

# What Makes Brands Elastic? The Influence of Brand Concept and Styles of Thinking on Brand Extension Evaluation

Why are some brands more elastic than others? Prior research shows that consumers are more accepting of extensions into distant product categories for brands with prestige concepts (Rolex) than for brands with functional concepts (Timex). In this article, the authors examine consumers' style of thinking—analytic versus holistic thinking—to better understand the elasticity of prestige versus functional brands. For functional brands, the authors find that holistic thinkers provide more favorable responses to distant extensions than analytic thinkers; however, for prestige brands, holistic and analytic thinkers respond equally favorably. Thus, analytic thinkers are identified as the roadblocks for functional brands launching distant brand extensions. To meet this challenge, the authors offer several strategies, including (1) using a subbrand (Excer wallets by Toyota) instead of a direct brand (Toyota wallets) to reduce analytic thinking; (2) using elaborational communications, which address potentially problematic features of the extension, to reduce analytic thinking; and (3) matching extension information with the consumer's style of thinking, which increases the persuasiveness of ad messages.

*Keywords:* brand extensions, prestige brands, functional brands, analytic thinking, holistic thinking

**B**rand extensions are a popular strategy for leveraging brand equity. Many of the successful new product introductions each year are brand extensions, such as Apple's iPhone, Godiva coffee, and Jeep strollers. However, not all brand extensions are successful. Brand extension success depends heavily on extension fit (Volckner and Sattler 2006). Consumers tend to respond more favorably to extensions that fit with their perceptions of the parent brand. Perceived fit is usually higher for extensions in product categories close to the parent brand (Boush and Loken 1991), extensions in product categories in which an appealing attribute can be supplied by the parent brand (Broniarczyk and Alba 1994), and extensions that can be used with other products sold by the parent brand (Aaker and Keller 1990).

However, many brands also launch successful extensions that do not follow these rules. These brands are described as being more "elastic" because they are able to launch extensions into distant product categories, sharing few attributes or features in common with existing products and appealing to different consumer markets. For example, Ralph Lauren markets a diverse set of offerings under its brand, including

sunglasses, paint, dog leashes, and restaurants. Similarly, Virgin sells records, wine, and airline tickets under its brand. In Japan, the Mitsubishi brand is used for a wide range of service offerings, including banking, elderly care, construction, insurance, and travel and recreation.

Why are some brands more elastic than others? The prevailing explanation is that characteristics of the parent brand dictate the brand's elasticity. Of particular importance is the nature of the brand concept associated with the parent brand—prestige versus functional (Park, Milberg, and Lawson 1991). Brands positioned on the basis of prestige, such as Rolex, have abstract brand concepts that are more elastic and can successfully expand into a variety of product categories, such as clothing and accessories. In contrast, brands positioned on functional attributes, such as Timex (reliability), are less elastic and are more successful if they extend to offerings that conform to the functional nature of the brand.

However, there is reason to believe that the real story is much more complicated. Recently, researchers have reported that consumers can influence the elasticity of a brand by the style of thinking they employ when evaluating brand extensions (Ahluwalia 2008; Monga and John 2007). Consumers might use an analytic style of thinking, in which they focus on the specific attributes or products usually associated with the parent brand and try to match these features with those of the extension. Conversely, consumers might use a more holistic approach, in which they seek out alternative ways to connect the extension with the parent brand, such as overall brand reputation, regardless of

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whether the extension conforms to the same attribute or product category profile as the parent brand. When consumers use holistic thinking, they perceive greater extension fit and evaluate extensions more positively, especially for extensions in categories distant from the parent brand.

Which of these explanations for brand elasticity is correct? In this article, we propose that both factors are important for understanding how far firms can stretch their brands. We predict that brand elasticity is jointly determined by characteristics of the parent brand (prestige versus functional) and consumer styles of thinking. For prestige brands, we reason that analytic and holistic thinkers respond similarly to extensions of these brands. Because these brands have abstract concepts that can be stretched to distant product categories, even analytic thinkers have an accessible way of connecting the parent brand and the extension. However, for functional brands, we expect consumer styles of thinking to be of utmost importance. Because these brands have concepts that are not readily transferable to distant extensions, analytic thinkers are unable to use attributes or product category profiles to connect the parent brand and the extension. Conversely, holistic thinkers have an advantage in the sense that they are able to generate alternative ways to connect the parent brand and the extension, such as overall brand reputation, thus creating a perception of better extension fit that forms the basis for more favorable extension evaluations.

We explore these themes in five studies. In the first two studies, we find support for our main predictions. For functional brands, consumers who think holistically evaluate extensions in distant product categories more favorably than analytic thinkers. For prestige brands, analytic and holistic thinkers evaluate distant brand extensions equally favorably. Thus, functional brands are not disadvantaged in terms of leveraging for all types of consumers; rather, we identify analytic thinkers as the roadblocks for functional brands trying to extend into distant product categories. In three subsequent studies, we turn our attention to managerial strategies to increase the acceptance of distant extensions of functional brands among analytic thinkers. We find that brand architecture and communication strategies are effective ways to reduce or harness analytic thinking, which results in more positive extension evaluations. Thus, contrary to prior research, functional brands can be extended widely, even into distant product categories, as long as managers employ strategies to address the potential objections of analytic thinkers.

## Conceptual Background

### *Consumer Styles of Thinking*

Styles of thinking emerge from a person's social environment, which promotes certain cognitive processes more than others (Nisbett et al. 2001). People embedded in many social relationships have beliefs about focusing on the field and paying attention to relationships between objects. In contrast, people with fewer social relationships have beliefs that the world is discrete and discontinuous and that an object's behavior can be predicted using rules and proper-

ties. In this way, people become holistic or analytic thinkers. Holistic thinking is defined as "involving an orientation to the context or field as a whole, including attention to relationships between a focal object and the field, and a preference for explaining and predicting events on the basis of such relationships," and analytic thinking "involves a detachment of the object from its context, a tendency to focus on attributes of the object to assign it to categories, and a preference for using rules about the categories to explain and predict the object's behavior" (Nisbett et al. 2001, p. 293).

Substantial research supports these distinctions (Nisbett et al. 2001). For example, Ji, Peng, and Nisbett (2000) find that holistic thinkers focus more on relationships between an object and its environment than analytic thinkers. Similarly, Masuda and Nisbett (2001) find that when exposed to scenes of animals and other animated objects, holistic thinkers recalled more statements than analytic thinkers about the background environment and relationships between the animal and the environment. Furthermore, Norenzayan and colleagues (2002) show that analytic thinkers are more likely to engage in rule-based categorization than holistic thinkers. Finally, Chiu (1972) finds that analytic thinkers group objects according to category membership or attributes (e.g., a jeep and boat are grouped together because both have motors). However, holistic thinkers group objects according to functional or thematic interdependence between objects (e.g., a table and chair are grouped together because people sit on the chair to eat at the table). In summary, holistic thinkers and analytic thinkers detect different kinds of connections between objects.

Most research to date has focused on cultural influences, with people from Eastern (Western) cultures characterized by holistic (analytic) thinking, which is believed to arise from being embedded in many (relatively few) social relationships. More recent research finds differences in styles of thinking within cultures, which emerge as a result of individual differences or contextual cues (Choi, Koo, and Choi 2007; Monga and John 2008). In this article, we examine styles of thinking within the United States, focusing on individual differences between consumers with a chronic tendency to think analytically or holistically, as well as consumers who are influenced by contextual cues to think analytically versus holistically.

### *Prestige Versus Functional Brand Concepts*

An important decision brand managers face is how to position a brand to take advantage of its distinctive appeal, differentiate it from competitors, and resonate with target consumers. Although brands can be positioned in several ways, a basic distinction is a prestige versus a functional brand concept (Park, Jaworski, and MacInnis 1986).

Prestige brand concepts are more abstract than functional brand concepts, allowing prestige brands to accommodate a wider range of products that share few physical features (Park, Milberg, and Lawson 1991). A prestige brand, such as Rolex, can be successful launching distant extensions, such as scarves and neckties, because consumers are able to use the concept of "prestige" to connect

the brand and the extension. In contrast, a functional brand, such as Timex, with associations tied to specific attributes and a product category, is not as likely to be successful launching scarves and neckties (Park, Milberg, and Lawson 1991). For functional brands, consumers have more difficulty finding a connection or basis of fit for extensions in distant product categories that do not serve the same function. These observations are consistent with marketplace behavior. Prestige brands, such as Armani and Vera Wang, offer items as diverse as luggage, car mats, bed mattresses, and dinnerware under their brand names. Functional brands, such as Delta (durable faucets) and Maytag (reliable washers/dryers), find it difficult to extend into other product categories. Delta has launched an extensive advertising campaign promoting Delta faucets as a prestigious design element in homes, which is intended to move the brand more toward a prestige/style platform that will support extensions into distant categories, such as countertops, flooring, and appliances.

### **Joint Influences on Brand Elasticity**

We propose that differences in elasticity for functional versus prestige brands vary by the consumer's style of thinking. Analytic thinkers focus on attributes and categories to draw inferences and make judgments, thus making it difficult for these consumers to perceive how an extension fits with the parent brand unless the brand extension is in a similar product category serving a similar function. However, holistic thinkers focus on broader connections between objects (Masuda and Nisbett 2001), which makes it easier for these consumers to find a way to link a parent brand and extension in a distant category. For example, holistic thinkers often focus on the context (situation) rather than the focal object (Choi, Nisbett, and Norenzayan 1999), suggesting complementarity of use as a basis of fit between a brand extension and products sold by the parent brand. They can also consider the relationships between the extension and the parent brand in terms of the overall reputation of or feeling they have for the parent brand. These differences in foci of thinking result in judgments of greater brand extension fit and evaluations among holistic thinkers than among analytic thinkers (Monga and John 2007).

We expect these individual differences in styles of thinking to be a factor in how consumers respond to distant extensions of functional, but not prestige, brands. Analytic thinkers focus on attributes and categories to make judgments, and in the case of functional brand extensions, they are unlikely to evaluate extensions favorably unless the extension is close in terms of functional attributes or product categories. Holistic thinkers focus on finding relationships between objects in their environment, making it more likely that they will be able to find an alternative way to connect the extension and parent brand. However, for prestige brands, abstract brand associations are readily accessible to both analytic and holistic thinkers, thus providing a basis of fit for distant extensions, which allows for more positive brand extension evaluations for both analytic and holistic thinkers. Thus, we propose the following:

H<sub>1</sub>: For functional brands, holistic thinkers will evaluate distant brand extensions more favorably than analytic thinkers. For prestige brands, holistic and analytic thinkers will evaluate distant brand extensions similarly.

## **Study 1a**

### **Sample and Design**

We tested our predictions in a 2 (style of thinking: analytic, holistic) × 2 (parent brand concept: prestige, functional) between-subjects design. Ninety-nine students from a southern U.S. university participated in the study. Analytic and holistic thinkers were identified using items from the analytic-holistic thinking scale that Choi, Koo, and Choi (2007) developed: "The whole is greater than the sum of its parts"; "It is more important to pay attention to the whole than its parts"; "The whole, rather than its parts, should be considered in order to understand a phenomenon"; and "It is more important to pay attention to the whole context rather than the details." Respondents were asked to agree or disagree (1 = "strongly disagree," and 7 = "strongly agree") with each statement, and we averaged responses to arrive at a score for each participant. We used a median split (Mdn = 4.10) to categorize high scorers as holistic thinkers and low scorers as analytic thinkers.

### **Stimuli**

We selected Toyota and Mercedes-Benz as the functional and prestige brands, respectively, on the basis of several criteria. First, we sought brands that competed in the same product category but differed in consumer perceptions of luxury (prestige brand) and functionality (functional brand). Pretest results indicated that Mercedes-Benz was perceived as more luxurious ( $M_{\text{Toyota}} = 4.64$ ,  $M_{\text{Mercedes-Benz}} = 6.08$ ;  $p < .01$ ;  $n = 26$ ), whereas Toyota was perceived as a more functional brand ( $M_{\text{Toyota}} = 5.07$ ,  $M_{\text{Mercedes-Benz}} = 3.40$ ;  $p < .01$ ;  $n = 26$ ). Second, we sought a prestige and functional brand with equally favorable brand attitudes and similar levels of brand familiarity. Pretest results indicated that the participant population had equally favorable attitudes toward Toyota and Mercedes-Benz ( $M_{\text{Toyota}} = 5.78$ ,  $M_{\text{Mercedes-Benz}} = 6.00$ ;  $p > .10$ ;  $n = 26$ ) and similar levels of brand familiarity ( $M_{\text{Toyota}} = 3.07$ ,  $M_{\text{Mercedes-Benz}} = 3.02$ ;  $p > .10$ ;  $n = 26$ ).

We selected wallets as the extension category for the study. Pretests confirmed that wallets were perceived as a product category distant from cars ( $M = 2.33$ ; 1 = "not at all similar," and 7 = "extremely similar";  $n = 18$ ). Pretests also indicated that wallets could be plausibly associated with prestige or functionality, with respondents agreeing to the following statements: "When I think of wallets, I can easily remember examples of expensive, luxury brands," and "When I think of wallets, I can easily remember examples of moderately priced, functional brands" ( $M_{\text{prestige}} = 5.88$ ,  $M_{\text{functional}} = 6.00$ ;  $p > .10$ ;  $n = 18$ ). This enabled us to use the same extension category for the prestige and functional brand.

## Procedures and Measures

Participants began the study by indicating their attitude toward a list of brands, including the focal parent brand (Toyota or Mercedes-Benz), on a seven-point scale (1 = “poor,” and 7 = “excellent”). Next, respondents were shown the name of one of the brand extensions (Toyota wallets or Mercedes-Benz wallets) and were asked for their evaluation on seven-point scales (1 = “poor,” and 7 = “excellent”; 1 = “unfavorable,” and 7 = “favorable”). No further information was provided, similar to many situations in which consumers are made aware of new products from sources that provide little information, such as billboards, grocery store ad sheets, and mystery advertisements announcing new products. Participants were first asked about their thoughts about the brand extension: “Even though you have never tried this product, what went through your mind when you were deciding if it would be a good product or a bad product?” Next, respondents were asked their perceptions of brand extension fit on seven-point scales (1 = “doesn’t fit with the brand,” and 7 = “fits with the brand”; 1 = “inconsistent with the brand,” and 7 = “consistent with the brand”). Finally, the analytic–holistic thinking scale (Choi, Koo, and Choi 2007) and demographic questions were administered.

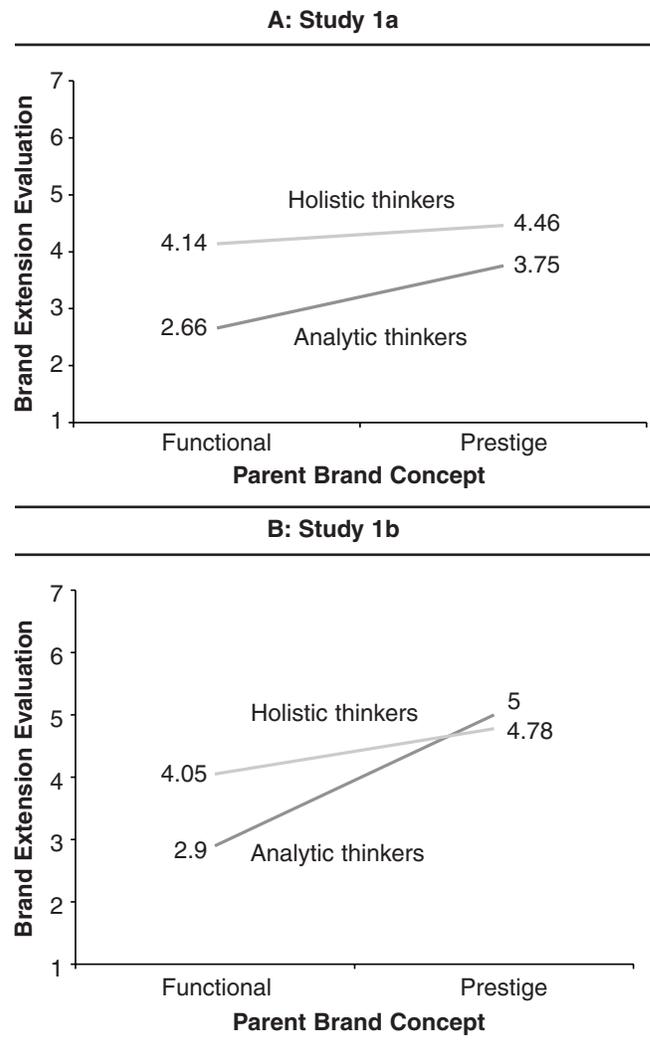
## Results

**Brand extension evaluation.** We analyzed evaluations in a 2 (style of thinking)  $\times$  2 (parent brand concept) between-subjects analysis of variance, with brand attitude as a covariate. As we predicted, a significant style of thinking  $\times$  parent brand concept interaction emerged ( $F(1, 94) = 3.77, p = .05$ ; see Figure 1). Planned contrasts showed that for the functional brand, holistic thinkers evaluated the extension more favorably than analytic thinkers ( $M = 4.14$  versus  $2.66$ ,  $SD = 1.45$  versus  $1.51$ ;  $F(1, 94) = 15.58, p < .05$ ). Analytic and holistic thinkers did not differ in their evaluations of the prestige brand extension ( $M = 3.75$  versus  $4.46$ ,  $SD = 1.89$  versus  $1.53$ ;  $p > .10$ ).

**Brand extension fit.** We analyzed fit perceptions in a 2 (style of thinking)  $\times$  2 (parent brand concept) between-subjects analysis of variance, with brand attitude as a covariate. The results mirrored those found for extension evaluation. Planned contrasts showed that for the functional brand, holistic thinkers perceived greater brand extension fit than analytic thinkers ( $M = 3.11$  versus  $1.70$ ,  $SD = 2.02$  versus  $1.13$ ;  $F(1, 94) = 10.49, p < .05$ ). For the prestige brand, no differences emerged, as we expected ( $M = 3.04$  versus  $3.08$ ,  $SD = 1.96$  versus  $1.97$ ;  $p > .10$ ).

**Brand extension thoughts.** We analyzed thoughts the participants expressed about the brand extension. Using definitions of analytic and holistic thinking, independent coders coded thoughts into these two categories (interrater reliability = 87%); disagreements were resolved by discussion. For example, thoughts were coded as analytic when they made reference to attributes (“The wallets would smell of gas and car smell”) or product category similarity (“Toyota wallets are a bad idea because cars are so different from wallets”). Thoughts were coded as holistic when they made

**FIGURE 1**  
**Study 1: Brand Extension Evaluation**



reference to more general relationships, such as overall brand reputation (“Mercedes-Benz has luxury—they could pull off something really upscale and superior,” and “Toyota is a good brand—they would make good wallets”) or complementarity of use (“A good product. The reason is people who are held in high social class who buy Mercedes will most likely buy a Mercedes wallet,” and “People who drive need wallets too. Toyota would sell wallets to the car buyers”).<sup>1</sup>

Next, we examined differences in analytic and holistic thoughts. As we expected, for the functional brand, analytic and holistic thinkers exhibited different types of thoughts. Analytic thoughts were greater for analytic than for holistic thinkers (80% versus 35.3%), whereas holistic thoughts were greater for holistic than for analytic thinkers (64.7% versus 20%) ( $z = 3.06, p < .01$ ). In contrast, for the prestige brand, no differences in thoughts emerged for analytic ver-

<sup>1</sup>The distinction between analytic and holistic thinking is not comparable to distinctions between relational versus item-specific processing or category versus piecemeal processing.

sus holistic thinkers (analytic thoughts: 28.6 versus 11.1%; holistic thoughts: 71.4% versus 88.9%;  $p > .10$ ).

Next, we conducted a mediation analysis to examine whether extension thoughts (analytic versus holistic) mediated the effect of style of thinking on extension evaluations. Following Baron and Kenny (1986), we performed a series of regression analyses. First, we found that the parent brand concept  $\times$  style of thinking interaction predicted extension evaluations ( $\beta = 1.21$ ,  $t = 1.94$ ,  $p = .05$ ). Second, the parent brand concept  $\times$  style of thinking interaction predicted extension thoughts ( $\beta = -.39$ ,  $t = -2.07$ ,  $p < .05$ ). Finally, when we regressed the parent brand concept  $\times$  style of thinking interaction and extension thoughts on extension evaluation, the effect of extension thoughts remained significant ( $\beta = -1.25$ ,  $t = -3.55$ ,  $p < .05$ ), while that of the parent brand concept  $\times$  style of thinking interaction dropped to nonsignificance ( $\beta = .42$ ,  $t = .68$ ,  $p > .10$ ). Thus, extension thoughts perfectly mediated the effect of processing style on extension evaluation.

## Study 1b

In this study, we replicate the findings from Study 1a with a new set of parent brands (Hewlett-Packard [HP] versus Mac) and a new extension category (watches). Seventy-nine students from a southern U.S. university participated in the study, which included the same experimental design, procedures, and measures employed in Study 1a.

### Stimuli

We selected HP and Mac as functional and prestige brands, respectively, using the same criteria as Study 1a. Pretest results indicated that Mac was indeed perceived as more prestigious ( $M_{HP} = 3.53$ ,  $M_{Mac} = 5.57$ ;  $p < .01$ ;  $n = 44$ ), whereas HP was perceived as more functional ( $M_{HP} = 5.46$ ,  $M_{Mac} = 3.52$ ;  $p < .01$ ;  $n = 26$ ). The results also indicated that participants had equally favorable attitudes toward HP and Mac ( $M_{HP} = 5.76$ ,  $M_{Mac} = 6.11$ ;  $p > .10$ ;  $n = 34$ ) and similar levels of brand familiarity ( $M_{HP} = 2.80$ ,  $M_{Mac} = 2.84$ ;  $p > .10$ ;  $n = 44$ ).

We selected watches as the extension category. In pretests, participants perceived watches as moderately distant from computers ( $M = 3.20$ ; 1 = "not at all similar," and 7 = "extremely similar";  $n = 20$ ). Watches were equally associated with prestige and functional brands, as indicated by agreement with the following statements: "When I think of watches, I can easily remember examples of expensive, luxury brands," and "When I think of watches, I can easily remember examples of moderately priced, functional brands" ( $M_{prestige} = 5.92$ ,  $M_{functional} = 6.10$ ;  $p > .10$ ;  $n = 20$ ).

### Results

**Brand extension evaluation.** We analyzed evaluations in a 2 (style of thinking)  $\times$  2 (parent brand concept) between-subjects analysis of variance. As we predicted, a significant style of thinking  $\times$  parent brand concept interaction emerged ( $F(1, 75) = 4.24$ ,  $p < .05$ ; see Figure 1). Planned contrasts showed that for the functional brand, holistic thinkers evaluated the extension more favorably than analytic thinkers ( $M = 4.05$  versus 2.90,  $SD = 1.64$  versus 1.33;  $F(1, 75) =$

5.99,  $p < .05$ ). Analytic and holistic thinkers did not differ in their evaluations of the prestige brand extension ( $M = 5.00$  versus 4.78,  $SD = 1.58$  versus 1.27;  $p > .10$ ).

**Brand extension fit.** We analyzed fit perceptions in a 2 (style of thinking)  $\times$  2 (parent brand concept) between-subjects analysis of variance. The results mirrored those reported for brand extension evaluation. Planned contrasts showed that for the functional brand, holistic thinkers perceived greater brand extension fit than analytic thinkers ( $M = 3.70$  versus 2.90,  $SD = 1.51$  versus 1.50;  $F(1, 75) = 2.70$ ,  $p = .05$ ). For the prestige brand, no differences emerged, as we expected ( $M = 4.02$  versus 4.50,  $SD = 1.51$  versus 1.84;  $p > .10$ ).

**Brand extension thoughts.** Two independent coders coded thoughts as analytic or holistic (interrater reliability = 87.5%). Analytic thoughts often referred to product class dissimilarity ("It's a bad idea because HP makes computers not watches"); holistic thoughts often mentioned brand reputation ("Mac products are top of the line ... in every market they're in"). As we expected, for the functional brand, analytic thoughts were greater for analytic (versus holistic) thinkers (93.8% versus 12.5%), whereas holistic thoughts were greater for holistic (versus analytic) thinkers (87.5% versus 6.2%) ( $z = 4.60$ ,  $p < .001$ ). For the prestige brand, no differences emerged for analytic versus holistic thinkers (analytic thoughts: 10.5% versus 10.5%; holistic thoughts: 89.5% versus 89.5%;  $p > .10$ ).

Furthermore, a mediation analysis revealed that extension thoughts (analytic versus holistic) mediated the effect of style of thinking on extension evaluations. Consistent with Study 1a, we found that (1) the parent brand  $\times$  style of thinking interaction predicted extension evaluation ( $\beta = -1.36$ ,  $t = -2.07$ ,  $p < .05$ ); (2) the parent brand concept  $\times$  style of thinking interaction predicted extension thoughts ( $\beta = -.81$ ,  $t = -5.49$ ,  $p < .001$ ); and (3) when parent brand concept  $\times$  style of thinking interaction and extension thoughts were regressed on extension evaluation, the effect of extension thoughts remained significant ( $\beta = 1.46$ ,  $t = 2.53$ ,  $p < .05$ ), while that of the parent brand concept  $\times$  style of thinking interaction dropped to nonsignificance ( $\beta = -.42$ ,  $t = -.49$ ,  $p > .10$ ). Thus, extension thoughts perfectly mediated the effect of processing style on extension evaluation.

### Discussion

The results support our proposition that brand elasticity is jointly determined by the parent brand concept and consumers' style of thinking. For functional brands, holistic thinkers provided more favorable brand extension responses. However, for prestige brands, analytic and holistic thinkers provided similar brand extension responses. The findings for extension thoughts provide further evidence. For functional brands, analytic thinkers generated more analytic thoughts about the extension, often mentioning the dissimilarity between the extension and the parent brand categories. Conversely, holistic thinkers generated more holistic thoughts, often mentioning the parent brand's reputation as a basis for connecting the extension and the parent brand. In the case of prestige brands, analytic and holistic thinkers were equally likely to generate holistic thoughts,

consistent with the finding that analytic and holistic thinkers had similar brand extension responses. Notably, prestige brands encouraged holistic thoughts, particularly among analytic thinkers. Furthermore, extension thoughts mediated the influence of styles of thinking on brand extension evaluations, as we expected.

In Study 2, we examine styles of thinking as a situational variable. Although people may be chronically inclined to think analytically or holistically (Study 1), situations can also encourage and increase the accessibility of a particular style of thinking (Study 2). Because the ability to think analytically and holistically can coexist within people (Hong et al. 2000), consumers may provide different responses to the same brand extension, depending on how the environment encourages them to think. In Study 2, we prime participants to think either analytically or holistically before having them evaluate extensions of prestige and functional brands. We expect situationally induced styles of thinking (Study 2) to have the same effect on brand extension evaluations as individual differences in styles of thinking (Study 1). Thus:

H<sub>2</sub>: For functional brands, situations that encourage holistic (analytic) thinking will result in more (less) favorable evaluations for distant brand extensions. For prestige brands, situations that encourage holistic versus analytic thinking will result in similar brand extension evaluations.

By testing this hypothesis, we provide evidence for the influence of styles of thinking beyond individual differences. We also strengthen the findings from Study 1 by using a more controlled manipulation of styles of thinking. In Study 1, comparisons of people with a chronic tendency to think analytically and holistically confirmed our predictions, but it is possible that these self-selected groups are different along other dimensions as well. By priming styles of thinking, we help rule out these extraneous influences.

## Study 2

### Sample and Design

We tested our predictions in a 2 (style of thinking: analytic, holistic) × 2 (parent brand concept: prestige, functional) between-subjects design. Seventy-two students from a southern U.S. university participated. The procedure was similar to Study 1, except that we incorporated the priming manipulation for style of thinking before exposing participants to the brand extension.

### Style of Thinking Prime

We manipulated thinking style by asking participants to read a paragraph about a trip to a city and circle pronouns in the text (Kühnen, Hannover, and Schubert 2001; Monga and John 2007; Zhu and Meyers-Levy 2009). For example, Kühnen, Hannover, and Schubert (2001) induce participants to think analytically (or holistically) by asking participants to circle nonrelational (or relational) pronouns, which prompted them not to think (or to think) about social relationships. Recall that analytic (holistic) thinking emerges in people with few (many) social relationships. To provide a

check on this manipulation, we asked respondents (n = 30) who had been primed with the pronoun task to find 40 embedded figures. The ability to find embedded figures is a measure of field independence, which is associated with analytic thinking (see Horn 1962). As we expected, analytic-primed respondents found more embedded figures than holistic-primed respondents ( $M_{\text{analytic}} = 15.00$ ,  $M_{\text{holistic}} = 13.86$ ;  $F(1, 29) = 6.16$ ,  $p = .02$ ).

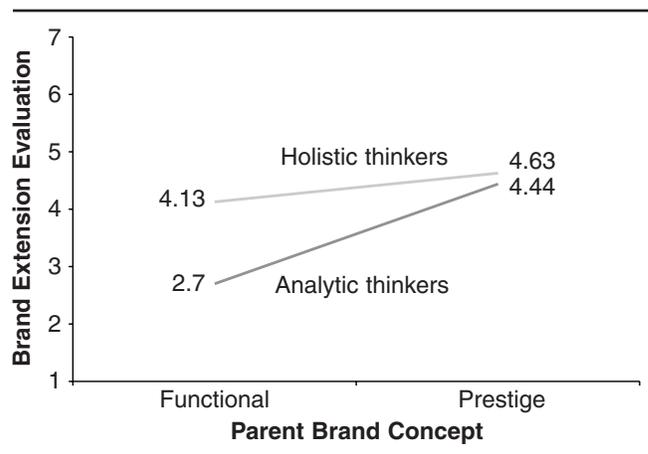
## Results

**Brand extension evaluation.** We analyzed evaluations in a 2 (style of thinking) × 2 (parent brand concept) between-subjects analysis of variance, with brand familiarity included as a covariate. As we predicted, the analysis revealed a significant style of thinking × parent brand concept interaction ( $F(1, 68) = 3.70$ ,  $p = .05$ ; see Figure 2). Planned contrasts showed that for the functional brand, evaluations were more favorable for the holistic thinkers than for the analytic thinkers ( $M = 4.13$  versus 2.70,  $SD = 1.06$  versus 1.34;  $F(1, 68) = 9.44$ ,  $p < .01$ ). However, for the prestige brand, analytic and holistic thinkers did not differ in their extension evaluations ( $M = 4.44$  versus 4.63,  $SD = 1.42$  versus 1.53;  $p > .10$ ).

**Brand extension fit.** We analyzed perceptions of extension fit in a 2 (style of thinking) × 2 (parent brand concept) between-subjects analysis of variance, with brand familiarity included as a covariate. The findings were consistent with those reported for extension evaluation. Planned contrasts showed that for the functional brand, holistic thinkers perceived a greater degree of fit between the extension and the parent brand than analytic thinkers ( $M = 3.00$  versus 1.75,  $SD = 1.77$  versus 1.07;  $F(1, 68) = 8.72$ ,  $p < .01$ ). However, for the prestige brand, no differences emerged ( $M = 4.21$  versus 4.05,  $SD = 1.22$  versus 1.05;  $p > .10$ ).

**Brand extension thoughts.** Two independent coders coded extension thoughts as analytic or holistic (interrater reliability = 95.9%). As we expected, for the functional brand, analytic thoughts were greater for analytic than for holistic thinkers (89.5% versus 14.3%), whereas holistic thoughts were greater for holistic than for analytic thinkers (85.7% versus 10.5%) ( $z = 4.31$ ,  $p < .001$ ). For the prestige

**FIGURE 2**  
**Study 2: Brand Extension Evaluation**



brand, no differences in thoughts emerged for analytic versus holistic thinkers (analytic thoughts: 5.9% versus 10.5%; holistic thoughts: 94.1% versus 89.5%;  $p > .10$ ).

A mediation analysis confirmed that extension thoughts mediated the effect of style of thinking on extension evaluations: (1) The parent brand concept  $\times$  style of thinking interaction predicted extension evaluations ( $\beta = -.22$ ,  $t = -2.13$ ,  $p < .05$ ); (2) the parent brand concept  $\times$  style of thinking interaction predicted extension thoughts ( $\beta = -.42$ ,  $t = -5.2$ ,  $p < .001$ ); and (3) when parent brand concept  $\times$  style of thinking interaction and extension thoughts were regressed on extension evaluation, the effect of extension thoughts remained significant ( $\beta = .31$ ,  $t = 1.94$ ,  $p = .05$ ), while that of the parent brand concept  $\times$  style of thinking interaction dropped to nonsignificance ( $\beta = -.10$ ,  $t = -.82$ ,  $p > .10$ ). Consistent with our previous studies, extension thoughts perfectly mediated the effect of processing style on brand extension evaluation.

### Discussion

Thus far, the results indicate that functional brands can be elastic if consumers adopt a more holistic thinking style. In Study 2, we primed holistic thinking in an experimental setting, which increased the elasticity of a functional brand, such as Toyota. How would firms encourage holistic thinking in more realistic settings? Although situational primes might be embedded in marketing promotions, realistic marketplace conditions lack the control that is present in experimental research settings. Other than situational primes, how can managers of functional brands bridge the gap between holistic and analytic thinkers to produce more favorable responses to brand extensions?

We turn our attention to this question in the next three studies. We begin by considering brand architecture as a possible strategy. Several options exist for naming brand extensions, and researchers have examined two in particular: direct brands (e.g., Toyota wallets) and subbrands (e.g., Excer wallets by Toyota).<sup>2</sup> Firms use the former option to signal a close relationship between an extension and a parent brand, whereas the latter option signals a more distant relationship between an extension and a parent brand (Aaker and Joachimsthaler 2000). Subbrands can be especially useful for distant brand extensions, increasing brand extension evaluations and decreasing risks for brand dilution (Milberg, Park, and McCarthy 1997).

We examine brand architecture as a way to increase the elasticity of functional brands among analytic thinkers. We propose that subbrands are helpful in inhibiting negative thoughts that analytic thinkers generate when evaluating distant extensions. For example, in our prior studies, analytic thinkers mentioned that the extension category was too dissimilar from the parent brand when evaluating Toyota wallets ("Toyota wallets are a bad idea because cars are so different from wallets") and HP watches ("It's a bad idea because HP makes computers not watches"). We expect that subbrands will reduce these types of analytic thoughts

<sup>2</sup>In their scheme, Aaker and Joachimsthaler (2000) refer to the options described here as a "branded house" (direct brand) and an "endorsed brand" (subbrand).

because subbrands signal that a weak relationship exists between the parent brand and the extension. Analytic thinkers will be less likely to generate analytic thoughts that compare the parent brand and extension on the basis of category similarity or common attributes, thus closing the gap between analytic and holistic thinkers in the way they evaluate distant brand extensions.

Therefore, we predict that distant extensions of functional brands will be received differently depending on the type of brand architecture employed. When a direct brand is used, as in our prior studies, holistic (analytic) thinkers will have more (less) positive brand extension responses. When a subbrand is used, analytic thinkers will respond in a more positive way, similar to holistic thinkers, thus eliminating differences between these two groups.

H<sub>3</sub>: For distant extensions launched under a direct brand, holistic thinkers will provide more favorable evaluations than analytic thinkers. For distant extensions launched under a subbrand, analytic and holistic thinkers will provide equally favorable evaluations.

## Study 3

### Sample, Stimuli, and Procedure

We tested our hypothesis in a 2 (style of thinking: analytic, holistic)  $\times$  2 (brand architecture: direct brand, subbrand) between-subjects design. Seventy-five participants were recruited at a southern U.S. university. The procedure and measures were identical to Study 2, except that participants were only shown functional brand extensions. As in the previous studies, we primed, rather than measured, styles of thinking to reduce extraneous influences. We varied the brand architecture by naming the extensions using a direct brand (Toyota wallets) versus a subbrand (Excer Wallet by Toyota). We chose the name Excer on the basis of a pretest ( $n = 23$ ), which showed that participants did not associate any particular meaning with the word. No differences emerged in the association of the name Excer with positive or negative thoughts ( $p > .10$ ).

### Results

*Manipulation check.* We expected the subbrand architecture to reduce analytic thoughts about the brand extension, primarily among analytic thinkers. To check this assumption, we examined the percentage of analytic thoughts across conditions (interrater reliability = 93%). As we expected, for the direct brand, analytic thoughts were more evident for analytic thinkers than for holistic thinkers (80% versus 11.1%;  $z = 4.24$ ,  $p < .01$ ). In contrast, for the subbrand, no differences in analytic thoughts emerged for analytic and holistic thinkers (15% versus 13%;  $p > .10$ ).

*Brand extension evaluation.* We analyzed evaluations in a 2 (style of thinking)  $\times$  2 (brand architecture) between-subjects analysis of variance. As we predicted, a significant style of thinking  $\times$  brand architecture interaction emerged ( $F(1, 70) = 4.82$ ,  $p < .05$ ; see Figure 3). We used planned contrasts to compare evaluations for analytic versus holistic thinkers within each architecture condition. For the direct

brand, extension evaluations were more favorable for holistic thinkers than for analytic thinkers ( $M = 4.13$  versus  $2.70$ ,  $SD = 1.06$  versus  $1.34$ ;  $F(1, 70) = 8.15$ ,  $p < .01$ ). However, when exposed to the subbrand, analytic thinkers were just as favorable as holistic thinkers ( $M = 3.95$  versus  $4.04$ ,  $SD = 1.28$  versus  $1.64$ ;  $p > .10$ ).

**Brand extension fit.** We analyzed fit perceptions in a 2 (style of thinking)  $\times$  2 (brand architecture) between-subjects analysis of variance. The results mirrored those for extension evaluation. Planned contrasts indicated that extension fit was higher for holistic than for analytic thinkers when a direct brand was used ( $M = 3.00$  versus  $1.75$ ,  $SD = 1.77$  versus  $1.07$ ;  $F(1, 70) = 10.84$ ,  $p < .01$ ). However, for the subbrand, analytic and holistic thinkers had similar fit perceptions ( $M = 3.00$  versus  $3.24$ ,  $SD = 1.41$  versus  $1.79$ ;  $p > .10$ ). Thus, the use of a subbrand encouraged analytic thinkers to perceive the brand extension in a more positive light, equivalent to holistic thinkers.

### Discussion

The results show that brand architecture is an effective way to increase the elasticity of functional brands for analytic thinkers. When a direct brand was used, as in our first two studies, holistic thinkers reported more favorable extension fit and evaluations than analytic thinkers. However, when a subbrand was used, analytic thinkers perceived a higher degree of brand extension fit and provided higher extension evaluations, effectively negating differences between analytic and holistic thinkers. These results clarify findings from prior research, which has found that subbrands increase evaluations for extensions that are distant or inconsistent with what consumers expect from a parent brand. We find that this facilitative effect of subbrand architecture is primarily due to its positive influence with consumers engaging in analytic thinking rather than holistic thinking.

In Study 4, we consider brand communication strategy as another option for increasing the elasticity of functional brands. Elaborational communications provide information about potentially worrisome aspects of an extension, which are often present when attributes of the parent brand are

unappealing in the extension category (Bridges, Keller, and Sood 2000). For example, consumers might wrongly infer that Crest chewing gum (extension) will taste like toothpaste (parent brand), which might be overcome by telling consumers that the gum will be available in flavors such as peppermint or spearmint (Aaker and Keller 1990), or in our case, consumers might infer that Toyota wallets (extension) will look like car upholstery, which might be overcome by telling consumers that the wallets will be available in different colors and styles. These negative inferences that must be overcome are examples of analytic thoughts that are generated by using attributes to connect the parent brand with the brand extension. Elaborational communications should reduce these types of analytic thoughts.

We propose that elaborational communications can bridge the gap in brand extension evaluations for analytic versus holistic thinkers. Because analytic thinkers often focus on attributes of the parent brand that do not fit with extensions into different product categories, we expect elaborational communications to be effective in improving extension evaluations for analytic thinkers. In contrast, holistic thinkers tend not to focus on attributes, so we expect less movement on their part. The overall effect should be a narrowing of the gap between analytic and holistic thinkers in their reactions to functional brand extensions. When no information is provided, as it was in our prior studies, we expect holistic (analytic) thinkers to have more (less) positive brand extension responses. Thus:

H<sub>4</sub>: For distant extensions launched with no information, holistic thinkers will provide more favorable evaluations than analytic thinkers. For distant extensions launched with an elaborational communication, analytic and holistic thinkers will provide equally favorable evaluations.

## Study 4

### Sample and Procedure

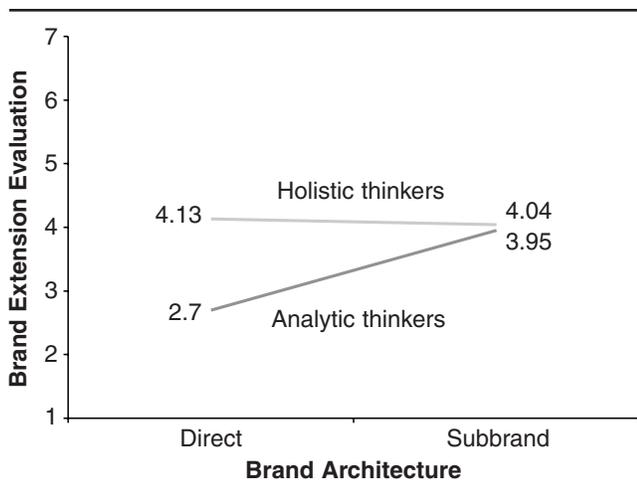
We tested our predictions in a 2 (style of thinking: analytic, holistic)  $\times$  2 (communication type: no information, elaborational) between-subjects design. The basic experimental procedure and measures were consistent with our prior studies. Ninety students from a southern U.S. university participated in the study.

### Style of Thinking Prime

Previously, we used a task that varied attention to social relationships as a way to encourage either analytic or holistic thinking. In this study, we used a task that varies attention to the object versus the context to induce participants to think analytically or holistically. Thus, we triangulate our basic findings of analytic–holistic thinking influences on brand extension response.

Following a procedure that Monga and John (2008) report, we manipulated analytic thinking by asking participants to view a line drawing of a scene, which had 11 smaller objects (e.g., ski cap, bird, key) embedded in the scene. Respondents viewed pictures of these 11 objects and tried to find them in the larger scene. Finding embedded

**FIGURE 3**  
**Study 3: Brand Extension Evaluation**



figures encourages field independence, which is a major characteristic of analytic thinking (Nisbett et al. 2001). We manipulated holistic thinking by asking participants to look at the same scene (while focusing on the background) and write a paragraph about what is happening in the scene. Recall that focusing on the background encourages field dependence, which is a major characteristic of holistic thinking (Masuda and Nisbett 2001). Participants in this condition were not told about the smaller embedded objects. Note that these objects were well embedded, such that participants in the holistic condition would not spontaneously see them.

### Communication Type

In the no-information condition, participants were provided only with the name of the extension (Toyota wallets), consistent with our prior studies. In the other condition, participants were introduced to the extension using a press release announcing the launch of Toyota wallets. We designed the content of the press release to reflect an elaborational communication, in line with prior research (Aaker and Keller 1990; Bridges, Keller, and Sood 2000):

Washington, DC, USA—(PR NEWSWIRE)—September 4—Today Tag Taguchi, CEO, Toyota-North America, announced that Toyota will be launching a new line of wallets. They will be available in a variety of colors and include designs for both men and women. Wallets will be available at a variety of retail stores nationwide.

### Results

**Manipulation check.** We expected the elaborational communication to reduce analytic thoughts about the extension. To check this assumption, we examined the percentage of analytic thoughts across conditions (interrater reliability = 97.7%). As we expected, for the no-information condition, analytic thoughts were more evident for analytic than for holistic thinkers (81% versus 11%;  $z = 4.11, p < .01$ ). In contrast, for the elaborational communication condition, no differences in analytic thoughts emerged for analytic versus holistic thinkers (36% versus 25%;  $p > .10$ ).

**Brand extension evaluation.** We analyzed evaluations in a 2 (style of thinking)  $\times$  2 (communication type) between-subjects analysis of variance. The analysis revealed a significant style of thinking  $\times$  communication type interaction ( $F(1, 86) = 5.16, p < .05$ ; see Figure 4). We examined this interaction using planned contrasts. As we predicted, for the no-information condition, holistic thinkers provided more favorable evaluations than analytic thinkers ( $M = 4.05$  versus 2.50,  $SD = 2.17$  versus 1.03;  $F(1, 86) = 9.10, p < .01$ ). For the elaborational communication condition, analytic and holistic thinkers provided equally favorable evaluations ( $M = 4.16$  versus 4.23,  $SD = 1.21$  versus 1.46;  $p > .10$ ).

**Brand extension fit.** We analyzed fit perceptions in a 2 (style of thinking)  $\times$  2 (communication type) between-subjects analysis of variance. The results mirrored those for extension evaluation. In the no-information condition, holistic thinkers perceived a higher degree of extension fit than analytic thinkers ( $M = 2.72$  versus 1.68,  $SD = 1.99$  versus .79;  $F(1, 86) = 5.36, p < .05$ ). In contrast, for the elabo-

rational communication condition, perceived extension fit did not differ for analytic versus holistic thinkers ( $M = 2.28$  versus 2.32,  $SD = 1.27$  versus 1.84;  $p > .10$ ).

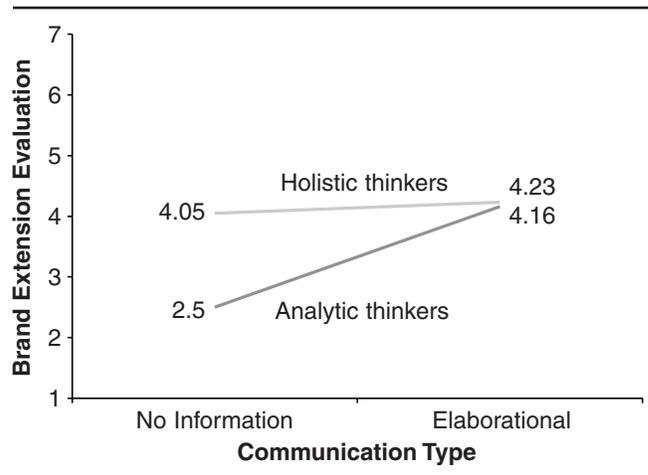
### Discussion

Analytic thinkers respond more favorably to distant extensions of functional brands when they are introduced with an elaborational communication. For these consumers, providing information about the extension (Toyota wallets) that it would be a typical offering in the category (wallets) suppressed analytic thoughts and increased acceptance of the extension. Furthermore, the results provide clarification on the facilitative effects of elaborational communications. Prior research has found that elaborational communications increase evaluations for extensions that are distant and inconsistent with consumer expectations. We find that this facilitative effect of elaborational communication is due to its positive influence with consumers engaging in analytic thinking rather than holistic thinking.

These findings suggest that the resistance of analytic thinkers to distant extensions of functional brands can be overcome by providing more information about the extension. However, providing additional information for the benefit of analytic thinkers may be more complicated than it appears. To be effective, product information may need to be presented in a way that is compatible with the style of thinking for analytic thinkers. Prior research has shown that persuasive appeals are more effective when they match a person's goals, attitude bases, or processing styles. For example, emotional (versus rational) appeals are more effective when a person's attitude is affectively based (Fabrigar and Petty 1999), and strong arguments are more effective when they match the functional bases of a person's attitude (Petty and Wegener 1998). Thus, managers may need to provide brand extension information in a way that matches the processing style of analytic (or holistic) consumers.

We explore this proposition in Study 5. An obvious way to do so would be to design advertisements with different product information that matches analytic or holistic thinking. However, type of product information would be con-

**FIGURE 4**  
**Study 4: Brand Extension Evaluation**



founded with style of thinking. Accordingly, we used a different way to match message appeal with style of thinking. We take our cue from research that shows that linguistic categories (adjectives versus verbs) encourage different foci of attention. Adjectives induce a holistic frame by encouraging a focus on global, abstract relationships; in contrast, verbs induce an analytic frame by encouraging focus on specific properties and details (Stapel and Semin 2007). Using this distinction, we examine how analytic and holistic consumers evaluate brand extensions when they are introduced with messages that communicate the same extension information in an analytic frame (verbs) versus a holistic frame (adjectives).

We predict that brand extension evaluations will vary as a function of these message frames. The analytic frame is compatible with the natural inclination of analytic thinkers, suggesting that extension evaluations will be more favorable in this condition for analytic thinkers. Conversely, a holistic frame is more compatible with the natural tendency of holistic thinkers, suggesting that extension evaluations will be more favorable in this condition for holistic thinkers. Thus, we forward the following prediction:

H<sub>5</sub>: For distant extensions, analytic thinkers will provide more favorable evaluations in the analytic frame than in the holistic frame. For distant extensions, holistic thinkers will provide more favorable evaluations in the holistic frame than in the analytic frame.

## Study 5

### Sample, Procedure, and Measures

We tested our hypothesis in a 2 (style of thinking: analytic, holistic) × 2 (frame: analytic, holistic) between-subjects design. Seventy-six students from a southern U.S. university participated in the study. The experimental procedure and measures were similar to Study 4; we manipulated style of thinking with the same priming task used in Study 4.

### Stimuli

We selected Dell as the parent brand on the basis of a pretest (n = 17) that showed that Dell was a familiar brand (M = 4.29 on a scale from 1 = “not at all familiar” to 5 = “extremely familiar”) and a well-liked brand (M = 5.59 on a scale from 1 = “poor” to 7 = “excellent”). In addition, Dell was perceived as a functional brand (M = 5.10 on a seven-point scale). We selected watches as the extension category on the basis of a pretest that showed that watches were moderately dissimilar from computers (M = 3.12 on a scale from 1 = “not at all similar” to 7 = “extremely similar”).

### Frame

Participants viewed an advertisement for a new Dell watch. Consistent with the work of Stapel and Semin (2007), we manipulated the holistic (versus analytic) frame by (1) describing the characteristics of the extension using adjectives (holistic) versus verbs (analytic) and (2) asking a rhetorical question to encourage consumers to think about the brand’s personality, which induces the use of adjectives (holistic), versus a rhetorical question encouraging con-

sumers to think about the brand’s behaviors, which induces the use of verbs (analytic). For the holistic frame, the text read as follows:

The Dell brand will soon be launching a line of watches ... Dell watches. Imagine if Dell watches were like a person, what kind of *personality* could it have? Dell watches could be *colorful in many ways, durable, dependable, stylish with clothing, functional in many ways*. What other *personality* characteristics could Dell watches have?

In the analytic frame, the text read as follows:

The Dell brand will soon be launching a line of watches ... Dell watches. Imagine if Dell watches were like a person, how would it *behave*? Dell watches could be *colored in many ways, last long, be depended upon, style well with clothing, function in many ways*. What other *behaviors* could Dell watches engage in?

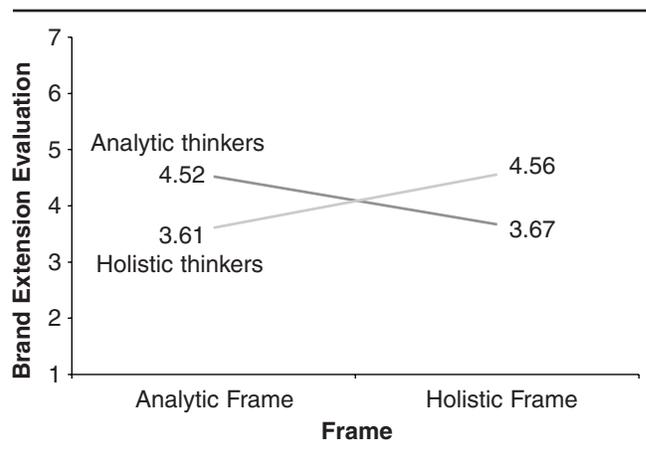
The only differences between advertisements were the use of adjectives (versus verbs) and type of rhetorical question (personality versus behavior).

### Results

**Brand extension evaluation.** We analyzed evaluations in a 2 (style of thinking) × 2 (frame) between-subjects analysis of variance. Our analysis revealed a significant style of thinking × frame interaction ( $F(1, 72) = 8.75, p < .01$ ; see Figure 5). We examined this interaction using planned contrasts. As we predicted, analytic thinkers provided more favorable evaluations in the analytic frame than in the holistic frame condition (M = 4.52 versus 3.67, SD = 1.43 versus 1.06;  $F(1, 72) = 4.40, p < .05$ ). In contrast, holistic thinkers provided more favorable evaluations in the holistic frame than in the analytic frame (M = 4.56 versus 3.61, SD = 1.26 versus 1.50;  $F(1, 72) = 4.37, p < .05$ ).

**Brand extension fit.** Although we expected the match between frame and style of thinking to affect extension evaluations, we examined whether brand extension fit might be affected as well. Planned contrasts showed that analytic thinkers perceived greater extension fit when the extension was described using an analytic versus a holistic frame (M = 3.70 versus 3.00, SD = 1.70 versus 1.64;  $F(1, 72) = 3.00, p < .05$ ). In contrast, holistic thinkers perceived

**FIGURE 5**  
**Study 5: Brand Extension Evaluation**



greater extension fit when the extension was described using a holistic versus analytic frame ( $M = 3.1$  versus  $2.3$ ,  $SD = 1.26$  versus  $1.61$ ;  $F(1, 72) = 2.70$ ,  $p = .05$ ).

*Supplementary analysis.* We found that message appeals that match a consumer's style of thinking result in more favorable extension evaluations. As a follow-up, we examined possible reasons analytic and holistic thinkers respond in this way. Information that matches a person's attitudes, goals, or processing style may be more effective for several reasons, including perceptions of higher message quality (Lavine and Snyder 1996), higher fluency (Lee and Aaker 2004), and greater motivation and scrutiny (DeBono and Harnish 1988). We measured all three of these factors—message quality, ease/fluency of message processing, and motivation/scrutiny—to explore whether they are responsible for the matching effect we observed in our study. We analyzed all measures in a  $2$  (style of thinking: analytic, holistic)  $\times$   $2$  (frame: analytic, holistic) between-subjects analysis of variance. The results revealed that a matching effect (style of thinking  $\times$  frame interaction) was significant only for message quality ( $F(1, 72) = 7.85$ ,  $p < .01$ ; other measures,  $ps > .10$ ). Planned contrasts showed that analytic thinkers perceived message quality as higher for the analytic than for the holistic frame ( $M = 4.48$  versus  $3.84$ ;  $F(1, 72) = 3.15$ ,  $p < .05$ ). In contrast, holistic thinkers perceived message quality as higher for the holistic than the analytic frame ( $M = 4.25$  versus  $3.37$ ;  $F(1, 72) = 4.71$ ,  $p < .05$ ).

## Discussion

The results identify another method for enhancing brand extension evaluations among analytic thinkers. Providing product information about the extension increased evaluations for analytic (holistic) thinkers, but only when the product information was presented using an analytic (holistic) frame. Matching the message frame to styles of thinking resulted in more favorable perceptions of message quality, which led to enhanced extension evaluations.

In addition, these findings provide support for the role of style of thinking in brand extension response. In our prior studies, we presented evidence that analytic and holistic thinking resulted in different responses to functional brand extensions, including analyses of thought data (Studies 1 and 2) and manipulations that reduced analytic thinking and increased extension evaluations (Studies 3 and 4). In Study 5, we add to this evidence by showing that extension information enhances extension evaluation only if the information matches the consumer's style of thinking. The crossover interaction between style of thinking and message frame makes it unlikely that factors other than styles of thinking can account for our extension evaluation results.

## General Discussion

The findings support the view that brand elasticity is jointly determined by parent brand concept and consumer styles of thinking. For functional brands, holistic thinkers provide more favorable responses to distant brand extensions than analytic thinkers. In contrast, for prestige brands, holistic and analytic thinkers respond equally favorably. This effect

emerges when analytic and holistic thinking are examined as an individual difference (Study 1) and as a situationally induced mind-set (Study 2). Thus, the findings identify analytic thinkers as the roadblocks for functional brands wanting to extend into new and different product categories.

The results also provide guidance to managers in meeting this challenge. To reduce analytic thinking and close the gap in extension evaluation between analytic and holistic thinkers, we find that subbrand architecture (Study 3) and elaborational communications (Study 4) are effective. To increase the acceptance of positive information about extensions, which enhances extension evaluation, we find that matching the way product information is presented to the consumer's style of thinking is effective for both analytic and holistic thinkers (Study 5).

## Conceptual Contributions

Across studies, we find consistent evidence for an interaction between parent brand characteristics (prestige versus functional) and consumer styles of thinking (analytic versus holistic) in response to brand extensions. These findings suggest that a consideration of interaction effects could be the key to unlocking the complexities of how consumers evaluate brand extensions. Prior brand extension research has identified many important factors that influence the way brand extensions are evaluated—including parent brand characteristics (prestige versus functional, broad versus narrow, high versus low quality), consumer characteristics (low versus high involvement, high versus low brand commitment, styles of thinking), and extension characteristics (distant versus near, upward versus downward stretch, line versus brand extension). The results demonstrate the importance of understanding the interactions among these factors.

Consider the interaction between styles of thinking and nature of the parent brand (prestige versus functional) reported herein. This finding clarifies and qualifies prior research that examines these two factors independently. Prior research examining the prestige versus functional brand distinction has made the important observation that functional brands are less elastic than prestige brands, as evidenced by the poor evaluations consumers give to distant extensions of functional brands (Park, Milberg, and Lawson 1991). Our research clarifies this observation, finding that only some consumers (analytic thinkers) experience difficulty relating to distant extensions of functional brands, whereas others (holistic thinkers) do not. Thus, it is analytic thinking that undermines the acceptance of extensions of functional brands, which can be overcome by the use of subbrands and elaborational communications. These findings also qualify prior research on the use of subbrands and communication strategies to improve brand extension evaluations. Specifically, the results suggest that not all consumers are positively influenced by subbrands or elaborational communications strategies—only analytic thinkers are affected by these strategies.

Finally, the results highlight the importance of consumer styles of thinking and mind-sets in understanding brand extension response. Although prior brand extension research has identified many factors that influence consumer response, the idea that consumers may have different

styles of thinking or mind-sets that affect extension response has been a late addition to the literature. Just recently, Monga and John (2007) and Ahluwalia (2008) have shown that holistic styles of thinking, which enable consumers to engage in more relational thinking, contribute to making brands more elastic. Other types of consumer mind-sets influence brand perceptions as well. For example, Kim and John (2008) find that consumers with more abstract (concrete) mind-sets rely more (less) on brand extension fit to evaluate brand extensions. Lee and Shavitt (2006) show that consumers with different social identity mind-sets weigh the importance of retail store brands (e.g., Nordstrom versus Sears) differently when evaluating symbolic (e.g., running shoes) versus nonsymbolic (e.g., microwave) products. Taken together, these recent findings suggest that how consumers process brand information is as important as, or perhaps even more important than, traditional factors included in branding research.

### **Managerial Implications**

The general consensus in branding research is that brands should not extend too far from the parent brand, especially functional brands. This advice is sound but also conservative in nature. What guidelines are available for managers who are willing to risk extending their brands to distant categories? The findings offer the following direction: First, brands can be stretched much farther for consumers who think holistically than for those who think analytically. Analytic thinkers have a narrow perception of the boundaries for the brand, whereas holistic thinkers are able to connect the parent brand and distant extensions. Although holistic thinkers may be difficult to target individually, there are certain ethnic groups and geographic areas that tend to have higher concentrations of holistic consumers. For example, consumers from Eastern cultures, such as China, India, and Japan, tend to think more holistically (Monga and John 2007). Similarly, multicultural consumers, such as Hispanic

Americans and Asian Americans, are likely to be more holistic (Escalas and Bettman 2005). Even U.S. consumers from certain states, such as Georgia, South Carolina, and Hawaii, are much more likely to engage in holistic thinking (Nisbett et al. 2001; Vandello and Cohen 1999).

Second, the challenges of extending brands into distant product categories can be overcome with strategies readily available to managers. Subbrands and elaborational communications increase the acceptance of distant extensions of functional brands among analytic thinkers. Just as important, this research indicates that these strategies are unnecessary if the consumer target consists of holistic thinkers, as would be the case for consumers from Eastern cultures or multicultural consumers with Eastern heritage. As multicultural consumers become more acclimated to the United States, they may become equally adept at analytic and holistic thinking. In this case, the managerial strategies we have discussed, as well as situational cues that prime holistic thinking, should be considered. For example, movies or advertisements depicting relational connections versus individual separation could encourage consumers to think holistically versus analytically.

Finally, this research illustrates the importance of thinking about brand concepts when positioning and building brands. The distinction between functional and prestige brands was raised in academic research more than 20 years ago (Park, Jaworski, and MacInnis 1986). The findings reiterate how important the distinction is for successfully leveraging brands, particularly in the United States and other Western cultures in which analytic thinkers are more commonly found. Although prestige concepts can be more difficult to build than simple functional concepts, it is also the case that substantial advantages accrue to prestige brands when leveraging. By considering styles of thinking, the findings provide a fresh perspective on how brand concepts either enable or reduce opportunities for leveraging brands in the United States and around the globe.

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