

KDI SCHOOL WORKING PAPER SERIES

Extending the Fit Hypothesis in Brand Extensions:

Effects of Situational Involvement, Consumer Innovativeness and Extension

Kwon JUNG Leslie TEY

June 2007 Working Paper 07-06



This paper can be downloaded without charge at:

KDI School of Public Policy and Management Working Paper Series Index:

http://www.kdischool.ac.kr/faculty/paper.asp

The Social Science Network Electronic Paper Collection: http://ssrn.com/abstract=994764

Extending the Fit Hypothesis in Brand Extensions: Effects of Situational Involvement, Consumer Innovativeness and Extension Incongruity on Evaluation of Brand Extensions

Kwon Jung* Leslie Tey

May, 2007

^{*} Associate Professor, KDI School of Public Policy & Management, P.O.Box 184 Cheongnyang, Seoul, Korea 130-650 E-mail: jungk@kdischool.ac.kr. Fax: (822) 3299-1240.

Effects of Involvement, Consumer Innovativeness and Extension Incongruity on Evaluation of Brand Extensions

ABSTRACT

This study examines the effects of congruity between a parent brand and its extensions with consumers' brand extension evaluations. Two alternative predictions on brand extension evaluations, the fit hypothesis and an inverted U-shaped hypothesis based on Mandler's model, (1982) are contrasted. An attempt to explain this contradiction is made by identifying two moderating factors, a situational variable (i.e., task involvement) and a consumer personality variable (i.e., consumer innovativeness). It is found that while subjects show a pattern suggested by the inverted U-shaped hypothesis in their extension evaluations under the high involvement condition, subjects in other conditions show a pattern suggested by the fit hypothesis.

JEL Code: M31

Key words: Brand extensions, Involvement, Consumer Innovativeness

Effects of Involvement, Consumer Innovativeness and Extension Incongruity on Evaluation of Brand Extensions

INTRODUCTION

Brand extension is the use of a brand name established in one product category to enter another product category (Aaker 1991). It is an attractive approach for firms because it helps to spread advertising costs, reduce the risk of new product introduction, and promote trial among trade and ultimate consumers (Aaker 1991; Aaker and Keller 1990; Keller 1998). Furthermore, a successful extension strengthens the parent brand, reinforcing the positive brand image in the mind of the consumers (Park, Jaworski and MacInnis 1986; Tauber 1988; Aaker 1991). Although brand extension is very popular today and has been the core of strategic growth for a variety firms, the success achieved by brand extensions has been rather mixed (Keller 1998).

Past research on brand extension has been focused on identifying key success conditions for brand extensions. It has been found that some kind of logical fit between a parent brand and an extension is necessary to ensure that consumers are able to transfer the positive affected created by the parent brand to the extension (Aaker and Keller 1990; Boush and Loken 1991; Park, Milberg and Lawson 1991; Broniaczyk and Alba 1994; Bottomley and Holden 2001; Volckner and Sattler 2006).

However, an increasing body of research calls this "Fit" hypothesis into question. It has been suggested that extensions that are not congruent may be preferred over ones that are congruent. More specifically, extensions that are moderately incongruent with a parent brand are evaluated more favorably than extensions that are congruent or extremely incongruent with the parent brand (Meyers-Levy, Louie and Curren 1994; Maoz and Tybout 2002). This relationship that individual's preferences are related to level of incongruity in an inverted U-shaped manner has been observed in a variety of domains including people's interpersonal

preferences (Synder and Fromkin 1980), preferences for musical composition (Vitz 1966), infant's preferences for objects (Rheingold 1985) and preferences for new products (Meyers-Levy and Tybout 1989; Peracchio and Tybout 1996). Mandler's model of value judgment (1982) provides explanation for such findings, suggesting that an inverted U-shaped relation between evaluative judgment and incongruity of a stimulus occurs in response to the extent of elaboration prompted by the level of incongruity and the success of such elaboration in resolving the incongruity.

The "Fit" hypothesis and the inverted U-shaped hypothesis seem to provide seemingly contradictory predictions on the success of brand extensions. Several studies have tried to resolve this contradiction by finding out moderating variables that could integrate the two hypotheses. For example, situational factors such as mood (Barone, Miniard and Romeo 2000) and task involvement (Maoz and Tybout 2001) were examined as potential moderators. Also, consumer's personality factor such as need for cognition (Nkwocha, Bao, Johnson and Brotspies 2005) was examined as a potential moderator. Although these research findings can suggest a framework to integrate the two hypotheses, their contributions are rather piecemeal because they could not examine the phenomenon considering both situational and consumer personality factors together. The objective of this study is to suggest and test a more general framework that can integrate the two hypotheses by considering both a situational factor (i.e., involvement) and a consumer personality factor (i.e., innovativeness) as moderating factors.

BACKGROUND

Alternative Perspectives on Fit Effect in Brand Extensions

The Fit Hypothesis. In evaluating brand extensions, the fit between a parent brand and an extension plays an important role. The fit refers to the similarity between original brand and extension product category (Nkwocha et al. 2005). Past research has consistently found that

the fit positively affects consumers' attitude toward brand extensions (e.g., Boush and Loken 1991; Keller and Aaker 1992; Park, Milberg and Lawson 1991; Bridges 1992; Broniaczyk and Alba 1994; Bottomley and Holden 2001; Volckner and Sattler 2006). These findings suggest that positive associations from a parent brand are transferred to its extensions when there is a fit between the two involved products. Therefore, a downward slopping linear relationship is suggested as a relationship between fit levels and extension evaluations.

The inverted U-shaped Hypothesis. Research findings on schema congruity effect suggest an alternative prediction on brand extensions. Many studies have examined how consumers react to varying degrees of schema incongruity and found that consumers respond more favorably to objects that possess moderate level of incongruity than those are either congruent or extremely incongruent with existing schemas. This relationship has been examined in various consumer behavior areas such as new product evaluation (Meyers-Levy and Tybout 1989; Peracchio and Tybout 1996), information search (Ozanne, Brucks and Grewal 1992), and responses to advertisements (Heckler and Childers 1992; Goodstein 1993; Stafford, Walker and Blasko 1996), including brand extension evaluations (Meyers-Levy, Louie and Curren 1994; Maoz and Tybout 2002; Nkwocha et al. 2006).

Mandler's model of value judgment (1982) is used to explain the phenomenon. According to Mandler (1982), this response pattern occur because schema incongruity stimulates elaboration of the incongruent information as consumers try to resolve the incongruity. A successful resolution of incongruity is rewarding, thus, results in favorable responses (Mandler 1982). Extremely incongruity cannot be resolved except through fundamental changes in existing cognitive structure. This creates confusion rather than interest. Moreover, the extensive processing devoted to extreme incongruity is likely to enhance negativity of responses. Congruent objects, on the other hand, do not require

resolution because they are predictable. This predictability renders them of limited interest and just evokes a mild positive response due to familiarity (Mandler 1982).

Role of Involvement and Consumer Innovativeness in Brand Extension Evaluations

Involvement ¹ influences information processing aspect of consumers. Elaboration Likelihood Model (ELM) suggests two route of information processing: central route and peripheral route (Petty and Cacioppo 1979, 1983, 1986). The ELM model further suggests that an individual's level of motivation influences the choice of route that an individual use in processing information (Petty, Caccioppo and Schuman 1983). High motivation leads to central processing in which individuals diligently examine and process information that central to a meaningful and logical evaluation of a particular attitudinal position. On the other hand, low motivation induces peripheral processing whereby individuals evaluate objects based on superficial analysis of readily available and salient cues regardless of whether these cues are meaningfully related to the object.

In order for an inverted U-shaped response to occur in a brand extension context, consumers have to resolve incongruity between the parent brand image and extended product category. To do so, consumers have to process incongruent information deeply, which requires the central processing of information (Lee 1995). In most of past studies that observed an inverted-U response pattern, the experimental manipulations appear to have induced extensive processing motivation (Meyers-Levy and Tybout 1996; Meyers-Levy, Louie and Curren 1994; Peracchio and Tybout 1996; Maoz and Tybout 2002). Therefore, it is predicted that an inverted-U response pattern will be observed under the condition that consumers are motivated to process information about brand extensions.

Consumer innovativeness is defined as a predisposition to buy new and different products or brands rather than to remain with previous choices and consumption pattern

4

¹ By involvement, we refer a situational involvement rather than a product involvement.

(Steenkamp, Hofstede and Wedal 1999). For an inverted U-shaped relation between incongruity and consumers' responses to brand extensions to hold, moderate incongruities should be regarded as interesting and positively valued (Mandler 1982). Since innovative consumers could be more receptive to incongruent information due to their preference for new and different product ideas, they could resolve moderately incongruent extensions better than less innovative consumers. Less innovative consumers, on the other hand, due to their conservative nature, they may prefer congruent extensions to incongruent extensions. For example, Meyer-Levy and Tybout (1989) report that dogmatics, who seem to attach strong affect to their prior knowledge, show no positive response to incongruent product information to their schema in their product judgment. Thus, it is predicted that an inverted-U response pattern will be observed from innovative consumers not from consumer who are low in their innovativeness.

Although innovative consumers may prefer incongruent extensions, if they are under low motivation condition, less extensive processing of product information will be employed (Lee 1995). Since they are not motivated to process information, they may prefer extensions that conforms ton their expectations. Incongruent extensions may not be preferred because the incongruity will remain as unresolved due to limited processing of information.

Less innovative consumers under highly involved situation are motivated to process product information. However, they are more conservative and less receptive to novel and different ideas, attaching strong affect to conforming information to their prior knowledge because their need for familiarity and stability (Myers-Levy and Tybout 1989). Consequently, under highly involved condition, less innovative consumers are motivated to process information but they lack ability (or do not want) to resolve incongruity. Therefore, they may prefer congruent extensions to incongruent extensions. Based on these reasoning, the following hypotheses are suggested:

- H1: When consumers are high in their innovativeness <u>and</u> when they are under a highly involved situation, they will prefer moderately incongruent brand extensions over congruent and extremely incongruent extensions, resulting in:
 - (a) more positive attitude towards the extension,
 - (b) more positive attitude towards the original brand, and
 - (c) higher purchasing intention

for moderately incongruent extensions than congruent and extremely incongruent extensions.

- H2: When consumers are low in their innovativeness <u>or</u> when they are under an uninvolved situation, they will prefer congruent brand extensions over moderately incongruent and extremely incongruent extensions, resulting in:
 - (a) more positive attitude towards the extension,
 - (b) more positive attitude towards the original brand, and
 - (c) higher purchasing intention

for congruent extensions than moderately incongruent and extremely incongruent extensions.

METHOD

Experimental Design and Subjects

A 2 (Involvement: high vs. low) x 2 (consumer innovativeness: high vs. low) x 5 (extension incongruity: 5 levels vary from congruent to extremely incongruent) factorial design was used in this study to test the proposed hypotheses. Involvement and innovativeness was between subject factors and extension incongruity was a within subject factor. A total of 198 undergraduate students participated in this study. Among them, 70 (35.4%) were male and 128 (64.6%) were female students.

Experimental Stimuli

Manipulation of Extension Incongruity. Materials for manipulating different levels of incongruity between parent brand and extensions were made through several stages of pretesting. First, desktop PC as the parent brand product category was chosen from an initial focus group (n=6). Desktop PC was chosen because they were relevant and familiar to the

students. Besides, desktops are highly relevant product category for brand extensions. In addition, several reputable brands in this product category have not extended into many other product categories.

Next, six reputable brand names from desktop product category were identified (Gateway, Acer, Dell, Apple, Compaq, and IBM) to determine the parent brand for extensions. A group of students (n=45) rated their familiarity and attitude on the six candidates brands of desktop PCs. Among them, IBM was rated highest in both familiarity and attitude (mean=5.67 and 5.42 respectively out of 7-point scale). Also, IBM was not perceived to have extended too widely beyond the computer product category. A subsequent check on the IBM website revealed that this was true with current product offerings. Thus, IBM was selected as the parent brand for extensions.

Then, a list of potential extension product categories of IBM was identified by searching current periodicals such as Consumer Reports and other magazines. Another pretest was conducted on the list to select five different extension product categories that would represent five levels of incongruity between the parent brad and its extensions. Thirty one students were asked to rate how dissimilar/similar inconsistent/consistent, atypical/typical and unrepresentative/representative were the product category as extensions of the IBM brand on a seven-point scale (e.g., 1="not very congruent" and 7="very congruent"). Palmtop, digital camcorder, video games, playstation, cellular phone, and cars were chosen to represent the five different incongruity levels five different extension product categories (mean values were 5.84, 4.50, 3.70, 2.81, 1.62 respetively).

Manipulation of Involvement. Involvement in this study was manipulated by providing scenarios that provided different personal relevance importance of the decision task (Maheswaran, Mackie and Chaiken 1992; Gurhan-Canli and Maheswaran 1998). Cash

incentive was added in high involvement situation to increase effectiveness of the involvement manipulation.

Subjects assigned to the high involvement condition learned that they were part of a small and selected group being surveyed for their opinions on brand extensions. They were also told that their responses were very important and would determine the success of this study. In addition, a cash prize procedure was employed to reward the subjects for their efforts. They were told that they would stand a chance to win attractive cash prizes if they correctly answer some questions at the end of the questionnaire. Subjects in the low involvement condition learned that they were part of a large group being surveyed for their opinions on brand extensions. They were also told that their responses would not be important as they would be averaged with those of many other respondents. No cash procedure was administered.

Manipulation of Consumer Innovativeness. Consumer innovativeness was measured by using consumer specific Exploratory Acquisition of Product (EAP) scale (Baumgartner and Steenkamp 1996). The EAP scale has been validated extensively in terms of its internal psychographic properties, as well as in terms of its relationship with other personality scales (Raju 1980; Zuckerman 1979; Baumgartner and Steenkamp 1996; Steenkamp and Van Trijp 1996). The two levels of consumer innovativeness were identified through a mean split classification method (mean=28.5).

Dependent Measures

Three dependent variables were measured in this study: attitude toward the brand, attitude towards the extension and purchase intension. Attitude towards the brand was measured using three seven-point semantic differential scales adopted from Gurhan-Camli and Maheswaran 1998; Broniarczyk and Alba 1994). The three items were anchored by: very

bad/very good, very dislikable/very likable, and very unfavorable/very favorable. The item showed a good reliability measure (alpha=.96).

Attitude towards the extension was measured using three seven-point semantic differential scales adopted from Park, Milberg and Lawson (1991) and Jun, Mazumdar and Raj (1999). The three items were anchored by: it is a bad idea/it is a good idea, dislike very much/like very much, and very unfavorable/very favorable. They produced good level of reliability (alpha=.86).

Purchase intention was measured using three seven-point Likert scales (1="strongly disagree" and 7="strongly agree") adopted from MacKenzie, Lutz and Belch (1986), and Petroshius and Crocker (1989). The three scales were: "I will consider buying the product," "I will try the product if I see it in a store," "I will try to seek out the product." The items turned out to be relatively reliable items (alpha=.77).

RESULTS

Manipulation Check

The success of extension incongruity manipulation was examined by using four seven-point semantic differential scales: dissimilar/similar, inconsistent/consistent, atypical/typical, and unrepresentative/representative (alpha=.98). The mean ratings were significantly different (F=189.41, p<.01) and all pairwise t-tests were significant at .05 level, suggesting a successful manipulation of extension incongruity.

The manipulation of involvement was checked by using three seven-point Likert scales. They were: "How interested were you when reading and evaluating the product description?" "How carefully did you read and evaluate the product description?" and "How attentive were you when reading and evaluating the product description?" (alpha=.93). There

was a significant difference between high and low involvement conditions (t=24.38, p<.01). Hence, the manipulation of involvement turned out to be successful.

Initial attitude toward the original IBM brands was checked to evaluate possible confounding effects. Although the parent brand was selected through careful pretesting, the results showed that initial attitudes towards IBM across conditions were not similar (F=8.73, p<.05). To remove the possible confounding effect from this difference in the initial attitude level on IBM, the initial attitude level was used as a covariate in the following analyses.

Hypothesis Testing

To test the hypotheses, MANOCOVA was first conducted using SPSS for Windows 11.0 with the initial attitude level on IBM brand as a covariate. The means for experimental conditions and the results of the multivariate and univariate analyses are summarized in Table 1, 2 and 3. The hypothesized relationship among extension incongruity, involvement and consumer innovativeness requires a three-way interaction among the three variables. MANOCOVA results show a significant three-way interaction effect.

Insert Table 1, 2 and 3

The effects are further investigated using univariate analyses. Table 3 summarizes the univariate ANOCOVA results for all three dependent variables. ANCOVA results reveal a significant three-way interaction effect for attitude towards the brand and attitude towards the extensions. There is no significant interaction effect for purchase intentions. To verify the response pattern, pair-wise t-tests are performed on two dependent variables that produced a significant three-way interaction effect. Trend tests are also performed. Table 4 summarizes the test results. A significant quadratic effect is observed only in the high involvement and high consumer innovativeness condition. In other conditions, only significant linear effects are observed. These results support the hypothesized response patterns that predict an

inverted U-shaped pattern between levels of extension incongruity and evaluation under high involvement and high consumer innovativeness condition and a linear response pattern under other conditions. The response patterns are presented in Figure 1 and 2 as well.

Insert Table 4, Figure 1 and 2

DISCUSSION

Past research on brand extensions has typically focused on the effect of "Fit" factor. When other things are not considered, the fit hypothesis in brand extension suggests a downward slopping pattern between varying levels of incongruity and affective responses to extensions. Recently, however, several studies have identified an alternative prediction that specifies an inverted-U shaped relationship between different levels of incongruity and evaluation. These seemingly contradictory predictions could be combined into one framework by identifying variables that might moderate affect transfer between parent brand and its extensions. This study used a situational (i.e., involvement) and a consumer personality (i.e., innovativeness) factors as moderating factors that could synthesize the alternative predictions.

A significant three-way interaction effect among extension incongruity, motivation level and consumer innovativeness was observed on affective responses to extensions. More specifically, an inverted U-shaped response pattern was only observed among subjects with high innovative nature under highly involved situation. In other words, for moderately incongruent brand extensions to be successful, consumers must be motivated to process product information and are capable of being receptive to innovative (or incongruent) ideas. No significant three-way interaction

The results of this study provide useful implications to marketers who are considering brand extension to moderately incongruent product categories. Faced with this kind of

extensions, marketers must understand that the success is contingent on both consumer' motivation to process product information and their capacity to receive incongruent information. For a moderately incongruent extension to succeed, marketers should ensure that their target market process both of the qualities required. When situational involvement is lacking, marketers should try to supplement it through possibly advertising or publicity. When choosing the target consumers, marketers could utilize segmentation techniques to identify consumers who are more innovative by nature.

The findings of this study should be interpreted with the following limitations in mind. Since university students were used in this study, it should be cautioned to generalize the result of this study to other populations. Although the nature and effect of involvement and innovativeness may be similar between student and other consumer groups, future study should be conducted using different groups of consumers for generalization of the research findings. Another limitation of this study is that only one product category is used as a parent product category and that only one parent brand is examined. Thus, the results of this study should also be replicated in other product categories using more brands in future studies.

Table 1. Means and SD for Treatment Conditions

		High			Low		
		Innovative			Innovative		
		Attitude towards Original Brand	Attitude towards Extensions	Purchasing Intention	Attitude towards Original Brand	Attitude towards Extensions	Purchasing Intention
	Cell size (n)		43		55		
	Dolmton	5.06	5.07	4.77	5.43	5.60	4.96
	Palmtop	(.71)	(.67)	(1.07)	(1.00)	(.93)	(1.12)
	Digital	5.64	5.96	4.87	4.48	4.50	3.90
High	Camcorder	(.55)	(.52)	(.84)	(1.11)	(1.13)	(1.38)
Motivation	Game	5.50	5.74	4.55	4.58	4.50	4.20
	Playstation	(.68)	(.74)	(.90)	(1.16)	(1.32)	(1.37)
	Cellular	4.68	4.64	4.16	4.46	4.19	3.85
	phone	(1.07)	(1.08)	(1.08)	(1.20)	(1.39)	(1.45)
	Car	3.22	2.67	2.49	3.75	3.13	3.02
		(1.16)	(1.12)	(.95)	(1.18)	(1.31)	(1.40)
	Cell size (n)		47			53	
	Palmtop	5.66	6.11	4.89	5.54	5.70	4.54
		(.94)	(.69)	(1.11)	(.99)	(1.05)	(1.35)
	Digital	4.67	4.67	4.08	4.84	4.74	3.81
Low	Camcorder	(.96)	(.96)	(1.07)	(.92)	(.89)	(1.31)
Motivation	Game	4.43	4.93	3.91	4.30	4.31	3.42
	Playstation	(.92)	(2.68)	(1.39)	(1.11)	(1.16)	(1.36)
	Cellular	4.13	4.25	3.70	4.14	3.91	3.69
	phone	(.87)	(1.03)	(1.20)	(1.49)	(1.50)	(1.63)
	Car	3.44	3.11	2.94	3.33	2.82	3.01
	Cui	(1.29)	(1.36)	(1.37)	(1.54)	(1.63)	(3.47)

Table 2. MANOCOVA Results

Source	Pillai's Trace	Wilks' Lamda	Hotelling's Trace
Main Effects			
Ext Congruity (C)	.122*	.878*	.139*
Motivation (M)	.094**	.906**	.104**
Innovativeness (I)	.083**	.917**	.091**
2-way Interactions			
Congruity x Motivation	.367**	.633**	.581**
Congruity x Innovativeness	.264**	.736**	.359**
Motivation x Innovativeness	.017	.983	.017
3-way Interactions			
Con x Mot x Innov	.396**	.604**	.655**

Note: *=p<.05, **=p<.01 (Initial attitude toward brand was used as a covariate)

Table 3. Univariate ANOCOVA Results

		F value			
Source	df	Attitude towards original brand	Attitude toward Extension	Purchase Intention	
Main Effects					
Ext Congruity (C)	4	3.88**	5.80**	1.78	
Motivation (M)	1	18.01**	7.35**	7.12**	
Innovativeness (I)	1	3.94*	13.59**	2.22	
2-way Interactions					
Congruity x Motivation	4	7.90**	8.76**	3.78**	
Congruity x Innovativeness	4	7.09**	8.65**	4.43**	
Motivation x Innovativeness	1	2.34	0.52	0.00	
3-way Interactions					
Con x Mot x Innov.	4	10.78**	11.11**	2.45	

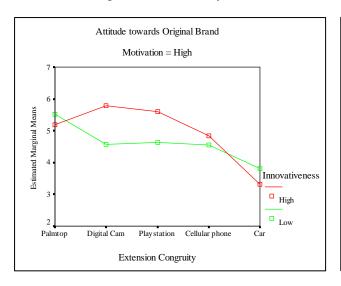
Note: *=p<.05, **=p<.01 (Initial attitude toward brand was used as a covariate)

Table 4. Pariwise t-tests and Tend test Results

Conditions/ Tests	Attitude towards	Attitude toward	
	original brand	Extension	
Low Involvement/ Low Consumer Innovativeness			
Pairwise t-tests (t value):			
Palmtop-Digital Camcorder	0.70*	0.96*	
Digital Camcorder-Playstation	0.54*	0.42*	
Playstation-Cellular Phone	0.26	0.40	
Cellular Phone-Car	0.82*	1.09*	
Trend test (F value):	0.02	1.07	
Linear	90.86*	141.16*	
Quadratic	0.05	0.14	
Low Involvement/ High Consumer Innovativeness			
Pairwise t-tests (t value):	0.00*	1 114	
Palmtop-Digital Camcorder	0.99*	1.44*	
Digital Camcorder-Playstation	0.23	0.26	
Playstation-Cellular Phone	0.30*	0.68	
Cellular Phone-Car	0.70*	1.13*	
Trend test (F value):			
Linear	117.40*	171.76*	
Quadratic	0.96	0.69	
High Involvement/ Low Consumer Innovativeness			
Pairwise t-tests (t value):			
Palmtop-Digital Camcorder	0.95*	1.10*	
Digital Camcorder-Playstation	0.00	0.00	
Playstation-Cellular Phone	0.12	0.31	
Cellular Phone-Car	0.72*	1.07*	
Trend test (F value):			
Linear	49.43*	102.03*	
Quadratic	0.20	0.16	
High Involvement/ High Consumer Innovativeness			
Pairwise t-tests (t value):			
Palmtop-Digital Camcorder	0.58*	0.89*	
Digital Camcorder-Playstation	0.38**	0.89	
	0.14	0.22 1.10*	
Playstation-Cellular Phone Cellular Phone-Car		· -	
	1.47*	1.97*	
Trend test (F value):	100.04*	217 704	
Linear	123.84*	217.70*	
Quadratic	93.24*	181.79*	

Note: : *=p<.05, **=p<.01 (Initial attitude toward brand was used as a covariate)

Figure 1. Three-way Interaction Effect on Attitude towards Brand



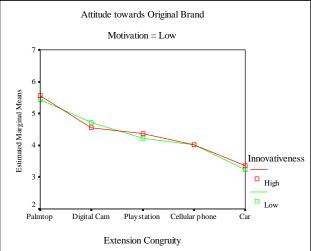
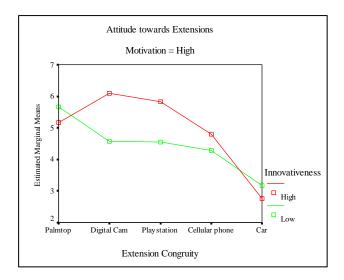
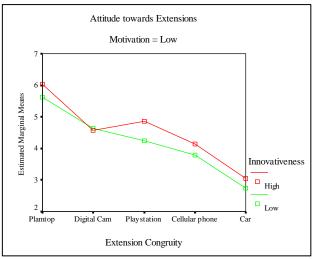


Figure 2. Three-way Interaction Effect on Attitude towards Extensions





REFERENCES

- Aaker, David A. (1991), Managing Brand Equity, New York: The Free Press.
- Aaker, David A. and Kevin Lane Keller (1990), "Consumer Evaluations of Brand Extensions," *Journal of Marketing*, 54 (January), p.27-41.
- Baumgartner, Hans and Jan-Benedict E.M. Steenkamp (1996), "Exploratory Consumer Buying Behavior: Conceptualization and Measurement," *International Journal of Research in Marketing*, 13 (April), p. 121 137.
- Bottomley, Paul A. and Stephen J.S. Holden (2001), "Do We Really Know How Consumers Evaluate Brand Extensions? Empirical Generalizations Based on Secondary Analysis of Eight Studies," *Journal of Marketing*, 38, 494-500.
- Bridges, Sheri (1992), "A Schema Unification Model of Brand Extension," working paper, Wake Forest University.
- Broniarczyk, Susan, and Joseph Alba (1994), "The Role of the Brand in Brand Extensions," *Journal of Marketing Research*, 31 (July), p.243 -262.
- Boush, David and Barbara Loken (1991), "A Process-Tracing Study of Brand Extension Evaluation," *Journal of Marketing Research*, 28 (February), p.16-28.
- Goodstein, Ronald C. (1993), "Category-Based Applications and Extensions in Advertising: Motivating More Extensive Ad Processing," *Journal of Consumer Research*, 20 (June), p.87-99.
- Gurhan-Canli, Zeynep and Durairaj Maheswaran (1998), "The Effects of Extensions on Brand Name Dilution and Enhancement," *Journal of Marketing Research*, 25 (November), p.464-473.
- Heckler, Susan E. and Terry L. Childers (1992), "The Role of Expectancy and Relevancy in Memory for Verbal and Visual Information: What is Incongruency?," *Journal of Consumer Research*, 18 (March), p.475-492.
- Hirschman, Elizabeth L., (1980), "Innovativeness, Novelty seeking, and Consumer Creativity," *Journal of Consumer Research*, 7, p.283-295.
- Jun, Mazumdar and Raj (1999), "Effects of Technological Hierarchy on Brand Extension Evaluations," *Journal of Business Research*, 46, p.31-43.
- Keller, Kevin Lane and David A. Aaker (1992), "The Effects of Sequential Introduction of Brand Extensions," *Journal of Marketing Research*, 29 (February), p.35-50.
- Lee, Moonkyu (1995), "Effects of Schema Congruity and Involvement on Product Evaluations," in Advances in Consumer Research, 22, p.210-216.
- MacKenzie, Scott, Richard Lutz and George Belch (1986), "The Role of Attitude Toward

- the Ad as a Mediator of Advertising Effectiveness: A Test of Competing Explanations," *Journal of Marketing Research*, 23 (May), p.130- 143.
- Maheswaran, Durairaj and Joan Meyers-Levy (1990), "The Influence of Message Framing and Issue Involvement," *Journal of Marketing Research*, 27 (August), p.361-367.
- and Sternthal B. (1990), "The Effects of Knowledge, Motivation, and Type of Message on Ad Processing and Product Judgements," *Journal of Consumer Research*, 17, p.66-73.
- Diane M. Mackie, and Shelly-Chaiken (1992), "Brand Name as a Heuristic Cue: The Effects of task Importance and Expectancy Confirmation on Consumer Judgements," *Journal of Consumer Psychology*, 1 (4), p.317-336.
- Mandler, George (1982), "The Structure of Value: Accounting for Taste," in *Affect and Cognition: 17th Annual Carnegie Symposium*, eds. Margaret S. Clark and Susan T. Fiske, Hillsdale, NJ: Erlbaum, p.3-36.
- Maoz, Eyal and Alice M. Tybout (2002), "The Moderating Role of Involvement and Differentiation in the Evaluation of Brand Extensions," *Journal of Consumer Psychology*, 12 (2), 119-131.
- Meyers-Levy, Joan and Alice M. Tybout (1989), "Schema congruity as a basis for Product Evaluation," *Journal of Consumer Research*, 16 (June), p.39-54.
- , Therese A. Louie, and Mary T. Curren (1994), "How Does the Congruity of Brand Names Affect Evaluations of Brand Name Extensions?," *Journal of Applied Psychology*, 79 (I), p.46-53.
- Nkwocha, Innocent, Yeqing Bao, William C. Johnson, and Herbert V. Brotspies (2005), "Ptoduct Fit and Consumer Attitude Toward Brand Extensions: The Moderating Role of Product Involvement," *Journal of Marketing Theory and Practice*, 49-60.
- Ozanne, Julie L., Merrie Brucks, and Dhruv Grewal (1992), "A Study of Information Search Behavior during the Categorization of New Products," *Journal of Consumer Research*, 18 (March), p. 452-463.
- Park, C. Whan, Bernard J. Jaworski, and Deborah J. MacInnis (1986), "Strategic Brand Concept-Image Management," *Journal of Marketing*, 50 (October), p.135-145.
- ______, Sandra Milberg, and Robert Lawson (1991), "Evaluation of Brand Extensions: The Role of Product Similarity and Brand Concept Consistency," *Journal of Consumer Research*, 18 (September), p. 185-193.
- Peracchio, Laura A. and Alice M. Tybout (1996), "The Moderating Role of Prior Knowledge in Schema-Based Product Evaluation," *Journal of Consumer Research*, 23 (December), p. 177-192.
- Petroshius, Susan M. and Kenneth E. Crocker (1989), "An Empirical Analysis of Spokesperson Characteristics on Advertisement and Product Evaluations," *Journal*

- of the Academy of Marketing Science, 17 (Summer), p.217-225.
- Petty, Richard E. and John T. Cacioppo (1979), "Issue Involvement can Increase or Decrease Persuasion by Enhancing Message-Relevant Cognitive Responses," *Journal of Personality and Social Psychology*, 37 (October), p.1915- 1926.
- and ____ (1983), "Central and Peripheral Routes to Persuasion:

 Application to Advertising," in *Advertising and Consumer Psychology*, Larry Percy and Arch Woodside, eds. Lexington, MA: Lexington Books, p.3-23.
- and _____ (1986), Communication and Persuasion: Central and Peripheral Routes to Attitude Change, New York: Springer.
- ______, and David Schumann (1983), "Central and Peripheral Routes to Advertising Effectiveness: The Moderating Role of Involvement," *Journal of Consumer Research*, 10 (September), p.135-146.
- Raju, P. S. (1980), "Optimum Stimulation Level: Its Relationship to Personality, Demographics, and Exploratory Behavior," *Journal of Consumer Research*, 7 (December), p.272-282.
- Stafford, Edwin R., Beth A. Walker, and Vincent J. Blasko (1996), "Headline-Visual Consistency in Print Advertisements: Effects on Processing and Evaluation," *Advances in Consumer Research*, 23, p. 56-62.
- Stayman, Douglas M., Dana L. Alden, and Karen H Smith (1992), "Some Effects of Schematic Processing on Consumer Expectations and Disconfirmation Judgements," *Journal of Consumer Research*, 19 (September), p.240-255.
- Steenkamp, Jan-Benedict E. M. and Hans C.M. Van Trijp (1996), "To Buy of Not to Buy? Modeling Purchase of New Products Using Marketing Mix Variables and Consumer Characteristics," paper presented at the Marketing Science Conference, Gainesville, FL (March 7-10).
- , Frenkel ter Hofstede, and Michel Wedel (1999), A Cross-National Investigation into the Individual and National Cultural Antecedents of Consumer Innovativeness," *Journal of Marketing* 63 (April), p.55-69.
- Tauber, Edward M. (1988), "Brand Leverage: Strategy for Growth in a Cost Control World," *Journal of Advertising Research*, 31 (August/September), p. 26-30.
- Vitz, P. (1966), "Affect as a Function of Stimulus Variation," *Journal of Experimental Psychology*, 71, p.74-79.
- Zuckerman, M. (1979), Sensation Seeking: Beyond the Optimal Level of Arousal, Hillsdale, NJ: Lawrence Erlbaum.

Category	Serial #	Author	Title
Working Paper	99-01	Se-Il Park	Labor Market Policy and The Social Safety Net in Korea: After 1997 Crisis
Working Paper	99-02	Sang-Woo Nam	Korea's Economic Crisis and Corporate Governance
Working Paper	99-03	Sangmoon Hahm	Monetary Bands and Monetary Neutrality
Working Paper	99-04	Jong-Il You Ju-Ho Lee	Economic and Social Consequences of globalization: The Case of South Korea
Working Paper	99-05	Sang-Woo Nam	Reform of the Financial Sector in East Asia
Working Paper	99-06	Hun-Joo Park	Dirigiste Modernization, Coalition Politics, and Financial Policy Towards Small Business: Korea, Japan, and Taiwan Compared
Working Paper	99-07	Kong-Kyun Ro	Mother's Education and Child's Health: Economic Anlaysis of Korean Data
Working Paper	99-08	Euysung Kim	Trade Liberalization and Productivity Growth in Korean Manufacturing Industries: Price Protection, Market Power, and Scale Efficiency
Working Paper	99-09	Gill-Chin Lim	Global Political-Economic System and Financial Crisis: Korea, Brazil and the IMF
Working Paper	99-10 (C99-01)	Seung-Joo Lee	LG Household & Health Care: Building a High-Performing Organization
Working Paper	00-01	Sangmoon Hahm Kyung-Soo Kim Ho-Mou Wu	Gains from Currency Convertibility: A Case of Incomplete Markets
Working Paper	00-02	Jong-Il You	The Bretton Woods Institutions: Evolution, Reform and Change
Working Paper	00-03	Dukgeun Ahn	Linkages between International Financial and Trade Institutions: IMF, World Bank and WTO
Working Paper	00-04	Woochan Kim	Does Capital Account Liberalization Discipline Budget Deficit?
Working Paper	00-05	Sunwoong Kim Shale Horowitz	Public Interest "blackballing" in South Korea's Elections: One-Trick Pony, or Wave of the Future?
Working Paper	00-06	Woochan Kim	Do Foreign Investors Perform Better than Locals? Information Asymmetry versus Investor Sophistication
Working Paper	00-07	Gill-Chin Lim Joon Han	North-South Cooperation for Food Supply: Demographic Analysis and Policy Directions
Working Paper	00-08 (C00-01)	Seung-Joo Lee	Strategic Newspaper Management: Case Study of Maeil Business
Working Paper	01-01	Seung-Joo Lee	Nokia: Strategic Transformation and Growth
Working Paper	01-02	Woochan Kim Shang-Jin Wei	Offshore Investment Funds: Monsters in Emerging Markets?
Working Paper	01-03	Dukgeun Ahn	Comparative Analysis of the SPS and the TBT Agreements
Working Paper	01-04	Sunwoong Kim Ju-Ho Lee	Demand for Education and Developmental State: Private Tutoring in South Korea
Working Paper	01-05	Ju-Ho Lee Young-Kyu Moh	Do Unions Inhibit Labor Flexibility? Lessons from Korea
Working Paper	01-06	Woochan Kim Yangho Byeon	Restructuring Korean Bank's Short-Term Debts in 1998 - Detailed Accounts and Their Implications -
Working Paper	01-07	Yoon-Ha YOO	Private Tutoring as Rent Seeking Activity Under Tuition Control

^{*} The above papers are available at KDI School Website http://www.kdischool.ac.kr/faculty/paper.asp. You may get additional copy of the documents by downloading it using the Acrobat Reader.

Category	Serial #	Author	Title
Working Paper	01-08	Kong-Kyun Ro	경제활동인구 변동의 요인분석: 선진국과의 비교분석
Working Paper	02-01	Sangmoon Hahm	Restructuring of the Public Enterprise after the Crisis : The Case of Deposit Insurance Fund
Working Paper	02-02	Kyong-Dong KIM	The Culture of Industrial Relations in Korea : An alternative Sociological Approach
Working Paper	02-03	Dukgeun Ahn	Korean Experience of the Dispute Settlement in the world Trading System
Working Paper	02-04	BERNARD S. BLACK Hasung Jang Woochan Kim	Does Corporate Governance Matter? (Evidence from the Korean Market)
Working Paper	02-05	Sunwoong Kim Ju-Ho Lee	Secondary School Equalization Policies in South Korea
Working Paper	02-06	Yoon-Ha YOO	Penalty for Mismatch Between Ability and Quality, and School Choice
Working Paper	02-07	Dukgeun Ahn Han-Young Lie	Legal Issues of Privatization in Government Procurement Agreements: Experience of Korea from Bilateral and WTO Agreements
Working Paper	02-08	David J. Behling Kyong Shik Eom	U.S. Mortgage Markets and Institutions and Their Relevance for Korea
Working Paper	03-01	Sang-Moon Hahm	Transmission of Stock Returns and Volatility: the Case of Korea
Working Paper	03-02	Yoon Ha Yoo	Does Evidentiary Uncertainty Induce Excessive Injurer Care?
Working Paper	03-03	Yoon Ha Yoo	Competition to Enter a Better School and Private Tutoring
Working Paper	03-04	Sunwoong Kim Ju-Ho Lee	Hierarchy and Market Competition in South Korea's Higher Education Sector
Working Paper	03-05	Chul Chung	Factor Content of Trade: Nonhomothetic Preferences and "Missing Trade"
Working Paper	03-06	Hun Joo Park	RECASTING KOREAN DIRIGISME
Working Paper	03-07	Taejong Kim Ju-Ho Lee	Mixing <i>versus</i> Sorting in Schooling: Evidence from the Equalization Policy in South Korea
Working Paper	03-08	Naohito Abe	Managerial Incentive Mechanisms and Turnover of Company Presidents and Directors in Japan
Working Paper	03-09	Naohito Abe Noel Gaston Katsuyuki Kubo	EXECUTIVE PAY IN JAPAN: THE ROLE OF BANK-APPOINTED MONITORS AND THE MAIN BANK RELATIONSHIP
Working Paper	03-10	Chai-On Lee	Foreign Exchange Rates Determination in the light of Marx's Labor-Value Theory
Working Paper	03-11	Taejong Kim	Political Economy and Population Growth in Early Modern Japan
Working Paper	03-12	Il-Horn Hann Kai-Lung Hui Tom S. Lee I.P.L. Png	Direct Marketing: Privacy and Competition
Working Paper	03-13	Marcus Noland	RELIGION, CULTURE, AND ECONOMIC PERFORMANCE
Working Paper	04-01	Takao Kato Woochan Kim Ju Ho Lee	EXECUTIVE COMPENSATION AND FIRM PERFORMANCE IN KOREA
Working Paper	04-02	Kyoung-Dong Kim	Korean Modernization Revisited: An Alternative View from the Other Side of History

^{*} The above papers are available at KDI School Website http://www.kdischool.ac.kr/faculty/paper.asp. You may get additional copy of the documents by downloading it using the Acrobat Reader.

Category	Serial #	Author	Title
Working Paper	04-03	Lee Seok Hwang	Ultimate Ownership, Income Management, and Legal and Extra-Legal Institutions
Working Paper	04-04	Dongsoo Kang	Key Success Factors in the Revitalization of Distressed Firms : A Case of the Korean Corporate Workouts
Working Paper	04-05	Il Chong Nam Woochan Kim	Corporate Governance of Newly Privatized Firms: The Remaining Issues in Korea
Working Paper	04-06	Hee Soo Chung Jeong Ho Kim Hyuk Il Kwon	Housing Speculation and Housing Price Bubble in Korea
Working Paper	04-07	Yoon-Ha Yoo	Uncertainty and Negligence Rules
Working Paper	04-08	Young Ki Lee	Pension and Retirement Fund Management
Working Paper	04-09	Wooheon Rhee Tack Yun	Implications of Quasi-Geometric Discountingon the Observable Sharp e Ratio
Working Paper	04-10	Seung-Joo Lee	Growth Strategy: A Conceptual Framework
Working Paper	04-11	Boon-Young Lee Seung-Joo Lee	Case Study of Samsung's Mobile Phone Business
Working Paper	04-12	Sung Yeung Kwack Young Sun Lee	What Determines Saving Rate in Korea?: the Role of Demography
Working Paper	04-13	Ki-Eun Rhee	Collusion in Repeated Auctions with Externalities
Working Paper	04-14	Jaeun Shin Sangho Moon	IMPACT OF DUAL ELIGIBILITY ON HEALTHCARE USE BY MEDICARE BENEFICIARIES
Working Paper	04-15	Hun Joo Park Yeun-Sook Park	Riding into the Sunset: The Political Economy of Bicycles as a Declining Industry in Korea
Working Paper	04-16	Woochan Kim Hasung Jang Bernard S. Black	Predicting Firm's Corporate Governance Choices: Evidence from Korea
Working Paper	04-17	Tae Hee Choi	Characteristics of Firms that Persistently Meet or Beat Analysts' Forecasts
Working Paper	04-18	Taejong Kim Yoichi Okita	Is There a Premium for Elite College Education: Evidence from a Natural Experiment in Japan
Working Paper	04-19	Leonard K. Cheng Jae Nahm	Product Boundary, Vertical Competition, and the Double Mark-up Problem
Working Paper	04-20	Woochan Kim Young-Jae Lim Taeyoon Sung	What Determines the Ownership Structure of Business Conglomerates? : On the Cash Flow Rights of Korea's Chaebol
Working Paper	04-21	Taejong Kim	Shadow Education: School Quality and Demand for Private Tutoring in Korea
Working Paper	04-22	Ki-Eun Rhee Raphael Thomadsen	Costly Collusion in Differentiated Industries
Working Paper	04-23	Jaeun Shin Sangho Moon	HMO plans, Self-selection, and Utilization of Health Care Services
Working Paper	04-24	Yoon-Ha Yoo	Risk Aversion and Incentive to Abide By Legal Rules
Working Paper	04-25	Ji Hong Kim	Speculative Attack and Korean Exchange Rate Regime
Working Paper	05-01	Woochan Kim Taeyoon Sung	What Makes Firms Manage FX Risk? : Evidence from an Emerging Market
Working Paper	05-02	Janghyuk Lee Laoucine Kerbache	Internet Media Planning: An Optimization Model

^{*} The above papers are available at KDI School Website http://www.kdischool.ac.kr/faculty/paper.asp. You may get additional copy of the documents by downloading it using the Acrobat Reader.

Category	Serial #	Author	Title
Working Paper	05-03	Kun-Ho Lee	Risk in the Credit Card Industry When Consumer Types are Not Observable
Working Paper	05-04	Kyong-Dong KIM	Why Korea Is So Prone To Conflict: An Alternative Sociological Analysis
Working Paper	05-05	Dukgeun AHN	Why Should Non-actionable Subsidy Be Non-actionable?
Working Paper	05-06	Seung-Joo LEE	Case Study of L'Oréal: Innovation and Growth Strategy
Working Paper	05-07	Seung-Joo LEE	Case Study of BMW: The Ultimate Driving Machine
Working Paper	05-08	Taejong KIM	Do School Ties Matter? Evidence from the Promotion of Public Prosecutors in Korea
Working Paper	05-09	Hun Joo PARK	Paradigms and Fallacies: Rethinking Northeast Asian Security
Working Paper	05-10	WOOCHAN KIM TAEYOON SUNG	What Makes Group-Affiliated Firms Go Public?
Working Paper	05-11	BERNARD S. BLACK WOOCHAN KIM HASUNG JANG KYUNG-SUH	Does Corporate Governance Predict Firms' Market Values? Time Series Evidence from Korea
Working Paper	05-12	Kun-Ho Lee	Estimating Probability of Default For the Foundation IRB Approach In Countries That Had Experienced Extreme Credit Crises
Working Paper	05-13	Ji-Hong KIM	Optimal Policy Response To Speculative Attack
Working Paper	05-14	Kwon Jung Boon Young Lee	Coupon Redemption Behaviors among Korean Consumers: Effects of Distribution Method, Face Value, and Benefits on Coupon Redemption Rates in Service Sector
Working Paper	06-01	Kee-Hong Bae Seung-Bo Kim Woochan Kim	Family Control and Expropriation of Not-for-Profit Organizations: Evidence from Korean Private Universities
Working Paper	06-02	Jaeun Shin	How Good is Korean Health Care? An International Comparison of Health Care Systems
Working Paper	06-03	Tae Hee Choi	Timeliness of Asset Write-offs
Working Paper	06-04	Jin PARK	Conflict Resolution Case Study: The National Education Information System (NEIS)
Working Paper	06-05	YuSang CHANG	DYNAMIC COMPETITIVE PARADIGM OF MANAGING MOVING TARGETS;
Working Paper	06-06	Jin PARK	A Tale of Two Government Reforms in Korea
Working Paper	06-07	Ilho YOO	Fiscal Balance Forecast of Cambodia 2007-2011
Working Paper	06-08	Ilho YOO	PAYG pension in a small open economy
Working Paper	06-09	Kwon JUNG Clement LIM	IMPULSE BUYING BEHAVIORS ON THE INTERNET
Working Paper	06-10	Joong H. HAN	Liquidation Value and Debt Availability: An Empirical Investigation
Working Paper	06-11	Brandon Julio, Woojin Kim Michael S. Weisbach	Uses of Funds and the Sources of Financing: Corporate Investment and Debt Contract Design

^{*} The above papers are available at KDI School Website http://www.kdischool.ac.kr/faculty/paper.asp. You may get additional copy of the documents by downloading it using the Acrobat Reader.

Category	Serial #	Author	Title
Working Paper	06-12	Hun Joo Park	Toward People-centered Development: A Reflection on the Korean Experience
Working Paper	06-13	Hun Joo Park	The Perspective of Small Business in South Korea
Working Paper	06-14	Younguck KANG	Collective Experience and Civil Society in Governance
Working Paper	06-15	Dong-Young KIM	The Roles of Government Officials as Policy Entrepreneurs in Consensus Building Process
Working Paper	06-16	Ji-Hong KIM	Korea-US FTA
Working Paper	06-17	Ji-Hong KIM	Reevaluating Merger Guidelines for the New Economy
Working Paper	06-18	Ki-Eun RHEE	Reevaluating Merger Guidelines for the New Economy
Working Paper	06-19	Taejong KIM Ji-Hong KIM Insook LEE	Economic Assimilation of North Korean Refugees in South Korea: Survey Evidence
Working Paper	06-20	Seong Ho CHO	ON THE STOCK RETURN METHOD TO DETERMINING INDUSTRY SUBSTRUCTURE: AIRLINE, BANKING, AND OIL INDUSTRIES
Working Paper	06-21	Seong Ho CHO	DETECTING INDUSTRY SUBSTRUCTURE: - Case of Banking, Steel and Pharmaceutical Industries-
Working Paper	06-22	Tae Hee Choi	Ethical Commitment, Corporate Financial Factors: A Survey Study of Korean Companies
Working Paper	06-23	Tae Hee Choi	Aggregation, Uncertainty, and Discriminant Analysis
Working Paper	07-01	Jin PARK Seung-Ho JUNG	Ten Years of Economic Knowledge Cooperation with North Korea: Trends and Strategies
Working Paper	07-02	BERNARD S. BLACK WOOCHAN KIM	The Effect of Board Structure on Firm Value in an Emerging Market: IV, DiD, and Time Series Evidence from Korea
Working Paper	07-03	Jong Bum KIM	FTA Trade in Goods Agreements: 'Entrenching' the benefits of reciprocal tariff concessions
Working Paper	07-04	Ki-Eun Rhee	Price Effects of Entries
Working Paper	07-05	Tae H. Choi	Economic Crises and the Evolution of Business Ethics in Japan and Korea
Working Paper	07-06	Kwon JUNG Leslie TEY	Extending the Fit Hypothesis in Brand Extensions: Effects of Situational Involvement, Consumer Innovativeness and Extension Incongruity on Evaluation of Brand Extensions

^{*} The above papers are available at KDI School Website http://www.kdischool.ac.kr/faculty/paper.asp. You may get additional copy of the documents by downloading it using the Acrobat Reader.