidence conditions followed the general pattern of evidence. Finally, for the overall superior quality evidence condition, there was no significant difference in evaluation between the two ads, as expected given the unambiguous nature of the evidence. These results are consistent with the ideas that: (a) advertising and evidence work together to influence consumers' perceptions of a brand's equity, and (b) the nature of the equity depends on the nature of the advertising and evidence.

Test of the Hypotheses

The next step in the analysis involved a test of the experimental hypotheses. We use two sets of analyses for hypothesis testing:

1. We examine overall evaluations of the brand extension across the 12 advertising/evidence and relevance conditions (see Table 18.2). These global judgments indicate the overall intensity of equity inherent in the brand extension.
2. We examine the difference between the evaluation of the original brand and the evaluation of the brand extension across the 12 conditions (see Table 18.3). These results show the actual transfer of equity from the original brand to the brand extension.

Positive scores indicate that the brand extension is evaluated more favorably than the base product—hence, some equity is transferred to the extension.

TABLE 18.2
Evaluation of Brand Extensions

	Ad Condition for Original Brand			
	Attribute Ad		*Quality Ad*	
Evidence Conditions for Original Brand:	*Relevant Extension*	*Irrelevant Extension*	*Relevant Extension*	*Irrelevant Extension*
Specific Attribute Superior	5.10	3.59	4.78	3.42
Specific Attribute Inferior	3.55	3.62	4.12	4.25
Overall Superior Quality	5.38	4.03	5.26	4.26

Negative scores indicate that the evaluation of the extended brand is less than that of its base product. Hence, equity built into the base product has been lost by the extension. From a managerial perspective, one would desire a situation in which the equity of the original brand (a) transfers to the brand extension, and (b) is high (intense) in the extension product category.

Using overall evaluations of the brand extension as the dependent measure, a repeated measures analysis of variance, with relevance of the extension as the repeated measure, revealed a main effect of type of evidence ($F_{2,114}$ = 5.79; $p < .01$) and an interaction between evidence and relevance ($F_{2,114}$ = 15.6; $p < .01$). Our interest, however, focused on specific contrasts reported in Table 18.2.

H1 proposes that brand extensions for products whose equity is based on a specific attribute claim will benefit only if that attribute is valued (relevant) in the extension category. The results support this hypothesis; when advertising presented an attribute claim which was supported by evidence, the evaluation of the extension is 5.10 for relevant extensions, but only 3.59 for irrelevant ones (t_{114} = 5.80; $p < .01$). Equity of the brand extension therefore appears to be tied to the attribute on which the original brand's equity is based. Furthermore, even a relevant extension will not be favorably evaluated ($\bar{X}$ = 3.55)

TABLE 18.3
Difference Between Evaluation of Brand Extensions and Base Products

	Ad Condition for Original Brand			
	Attribute Ad		*Quality Ad*	
Evidence Conditions for Original Brand:	*Relevant Extension*	*Irrelevant Extension*	*Relevant Extension*	*Irrelevant Extension*
Specific Attribute Superior	+0.14	−1.37	+0.40	−0.97
Specific Attribute Inferior	−0.32	−0.25	−1.23	−1.10
Overall Superior Quality	−0.42	−1.77	−0.07	−1.07

if the equity one tries to establish by advertising is disconfirmed by evidence. Note that this occurs even though the evidence on other attributes is positive.

This latter result suggests that if advertising is attribute oriented, it prompts a search for evidence regarding that attribute. Equity is based on the brand's value on that attribute. If advertising did not frame evidence, the value of the brand extension should be higher in the cases where the value of the specific attribute was disconfirmed, but the brand was superior on other attributes. This was not the case. Thus, advertising and evidence combined influence the transfer of brand equity to relevant and irrelevant product categories, with advertising framing perceptions of evidence and, hence, the nature of brand equity.

The results in Table 18.3 also suggest that when perceptions of the original brand are clearly attribute based (attribute ad and attribute evidence), equity will transfer from the original brand to the brand extension only when the extension is relevant ($\bar{X} = .14$), but not when it is irrelevant ($\bar{X} = -1.37$). Hence, attribute-based advertising and attribute-based evidence not only frame equity of the original brand around that attribute, they influence the brand's transfer potential to relevant product categories and the intensity of the equity associated with the brand extension. These results support H1.

H2 proposes that brand extensions for products whose equity is based on general quality perceptions (e.g., quality-based advertising and quality-based evidence) would be more extendible to irrelevant product categories than brands whose equity is based on a specific attribute. The results generally support this hypothesis. When advertising and evidence are both quality-based, the equity of the brand is not so clearly built around a specific attribute. Therefore, compared to brands whose equity is based on attributes, brands are evaluated more positively in cases where the attribute is irrelevant ($\bar{X} = 4.26$ vs. $\bar{X} = 3.59$) ($t_{114} = 1.85$; $p < .05$; one-sided). Thus, equity in the brand extension is more intensely positive in irrelevant extensions when equity in the original brand is based on overall quality, as opposed to specific attributes. The results in Table 18.3 also indicate that brands whose images are based on overall quality are more extendible to unrelated product categories ($\bar{X} = -1.07$) compared to brands whose images are based on a specific attribute ($\bar{X} = -1.37$). However, this effect is only directionally consistent with H2.

H3 proposes that brand extensions for products whose equity is based on a specific attribute will be more extendible to relevant product categories than brands whose equity is based on general quality perceptions. However, the results in Tables 18.2 and 18.3 provide mixed support for this hypothesis. In contrast to H3, the results in Table 18.2 suggest that equity is equally intense for relevant extensions, whether the original brand's equity is based on a specific attribute ($\bar{X} = 5.10$) or a general quality perception ($\bar{X} = 5.26$; see Table 18.2). However, as shown in Table 18.3, the differences between consumers' evaluations of the original brand and the brand extension indicate

that the attribute ad with confirming attribute evidence leads to a small increase in the evaluation of a relevant extension ($\bar{X}$ = .14); the quality ad, quality evidence case gives a small decrease ($\bar{X}$ = −.07). Furthermore, the decay in support for moving from a relevant to an irrelevant extension is smaller for the general quality case ($\bar{d}$ = .667 for the general quality case vs. $\bar{d}$ = 1.12 for the attribute-specific case). This difference, although consistent with H3, is, however, only marginally significant.

Additional Analyses

Although we offered no explicit hypotheses regarding the mixed advertising–evidence conditions (i.e., attribute-advertising/quality evidence or quality advertising/attribute evidence), their effects are analyzed here for exploratory purposes (Table 18.3). We had anticipated that in these mixed conditions the extendibility of the brand would be framed by advertising. However, the results offer mixed support for this effect.

Quality Ad/Attribute Evidence. When advertising for the original brand was oriented to general quality and evidence was attribute-oriented, subjects appeared sensitive to the relevance of the key attribute in evaluating the relevant extension. When the brand was superior on the attribute, the evaluation of the extension actually rose relative to the evaluation of the original product ($\bar{X}$ = 0.40). When the brand was inferior on the attribute, however, the evaluation of the extension fell ($\bar{X}$ = −1.23; see Table 18.3). These results suggest that the evidence condition was more salient than any framing effect of the advertising; consumers focused on naturally salient attributes of the products in generating equity for the original brand and used these attributes in evaluating transfer potential in the brand extension. In the case of the irrelevant extension, the evaluation of the extension fell regardless of the rating on the key attribute ($\bar{X}$ = −.97 and −1.10).

Attribute Ad/Quality Evidence. When advertising for the original brand was oriented toward a specific attribute, the general quality evidence resulted in a rating for the extension (Table 18.2) that was higher for both relevant and irrelevant extensions than that in the matching attribute evidence condition, seemingly contradicting our expectations. However, looking again to the difference between the rating of the extension and base products (Table 18.3), the means are consistent with expectations. The general quality evidence appears to leave some ambiguity in the source of quality; evaluations fall for both relevant and irrelevant extensions and irrelevant extensions much more than in the case of attribute evidence ($\bar{X}$ = −0.42 vs. +0.14 for relevant extensions and −1.77 vs. −1.37 for irrelevant ones). In this case, then, the advertising appears to have had the predicted framing effect.

The contradiction noted in the results for the overall evaluations and the differences in evaluation of base and extension products is instructive. The analysis of differences between extension and base product addresses specifically the issue of transfer of equity from an existing product to an extension. However, the overall evaluations depend on both the transfer and the amount or intensity of equity (as reflected in the evaluation) of the base product. In the cases we examined, it appears that, on balance, the advantage gained through an attribute-oriented ad and general quality evidence was strong enough that the evaluation of the extensions was quite strong, despite the relatively poor transfer of equity. This is not surprising, given that the evaluation of the base product appeared to be driven largely by this type of evidence due to its unambiguous positive nature. Thus, in addressing the competitive impact of brand equity transfer to brand extensions, it is important to consider both the nature and amount of the equity.

DISCUSSION

Our experiment is rather preliminary. Clearly, the development and extension of brand equity progresses over much longer periods than we have studied here. However, our results are highly suggestive of the importance of understanding the source of equity. Combined, the results suggest that both advertising and evidence influence the equity consumers have for a brand and the extendibility of that equity to relevant and irrelevant product categories. Advertising can sometimes frame perceptions so that attention is focused on specific attributes or general quality, but advertising alone does not influence equity perceptions of the original brand. The nature of the evidence also affects equity perceptions.

The results also suggest that brand equity based on advertising and evidence influences consumers' evaluations of a brand extension. If the basis for a brand's competitive advantage is closely tied to a particular attribute, its ability to capitalize on that advantage through brand extensions is likely to be limited to products that share the same basis for competition. A more general image is likely to transfer more widely to unrelated product categories, but provides less leverage in relevant product categories. Obviously, this distinction is not a dichotomy but more a dimension—bases for competitive advantage can be more or less specific with a corresponding tradeoff in intensity.

The results also suggest the presence of asymmetric effects in the transfer of equity perceptions when advertising and evidence for the original brand is mixed. In general, equity is more transferable to new product categories when advertising for the original brand is quality oriented and evidence is attribute oriented than the other way around. The attribute advertising has a framing effect on perceptions of the original brand, but in addition, the extension

category itself can cue specific attributes when specific attribute evidence is available.

Managerial Implications. The results also offer several managerial implications for brand equity–brand extension decisions. From a brand extension perspective, equity based on general perceptions of brand quality offers the firm more flexibility in extending to both related and unrelated product categories than brand extensions based on attributes. However, because the transfer of a quality image is less effective than the transfer of a specific attribute claim, the quality image must be a strong one to provide a strong base for extension.

This limitation highlights the importance of the intensity of equity developed around the original brand. Intensity is likely to be linked to a variety of other competitive factors. For example, the unique strength of the association of any attribute or image to a brand (regardless of generality) must be considered. Certain product variants are so strongly linked to some brand names that, similar to the present argument, the brands are rather limited in their ability to extend to other variants. At the same time, this may convey a tremendous advantage in a particular category. In pilot data, we have found that Coke, for instance, cannot extend successfully to either lemon-lime or orange soda. On the other hand, consumers have no trouble accepting all of these variants from Shasta. At the same time, the Shasta brand name provides little competitive advantage for these variants, whereas Coke dominates the "cola" category for many consumers. Thus, from a competitive standpoint, it may be that strong equity in a narrow range of products is more valuable than weaker equity in a broad range. It is this trade, of course, that would guide the formulation of product and consequently advertising strategy.

If equity perceptions are based on advertising/evidence combinations and influence the transfer potential of the brand to novel categories, one might ask how controllable brand equity is from a managerial perspective. Managers have some control of brand equity through the nature of their advertising and some control of evaluations of brand extensions through the type of product category (relevant or irrelevant) they select for extensions. However, equity perceptions are not completely controllable because they are also affected by consumers' brand experiences and the evidence they evaluate. Because the results suggest that the most viable strategy is to develop quality evidence, the question becomes how evidence can be kept at an overall quality level. What factors should influence evidence based on quality?

One factor influencing overall quality evidence perceptions is prior knowledge. Low-knowledge consumers may evaluate a brand on a more general holistic basis, as opposed to a basis which decomposes the brand into its value on specific attributes. This is so because they may not have the attribute-based knowledge to allow such decomposition.

Research Issues. Although the above study generates preliminary insight into the nature of equity and its transfer to other categories, a number of additional issues regarding equity development should be examined in future research:

1. The study here deals with situations in which attribute advertising and attribute evidence match by presenting information on the same attribute. However, it is unclear from this research what happens to equity perceptions when advertising and evidence are still attribute oriented but (a) report on different attributes, or (b) report on the same attributes, but at different levels of generality (e.g., advertising focuses on size, MPG, body weight, etc. and evidence focuses on "economy," or vice versa). Additional research on these different attribute conditions would be interesting.

2. This study deals with advertising that focuses on only one attribute. This type of advertising is generally appropriate when the firm is attempting to clearly differentiate the brand from competitors (e.g., a unique selling proposition strategy), but not all advertising has such an objective. Advertising may be conducted to establish general superiority of the brand on multiple attributes. The present study focuses on attribute advertising when only one attribute was advertised. However, it is not clear how multiattribute advertising affects equity perceptions and, hence, a brand's transferability to other product categories. As the number of attributes in advertising increases, attribute advertising becomes more like overall quality advertising, except that the basis for equity is now more specific and less ambiguous. In essence, advertising along more attributes may build broader equity and provide more bases for extensions to other categories. Thus, one might hypothesize that the impact of attribute advertising on extension potential is moderated by the number of attributes advertised. Further research that studies this potential moderating factor is needed.

3. A general conclusion of the above results is that advertising frames evidence perceptions. This makes sense in the present experiment because advertising always preceded exposure to evidence. This framing interpretation has also been suggested elsewhere (e.g., Deighton, 1984), where advertising framed brand perceptions only when it preceded evidence. However, more direct evidence for the framing interpretation for the present results might be gained by replicating the above study, manipulating whether advertising or evidence comes first.

The generality of the above results may also depend on the prior knowledge of consumers. Specifically, the nature of the advertising (attribute based vs. quality based) and the nature of the evidence (attribute based vs. quality based) may be less important to high-knowledge versus low-knowledge consumers because they have more flexibility is transferring from one to the other. Thus, when presented with quality advertising or evidence, high-knowledge consumers

may immediately infer values on specific attributes, which low-knowledge consumers may not do. Similarly, when presented with attribute evidence, high-knowledge consumers may compute the implications of these attribute values for overall quality; low-knowledge consumers may not. Furthermore, the impact of specific attribute advertising or evidence on the perceptions of high-knowledge consumers is likely to depend on the match between the attributes presented and those high-prior-knowledge consumers know are important indicators of quality.

4. Although this study found that extension potential is clearly influenced by the nature of brand equity, it also shows that extendibility is based on relevance. Additional work on how relevance perceptions are generated and whether marketers can control consumers' perceptions of relevance is important.

In summary, we suggest that, in order to understand the nature of brand equity and its application to brand extensions, we need to consider the basis of equity for consumers because it is this basis that will provide value in the brand extension. This points to the need to focus on the processes leading to brand equity as well as those involved in its transfer between categories, particularly the role of advertising in defining competitive position.

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