



Effect of brand extension strategies on brand image

A comparative study of the UK and Spanish markets

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Abstract

Purpose – The purpose of this paper is to propose and test a model that shows how extending a brand affects the overall brand image. The relations between the relevant variables in brand extension strategies in the UK and Spanish markets are analysed to determine if the brand extension strategies have the same effect on brand image.

Design/methodology/approach – An empirical study was conducted in the UK and Spain using structural equation analysis. Two pre-tests were conducted to select the brands and the extensions.

Findings – Results show that the brand extension strategy dilutes the brand image in both markets. It is found that brand image before extension and fit has positive effects on brand image after extension. The concurrence between the models studied in the two markets suggests that UK and Spanish consumers respond similarly to brand extensions.

Research limitations/implications – The study was only conducted in two countries. Researchers are encouraged to test the model in more countries.

Practical implications – Results suggest that a firm which has a good brand image before the extension will be less at risk when it launches a new product onto the market with the same brand name. Its best market will be those consumers who already know the brand's products and who at the same time perceive a better image of it. The firm should not forget that the closer the extended product is to its core market, the more positive will be its acceptance by consumers, which will translate into a better image evaluation.

Originality/value – The study analyses how extending a brand may affect the parent brand image in global brand.

Keywords Brand image, Brand extensions, International marketing, Consumer behaviour, United Kingdom, Spain

Paper type Research paper

1. Introduction

Brands are valuable assets. They offer an opportunity for organisations to capitalise on their corporate competences and harness their unique organisational cultures to own a



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place in consumers' minds and hearts. An important task within a firm's brand strategy is to encourage a favourable image for its brands. Keller (1993, p. 3) defines brand image as "perceptions about a brand as reflected by the brand associations held in consumer memory". These associations refer to any aspect linked to the brand in the consumer's memory (Aaker, 1996a).

To analyse the nature of the brand's image, a decision must first be taken as to how to measure this variable. The literature concurs that brand image is a multidimensional concept, but there is a lack of consensus about how to empirically measure it. Keller (1993) argues that brand image relates to associations (e.g. attributes, benefits and attitudes), the favourability strength and uniqueness of brand associations.

Aaker (1996b) recommends measuring brand image using association/differentiation measures based on four aspects: value, brand personality, organisational associations and differentiation. This approach, proposed also in the work of Aaker and Álvarez del Blanco (1995), has been applied by García and Bergantiños (2001). The scale works across different product categories, enabling the term "general brand image" (GBI), to cover different categories.

Another line of work considers that brand image is directly related to the category of the product or service. Low and Lamb (2000) argue that within brand associations there are three multidimensional and interrelated concepts: brand image, perceived quality and brand attitude. They put forward a protocol to measure brand image based on the product category. Recent studies have measured brand images for products (Gwinner and Eaton, 1999; Hogg *et al.*, 2000; Faircloth *et al.*, 2001; Hsieh, 2002), recognising that not only the physical attributes of the products should be considered but also functional, emotional and self-expressive benefits (Davis, 2002; Vázquez *et al.*, 2002). This way of measuring brand image, is what we refer to as "product brand image" (PBI), is linked to the attributes of the product being sold.

One of the factors influencing a brand's image is brand extension strategies. Keller (2003, p. 577) notes that "a brand extension is when a firm uses an established brand name to introduce a new product". Owing to the popularity of brand extension strategies, the literature on the topic is substantial. Specifically, authors have studied how different variables influence the parent brand (e.g. quality, reputation, familiarity, etc.) and the extension (fit, degree of similarity, consistency, difficulty, etc.) in terms of the consumer's attitude towards the extended product (Aaker and Keller, 1990; Park *et al.*, 1991; Dacin and Smith, 1994; Bottomley and Holden, 2001; Phang, 2004; etc.). Researchers have sought to identify factors related to the success of a brand extension, and the negative effect that the brand extension strategy may have on the original brand (Loken and John, 1993; Gürhan-Canli and Maheswaran, 1998; John *et al.*, 1998; Martínez and Pina, 2003; etc.).

The literature offers several works that analyse aspects related to brand image from an international perspective (Yoo and Donthu, 2001; Hsieh *et al.*, 2004; etc.). Unfortunately, there are only a few studies that address brand extension strategies from an international perspective (Bottomley and Holden, 2001; Basu and John, 2007). Such studies focus on the analysis of factors related to extension assessment, but they do not consider the effect on brand image. It is therefore opportunity to develop a study that analyses the impact of brand extension strategies on brand image in an international context, particularly since international brands frequently make use of this strategy.

The objective of this study is to analyse the effect that a brand extension strategy may have on a brand's image and its parent's image. On the assumption that

brand image is based on consumers' brand associations, we seek to investigate how consumers' perception of brand extension variables affect brand image. We also analyse the relations between the variables associated with brand extension strategies. We focus on the UK and Spanish markets to determine if brand extension strategies have similar effects on brand image in both markets.

The paper opens by proposing a structural model of brand extension effect on GBIs and PBI. After the methodology is explained, measurement scales are validated and the models are contrasted by means of structural equation analysis, which allows some variables to act simultaneously as dependent and independent variables. This allowed us to observe causal relationships between variables, investigating direct and indirect effects of the variables on brand image. Finally, conclusions and implications are drawn.

2. Proposed model and hypotheses

Despite the fact that brand extensions are widely used, the likelihood of success is dependent on the brand strategies being followed (Mihailovic and de Chernatony, 1994; Milberg *et al.*, 1997; Aaker and Joachimsthaler, 2000; Desai and Keller, 2002). Firms extending brands hope that by launching new products with the parent's brand name, they can curtail costs and improve the extensions' chances of success. However, extending brands may affect the parent brand's image, through the generation of new associations in consumers' minds. These could confuse feelings and beliefs originally held about the parent brand (Ries and Trout, 1986; Sharp, 1993).

The associations created by the new product can sometimes be positive and help to strengthen both brand image and brand equity (Park *et al.*, 1986; Levin *et al.*, 1996). However, they are quite likely to generate negative associations affecting the brand image, depending on how the newly extended product is perceived (Pitta and Katsanis, 1995; Chen and Chen, 2000). Loken and John (1993) reported a dilution of beliefs about the parent brand when the attributes of the extension are inconsistent with prior beliefs about the parent brand.

Keller and Sood (2003) argue that dilution of the parent brand is more likely amongst experienced consumers, when consumers believe the extension relates to the parent brand and when the brand experience is inconsistent with the brand image. Caution about image problems from brand extensions have been raised by researchers in international markets (Desai and Hoyer, 1993; Martínez and Pina, 2003).

In view of the literature review and measurement of brand image either by aspects associated with the name – GBI – or attributes associated with the product – PBI – we postulate the following hypotheses:

H1a. Brand extension strategies have a dilution effect on GBI.

H1b. Brand extension strategies have a dilution effect on PBI.

To manage brand extensions effectively, marketers need to understand the relations between the variables constituting the brand extension strategy and the effect they may have on the brand image. Most studies on brand extensions have focused on aspects relating to consumers' evaluations of the extension rather than the impact on the brand image. Furthermore, they tend to focus on a small number of variables and do not examine the relations between the independent variables (Sattler *et al.*, 2002).

Given this knowledge gap, we propose the GBI extensions model and the PBI. This advances knowledge in the following ways:

- The model considers the most important brand extension variables impacting consumers' perceptions (brand familiarity, perceived brand quality before the extension, the fit between the parent brand and the extension and attitude towards the extension).
- It analyses the effect that the extension strategy has on the brand image, commencing with the brand image before the extension then the brand image after the extension.
- It considers the relations between the variables to see how they influence – directly or indirectly – the brand image after the extension.
- The model considers both the GBI and the PBI. This enables observation of the variables' impact on the brand image measured in two alternative ways (Figures 1 and 2).

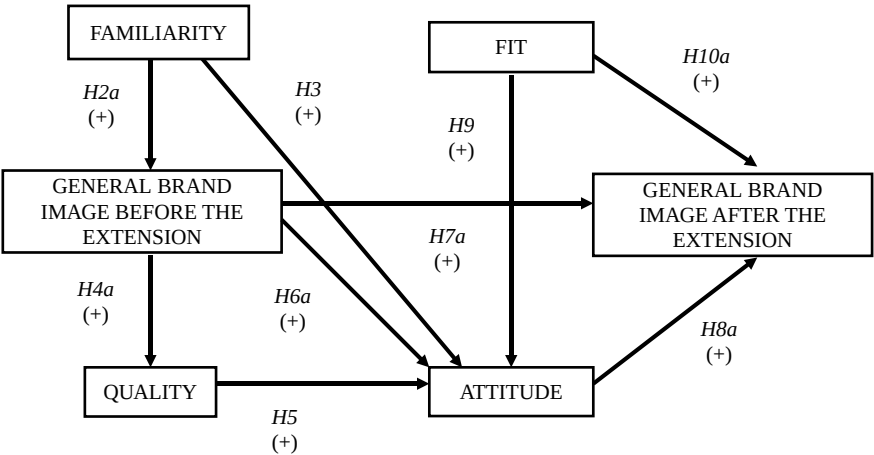


Figure 1.
Model of brand extension
effect on GBI

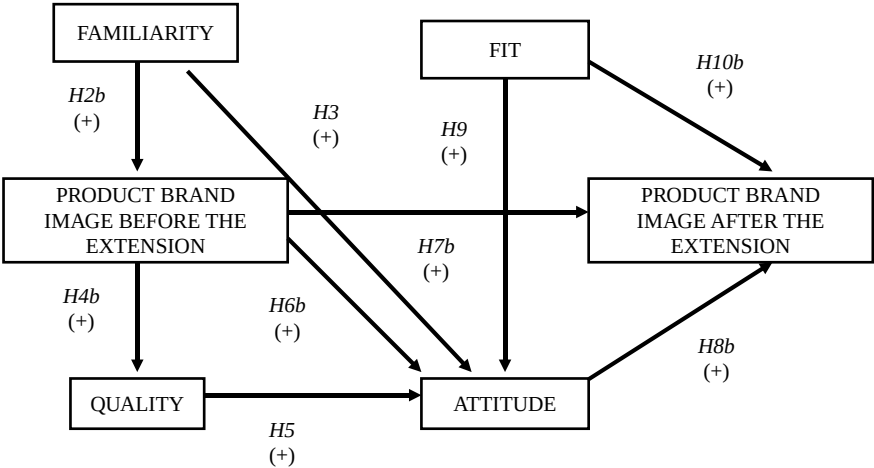


Figure 2.
Model of brand extension
effect on PBI

The model starts with brand familiarity. Several authors have found positive relations between familiarity and image (Low and Lamb, 2000; Kazoleas *et al.*, 2001; Villarejo, 2002; Lemmink *et al.*, 2003; Korchia, 2004). Given that familiarity reflects consumers' direct or indirect experience of the brand (Alba and Hutchinson, 1987), this relation is also observed in other studies linking experience and image. Bird and Ehrengerg (1970) found that the proportion of people having a particular attitude towards a brand is directly related to the number of users. Consequently, users of a brand appreciate its attributes more than non-users (Hoek *et al.*, 2000).

Familiarity can also directly affect the evaluation of brand extensions. Consumers draw on familiarity to guide their choice (Hoyer and Brown, 1990), reducing perceived risk (Keller, 2003). Low and Lamb (2000) found that brand associations, which include brand image, vary depending on the level of brand familiarity. Park and Kim (2001), using structural equation modeling, found that consumers' relations with the brand affects their purchase intention for a brand extension, in both similar and dissimilar extensions. Klink and Smith (2001) indicate that consumers' reactions to brand extensions are affected by their familiarity with the brand's product category. Consumers' previous brand experience was shown to influence trial of extended products, but not repeat purchases (Swaminathan *et al.*, 2001). Consumers of products from the parent brand were found to respond more positively to line extensions (Kirmani *et al.*, 1999).

Synthesising this literature, we formulate the following hypotheses:

- H2a.* Consumers' familiarity with the brand has a positive effect on the GBI before the extension.
- H2b.* Consumers' familiarity with the brand has a positive effect on the PBI before the extension.
- H3.* Consumers' familiarity with the brand has a positive effect on their attitude towards the extension.

In the context of services brands, Zeithaml (1988) defines the quality of the extension as the consumer's judgment about the superiority or excellence of the brand. Although there is on-going debate in the literature about the relation between perceived quality and brand image, it is conceivable that the perceived quality of a brand's extensions will be influenced by the image that consumers have of that brand before any extension (Dowling, 1986; Grönroos, 1988; Bharadwaj and Menon, 1993). Consumers regard the image of the brand or the corporation as indicative of the quality of the products or services of that brand (Andreassen and Lindestad, 1998). Moreover, services brands with a positive image reinforce the perception of quality for all the services provided (Grönroos, 1988; Andreassen and Lindestad, 1998; Lapierre, 1998).

We would expect perceived brand quality before an extension to influence consumers' attitudes towards the extensions. A brand extension strategy is founded on the assumption that beliefs or attitudes about the original brand will transfer to the extension (Milewicz and Herbig, 1994). Aaker and Keller (1990) and Keller and Aaker (1992) did not find a direct effect from perceived quality, given the same influence through the fit. However, Bottomley and Holden (2001) found evidence of this effect in their analysis of data from Aaker and Keller's (1990) study and other subsequent studies. More recent work has demonstrated a relation between a brand's

superior quality or reputation and the success of the extension (Park and Kim, 2001; van Riel *et al.*, 2001; Gronhaug *et al.*, 2002).

In view of the preceding review, we postulate the following hypotheses:

H4a. GBI before an extension has a positive effect on perceived brand quality.

H4b. PBI before an extension has a positive effect on perceived brand quality.

H5. Consumers' perceptions of brand quality have a positive effect on their attitude towards the extension.

Brand image is a fundamental factor for understanding attitude towards the extension, particularly due to the way it reduces consumers' perceived risk. Brand extensions from brands with a high-affective component are considered superior (Sheinin and Schmitt, 1994). The same can be said for brands that, a priori, have notable reputations (Gronhaug *et al.*, 2002; Hem *et al.*, 2003) and status (Varela *et al.*, 1998) compared to functional brands regarded as poorer quality (Park *et al.*, 1991; Kim *et al.*, 2001; Lye *et al.*, 2001). del Río *et al.* (2001) analysed different image dimensions and found that characteristics such as guarantees, social identification and status affect consumers' acceptance of brand extensions.

In the case of corporate brands and services brands, a positive image contributes to the likelihood of a successful extension (van Riel *et al.*, 2001; Hem *et al.*, 2003). Strong corporate brands encourage positive consumer perceptions of both existing products (Brown and Dacin, 1997) and brand extensions (Brown and Dacin, 1997; Madrigal, 2000). In de Ruyter and Wetzels' (2000) experiment, individuals with an image of a brand were found to have a more positive attitude towards service extensions compared to a control group lacking any image of the brand.

Thus, we expect that a positive image will imply a more favourable attitude towards the extension, as postulated in the following hypotheses:

H6a. The GBI before the extension has a positive effect on consumers' attitude towards the extension.

H6b. The PBI before the extension has a positive effect on consumers' attitude towards the extension.

Focusing on the direct effects that brand extensions can have on brand image, we expect the biggest influences to come from attitude towards the extension, since this represents the combined effect of the factors evaluated by consumers and the initial brand image.

The final image will depend on the initial image, so opinions about a brand will, to a large extent, be maintained despite the strategies the firm undertakes. According to associative network theory, the final brand associations will depend on the initial associations (Park *et al.*, 1993), influencing individuals' initial attitudes towards the image (Low and Lamb, 2000; Faircloth *et al.*, 2001). Consequently, the initial brand image will have a positive and direct association on the final brand image (Martínez and Pina, 2003).

A brand extension strategy can be regarded as a way to optimise relationships with customers (Davis and Halligan, 2002), so it is important to identify how their attitude towards the extension affects the brand image. Some studies have analysed

the relationships between these two variables from the perspective of how consumers' beliefs about the attributes of the extension affect their attitude towards the extension (Bristol, 2002), and also how brand-specific associations influence preference in the evaluation of the extension (Glynn and Brodie, 1998). We believe that there is a need to understand how evaluations of the brand extension changes associations about the core brand, which may differ between consumers (Pitta and Katsanis, 1995). Given that some empirical studies have demonstrated that attitude towards the brand has an effect on brand image (Low and Lamb, 2000; Faircloth *et al.*, 2001), we would expect the same effect in the case of attitude towards the brand extension and brand image after the extension. Thus, we expect consumers' opinions about a particular brand to deteriorate if the brand follows an extension that is perceived to be poor quality (Martínez and Pina, 2003) or is evaluated unfavourably (Chang, 2002).

The following hypotheses synthesise the above arguments:

- H7a.* The GBI before the extension has a positive effect on the GBI after the extension.
- H7b.* The PBI before the extension has a positive effect on the PBI after the extension.
- H8a.* Consumers' attitudes towards the extension have a positive effect on the GBI after the extension.
- H8b.* Consumers' attitudes towards the extension have a positive effect on the PBI after the extension.

The perceived fit or similarity is very important in the brand extension evaluation process. Most of the research to date shows that consumers prefer extensions with a high-perceived fit, whether concerned with extensions of tangible products (Boush *et al.*, 1987; Yagüe *et al.*, 1994; etc.), services (van Riel *et al.*, 2001; Hem *et al.*, 2003; Lei *et al.*, 2004), or industrial brands (Smith and Andrews, 1995; Phang, 2004). This is also seen when the parent brand is not prestigious (Park *et al.*, 1991; Martínez and Pina, 2003; Völckner and Sattler, 2004). Similarly, work in the line extension literature tends to find that perceived fit has a favourable effect on the success of the extension (Nijssen, 1999; Kim *et al.*, 2001; Chang *et al.*, 2004).

The positive influence of fit occurs both in studies considering fit globally (Gutiérrez and Rodríguez, 1994; Varela *et al.*, 1998; Martínez and Pina, 2005; etc.) and in studies focusing on the dimensions of category fit and image fit (Boush and Loken, 1991; Park *et al.*, 1991; White and Lomax, 1999; Seltene, 2004).

Another relationship we would expect to find is an influence of fit on the final brand image, since these two elements implicitly capture the associations created or modified by the new product or service. The literature argues that attitude towards extended brands is a direct consequence of the level of perceived fit (Grime *et al.*, 2002), so extensions into distant categories would lead to loss of differentiation and credibility, weakening the brand depending on the associations created (Ries and Trout, 1986; Aaker, 1992). In contrast, an extension that is perceived as congruent will prevent brand dilution (Aaker, 2002). Analysing the fit without specifying dimensions reveals studies demonstrating a positive relation with image (Lee and Ulgado, 1993; Martínez and de Chernatony, 2004). Consequently, it is appropriate to hypothesise that the degree of fit between the parent brand's original products and the new product will

influence the brand image after the extension. We postulate the final hypotheses of the model:

- H9. The fit perceived by consumers has a positive effect on their attitude towards the extension.
- H10a. The fit perceived by consumers has a positive effect on the GBI after the extension.
- H10b. The fit perceived by consumers has a positive effect on the PBI after the extension.

There is brand literature that analyses comparative studies between countries showing interesting findings. Kustin (1993) finds differences in consumers' perceptions about a convenience product brand in two markets. Agarwal and Teas (2002) analyse consumers' perception about a set of variables predictive of quality, such as price, brand name and store name. They conclude that perception can vary between countries. Moore *et al.* (2003) show that perceptions about prices are very similar among US and Polish consumers. Steenkamp *et al.* (2003), in a study of local and global brands, demonstrate that global brands are perceived to be more prestigious and of higher quality in various countries. Erdem *et al.* (2006) find strong evidence across countries for the role of brands as signals of product positions.

An important aspect of comparative brand studies between countries in relation to brands is the equivalence of the measurement constructs (Singh, 1995; Dadzie *et al.*, 2002). Some work has been done to validate a particular measurement scale in different countries. Hsieh *et al.* (2004) show that the dimensionality of the brand image construct is similar in different countries.

An examination of the brand extension literature reveals only a few studies with an international perspective. Bottomley and Holden (2001), in their secondary analysis of data from eight previous studies, concluded that, although some results are similar, the evidence varies with respect to the brand and the culture. Basu and John (2007) predict that consumers from Eastern cultures perceive higher brand extension fit and evaluate brand extensions more favourably than Western cultures.

Given the lack of international studies, we undertook a study to compare a model that analyses the effect of brand extension strategy on brand image in Spain and the UK. The choice of these two countries was based on the work of Hsieh (2002): they are similar in terms of economic development but different in terms of cultural factors.

We sought to determine if brand extension strategies of global brands in two countries have the same effect on consumers' images in both countries and whether the variables considered in the model produce similar results. In a study focussing on global brands from organisations marketing widely consumed products in both countries, no significant differences were expected regarding the effect of brand extension on the brand image in both countries.

3. Methodology

To test the hypotheses, we undertook research in the UK and Spain.

Given that all the variables in this study refer to consumers' perceptions, it is appropriate to focus on actual brands. We concentrated on one product category. While we limited the number of brands and extensions, we avoided some of the external

validity problems of previous experiments (Klink and Smith, 2001), such as using hypothetical brands, or forcing interviewees to respond in a group environment (Swaminathan *et al.*, 2001).

The market chosen was sports products in the youth segment, for the following reasons:

- The brands in this market have notable communications campaigns with a wide range of products centring on the sports category, so they generate associations in the consumer's mind that not only centre on the product but also on the brand.
- The choice of the youth segment is due to the fact that young people are the main consumers of this type of product. According to data from the same MINTEL report, the segments of 15-19 years and 20-24 years are the main consumers of sports clothing and footwear, and they prefer big brands. It is important to analyse brand image in the segment where it is strongest (Hogg *et al.*, 2000).
- Most sports brands use an international or global marketing strategy, with the UK and Spanish markets receiving similar communications. We also chose a representative city from each market. In the Spanish market, this was Zaragoza (north-eastern Spain), which has been used as a test market a number of times before. In the UK, we used Birmingham, which is very similar to Zaragoza in terms of the characteristics of its population.
- Sports products and brands have been considered in various studies in the area of brand image and extensions (Faircloth *et al.*, 2001; Vázquez *et al.*, 2002).

Before carrying out the study, we conducted two pretests amongst students, with the aim of selecting the brands and the extensions. Using students in pretests is common practice in this type of study (Sheinin and Schmitt, 1994; Lane and Jacobson, 1995; Kim, 2003; Martin *et al.*, 2005).

3.1 Pretest 1

The first pretest had a twofold objective: to select an initial list of attributes that would be used to elaborate a scale measuring the PBI and to obtain two brands of sports clothes and footwear that were highly valued but with different degrees of awareness and perceived quality.

We asked a group of 58 students from the University of Birmingham and 84 students from the University of Zaragoza to write down the attributes they associated with sports clothing and footwear. This methodology has been used in previous studies analysing brand image (Low and Lamb, 2000; Hogg *et al.*, 2000; Hsieh, 2002). We obtained a long list of associations for each country, a large number of which repeated or referred to the same concept. The associations were grouped by two expert judges to produce a shorter list. For each country, we selected the 15 most popular attributes, which were subsequently used in the second pretest.

In order to choose two sports product brands, we asked respondents to indicate, from a list of eight well known brands in each market, their level of familiarity and perceived level of quality. Responses were measured on seven-point Likert scales (1 – not at all familiar/7 – very familiar; 1 – poor quality/7 – good quality).

The results led to two brands being chosen in the UK market: Nike, with the highest level of familiarity ($FU_N = 6.81$), and highest perceived quality ($QU_N = 6.57$) and Puma, also with a high, but significantly lower, familiarity ($FU_P = 5.55$, $t = 7.42$, $p < 0.0001$),

and a high, but inferior, perceived quality ($QU_P = 5.16, t = 7.41, p < 0.0001$). The same two brands were chosen for the Spanish market: Nike, with the highest familiarity level ($FS_N = 6.6$), and highest perceived quality ($QS_N = 6.42$) and Puma, also with a high, but significantly lower, familiarity level ($FS_P = 4.74, t = 9.57, p < 0.0001$), and a high, but inferior, perceived quality ($QS_P = 4.83, t = 9.49, p < 0.0001$).

3.2 Pretest 2

The second pretest was carried out with a group of 45 students from the University of Birmingham and 86 students from the University of Zaragoza. This pretest had three aims: to develop a scale to measure the PBI, to ensure that the corporations owning both brands were known to manufacture similar products in the market and to obtain two hypothetical brand extensions that the two brands could feasibly launch, which should differ in their level of fit with each parent brand.

Thus, in the first place, and for each country, respondents indicated on a seven-point Likert scale to what extent the list of 15 words obtained in the first pretest described attributes associated with sports clothing and footwear (1 – not at all/7 – extremely). The five attributes scoring highest were selected. These can be considered the most closely related to the product category of interest. These attributes were used in the measurement of PBI in each market.

Second, respondents were asked to indicate which products they thought each of the two brands manufactured, taking each brand separately. In this way, it was possible to ensure that consumers had a clear idea that the two brands sell similar products, and that these could all be grouped in the sports product category.

Next, respondents indicated the degree of similarity (1 – very dissimilar/7 – very similar) for a series of products different from those normally offered by each of the two focal brands. All the products were considered substantially different from the ones normally sold by both brands, as we wished to see the effect of a brand extension and not a line extension. The objective was to choose two extensions with the same level of fit for both brands (Appendix 1). These were, in the UK market jeans ($FIU_{NJ} = 3.07, FIU_{PJ} = 3.04, p > 0.9$) and cameras ($FIU_{NC} = 1.71, FIU_{PC} = 1.78, p > 0.6$). There were significant differences in the degree of similarity between these two products ($FIU_{NJ} = 3.07, FIU_{NC} = 1.71, t = 5.54, p < 0.0001$; $FIU_{PJ} = 3.04, FIU_{PC} = 1.78, t = 5.61, p < 0.0001$), one of the products having a closer fit to the habitual products of both brands than the other. The same two extensions were obtained in the Spanish market: jeans ($FIS_{NJ} = 3.13, FIS_{PJ} = 2.99, p > 0.18$) and cameras ($FIS_{NC} = 2.14, FIS_{PC} = 1.98, p > 0.42$). Again, there were significant differences in the degree of similarity between these two products ($FIS_{NJ} = 3.13, FIS_{NC} = 2.14, t = 5.65, p < 0.0001$; $FIS_{PJ} = 2.99, FIS_{PC} = 1.78, t = 5.48, p < 0.0001$). This result confirms the suitability of carrying out the comparative study between the UK and Spanish markets.

3.3 Samples and procedure

After the pretests in the two markets, we designed four different questionnaires with similar questions, one questionnaire for each brand-extension pair. Each questionnaire, on the first page, started with questions about the perceived quality of the brand and level of familiarity. This was followed by questions measuring the PBI and GBI before the extension (PBIB, GBIB). Then, on the second page of the questionnaire,

respondents were required to imagine that the corresponding brand launched the corresponding extension. Questions next assessed the fit and respondents' attitudes towards the extension. Finally, questions evaluated the brand image after the extension (PBIA, GBIA). Respondents had to answer one question after another, thus the time interval between the assessment of brand image before and after the extension is practically nonexistent. Although we may consider that it is advisable to establish an interval between the questions before and after the extension, this is not possible. We need the data "before" and "after" for each respondent when we measure the effect of brand extension strategy on brand image and also for the structural equation model.

The fieldwork was carried out in October 2002 in the UK and March 2003 in Spain. Two groups of respondents – one for each market – undertook the surveys, each a random sample of individuals between the ages of 15 and 24. A total of 420 questionnaires (105 for each questionnaire type) were completed in each market. Non-valid questionnaires were eliminated, resulting in 389 valid questionnaires for the UK and 388 for Spain (Table I).

3.4 Variables measurement

To measure the variables, we carried out a literature review to ensure we used procedures that conformed with other researchers.

Brand image was measured in two different ways. GBI was measured using the items proposed by Aaker (1996b), eliminating the ones referring to the organisation which are irrelevant in this study (Table II). PBI was measured using the five attributes associated with sports products obtained from the pretests carried out in each market (Table III). The two measures were applied both before the extension (PBIB, GBIB) and

Universe	Population of Birmingham aged between 15 and 24 (132,519 persons)	Population of Zaragoza between 15 and 24 (79,026 persons)
Sample size	389	388
Sample error	± 5.07 percent	± 5.07 percent
Proportions	$p = q = 0.5$	$p = q = 0.5$
Confidence level	95.5 percent	95.5 percent
Sample design	Simple random sample	Simple random sample
Fieldwork date	October 2002	March 2003

Table I.
Technical specifications

UK market	Spanish market	Items
GBIBU1/GBIAU1	GBIBS1/GBIAS1	This brand provides good value for money
GBIBU2/GBIAU2	GBIBS2/GBIAS2	There is a reason to buy the brand instead of others
GBIBU3/GBIAU3	GBIBS3/GBIAS3	The brand has personality
GBIBU4/GBIAU4	GBIBS4/GBIAS4	The brand is interesting
GBIBU5/GBIAU5	GBIBS5/GBIAS5	I have a clear impression of the type of people who consume the brand
GBIBU6/GBIAU6	GBIBS6/GBIAS6	This brand is different from competing brands

Note: Could you indicate your level of agreement with the following sentences about the brand X? (1 – totally disagree, 7 – totally agree)

Table II.
Measuring GBI

IMR
25,1

after the extension (PBIA, GBIA). The remaining variables were measured using the scales described in Table IV.

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4. Results

In this section, we analyse the data obtained. Validation of the scales is first addressed, and then the hypotheses are tested.

4.1 Scale validation

Qualitative validation of scales is gaining importance in the current literature through articles that adopt a cross-cultural approach. For example, Veloutsou *et al.* (2005) analyse the equivalence of the use of a customer satisfaction survey in four cultural contexts.

Table III.
Measuring PBI

UK market		Spanish market	
PBIBU1/PBIAU1	Active	PBIBS1/PBIAS1	Active
PBIBU2/PBIAU2	Comfortable	PBIBS2/PBIAS2	Comfortable
PBIBU3/PBIAU3	Functional	PBIBS3/PBIAS3	Functional
PBIBU4/PBIAU4	Leisure	PBIBS4/PBIAS4	Flexibility
PBIBU5/PBIAU5	Sporty	PBIBS5/PBIAS5	Sporty

Note: How do you think the following attributes or feelings describe X's brand image? (1 – not at all, 7 – very much)

Table IV.
Variable measurement

Variable	UK market	Spanish market	Items
Quality (Park and Kim, 2001)	QUAU1	QUAS1	The brand X produces “products”. Could you indicate your opinion of these products? (1 – bad products, 7 – good products)
	QUAU2	QUAS2	Could you indicate the quality that you think is offered by X? (1 – poor quality, 7 – good quality)
Familiarity (Dawar, 1996)	FAMU1	FAMS1	How familiar are you with X's products? (1 – not at all familiar, 7 – very familiar)
	FAMU2	FAMS2	How often have you purchased X's products in the past? (1 – not often, 7 – very often)
	FAMU3	FAMS3	How familiar are you with X's products? (1 – not at all familiar, 7 – very familiar)
FIT (Park <i>et al.</i> , 1991)	FITU1	FITS1	How similar or dissimilar are “new product” to the products usually offered by X? (1 – very dissimilar, 7 – very similar)
	FITU2	FITS2	How inconsistent or consistent is the new product with X's brand image? (1 – very inconsistent, 7 – very consistent)
Attitude (Klink and Smith, 2001)	ATTU1	ATTS1	Could you indicate how favorable you could be toward the new product? (1 – not very favorable, 7 – very favorable)
	ATTU2	ATTS2	How likely would you be to try the new product assuming that you are planning to purchase “this product”? (1 – not very likely, 7 – very likely)

In a brand context, Erdem *et al.* (2006) test how some aspects of brand equity explain consumer brand choice in countries with different cultural dimensions.

The present study follows Usunier (2000) as a basis for ensuring the qualitative validation. In Table V, we show qualitative validation by addressing conceptual equivalence functional equivalence, translation equivalence, measure equivalence, sample equivalence and data collection equivalence.

The quantitative validation analysis of the scales to measure the variables began by calculating the correlation of each item in the scale with the remaining scale items. The general criterion is that if an item does not reach an optimal threshold of 0.3, it is eliminated from the corresponding scale (Nurosis, 1993). Cronbach α was also calculated to analyse the consistency of each scale, which should exceed 0.7 (Nunnally, 1978; Peter, 1979). For those scales that have more than three items, after meeting the two previous criteria, we carried out exploratory factor analysis to analyse their unidimensionality. In all the exploratory factor analyses, we used Bartlett's sphericity test, which resulted in a value of $p = 0.000$. The KMO (Kaiser-Meyer-Olkin) is close to 1, indicating that the data are adequate for factor analysis. The corresponding items of each scale group into a single factor.

To continue with scale validation, we carried out confirmatory factor analyses, considering the variables corresponding to each of the proposed models and for

Conceptual equivalence	The category "sportwear" is understood in the same way by the selected in both countries. We utilise pretests to select the brands and the extensions, obtaining similar results in both countries. In addition, the variables measured are interpreted in the same way by the sample in both countries
Functional equivalence	The category "sportwear" and the extensions chosen are used in the same way in both countries by the target sample. Both brands are known for marketing the same type of products in both countries, as confirmed in pretest 2
Translation equivalence	The questionnaire was not simply translated. During the process, we considered that some words cannot be translated with dictionary entries, rather a careful selection of words is needed. The grammar when phrasing a question can also be different. We used on experts who only spoke English, experts who only spoke Spanish and some who spoke both languages. Furthermore, prior to the fieldwork in each country, pilot testing with the target sample was undertaken to correct any problem that might occur in our aim of ensuring equivalence
Measure equivalence	Respondents in both countries have similar perceptions of the concepts measured. In each country, we use seven-point Likert scales which describe the lowest and the highest points of agreement. The distance between the points on the scale is understood in the same way
Sample equivalence	The samples chosen in each country are equivalent. The target sample, 15-24 year olds represent a similar percentage of the population in the two cities which have similar demographic characteristics
Data collection equivalence	The same sampling procedure was followed in each country, along with the same instructions. Respondents gave similar responses and the number of void questionnaires was similar in both countries

Notes: Tables II-IV show the questions and answers used in the English questionnaire. As Table III shows, when measuring PBI, the pre-test resulted in one attribute being different between countries

Table V.
Qualitative validation

each of the two markets. The process began by considering the measurement models in which, for each variable, all the items remaining after the previous analyses were considered. A sequential process proceeded in which items were gradually eliminated with the aim of improving the scale. We used the criteria for eliminating items proposed by Jöreskog and Sörbom (1993): weak evidence of convergence validity (Steenkamp and van Trijp, 1991); strong evidence of convergence validity using the standardised coefficients (Hildebrandt, 1987); eliminate sequentially indicators that meet the previous conditions but do not have a strong linear relation (Blesa, 2000; Martín and Cossío, 2001); optimisation of the goodness of fit (Kline, 2005, Hair *et al.*, 1999; del Barrio and Luque, 2000; Parra, 2003).

After this item elimination analysis, the definitive reliability was addressed to ensure the refinement process was appropriate (del Barrio and Luque, 2000). Finally, discriminant validity was employed to check that the concept measured by the variable is sufficiently different from the others (Lehmann *et al.*, 1999).

The process and criteria were applied until reaching the four measurement models whose results are detailed in Tables VI-IX. In the validation process, the constructs of familiarity, quality, fit and attitude were characterised by the same items in the models of both countries, but some differences arose in the constructs of brand image between countries. As for GBI, four items remained in the UK market and only two in the Spanish market. Respondents in the Spanish market attach no importance to competitiveness when assessing brand image, since the two items referred to the comparison of the brand with other competitors and these were eliminated. For PBI, we started with a different item in the scales due to its *ad hoc* design in the pretests.

Factor	Item	$\lambda(t)$	R^2	Composite reliability coefficient	Extracted variance analysis
QUAU	QUAU1	0.964 (23.11)	0.930	0.88	0.8
	QUAU2	0.816 (16.69)	0.666		
FAMU	FAMU1	0.777 (17.93)	0.603	0.86	0.68
	FAMU2	0.868 (23.23)	0.753		
	FAMU3	0.824 (19.47)	0.680		
FITU	FITU1	0.799 (18.45)	0.638	0.88	0.8
	FITU2	0.973 (24.62)	0.946		
ACTU	ATTU1	0.953 (24.46)	0.908	0.87	0.79
	ATTU2	0.813 (18.64)	0.662		
GBIBU	GBIBU2	0.762 (17.36)	0.580	0.85	0.59
	GBIBU3	0.759 (17.43)	0.577		
	GBIBU4	0.844 (14.47)	0.712		
	GBIBU6	0.698 (18.45)	0.488		
GBIAU	GBIAU2	0.740 (16.35)	0.548	0.84	0.57
	GBIAU3	0.783 (17.32)	0.614		
	GBIAU4	0.818 (17.34)	0.670		
	GBIAU6	0.676 (13.20)	0.457		
Fit indices	$\chi^2 = 540.35$ (104), ($p < 0.001$); RMSEA = 0.10; CFI = 0.899; IFI = 0.899; GFI = 0.852; AGFI = 0.782				

Table VI.
Assessment indices of the
measuring model
(GBI and UK market)

Notes: χ^2 – Chi-square test; RMSEA – root mean square error of approximation; CFI – comparative fit index; IFI – incremental fit index; GFI – goodness-of-fit index; AGFI – adjusted goodness-of-fit index

Factor	Item	$\lambda(t)$	R^2	Composite reliability coefficient	Extracted variance analysis
QUAS	QUAS1	0.942 (24.87)	0.887	0.76	0.62
	QUAS2	0.893 (22.47)	0.798		
FAMS	FAMS1	0.893 (27.70)	0.797	0.86	0.69
	FAMS2	0.867 (22.50)	0.752		
	FAMS3	0.724 (17.39)	0.524		
FITS	FITS1	0.788 (13.72)	0.513	0.82	0.7
	FITS2	0.942 (18.93)	0.887		
ACTS	ATTS1	0.893 (21.65)	0.797	0.81	0.68
	ATTS2	0.759 (16.87)	0.576		
GBIBS	GBIBS3	0.788 (19.58)	0.621	0.86	0.76
	GBIBS4	0.949 (28.98)	0.900		
GBIAS	GBIAS3	0.716 (17.81)	0.615	0.83	0.71
	GBIAS4	0.942 (22.65)	0.820		
Fit indices	$\chi^2 = 128.72$ (50), ($p < 0.001$); RMSEA = 0.064; CFI = 0.976; IFI = 0.976; GFI = 0.952; AGFI = 0.913;				

Note: GBI and Spanish market

Table VII.
Assessment indices of the measuring model

Factor	Item	$\lambda(t)$	R^2	Composite reliability coefficient	Extracted variance analysis
QUAU	QUAU1	0.962 (23.32)	0.925	0.88	0.8
	QUAU2	0.818 (16.95)	0.669		
FAMU	FAMU1	0.792 (18.54)	0.627	0.86	0.68
	FAMU2	0.859 (22.88)	0.738		
	FAMU3	0.818 (19.07)	0.669		
FITU	FITU1	0.830 (19.85)	0.689	0.87	0.78
	FITU2	0.936 (23.65)	0.876		
ACTU	ATTU1	0.958 (23.96)	0.918	0.88	0.78
	ATTU2	0.809 (17.94)	0.655		
PBIBU	PBIBU1	0.842 (19.85)	0.708	0.80	0.58
	PBIBU4	0.656 (10.73)	0.431		
	PBIBU5	0.763 (19.85)	0.282		
PBIAU	PBIAU1	0.800 (17.23)	0.640	0.80	0.57
	PBIAU4	0.714 (13.02)	0.510		
	PBIAU5	0.741 (12.94)	0.549		
Fit indices	$\chi^2 = 314.62$ (75), ($p < 0.001$); RMSEA = 0.091; CFI = 0.926; IFI = 0.927; GFI = 0.906; AGFI = 0.849;				

Note: PBI and UK market

Table VIII.
Assessment indices of the measuring model

After the validation process, all the attributes were retained in the Spanish market, whereas two were eliminated in the UK market. The aspects “active, functional and sporty” are part of the construct of PBI in the UK market, and two more, “comfortable and flexibility” were added in the Spanish market.

The, brand image measurement scales used before and after the extension were not changed, which allows us to test the hypotheses, recognizing that the constructs of general and PBI have been measured differently between the UK and Spanish markets.

Factor	Item	$\lambda(t)$	R^2	Composite reliability coefficient	Extracted variance analysis
QUAS	QUAS1	0.934 (24.75)	0.872	0.91	0.84
	QUAS2	0.901 (23.13)	0.813		
FAMS	FAMS1	0.890 (27.40)	0.793	0.87	0.7
	FAMS2	0.872 (22.88)	0.760		
	FAMS3	0.720 (17.14)	0.519		
FITS	FITS1	0.719 (13.74)	0.517	0.82	0.7
	FITS2	0.938 (20.34)	0.880		
ACTS	ATTS1	0.894 (21.49)	0.798	0.81	0.69
	ATTS2	0.758 (16.70)	0.575		
PBIBS	PBIBS1	0.715 (17.40)	0.511	0.88	0.6
	PBIBS2	0.852 (20.38)	0.726		
	PBIBS3	0.744 (18.11)	0.553		
PBIAS	PBIBS4	0.780 (15.47)	0.608	0.9	0.64
	PBIBS5	0.784 (17.92)	0.614		
	PBIAS1	0.763 (19.65)	0.582		
	PBIAS2	0.802 (19.97)	0.644		
	PBIAS3	0.849 (24.61)	0.720		
	PBIAS4	0.760 (17.10)	0.578		
	PBIAS5	0.829 (21.26)	0.688		
	Fit indices	$\chi^2 = 357.33$ (137), ($p < 0.001$); RMSEA = 0.06; CFI = 0.954; IFI = 0.954; GFI = 0.911; AGFI = 0.876			

Table IX.
Assessment indices of the
measuring model

Note: PBI and Spanish market

4.2 Test of model and hypotheses

Before testing the models in both markets, the first hypothesis was tested, which postulated that the brand extension strategy has a dilution effect on the GBI (*H1a*) and PBI (*H1b*).

This was tested by calculating each form of image (GBI, PBI) in the two markets, before and after the extension. In all the subgroups, and for both forms of brand image in the two markets, a worsening of the average brand image occurs as a consequence of the extension (Tables X and XI). In the case of PBI, all the differences between the means before and after the extension are significant. For GBI in the UK market, these differences are only significant in two cases.

H1b is supported in both the UK and Spanish markets. The brand extension strategy dilutes the PBI. While there is also a dilution effect in the case of GBI, it is weaker and is not significant in all the subgroups. As such, *H1a* is rejected.

Brand-extension	UK market			Spanish market		
	GBIBU	GBIAU	t	GBIBS	GBIAS	t
Nike-jeans ($n = 98$)	4.53	4.18	3.48 *	5.41	4.26	9.25 *
Nike-camera ($n = 96$)	4.59	4.47	1.46	4.89	4.10	7.61 *
Puma-jeans ($n = 94$)	4.10	3.98	1.53	4.65	4.06	5.28 *
Puma-camera ($n = 101$)	4.17	3.92	2.51 **	4.59	3.80	7.20 *

Table X.
Tests of the GBI means
before and after the
extension

Notes: n – number of persons; * $p < 0.01$; ** $p < 0.05$

The hypotheses relating to the two proposed models in the two markets are next tested. A structural equation analysis was employed, considering the two models (GBI and PBI). Tables XII and XIII and Appendix 2 summarise the results.

Table XII shows that the coefficient relating familiarity with GBI before the extension is positive and significant, both in the UK ($\beta_U = 0.73$, $t = 12.48$) and Spain ($\beta_S = 0.76$, $t = 15.02$). This supports *H2a*, i.e. in both markets, the more familiar consumers are with a brand, the better their evaluation of the GBI before the extension. *H3*, which linked consumers' familiarity with the brand with their attitude towards the extension, is rejected in both markets, since neither of the coefficients is significant.

With regards to *H4a*, the GBI before the extension has a positive effect on the perceived brand quality, the coefficients of the two markets being positive and significant ($\beta_U = 0.76$, $t = 14.90$; $\beta_S = 0.81$, $t = 14.33$). Thus, the better consumers' evaluation of the GBI before the extension, the higher their perception of its quality.

H5 is rejected in the Spanish market, but not in the UK market, as the coefficient relating perceived brand quality with attitude towards the extension is positive and significant ($\beta_U = 0.19$, $t = 2.52$). This is the only hypothesis in the GBI model with a different result in the two markets, albeit the value of the coefficient in the UK market is not very high compared to the other significant coefficients in the model.

H6a, which postulated a positive effect of GBI before the extension on consumers' attitude towards the extension, is rejected since the coefficients are non-significant in both markets.

H7a and *H8a* are supported in both markets. The better the GBI before the extension, the better it is after the extension ($\beta_U = 0.66$, $t = 14.91$; $\beta_S = 0.56$, $t = 9.71$). This relation is not unrealistic since, although there is a dilution effect in the GBI as a consequence of the extension, consumers still had a good image after the extension if they have a good initial image. Moreover, consumers' attitude towards the extension has a positive effect on the GBI after the extension ($\beta_U = 0.34$, $t = 5.33$; $\beta_S = 0.37$, $t = 4.31$). If consumers accept the new product with a currently existing brand name, what will happen is that their evaluation of the GBI, based on the brand name, will be also positive.

The greater the perceived fit between the extension and the parent brand, the more positive consumers' attitude towards the extension, both in the UK ($\beta_U = 0.65$, $t = 14.02$) and Spain ($\beta_S = 0.67$, $t = 12.87$). This provides support for *H9*, which postulated a direct effect of fit on attitude.

The level of fit does not appear to have any effect on the evaluation of the GBI after the extension in either market. Thus, *H10a* is rejected. In the general image, the measurement items refer to general aspects of the brand associated with its name. If the

Brand-extension	UK market			Spanish market		
	PBIBU	PBIAU	<i>t</i>	PBIBS	PBIAS	<i>t</i>
Nike-jeans (<i>n</i> = 102)	5.17	4.23	7.05*	5.40	4.12	11.56*
Nike-camera (<i>n</i> = 96)	4.37	3.32	6.94*	5.10	3.08	12.19*
Puma-jeans (<i>n</i> = 94)	3.36	3.17	1.57	4.06	3.36	5.97*
Puma-camera (<i>n</i> = 96)	3.83	3.46	3.49*	4.32	3.23	7.93*

Notes: *n* – number of persons; **p* < 0.01

Table XI.
Tests of the PBI means
before and after the
extension

Table XII.
Assessment indices of the
structural model (GBI)

Hypotheses	UK market Standardized $\beta(t)$	Hypotheses verification	Hypotheses	Spanish market Standardized $\beta(t)$	Hypotheses verification
<i>H2a</i> : FAMU $\rightarrow$ GBIBU	0.73* (12.48)	Yes	<i>H2a</i> : FAMS $\rightarrow$ GBIBS	0.76* (15.02)	Yes
<i>H3</i> : FAMU $\rightarrow$ ATTU	-0.04 (-0.481)	No	<i>H3</i> : FAMS $\rightarrow$ ATTS	0.05 (0.540)	No
<i>H4a</i> : GBIBU $\rightarrow$ QUAU	0.76* (14.90)	Yes	<i>H4a</i> : GBIBS $\rightarrow$ QUAS	0.81* (14.33)	Yes
<i>H5</i> : QUAU $\rightarrow$ ATTU	0.19* (2.52)	Yes	<i>H5</i> : QUAS $\rightarrow$ ATTS	0.09 (0.880)	No
<i>H6a</i> : GBIBU $\rightarrow$ ATTU	0.04 (0.347)	No	<i>H6a</i> : GBIBS $\rightarrow$ ATTS	0.07 (0.489)	No
<i>H7a</i> : GBIBU $\rightarrow$ GBIAU	0.66* (11.56)	Yes	<i>H7a</i> : GBIBS $\rightarrow$ GBIAS	0.56* (9.71)	Yes
<i>H8a</i> : ATTU $\rightarrow$ GBIAU	0.34* (5.33)	Yes	<i>H8a</i> : ATTS $\rightarrow$ GBIAS	0.37* (4.31)	Yes
<i>H9</i> : FITU $\rightarrow$ ATTU	0.65* (14.02)	Yes	<i>H9</i> : FITS $\rightarrow$ ATTS	0.67* (12.87)	Yes
<i>H10a</i> : FITU $\rightarrow$ GBIAU	-0.05 (-0.878)	No	<i>H10a</i> : FITS $\rightarrow$ GBIAS	0.03 (0.420)	No
Fit indices	$\chi^2 = 413.37$ (106), ($p < 0.001$); RMSEA = 0.086; CFI = 0.929; IFI = 0.929; GFI = 0.890; AGFI = 0.842		Fit indices	$\chi^2 = 191.27$ (54), ($p < 0.001$); RMSEA = 0.081; CFI = 0.957; IFI = 0.958; GFI = 0.926; AGFI = 0.875	

Hypotheses	UK Market Standardized $\beta(t)$	Hypotheses verification	Hypotheses	Spanish market Standardized $\beta(t)$	Hypotheses verification
<i>H2b</i> . FAMU $\rightarrow$ PBIBU	0.54* (9.24)	Yes	<i>H2b</i> . FAMS $\rightarrow$ PBIBS	0.73* (13.80)	Yes
<i>H3</i> . FAMU $\rightarrow$ ATTU	-0.04 (-0.808)	No	<i>H3</i> . FAMS $\rightarrow$ ATTS	0.10 (1.22)	No
<i>H4b</i> . PBIBU $\rightarrow$ QUAU	0.65* (12.61)	Yes	<i>H4b</i> . PBIBS $\rightarrow$ QUAS	0.82* (13.69)	Yes
<i>H5</i> . QUAU $\rightarrow$ ATTU	0.12 (1.85)	No	<i>H5</i> . QUAS $\rightarrow$ ATTS	0.17 (1.69)	No
<i>H6b</i> . PBIBU $\rightarrow$ ATTU	0.15 (1.95)	No	<i>H6b</i> . PBIBS $\rightarrow$ ATTS	-0.08 (-0.612)	No
<i>H7b</i> . PBIBU $\rightarrow$ PBIAU	0.38* (6.98)	Yes	<i>H7b</i> . PBIBS $\rightarrow$ PBIAS	0.31* (6.15)	Yes
<i>H8b</i> . ATTU $\rightarrow$ PBIAU	0.09 (1.08)	No	<i>H8b</i> . ATTS $\rightarrow$ PBIAS	0.37* (4.76)	Yes
<i>H9</i> . FITU $\rightarrow$ ATTU	0.67* (14.59)	Yes	<i>H9</i> . FITS $\rightarrow$ ATTS	0.67* (12.94)	Yes
<i>H10b</i> . FITU $\rightarrow$ PBIAU	0.33* (4.12)	Yes	<i>H10b</i> . FITS $\rightarrow$ PBIAS	0.18* (2.43)	Yes
Fit indices	$\chi^2 = 400.23$ (78), ($p < 0.001$); RMSEA = 0.103; CFI = 0.901; IFI = 0.902; GFI = 0.885; AGFI = 0.823		Fit indices	$\chi^2 = 397.14$ (138), ($p < 0.001$); RMSEA = 0.070; CFI = 0.946; IFI = 0.946; GFI = 0.905; AGFI = 0.869	

Table XIII.
Assessment indices of the
structural model (PBI)

extension is consistent with the brand's previous products, although it differs in its level of fit (as is the case with the extensions considered here), this variable does not have a direct influence on the image. Fit exerts an indirect effect on brand image after the extension via attitude.

Consequently, apart from *H5*, the remaining hypotheses are supported in both the UK and Spanish markets for this model. This suggests that the two markets behave similarly when a brand extension strategy is applied to global or international brands selling the same type of product and using similar communications campaigns.

Analysing the PBI model for the two markets (Table XIII) shows similar results to those obtained for the GBI model. However, there are some exceptions which are next considered.

As in the previous model, the coefficient relating familiarity and the PBI before the extension is positive and significant, both in the UK ($\beta_U = 0.54$, $t = 9.24$) and Spain ($\beta_S = 0.73$, $t = 13.80$), supporting *H2b* in both markets. The more familiar a consumer is with the products of a brand, the better the PBI before the extension. Also, concurring with the previous model, *H3*, which linked familiarity with consumers' attitude towards the extension, is rejected in both markets, since neither of the coefficients is significant.

H4b, which postulated that the PBI before the extension has a positive effect on the perceived brand quality, is supported in both markets, since the coefficients are positive and significant ($\beta_U = 0.65$, $t = 12.61$; $\beta_S = 0.82$, $t = 13.69$).

H5 is rejected in both the Spanish and UK markets, since neither of the coefficients is significant. This means that the perceived brand quality does not affect consumers' attitude towards the new product.

The hypothesis postulating a positive effect of PBI before the extension on attitude towards the extension (*H6b*) is rejected in both markets, since the coefficients are non-significant in both cases. However, *H7b* is supported in both markets, and hence we find that the better the PBI before the extension, the better it is after the extension ($\beta_U = 0.38$, $t = 6.98$; $\beta_S = 0.31$, $t = 6.15$). This relationship was also supported in the GBI model. However, consumers' attitude towards the extension only has a positive effect on the PBI after the extension in the Spanish market ($\beta_S = 0.37$, $t = 4.76$), since in the UK market model the coefficient is non-significant. Thus, *H8b* is only supported in the Spanish market. This is the only difference found between the two markets in the PBI model.

It was found that the greater the perceived fit between the extension and the parent brand, the more positive consumers' attitude towards the extension, both in the UK ($\beta_U = 0.67$, $t = 14.59$) and Spain ($\beta_S = 0.67$, $t = 12.94$). As such, *H9*, which postulated a direct effect of fit on attitude, is supported. In this model, there is a positive effect of fit on PBI after the extension (*H10b*), both in the UK ($\beta_U = 0.33$, $t = 4.12$) and Spain ($\beta_S = 0.18$, $t = 2.43$).

This final result differs from the one obtained for GBI, in which fit has no effect on image after the extension. The reason is that when the image is measured through the attributes associated with the parent brand's original products, the further the new product from the original products, the greater the effect on the brand image after the extension. Thus, the greater the fit, the better the evaluation of the PBI after the extension.

Overall, there is evidence that the UK and Spanish market generally behave in a similar way, since in both the GBI model and PBI model only one relation does not

concur between the two markets. With regards to comparison between the two models, the level of fit between the brand and the extension influences the PBI after the extension, but not the GBI after the extension.

5. Conclusions

The results in UK and Spanish markets have shown that the brand extension strategy dilutes the brand image, but this depends on the way brand image is measured. The influence of certain variables on the brand image after the extension was analysed, to identify the variables which firms should concentrate on to ensure their brand image is optimised after the extension.

Starting with the GBI model, we found that in both markets the greater consumers' familiarity with the brand's products, the better their evaluation of the GBI before the extension. The better the GBI before the extension, the higher the perceived quality of the brand's products. Furthermore, the better the GBI before the extension, the better consumers' evaluation of that image after the extension.

Consumers' familiarity with the brand positively influences the PBI before the extension, which in turn positively influences the perceived quality of the brand's products. The better consumers' evaluation of the PBI before the extension, the better their evaluation of the same attribute after the extension. Another result reflected in both models and in both markets is the positive relation that exists between fit and attitude towards the extension.

These relations are satisfied in the four models that have been tested. In the four models, two relations are not supported. We failed to demonstrate the influence of consumers' familiarity with the brand's products on attitude towards the new product, or the influence of GBI or PBI on attitude. The first relation was not supported in work by Diamantopoulos *et al.* (2005), nor by White and Lomax (1999) or Mather (2003).

The effect of perceived brand quality on attitude towards the new product is only supported in the GBI model in the UK, with a very low coefficient compared to the remaining relations. While the relation between perceived brand quality and attitude towards the new product is not supported in the Spanish market, other authors have also failed to demonstrate this (Aaker and Keller, 1990; Keller and Aaker, 1992; Hem *et al.*, 2003).

The reason why variables associated with the brand and not with the extension do not have a direct effect on attitude is probably because the influence of the fit plays a more notable role influencing attitude. It is also because the final variable of the models is not attitude towards the extension but brand image after the extension. The better the attitude towards the new product, the more positive consumers' evaluation of the GBI, both in the UK and Spain. In the other model, we only demonstrate the influence of attitude towards the extension on brand image after the extension in the Spanish market. Therefore, in the case of British consumers, their attitude to the new product launched appears not to affect their assessment of its attributes. This may be due to the fact that in the Spanish market the PBI is influenced by more attributes.

A comparison of the two models shows that while the fit between the brand's products and the extension has a direct and positive influence on the PBI after the extension, it has no such effect on the GBI after the extension in either of the two markets. This does not mean that the fit is unimportant when evaluating the GBI after the extension, since it does have an indirect influence via attitude.

Despite following a strict process of qualitative and quantitative validation, the scales that measure brand image are not based on the same items in both markets. Furthermore, some variables have been defined only by two items. Consequently, it would be of interest to undertake a further research study running with fieldwork in both markets after the pre-test stage. This time the same scales would be used to observe the differences between the countries. The variables should be established a priori with at least three measurement items. Finally, the inclusion of another country would add further insights, for example an Eastern-culture one, since there may be more differences regarding global brands.

6. Implications

This study contributes to the literature on brand extensions and brand image. It demonstrated that a brand extension strategy diluted a brand image, due to confusing their beliefs about the brand. This effect is more apparent when the brand image was measured being attributes associated with the brand's products rather than when measured on the basis of aspects related to the brand name *per se*.

This has important practical implications for brand managers. They should be cautious as launching a new product as part of a brand extension may be likely to a negative effect on the PBI. However, if the brand name is strong the GBI should be less affected. Brand managers would be advised to employ communication campaigns emphasising the brand name more than the products being launched.

These results imply that a firm which has a good brand image before the extension will be less at risk when it launches a new product onto the market with the same brand name. Its best market will be those consumers who already know the brand's products and who at the same time have a better image of it.

With regards to the direct effect of fit on brand image, fit affects the PBI but not the GBI. Thus, if firms stress the name of the brand over the attributes of the products in their communication campaigns, they will have more chance of succeeding in their new product launches, even if the new products are quite distant from the ones they habitually provide.

The concurrence between the models studied in the two markets suggests that UK and Spanish consumers respond similarly to brand extensions. Thus, a brand extension strategy, in the case of international brands in these two countries, could be implemented as part of an international strategy. Nevertheless, managers should be aware that consumers from different countries take into consideration some different attributes when assessing brand image. A communication strategy would need to have mention of the core areas of congruence between the two countries, but it should also be attentive to the need to reflect local differences.

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Further reading

Lewis, S. (1999), "Measuring corporate reputation", Templeton College, 19 November.

Appendix 1. Degree of similarity or fit (1 – very dissimilar, 7 – very similar)

Effect of brand
extension
strategies

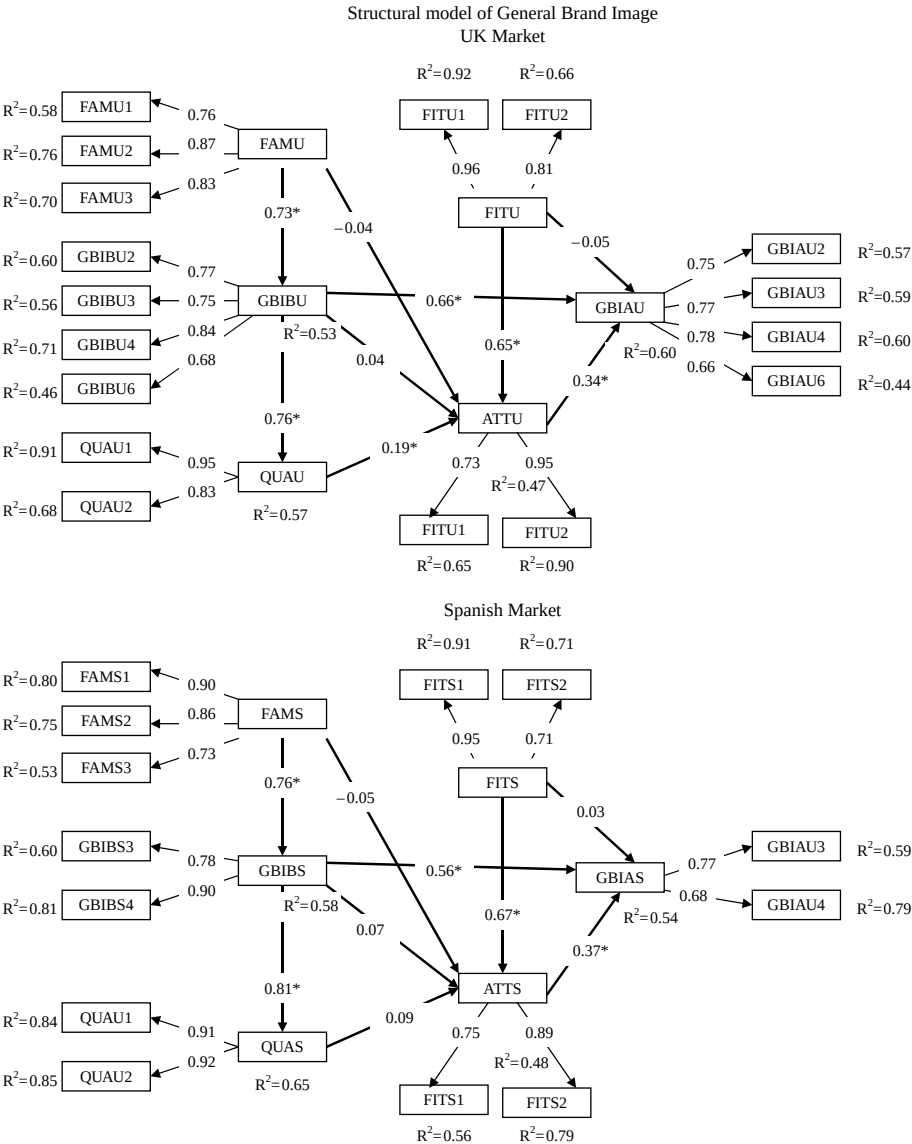
Products	UK market		Spanish market	
	NIKE	PUMA	NIKE	PUMA
Camera	<i>1.71</i>	<i>1.78</i>	<i>2.14</i>	<i>1.98</i>
Car	1.40	1.64	2.51	2.44
Chewing gum	2.22	1.93	2.01	1.88
Gardening utensils/do-it-yourself (DIY) ^a	<i>1.36</i>	1.60	1.31	1.51
Isotonic drink	4.29	3.51	4.9	3.88
Jeans	<i>3.07</i>	<i>3.04</i>	<i>3.13</i>	<i>2.99</i>
Living-room suite ^b	1.76	1.8	–	–
Personal computer	1.84	1.82	2.01	1.83
Suitcase	2.67	2.67	3.33	3.13
Television	2.31	2.20	3.33	2.52
Video game	2.76	2.49	3.47	2.56

Notes: ^aGardening utensils in UK market was replaced by DIY because it was more appropriate in Spanish market; ^bwe did not consider living-room suite in Spanish market, because it was not appropriate

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Table AI.

See appendix figures on following pages.



(continued)

Figure A2.

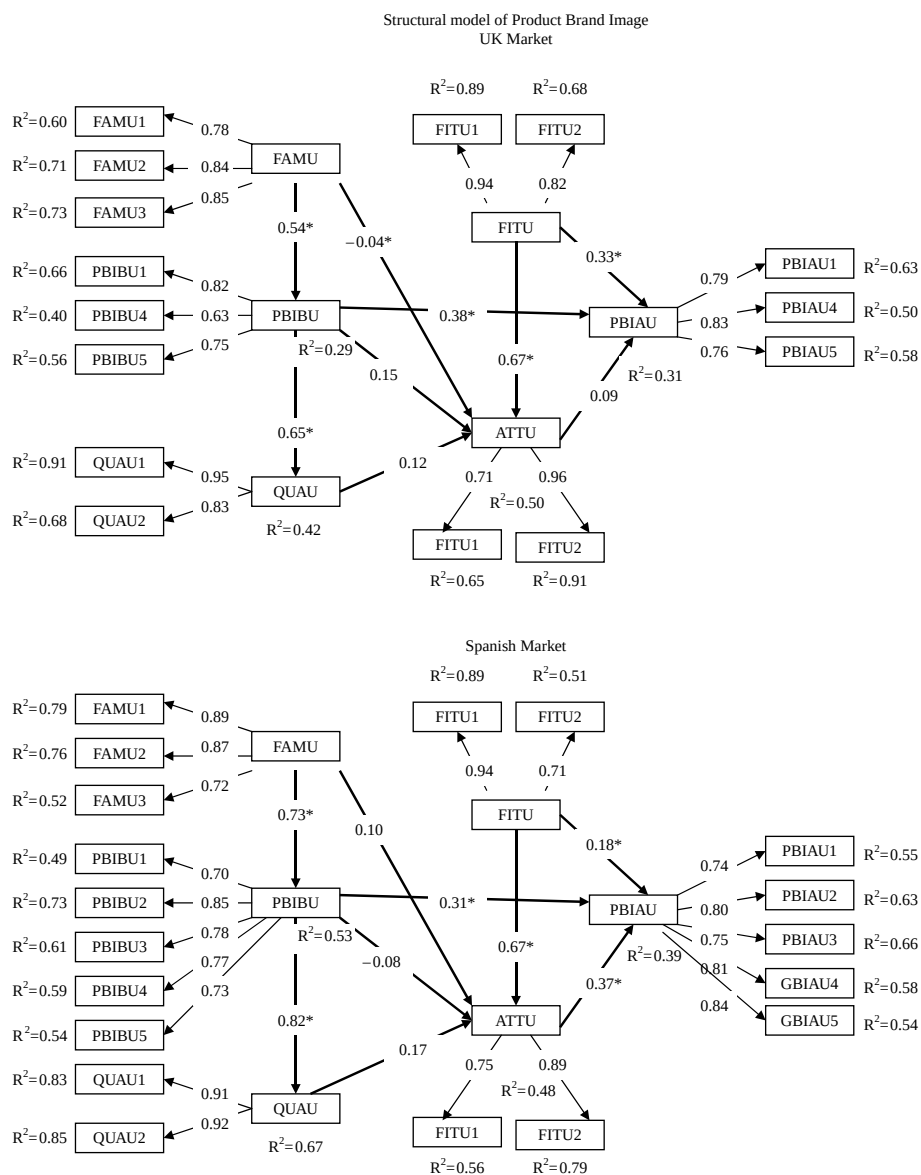


Figure A2.

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