Order of Entry and the Moderating Role of Comparison Brands in Brand Extension Evaluation

JAMES L. OAKLEY
ADAM DUHACHEK
SUBRAMANIAN BALACHANDER
S. SRIRAM*

The current research proposes that order of entry moderates the impact of fit on brand extension evaluation. We conceptualize a model in which new brands enter the market dynamically, driving consumers to engage in differential processing as a function of pioneer and follower evaluation scenarios. We posit that consumers rely on singular evaluative processing in pioneer contexts and comparative evaluation in follower contexts, producing unique moderating effects based on the existence of comparison brands. Experimental results indicate that follower brands can actually benefit from comparison with pioneering brands that have a relatively lower fit with the extension category.

In early 2000, Clorox, a well-known brand for household bleach, introduced the first product in the household cleaning wipes category in the U.S. market, a category that has since attracted competition from brands such as Mr. Clean and Lysol. Though Clorox continues to enjoy success as the pioneer, these later entrants have made significant inroads into this category (Brandweek 2000). One possible explanation is that the Lysol and Mr. Clean brands offer a better fit with the new cleaning wipes category than Clorox. However, Clorox’s earlier entry likely changed the dynamics of how consumers evaluated the later entering brand extensions given its early success. These observations lead to the key questions of this research: Does the order of entry of brands have a significant effect on how a brand extension is evaluated? If so, what psychological process is responsible for driving these effects?

In recent years, brand extension research has revealed many managerial factors driving brand extension evaluation, including pricing strategy (Taylor and Bearden 2002), size of the overall brand portfolio (Boush and Loken 1991; Dacin and Smith 1994), and perceived product quality (Aaker and Keller 1990; Dacin and Smith 1994; Keller and Aaker 1992). One of the principal psychological factors shown to drive extension evaluation is the perceived fit between the parent and extended brand (Broniarczyk and Alba 1994), referred to as category or brand concept similarity (Aaker and Keller 1990; Boush and Loken 1991; Herr, Farquhar, and Fazio 1996; Park, Milberg, and Lawson 1991). This research has shown that greater perceived fit between parent and extended brand results in higher extension evaluations. However, this research has focused on a static view, not a dynamic context when brand extensions enter a category sequentially. We hypothesize that order of entry will produce moderating influences on the parent-extension fit effect leading to differences in evaluation of pioneer and follower brand extensions. This dynamic view is more representative of how extensions are evaluated, reflecting a context-dependent perceptual model of extension evaluation based on the presence or absence of comparison brands. An interesting result of

*James L. Oakley is assistant professor of marketing, Krannert School of Management, Purdue University, West Lafayette, IN 47907 (joakley@krannert.purdue.edu). Adam Duhachek is assistant professor of marketing, Kelley School of Business, Indiana University, Bloomington, IN 47401 (aduhache@indiana.edu). Subramanian Balachander is assistant professor of marketing, Krannert School of Management, Purdue University, West Lafayette, IN 47907 (sbalacha@krannert.purdue.edu). S. Sriram is assistant professor of marketing, School of Business, University of Connecticut, Storrs, CT 06269 (ssriram@business.uconn.edu). Correspondence: James L. Oakley. The authors would like to thank Shanker Krishnan, Shailendra Jain, and Bill Robinson for their valuable comments on this research, and Bart Collins, Michael Anliker, Heather Fausnaugh, Michelle Mussman, and Kyle Rollins for their assistance with data collection. The authors are also indebted to John Deighton, Dawn Iacobucci, the associate editor, and the three anonymous reviewers for their many helpful suggestions. In addition, the authors would also like to acknowledge the 3M Corporation for research support awarded to the second author.

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our framework is that brands may actually benefit from the existence of competitors (i.e., entering as a follower rather than pioneering extension). We will say more about this result subsequently. We now briefly review the relevant literature.

**BRAND EXTENSION AND ORDER OF ENTRY EFFECTS ON EVALUATION**

The extant literature suggests that brand extensions into new categories with a high degree of perceived similarity with current categories of operation are evaluated much more favorably by consumers (Aaker and Keller 1990; Boush and Loken 1991; Broniarzcyk and Alba 1994; Keller and Aaker 1992). Research has shown that perceived fit affects evaluation in multiple ways (Aaker and Keller 1990). Similarity allows consumers to transmit their existing knowledge and experience from the parent brand to its extension, resulting in favorable extension evaluation (Herr et al. 1996; Keller and Aaker 1992; Park et al. 1991). Another factor identified in the literature as potentially moderating the effect of perceived fit is parent brand quality. A high quality parent brand extending into a similar category receives significantly higher evaluation compared to low or average quality brands extending into high similarity categories (Aaker and Keller 1990). Thus, brand quality potentially serves as an additional diagnostic perceptual cue for consumers in evaluating the likely performance of extensions.

In the pioneering advantage literature, research suggests that the first brand to market holds a general advantage, resulting in more favorable evaluations (Carpenter and Nakamoto 1989; Kardes et al. 1993; Robinson and Fornell 1985). However, recent research has identified several means by which follower brands can overcome the first mover’s advantages, including improved quality (Shankar, Carpenter, and Krishnamurthi 1998), attribute dominance (Zhang and Markman 1998), or trial inducement (Muthukrishnan 1995; Muthukrishnan and Kardes 2001).

**THEORETICAL DEVELOPMENT: SINGULAR AND COMPARATIVE JUDGMENTS**

We posit a framework of extension evaluation based on the presence or absence of a comparison point resultant from a focal brand’s order of entry into a new category. We hypothesize that pioneer brands that enter first are evaluated singularly (i.e., without reference to an existing entrant) since there are no other entrants in the category. In contrast, follower brands are evaluated by comparison against an existing market competitor (i.e., the pioneer). The presence and absence of a comparison point under the pioneer and follower conditions, and not the order of entry per se, drives the different evaluation processes. We now discuss each of these judgment contexts briefly.

**Singular Judgment**

Singular evaluation processes have been shown to differ in important ways from other evaluation contexts due to a reliance on selective hypothesis testing (Sanbonmatsu et al. 1998). Posavac et al. (2004) demonstrated that when a target product is evaluated alone, consumers may typically first test the hypothesis that the target is favorable. As long as favorable evidence is available, consumers may evaluate the focal product more favorably than they would in a situation in which it is compared to other brands. Unless consumers are presented with clear information to override their working hypothesis, the brand will be evaluated favorably (Gilbert 1991). Through this selective hypothesis testing process, singular evaluation has been shown to result in a positivity effect (Posavac et al. 2004), such that brands are evaluated more positively in isolation than when considered comparatively against other brands. We posit that this singular evaluation context describes the conditions in which consumers evaluate pioneering brand extensions.

**Comparative Judgment**

In contrast to singular evaluation, comparative judgment processes are influenced by the relative context. Context effects have been explored extensively in the marketing literature (e.g., Herr 1989; Meyers-Levy and Sternthal 1993; Meyers-Levy and Tybout 1989; Peracchio and Tybout 1996). One necessary component for the emergence of context effects is the existence of some standard of comparison (Schwarz and Bless 1992; Sherif, Taub, and Hovland 1958). In particular, assimilation and contrast effects occur when a contextual cue anchors judgment and evaluation. Assimilation occurs when judgments move toward a comparative anchor, whereas contrast occurs when judgments move away from a comparative anchor (Schwarz and Bless 1992; Sherif et al. 1958).

**HYPOTHESIZED EFFECTS**

We hypothesize that order of entry and category fit will interact to moderate the effect of parent brand perception on the extended brand. For pioneering brands, consumers will first consider the hypothesis that the pioneer extension is favorable (Gilbert 1991; Sanbonmatsu et al. 1998). In such instances, we would expect that consumers’ thoughts would reflect their beliefs that the parent brand was of high quality, while neglecting information inconsistent with the hypothesis (fit in the case of lower fit extensions) in accordance with selective hypothesis testing. We would therefore predict that pioneer evaluation is driven by parent brand quality thoughts. Under pioneer conditions, singular evaluation processes will produce positive evaluations of pioneer extensions, with the effect of perceived fit with the parent brand thus being less important for pioneering extensions. Consequently, low fit brands are likely to be evaluated more positively in the pioneer condition than they would be if
they were evaluated in a comparative judgment context (i.e., follower conditions).

We believe that the underlying processes driving extension evaluation differ across pioneer and follower evaluation scenarios. In contrast to the singular evaluation of pioneer contexts, we predict that a different standard of comparison drives evaluation of extensions when a brand extends into a category as a follower. Under follower conditions, consumers make evaluations by comparing the brands within the category against each other. The existence of a salient competitor means that evaluation will be driven by the favorableness of a focal extension vis-à-vis the extant brands. This comparative judgment allows consumers to directly consider brands along alignable dimensions (Zhang and Markman 1998). One such dimension prominent in comparative evaluations is parent-extension similarity, or fit (Aaker and Keller 1990). For low fit follower brands, the direct comparison with an extant category competitor will result in a contrast effect, whereby low fit follower brands are evaluated significantly more negatively than in the pioneer conditions due to the salience of their low fit status when compared directly against a higher fit competitor. For high fit follower brands, the direct comparison against a competitor will result in significantly more positive evaluations as their high fit status is made salient by direct comparison against a lower fit competitor. Thus, we predict that evaluation of followers will be driven to a greater extent by comparison-based fit perceptions vis-à-vis evaluation of pioneers. Through these contrast effects, we posit the following: high (low) fit brands will be evaluated significantly more (less) favorably when entering as a follower, as opposed to being a pioneer. In other words, high fit brands benefit from the presence of a lower fit competitor—the value of their higher fit with the extension category increases in importance when another competitor serves as the pioneer. We now test these predictions.

STUDY TO TEST HYPOTHESIZED ORDER OF ENTRY AND FIT EFFECTS

An experiment was designed to perform two tasks: (1) test our theorized predictions for extension evaluation and (2) collect cognitive response measures related to the fit and quality of the parent brand which were designed to shed light on the underlying mechanism. If the brand evaluation results mirror the pattern predicted, this will provide evidence in support of our theory, while the fit and quality measure results will provide further evidence of the process underlying the singular versus comparative judgment effects being observed.

Method

Design and Participants. The design was a 2 × 2 factorial design with order of entry (pioneer or follower) and parent brand fit with extension category (high or low) as the two factors. Establishing a brand as the pioneer in the extension category restricted the remaining brand to a single alternative, that of second entrant or follower in the category. Therefore, each brand fills the role of pioneer in one condition, and second entrant or follower in the other condition. Respondents were randomly assigned to one of two conditions. In one condition, respondents were first exposed to a high fit pioneer followed by a low fit follower. In the other condition, respondents were first exposed to a low fit pioneer followed by a high fit follower. In both conditions, respondents evaluated both pioneer and follower brands. A total of 57 undergraduate students (M_{age} = 21.4; SD_{age} = 3.38, 37% male, 63% female) participated as part of an introductory marketing course requirement.

Stimuli. Two brands were selected to represent the high and low fit characterizations for the parent brand fit with extension category based on a pretest involving 125 undergraduates to determine high and low fit brands within a new category of partially baked pizza. Based on the pretest results, the high fit brand identified was Pizza Hut, with Frito Lay selected as the lower fit brand (M_{PizzaHut} = 5.36 > M_{FritoLay} = 4.09; p < .05). Pizza Hut was regarded as a well-known pizza brand, and the concept of Pizza Hut introducing a product for home preparation and consumption was deemed reasonable. Frito Lay was recognized as a high quality producer of snack foods with a diverse line of existing products. While they were not identified as a brand likely to introduce a pizza product, Frito Lay was identified as a brand very likely to introduce a wide variety of potential brand extensions. Based on the pretest findings, both Pizza Hut and Frito Lay were identified as high quality brands in general (M_{PizzaHut} = 5.89, M_{FritoLay} = 5.59; NS).

Procedure. Participants were run in groups of five to 20 and were randomly assigned to conditions. Each participant was seated in a cubicle in front of a personal computer, effectively shielded from other participants. Instructions and stimuli were presented via the Medialab experimental software program. Instructions informed participants about the type of stimulus they would receive and requested that they respond to the best of their knowledge and ability. Participants then proceeded through the two stages of the experiment on a self-paced basis, being exposed first to information regarding the lone pioneer entrant before learning of the second follower entrant. At the end of the first (pioneer) stage of the experiment, dependent measures were collected for the pioneer brand. After completing these measures, participants were shown information related to the new follower entrant. In the follower stage, participants were told that both products would be priced the same and would be available in similar packaging (with the exception of logos and package colors). Hence, the only differences between the category entrants were the relative fits between the parent and extended brand and their order of entry into the extension category. Following the second stage of the experiment, participants completed the same dependent measures for the second brand entrant.
Dependent Variables. The dependent measures employed focused on the participant’s attitudes toward the brand extensions under study. The questions all used seven-point Likert-type scales and were directed at how good they believed the product would be (“Terrible” to “Fantastic”), level of interest in the product (“Not at all interested” to “Very interested”), and likelihood to purchase (“Not at all likely” to “Very likely”). In addition, two measures designed to capture parent-extension fit perceptions (i.e., how similar is the extension to the parent brand product [1] in terms of consumer needs being satisfied and [2] in terms of skills required for production) and two measures designed to measure parent brand quality perceptions (i.e., the extent to which consumers believe the parent brand’s [1] quality and [2] reputation will determine the success of the brand extension) were collected.

Results

Using a composite measure of the three evaluation items (α = .91), we find a significant order of entry-fit interaction for the evaluation results (F(1, 55) = 31.85, p < .05), consistent with our theory. Investigating this interaction further, we find that there are no differences in the evaluations of the high and low fit brands when they are the pioneer (F(1, 55) = 0.11, NS; M_Hfit = 4.55, M_Lfit = 4.44, NS). This result supports our theory that these effects are due to selective hypothesis testing for pioneers. A significant fit effect, however, is observed within follower conditions (F(1, 55) = 29.24, p < .05; M_Hfit = 5.22 > M_Lfit = 3.20, p < .05), supporting the theory that comparison perceptions drive evaluation in the follower condition. Looking at the follower versus pioneer evaluations, the lower fit brand was evaluated significantly lower when entering as a follower than as a pioneer (M_foll = 4.44 > M_pioneer = 3.20; p < .05). The results also show that the higher fit brand is evaluated more positively as a follower entrant (M_follower = 5.22) than as the pioneer (M_pioneer = 4.55; p < .05).

An additional analysis was conducted to examine within-subject preference ratings across conditions. The one-way ANOVA result was significant, showing that the preference shift was greater for those exposed to the high fit brand prior to the low fit brand vis-à-vis those exposed to the high fit brand subsequent to the low fit brand (F(1, 55) = 10.70, p < .05). This analysis suggests an asymmetrical effect such that high and low fit followers are differentially affected by comparison against a pioneer. In other words, while the high fit brand receives a more positive evaluation as the follower, the low fit brand is significantly more penalized for being a follower as opposed to a pioneer (see fig. 1).

Two additional studies (n = 120 and n = 96) were conducted to replicate the current study findings in the categories of a microwaveable gourmet coffee product and dress shoes, respectively. Each study’s result validated the evaluation findings of the pizza study. Additional information regarding the stimuli and results for these replication studies is available from the authors.

Linking Fit and Quality to Extension Evaluation

As an additional means of demonstrating support for our theory distinguishing between the evaluations of pioneering and follower brands, we examine the extent to which measures of quality and fit are associated with extension evaluation. Our singular-comparative judgment framework predicts that for evaluation of pioneering brands, selective hypothesis testing regarding the favorableness of the extension indicates that parent brand quality thoughts drive evaluation. Thus we would expect a significantly greater correlation between parent brand quality and evaluation than parent brand fit and evaluation for pioneer brands. In contrast, evaluation of follower brands is driven primarily by comparative judgment among brands in the category along relevant dimensions. In our study, we posit that perceived fit between the parent brand and the extension will be the differentiating dimension driving follower evaluation such that there is a significantly greater correlation between fit and evaluation than quality and evaluation. This is not to say that parent brand fit is unimportant for pioneer brands; only that its importance is overshadowed by parent brand quality in such a context.

In order to test these mechanisms, we examine the correlation between our two-item measures of parent brand quality (α = .77) and perceived fit (α = .84) and extension evaluation, employing Snyder-Kendzierski (Snyder and Kendzierski 1982) tests for examining differences across the quality-evaluation and fit-evaluation correlations as a function of order of entry. In support of our theory, we find that under pioneering conditions, the correlation between quality and evaluation is significantly greater than the correlation between fit and evaluation, indicating that singular evaluation-based effects drive evaluation (F(1, ∞) = 5.41, p < .05; r quasi-eval = .56, r fit-eval = .42). In contrast, under follower conditions, the correlation between fit and evaluation is significantly greater than the correlation between quality and evaluation, indicating that comparative judgment processes drive evaluation (F(1, ∞) = 5.35, p < .05; r quasi-eval = .68, r fit-eval = .78).
These findings are particularly enlightening with respect to the underlying processes driving extension evaluation. In accordance with our singular evaluation-based selective hypothesis testing account of pioneer evaluation, we find that parent brand quality is a significantly greater predictor of evaluation than is perceived fit. It is important to note, however, that fit still predicts a significant portion of the variance in extension evaluation under such conditions, although as our theory suggests, this fit effect is countered by the effect of parent brand quality due to the nature of singular evaluation. For follower brands, as we predict, perceptions of parent brand fit drive extension evaluation as the fit component is now made salient with the presence of brand comparisons within the category. In these instances, the results show direct evidence that fit perceptions drive evaluation of follower brands.

Discussion

The results from this study support the evaluation pattern predicted theoretically. Further, the fit and quality process results offer support in favor of our theoretical explanation. The process findings are particularly noteworthy in that they reveal that consumers differentially utilize judgments regarding fit and quality in building their evaluations as a function of order of entry. Consonant with our predictions, extension evaluation for consumers in the pioneer condition was driven by selectively considering brand quality derived from singular evaluation processes, such that parent brand quality thoughts drove the evaluation of the pioneer extension. With respect to followers, our theory called for contrast effects resulting from comparative judgment processes. In support of this view, our data show that fit perceptions were a significantly greater determinant of extension evaluation for follower brands. Although the increased correlation of fit with evaluation for follower brands suggests that the presence of a competitor brand induces comparative judgment, we did not measure consumers’ thoughts to verify this theoretical account.

To provide further process evidence, we conducted a follow-up study with the goal of collecting cognitive response measures to gain further insight into the theoretical mechanism underlying our results. Our singular versus comparative judgment framework suggests that the absence (presence) of a brand comparison differs as a function of order of entry. While the quantitative process measure in the main study focused on parent brand fit as a basis of brand comparison within the extension category, our framework predicts that consumers should rely on more focal brand quality thoughts when evaluating pioneer extensions and more brand comparison thoughts when evaluating follower extensions. Collecting cognitive response measures allows us to demonstrate the role of brand comparison thoughts and further clarify the cognitive process driving participant evaluation.

To test this prediction, 63 participants (M_{age} = 20.7; SD_{age} = 1.11, 43% male, 57% female) were recruited for participation in a follow-up study using the same procedures reported above with two important differences. First, the context was a new microwavable espresso-based coffee beverage (high fit brand = Starbucks, low fit brand = Dannon) and, second, prior to evaluating the brand extensions, participants completed a cognitive response measure, listing all thoughts they had regarding the brand extension. These thoughts were then coded independently for number of brand comparison, category fit, and focal brand quality thoughts (the raters exhibited 89% agreement—coding differences were resolved by the authors). The analysis reveals a significant main effect regarding focal brand quality references for pioneer versus follower contexts (F(1, 61) = 15.58, p < .05; M_{sing} = .27, M_{comp} = .05, p < .05)—this result is not dependent on the brand being evaluated (F(1, 61) = 1.69, NS). In other words, participants noted significantly more references to parent brand quality in the singular evaluation (pioneer) condition than in the comparison (follower) condition, regardless of which brand was being evaluated, supporting the concept of selective hypothesis testing (Gilbert 1991; Posavac et al. 2004).

Also, we observed significantly more brand comparison thoughts in the follower (as compared to pioneer) condition, indicating that, as we theorized, consumers make significantly more comparative judgments in this context (F(1, 61) = 71.29, p < .05; M_{comp} = .11, M_{sing} = .64, p < .05). Additionally, there were significantly more brand comparison thoughts than either fit or quality thoughts within the follower condition (M_{comp} = .64, M_{fit} = .32, M_{qual} = .05; p < .05), indicating that comparison thoughts are a significant driver of follower evaluation, consistent with our framework of singular-comparative judgments.

GENERAL DISCUSSION

The results of the studies reported in this article offer several contributions to the existing literature. First, by formulating a conceptual model accounting for the differential processes consumers utilize in the absence or presence of a comparison brand in a new product category, we model consumers’ evaluation of brand extensions in a dynamic setting. This dynamic modeling perspective is noteworthy because it more closely accounts for how consumers make evaluations in the market. Second, although previous research has considered the effects of multiple category extensions in unrelated categories on a target product (Aaker and Keller 1990), prior research has not considered the impact of multiple sequential entries on the evaluation of a focal product within the same extended category. The framework we propose accounts for these effects, thereby contributing to the brand extension literature. Third, we replicated our findings in multiple contexts with multiple brands, offering evidence of the robustness of our theory and its results. Fourth, in addition to measuring consumer evaluations of the brands under study and identifying a pattern of results consistent with our singular-comparative judgment framework, we also incorporated both qualitative and quantitative process measures allowing us to assess the process underlying consumer evaluation. These process variables...
offered support for our proposed singular-comparative theoretical account.

The implications of the findings, within the parameters of our study context, are that low fit brands are best served to enter the market as a pioneer—if the low fit brand is a later entrant, consumer evaluation of their brand extension is affected negatively. High fit brands, on the other hand, should not be deterred by the presence of a lower fit pioneer, as the presence of a comparison brand of lower fit improves the evaluation of their extension relative to the singular evaluation context when entering as a pioneer.

Our findings also suggest several possible avenues for future research. One factor that may signal a boundary condition for the observed effects relates to parent brand quality, a factor previously examined in the brand extension literature (Keller and Aaker 1992). In our experiments, we held quality constant across the different brand extensions. It is possible that brand quality will interact with order of entry, according to the same processes that guide evaluation as a function of category fit. Also, the nature of follower evaluations may be affected when pioneering brands are of low quality. Further research is needed to examine this possibility.

Beyond brand quality, our proposed framework could also be extended to consider the influence on parent brand evaluations (Dacin and Smith 1994; Klink and Smith 2001). It is possible that the differential impact on extension evaluation as a function of order of entry could create further disparities with regard to evaluation of parent brands. Evidence in support of these effects on parent brands would provide greater understanding of these effects.

Our research also did not examine differences in fit of more extreme magnitude. All the brands that we examined were shown to differ reliably in fit, although we did not examine brands of extremely low fit. Future research should attempt to identify a fit threshold beyond which brands in the pioneer condition will not succeed in generating the observed effects. Additional research into the relative influence of the different factors influencing pioneer evaluation should shed light on the nature of these boundary conditions. Future research would also benefit from studying the effects of competitors of equal fit entering the market—our experiments studied only brands differing significantly in relative fit. In addition, our experiments were limited to studying the dynamic environment of a pioneer and a single follower. Future research would benefit from expanding the number of follower brands.

Our study also focused on an incremental brand extension, not a new-to-the-world extension. Future research should examine whether these findings extend to more novel extensions. We believe that the same pattern of comparative evaluation would occur in the follower conditions, where target evaluations are influenced by existing entries in the extended categories. However, in the pioneer condition, perhaps new-to-the-world extensions imply a new means of evaluation for pioneering brands. In addition, all of the extensions in our research were positioned in the same fash-

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