

Role of advertising in brand extension evaluations: A construal level perspective

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by

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Abstract

Firms often capitalise on their established brands through brand extensions, a strategy in which firms use established brand names to introduce new products in different categories. Brands purposefully extend into unrelated product categories (e.g. Dyson from vacuum cleaner to hairdryers, Victoria Bitter from beer to men's grooming products) because such low-fit brand extensions can offer strategic benefits, such as capturing emerging consumer trends (Mathur et al., 2023) and broadening revenue streams (Parker et al., 2018). Despite these strategic benefits, low-fit brand extensions are often risky and marketers lack guidance on how to effectively promote low-fit extensions (Miniard et al., 2018). Furthermore, few studies have examined the ways that advertising appeals can improve the evaluations of low-fit extensions.

Against this backdrop, this thesis investigates the efficacy of various advertising appeals in enhancing low-fit extension evaluations. To this end, it draws on construal level theory (CLT), which posits that consumers construe information at various levels of abstraction, ranging from low-level construal to high-level construal (Trope & Liberman, 2010). The high-level construal of an object is abstract and decontextualised whereas low-level construal is more concrete and contextualised. Specifically, this thesis builds on the categorisation and construal level matching-effects tenets of CLT to explain the effectiveness of various advertising appeals for low-fit extensions. The categorisation-effect tenet of CLT posits that individuals perceive greater similarity among stimuli when they are in a high-level (low-level) construal state. The matching-effect tenet of CLT proposes that individuals evaluate a stimulus more positively when it matches their construal level.

This thesis executes five studies to address the research questions. Studies 1 and 2 draw on the categorisation-effect tenet of CLT to test the impact of construal level mindsets and construal-evoking advertising appeals on low-fit extension evaluations, respectively. The findings of Study 1 show that consumers in high versus low-level construal mindsets have a more favourable attitude towards low-fit extensions. However, no such effect emerged for high-fit extensions, in which brands extend to similar or related product categories (e.g. extension of Dove from soap to facewash and body wash). Study 2 demonstrates that abstract (high-level construal evoking), rather than concrete (low-level construal evoking), advertising appeals lead to a more positive attitude towards low-fit brand extensions. However, the two advertising appeals have similar effects on attitudes towards high-fit brand extensions. In

addition, Study 2 reveals that the perceived parent–extension fit is the underlying cognitive mechanism that drives the superior effect of abstract versus concrete advertising appeals on low-fit extension evaluations.

Building on the matching-effect tenet of CLT, Studies 3 and 4 extend Study 2 by testing the influence of social power and consumers' decision journey (CDJ) stage, respectively, on the effectiveness of construal level advertising appeals for low-fit extension evaluations. Study 3 finds that abstract versus concrete advertising appeals result in more positive evaluations of low-fit extensions when consumers are in high versus low-power states. Likewise, Study 4 shows that desirability versus feasibility advertising appeals result in more favourable evaluations of low-fit extensions when consumers are at the informational versus transactional stage in their CDJ. Finally, using an experimental-causal-chain design, Study 5 confirms that processing fluency is the underlying mechanism that drives the favourable effect of construal level matches between advertising appeals (i.e. promotion v. prevention) and CDJ stages (i.e. informational v. transactional) on low-fit extension evaluations.

This thesis contributes to brand extension theory in several important ways. First, a key theoretical contribution emanates from the application of two tenets of CLT to explaining the effectiveness of advertising appeals in low-fit extension evaluations. In doing so, this thesis establishes not only a cognitive route but also an affective route through which advertising appeals can influence the evaluations of low-fit extensions. Second, it extends brand extension advertising research by demonstrating additional advertising appeals (e.g. abstract and concrete, desirability and feasibility) that can help to enhance low-fit extension evaluations. Finally, the thesis uncovers two contextual factors (i.e. social power, stage in CDJ) that can influence the effectiveness of construal level advertising appeals for low-fit extension evaluations.

The findings from this thesis can guide marketers in several ways. They offer guidelines to expand the range of advertising appeals from which marketers can choose to promote low-fit extensions. They guide marketers on advertising appeals that are suitable for consumers that have various levels of social power. Further, the findings suggest advertising appeals that marketers should use at various stages in the CDJ to effectively promote low-fit extensions.