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## **Good Guys Don't Always Finish Last: The Moderating Role of Brand Extension Fit on Product Evaluations Based on Corporate Ability (CA) and Corporate Social Responsibility (CSR) Associations**

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GOOD GUYS DON'T ALWAYS FINISH LAST: THE MODERATING ROLE OF  
BRAND EXTENSION FIT ON PRODUCT EVALUATIONS BASED ON  
CORPORATE ABILITY (CA) AND CORPORATE SOCIAL RESPONSIBILITY  
(CSR) ASSOCIATIONS

by

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B.S. Ithaca College, 2005

A dissertation submitted in partial fulfillment of the requirements  
for the degree of Doctor of Philosophy  
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## **ABSTRACT**

Termed corporate associations, consumer corporate brand perceptions influence evaluations of new products made by consumers. Corporate associations are conceptualized as falling within two categories (Brown and Dacin 1997): a corporation may develop a reputation for Corporate Ability (CA) by developing quality products or for Corporate Social Responsibility (CSR) through its corporate commitment to societal obligations. Past research suggests that product-related CA associations lead to more favorable product evaluations than CSR, which is a contextual association that is less product-related. However, past research has been limited to line extensions, which are evaluated in a piecemeal cognitive process. Unlike line extensions, evaluations of brand extensions include an intervening categorization process that determines consumers' evaluative strategies. This research merges the corporate association and brand extension literature streams and, in four studies, contributes to the literature by establishing that brand extension fit moderates the influence of corporate associations on product evaluations. This finding is developed further by demonstrating that both individual differences (self-construal) and brand-related attributes moderate this interaction.

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## INTRODUCTION

Consumers' corporate perceptions influence consumers' evaluations of new products introduced by companies (Brown et al. 2006). The sum of corporate perceptions, referred to as corporate associations, are categorized broadly into two types (e.g., Brown and Dacin 1997): *corporate ability* (CA) associations relate to consumer perceptions of a corporation's ability to develop and distribute quality products, and *corporate social responsibility* (CSR) associations relate to consumer perceptions of a corporation's commitment to its societal obligations. Existing research suggests that consumers consider both types of associations when making evaluations of a company's new products (Brown and Dacin 1997; Biehal and Shenin 2007), but that CA associations, which are relatively more product-related and thus perceived as more diagnostic for inferring product quality, have a greater influence on new product evaluations than CSR associations (Brown and Dacin 1997; Gurhan-Canli and Batra 2004). However, to the best of our knowledge, the investigation on the effect of CA and CSR associations to date has focused on new product offerings within a company's existing domain (e.g. a television set produced by an electronic manufacturer, Gurhan-Canli and Batra 2004; hotel rooms rented by hotels, Biehal and Shenin 2007; and financial products by a bank, Berens et al. 2005). It remains unknown how corporate associations influence product evaluations when the new product category extends outside of the company's current domain (brand extension; e.g., barbeque sauce products offered by a salad dressing company).

In contrast to line extensions, which are evaluated by consumers through a piecemeal processing strategy, the evaluation strategies used to assess brand extensions

depend on consumers' ability to successfully categorize an extension with the core product category. Because of the intervening categorization process included for evaluating brand extension, the role of CA and CSR associations on product evaluations is more complicated than acknowledged previously. Specifically, we identify brand extension fit as a moderating variable of the relationship between corporate associations (CA versus CSR) and new product appraisals. We propose that when evaluating high fit brand extensions, which consumers easily categorize with the core brand, cognitive elaboration is limited. Because of their low cognitive effort, consumers simply transfer positive attitudes associated with the corporate category to the new product without assessing the diagnosticity of the available corporate association on product evaluations; hence, CA and CSR equally affect extension evaluations. In contrast, when extension fit is low, categorization becomes more difficult, which motivates consumers to allocate more cognitive resources for evaluating the extension. With a more piecemeal processing, consumers assess the diagnosticity of available corporate associations. Compared to CA associations, CSR associations, which are more global and less related to the original product category of the corporation, are expected to have a greater impact on evaluations of low-fit extensions.

In the remainder of this paper, we review the corporate association and brand extension literature streams before proposing a theoretical framework and hypotheses developed to understand how corporate associations affect consumers' brand extension evaluations. Using a fictitious brand with both corporate associations and extension fit manipulated, Studies 1a and 1b investigate and establish evidence for our main hypothesis, which proposes an interaction between corporate associations and brand

extension fit on extension evaluations – study 1a also replicates prior findings by showing that CA leads to more favorable evaluations than CSR when consumers evaluate line extensions. Study 2 replicates the focal findings of studies 1a and 1b by using real brands and measuring corporate associations. The first two studies demonstrate that CSR associations can lead to more positive evaluations than CA associations when a brand extension has low fit with the company’s current domain. In contrast, when brand extension fit is high, CA and CSR have an equally positive influence on new product evaluations. To provide additional evidence for the theory advanced in this paper, study 3 examines how the interaction between corporate associations and brand extension fit may be further moderated by an individual variable (self-construal) that influences consumers’ preference for attribute-based CA associations versus more general CSR associations. Finally, study 4 examines the influence of marketing strategies that align corporate social responsibility with a brand’s core offerings.

# THEORY AND HYPOTHESIS

## Corporate Associations

By developing a favorable reputation, corporate brands benefit from a competitive advantage that enhances consumers' product evaluations (Brown 2006). Commonly referred to as "corporate associations" (e.g. Brown et al. 2006; Dacin and Brown 2006), the totality of an individual's knowledge, beliefs, and perceptions that constitute a corporate reputation is conceptualized as falling into two categories: 1) delivering and producing quality products and 2) meeting social obligations to society. Respectively, these categories have been referred to as "economic performance" and "social conduct" (Chew 1992); 'business competency' and 'social conscience' (Goldberg 1998); "organizational performance" and "social performance" (Riahi-Belkaoui 1992); "business conduct" and "social conduct" (Winters 1986); and "corporate ability" and "corporate social responsibility" (Brown and Dacin 1997). In this paper, we follow Brown and Dacin (1997)'s terminology of perceptions of the two categories of corporate reputation.

Corporate Ability (CA) associations, represent consumers' belief that a corporation has the ability create and deliver quality products and services (Brown 1998). By developing CA associations through meeting consumer needs and by providing economic value (Winters 1986; Chew 1992), firms meet the expectations that constitute the reason "why businesses exist in the first place" (Berens and van Riel 2004, p.169). Because favorable CA associations enhance expectations for the quality of new offerings

in the same product domain, CA associations have been shown to have a favorable direct influence on consumers' product evaluations (Brown and Dacin 1997).

Corporate Social Responsibility (CSR) refers to consumers' perceptions that a firm is committed to philanthropic activities, community giving, environmental responsibility, cause-related marketing, ethical employment practices, and a general fulfillment of societal obligations (Brown and Dacin 1997; Brown 1998; Berens and van Riel 2004; Sen and Bhattacharya 2001). Conceptualized as the perception of an organization "acting as a responsible entity in society" (Dacin and Brown 2006, p.255), CSR associations allow consumers to see into the "value system," "soul," or "character" of a company (Sen and Bhattacharya 2001, p.228) and are not product-related (Brown and Dacin 1997). Hence, CSR establishes a holistic evaluative context that favorably influences evaluations (Biehal and Shenin 2007; Brown and Dacin 1997).

In their seminal work, Brown and Dacin (1997) found that both types of associations favorably influence product evaluations of products within a company's current domain (e.g. electronic products produced by an electronic manufacturing company), but because CA associations are product-related while CSR associations are not, CA had a greater influence on new product evaluations than CSR. Subsequent research has generally replicated this finding. Berens et al. (2005) showed that, while both types of associations provided favorable cues for evaluations, CA associations had a greater influence on consumer evaluations of financial products offered by a bank than CSR. Gurhan-Canli and Batra (2004) revealed that manufacturing ability (CA) had a greater influence on product evaluations of a new television introduced by an electronic company when participants evaluated a product manipulated to be high in risk. Hence,

existing literature suggests that CA associations are more important than CSR for informing consumers' new product evaluations.

When a new product is introduced with a company's current domain, consumers recognize that the new product falls within the current category and, hence, need not include a categorization process to make their product evaluations. Instead, when categorization is unnecessary, consumers engage in piecemeal processing wherein various attributes are evaluated piece-by-piece (Sujan 1985). Attributes communicated through CA associations are product-related and are perceived as more diagnostic for inferring a new product's quality than are non-product-related CSR associations. Much as corporate association research findings indicate that consumers use attribute-oriented processing in their product evaluations (Brown and Dacin 1997; Biehal and Shenin 2007), line extension research suggests that consumers consider attributes when making evaluations. For instance, consumers appear to consider attributes of a movie's plot when evaluating sequels (Sood and Dreeze 2006) and assess both feature and symbolic characteristics of automobile line stretches (Kirmani, Sood, and Bridges 1999).

While the effect of corporate associations on consumer evaluations of a new product within a corporation's current product domain has received considerable study, we propose that the influence of corporate associations on product evaluations becomes more complicated when a new product outside the company's current domain, a brand extension, is introduced. When a brand extension is evaluated, consumers tend to adopt a categorization strategy to evaluate the new product in which they first try to categorize the extension into the corporation's existing product domain (e.g., Aaker and Keller 1990). In other words, when assessing brand extensions, consumers' product evaluations

include an intervening categorization process that may alter how corporate associations influence product evaluations.

### Brand Extensions and the Role of Extension Fit

A common branding strategy (Loken and John 1993), a brand extension occurs when an existing brand name is used to introduce a new product outside of the existing brand category (Aaker and Keller 1990). Unlike line extensions in which a “brand name is used to enter new market segment in its product class” (Aaker and Keller 1990, p.27), consumer evaluations of brand extensions begin with a categorization process, wherein consumers attempt to connect the brand and extension product categories (Aaker and Keller 1990). The brand extension literature has identified brand extension fit, or consumers’ perception of similarity between the brand and extension categories (e.g. Aaker and Keller 1990; Boush and Loken 1991), as an important factor for brand extension evaluations (Keller 2002; Völckner and Sattler 2006).

Brand extension fit influences not only product evaluations (e.g., Park, Milberg, and Lawson 1991) but also the level of cognitive effort consumers use when evaluating an extension (Keller 2002; Meyers-Levey and Tybout 1989). According to categorization theory, individuals try to categorize new stimuli including products experiences into known categories (e.g. Sujan 1985). If the stimulus is successfully categorized, the evaluation will be based on the original category and the individual’s affect toward the category (Fiske and Neuberg 1990). Because high fit brand extensions are easily categorized with the core brand category, associations from the corporate brand

transfer onto the extension with minimal cognitive effort (Aaker and Keller 1990; Bottomley and Holden 2001; Meyers-Levy and Tybout 1989).

Because consumers naturally are cognitive misers and prefer the most efficient processing routes (Fiske and Taylor 1984), a successfully categorized stimulus is expected to be based on category affect and further attribute-oriented evaluations are not expected (Fiske and Neuman 1990). Hence, high fit brand extensions are evaluated based on a low cognitive effort category-based strategy, such that evaluations are primarily dependent on their 1) relationship with the core brand category and 2) consumers' core brand favorability perceptions (Aaker and Keller 1990; Gurhan-Canli and Maheswaran 1998). Consistent with categorization theory which suggests that further attributes will not be considered in an evaluation after successful categorization (Fiske and Neuberg 1990) and research that suggests that consumers are unlikely to discriminate between the diagnosticity of cues when cognitive processing is low (Wegener and Petty 1998), consumers are not expected to consider how diagnostic a corporate association is to a brand extension evaluation when brand extension fit is high. Hence, we propose that when brand extension fit is high (and cognitive elaboration is low), consumers will respond equally favorably to the extension irrespective of whether a positive CA or positive CSR association is salient.

When consumers encounter low fit brand extensions, their cognitive elaboration increases as they seek to rationalize the brand's extension into a less related category (Meyers-Levy and Tybout 1989; Peracchio and Tybout 1996; Keller 2002). In other words, when categorization is unsuccessful, individuals become motivated to process the information in detail using a more cognitively demanding processing in which attributes

are evaluated piecemeal (Pavelchak 1989; Fiske and Taylor 1991). With greater cognitive elaboration, individuals differentiate between the diagnosticity of cues when making evaluations (Wegener and Petty 1998) and use a piecemeal attribute-oriented evaluative strategy (Gurhan-Canli and Maheswaran 1998; Fiske and Neuberg 1990). Hence, when evaluating low fit brand extensions, consumers are expected to consider the relevance of salient CA versus CSR associations when making new product evaluations.

Findings from brand extension research demonstrate that brand attributes such as product quality or other product-related attributes are unlikely to transfer to a low fit extension (Bousch and Loken 1991; Czellar 2003; Keller 2002). In their metaanalysis of brand extension research, Echambadi et al (2006) find that a brand known for quality “would be more successful at introducing an extension only if the category fits the parent brand but not otherwise” (p.258). Because CA associations are positioned along product-related attributes (Brown and Dacin 1997; Biehal and Shenin 2007), the influence of CA associations on brand extension evaluations is expected to be reduced when brand extension fit is low.

While the influence of CA associations becomes less relevant for low fit brand extensions (Czellar 2003), CSR associations appear less influenced by fit since “CSR associations are often unrelated to the company’s abilities in producing goods and services” (Brown and Dacin 1997, p.68) and instead provide a favorable evaluative context by increasing positive perceptions of the corporation rather than through product related-beliefs (Sen and Bhattacharya 2001; Brown and Dacin 1997; Gurhan-Canli and Batra 2004). In sum, even when brand extension fit is high, CSR associations are often unrelated to product attributes – their influence on product evaluations takes place

through building a positive corporate image. Hence, when brand extension fit is low, positive CSR associations should more positively influence product outcomes than positive CA associations.

Hypothesis 1: The effect of corporate associations on consumer response toward the company's brand extension is dependent on the level of brand extension fit.

When extension fit is high, CA and CSR will produce equivalent levels of favorable responses. When extension fit is low, CSR will lead to more favorable responses than CA.

## STUDY 1A

### Method

*Overview:* To test the interaction between corporate associations and extension type, a 2 (corporate association: CA/CSR) x 4 (extension type: line/high/low/lower) between-subjects full factorial design was employed. A line extension condition is included in order to replicate the findings of past research. Two low fit conditions were included in order to increase support for the hypothesis that CSR leads to more favorable product evaluations than CA when consumers evaluate low fit brand extensions. In exchange for course credit, 250 undergraduates from a large university participated in this study. Participants were first exposed to a company description (Cryer Corporation), then were told that the company was an industry leader in one of four categories used to manipulate brand extension fit (multivitamin, health food, suntan lotion, or coffee manufacturing) based on either CA or CSR associations, were informed that the company was going to begin developing a new product identified as a multivitamin supplement, and then completed dependent measures and manipulation checks.

*Corporate Association Manipulations.* Two corporate association manipulations based on past research (Brown and Dacin 1997; Biehal and Shenin 2007) were developed in which participants read a corporate description developed to manipulate CA and CSR associations and included an A,B,C,D,F rating system (APPENDIX A: STUDY 1: CA AND CSR MANIPULATIONS). Our decision to expose respondents to a single corporate association is consistent with the observation that many companies position

their brands primarily on either CA (e.g., Bath and Body Works) or CSR (e.g., The Body Shop) associations (Brown et al. 2006).

*Dependent Variable.* Participants reported general product evaluations of the new product on a semantic differential scale (“Very bad/Very good”, “Very unfavorable/Very favorable”, “Unpleasant/Pleasant”, “Dislike/Like”, “Not worth owning/Worth owning”, “Undesirable/desirable”, and “Awful / Nice”,  $\alpha = .95$ ).

*Manipulation Checks.* After dependent measures were collected, participants were asked to recall the core and extension product categories described in the study. This recall was used to ensure that participants understood the descriptions provided. A manipulation check to ensure that extension products varied in fit as anticipated (line, high, low, lower) was also employed.

## Results

Of the 250 responses collected, 9 respondents were excluded from analysis because they recalled incorrectly the core or extension product categories. The analysis was conducted on the remaining 241 completed surveys.

*Extension fit manipulation check:* Participants provided fit evaluations of a multivitamin product produced by a company known for manufacturing either: multivitamin supplements (line extension), health food (high fit), suntan lotion (low fit), or coffee (lowest fit). Fit was evaluated with two 7-point scales: a four-item measure of global fit perception (e.g., “Inconsistent/Consistent”, “Different/Similar,” Ahluwalia and Gurhan-Canli 2000; John, Loken, and Joiner 1998) and a six-item scale that combines

multiple bases of fit (e.g., “Product Features”, “Usage situations,” “Manufacturing Processes”; “Not very similar / Very Similar”; Klink and Smith 2001). Both scales were included to provide robust evidence that fit varied between conditions.

Differences in perceived fit emerged between each of the fit levels as indicated by significant ANOVAs for both the general fit measure ( $F(1,234)=58.36, p<.001$ ) and multiple-base fit measure ( $F(1,222)=44.68, p<.001$ ). Participants rated the line extension as higher in fit than the high fit brand extension (Global fit measure,  $M_{Line}=6.08, M_{High}=5.69; F(1,234)=2.91, p<.10$ ; Multiple-base measure,  $M_{Line}=5.95, M_{High}=5.15; F(1,222)=11.22, p<.001$ ), the low fit brand extension (Global fit measure, ( $M_{low}=4.48; F(1,234)=50.36, p<.001$ ; Multiple-base measure,  $M_{Low}=4.08; F(1,222)=64.40, p<.001$ ), and the lowest fit brand extension ( $M_{lowest}=3.40; F(1,234)=140.29, p<.001$ ; Multiple-base measure,  $M_{Lowest}=3.40; F(1,222)=120.48, p<.001$ ). The high fit extension was perceived to be higher in fit than both the low fit (General fit measure,  $F(1,234)= 104.45, p<.001$ ; Multiple-base measure,  $F(1,222)=21.20, p<.001$ ) or the lowest fit (General fit measure,  $F(1,234)= 29.35, p<.001$ ; Multiple-base measure,  $F(1,222)=53.25, p<.001$ ) extensions. Additionally, the low fit extension was perceived to be lower in fit than the low fit brand extension (General fit measure,  $F(1,234)= 24.07, p<.001$ ; Multiple-base fit measure,  $F(1,234)=24.07, p<.001$ ).

*Dependent measure:* As predicted by hypothesis 1, a 2 (corporate association: CA/CSR) x 4 (brand extension fit: line/high/low/lower) ANOVA on global product evaluations revealed a significant two-way interaction ( $F(1,229)=2.871, p<.05$ ).

For the line extension (multivitamins produced by a multivitamin manufacturer), product evaluations were more favorable when presented with a CA versus CSR message

( $M_{\text{line,CA}} = 5.75$  vs.  $M_{\text{line,CSR}} = 5.32$ ;  $F(1,229) = 2.71$ ,  $p = .10$ ). This finding replicates past literature, which asserts that CA associations lead to more favorable product outcomes than CSR associations. For the high fit brand extension (vitamins produced by a health food manufacturer), differences in product evaluations based on CA versus CSR associations did not emerge ( $M_{\text{high,CA}} = 5.42$  vs.  $M_{\text{high,CSR}} = 5.56$ ;  $F(1,229) = .28$ ,  $p = .59$ ). CSR associations led to more favorable product evaluations than CA associations for both the low fit condition in which vitamins were produced by a suntan lotion manufacturer ( $M_{\text{low1,CA}} = 4.92$  vs.  $M_{\text{low1,CSR}} = 5.41$ ;  $F(1,229) = 3.65$ ,  $p < .06$ ) and also when vitamins were produced by a coffee manufacturer ( $M_{\text{low2,CA}} = 4.44$  vs.  $M_{\text{low2,CSR}} = 4.97$ ;  $F(1,229) = 4.13$ ,  $p < .05$ ).

<See APPENDIX B: STUDY 1A: MEANS AND STANDARD DEVIATIONS.>

## STUDY 1B

Study 1A supports hypothesis 1 and provides evidence to support the overall model conceptualization. As hypothesized, CA and CSR associations led to equally favorable product outcomes when brand extension fit was high. When fit was low, CSR led to more favorable evaluations than CA when fit was low. Finally, past literature was replicated in the line extension condition in which CA associations led to more favorable product evaluations than CSR. However, since prior research has not considered the role of brand extension fit on new product evaluations, it is important to include a baseline situation without corporate associations available in order to demonstrate the influence of each corporate association on product evaluations beyond the effect of brand extension fit. Hence, study 1a includes a control condition in which corporate associations are not included in the manipulation. Study 1b also analyzes consumers' thoughts in order to provide support for the influence of cognitive elaboration on new product evaluations at high and low levels of brand extension fit.

### Method

*Overview.* Study 1b tests hypothesis 1, with a 3 (corporate associations: CA, CSR, vs. neither) x 2 (extension fit: high versus low) between-subjects full factorial design. A total of 281 undergraduates from a large university participated in this study in exchange for course credit. Depending on the condition they were randomly assigned to, respondents first read a profile of a fictitious corporation (Dacin Corporation), which in

addition to general information about the corporation, included favorable CA information, favorable CSR information, or a control condition without corporate association information. After reading the corporate information, participants evaluated either a high or low fit brand extension introduced by Dacin Corporation.

*Corporate Association Manipulation.* Following Brown and Dacin (1997), profiles of a hypothetical corporation, Dacin Corporation, were created to develop corporate association manipulations (see APPENDIX A: STUDY 1: CA AND CSR MANIPULATIONS). In the control condition, Dacin Corporation was described as a salad dressing manufacturer with annual sales approximately equal to the industry average. For the CA and CSR conditions, the profiles added that Dacin Corporation was assessed using an A, B, C, D, F rating system in CA- or CSR-relevant areas (Brown and Dacin 1997; Biehal and Shenin 2007). In the CA condition, the company received A-level scores for technological innovation and manufacturing innovation. In the CSR condition, the company received A-level scores for corporate giving and community involvement.

A pretest with 65 undergraduates was conducted in which respondents rated their perceptions of CA and CSR associations using 7-point scales (Unfavorable/Favorable) after reading the CA and CSR manipulations. CA associations were assessed with three items: “reputation for product innovation,” “reputation for manufacturing ability,” and “reputation for product quality” ( $\alpha = .88$ ). CSR associations were measured with three items: “commitment to honesty and integrity,” “reputation for giving back to the community,” and “reputation for community involvement” ( $\alpha = .88$ ). To ensure that the CA versus CSR association manipulation did not differently influence brand affect, a 7-

point measure of brand elicited affect (Yeung and Wyer 2005) was completed (“Highly Unfavorable/Highly Favorable”, “Very Negative/Very Positive,” “Very Good/Very Bad,” “Very High/Very Low,” and “Unpleasant/Pleasant”;  $\alpha = .79$ ).

One-way ANOVA models revealed that participants who read positive CA (versus CSR) information reported more favorable CA perceptions ( $M_{CA} = 6.43$ ,  $M_{CSR} = 5.28$ ;  $F(1,63) = 33.07$ ,  $p < .01$ ) and that participants provided with positive CSR (vs. CA) information reported more favorable CSR perceptions ( $M_{CA} = 5.39$ ,  $M_{CSR} = 5.98$ ;  $F(1,63) = 4.48$ ,  $p < .05$ ). The one-way ANOVA on corporate-brand elicited affect did not reveal differences between CA and CSR conditions ( $M_{CA}=5.40$ ,  $M_{CSR}=5.37$ ;  $F(1,62)=.009$ ,  $p=.93$ ). These results provide support for the corporate association manipulation and suggest that brand affect between the two types of associations is constant.

*Brand Extension Manipulation.* Another pretest using 34 undergraduates randomly assigned into conditions was conducted to identify extension product categories varying in perceived fit with Dacin Corporation’s salad dressing original category. Respondents first read that Dacin Corporation produces and distributes salad dressing and then read that the company planned to introduce several new products. As with Study 1A, fit was measured using both a global fit (Ahluwalia and Gurhan-Canli 2000; John, Loken, and Joiner 1998) and multiple-base fit (Klink and Smith 2001) measure.

Barbeque sauce was selected as a high fit extension product and shampoo as a low fit extension. Barbeque sauce received an extension fit rating significantly higher than the mid-point (global fit measure,  $\alpha = .93$ ,  $M_{bbq} = 5.21$ , vs.  $M = 4$ ;  $t=3.38$ ,  $p = .004$ ; multiple-base fit measure,  $\alpha = .85$ ,  $M_{bbq} = 5.25$  vs.  $M = 4$ ;  $t = 5.33$   $p < .001$ ). Shampoo received a fit rating significantly lower than the mid-point (global fit measure,  $\alpha = .96$ ,

$M_{\text{shampoo}} = 2.79$ , vs.  $M = 4$ ;  $t = 2.94$ ,  $p = .10$ ; multiple-base fit measure,  $\alpha = .94$ ,  $M_{\text{shampoo}} = 2.86$ ,  $M = 4$ ;  $t = -2.52$   $p = .02$ ). ANOVA also revealed that barbeque sauce was also higher in fit than shampoo for both the global ( $F(1,32) = 19.70$ ,  $p < .001$ ) and multiple-base measure ( $F(1,32) = 22.12$ ,  $p < .001$ ).

*Dependent Variable.* Because past research has used both purchase intentions and product evaluations as dependent variables, this study uses purchase intentions as the dependent variable. Participants reported brand extension purchase intention with a 3-item scale (“The probability that I would consider buying this product is”, “My willingness to buy the product is,” and “If I were going to buy a barbeque sauce (shampoo), the probability of buying the product made by Dacin is.” 1=very low/7=very high;  $\alpha = .90$ ; Dodds et al. 1991).

*Manipulation Checks.* After completing the dependent measures, participants were asked to recall the core product and brand extension categories described in the scenario. This recall was used to ensure that participants understood the corporate description provided. Additionally, participants were asked to report their thoughts about the brand extension – thoughts were then analyzed in order to compare cognitive elaboration between conditions.

## Results

Of the 281 responses collected, thirteen were excluded from analysis because respondents identified incorrectly either the core or brand extension product category. The following analysis refers to the 268 remaining responses.

*Dependent Variable:* Hypothesis 1 proposes an interaction between corporate associations and brand extension fit on new product responses. In support of hypothesis 1, a 3 (corporate association: CA/CSR/control) x 2 (extension fit: high/low) ANOVA model revealed a significant two-way interaction on purchase intentions ( $F(1,262) = 3.35$ ,  $p < .05$ ).

For the high-fit brand extension, consumers' purchase intentions were enhanced when the company had either CA ( $M_{\text{high,CA}} = 5.01$  vs.  $M_{\text{high,control}} = 4.22$ ;  $F(1,262) = 7.46$ ,  $p < .01$ ) or CSR ( $M_{\text{high,CSR}} = 4.82$  vs.  $M_{\text{high,control}} = 4.22$ ;  $F(1,262) = 4.84$ ,  $p < .05$ ) associations, as compared to the control condition where no corporate associations were provided. This finding is consistent with the literature that favorable corporate associations enhance consumers' new product perceptions. In addition, as predicted, purchase intentions did not differ between CA and CSR conditions ( $M_{\text{high,CA}} = 5.01$ ,  $M_{\text{high,CSR}} = 4.82$ ;  $F(1,262) = .35$ ,  $p = .55$ ), which supports the argument that CA and CSR associations are similarly diagnostic when brand extension fit was high. For the low-fit extension (shampoo), having either CA ( $M_{\text{low,CA}} = 3.76$  vs.  $M_{\text{low,control}} = 3.10$ ;  $F(1,262) = 5.51$ ,  $p < .05$ ) or CSR ( $M_{\text{low,CSR}} = 4.51$  vs.  $M_{\text{low,control}} = 3.10$ ;  $F(1,262) = 24.82$ ,  $p < .01$ ) associations led to increased purchase intentions, compared with the control condition. More importantly, participants reported higher purchase intentions when the company was described with strong CSR associations rather than CA associations ( $M_{\text{low,CA}} = 3.76$ ,  $M_{\text{low,CSR}} = 4.51$ ;  $F(1,262) = 8.29$ ,  $p < .001$ ). These findings suggest that a company with either favorable CA associations or favorable CSR associations tends to improve brand extensions. However, while CA and CSR have similar effects in

facilitating positive evaluations of a high-fit brand extension, CSR is more likely to enhance evaluations of a low-fit brand extension than CA.

<See APPENDIX C: STUDY 1B: MEANS AND STANDARD DEVIATIONS.>

### *Analysis of Thoughts*

To test whether participants devoted more thought to the low (versus high) fit extension, as is proposed within the conceptual framework, an analysis of participants' thoughts about each extension was conducted to examine differences in cognitive elaboration between high and low fit conditions. 2 (fit:high/low) x 3 (Corporate Association: CA/CSR/Control) ANOVAs for number of thoughts ( $F(1,171)=.412$ ,  $p=.145$ ) and word count ( $F(1,171)=.639$ ,  $p=.529$ ) did not suggest that fit and corporate associations interact. Consistent with the conceptualization, participants registered more thoughts ( $M_{\text{high}}=1.939$ ,  $M_{\text{low}}=2.32$   $F(1,171)=4.96$ ,  $p<.05$ ) and used more words to describe their thoughts as indicated by a word count ( $M_{\text{high}}=18.34$ ,  $M_{\text{low}}=22.77$ ;  $F(1,171)=5.618$ ,  $p<.05$ ) for the low versus high fit extension. Corporate associations did not influence either the number of thoughts ( $M_{\text{control}}=2.09$ ,  $M_{\text{CA}}=1.95$ ,  $M_{\text{CSR}}=2.242$ ;  $F(1,171)=1.343$ ,  $p=.269$ ) or word count ( $M_{\text{control}}=21.46$ ,  $M_{\text{CA}}=19.16$ ,  $M_{\text{CSR}}=21.68$ ;  $F(1,171)=.760$ ,  $p=.469$ ). This finding suggests, as proposed by the conceptual framework and established by previous research (e.g. Meyers-Levey and Tybout 1989), that consumers engage in greater cognitive elaboration when examining low versus high fit brand extensions.

## Discussion

In support of hypothesis 1, study 1B establishes the moderating role of brand extension fit on the effect of CA and CSR associations on consumers' response to new products. By showing that CA and CSR lead to similarly valued product outcomes under high fit and that CSR influences product evaluations more favorably than CA when fit is low, these findings support the proposed framework and suggest a more elaborate relationship between corporate associations and product evaluations than prior research. The results also demonstrate that the presence of either type of corporate association leads to more positive purchase intentions than a neutral, baseline condition.

By establishing the interaction between corporate associations and extension fit, studies 1a and 1b provide a more nuanced theoretical understanding of the relationship between corporate associations and product outcomes than past research which has shown CA to have a greater influence on product outcomes than CSR. Combined, the studies provide empirical support for the overall conceptualization that, because brand extension evaluations include an intervening categorization process that influences consumers' cognitive evaluation strategies, brand extension fit moderates the relative diagnosticity of CA versus CSR associations on influencing consumers' product appraisals. More specifically, when consumers evaluate high fit brand extensions, favorable product associations from the core brand simply transfer onto the new product and consumers do not differentiate between the importance of available information. As predicted and demonstrated in studies 1a and 1b, differences did not emerge between brand extension appraisals when consumers evaluated high fit extensions.

Likewise, studies 1a and 1b provided support for the conceptualization that low fit brand extensions, which are evaluated in a more piecemeal process (Meyers-Levey and Tybout 1989), are evaluated more favorably when exposed to the more general CSR versus the less-relevant CA associations. Finally, study 1b replicated past research which suggests that consumers evaluate line extensions using an attribute-based evaluative process and prefer product-related CA associations over non-product related CSR associations (Brown and Dacin 1997; Biehal and Shenin 2007).

## STUDY 2

The purpose of study 2 is to replicate the findings of study 1 and provide additional support to hypothesis 1. The design of study 2 differs from that of study 1 in two main aspects. First, as opposed to study 1 which examined fictitious brands, study 2 uses real brands (Kellogg's and Sara Lee) to enhance experimental realism. Second, whereas corporate associations were manipulated in study 1, they were measured in study 2 to increase external validity. Brand extension fit was again manipulated in study 2.

### Method

Depending on the condition to which they were randomly assigned, participants read that either Kellogg's or Sara Lee intended to introduce a new product using the existing brand name. The two brands were used as replicates in order to increase the generalizability of the results. In the high fit condition, participants read that the company intends to sell coffee and those in the low-fit condition were told that the new product is fabric softener. After participants read the scenario, measures were collected for the extension fit manipulation check, the corporate association measures, and the dependent variables.

The manipulation check of brand extension to ensure that participants perceived the high fit product (coffee) as higher in fit than the low fit product (fabric softener) was successful ( $M_{\text{fabricsoftener}}=2.58$ ,  $M_{\text{coffee}}=4.14$ ;  $F(1,141)=35.31$ ,  $p<.001$ ,  $\alpha=.953$ ) and multiple base measure of fit ( $M_{\text{fabricsoftener}}=2.55$ ,  $M_{\text{coffee}}=4.15$ ;  $F(1,141)=47.13$ ,  $p<.001$ ,  $\alpha=.93$ ).

To increase the salience of participants' corporate associations when making evaluations, CA and CSR associations were measured prior to the dependent measures. CA associations were measured using three items on a seven-point semantic differential scale relating to the corporate brand's reputation for "product innovation," "manufacturing ability," and "product quality" ( $\alpha = .83$ ). CSR associations were measured using two items relating to the company's reputation for "giving back to the community," and "community involvement." ( $r = .90$ ).

Finally, participants responded to the dependent variable measures, which included a similar purchase intention scale to that used in study 1 ("The probability that I would consider buying this product is", "My willingness to buy the product is,"  $r = .95$ ) and a product evaluation scale. Product evaluations were measured on a seven point semantic differential scale ("Very bad/Very good", "Very unfavorable/Very favorable", "Unpleasant/Pleasant", "Dislike/Like", "Not worth owning/Worth owning", "Undesirable/desirable", and "Awful / Nice",  $\alpha = .96$ ).

## Results

Of the 148 responses collected, 5 were deleted after using listwise deletion for the structural equation analysis. The following analysis refers to the 143 responses with all data points completed by participants. All analyses were conducted using structural equation modeling with the maximum likelihood estimation and a nested models approach. To test hypothesis 1, four sets of models were specified, wherein paths originate from both CA and CSR to the dependent variable (product evaluations or purchase intention) for each level of brand extension fit (high or low fit). To examine

whether the effects of CA and CSR are equivalent, a nested model comparison was conducted for each of the four situations (i.e., high extension fit—product evaluations, low extension fit—product evaluations, high extension fit—purchase intentions, and low extension fit—purchase intentions). Specifically, a constrained model in which the paths between CA and the DV and CSR and the DV were set to be equal was compared to an unconstrained model in which the two paths were allowed to be estimated freely. If the  $\chi^2$  statistic of the unconstrained model indicates an improvement over the constrained model, hypothesis 1 is supported (e.g. Maxham III and Netemeyer 2002).

*Dependent Measures:* For the high fit brand extension (coffee beans made by either Sara Lee or Kellogg's), when paths from (CA and CSR to the dependent variable were constrained to be equal, model fit for both Purchase Intentions ( $\chi^2(12) = 9.1, p = .693, RMSEA < .01, NFI = .975, CFI = 1; \gamma_{CA,high}=.41, \gamma_{CSR,high}=.41$ ) and Product Evaluations ( $\chi^2(50) = 75.2, p < .05, RMSEA = .086, NFI = .905, CFI = .965; \gamma_{CA,high}=.22, \gamma_{CSR,high}=.22$ ) was satisfactory. After the equality constraint was released, and the paths from CA and CSR the DVs were allowed to vary, the unconstrained models for Purchase Intentions ( $\chi^2(11)=7.7, p=.74, RMSEA<.01, NFI=.979, CFI=1$ ) and Product Evaluations ( $\chi^2(51)=76.7, p<.05, RMSEA=.086, NFI=.903, CFI=.965$ ), did not significantly improve as indicated by the chi-square difference test over the constrained model for either Purchase Intentions ( $\chi^2d(1) = 1.4, p = .24$ ) or Product Evaluations ( $\chi^2d(1)=1.5, p=.22$ ). Thus, the hypothesis of invariance for the paths CA → Purchase Intentions and CSR → Purchase Intentions cannot be rejected for the high fit model. Based on the parsimony principle, the constrained model is superior to the unconstrained model indicating that CA and CSR influence purchase intentions equally favorably.

For the low fit product (fabric softener produced by Kellogg's or Sara Lee), the constrained model indicated an adequate level of fit with the data for both Purchase Intentions ( $\chi^2(12)=17.7$ ,  $p=.125$ ,  $RMSEA=.08$ ,  $NFI=.952$ ,  $CFI=.984$ ;  $\gamma_{CA,low}=-.03$ ,  $\gamma_{CSR,low}=.60$ ) and Product Evaluations ( $\chi^2(49)=68.2$ ,  $p<.05$ ,  $RMSEA=.073$ ,  $NFI=.933$ ,  $CFI=.980$ ; ;  $\gamma_{CA,low}=.05$ ,  $\gamma_{CSR,low}=.49$ ). Once the paths were set to be freely estimated, the fit of the unconstrained model for Purchase Intentions ( $\chi^2(11)=14.9$ ,  $p=.187$ ,  $RMSEA=.07$ ,  $NFI=.959$ ,  $CFI=.989$ ) and product Evaluations ( $\chi^2(50)=71.1$ ,  $p<.05$ ,  $RMSEA=.076$ ,  $NFI=.930$ ,  $CFI=.978$ ) significantly improved for Purchase Intentions ( $\chi^2(1)=2.8$ ,  $p<.10$ ) and Product Evaluations ( $\chi^2(1)=2.9$ ,  $p<.10$ ). Thus, the paths between CA and CSR on both DVs are different, and the unconstrained model was superior to the constrained model. In addition, consistent with hypothesis 2, the unconstrained model reveals that the path between CSR and both DVs is significant while the path between CA and purchase intentions is not when brand extension fit is low.

<See APPENDIX D: STUDY 2: STRUCTURAL MODELS>

### Discussion

Study 2 provides convergent support for the interaction between corporate associations and brand extension fit established in study 1. Studies 1 and 2 support the hypothesis that CA and CSR associations lead to equally favorable product outcomes when introducing high fit brand extensions, but that CSR leads to more favorable product outcomes than CA when brand extension fit is low.

### **STUDY 3: THE ROLE OF SELF-CONSTRUAL**

Studies 1 and 2 established the interaction between brand extension fit and corporate associations. According to the conceptual framework proposed, because CA (CSR) associations provide product-relevant information (a global evaluative context), their influence on product evaluations became relatively less (more) diagnostic for low-fit brand extensions. The purpose of study 3 is to provide greater support for the theoretical framework proposed by manipulating consumers' preference for product-relevant versus contextual information. Research has shown that consumers' preference for different types of information is influenced by their self-construal (Monga and John 2007; Choi et al 1999). Depending on their self-construal, consumers may prefer information pertaining to the core product attributes or to the evaluative context related to the product (Ahluwalia 2008). In study 3, we propose that when consumers' self-construal is activated, it will alter the perceived diagnosticity of CA and CSR associations, and consequently, self-construal will further moderate the corporate association x extension fit interaction on consumer responses to brand extensions. The proposed interaction provides additional evidence that brand extension fit moderates the influence of corporate associations as a result of CA's product-related versus CSR's contextual influence on product outcomes.

Self-construal refers to how an individual views their concept of self in relation to others (Markus and Kitayama 1991; Choi et al. 1999) and can be either chronically or situationally activated (Ahluwalia 2008). Broadly, an activated self-construal can be categorized as either an independent or interdependent self-construal. Individuals with an independent self-construal view themselves as separate and autonomous from others

while those with an interdependent self-construal consider relational connections between themselves and others (Singelis 1994). A person's self-construal not only influences how the individual views their self concept in relation to other individuals, but also influences their mode of thinking and preference for types of information when making evaluations or decisions (Ahluwalia 2008; Kühnen et al. 2001).

People with an activated independent construal view themselves as autonomous and construe their notion of self based on unique characteristics separate from interpersonal contexts (Markus and Kitayama 1991; Singelis 1994). Much as persons with an independent self-construal view their identity based on distinct traits, they also tend to process stimuli based primarily on attribute-based information and tend to focus less on the context of the evaluation (Kühnen et al. 2001). Hence, consumers with an independent self-construal are induced into an analytic, context-independent thinking style that emphasizes product-related attributes over contextual factors (Alhuwalia 2008; Monga and John 2007). Because consumers prefer information consistent with their self-construal (Agrawal and Maheswaran 2005), we propose that consumers with an independent self-construal will prefer Corporate Ability (CA) associations positioned along product attributes over CSR associations that are unrelated to product attributes.

For people with an activated interdependent self-construal, the self is construed based on interpersonal contexts and relationships with others (Markus and Kitayama 1991; Singelis 1994). Their sensitivity to contexts extends past interpersonal relationships to evaluations of nonsocial objects – persons with an interdependent self-construal acquire a holistic, context-dependent mode of thinking in which connections between objects are emphasized (Kühnen et al. 2001; Monga and John 2007). In placing

a greater value on communalities between objects and contextual factors, persons with an interdependent construal also place less weight on product attributes (Ahluwalia 2008). Hence, because CSR provides a general context for evaluations, CSR is consistent with and is hypothesized to provide greater diagnostic value to people with an interdependent construal. Because consumers with an interdependent self-construal place less weight on product attributes, CA associations, which provide product-attribute information, will be discounted.

As with the previous studies, differences between construal level or corporate associations are not expected to emerge when high fit brand extensions are evaluated since consumers are not expected to consider how diagnostic an available corporate association is for making product evaluations. In other words, favorable CA and CSR evaluations are both perceived favorably when consumers evaluate high fit brand extensions – instead considering why the associations are positive, consumers simply recognize that the associations are positive. When fit is low, consumers elaborate more extensively and judge the diagnosticity of available cues when making evaluations. The diagnosticity of each cue (corporate association) is moderated by consumers' self-construal.

Hypothesis 3: There is a three-way interaction between extension fit, the type of corporate association, and consumers' self-construal on evaluations of the brand extension.

- Under conditions of high fit, evaluations of the brand extension is the same regardless of self-construal or corporate association.

- Under conditions of low fit, salient CA (CSR) associations will result in more positive extension evaluations than salient CSR (CA) associations for consumers with an independent (interdependent) self-construal.

### Method

*Overview.* The design is a 2 (corporate association: CA/CSR) x 2 (brand extension fit: high/low) x 3 (self-construal: independent/interdependent/control) between-subjects full factorial design. The control condition was included to replicate the results of study 1. A total of 238 undergraduate students from a large university participated in the study in return for extra credit.

*Brand Extension Fit.* A pretest was completed to determine appropriate high and low fit product categories. Undergraduates (n=35) were randomly assigned to either a list of six high fit product pairs or a list of six low fit product pairs. As with study 1, participants responded to both a 4-item global fit scale (Ahuwalia and Gurhan-Canli 2000; John, Loken, and Joiner 1998) and a 6-item multiple-base fit scale (Klink and Smith 2001). Based on the pretest results, cologne was selected as the core category with deodorant as its high-fit extension and an energy drink as its low-fit extension. Participants rated the fit of deodorant to cologne higher than the scale mid-point (Global fit measure,  $\alpha=.90$ ,  $M_{\text{deodorant}}=5.88$ , vs.  $M = 4$ ;  $t=5.66$   $p < .001$ ; Multiple-base fit measure,  $\alpha=.83$ ,  $M_{\text{deodorant}}=5.85$ , vs.  $M = 4$ ;  $t=8.82$   $p < .001$ ). The energy drink received a fit rating lower than the mid-point (Global fit measure,  $\alpha=.84$ ,  $M_{\text{energy drink}}=1.96$ , vs.  $M = 4$ ;  $t=-9.99$ ,  $p < .001$ ; Multiple-base fit measure,  $\alpha=.64$ ,  $M_{\text{energy drink}}=2.29$ , vs.  $M = 4$ ;  $t=7.40$   $p < .001$ ). An ANOVA model also revealed that the deodorant was higher in fit than the energy

drink for the global fit ( $F(1,33)=104.42, p<.001$ ) and multiple-base fit measure ( $F(1,33)=128.31, p<.001$ ).

*Procedure.* Participants were first exposed to a self-construal manipulation (Brewer and Gardner, 1996; Gardner et al. 1999; Monga and John 2007) in which participants read a short paragraph about a trip to the city and were asked to circle pronouns that varied by condition: independent (I, me, my, etc) or interdependent (we, our, ours, etc). Participants in the control condition were not exposed to the self-construal manipulation. Next, participants read a brief company description of a cologne and perfume company and were provided with a CA or CSR corporate association manipulation consistent with study 1A. Next, participants were told that the company intends produce a new product: either deodorant (high fit extension) or an energy drink (low fit extension). Participants reported their response to the new product on the dependent variable measure, the global product attitude scale used in study Studies 1b and 2 ( $\alpha=.965$ ). Last, participants were asked to recall the core and extension product categories. The recall question was included to ensure that participants understood the study. Of the 238 surveys returned completed, 11 responses were omitted from analysis because respondents were unable to correctly recall the products they were evaluating. Remaining were 227 usable responses.

## Results

As predicted by hypothesis 3, a 2 (corporate association: CA/CSR) x 2 (brand extension fit: high/low) x 3 (self-construal: independent/ interdependent/ control) ANOVA model on product evaluations revealed a 3-way interaction ( $F(2,215)=4.36,$

$p < .05$ ),  $\alpha = .97$ ). The analysis also revealed a significant 2 (corporate association: CA/CSR) x 3 (self-construal: independent/ interdependent/ control) interaction between corporate associations and self-construal for the low-fit ( $F(1,215) = 4.67$ ,  $p < .05$ ) but not the high-fit extension ( $F(1,215) < .01$ ,  $p = .97$ ).

For a low-fit brand extension, consumers primed with an independent self-construal revealed more positive evaluations when CA versus CSR associations were provided ( $F(1,215) = 14.99$ ,  $p < .001$ ). Consumers primed with an interdependent construal revealed more positive evaluations when provided with CSR associations than CA associations ( $F(1,215) = 3.68$ ,  $p = .056$ ). Consistent with studies 1 and 2, consumers without a construal prime revealed more positive evaluations when provided CSR versus CA associations ( $F(1,215) = 3.62$ ,  $p = .058$ ).

<See APPENDIX APPENDIX E: STUDY 3: SELF CONSTRUAL>

### Discussion

These results support the hypothesized interaction between corporate associations, brand extension fit, and self-construal. With high brand extension fit, differences in extension evaluations did not emerge between CA and CSR corporate associations regardless of participants' primed or chronic self-construal (independent/interdependent/no prime). On the other hand, the match between self-construal and the type of corporate association affected low-fit brand extension evaluations. Those with an independent (interdependent) construal registered higher brand extension evaluations when provided CA (CSR) associations. Finally, consumers registered higher brand extension evaluations when provided with CSR as opposed to CA

associations when brand extension fit was low, which replicates the findings of studies 1 and 2.

In addition to supporting hypothesis 3, these results provide greater support for the primary conceptualization which proposes that, because CA associations are product-related while CSR associations provide a broad context for evaluations, CA and CSR affect consumers' brand extension evaluations differently. Because consumers allocate minimal processing resources to high fit brand extensions, CA and CSR associations lead to equally favorable evaluations when brand extension fit is high. However, when brand extension fit is low and consumers use greater elaboration, consumers' evaluations are based on the diagnosticity of the information available to them. When self-construal is not activated, CSR leads to greater product evaluations than CA because CSR is a more general association while CA is product-related and limited to the core product domain of the brand. By activating an interdependent self-construal and increasing consumers' preference for global (and more general) information, consumers' preference for CSR associations is enhanced, which leads to higher product evaluations at low brand extension fit. However, when an independent self-construal is activated and concurrently enhances consumers' sensitivity to product-related information, consumers' preference for CA associations was enhanced when brand extension fit was low.

## STUDY 4

The results of studies 1-3 show that CA and CSR associations lead to equally positive brand extension evaluations when brand extension fit is high, but that CSR leads to more positive evaluations when brand extension fit is low, and 2) that the interaction between corporate associations and brand extension fit is further influenced by consumers' self-construal and the match between consumers' preference for product-related versus general information. These findings suggest that CA and CSR associations are different in nature. Specifically, CA associations are linked to the company's core product category and tend to be perceived as less diagnostic for brand extension evaluations when extension fit decreases. CSR associations, on the other hand, provide a global evaluative context for product evaluations that is unrelated to product attributes, and the perceived diagnosticity of CSR is influenced less by brand extension fit than CA. However, while extant corporate association research treats CSR as a global non-product trait of the company, the relationship between CSR associations and corporate product category may change depending on the basis of a CSR reputation. Study 4 investigates how aligning CSR to the company's product domain affects consumers' brand extension evaluations.

Researchers have begun to investigate potential benefits of linking a corporation's CSR activities with its core offerings. They generally assert that consumers are more likely to question a corporation's motives if its CSR programs do not fit with the company's domain and, subsequently, non-aligned CSR initiatives may be rated less favorably than initiatives aligned with the brand (Becker-Olsen et al. 2005; Ellen et al.

2006). Further, by strategically aligning a its CSR activities with core offerings, such as Intel's funding of network administrative programs (Porter and Kramer 2002) or Patagonia's use of recycled plastic bottles to produce its clothing (Keller and Aaker 1998), a company may derive reputational and market-based efficiencies.

While aligning CSR activities with its product is viewed as beneficial, this alignment may reduce consumers' perceptions of CSR as general and unbounded to the corporation's core category. Consumers may perceive company as motivated to engage in CSR programs related to its current product domain, but doubt that it will be a responsible citizen in general. Further, if the company extends to a low fit extension category, CSR associations aligned to a company's current product domain are less likely to be helpful in evaluating the new product because they are domain-specific. Hence, consumers' extension evaluations are expected to be less positive when CSR associations are aligned (vs. not aligned) with a company's domain. Specifically:

Hypothesis 4: Consumer evaluations of high-fit brand extensions will not be affected by the type of corporate associations provided to them (i.e. general CSR, aligned CSR). However, when a brand extension has low fit, aligned CSR associations will result in less positive brand extension evaluations than general CSR associations.

## Method

*Overview:* Because some companies align their CSR offerings to their core offerings while others develop more general CSR associations, this study investigates

how aligned versus general CSR associations differently influence consumers' evaluations of high versus low fit brand extensions. The study uses a 2 (corporate association: CSR-aligned /CSR general) x 2 (extension fit: high versus low) between subjects full factorial design. Undergraduate students from a large undergraduate university received extra credit for their participation.

*Corporate Social Responsibility Manipulation:* Like studies 1 and 3, the manipulation used in the current study was consistent with past CSR manipulations (Brown and Dacin 1997; Biehal and Shenin 2007). For this study, a focal company (Cryer Corporation) was described as a toothpaste manufacturer. In the aligned CSR condition, CSR was based on the company's commitment to "childhood dental education." In the general CSR condition, CSR was based on the company's commitment to "childhood education." The company received A-level scores for corporate giving and community involvement for either childhood dental education (aligned condition) or childhood education (general condition).

*Procedure:* Participants first read the profile of Cryer Corporation and, depending on their assigned condition, read either the aligned CSR or general CSR manipulation. Next, participants read that the company intended to introduce either a new mouthwash (high fit) or coffee (low fit) product. Participants next rated the new product using the product evaluation measure used in studies 1B, 2, and 3 ( $\alpha=.972$ ). Finally, after completing dependent measures, participants were asked to recall the core and extension product categories they were asked to evaluate. As with prior studies, this recall was used to ensure that participants understood the study instructions.

## Results

After removing 8 responses because the respondents incorrectly identified either the core brand or extension category, 96 responses remained and were used to test hypothesis 4 which proposes an interaction between the type of corporate association (general CSR/aligned CSR) and brand extension fit. A 2 (corporate association: CSR-aligned / CSR General) x 2 (extension fit: high /low) ANOVA revealed a marginally significant two-way interaction on product evaluations ( $F(1,92)=2.815, p<.10$ ) on product evaluations.

As proposed by hypothesis 4, product evaluations were not different when brand extension fit was high ( $F(1,92)=.298, p=.589$ ). When brand extension fit was low, however, product evaluations based on the general CSR condition were more favorable than the aligned CSR ( $F(1,92)=. 3.28, p<.10$ ) condition.

<See APPENDIX F: STUDY 4: ALIGNING CSR WITH CORE BRAND>

## Discussion

Studies 1, 2, and 3 demonstrated that CSR creates a non-product related broad evaluative context while CA is product-related. At high levels of brand extension fit, the two associations led to equally favorable product outcomes. But with low levels of brand extension fit, evaluations made when CSR was available were more favorable than when CA was available because CSR creates a broad context while CA associations are product-related and limited to the core product category. Consistent with this conceptualization, study 4 shows that when CSR becomes product-related through

aligning CSR with the core category, CSR becomes less diagnostic in low fit categories since the associations no longer create a broad evaluative context.

## GENERAL DISCUSSION

Although prior corporate association research has shown that consumers consider both Corporate Ability (CA) and Corporate Social Responsibility (CSR) associations when making product evaluations, prior research had been limited to considering how consumers judge new products introduced within a corporation's existing category (e.g. Berens et al. 2005, Biehal and Shenin 2007). This research contributes to the literature by establishing the interaction between corporate associations and brand extension fit on consumers' new product evaluations.

In contrast to the piecemeal process used when evaluating products within a corporation's current domain, consumers engage in an intervening categorization process when evaluating brand extensions. In this process, the focal and brand extension categories are compared to determine if the extension can be categorized with the focal brand category (Meyers-Levy and Tybout 1989; Sujan and Dekleva 1987), which influences consumers' overall evaluations and the amount of cognitive effort consumers devote to their evaluation. Because high fit-brand extensions induce minimal cognitive processing, consumers are unlikely to differentiate between the diagnosticity of CA versus CSR associations. On the other hand, when consumers evaluate low-fit extensions, consumers generally elaborate more extensively as they try to clarify why the corporation has extended into an inconsistent product category (Peracchio and Tybout 1996; Keller 2002). Since CSR associations produce a global evaluative context while CA associations are aligned with the corporation's current domain, the influence of CSR (CA) associations generally has a greater (lesser) influence on products in a new domain – unless consumers use attribute-based processing. Consistent with hypothesis 1, studies

1,2, and 3 demonstrate that CSR associations have a greater influence on product evaluations than CA associations when brand extension fit is low. These studies also demonstrate that when brand extension fit is high, the impact of the two corporate associations is equivalent because both associations are favorable and evaluations are simply categorization-based. This research is the first to demonstrate that CSR associations can have a greater influence on consumers' product responses than CA.

Additionally, the findings from study 3 demonstrate that the interaction between corporate associations and brand extension fit is further moderated based on consumers' self construal and linked preference for attribute-based or contextual information. Self-construal, which relates to how consumers define themselves with relation to other people and their preference for type of information (Markus and Kitayama 1991; Choi et al. 1999), influenced consumers' evaluations of low fit extensions based on salient CA versus CSR associations. Specifically, the results demonstrated that individuals with an independent self-construal, who have a preference for attribute-based information, register more positive product evaluations based on CA versus CSR associations with low brand extension fit. Those with an interdependent self-construal preferred contextual information and evaluated low fit brand extensions more favorably when provided with CSR versus CA associations. Because of the reduced cognitive elaboration associated with high fit extensions, differences did not emerge under high brand extension fit.

In summary, both CA and CSR associations were found to lead to more favorable product responses than a baseline condition where neither association was salient. However, the current research suggests a more nuanced view of the different relationship between the two corporate associations and consumer evaluations of new products.

Combined, this research suggests that CSR has a greater role in consumers' product responses than prior research had indicated. When considering the influence of CA versus CSR associations, managers should recognize that both types of associations can favorably influence consumers' product responses, but that corporate communications of CA and CSR should be tailored based on whether the corporation's new product introductions are within its current domain or in a new category.

## **APPENDIX A: STUDY 1: CA AND CSR MANIPULATIONS**

The CA (Study 1A) manipulation reads as follows

Cryer Co., which currently sells health food products, is known for its efforts to create innovative and high quality products using manufacturing and sourcing processes that provide the highest quality products, lead to rapid innovation, and have the fewest amount of defects. All employees are encouraged to take one paid week off each year to learn more about industry practices including ISO 9000 (a quality control program) and Just in Time inventory practices. The company's mission as posted on its website is to: "We develop products with the purpose of providing the highest quality and innovative products available." Between 2006 and 2010, Brown Resource Center estimates that Cryer Co. employees have devoted approximately 7,200 hours to learning and employee training programs and that the company has spent approximately \$196,000.00 on employee training and quality improvement programs.

This year, Cryer Co. will introduce a new daily multi vitamin supplement into the market. It will be sold in grocery, pharmacy, and health foods stores nationwide.

Company summary:

Current Products Produced:	health food products
Planned products (2011):	daily multi vitamin supplement
Technological Innovation:	A
Manufacturing Innovation:	A+

Similarly, the CSR manipulation (Study 1A) read as follows:

Cryer Co., which currently sells sunscreen lotion, is known for its efforts to create products using manufacturing and sourcing processes that minimize or reverse environmental impact, benefit communities through philanthropic initiatives, and provide equitable wages and benefits to its workers. All employees are encouraged to take one paid week off each year to volunteer with any non-profit organization of their choice. The company's mission as posted on its website is to: "We develop products with the purpose of improving society and continually invest in social initiatives." Between 2006 and 2010, Brown Resource Center estimates that Cryer Co. employees have volunteered approximately 7,200 hours to non-profit organizations and that the company has donated approximately \$196,000.00 to charities valued by its employees and customers.

This year, Cryer Co. will introduce a new daily multi vitamin supplement into the market. It will be sold in grocery, pharmacy, and health foods stores nationwide.

Company summary:

Current Products Produced:	sunscreen lotion
Planned products (2011):	daily multi vitamin supplement
Corporate Giving:	A

Community Involvement: A+

The CA (Study 1B) manipulation reads as follows

“Dacin Corporation was founded to produce and distribute cologne and perfume products. By its consumers and industry observers, Dacin Corporation is known for its product quality. Last year, the company was ranked as the top company in its industry by Consumer Reports for its consistent product quality and innovativeness, and was ranked in the top 1% of companies within the same industry for customer service by Forbes magazine. To maintain the quality levels of its products and customer service, the company is committed to hiring qualified employees who are trained to completely understand all of its products and provide customized customer service. The company had total sales of \$40 million last year, which is equal to the comparable industry average of other similar cologne and perfume companies. From total sales, the company spent approximately \$4 million (10% of total sales) on quality control mechanisms last year, a percentage amount that is above industry standards).

Brown Resource Center has thus given Dacin Corporation the following grades, which are summed over the last 5 years: (note grades are given as follows: A= Excellent, B=Good; C=Average; D=Poor, F=Awful)

Technological Innovation: A+  
Manufacturing Innovation: A+”

Similarly, the CSR manipulation (Study 1B) read as follows:

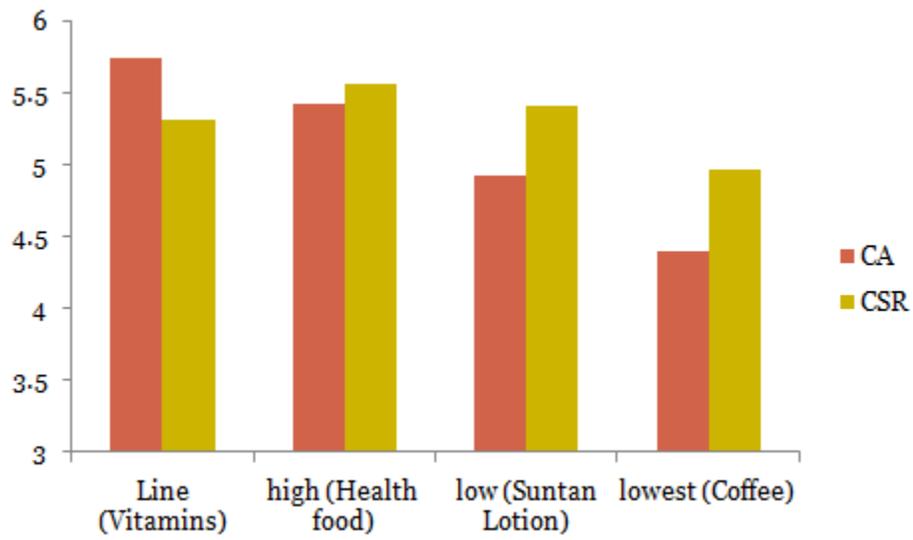
“Dacin Corporation was founded to produce and distribute cologne and perfume products. By its consumers and industry observers, Dacin Corporation is known for its commitment to honesty and integrity. Last year, the company was ranked as the top company within the its industry by Consumer Reports for its consistent commitment to ethical management and ethical business policies, and was ranked in the top 1% of companies within the same industry for commitment to regional philanthropies and non-profit organizations by Forbes magazine. To maintain its ethical standards, the company is committed to hiring only employees who pass its strict standards of integrity. The company had total sales of \$40 million last year, which is equal to the comparable industry average of other similar cologne and perfume companies. From total sales, the company has given approximately \$4 million (10% of total sales) to charities and to community causes last year, a percentage amount which is above industry standards and above the amount that can be considered a tax deduction.

Brown Resource Center has thus given Dacin Corporation the following grades, which are summed over the last 5 years: (note grades are given as follows: A= Excellent, B=Good; C=Average; D=Poor, F=Awful)

Corporate Giving: A+  
Community Involvement: A+”

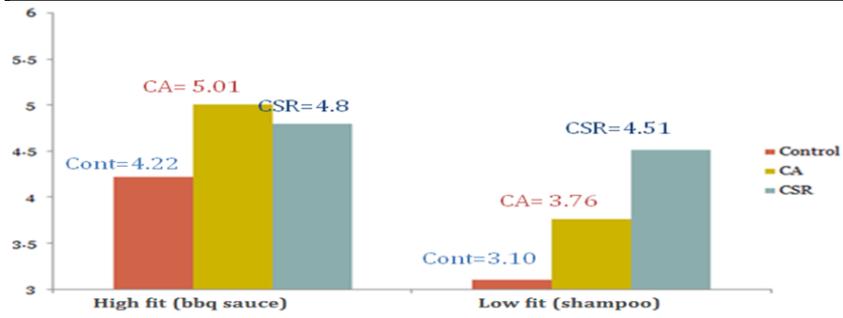
## **APPENDIX B: STUDY 1A: MEANS AND STANDARD DEVIATIONS**

Corporate Association	Fit Level	Mean	S.D.	N
Corporate Ability	Line	5.75	0.74	29
	high	5.42	1.06	31
	low	4.93	1.11	31
	lowest	4.40	1.02	27
Corporate Social Responsibility	Line	5.32	0.97	28
	high	5.56	0.9	28
	low	5.41	0.98	31
	lowest	4.97	1.12	32



## **APPENDIX C: STUDY 1B: MEANS AND STANDARD DEVIATIONS**

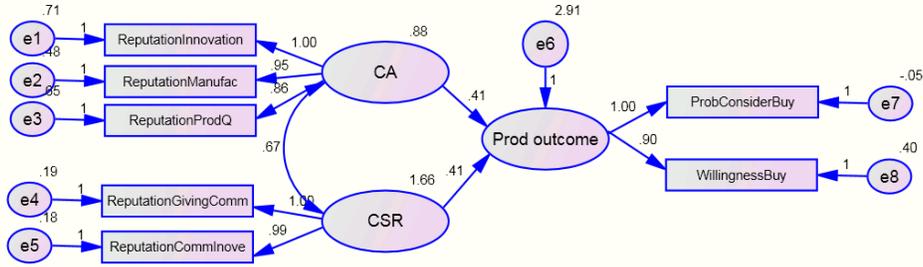
Corporate Association	Fit Level	Mean	S.D.	N
Control (no corporate association)	high	4.22	1.25	41
	low	3.10	1.22	39
Corporate Ability	high	5.01	1.11	42
	low	3.76	1.51	52
Interdependent	high	4.84	1.17	46
	low	4.51	1.49	48



## **APPENDIX D: STUDY 2: STRUCTURAL MODELS**

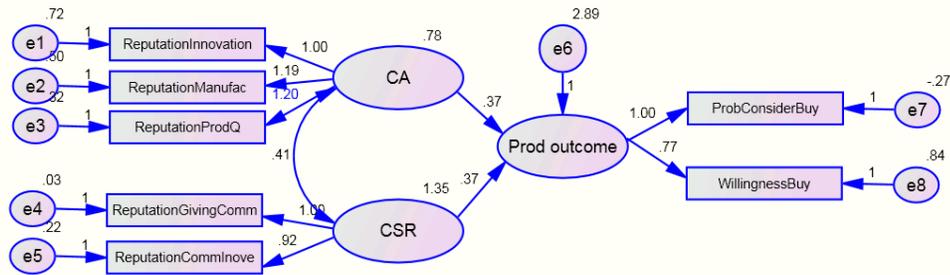
## Purchase Intentions

### Purchase Intention: High fit, Constrained



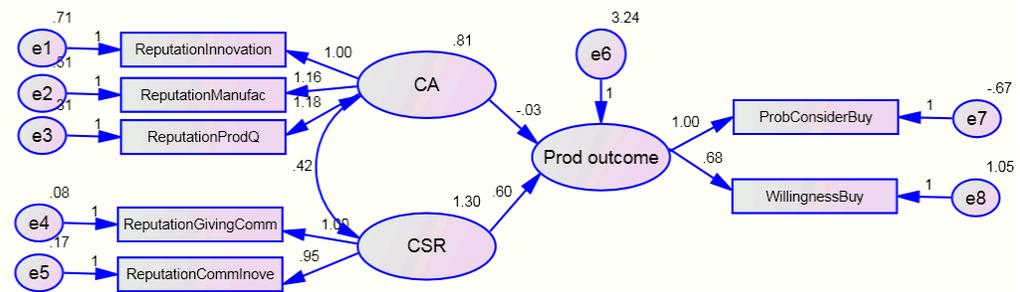
( $\chi^2(12)=9.1, p=.693, RMSEA<.01, NFI=.975, CFI=1$ )

### Purchase Intention: Low Fit, Constrained



( $\chi^2(12)=17.7, p=.125, RMSEA=.08, NFI=.952, CFI=.984$ )

### Purchase Intention: Low fit, Unconstrained

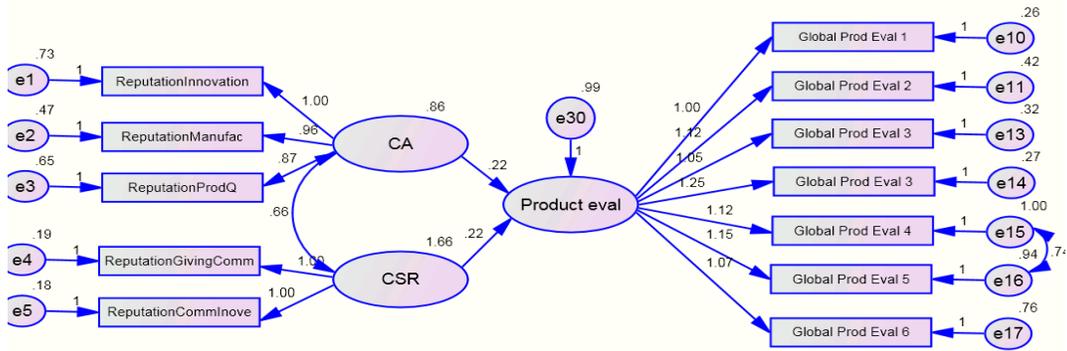


( $\chi^2(11)=.14.9, p=.187, RMSEA=.07, NFI=.959, CFI=.989$ )

**Study 2, Structural Models, cont..**

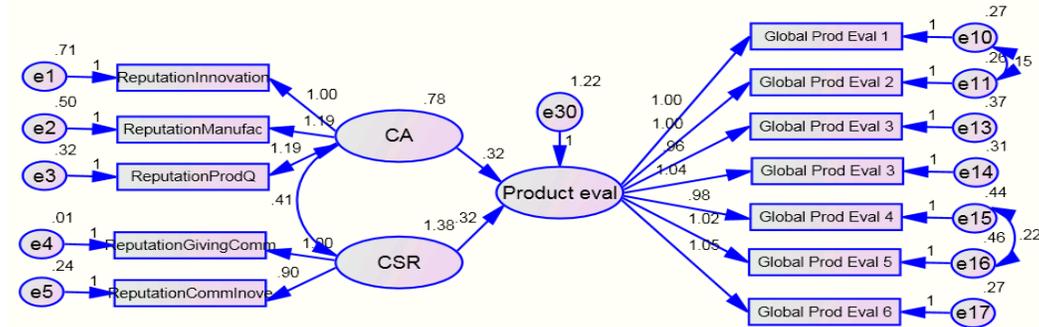
**Product Evaluations**

**High fit: Constrained**



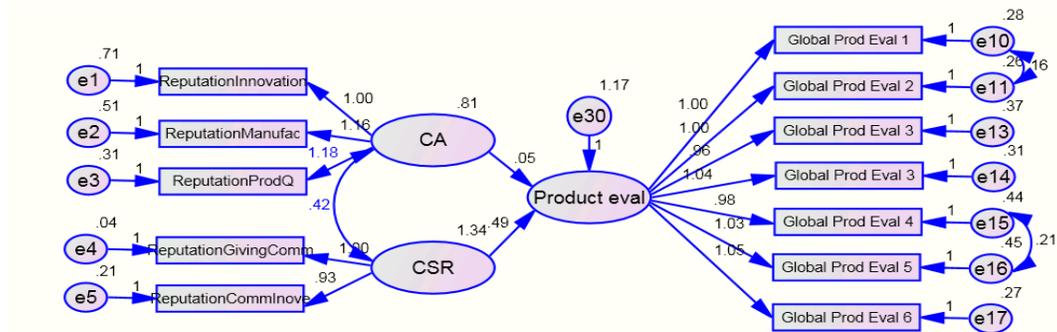
$\chi^2(51)=76.7, p<.05, RMSEA=.086, NFI=.903, CFI=.965$

**Low fit: Constrained**



$(\chi^2(52)=132.2, p<.05, RMSEA=.076, NFI=.930, CFI=.978)$

**Low fit: Unconstrained**



estimated  $(\chi^2(49)=68.2, p<.05, RMSEA=.073, NFI=.933, CFI=.980)$

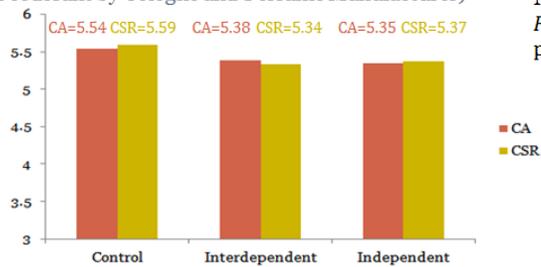
## **APPENDIX E: STUDY 3: SELF CONSTRUAL**

## MEANS AND STANDARD DEVIATIONS

Construal Condition	Corporate Association	Fit Level	Mean	S.D.	N
Control (Construal not manipulated)	CA	Low	4.2381	1.61321	20
		High	5.5414	0.87164	23
	CSR	Low	4.9714	1.58375	20
		High	5.5909	0.92192	22
Independent	CA	Low	4.8151	1.06518	17
		High	5.3529	1.08693	17
	CSR	Low	4.0251	1.17878	18
		High	5.3697	1.46303	17
Interdependent	CA	Low	3.7531	1.60167	19
		High	5.3835	0.98636	19
	CSR	Low	5.3042	0.91526	18
		High	5.3445	0.95439	17

### High fit brand extension

(Deodorant by Cologne and Perfume Manufacturer)

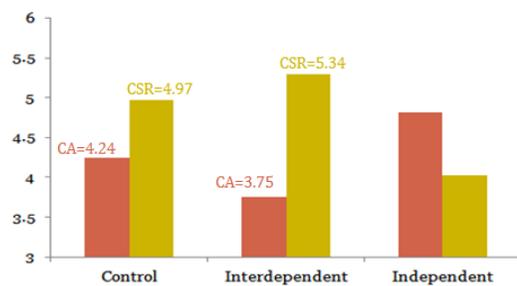


### High fit

No two-way:  
 $F(1,215) < .01$ ,  
 $p = .97$

### Low fit brand extension

(Energy Drink by Cologne and Perfume Manufacturer)



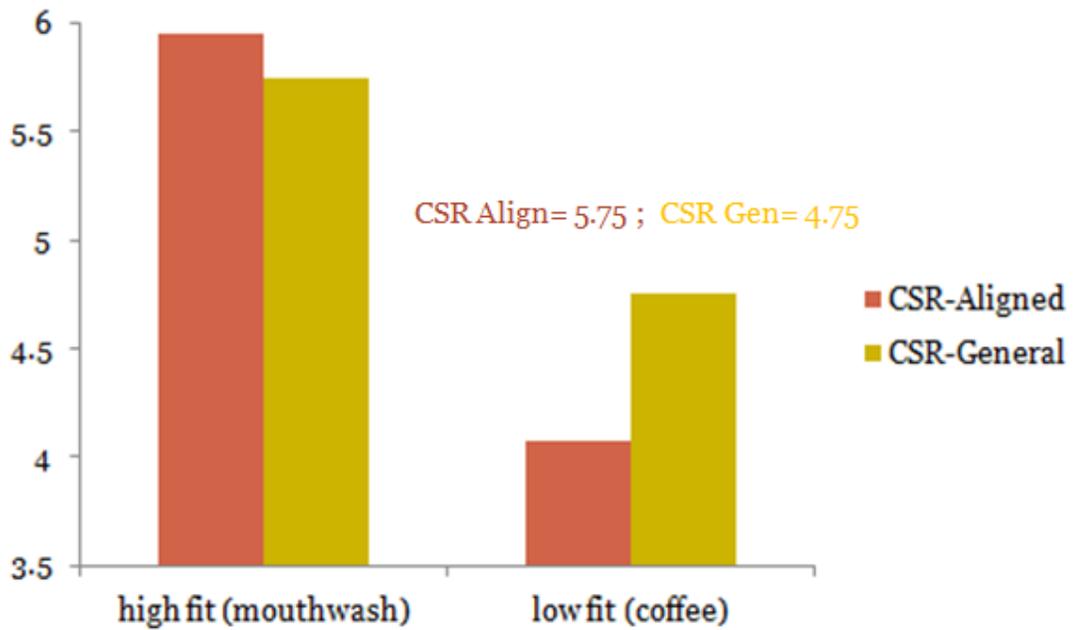
### Low fit

Significant two-way:  
 $F(1,215) = 7.32$ ,  
 $p < .05$

## **APPENDIX F: STUDY 4: ALIGNING CSR WITH CORE BRAND**

Corporate Association	Fit Level	Mean	S.D.	N
CSR – Aligned	high fit (mouthwash)	5.95	.865	26
	low fit (coffee)	4.07	1.729	26
CSR – General	high fit (mouthwash)	5.75	.860	17
	low fit (coffee)	4.75	1.429	17

CSR Align= 5.99 ; CSR Gen= 5.75



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