

A Conceptual Model of Brand Extensions in the Hospitality Industry

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Abstract

Incumbent traditional brands have an initial advantage over new entrants to a market. With traditional brands, marketers have spent many dollars and many years to establish brand awareness and build equity. Building and managing strong brands is considered to be one of the key drivers of success in the hospitality industry. A brand extension strategy is followed when a company uses an established brand name to introduce a new product. This practice has been widely used by a variety of firms to introduce new products. This study reviews the application and trends of brand extension in the hotel industry and contributes to research and theory on brand extensions by developing a model of the process by which a transfer occurs based on the brand extension model of Aaker and Keller (1990) in the hotel industry.

Introduction

Building and managing strong brands is considered to be one of the key drivers of success in the hospitality industry. This trend towards strong brands is also developing at the local as well as global level for better market recognition (Hemmington & King, 2000). A brand extension strategy is defined as 'the use of established brand names to enter new product categories or classes' (Keller & Aaker, 1992). A brand extension is when a firm uses an established brand name to introduce a new product. An existing brand that gives birth to a brand extension is referred to as the parent brand (Keller, 2002). This strategy has become popular these days. Thus, over 80 percent of marketing directors in a recent Brandgym survey said that brand extensions would be the main method used to launch

new innovations in the next two to three years (Taylor, 2004). Brand extension strategies are advantageous because they reduce the costs of brand name introduction and enhance the probability of success in a new category. The use of brand extensions across multiple product categories is also common. The Virgin brand, for example, is one that has been extended across a range of products. Originally associated with record label ownership, the brand has been extended into areas such as music publishing and airline ownership. Another example is McDonald's, worldwide fast-food restaurant brand which extended its brand name into a gourmet coffee shop 'McCafe', and later to an ice cream and dessert shop 'McTreat.'

A hospitality company can use an endorsed brand extension strategy to extend the power of a well-accepted brand identity to a number of diverse concepts differentiated by market segment (Jiang, Dev, & Rao, 2002). The endorsed brand strategy puts a well-established name on a cluster of products or services. By endorsing a range of products, the lead brand can lend its good name and image to the entire brand family (Muller, 1998). In services marketing, the company brand is the primary brand, whereas in packaged goods marketing the product brand is referred to as the primary brand (Preble, Reichel, & Hoffman, 2000). In the hospitality industry, customers often base their purchase decisions on their perceptions of a company's brand (e.g., Marriott, Hilton, Hyatt, McDonald's, Burger King, Wendy's, Chili's, Applebee's, and T.G.I. Friday's). That is, customers develop company brand associations rather than the brand association of product items. The examples of brand extension are easily found in hospitality industry. Marriott Hotels & Resorts is a good example of brand extension. It has extended its brand to various categories; J.W. Marriott, Marriott Hotels & Resorts, Courtyard, Fairfield Inn, Renaissance Hotels, SpringHill Suites, and TownePlace Suites. However, very little research has been conducted about brand extensions in the hospitality industry. The purpose of this study was to examine the trends and applications of brand extensions in the hospitality industry, explore how consumers evaluate brand extensions and provide a conceptual model of brand extensions from the consumers' perspectives. The broad aim of this study was to investigate how brand extensions can contribute to brand strategy. Of primary interest is whether brand extension strategies are a significant issue in the hotel industry.

Study Background

Brand extensions were introduced as a branding strategy in the consumer products industry. Marketers have long recognized that strong brand names that deliver higher sales and profits have the potential to pass their qualities on to other products. The value of a brand is not only determined by its current status, but also by its potential in the future and in new currently untapped markets (Eusebio et al., 2006; Srivastava & Shocker, 1991). This potential can be realized by making use of brand extensions as a growth strategy (Broniarczyk & Alba, 1994). The two most common approaches to leveraging brand equity are line extensions and category extensions. Line extension is the use of an established brand for a new offering in the same product category. Category extension is the stretching of the established brand to a different product category (Aaker & Keller, 1990).

One of the earliest examples of line extension in the hospitality industry occurred in the 1970s, when Radisson diversified its brand into product tiers, including Radisson Inns, Resorts, and Plaza Hotels. Later Holiday Inn introduced Holiday Inn Express and Holiday Inn SunSpree Resorts in 1991. The upscale Holiday Inn Crowne Plaza was introduced in 1983; and Holiday Inn Select followed in 1994. Holiday Inn Express is targeted at the in-and-out business person or traveler who is willing to forgo some amenities for a lower price. Holiday Inn Select is similar to the Express but is aimed at the business traveler staying for a longer period of time who desires a few more amenities, such as data port connections and conference rooms. The traditional Holiday Inn is targeted at the middle-class market and provides higher-cost features such as a restaurant, lounge, conference rooms, and a swimming pool. The Holiday Inn Crowne Plaza is targeted at the more upscale or serious business traveler and features luxurious furnishings and restaurants, health spas, business services, conference rooms, and other amenities. Many hotels followed this strategy and these are just some examples of brand extension strategies in the hospitality industry. Today, most major hotel companies have at least one brand extension, and this implies that hotels consider brand extension strategies to be effective.

Another example of brand extensions, category extension, in the hospitality industry is that some upscale hotels have extended across a range of products. Westin was the first hotel company to use category extension for its products. They developed their unique *Heavenly Bed* with its own brand name under the slogan 'its layer after layer of cozy down bedding. It's an oasis for a weary traveler. It's heaven on earth. And it's at Westin.' Now, Westin's *Heavenly Bed* is being sold not only through a room catalogue on the Internet but also in the At Home departments of 48 Nordstrom stores nationwide, and is available by special order at others. Each component and a bed frame also can be purchased separately at stores. The bed has a distinctive brand standard, and is a good brand to build upon. The *Heavenly Bed* was a trailblazer in hotel marketing and prompted other chains to follow similar approaches. It was the first big success in the growing hotel retailing business. After Westin's success, other upscale hotels started to imitate that brand extension. Other Starwood brands launched branded pillows and beds. Sheraton Hotels introduced a mattress and bed under the brand name, *Sweet Sleeper* mattress, bed; W Hotels started to sell W brand pillows, sheets, and bedding products as well.

After the huge success of the *Heavenly Bed*, Westin Hotels developed another product named the *Heavenly Shower*. Westin's *Heavenly Bath* came just two years after the introduction of the *Heavenly Bed*. This new bathroom improvement was the result of a survey by Westin, which was conducted by Guideline Research and Consulting Corporation of New York City. One thousand men and women were interviewed on their bathing habits and bathroom likes and dislikes. After a year of research and development, which included testing more than 150 showerheads, Westin decided on the Speakman shower with a dual showerhead. The custom-designed showerhead features several spray options, from a light mist to massaging needles. Westin has already begun installing *Heavenly Baths* around the country.

Westin's *Heavenly Bed* ushered in a seemingly exciting new trend in the hospitality industry. However, the president of Ritz-Carlton Hotel Co., Horst Schulze,

insisted that instead of innovating, the major brands were simply copying each other. He lamented, ‘imagine an industry that has existed for thousands of years and suddenly the marketing for the brand is a bed’. Nevertheless, Ritz-Carlton Hotels has now introduced a range of retail products for sale at its online gift shop (<http://www.ritzcarltonshops.com>). At <http://www.omnitoyou.com>, Omni Hotels is selling a range of branded products including ‘Omni Ideal Bed, Omni Presidential Bed, Luxury Omni Robes, Luxury Bath Towels, Luxury Bath Products, Luxury Bed Linens, and others. Through Peninsula Merchandising Limited, The Hong Kong and Shanghai Hotels, Limited has been successfully merchandising a variety of products with the Peninsula Hotel brand name and logo. There are now Peninsula Boutiques at Hong Kong International Airport, and at the Peninsula Hotels in Hong Kong, Tokyo, and Beijing, selling products including chocolates, teas, coffees, and cookies. The Peabody Hotel Group through The Peabody Galleria (<http://www.thepeabody-hotelsathome.com/>) allows consumers to buy a variety of merchandise carrying the company’s well-know duck motif. In Scotland, the Gleneagles Hotel has put its famous brand name on a variety of golf-related gift items. A brand extension strategy is aimed at encouraging customers to patronize a brand family on various occasions (Jiang et al., 2002). Figure 1 provides specific examples in the two varieties of brand extensions; line and category extensions.

Figure 1: Examples of Brand Extensions in the Hospitality Industry

		Holiday Inn Crowne Plaza
	Category Extension	Holiday Inn Select
Brand Extension		Holiday Inn Express
		Westin Hotels & Resorts
	Line Extension	Westin Heavenly Bed
		Westin Heavenly Shower

(Adapted from Keller, 2003)

The literature on brand extensions suggests some advantages of this strategy; the facilitation of the adoption process and acceptance of new products, since users assume new products have the same quality level as existing ones; a minimal cost of branding to the manufacturer, since name research will not be needed, nor will extensive advertising for brand name awareness and preference be necessary; and user response will tend to be faster, thereby reducing the introduction stage in the product life cycle where profits are negative. In addition, another advantage often obtained is the greater ease in gaining distribution (particularly shelf space) due to the familiar brand name. More effectively reaching target market can be another advantage. Jiang et al. (2002) stated that a brand extension strategy allows the firm to penetrate a variety of market segments with differentiated products that carry a single, well-established brand name. This strategy also lowers the risk associated with the introduction of new products (Kapferer, 1997). When introducing an extension, the risk associated with a new product launch is greatly reduced. Additionally, brand extensions allow companies to save expenses and share space, and provide variety and convenience for customers. Figure 2 provides additional examples of extension products within and outside of the hospitality industry.

FIGURE 2: Expanding Brands through Brand Extension Strategies

Parent Brand Name	Original Product	Extension Products	
		Line Extension	Category Extension
Omni	Omni Hotels		Omni Ideal Bed
W	W Hotels		W Pillow W Bed
Holiday Inn	Holiday Inn	Holiday Inn Select	
Marriott	Marriott Hotels & Resorts	J.W. Marriott Hotel	
Virgin	Virgin Records		Virgin Atlantic Virgin Holidays
Sunkist	Oranges		Vitamins Juices
Weight Watchers	Fitness centers		Low-calorie foods

Research Propositions

As brand extensions have become a widely accepted product development strategy, marketing researchers have attempted to explain the reasons behind consumers' acceptance. There is significant literature on the subject exploring how consumers behave as a result of different brand extensions. Specifically, attention has focused on how different variables related to the parent brand and the extension influence consumers (Aaker & Keller, 1990; Park et al., 1991; Bottomley & Holden, 2001). Many studies have considered those aspects that increase the success of brand extension. Evidence exists suggesting that a broad range of factors contribute to the use of brand extensions. This study focused on consumer perceptual factors that influence brand extensions.

Effect on Parent Brand

For an extension to be successful, the parent brand needs to be supported prior to the launch. An important assumption is made here: the parent brand requires support in order to increase brand equity before the extension is launched. The extension will benefit from the increased equity of the parent brand. When the new extension is launched, consumers evaluate it on the basis of their attitudes toward the parent brand and the extension category. Most studies have found that consumers' attitudes toward brand extensions are driven primarily by the perceived quality of the parent brand (Aaker & Keller, 1990; Roux, 1995). These studies followed the original format from the research by Aaker and Keller (1990); the perceived quality of the brand; the fit between original product category and extension category; and the difficulty to produce the extension. Keller (1993) also introduced the associative network model. According to that model, the brand name, the products associated with that given brand name, and the brand associations are represented by nodes connected by links of varying strength. Given that

the core parent brand (Roedder-Joun et al., 1998) is most strongly associated with the brand name in general, the introduction of a new product with the existing brand name will result in recall of the feelings, beliefs and experiences associated primarily with the core parent brand. He suggested that before the appearance of the brand extension in a given product category, consumers already possess established attitudes both toward the parent brand and the target extension product category.

For parent brand characteristics, many variables have been used in previous studies, including: the level of affect that most consumers have in the parent brand (Boush & Loken, 1991); prestige of the parent brand (Park et al., 1991); perceptions about the breadth of the parent brand portfolio (Boush & Loken, 1991); any strong associations related to the parent brand (Park et al., 1991); parent brand strength and expertise (Reddy et al., 1994); parent brand quality associations (Keller & Aaker, 1992); and perceived credibility of the parent brand (Keller & Aaker, 1992). There is conceptual agreement in previous works that the perceived quality of the parent brand increases the consumers' acceptance of a brand extension. Also the quality of the original brand or strength of the original brand has a positive effect on acceptance of the extension. Given these findings, we can therefore expect that:

Proposition 1: The attitude toward the parent brand will have a positive effect on the perceived fit between the parent brand and brand extension

Fit Perception

Fit variables are significant factors in attitude formation (Smith & Park, 1992). The role of fit or similarity between product classes in the formation of a brand extension has been emphasized by many previous researchers. Then, why is fit important to brand extensions? The reason is that the transfer of the perceived quality of the brand will be enhanced when the two product classes fit together in some way. Aaker and Keller (1990) proposed and tested a model of consumer brand extension attitude formation incorporating the attitude to the original brand, the 'fit' between the original and extension product, and the perceived difficulty of making the extension product. They found that perceptions of the quality of the original brand and the product category fit were major influences on attitudes towards the extended brand. Then, the concept of fit should be discussed first. In the study of Aaker and Keller (1990), fit was apparent in three aspects; complementarity; substitutability; and transferability. The first dimension exists in the complementarity of the extension to the parent brand. It indicates the extent to which consumers view the two product classes as complements. In other words, this means to what extent is the extension complementary to the original product class, adding value to the total offer. The second fit dimension is the substitutability of the parent by the extension; that is, the extent to which consumers view the two product classes as substitutes. The third fit dimension, transferability, is based on the perception of similarity in skills needed for offering the parent brand and the extension. This means whether the skills used in providing the original service are useful in delivering the new service category.

An extension with good fit is expected to lead to associations similar to those of the parent brand, which may reinforce the parent brand's existing image and lead to more favorable or at least unchanged parent brand attitudes. There is evidence that good perceived fit influences brand extension evaluation (Aaker & Keller, 1990; Bousch &

Loken, 1991; Keller & Aaker, 1992). Most research on successful extensions relates specifically to fit perception. There are many examples of conceptualization and empirical evidence on the dimensions of the fit construct. For example, Aaker and Keller (1990) and Sunde and Brodie (1993) concluded that consumers' acceptance of a brand extension increases if there is a perception of "fit" between the new product category and the brand and, the category is seen as "difficult to make", i.e., some expertise is needed. The issue of fit has also been explored by Park et al. (1991). Their research supported the notion that, in evaluating brand extensions, consumers consider the perceived degree of fit between the extension and the brand. This fit relates to product feature similarity (attributes, usage occasions, etc.) and brand concept consistency, i.e. unique abstract meanings. The most positive evaluations of brand extensions are given to those that have a high degree of fit on both dimensions. It is therefore suggested that:

Proposition 2: The fit between the two involved categories has a direct positive effect on the attitude toward the brand extension

Attitude - Behavior link

Previous research indicates that consumer attitudes are associated with a level of behavior. When assessing the relationship between attitudes and intentions, past researchers have been able to successfully incorporate the theoretical support in the Theory of Planned Behavior (TPB; Ajzen, 1985; Ajzen 1991). The TPB extended the Theory of Reasoned Action (TRA) by adding perceived behavioral control as a factor that can influence intentions and behaviors (Ajzen & Fishbein, 1980; Fishbein & Ajzen, 1975). The TRA, as its name implies, indicates that individuals are rational; they make use of all available information, and they evaluate the possible implications of their actions before they decide to engage or not engage in particular decisions (Ajzen, 1985). A major contribution of the TRA is the specificity of attitudes and intentions to match behavior. The TPB suggests that an individual's intention to engage in a behavior is the immediate proximal predictor of that behavior. Intention is conceived as the summary motivation to perform a behavior (Ajzen, 1991). Regarding brand extensions, some studies have analyzed how consumers' brand extension associations affect their attitudes towards the extension (Glynn & Brodie, 1998; Bristol, 2002). Empirical work has demonstrated that attitudes towards the brand extension have an effect on the purchase of the extended product after the extension. Moreover, many researchers have found that brand affect positively impacts purchase intention (Bhat & Reddy, 2001; Lane, 2000). Interestingly, it has also been found that early brand extensions do not perform as well as extensions introduced at later stages in the category's life cycle (Sullivan, 1992). Swanminathan et al. (2001) suggested that brand and category experience positively influence extension trial but not repurchase. Hence:

Proposition 3: More favorable attitudes toward the brand extension are associated with more favorable behavior toward the brand extension

Consumer Experience

Research on the consumers' experience with the parent brand is relatively scarce. It deals mainly with the effect of experience on brand extensions. Several researchers deal with consumer characteristics, these include; customer's user status (Kirmani et al., 1999); their

brand or category knowledge whether they are of novice or expert status within a given category (Broniarczyk & Alba, 1994); and the extent of their involvement level within a particular category (McWilliam, 1993). Recent research shows that greater experience with the core brand leads to more favorable perceptions of the parent brand. Accordingly, consumers with more experience of the core parent brand will have a greater likelihood of trial of a subsequent brand extension than consumers with less experience with the core parent brand. In the hospitality industry, once customers have made a decision about a brand and its associations, they often become loyal to that brand, and continue to buy it in the future (Tepeci, 1999). Previous work by Swaminathan et al. (2001) also provides evidence that prior experience with the core parent brand has an impact on trial of a brand extension. Reducing the uncertainty by experiencing the brand would increase the likelihood of use of the extended brand.

Usually a new product is tried by a group of consumers who are heterogeneous in their prior experience with the parent brand: prior users, prior shifters, and prior non-users. The previous literature indicates that a successful trial results in a favorable experience and furnishes new information regarding the brand name to both prior users and non-users. The learning provided by the product experience will lead to strongly-held beliefs regarding the extended brand ([Hoch & Deighton, 1989](#); [Kempf & Smith, 1998](#)). [Roedder-John et al. \(1998\)](#) viewed brand knowledge as a network of beliefs and associations. Hence, the beliefs regarding the extension brand are transferable to the parent brand. Therefore, positive experiences with parent brands will influence consumers' attitudes toward brand extensions. Also a greater degree of product experience with the intervening extension is likely to enhance consumer familiarity and belief strength (Alba & Hutchinson, 1987).

Braun and Wicklund (1989) also suggested that less experience leads to less concrete category and product knowledge and more reliance on symbolic associations and general impressions about the brand. In his brand study, Carr (2002) also argued that the experience with travel had an influence on tourist behavior and identified differences between domestic and international young tourists' behavior. In summary, the experience with the parent brand has a significant influence. This is expected because, even though the extension product may be positioned in a different category, it is perceived by consumers according to experiences of the parent brand. The preceding discussion leads to the proposition that:

Proposition 4: Consumer's experiences of the parent brand moderate the relationship between brand extension attitudes and behavior

Brand Quality

The perceived quality of the brand is a variable that has been considered in various brand extension studies. The underlying assumption is that the beliefs or attitudes regarding the original brand will be transmitted to the extension, and a greater perceived quality in the original brand will have a positive effect on acceptance of the extension (Milewicz & Herbig, 1994). As long as the quality of new associations is consistent with the original associations, there is little for marketers to worry about if the quality of parent brand is

excellent. In the hospitality industry, it was not the middle-market or budget hotel companies that first started using brand extensions. The upscale or luxury hotel category seems best able to apply brand extension strategies. Consumers are purchasing branded products in the hospitality industry for functionality as well as prestige. In business terminology, if prestige and functional brands are evaluated differently by consumers, it may be necessary to adjust Aaker & Keller's findings for different business situations. This is particularly important for hotels seeking to extend brands across product categories as the brand type may influence the acceptance of the brand in that extended category.

Aaker and Keller (1990) mentioned that quality is an important predictor of extension attitudes. Other previous studies have proven that high quality perceptions are positively associated with prestige brands in brand extensions. Park, Milberg and Lawson (1991), for example, proposed that differentiation between prestige and functional brands is based on different memory structures for feature-based and concept-based brand names. They showed that consumers stored prestige and functional brands differently and these differences influenced the consumers' perception of extended products. Prestige concepts appear more accessible than functional concepts and are not dependent upon functional comparisons of common characteristics for extension attitude formation. They also suggested that quality is a given for prestige brands and the superordinate aspects are more influential in prestige brand extension attitude formation (Park et al., 1991). In addition, Morgan and Dev (1994) found that high quality perceptions are associated with prestige brands. The different influences of prestige brand types was also supported by Roux (1995) who found conceptual fit and brand quality were the main predictors of perceived extension quality. Roux found that when subjects judged extension perceived quality for luxury goods, they reacted on a more abstract level. However, when they evaluated a mass market product, they were on a concrete/ product-related level. In summary, prestige brand extensions are perceived to be of higher quality than functional brands (Park et al., 1991). Therefore, it is proposed that:

Proposition 5: The quality of the parent brand moderates the effect on perceived fit to attitudes toward the brand extension

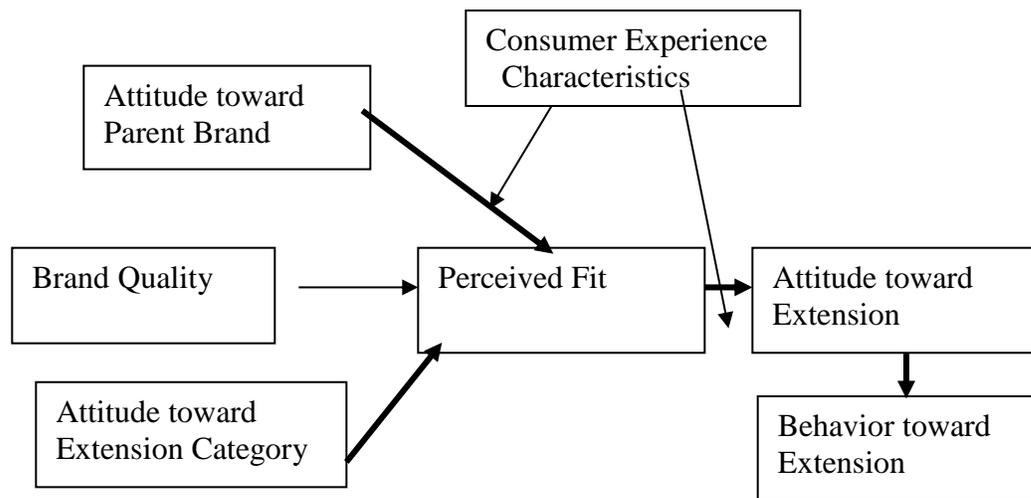
Basic Model

Figure 3 shows a conceptual model of brand extensions in the hospitality industry. The direct effects of reciprocal knowledge transfer and attitude transfer have been examined in past research. The bold lines and characters in Figure 3 depict the concepts and relationships in the formation of brand extension attitudes that have already been investigated in past research. As previous research has shown, cognitive processing affects the formation of attitudes about brand extensions. These findings were first identified by Aaker and Keller (1990) and also supported in many replicated studies later. The research confirms that there is a direct cognitive effect from the parent brand to the extension. The central concept in past research has been the concept of fit, frequently used

for measuring the direct effect on brand extension attitudes. Generally, it has been proven that the higher the perceived fit, the more positive the consumer's attitude toward the extension. Also, the higher the perceived fit, the higher the affect transfer from the parent brand to the extension. Therefore, the suggested model also shows that the attitude toward the parent brand and extension category influence the perceived fit and this results in the formation of attitudes toward brand extensions. Eventually, these affect the behavior toward the brand extension.

Since this study is focused on the hospitality industry, other variables were also examined. As the positive feelings are directly transferred from the parent brand to the extension, the perceived high quality of the parent brand results in positive extension evaluations. The experience of consumers is an important moderating variables in brand extensions. This variable may influence either attitudes toward the extension or behavior toward the extension. Normally, less accessible knowledge concerning the extension is believed to have less effect on the parent brand than highly accessible new information. Therefore, external information accessibility also plays a role in knowledge transfer from the extension to the brand.

Figure 3: Conceptual Model of Brand Extension in the Hospitality Industry



Conclusion and Implications

The objectives of this study were to propose a conceptual model of brand extension in the hospitality industry and to examine the applications and trends in brand extensions in this industry. Past research on brand extensions has mainly focused on the influence of the parent brand and general perceptions of fit on extensions. However, this study related to the hospitality industry and the conceptual model was developed with this industry in mind. Thus, the findings in this study are normative and are applicable in the hospitality industry. A major contribution of this study was to address this gap in the literature by developing a model for specific characteristics of brand extensions in the

hospitality industry. By specifying a role for specific variable associations, this research builds a new model that fits with the products and services in the hospitality industry. Additionally, unlike most prior brand extension research that used fictitious brands, the use of extensions of real brands in this study may account for the important role observed for parent brand attribute associations in extension evaluation. As a framework for brand extensions in the hospitality industry, this research is perhaps the first attempt to relate the extension model with the hospitality industry and to consider the effects of brand extensions on consumers' buying behavior. The study offers a valuable conceptual and analytical framework for brand management in the hospitality industry.

Previous research suggests that, if properly implemented, brand extensions offer many opportunities for hotels to increase revenues, profits, customer loyalty, and operating efficiencies. A strong brand extension benefit arises when core brand associations are conveyed to the extension. By emphasizing brand extensions, hotels can favorably influence consumer decisions. The brand extensions are helpful in increasing customer loyalty and in promoting repeat buying. Consumers who have a perception that a particular brand's mainline hotel offers high quality will be more likely to patronize that brand's specialized-market hotels (or, a good experience with a specialized hotel should carry over to a mainline purchase). When companies introduce an extension, their desire is to have the brand extension evaluated favorably by a new market segment, without damaging the original core brand as well as the company name. While brand extensions are a promising benefit for management and further exploration, they have some potential dangers. This study suggests that a brand extension should be introduced with caution and with careful concern for many variables. Navigating the fine line between an important asset and its extension is where the opportunity to maximize the brand's value lies. Building a strong brand name that links a hospitality company and its consumers is crucial for the success of operations. A strong brand is a building block of an extended relationship (Morgan and Hunt, 1994), which is important for the sustainability of hospitality organization performance. Brand equity is considered to be a source of a premium price level (Keller, 2002) and greater profit margins.

It leads or contributes to the formation of strong, favorable, and unique brand associations in customers' minds. Therefore, hospitality industry practitioners and marketers should pursue marketing communication strategies that enforce strong brands that can generate strong brand extensions. Brand extensions with strong brand equity lead to a greater intention to purchase the services of hospitality companies and eventually are reflected in operating performance. A brand extension also influences not only the core parent brand but also the intervening extension, suggesting that brand managers must take this into account in examining the benefits of brand extension strategies. Multiple brand extensions also help attract new markets, particularly in areas not tapped by core brands. The research and testing of the proposed model will provide practitioners with a deeper understanding of brand extensions and commitment formation and their effects on purchase intentions. The results should provide brand managers with added insights into the potentials and perils of brand extensions.

Future Research

At this point in time, there is a variety of case study evidence supporting the positive effects of brand extensions in terms of marketing and sales. What is needed in the next stage of study is further investigation into the specific effects of brand extensions. Brand extensions have become a popular phenomenon in the hospitality industry. More investigation and greater understanding of moderating effects on brand extensions would be beneficial for those hospitality company executives who are interested in expansion and appealing to different market categories or to different segments within a category. Moreover, other variables affecting the relationships between brand extensions and purchase intentions should be included in the future research on this topic.

This study suggested a conceptual model, which was adapted from the research of Aaker and Keller (1990) and other specific variables were added to reflect the special characteristics of hospitality products and services. The model proposes that other variables, such as brand quality, trip characteristics and external information, can have a significant impact on the evaluation of brand extensions, as well as on the formation of attitudes regarding the brand extensions. This model needs to be tested with real data in future studies. There may be certain conditions under which variables work or do not work; future research should investigate any relevant intervening variables as well. As more hotel and other hospitality companies begin to explore brand extension strategies, further research should be conducted to assess the performance of these activities.

This study only suggested a focus on the prestige-oriented level of products in the hospitality industry. However, future research needs to compare extensions of varying quality levels (i.e., various levels of step-up or step-down) to determine the impact on the core brand. Future research should examine whether introducing sequential brand extensions in categories that are significantly different from the core brand result in similar effects. In addition, future research should focus on increasing the number of sequential brand extension cases investigated and examine this issue in cases where a larger number of products are associated with a single brand. The role of the core brand concept in brand extension situations, extending the research to other types of brands within the function- and prestige-oriented typologies, as well as extending the research to other types of brand concepts should be examined as well.

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