

Vertical line extension: a systematic review of research on upward and downward line extension

Anna-Karina Schmitz

Henkel Center for Consumer Goods, WHU – Otto Beisheim School of Management, Vallendar, Germany

Tim Oliver Brexendorf

Marketing and Sales Group, WHU – Otto Beisheim School of Management, Duesseldorf, Germany, and

Martin Fassnacht

Chair of Strategy and Marketing, WHU – Otto Beisheim School of Management, Duesseldorf, Germany

Abstract

Purpose – Vertical line extension is an attractive growth strategy that allows brands to address heterogeneous consumer needs and react to competitive pressure. The purpose of this paper is to systematically review and summarize vertical line extension research to derive general insights into vertical upward and downward line extension.

Design/methodology/approach – Drawing on a systematic review of 536 academic articles and predefined inclusion criteria, this research identifies and evaluates all articles that add knowledge to the topic of vertical line extension ($n = 64$).

Findings – This research derives general insights in several vertical line extension-specific issues. Different forms of vertical line extension, conceptual differences between upward and downward extensions, as well as the role of perceived fit, extension degree and the parent brand are crucial for the study and evaluation of extension and parent brand feedback effects. Those effects are complex and often work in opposing directions not only for the parent brand but also for the extension. Future research needs to face that complexity as well as methodological issues and different research contexts to further advance the literature stream.

Originality/value – This paper provides a comprehensive, state-of-the-art review of vertical line extension research characteristics and results. It provides new insights on the characteristics and effects of vertical line extensions and guides future research on the topic.

Keywords Line extension, Vertical line extension, Systematic literature review, Brand extension, Upward extension, Downward extension, Diffusion brand, Feedback effects

Paper type Literature review

Introduction

Vertical line extension is an attractive growth strategy because it allows firms to leverage existing brands and competences to target new market segments. It involves launching a new product under an existing parent brand in the same product category at a higher or lower price and/or quality point (i.e. upward or downward extension) (Kim *et al.*, 2001). With upward extensions, firms can appeal to consumers with a higher willingness to pay and realize higher margins (Kirmani *et al.*, 1999). P&G's Gillette, for example, realizes continuous price increases with its razor blades by launching each new blade generation as an upward extension with considerably high markups compared to older blade generations. Downward extensions allow firms to target a broader consumer segment and thus increase sales volume and achieve economies of scale (Hamilton and Chernev, 2010; Heath *et al.*, 2011). Luxury brands, for example, are known for using downward extensions (e.g. Armani Exchange or Marc by Marc Jacobs) to broaden their influence (Arora *et al.*, 2015).

However, not all vertical line extensions are successful and their manifold benefits come with a particularly high risk of losing existing consumers and damaging the parent brand (Aaker, 1997; Aaker and Keller, 1990; Heath *et al.*, 2011). Downward extensions for example might not benefit the image of premium and luxury brands in the long run and thus be discontinued (e.g. Mercedes-Benz A- and B-Class). Therefore, vertical line extension poses the challenge of “leverag[ing] and protect[ing] the original brand while taking advantage of the new opportunity” (Aaker, 1997, p. 136).

Despite this challenge and the potential benefits of vertical line extensions in today's markets, extant literature provides little guidance for research and practice because it tends to be neglecting the conceptual differences between upward and downward line extension (Boisvert, 2016; Keller and Lehmann, 2006;

© Anna-Karina Schmitz, Tim Oliver Brexendorf and Martin Fassnacht. Published by Emerald Publishing Limited. This article is published under the Creative Commons Attribution (CC BY 4.0) licence. Anyone may reproduce, distribute, translate and create derivative works of this article (for both commercial and non-commercial purposes), subject to full attribution to the original publication and authors. The full terms of this licence may be seen at <http://creativecommons.org/licences/by/4.0/legalcode>

Received 8 March 2022

Revised 9 August 2022

27 October 2022

Accepted 10 December 2022

The current issue and full text archive of this journal is available on Emerald Insight at: <https://www.emerald.com/insight/1061-0421.htm>



Journal of Product & Brand Management
32/6 (2023) 828–848
Emerald Publishing Limited [ISSN 1061-0421]
[DOI 10.1108/JPBM-03-2022-3895]

Kim *et al.*, 2001) and reports inconsistent results (Heath *et al.*, 2011). Particularly, literature on vertical line extension is fragmented within a large body of research on brand extension and has not yet been reviewed specifically.

To overcome this fragmentation, summarize what is known and identify research gaps and avenues for future research, a systematic review is required (Briner *et al.*, 2009; Rousseau *et al.*, 2008). Therefore, we aim to derive general insights into the differences and specifics of vertical upward and downward line extensions. For this purpose, we provide a systematic, state-of-the-art review of all articles that add knowledge to the topic of vertical line extension. The derived conceptual framework could serve as a basis for future research and provide practice with a better understanding under which conditions which extension direction performs best.

Vertical line extension definitions and distinction

While brand extension is about using a parent brand name for a new product in a new product category, line extension is about applying a parent brand name to a new product within a product category already served by the parent brand (Aaker and Keller, 1990; Grime *et al.*, 2002). Thereby, firms can leverage strong brands in core categories to tap into new revenue potential which is less complex, expensive and risky than adding new brands to the portfolio or entering a new product category (Aaker, 1997).

Two forms of line extension can be differentiated: horizontal line extension with a new product positioned at the same price and quality level as other products of the parent brand's product line (e.g. add a new flavor) and vertical line extensions at a higher or lower price/quality level (Heath *et al.*, 2011).

Downward extensions allow firms to target a broader consumer segment and thus increase sales volume and achieve economies of scale (Hamilton and Chernev, 2010; Heath *et al.*, 2011). With upward extensions, in turn, firms can appeal to consumers with a higher willingness to pay and realize higher margins (Kirmani *et al.*, 1999; Magnoni and Roux, 2012). However, extending brands vertically comes with a high risk of losing existing consumers and eliciting potentially negative feedback effects on the parent brand (Aaker, 1997; Aaker and Keller, 1990; Heath *et al.*, 2011).

Consequently, a growing research interest in the topic can be observed focusing on understanding success factors of vertical line extension and factors causing positive and negative parent brand feedback effects. However, literature has not yet been reviewed systematically.

Procedure

To identify articles that investigate vertical line extension, we used a transparent, systematic search process (Tranfield *et al.*, 2003), documented in Figure 1. We searched the literature using two academic databases (Business Source Complete and ABI/INFORM Global) and double checked the results obtained with an additional search in Google Scholar. To ensure discovery of contributions from diverse research streams and account for the often-missing clear differentiation in terminology, we used various search terms that describe vertical line extension in both directions (i.e. upward and downward). The Appendix provides a complete overview of the specific search terms used and the number of articles obtained by search term and database. We did not restrict our search to

publication date or specific journals so that we could obtain a full overview of vertical line extension research.

The initial counts of database and online hits totaled 1,075, resulting in 536 unduplicated citations. We assessed these articles to determine whether they met our inclusion criteria as defined in Table 1. Specifically, we included only English language academic journal publications featuring empirical or conceptual research. If an article made any proposition about and/or inference to vertical line extension, we included it.

This process resulted in a list of 57 articles. Given that vertical line extension-specific literature is located within a much larger body of research on brand extension (Grime *et al.*, 2002), there is often a lack of conceptual clarity: 163 of 536 unduplicated citations had to be excluded because they are actually dealing with brand extension and 16 with horizontal line extension. This also gives an indication of the distribution of literature within the broader literature stream. We added 7 articles through a reference list search of the studies collected, for a final list of 64 articles. Table 2 provides the final list of articles along with an overview of their main characteristics.

Vertical line extension research characteristics

Study focus

More than half of the studies ($n = 35$) deal with both upward and downward extension. Comparison of the influence of both extension directions on different outcome variables shows a rather broad scope of research. However, assuming that both directions work the same way limits the explanatory value of the results because the conceptual differences of upward and downward extensions are neglected. When dealing with just one extension direction, most studies focus on downward extension (28%, $n = 18$), with only 17% ($n = 11$) addressing upward extension.

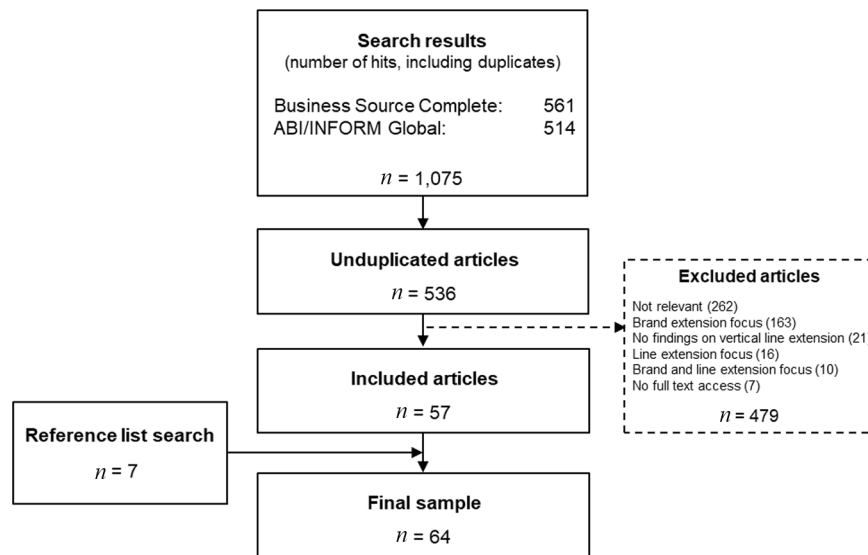
In almost all studies ($n = 61$), researchers aimed to investigate how consumers perceive extensions against the background of the parent brand and/or how consumers' extension evaluations may subsequently change their original attitudes toward the parent brand. Therefore, many of the studies deal with parent brand feedback effects (45%, $n = 29$), followed by studies examining extension evaluation (31%, $n = 20$) and those considering both parent brand feedback effects and extension evaluation (20%, $n = 13$). Only three studies (5%) investigate antecedents of a firm's extension decision.

Table 3 shows the specific dependent variables examined. Attitude toward the extension or the parent brand is the most frequently used dependent variable, followed by extension purchase intention, parent brand image and perceived extension quality. Thus, experimental studies and surveys have primarily focused on rather broad self-reported perceptual measures. Future experimental studies could aim to include behavioral and/or physiological measures to increase realism (Morales *et al.*, 2017).

Research primarily focuses on consumers. Only two surveys (Nijssen, 1999; Speed, 1998) and one qualitative study (Munthre *et al.*, 2006) use managers as participants. Research analyzing secondary data typically includes vast transactional data on either a household or a retailer sales figure level.

Methodology

In terms of methodology, 70% of the articles ($n = 45$) use experimental studies. Seven articles (11%) use surveys, six

Figure 1 Systematic search process**Table 1** Inclusion and exclusion criteria

Criteria	Inclusion	Exclusion
Formal criteria		
Article type	Empirical and conceptual research	Practitioner pieces, literature reviews, editorials, comments, replies, book reviews
Outlet	Academic journals (peer-reviewed) or top managerial journals (<i>California Management Review</i> , <i>Harvard Business Review</i> , <i>MIT Sloan Management Review</i>)	Business journals, press publications, theses, doctoral dissertations, conference proceedings, working papers
Language	English language	Non-English language
Content criteria		
Findings	Inferences or conclusions on vertical line extension	Only mentioning or definition of vertical line extension
Fit with definition	Introduction of an extension; same brand; same product category; difference in price, quality, or value	Consideration of an existing portfolio; new brand; new product category; no difference in price, quality or value

articles (9%) make conceptual contributions, five articles (8%) analyze secondary data and three articles (5%) apply a qualitative research approach.

The dominance of experiments is typical and indispensable for brand management research seeking to establish causal relationships between variables but comes with the risk of narrowing the research stream (Childs, 2017). Findings may be limited for several reasons. First, there is often a lack of realism in study design. More than half the conducted experiments ($n = 27$) are scenario-based. Realism could be enhanced by combining scenarios with some other kind of more realistic information (e.g. advertisements, pictures, newspaper articles) or using physical extension products as stimuli.

Furthermore, all but one experimental study (Caldieraro *et al.*, 2015) take place in a monopolistic setting with a single parent brand and its extension. If at all, competition is mentioned in scenario descriptions, or participants complete

their evaluations in the presence of another product. However, introducing an extension could lead to compromise or attraction effects, causing a demand shift to other alternatives in a consumer's choice set (Simonson, 1989). Context and cannibalization effects therefore need to be considered in experimental research more extensively. So far, only Caldieraro *et al.* (2015) explicitly model demand, market share and profit implications of upward extensions.

Second, the influencing factors examined in experimental studies are based on existing theories (especially categorization theory) and previous findings. Thus, a limited number of factors is examined repeatedly with the risk of overlooking other factors that better reflect current industry practices (Childs, 2017). More conceptual and qualitative research would be helpful to identify relevant factors and new research directions for empirical studies. Furthermore, studies using secondary data will help to revise and reinforce experimental results.

Table 2 Final article list with research characteristics

Authors	Journal	Dir.	DV	Method	Level	Product categories	Brands used	Geography
Pitta and Katsanis (1995)	<i>Journal of Consumer Marketing</i>	B	B	Con.	P	Watches	RB, HE	North America
Kim and Lavack (1996)	<i>Journal of Product & Brand Management</i>	B	B	Con./Exp.	P	—	—	—
Aaker (1997)	<i>Harvard Business Review</i>	B	B	Con.	—	—	—	—
Randall et al. (1998)	<i>Marketing Science</i>	B	Ext.	Exp./Sec.	P	Bicycles	RB, RE	US
Speed (1998)	<i>Journal of Product & Brand Management</i>	B	A	Survey	P	Wine	RB, RE	Australia, New Zealand
Jun et al. (1999)	<i>Journal of Business Research</i>	B	B	Exp.	P	Consumer electronics	RB, HE	N/A
Kirmani et al. (1999)	<i>Journal of Marketing</i>	B	B	Exp.	P	Cars, jeans	RB, HE	N/A
Nijssen (1999)	<i>European Journal of Marketing</i>	B	Ext.	Survey	P	FMCG	RB, RE	Netherlands
Kim and Chhajed (2001)	<i>Journal of Product Innovation Management</i>	B	PB	Exp.	P/S	Airlines, auto club memberships, bicycles, consumer electronics, credit cards	HB, HE	US
Kim et al. (2001)	<i>Journal of Business Research</i>	B	B	Exp.	P	Cars, watches	RB, HE	North America
Chen and Liu (2004)	<i>Journal of Product & Brand Management</i>	U	B	Survey	P	Deodorant, soap	RB, RE	N/A
Munthre et al. (2006)	<i>Journal of Product & Brand Management</i>	U	PB	Qual.	P	Beverages	RB, RE	South Africa
Musante (2007)	<i>Innovative Marketing</i>	U	Ext.	Exp.	P	Pens	RB, HE	US
Lei et al. (2008)	<i>Journal of Retailing</i>	B	B	Exp.	S	Hotels	RB, HE	Netherlands
Xie (2008)	<i>Journal of Product & Brand Management</i>	B	Ext.	Con.	—	—	—	—
Boisvert and Burton (2009)	<i>International Journal of Business Excellence</i>	B	PB	Exp.	S	Banks	RB, HE	Canada
Fu et al. (2009)	<i>Journal of Brand Management</i>	D	B	Exp.	P	Cars	RB, HE	China
Phau and Cheong (2009a)	<i>Journal of International Consumer Marketing</i>	D	Ext.	Exp.	P	Sunglasses, trousers	RB, HE	Australia
Phau and Cheong (2009b)	<i>Young Consumers</i>	D	Ext.	Exp.	P	Sunglasses, trousers	RB, HE	Australia
Tafani et al. (2009)	<i>Recherche et Applications en Marketing</i>	U	Ext.	Exp.	P	Cars	RB, HE	France
Choi et al. (2010)	<i>Journal of Brand Management</i>	U	PB	Survey	P	Fashion lines	RB, HE	Hong Kong
Geyskens et al. (2010)	<i>Journal of Marketing Research</i>	B	B	Sec.	P	Canned soup, cornflakes	RB, RE	UK
Phau (2010)	<i>Journal of Global Business & Technology</i>	D	Ext.	Exp.	P	Jeans	RB, HE	Australia
Sun (2010)	<i>European Journal of Marketing</i>	B	Ext.	Exp.	P	Correction tape, MP3 player	HB, HE	Taiwan
Heath et al. (2011)	<i>Journal of Marketing</i>	B	PB	Exp.	P	Beer, CD players, clothing stores, pasta sauces, restaurants	RB/HB, HE	US
Palmeira and Thomas (2011)	<i>Journal of Retailing</i>	B	PB	Exp.	P	Aluminium foil, dishwasher detergent, ice cream, mayonnaise, olive oil, oven baked chips	HB, HE	Australia
Boisvert (2012b)	<i>Managing Service Quality</i>	B	PB	Exp.	S	Banks	RB, HE	Canada
Boisvert (2012a)	<i>Journal of Service Research</i>	B	PB	Exp.	S	Banks	RB, HE	Canada
Gershoff et al. (2012)	<i>Journal of Consumer Research</i>	B	Ext.	Exp.	P	DVD player, MP3 player, printer, smartphone	RB/HB, HE	N/A
He (2012)	<i>Nankai Business Review International</i>	B	Ext.	Exp.	P	Chocolate	RB, HE	China
Magnoni and Roux (2012)	<i>Journal of Brand Management</i>	D	PB	Exp.	P	Cars	RB, HE	France
Dall'Olmo Riley et al. (2013)	<i>Journal of Business Research</i>	D	B	Exp.	P	Cars, shoes	RB, HE	UK
Hennigs et al. (2013)	<i>Journal of Fashion Marketing & Management</i>	B	PB	Exp.	P	Fashion lines	RB, RE	Germany
Belleza and Keinan (2014) - study 1	<i>Journal of Consumer Research</i>	D	PB	Exp.	S	Education programs	RB, HE	US
Chung and Kim (2014)	<i>Atlantic Marketing Journal</i>	D	Ext.	Survey	P	Fashion lines	RB, RE	N/A
Goetz et al. (2014)	<i>Journal of Brand Management</i>	B	PB	Exp.	P	Mascara	HB, HE	Germany
Hanslin and Rindell (2014)	<i>Journal of Fashion Marketing & Management</i>	D	PB	Qual.	P	Fashion lines	RB, RE	N/A
Palmeira (2014)	<i>European Journal of Marketing</i>	B	PB	Exp.	P	Aluminium foil, dishwasher detergent, ice cream, mayonnaise, olive oil, oven baked chips	HB, HE	US
ter Braak et al. (2014)	<i>Journal of Retailing</i>	U	A	Sec.	P	Food and beverages	RB, RE	Netherlands, Belgium
Arora et al. (2015)	<i>Journal of International Consumer Marketing</i>	D	Ext.	Exp.	P	Apparel, handbags, perfume, watches	RB, RE	US
Caldieraro et al. (2015)	<i>Journal of Marketing</i>	U	PB	Exp.	P	Personal hygiene	RB, HE	N/A

(continued)

Table 2

Authors	Journal	Dir.	DV	Method	Level	Product categories	Brands used	Geography
Dall'Olmo Riley <i>et al.</i> (2015)	<i>Journal of Marketing Management</i>	D	Ext.	Exp.	P	Cars, shoes	RB, HE	UK
Goetz and Fassnacht (2015)	<i>Marketing Review</i> St. Gallen	U	B	Con.	—	—	—	—
Hariharan <i>et al.</i> (2015)	<i>Management Science</i>	B	B	Sec.	P	FMCGs	RB, RE	US
Royo-Vela and Voss (2015)	<i>Business & Economics Research Journal</i>	D	PB	Qual.	P	Not specified	RB, RE	Germany
Aliman <i>et al.</i> (2016)	<i>Journal of International Marketing</i>	B	PB	Exp.	P	Cars	RB, HE	US
Arora <i>et al.</i> (2016)	<i>Journal of International Consumer Marketing</i>	D	Ext.	Exp.	P	Cars, handbags, shoes, skincare	RB, RE	France
Baird <i>et al.</i> (2016)	<i>Information Systems Research</i>	B	PB	Exp.	P	Consumer software	RB, RE	N/A
Boisvert (2016)	<i>Journal of Service Theory and Practice</i>	U	PB	Exp.	S	Banks	RB, HE	Canada
Magnoni (2016)	<i>Recherche et Applications en Marketing</i>	D	PB	Exp.	P	Cars, fashion lines	RB, HE	N/A
Chang (2017)	<i>Management & Marketing</i>	U	PB	Exp.	P	Smartphones	HB, HE	N/A
Pontes <i>et al.</i> (2017)	<i>Journal of Retailing & Consumer Services</i>	B	Ext.	Exp.	P/S	Hotels, watches	RB/HB, HE	US
Seizer (2017)	<i>Management & Marketing Journal</i>	D	PB	Exp.	P	Cars	RB, HE	Comparison: Germany, Thailand
Pontes (2018)	<i>European Journal of Marketing</i>	B	Ext.	Exp.	P	Binoculars, tires, watches	RB, HE	N/A
Boisvert and Ashill (2018a)	<i>International Marketing Review</i>	D	Ext.	Exp.	P	Watches	RB, HE	Comparison: France, US
Boisvert and Ashill (2018b)	<i>Psychology & Marketing</i>	D	PB	Exp.	P	Watches	RB, HE	US
Childs <i>et al.</i> (2018)	<i>Journal of Product & Brand Management</i>	D	PB	Exp.	P	Fashion lines	RB, HE	US
Aliman <i>et al.</i> (2019)	<i>Journal of International Marketing</i>	B	PB	Exp.	P	Cars	RB, HE	Comparison: India, US
Li (2019)	<i>Production and Operations Management</i>	B	A	Con.	—	—	—	—
Palmeira <i>et al.</i> (2019)	<i>European Journal of Marketing</i>	B	PB	Exp.	P	Kitchen appliances	HB, HE	US
Hao <i>et al.</i> (2020)	<i>Cross Cultural & Strategic Management</i>	B	Ext.	Exp.	P	Fashion lines	RB, HE	Comparison: China, US
Ye <i>et al.</i> (2020)	<i>Cornell Hospitality Quarterly</i>	U	PB	Survey	S	Hotels	RB, RE	China
Cho and Janda (2021)	<i>European Journal of Marketing</i>	U	PB	Sec.	P	Fast food	RB, RE	US
Hultman <i>et al.</i> (2021)	<i>Journal of Business Research</i>	B	Ext.	Survey	S	Hotels	RB, RE	UK

Notes: Dir. = extension direction; U = up; D = down; B = both; DV = dependent variables; Ext. = extension outcomes; PB = parent brand feedback effects; B = both; A = antecedents; Con. = conceptual; Exp. = experiment; Qual. = qualitative; Sec. = secondary data; P = product; S = service; FMCG = Fast-moving consumer goods; HB = hypothetical parent brand; RB = real parent brand; HE = hypothetical extension; RE = real extension

Table 3 Overview of dependent variables used in vertical line extension research

Parent brand dependent variables	Authors	#
Attitude towards the parent brand	Boisvert (2012a); Boisvert (2012b); Boisvert (2016) ^u ; Boisvert and Ashill (2018b) ^d ; Fu et al. (2009); Heath et al. (2011); Jun et al. (1999) ^{pp} ; Kim and Lavack (1996); Kimmani et al. (1999); Lei et al. (2008); Palmeira et al. (2019); Ye et al. (2020)	12
Image	Allman et al. (2016); Allman et al. (2019); Bellezza and Keinan (2014) ^d ; Dall'Olimo Riley et al. (2013); Kim et al. (2001)	5
Associations	Boisvert and Burton (2009); Boisvert (2016) ^u ; Hennigs et al. (2013);	3
Perceived innovativeness	Chang (2017) ^u ; Heath et al. (2011); Palmeira et al. (2019)	3
Perceived prestige	Heath et al. (2011); Kimmani et al. (1999); Palmeira et al. (2019)	3
Attachment	Magioni (2016) ^d ; Magioni and Roux (2012) ^d	2
Perceived expertise	Heath et al. (2011); Childs et al. (2018) ^d	2
Perceived quality	Chang (2017) ^u ; Childs et al. (2018) ^d	2
Perceived value-for-money	Goetz et al. (2014); Kimmani et al. (1999)	2
Purchase intention	Goetz et al. (2014); Jun et al. (1999) ^{pp}	2
Attitude toward non-core users	Bellezza and Keinan (2014) ^d	1
Choice/preference	Caldieraro et al. (2015) ^u	1
Commitment	Magioni and Roux (2012) ^d	1
Downstream consequences	Bellezza and Keinan (2014) ^d	1
PP piracy intentions	Baird et al. (2016)	1
PP valuation	Jun et al. (1999)	1
Self-brand connections	Magioni and Roux (2012) ^d	1
Total revenue	Cho and Janda (2021)	1
Trust	Magioni and Roux (2012) ^d	1
Willingness to pay for PP	Baird et al. (2016)	1
<i>Extension dependent variables</i>	<i>Authors</i>	#
Attitude towards the extension	Dall'Olimo Riley et al. (2013) ^d ; Fu et al. (2009) ^d ; Hao et al. (2020); He (2012); Kim and Lavack (1996); Kim et al. (2001); Kimmani et al. (1999); Lei et al. (2008); Musante (2007) ^u ; Pontes (2018); Pontes et al. (2017); Sun (2010)	12
Purchase intention	Arora et al. (2015) ^d ; Arora et al. (2016) ^d ; Boisvert and Ashill (2018a) ^d ; Dall'Olimo Riley et al. (2013) ^d ; Dall'Olimo Riley et al. (2015) ^d ; Fu et al. (2009) ^d ; Gershoff et al. (2012); Kimmani et al. (1999); Lei et al. (2008); Pontes (2018); Sun (2010)	10
Perceived quality	Jun et al. (1999); Phau (2010) ^d ; Phau and Cheong (2009a) ^d ; Phau and Cheong (2009b) ^d ; Sun (2010)	5
Image	Kim et al. (2001); Phau (2010) ^d ; Phau and Cheong (2009a) ^d ; Phau and Cheong (2009b) ^d	4
Perceived value-for-money	Dall'Olimo Riley et al. (2013) ^d ; Kimmani et al. (1999); Lei et al. (2008); Sun (2010)	4
Choice/preference	Caldieraro et al. (2015) ^u ; Gershoff et al. (2012); Randall et al. (1998)	3
Assoations	Tafani et al. (2009)	1
Authenticity	Arora et al. (2016) ^d	1
Contagion	Arora et al. (2016) ^d	1
Perceived prestige	Kimmani et al. (1999)	1
Perceived value	Hultman et al. (2021)	1
Willingness to pay	Randall et al. (1998)	1
Perceived fairness	Gershoff et al. (2012)	1

Notes: d = downward extension; u = upward extension; PP = dependent variable refers to feedback effects on a specific parent brand product and not on the whole parent brand

Third, the experimental studies do not capture long-term effects. Almost all experimental studies and surveys introduce an extension and immediately afterward measure outcomes. Short-term effects may however not fully represent vertical line extension effects. Consumers need some time (and repeated exposure) to become familiar with an extension (Lane, 2000; Klink and Smith, 2001). Only two experimental studies measure parent brand feedback effects with a one-week delay (Magnoni, 2016; Magnoni and Roux, 2012). However, how extension and parent brand outcomes evolve or change over time remains unclear. Parent brand feedback effects, regardless of their valence, may diminish over time, as extension information is assimilated and becomes part of the parent brand perception (Lane, 2000; Völckner *et al.*, 2008).

In contrast, secondary data used to analyze vertical line extension cover a period of several years. However, so far researchers have only applied a before-and-after comparison at different points in time. Longitudinal experiments and interrupted time series could be applied to track effects over time.

Product categories

Of the 59 empirical studies, the majority (81%, $n = 48$) investigate vertical product line extension. Only eight studies (14%) focus on services, and three studies (5%) consider both products and services. The dominant product categories investigated are apparel and accessories ($n = 26$), fast-moving consumer goods ($n = 22$), vehicles ($n = 13$) and consumer electronics ($n = 7$), followed by hotel/catering ($n = 6$) and financial services ($n = 4$). There is a focus on categories that have already been investigated in prior studies, that are frequently extended in practice or in which transaction data are accessible (e.g. consumer goods), which leads to an accumulation of certain categories.

A total of 18 articles (32%) investigate more than one product/service category, but only some provide statistical analyses of category differences with mixed results. Whereas Heath *et al.* (2011) report robust results among different product categories, other researchers find significant differences. When reporting differences across product categories, studies attribute them to different levels of involvement (Phau and Cheong, 2009; Sun, 2010; Arora *et al.*, 2016), social risk (Dall'Olmo Riley *et al.*, 2015; Dall'Olmo Riley *et al.*, 2013) or the differences between hedonic and utilitarian products (Arora *et al.*, 2015). Thus, the results need to be replicated within and across other product categories to determine whether they can be generalized.

Brand types

Secondary data, qualitative research and the majority of surveys use real parent brands and extensions. Because consumers are more familiar with real brands and their extensions, external validity of study findings is higher and generalizability proved (Völckner and Sattler, 2007). However, using established brands and extensions makes it difficult to manipulate and control for specific effects. A total of 11 experimental studies (24%) use hypothetical brands in addition to or instead of real parent brands, with participants then forced to rely on a restricted amount of extension information to make inferences. This may lead to an over-estimation of the impact of these cues and decrease the external validity of the findings (Klink and Smith, 2001). As such, whether the results of experimental

studies based on hypothetical stimuli can be generalized remains an open question (Völckner and Sattler, 2007).

Researchers' choice of real parent brands poses another threat to the generalizability of the findings because the same highly familiar brands (e.g. BMW, Rolex, Armani) are often used repeatedly across studies. While most articles deal with national brands, four articles focus on private labels (Geyskens *et al.*, 2010; Palmeira, 2014; Palmeira and Thomas, 2011; ter Braak *et al.*, 2014), which may help broaden the scope of vertical line extension research in the future.

Geography

With 24 studies (38%) in North America, 15 studies (23%) in Europe, 8 studies (13%) in Asia, 5 studies (8%) in Australia/New Zealand and 1 study (2%) in South Africa, research on vertical line extension is clearly restricted to developed countries. However, especially for downward extension, developing countries may be worthwhile to explore. Given the growing number of brands acting globally, inter-cultural comparisons of extension outcomes are highly relevant. So far, four studies compare samples from different nationalities (Table 2).

Vertical line extension research results

In most cases, researchers have investigated the influence of multiple main effects and interaction effects on dependent variables based on categorization theory. Thus, brands are conceptualized as categories that provide a basis for the evaluation of new information about the brand (Boush and Loken, 1991). The introduction of an extension initiates a categorization process in which the extension is judged according to its perceived fit with the parent brand (Milberg *et al.*, 1997; Park *et al.*, 1991). Thus, focal main effects investigated are as follows:

- parent brand characteristics;
- extension characteristics;
- perceived fit between extension and parent brand; and
- consumer characteristics.

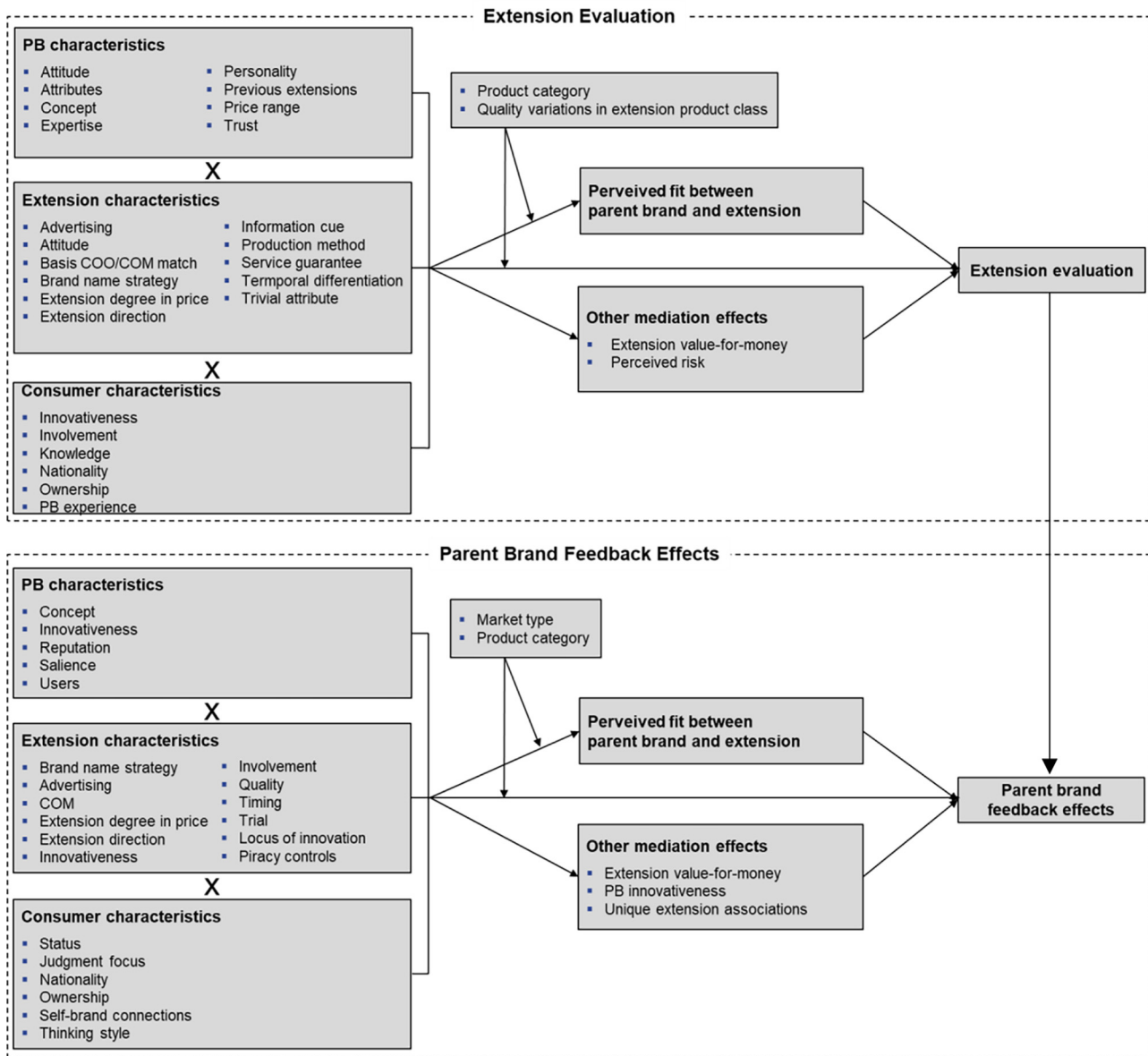
Considerably less research has investigated mediating effects. Figure 2 shows the conceptual framework for extension evaluation and parent brand feedback effects, with influencing factors found in vertical line extension research so far. As extension evaluations are supposed to spill over to the parent brand, both frameworks are connected; however, this connection has not yet been empirically investigated. In the following subsections, we discuss the main research findings separately for extension evaluation and parent brand feedback effects.

Extension evaluation

Main effects on extension evaluation

Parent brand characteristics seem to play a key role in extension evaluations, as the significance of association transfers between parent brands and extensions varies for different parent brands (Tafani *et al.*, 2009). Researchers have investigated the parent brand concept under the expectation that consumers will evaluate extensions of more prestige parent brands more favorably than extensions of less prestige parent brands. Findings suggest that this effect occurs, at least partly, for downward extensions of luxury (vs prestige) parent brands (Dall'Olmo Riley *et al.*, 2013) as well as for upward and

Figure 2 Conceptual framework of vertical line extension research



Notes: COO = country of origin; COM = country of manufacturing; PB = parent brand

downward extensions of prestige (vs functional) parent brands (Kirmani *et al.*, 1999; Pontes, 2018).

With regard to extension characteristics, a large proportion of studies focus on extension direction. While some researchers find that upward extensions are more favorably evaluated than downward extensions, others show the opposite effect. Two contrasting rationales help explain these conflicting outcomes. Downward extensions might profit from the higher-quality associations of the parent brand (Randall *et al.*, 1998) and come with a lower risk than upward extensions (Lei *et al.*, 2008; Pontes *et al.*, 2017). Conversely, upward extensions might signal higher prestige, quality and expertise than downward extensions (Kirmani *et al.*, 1999; Randall *et al.*, 1998).

Extension degree is another vertical line extension-specific characteristic leading to conflicting results. Musante (2007) and Pontes *et al.* (2017) find that consumers evaluate extensions with a close extension degree in price more favorably than extensions with a far extension degree in price. Other authors do not find significant differences (Dall'Olmo Riley *et al.*, 2013; Dall'Olmo Riley *et al.*, 2015; Fu *et al.*, 2009). However, differences in the operationalization of extension degree in price mean that results cannot be directly compared. While some researchers determined price ranges using real prices from referent brands in the market, others used fixed percentage markups and markdowns (e.g. -25%), which may distort results.

Research explicitly considering perceived fit is rather lacking. While Choi *et al.* (2010) find a positive influence of perceived fit on upward extension evaluation, Chung and Kim (2014) find a negative effect for downward extensions of luxury brands. Thus, the influence of perceived fit may differ with extension direction.

Research on the influence of consumer characteristics on extension evaluation is limited to general factors (e.g. involvement, parent brand experience). Table 4 provides an overview of the focal main effects on extension evaluation.

Interaction effects on extension evaluation

The overview of interaction effects on extension evaluation in Table 5 shows that research has so far focused on the interaction between extension direction and other factors. A far extension degree of the brand name (i.e. endorsed brand vs

sub-brand) can hurt downward extension evaluations but enhance upward extension evaluations (Kim and Lavack, 1996; Kim *et al.*, 2001). Similarly, adding a trivial attribute to an extension only enhances upward extension evaluations (Sun, 2010). Studies have found the opposite effect for extension degree in price (Pontes *et al.*, 2017), suggesting that price may not be suitable to create a positively evaluated distance to the parent brand at least in an experimental setting where participants are explicitly made aware of the price.

Parent brand characteristics can also have a differential impact depending on extension direction. Strong perceptions of parent brand sincerity result in more favorable attitudes toward downward extensions, whereas excitement and sophistication are favorable for upward extensions (He, 2012). A narrow product line in terms of price range leads to less

Table 4 Significant main effects on extension evaluation

Focal main effect	Results	Studies
PB characteristics		
Attitude	+	Choi <i>et al.</i> (2010) ^u ; Dall'Olmo Riley <i>et al.</i> (2015) ^d ; Hultman <i>et al.</i> (2021)
Attributes	+	Hultman <i>et al.</i> (2021)
Concept	Higher prestige > lower prestige	Dall'Olmo Riley <i>et al.</i> (2013) ^d ; Kirmani <i>et al.</i> (1999), Pontes (2018)
Expertise	+	Pontes <i>et al.</i> (2017)
Previous extensions	+	Musante (2007) ^u
Trust	+	Chung and Kim (2014) ^d
Extension characteristics		
Advertising	+	Chen and Liu (2004) ^u
Attitude	+	Dall'Olmo Riley <i>et al.</i> (2015) ^d
Basis	Price-based (+), quality-based (–)	Nijssen (1999)
COO match	=	Phau (2010); Phau and Cheong (2009a) ^d , Phau and Cheong (2009b) ^d
COO/COM match	+	Arora <i>et al.</i> (2015) ^d ; Arora <i>et al.</i> (2016) ^d
Extension degree in price	Close > far =	Musante (2007) ^u ; Pontes <i>et al.</i> (2017) Dall'Olmo Riley <i>et al.</i> (2013) ^d ; Dall'Olmo Riley <i>et al.</i> (2015) ^d ; Fu <i>et al.</i> (2009) ^d
Extension direction	Up > down Up < down Down (–)	Gershoff <i>et al.</i> (2012) – study 3; Kirmani <i>et al.</i> (1999), Tafani <i>et al.</i> (2009) Hao <i>et al.</i> (2020), Hariharan <i>et al.</i> (2015); Jun <i>et al.</i> (1999), Lei <i>et al.</i> (2008); Pontes (2018), Randall <i>et al.</i> (1998) Boisvert and Ashill (2018a) ^d
Information cue	+	Kim and Lavack (1996)
Production method	Degrading < separate processes	Gershoff <i>et al.</i> (2012) ^d
Service guarantee	+	Lei <i>et al.</i> (2008)
Temporal differentiation	early > late	Gershoff <i>et al.</i> (2012) ^d
Relationship between PB and extension		
Perceived fit	+	Choi <i>et al.</i> (2010) ^u
	–	Chung and Kim (2014) ^d
Consumer characteristics		
Consumer innovativeness	–	Chung and Kim (2014) ^d
PB experience	+	Chen and Liu (2004) ^u
Product involvement	–	Arora <i>et al.</i> (2016) ^d

Notes: d = downward extension; u = upward extension; COO = country of origin; COM = country of manufacturing; PB = parent brand. Focal main effects are sorted alphabetically

Table 5 Significant interaction effects on extension evaluation

Interaction effect	Explanation	Studies
<i>Extension direction</i> × <i>Other extension characteristics</i> Brand name strategy	For downward (upward) extension, endorsed branding instead of sub-branding hurts (improves) extension image	Kim and Lavack (1996), Kim et al. (2001)
Extension degree in price	A close extension degree in price has a positive influence on evaluations of upward (but not downward) extensions	Pontes et al. (2017)
Product differentiation	Further differentiation of the extension from the parent products increases purchase intention for downward (but not upward) extensions	Gershoff et al. (2012) – study 3
Trivial attribute	Adding a trivial attribute to an extension leads to a higher evaluation of an upward (but not downward) extension	Sun (2010)
<i>Extension direction</i> × <i>PB characteristics</i> PB	The transfer of peripheral (but not central) brand associations depends on range level	Tafani et al. (2009)
PB attributes, attitude, loyalty	The positive relationship between PB dimensions (attributes, attitude, loyalty) is stronger in case of downward extensions and insignificant for upward extensions	Hultman et al. (2021)
PB personality	A strong perception of PB sincerity (excitement, sophistication) results in a more favorable attitude toward downward (upward) extension	He (2012)
PB price range	For upward (but not downward) extensions, a narrow product line leads to less positive extension evaluations than a wide product line	Pontes (2018)
<i>Extension direction</i> × <i>Consumer characteristics</i> Consumer knowledge	Knowledgeable consumers perceive a greater difference in performance risk (and subsequent more negative PB evaluations) between upward and downward extensions than less knowledgeable consumers	Lei et al. (2008)
Nationality	Chinese consumers evaluate downward extensions more favorably than American consumers	Hao et al. (2020)
Ownership	Owners of prestige brands have more (less) favorable evaluations of an upward (downward) stretch than non-owners	Kirmani et al. (1999)
Ownership × PB concept	Compared with non-owners, owners of non-prestige brands have more favorable evaluations of upward and downward extensions	Kirmani et al. (1999)
<i>Extension direction</i> × <i>Others</i> Quality variations in product class	Wider (vs narrower) quality variations across other brands in the extension product class increases the effect of extension direction	Jun et al. (1999)
<i>Other extension characteristics</i> Brand name strategy × COO match	Sub-brands and nested brands (new brands) with different COOs than the PB have similar (more favorable) evaluations compared with the PB	Phau and Cheong (2009a) ^d , Phau and Cheong (2009b) ^d , Phau (2010) ^d
Brand name strategy × Nationality	A standalone downward extension is evaluated less favorably by American consumers than French ones. There is no difference in the ratings for sub-branded downward extensions	Boisvert and Ashill (2018a) ^d

(continued)

Table 5

Interaction effect	Explanation	Studies
Extension degree in price × Ownership	For owners (but not non-owners) of the PB, a higher extension degree in price leads to less favorable extension evaluations	Fu <i>et al.</i> (2009) ^d
Extension degree in price × Previous PB extension degrees	The evaluation of a far (close) extension is more positive when a close (far) extension has previously been introduced	Musante (2007) ^u
Production method × Distribution	Separate distribution (compared with a joint distribution) increases purchase intention for separately produced (but not degraded) extensions	Gershoff <i>et al.</i> (2012) ^d
Production method × Norm violation	Describing the degrading (separate process) production method as common increases (does not alter) extension purchase intention compared with when it is not described as common	Gershoff <i>et al.</i> (2012) ^d
Trivial attribute × Product involvement	The effect of a trivial attribute on extension evaluation is more significant in the context of high product involvement than in the context of low product involvement	Sun (2010)
<i>Perceived fit</i>		
Consumer innovativeness	When perceived fit is high, the relationship between innovativeness and extension evaluation is more strongly negative	Chung and Kim (2014) ^d
Product category	Fit is more important in the evaluation of downward extensions of cars than of shoes	Dall'Olmo Riley <i>et al.</i> (2015) ^d
PB trust	When perceived fit is high (low), the relationship between PB trust and extension evaluation is positive (negative)	Chung and Kim (2014) ^d
<i>Product category</i>		
PB concept	Luxury fashion brand extensions are evaluated more favorably than luxury car brand extensions, while prestige car brand extensions are evaluated more favorably than prestige fashion brand extensions	Dall'Olmo Riley <i>et al.</i> (2013) ^d
COO/COM match	During COO/COM incongruence, consumers prefer utilitarian products more than hedonic products	Arora <i>et al.</i> (2015) ^d

Note: COM = country of manufacturing; COO = country of origin; PB = parent brand; d = downward extension; u = upward extension. Interaction effects are sorted alphabetically

positive extension evaluations compared to a wider product line for upward but not for downward extensions (Pontes, 2018).

Ownership and nationality are the major consumer characteristics found to interact with extension direction. Owners of prestige parent brands have more favorable evaluations of an upward extension and less favorable evaluations of a downward extension than owners of less prestige parent brands (Kirmani *et al.*, 1999). Hao *et al.* (2020) find that Chinese consumers evaluate downward extensions more favorably than American consumers indicating that there may be a difference in extension evaluation between participants with analytic and holistic thinking styles.

Apart from extension direction, other extension characteristics interact with each other and with consumer and parent brand characteristics. For example, owners evaluate extensions with a far extension degree in price less favorably than non-owners (Fu *et al.*, 2009) and more positively when a close extension has previously been introduced (Musante, 2007).

Finally, findings suggest that product category is a relevant boundary condition in vertical line extension research (Arora *et al.*, 2015; Dall'Olmo Riley *et al.*, 2013; Dall'Olmo Riley *et al.*, 2015). Dall'Olmo Riley *et al.* (2015) investigate the moderating effect of product category and brand concept on extension evaluation and find that even though a similar process of extension evaluation for luxury and prestige brands may be assumed, evaluations can differ because of the characteristics of the product category examined (e.g. conspicuousness). Also the importance of perceived fit for extension evaluation differs among product categories (Dall'Olmo Riley *et al.*, 2015).

Mediating effects on extension evaluation

Mediation analysis confirms that perceived risk mediates the effect of extension direction on extension evaluation (Lei *et al.*, 2008; Pontes *et al.*, 2017; Pontes, 2018). Despite its theoretical importance and frequent use in argumentation, only one study explicitly tests perceived fit: Pontes (2018) finds that perceived fit mediates the effect of parent brand price range on extension evaluation for upward but not downward extensions.

Finally, parent brand attitude, extension attitude and perceived fit between extension and parent brand all positively influence perceived value-for-money of the extension. In turn, value-for-money has a positive influence on downward extension purchase intentions (Dall'Olmo Riley *et al.*, 2015).

Parent brand feedback effects

Main effects on parent brand evaluation

Findings suggest that negative parent brand feedback effects are more likely to arise and more damaging when a parent brand with a higher level of prestige extends. However, Dall'Olmo Riley *et al.* (2013) find that prestige brands are generally more sensitive to dilution effects than either luxury or functional brands after a downward extension. Again, product category seems to be decisive and evidence suggests that evaluations of extensions for parent brands with a similar positioning in terms of prestige vary depending on product category characteristics such as conspicuousness and social risk (Dall'Olmo Riley *et al.*, 2013).

Literature again offers two competing explanations for the conflicting findings on extension direction. On the one hand, upward extensions could associate the parent brand with a higher expertise and better products, whereas downward extensions could associate it with lower-quality associations

and a loss of prestige (Lei *et al.*, 2008; Heath *et al.*, 2011). On the other hand, with the extension as the benchmark, the parent brand may appear lower in quality after an upward extension or higher in perceived value after a downward extension (Goetz *et al.*, 2014). Authors proposing a general negative effect of vertical line extension regardless of extension direction argue that the difference in quality level between the extension and the parent brand always leads to consumer confusion about the quality level of the parent brand (Kim and Lavack, 1996).

With regard to extension degree in price, far extensions seem to lead to lower parent brand evaluations than close extensions (Goetz *et al.*, 2014; Lei *et al.*, 2008; Royo-Vela and Voss, 2015). However, for downward extensions, Dall'Olmo Riley *et al.* (2013) find no significant effect for the same reasons as already discussed for extension evaluation. In their qualitative study, Munthree *et al.* (2006) show that a driver–descriptor strategy (close extension degree) for an upward extension works best to revitalize a parent brand. For upward extensions, Boisvert and Ashill (2018) find that a standalone extension (far extension degree) impact parent brand attitudes more positively than a direct extension.

Although most researchers refer to perceived inconsistency to explain their results, research explicitly considering perceived fit in the context of parent brand feedback effects is sparse. Evidence does show that greater fit-quality between the extension and the parent brand can lead to more favorable parent brand evaluations (Magnoni, 2016; Munthree *et al.*, 2006). Boisvert and Ashill (2018) include extension authenticity and perceived fit as covariates and find that both significantly influence the impact of extension direction and brand name strategy.

Research on parent brand feedback effects has considered only a few consumer characteristics. For example, studies find that ownership positively influences feedback effects (Fu *et al.*, 2009; Kirmani *et al.*, 1999). Table 6 provides an overview of the focal parent brand feedback effects.

Interaction effects on parent brand evaluation

Again, the overview of significant interaction effects on parent brand evaluation in Table 7 reveals the dominant role of extension direction in extant research. While Hariharan *et al.* (2015) find that sub-branding lowers spillover effects regardless of extension direction, Kim *et al.* (2001) show these effects for downward extensions only. With regard to a three-way interaction with parent brand concept, findings suggest that a greater distance in terms of brand name strategy attenuates the negative feedback effects of downward extensions of prestige (but not functional) parent brands (Kim and Lavack, 1996; Kirmani *et al.*, 1999). Moreover, owners of prestige brands react less favorably than owners of less prestige brands to a direct downward extension (Kirmani *et al.*, 1999). Heath *et al.* (2011) deal with quality-based extensions and find line extension asymmetry, in which upward extensions improve parent brand evaluations more than downward extensions damage them. This effect is specified by Palmeira *et al.* (2019) who find that such an asymmetric pattern emerges when extensions are evaluated with a comparison and with a judgment focus on expertise. A judgment focus on quality as well as an extension evaluation without a comparison lead to a symmetric pattern (Palmeira *et al.*, 2019). Goetz *et al.* (2014) and Lei *et al.* (2008) both show that the effect of extension

Table 6 Significant main effects on parent brand evaluation

Focal main effect	Results	Studies
PB characteristics		
Users	Brand tourists > brand immigrants	Bellezza and Keinan (2014) ^d - study 1
Concept	–	Allman <i>et al.</i> (2016); Childs <i>et al.</i> (2018) ^d ; Kim <i>et al.</i> (2001), Kirmani <i>et al.</i> (1999); Magnoni and Roux (2012) ^d
	+	Dall'Olmo Riley <i>et al.</i> (2013) ^d
Saliency	+	Boisvert (2012a); Boisvert and Burton (2009)
Extension characteristics		
Brand name strategy	=	Boisvert and Burton (2009)
	Driver-descriptor (+)	Munthre <i>et al.</i> (2006) ^u
	Standalone (+)	Boisvert and Ashill (2018b) ^d
Advertising	+	Chen and Liu (2004)
Extension degree in price	Close > far	Goetz <i>et al.</i> (2014); Lei <i>et al.</i> (2008); Royo-Vela and Voss (2015) ^d
	=	Dall'Olmo Riley <i>et al.</i> (2013) ^d
Extension direction	Up (–)	Boisvert (2012a); Caldieraro <i>et al.</i> (2015) ^u ; Geyskens <i>et al.</i> (2010), Goetz <i>et al.</i> (2014); Kim and Lavack (1996), Kim <i>et al.</i> (2001)
	Up (+)	Allman <i>et al.</i> (2016); Boisvert (2012b); Boisvert and Burton (2009); Cho and Janda (2021) ^u ; Hariharan <i>et al.</i> (2015), Heath <i>et al.</i> (2011); Hennigs <i>et al.</i> (2013); Jun <i>et al.</i> (1999) ^{PP} ; Kim and Chhajed (2001) ^{PP} ; Lei <i>et al.</i> (2008), Palmeira <i>et al.</i> (2019)
	Down (–)	Allman <i>et al.</i> (2016); Boisvert and Ashill (2018b) ^d ; Childs <i>et al.</i> (2018) ^d ; Geyskens <i>et al.</i> (2010), Hariharan <i>et al.</i> (2015); Heath <i>et al.</i> (2011); Hennigs <i>et al.</i> (2013); Jun <i>et al.</i> (1999) ^{PP} ; Kim and Chhajed (2001) ^{PP} ; Kim and Lavack (1996), Kim <i>et al.</i> (2001); Lei <i>et al.</i> (2008), Palmeira <i>et al.</i> (2019)
	Down (+)	Boisvert (2016), Goetz <i>et al.</i> (2014); Palmeira (2014) ^{PP} ; Palmeira and Thomas (2011) ^{PP}
Innovativeness	+	Boisvert and Burton (2009); Ye <i>et al.</i> (2020) ^u
	–	Chang (2017) ^u
Involvement	+	Ye <i>et al.</i> (2020) ^u
Quality	+	Ye <i>et al.</i> (2020) ^u
Timing	Fast follower > first or late-to-market	Munthre <i>et al.</i> (2006) ^u
Trial	+	Chen and Liu (2004)
Locus of innovation	Peripheral > core	Cho and Janda (2021) ^u
Piracy controls	–	Baird <i>et al.</i> (2016) ^{PP}
Relationship between PB and extension		
Perceived fit	+	Magnoni (2016) ^d ; Munthre <i>et al.</i> (2006) ^u
Consumer characteristics		
Nationality	Thailand (–), Germany (+)	Seizer (2017) ^d
Ownership	+	Fu <i>et al.</i> (2009) ^d ; Kirmani <i>et al.</i> (1999)
Self–brand connections	–	Magnoni (2016) ^d

Notes: d = downward extension; u = upward extension; PB = parent brand; PP = parent product (study investigates feedback effects on a specific parent brand product). Focal main effects are sorted alphabetically

direction on parent brand evaluations is stronger for a close extension degree in price than for a far extension degree in price.

Regarding the parent brand concept, findings indicate that downward extensions harm prestige brands more than functional brands. Prestige parent brands seem to reduce, but not eliminate, the line extension asymmetry that Heath *et al.* (2011) find. In support, Dall'Olmo Riley *et al.* (2013) find that after downward

extensions, prestige brands are more sensitive to negative effects caused by a far extension degree in price.

Only a few studies have examined other extension or parent brand characteristics and perceived fit. However, research on parent brand feedback effects also finds a differential impact of product category (Arora *et al.*, 2015; Dall'Olmo Riley *et al.*, 2013).

Table 7 Significant interaction effects on parent brand evaluations

Interaction effect	Explanation	Studies
<i>Extension direction × Other extension characteristics</i>		
Brand name strategy	The addition of a new brand name (sub-branding) decreases PB feedback effects PB feedback effects are more favorable when a downward extension is introduced under an endorsed brand name (vs a sub-brand name)	Hariharan <i>et al.</i> (2015) Kim <i>et al.</i> (2001)
Extension degree in price	The effect of extension direction on PB evaluations is stronger for a close extension degree in price than for a far extension degree in price	Goetz <i>et al.</i> (2014); Lei <i>et al.</i> (2008)
Extension degree in quality	Upward (but not downward) extensions with a far extension degree in quality increase PB evaluations compared to upward extensions with a close extension degree in quality	Heath <i>et al.</i> (2011)
Identical feature levels	The valuation of a lower- (higher-) end PP is higher (lower) when it is extended upward (downward) with identical feature levels than without identical feature levels	Kim and Chhajed (2001) ^{PP}
<i>Extension direction × PB characteristics</i>		
PB concept	Prestige-oriented core brands are harmed more than function-oriented core brands when a downward extension is introduced Prestige PBs (compared with functional PBs) reduce (but do not eliminate) the asymmetry that upward extensions improve PB evaluations more than downward extensions damage them	Goetz <i>et al.</i> (2014); Kim and Lavack (1996); Kim <i>et al.</i> (2001); Kirmani <i>et al.</i> (1999) Heath <i>et al.</i> (2011)
PB concept × COM favorability	A downward extension of a prestige (functional) brand with an unfavorable (favorable) COM leads to lowest (highest) PB evaluations	Allman <i>et al.</i> (2016)
PB concept × Ownership	In the absence of PB dilution, owners have more favorable PB perceptions than non-owners. Owners of prestige brands react less favorably than non-owners to a downward extension	Kirmani <i>et al.</i> (1999)
PB innovativeness	The lower the perceived PB innovativeness, the greater is the impact of extension direction on PB evaluations	Boisvert (2012b)
PB reputation	The positive impact of a downward extension is stronger for regular brands than for upscale brands	Palmeira (2014)
<i>Extension direction × Others</i>		
Consumer thinking style	The negative impact is lower for an upward extension than for a downward extension for analytic thinkers. For holistic thinkers there is no difference	Allman <i>et al.</i> (2019)
Judgment focus	A focus on quality leads to a symmetric pattern where a downward extension hurts a brand as much as an upward extension helps it and a focus on expertise leads to an asymmetric pattern	Palmeira <i>et al.</i> (2019)
Market type	In a high-cost (low-cost) market, consumers' WTP valuations of the PP will be higher for a downward (upward) extension than for upward (downward) extension	Baird <i>et al.</i> (2016) ^{PP}
<i>Other extension characteristics</i>		
Innovativeness × PB innovativeness	Inferior radical/incremental innovations weaken the pioneer brands more than the follower brands	Chang (2017) ^u
Innovativeness × PB salience	The influence of the salience of PB associations on the PB depends on the innovativeness of the extension	Boisvert and Burton (2009)
Extension degree in price × PB concept	Prestige brands are more sensitive to dilution effects because of the larger extension degree in price	Dall'Olmo Riley <i>et al.</i> (2013) ^d

(continued)

Table 7

Interaction effect	Explanation	Studies
<i>Perceived fit</i>		
Perceived fit × Consumer status	The influence of perceived fit–quality on PB dilution is higher for consumers than for non-consumers	Magnoni (2016) ^d
<i>Product category</i>		
COO/COM match	During CCO/COM incongruence, consumers prefer utilitarian products more than hedonic products	Arora et al. (2015) ^d
PB concept	General dilution effects depend on both PB concept and product category	Dall’Olmo Riley et al. (2013) ^d

Notes: COO = country of origin; COM = country of manufacturing; d = downward extension; u = upward extension; PB = parent brand; PP = parent product (study investigates feedback effects on a specific parent brand product). Interaction effects are sorted alphabetically

Mediating effects on parent brand evaluation

Heath et al. (2011) show that parent brand innovativeness mediates line extension asymmetry. They suggest that downward extensions originally lead to negative parent brand effects due to lower-quality associations but that this effect is compensated by the positive parent brand effects resulting from higher parent brand innovativeness.

Other researchers have focused on the mediating effects of extension characteristics. Boisvert (2012a) finds that unique extension associations positively mediate the reciprocal transfer of associations to the parent brand. Greater perceived extension innovativeness (as assumed for upward extensions) leads to higher product involvement, which in turn positively influences parent brand evaluations (Boisvert, 2012b). Goetz et al. (2014) find that perceived extension value-for-money mediates the relationship between extension direction and parent brand purchase intention. Perceived value-for-money of the extension is therefore the only mediator that has been tested and confirmed for both extension and parent brand evaluations. Only one study examines the mediating effect of perceived fit. Lei et al. (2008) find less favorable parent brand evaluations when perceived inconsistency between extension and parent brand was high.

Discussion and future research directions

Vertical line extension research has so far produced some conflicting findings, which may partly be explained by the differential effects of upward and downward extensions (Kirmani et al., 1999), the use of different product categories (Dall’Olmo Riley et al., 2013) and the different empirical settings. The choice of extension direction, product categories and brands used in research are subject to inherent constraints in upward and downward extension. Luxury brands, for instance, usually cannot be extended any more upward, whereas mass market brands often cannot be extended very much downward.

Nonetheless, we can derive some general insights and propose future research directions. First, vertical line extension comes in different forms. Most studies have focused on price-based extensions; however, the role of price is not yet fully known. Not only do consumers draw inferences about prestige and quality from price (Brucks et al., 2000; Dawar and Parker, 1994; Park et al., 1986) but price is also related to various other factors assumed to play a role in vertical line extension (e.g. risk, credibility). In focusing on price aspects, future research

could conceptually advance the research stream by identifying specific factors that inform empirical research. Research has also investigated quality-based extensions (Heath et al., 2011), technology-based extensions (Jun et al., 1999) and extensions with different levels of innovativeness (Boisvert, 2012b; Boisvert and Burton, 2009). The form of extension chosen in a study may influence its results considerably (Nijssen, 1999). Conceptually distinguishing different forms of vertical line extension more carefully therefore remains a task for future research.

Beyond those issues, the limited number of cross-direction main effects found shows that upward and downward extensions differ in several ways. First, upward and downward extensions have different objectives. While upward extensions primarily aim to aid the parent brand in signaling expertise and prestige (Aaker, 1997; Kirmani et al., 1999), downward extensions are growth drivers that broaden a parent brand’s consumer base (Arora et al., 2015; Bellezza and Keinan, 2014). Vertical line extension success is therefore a question of perspective. Achieving positive parent brand and extension evaluations at the same time is rarely possible.

Second, both directions are assumed to address different consumer needs. Status-seeking consumers who cannot afford higher-end offerings might be attracted to downward extensions that provide access to an upscale niche, whereas consumers with a focus on quality and/or hedonic consumption and no need to display image might resort to upscale extensions. However, this situation will be highly context dependent with regard to the concrete market situation (i.e. brands and prices of products available), parent brand trust and quality perceptions. Findings on product category, for example, might actually reflect differences in consumer needs, as product categories differ in conspicuousness (Dall’Olmo Riley et al., 2013), and in their function to fulfill rather hedonic or functional consumer needs.

Third, although a vertical line extension is likely to have a certain degree of inconsistency because of price and/or quality differences (Kim and Lavack, 1996), inconsistency stemming from an upward deviation might differ from that stemming from a downward deviation. Consumers might perceive and judge inconsistency positively or negatively depending on different factors (Goetz et al., 2014; Lei et al., 2008). Several research findings may be explained this way – for example, the differences found between brand owners and non-owners. However, as researchers have conceptualized and measured

Table 8 Future research questions and directions

Research Questions	Directions
<p>Vertical line extension form</p> <p>Do findings differ between different forms of vertical line extension (e.g. price-based vs quality-based extension?)</p>	<p>To date no research has distinguished different forms of vertical line extension in terms of their outcomes. Most research focuses on price-based extensions. Researchers could investigate how the vertical line extension form chosen influences empirical results. A comparison of price-based extensions with other extension forms would be useful to determine how price-based extensions conceptually differ from other extension forms</p>
<p>Extension direction</p> <p>How can specific implications for upward and downward extension be derived?</p>	<p>Upward and downward extension are strategies that fundamentally differ in key aspects like objectives pursued, consumer needs addressed and consumer perceptions of inconsistencies. Future research could specifically investigate those aspects for each extension direction instead of mainly comparing both strategies in empirical settings</p> <p>Both extension directions address different consumer needs. These differences might be able to explain inconsistent results of prior research. Researchers could address this issue in replicating studies in different contexts or setting up new studies explicitly addressing a comparison between certain context factors</p>
<p>How does the context (e.g., availability, product category) influence consumers' preference for upward or downward extensions?</p>	<p>Vertical line extension comes with a certain degree of inconsistency to the parent brand. It is unclear how extension direction influences perceived inconsistencies. To better understand a vertical line extension-specific categorization process, researchers need to identify dimensions on which consumers compare extension and parent brand. Product-feature similarity and brand-concept similarity may not be appropriate in theorizing effects of vertical line extension as they do not comprise considerations on price and perceived value. Furthermore, future research could explore conditions that might be able to influence consumers' judgments of inconsistencies</p>
<p>How do inconsistencies stemming from an upward extension differ from that stemming from a downward extension?</p> <p>On which dimensions do consumers compare a vertical line extension and the parent brand to make judgments?</p> <p>Under which conditions do consumers judge inconsistencies between a vertical line extension and the parent brand positively or negatively?</p>	<p>Consumers draw different inferences from price (e.g., about prestige and quality). Future research could investigate which other factors relevant for consumers' evaluations of vertical line extension and parent brands might be influenced by price (e.g., risk and credibility). Researchers could conceptualize and test these factors as mediators that are influenced by the price and influence evaluations of extensions and parent brands. Future research could also investigate boundary conditions for extension degree and thus the leeway in which prices could be extended upward or downward. Therefore, it is important to use realistic extension degrees in price instead of fixed percentage markups and markdowns. Field studies or transaction data would allow to integrate more price points. Future research could also investigate interaction effects in jointly considering price, brand name strategy and other factors that might strengthen or weaken the effect of price</p>
<p>Role of price</p> <p>What role does price play in vertical line extension?</p> <p>Which factors determine how far a vertical line extension can be stretched upward or downward?</p> <p>Which factors moderate the influence of price on vertical line extension and parent brand evaluation?</p>	<p>There has been a strong focus on price in research. However, other elements of the marketing mix could add valuable insights into the functioning of vertical line extension. Researchers could investigate the role of product design and value perception, the influence of different communication strategies (e.g., framing) on consumer perceptions, and how different channels might elicit different consumer responses to vertical line extension</p>
<p>Marketing mix</p> <p>How do marketing mix elements influence consumers' perceptions of vertical line extension and parent brands?</p>	

(continued)

Table 8

Research Questions	Directions
<p>Parent brand</p> <p>What role do motives and expertise of the parent brand play for consumers' evaluations of vertical line extensions and parent brands?</p>	<p>Vertical line extension involves questions of parent brand prestige, quality, and expertise, but research so far has focused on parent brand concept. Researchers could address the motives of the parent brand (e.g., perceived parent brand exploitation) and its expertise as mediating variables</p>
<p>Methodology</p> <p>How can the research stream be advanced by addressing methodological issues.</p>	<p>This review highlights several future research directions in terms of methodology: Increasing realism by including behavioral and/or physiological measures, using realistic stimuli in experiments, engage in field studies, longitudinal experiments and interrupted time series to track effects over time and replicate findings in other product categories</p>

perceived inconsistency or fit in multiple ways, results are not comparable or generalizable. To understand a vertical line extension-specific categorization process, researchers need to know on which dimensions consumers compare an extension and the parent brand (Park *et al.*, 1991).

As research results suggest, consumers might, for example, associate different levels of risk, credibility, prestige or value-for-money with upward and downward extensions. However, how these mechanisms relate to one another and whether there are other mechanisms not yet investigated remain unclear. An important question is: How are potential mechanisms linked to perceived inconsistency or fit (i.e. are they determinants or outcomes)?

In addition to extension direction, research is concerned with the influence of extension degree in price. However, which extension degrees lead to perceived fit or other mechanisms remain largely unclear. So far, studies have relied on rather general gradations when it comes to different extension degrees in price (e.g. –25% and –50% for a downward extension); however, this is not very realistic and may distort results. Given the potential profit implications of price-based extensions, the leeway in which prices could be extended upward or downward should be of focal interest to researchers. Particularly in interaction with other extension characteristics such as brand name strategy perceived distance between an extension and the parent brand will vary which should also strengthen or weaken the effect of the price. Furthermore, future research needs to investigate the role of other marketing-mix instruments that have been neglected so far. What role does communication play? Are there differences in consumer evaluations of extensions in different distribution channels?

Finally, the parent brand is of fundamental importance when it comes to vertical line extension. As reflected in previous research, vertical line extension involves questions of parent brand prestige, quality and expertise. However, research has focused mainly on the parent brand concept. Other, more specific reasons not yet been explored likely explain the differential influence of different parent brands on their post-extension evaluation. Future research could focus on the motives of a parent brand to launch an extension and thus also consider perceived parent brand exploitation.

In broadening the empirical knowledge base, future research must also face methodological issues. The dominance of experimental studies restricts the number of factors investigated. Future research should aim to identify factors qualitatively and test them with quantitative methods afterward. Experimental findings could finally be validated with the help of transaction data. To increase empirical generalizability and glean better insights into boundary conditions and mechanisms, researchers could run replication studies with different empirical settings and research designs. Increasing realism in empirical settings and research designs could considerably add to the external validity of findings. Finally, more advanced experimental designs and secondary data covering a longer period might help track changes of effects over time. As more data become available, opportunities for research will arise. Future research needs to go beyond partial analyses and jointly consider different factors as they arise in practice. A summary of research questions and directions to answer them can be found in Table 8.

To advance and broaden knowledge on vertical line extension, this article reviews and discusses the characteristics and results of extant research. Given the highly competitive environment brands face, remaining profitable and achieving growth has become even more challenging, and as such, vertical line extension has gained in relevance. However, vertical line extension effects are complex and often work in opposing directions not only for the parent brand but also for the extension. Therefore, managers need to address three general questions. First, they need to decide carefully which objectives to pursue. In general, downward extensions increase accessibility and upward extensions exclusivity of products, leading to corresponding parent brand feedback effects. Second, managers must understand their consumers' needs. When the product category is relevant to them, status-seeking consumers often favor downward extensions of prestigious parent brands, whereas consumers with a hedonic or quality focus prefer upward extensions. Finally, managers should be aware of their parent brand's characteristics that significantly influence vertical line extension potential. For instance, functional brands often face difficulties launching upward extensions, whereas more prestigious brands have greater leeway for price increases.

References

- Aaker, D.A. (1997), "Should you take your brand to where the action is?", *Harvard business Review*, Vol. 75 No. 5, pp. 135-143.
- Aaker, D.A. and Keller, K.L. (1990), "Consumer evaluations of brand extensions", *Journal of Marketing*, Vol. 54 No. 1, pp. 27-41.
- Allman, H.F., Fenik, A.P., Hewett, K. and Morgan, F.N. (2016), "Brand image evaluations. The interactive roles of country of manufacture, brand concept, and vertical line extension type", *Journal of International Marketing*, Vol. 24 No. 2, pp. 40-61.
- Allman, H.F., Hewett, K. and Kaur, M. (2019), "Understanding cultural differences in consumers' reactions to foreign-market brand extensions: the role of thinking styles", *Journal of International Marketing*, Vol. 27 No. 2, pp. 1-21.
- Arora, A.S., McIntyre, J.R., Wu, J. and Arora, A. (2015), "Consumer response to diffusion brands and luxury brands. The role of country of origin and country of manufacture", *Journal of International Consumer Marketing*, Vol. 27 No. 1, pp. 3-26.
- Arora, A.S., Wu, J., Arora, A., Bacouël-Jentjens, S. and McIntyre, J. (2016), "Miu Miu diffuses Prada: coupling country-of-origin versus country-of-manufacture effects with brand authenticity and contagion", *Journal of International Consumer Marketing*, Vol. 28 No. 4, pp. 228-250.
- Baird, A., Miller, C.J., Raghu, T.S. and Sinha, R.K. (2016), "Product line extension in consumer software markets in the presence of free alternatives", *Information Systems Research*, Vol. 27 No. 2, pp. 282-301.
- Bellezza, S. and Keinan, A. (2014), "Brand tourists: how non-core users enhance the brand image by eliciting pride", *Journal of Consumer Research*, Vol. 41 No. 2, pp. 397-417.
- Boisvert, J. (2012a), "The impact of vertical service line extensions and brand salience on reciprocal transfer of image and performance associations", *Journal of Service Research*, Vol. 15 No. 4, pp. 443-459.
- Boisvert, J. (2012b), "The reciprocal impact of vertical service line extensions on parent brands: the roles of innovativeness, quality, and involvement", *Managing Service Quality: An International Journal*, Vol. 22 No. 6, pp. 546-564.
- Boisvert, J. (2016), "Reciprocal transfer of brand associations between service parent brands and upward line extensions", *Journal of Service Theory and Practice*, Vol. 26 No. 2, pp. 222-243.
- Boisvert, J. and Ashill, N.J. (2018), "The spillover effect of downward line extensions on US consumers' evaluation of a French luxury parent brand: the role of branding strategies, authenticity, and fit", *Psychology & Marketing*, Vol. 35 No. 10, pp. 740-751.
- Boisvert, J. and Burton, S. (2009), "The impact of perceived innovativeness, branding strategy and parent brand salience on the reciprocal transfer of core associations", *International Journal of Business Excellence*, Vol. 2 Nos 3/4, pp. 346-359.
- Boush, D.M. and Loken, B. (1991), "A process-tracing study of brand extension evaluation", *Journal of Marketing Research*, Vol. 28 No. 1, pp. 16-28.
- Briner, R.B., Denyer, D. and Rousseau, D.M. (2009), "Evidence-based management: concept cleanup time?", *Academy of Management Perspectives*, Vol. 23 No. 4, pp. 19-32.
- Brucks, M., Zeithaml, V.A. and Naylor, G. (2000), "Price and brand name as indicators of quality dimensions for consumer durables", *Journal of the Academy of Marketing Science*, Vol. 28 No. 3, pp. 359-374.
- Caldieraro, F., Kao, L.-J. and Cunha, M. Jr., (2015), "Harmful upward line extensions: can the launch of premium products result in competitive disadvantages?", *Journal of Marketing*, Vol. 79 No. 6, pp. 50-70.
- Chen, K.-J. and Liu, C.-M. (2004), "Positive brand extension trial and choice of parent brand", *Journal of Product & Brand Management*, Vol. 13 No. 1, pp. 25-36.
- Childs, M. (2017), "Brand extension feedback effects: what do we know and where should we go?", *Journal of Product & Brand Management*, Vol. 26 No. 7, pp. 671-689.
- Childs, M., Jin, B. and Tullar, W.L. (2018), "Vertical versus horizontal line extensions: a comparison of dilution effects", *Journal of Product & Brand Management*, Vol. 27 No. 6, pp. 670-683.
- Cho, J. and Janda, S. (2021), "Effect of core and peripheral product line extensions on overall product line revenue", *European Journal of Marketing*, Vol. 55 No. 4, pp. 1258-1284.
- Choi, T.-M., Liu, N., Liu, S.-C., Mak, J. and To, Y.-T. (2010), "Fast fashion brand extensions: an empirical study of consumer preferences", *Journal of Brand Management*, Vol. 17 No. 7, pp. 472-487.
- Chung, H. and Kim, S. (2014), "Effects of brand trust, perceived fit and consumer innovativeness on fashion brand extension evaluation", *Atlantic Marketing Journal*, Vol. 3 No. 1, pp. 91-113.
- Dall'Olmo Riley, F., Pina, J.M. and Bravo, R. (2013), "Downscale extensions: consumer evaluation and feedback effects", *Journal of Business Research*, Vol. 66 No. 2, pp. 196-206.
- Dall'Olmo Riley, F., Pina, J.M. and Bravo, R. (2015), "The role of perceived value in vertical brand extensions of luxury and premium brands", *Journal of Marketing Management*, Vol. 31 Nos 7/8, pp. 881-913.
- Dawar, N. and Parker, P. (1994), "Marketing universals: consumers' use of brand name, price, physical appearance, and retailer reputation as signals of product quality", *Journal of Marketing*, Vol. 58 No. 2, pp. 81-95.
- Fu, G., Ding, J. and Qu, R. (2009), "Ownership effects in consumers' brand extension evaluations", *Journal of Brand Management*, Vol. 16 No. 4, pp. 221-233.
- Gershoff, A.D., Kivetz, R.A.N. and Keinan, A. (2012), "Consumer response to versioning: How brands' production methods affect perceptions of unfairness", *Journal of Consumer Research*, Vol. 39 No. 2, pp. 382-398.
- Geyskens, I., Gielens, K. and Gijsbrechts, E. (2010), "Proliferating private-label portfolios: how introducing economy and premium private labels influences brand choice", *Journal of Marketing Research*, Vol. 47 No. 5, pp. 791-807.
- Goetz, D.M. and Fassnacht, M. (2015), "Brand name strategies for successful upward extension", *Marketing Review St. Gallen*, Vol. 32 No. 5, pp. 26-35.
- Goetz, D.M., Fassnacht, M. and Rumpf, K. (2014), "Extending downward is not always bad: parent brand

- evaluations after brand extension to higher and lower price and quality levels”, *Journal of Brand Management*, Vol. 21 No. 4, pp. 303-324.
- Grime, I., Diamantopoulos, A. and Smith, G. (2002), “Consumer evaluations of extensions and their effects on the core brand: key issues and research propositions”, *European Journal of Marketing*, Vol. 36 Nos 11/12, pp. 1415-1438.
- Hamilton, R. and Chernev, A. (2010), “The impact of product line extensions and consumer goals on the formation of price image”, *Journal of Marketing Research*, Vol. 47 No. 1, pp. 51-62.
- Hanslin, K. and Rindell, A. (2014), “Consumer-brand relationships in step-down line extensions of luxury and designer brands”, *Journal of Fashion Marketing & Management*, Vol. 18 No. 2, pp. 145-168.
- Hao, A.W., Liu, X., Hu, M. and Guo, X. (2020), “Cultural differences in vertical brand extension evaluations: the influence of thinking styles”, *Cross Cultural & Strategic Management*, Vol. 27 No. 2, pp. 245-263.
- Hariharan, V.G., Bezawada, R. and Talukdar, D. (2015), “Aggregate impact of different brand development strategies”, *Management Science*, Vol. 61 No. 5, pp. 1164-1182.
- He, J. (2012), “Sincerity, excitement and sophistication: the different effects of perceived brand personality on brand extension evaluation”, *Nankai Business Review International*, Vol. 3 No. 4, pp. 398-412.
- Heath, T.B., DelVecchio, D. and McCarthy, M.S. (2011), “The asymmetric effects of extending brands to lower and higher quality”, *Journal of Marketing*, Vol. 75 No. 4, pp. 3-20.
- Hennigs, N., Wiedmann, K.-P., Behrens, S., Klarmann, C. and Carduck, J. (2013), “Brand extensions. A successful strategy in luxury fashion branding? Assessing consumers’ implicit associations”, *Journal of Fashion Marketing & Management*, Vol. 17 No. 4, pp. 390-402.
- Hultman, M., Papadopoulou, C., Oghazi, P. and Opoku, R. (2021), “Branding the hotel industry: the effect of step-up versus step-down brand extensions”, *Journal of Business Research*, Vol. 124, pp. 560-570.
- Jun, S.Y., Mazumdar, T. and Raj, S.P. (1999), “Effects of echnological hierarchy on brand extensions evaluations”, *Journal of Business Research*, Vol. 46 No. 1, pp. 31-43.
- Keller, K.L. and Lehmann, D.R. (2006), “Brands and branding: research findings and future priorities”, *Marketing Science*, Vol. 25 No. 6, pp. 740-759.
- Kim, C.K. and Lavack, A.M. (1996), “Vertical brand extensions: current research and managerial implications”, *Journal of Product & Brand Management*, Vol. 5 No. 6, pp. 24-37.
- Kim, C.K., Lavack, A.M. and Smith, M. (2001), “Consumer evaluation of vertical brand extensions and core brands”, *Journal of Business Research*, Vol. 52 No. 3, pp. 211-222.
- Kim, K. and Chhajed, D. (2001), “An experimental investigation of valuation change due to commonality in vertical product line extension”, *Journal of Product Innovation Management*, Vol. 18 No. 4, pp. 219-230.
- Kirmani, A., Sood, S. and Bridges, S. (1999), “The ownership effect in consumer responses to brand line stretches”, *Journal of Marketing*, Vol. 63 No. 1, pp. 88-101.
- Klink, R.R. and Smith, D.C. (2001), “Threats to the external validity of brand extension research”, *Journal of Marketing Research*, Vol. 38 No. 3, pp. 326-335.
- Lane, V.R. (2000), “The impact of ad repetition and ad content on consumer perceptions of incongruent extensions”, *Journal of Marketing*, Vol. 64 No. 2, pp. 80-91.
- Lei, J., Ruyter, K.D. and Wetzels, M. (2008), “Consumer responses to vertical service line extensions”, *Journal of Retailing*, Vol. 84 No. 3, pp. 268-280.
- Li, K.J. (2019), “Status goods and vertical line extensions”, *Production & Operations Management*, Vol. 28 No. 1, pp. 103-120.
- Magnoni, F. (2016), “The effects of downward line extension on brand trust and brand attachment”, *Recherche et Applications en Marketing (English Edition)*, Vol. 31 No. 1, pp. 2-25.
- Magnoni, F. and Roux, E. (2012), “The impact of step-down line extension on consumer-brand relationships: a risky strategy for luxury brands”, *Journal of Brand Management*, Vol. 19 No. 7, pp. 595-608.
- Milberg, S.J., Whan Park, C. and McCarthy, M.S. (1997), “Managing negative feedback effects associated with brand extensions: the impact of alternative branding strategies”, *Journal of Consumer Psychology*, Vol. 6 No. 2, pp. 119-140.
- Morales, A.C., Amir, O.N. and Lee, L. (2017), “Keeping it real in experimental research: understanding when, where, and how to enhance realism and measure consumer behavior”, *Journal of Consumer Research*, Vol. 44 No. 2, pp. 465-476.
- Munthre, S., Bick, G. and Abratt, R. (2006), “A framework for brand revitalization through an upscale line extension”, *Journal of Product & Brand Management*, Vol. 15 No. 3, pp. 157-167.
- Musante, M. (2007), “Brand portfolio influences on vertical brand extension evaluations”, *Innovative Marketing*, Vol. 2 No. 4, pp. 60-66.
- Nijssen, E.J. (1999), “Success factors of line extensions of fast-moving consumer goods”, *European Journal of Marketing*, Vol. 33 Nos 5/6, pp. 450-469.
- Palmeira, M. (2014), “The interplay of products from the same product line: the role of brand reputation”, *European Journal of Marketing*, Vol. 48 Nos 9/10, pp. 1648-1663.
- Palmeira, M.M. and Thomas, D. (2011), “Two-tier store brands: the benefic impact of a value brand on perceptions of a premium brand”, *Journal of Retailing*, Vol. 87 No. 4, pp. 540-548.
- Palmeira, M., Lei, J. and Valenzuela, A. (2019), “Impact of vertical line extensions on brand attitudes and new extensions”, *European Journal of Marketing*, Vol. 53 No. 2, pp. 299-319.
- Park, C.W., Jaworski, B.J. and MacInnis, D.J. (1986), “Strategic brand concept-image management”, *Journal of Marketing*, Vol. 50 No. 4, pp. 135-145.
- Park, C.W., Milberg, S. and Lawson, R. (1991), “Evaluation of brand extensions: the role of product feature similarity and brand concept consistency”, *Journal of Consumer Research*, Vol. 18 No. 2, pp. 185-193.
- Phau, I. (2010), “An Australian perspective of the effects of brand image and product quality on diffusion brands of

- designer jeans”, *Journal of Global Business & Technology*, Vol. 6 No. 1, pp. 41-51.
- Phau, I. and Cheong, E. (2009), “How young adult consumers evaluate diffusion brands: effects of brand loyalty and status consumption”, *Journal of International Consumer Marketing*, Vol. 21 No. 2, pp. 109-123.
- Pitta, D.A. and Katsanis, L.P. (1995), “Understanding brand equity for successful brand extension”, *Journal of Consumer Marketing*, Vol. 12 No. 4, pp. 51-64.
- Pontes, N. (2018), “The effect of product line endpoint prices on vertical extensions”, *European Journal of Marketing*, Vol. 52 Nos 3/4, pp. 575-595.
- Pontes, N., Palmeira, M. and Jevons, C. (2017), “Brand expertise and perceived consistency reversals on vertical line extensions: the moderating role of extension direction”, *Journal of Retailing and Consumer Services*, Vol. 34, pp. 209-218.
- Randall, T., Ulrich, K. and Reibstein, D. (1998), “Brand equity and vertical product line extent”, *Marketing Science*, Vol. 17 No. 4, pp. 356-379.
- Rousseau, D.M., Manning, J. and Denyer, D. (2008), “Evidence in management and organizational science: assembling the field’s full weight of scientific knowledge through syntheses”, *Academy of Management Annals*, Vol. 2 No. 1, pp. 475-515.
- Royo-Vela, M. and Voss, E. (2015), “Downward price-based brand line extensions effects on luxury brands”, *Business & Economics Research Journal*, Vol. 6 No. 3, pp. 145-161.
- Seizer, F.L. (2017), “The influence of line extension strategies by premium brands on brand equity. Cultural differenced between Germany and Thailand”, *Management & Marketing Journal*, Vol. 15 No. 1, pp. 77-105.
- Simonson, I. (1989), “Choice based on reasons: the case of attraction and compromise effects”, *Journal of Consumer Research*, Vol. 16 No. 2, pp. 158-174.

- Speed, R. (1998), “Choosing between line extensions and second brands: the case of the Australian and New Zealand wine industries”, *Journal of Product & Brand Management*, Vol. 7 No. 6, pp. 519-536.
- Sun, P.-C. (2010), “Differentiating high involved product by trivial attributes for product line extension strategy”, *European Journal of Marketing*, Vol. 44 Nos 11/12, pp. 1557-1575.
- Tafari, É., Michel, G. and Rosa, E. (2009), “Vertical product line extension strategies: an evaluation of brand halo effect according to range level”, *Recherche et Applications en Marketing (English Edition)*, Vol. 24 No. 2, pp. 73-88.
- ter Braak, A., Geyskens, I. and Dekimpe, M.G. (2014), “Taking private labels upmarket: empirical generalizations on category drivers of premium private label introductions”, *Journal of Retailing*, Vol. 90 No. 2, pp. 125-140.
- Tranfield, D., Denyer, D. and Smart, P. (2003), “Towards a methodology for developing evidence-informed management knowledge by means of systematic review”, *British Journal of Management*, Vol. 14 No. 3, pp. 207-222.
- Völckner, F. and Sattler, H. (2007), “Empirical generalizability of consumer evaluations of brand extensions”, *International Journal of Research in Marketing*, Vol. 24 No. 2, pp. 149-162.
- Völckner, F., Sattler, H. and Kaufmann, G. (2008), “Image feedback effects of brand extensions: evidence from a longitudinal field study. Evidence from a longitudinal field study”, *Marketing Letters*, Vol. 19 No. 2, pp. 109-124.
- Xie, Y.H. (2008), “Consumer innovativeness and consumer acceptance of brand extensions”, *Journal of Product & Brand Management*, Vol. 17 No. 4, pp. 235-243.
- Ye, S., Wu, L. and Paek, S. (2020), “Examining the step-up brand extensions of budget hotels: the reciprocal spillover effects”, *Cornell Hospitality Quarterly*, Vol. 61 No. 2, pp. 154-169.

Appendix

Table A1 Search results

<i>Business Source Complete and ABI/INFORM Global</i>		
TI-SU-AB-KW	vertical AND ("line exten*" OR "brand exten*" OR "brand stretch*" OR "line stretch*")	44
TI-SU-AB-KW	("step-up" OR "step-down") AND ("line exten*" OR "brand exten*" OR "brand stretch*" OR "line stretch*")	9
TI-SU-AB-KW	("upscale" OR "downscale") AND ("line exten*" OR "brand exten*" OR "brand stretch*" OR "line stretch*")	10
TI-SU-AB-KW	("upward*" OR "downward*") AND ("line exten*" OR "brand exten*" OR "brand stretch*" OR "line stretch*")	28
TI-SU-AB-KW	("line exten*" OR "brand exten*") AND (pric* OR quality OR value)	354
TI-SU-AB-KW	"diffusion brand*" OR "diffusion line*"	13
TX	"vertical line extension" OR "vertical brand extension"	61
TX	"up* line extension" OR "down* line extension" OR "up* brand extension" OR "down* brand extension"	42
		561
<i>ABI/INFORM Global</i>		
TI-SU-AB	vertical AND ("line exten*" OR "brand exten*" OR "brand stretch*" OR "line stretch*")	37
TI-SU-AB	("step-up" OR "step-down") AND ("line exten*" OR "brand exten*" OR "brand stretch*" OR "line stretch*")	10
TI-SU-AB	("upscale" OR "downscale") AND ("line exten*" OR "brand exten*" OR "brand stretch*" OR "line stretch*")	9
TI-SU-AB	("upward*" OR "downward*") AND ("line exten*" OR "brand exten*" OR "brand stretch*" OR "line stretch*")	26
TI-SU-AB	("line exten*" OR "brand exten*") AND (pric* OR quality OR value)	334
TI-SU-AB	"diffusion brand*" OR "diffusion line*"	10
FT	"vertical line extension" OR "vertical brand extension"	50
FT	"up* line extension" OR "down* line extension" OR "up* brand extension" OR "down* brand extension"	38
		514

About the authors

Anna-Karina Schmitz is Assistant Professor of Marketing and Director of the Henkel Center for Consumer Goods (HCCG) at WHU – Otto Beisheim School of Management. Her scientific research and teaching focuses on the fields of sustainability marketing, brand management and price management. Anna-Karina Schmitz is the corresponding author and can be contacted at: anna-karina.schmitz@whu.edu

Tim Oliver Brexendorf is Apl. Professor of Marketing at WHU – Otto Beisheim School of Management. He obtained his PhD from the University of St. Gallen,

Switzerland. He is an Emeritus Co-Editor-in-Chief of the *Journal of Brand Management*. His work has been published in the *Journal of the Academy of Marketing Science*, *Journal of Business Research*, *European Journal of Marketing*, among others.

Martin Fassnacht is Professor and Holder of the Chair of Strategy and Marketing at WHU – Otto Beisheim School of Management. He serves as Academic Director of the WHU MBA program, Speaker of the Marketing and Sales Group and Chairman of the Advisory Board of HCCG. His teaching and scientific research focuses on the fields of price management, retail marketing and brand management.

For instructions on how to order reprints of this article, please visit our website:

www.emeraldgroupublishing.com/licensing/reprints.htm

Or contact us for further details: permissions@emeraldinsight.com