Managing Sub-Branding Affect Transfer: The Role of Consideration Set Size and Brand Loyalty

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ABSTRACT

Although the essential role of affect transfer has been evidenced in the brand extension literature, scant research has focused on affect transfer when a firm attempts to add sub-brands into its brand portfolio. We conducted a series of four experiments to demonstrate that affect associated with a family brand does in fact transfer to its sub-brand, and the effect is more pronounced for a sub-brand that is closer to (versus distant from) its family brand. Further, the transfer of affect is contingent upon consideration set size and brand loyalty. While affect transfer is observed when consideration set is small, this effect dissipates when consideration set expands; such moderation effect further interacts with consumers’ loyalty to a family brand and a competing brand. Our findings caution brand managers to take into account of consumers’ consideration set size and brand loyalty when managing their brand portfolios.
### 1 Introduction

Today, it is widely accepted among managers and scholars that brands are valuable intangible assets of a firm that can significantly contribute to its performance and financial value (Morgan and Lego 2009). To capitalize on the value of existing brands, the burgeoning brand extension research has provided valuable insights into how an existing brand can be extended to different categories such as Heinz cheese cracker (Keller and Aaker 1992) or Frito Lay’s partially baked pizza (Oakley et al. 2008). However, brand extensions have been considered as a double-edged sword. While successful brand extensions provide new sources of incomes, failed ones damage their family brands, squandering millions of dollars firms have spent on building the family brands’ equity (Keller and Sood 2003).

To take advantage of a positive family brand and to avoid diluting the family brand from a failed extension, some firms opt for a sub-branding strategy, a combination of the family brand and a new brand name like Courtyard by Marriott (Kirmani, Sood and Bridges 1999). Besides the well-documented advantages of sub-brands over brand extensions, the most fundamental value of sub-branding strategy lies in the belief that affect associated with the family brand transfers to its sub-brand. However, although marketing literature is replete with findings supporting the affect transfer from a brand to its extensions (Boisvert 2011; Keller and Aaker 1992), direct empirical evidence on the occurrence of affect transfer from a family brand to its sub-brand has rarely been documented (see Milberg et al. 1997 for an exception).

Against this backdrop, we aim to examine the occurrence and the nature of affect
transfer from a family brand to its sub-brand. In particular, we investigate several moderators, i.e., family/sub-brand distance, consideration set size and family/competing brand loyalty, that influence sub-branding affect transfer. In the brand extension literature, compelling evidence has been found to support that the distance between an extension and its family brand, or the degree to which an extension shares its family brand’s feelings and associations, is the primary determinant of the extension’s success (Carter and Curry 2011).

Consideration set has received substantial attention in the marketing literature as a crucial step leading to brand choice. Consumers who are faced with a myriad of brands tend to simplify their decisions by narrowing their selection to a smaller subset of these brands, referred to as consideration set (Nedungadi 1990; Van Nierop et al. 2010; Terui, Ban and Allenby 2011).

Brand loyalty has been described as the ultimate corporate objective in the new millennium due to its well-acknowledged impact on firm performance (Chaud-hurl and Holbrook 2001). Despite its importance, there is dearth of research that examines the interplay among family/competing brand loyalty, family/sub-brand distance, and consideration set size in a sub-brand introduction context. This research takes the initiative to not only examine affect transfer from a family brand to its sub-brand, but also identify the boundary conditions of such affect transfer effects.

2 Theoretical Background

Most large firms operating in consumer markets carry an extensive brand portfolio, i.e., a variety of brands within a product category. For example, Gap Inc. currently markets eight
brands (Old Navy, Gap, BabyGap, GapBody, GapKids, Banana Republic, Piperlime and Athleta) in the retail apparel industry. Prior research has shown that maintaining a brand portfolio gives a firm multiple advantages, e.g., greater power over channel members and better firm performance (e.g., Morgan and Lego 2009). To facilitate brand proliferation, firms may adopt at least two different branding strategies. In particular, a firm can implement an individual branding strategy by introducing a brand name distinct from its family brand. For example, Estée Lauder introduced Clinique with no reference to the family brand. Although Clinique does not take advantage of the equity associated with its family brand, it could avoid potential negative spillovers to Estée Lauder had it failed. Alternatively, a firm can adopt a sub-branding strategy, which is launching a new brand name associated with its family brand such as Courtyard by Marriott and Shuttle by United Airlines (Kirmani, Sood, and Bridges 1999).

Compared with direct brand extensions, the sub-branding strategy not only produces more favorable brand evaluations (Keller and Sood 2003; Milberg et al. 1997), but also shields a family brand from diluting (Milberg et al. 1997, Kirmani et al. 1999). Thus it comes as no surprise that it creates better performance outcomes. Despite the promising progress in the sub-branding literature, one of the fundamental hypotheses associated with sub-branding, i.e. the affect transfer hypothesis, still merely operates under intuition. The affect transfer hypothesis delineates that any favorable attitudes associated with a family brand can and should transfer to its sub-brand/extension (Aaker and Keller 1990). This line of reasoning has spurred a large body of brand extension literature providing evidence on a positive affect
transferred from a family brand to its extensions (Boisvert 2011; Keller and Aaker 1992).

However, little is known about the role of affect transfer in sub-branding.

The general theoretical framework that explains the transfer of affect from a family brand to its sub-brand is associative network theory, which defines memory as an accumulation of knowledge organized in an associative network of connections (Anderson 1983). Based on this conjecture of memory, brand associations function as a group of information nodes connected to a focal node that contains the meaning of a brand in memory (Keller 2008). These brand associations also carry an affective tag (Fiske and Taylor 2013). When a new stimulus such as a sub-brand triggers recall, activation may spread from one memory node to connected nodes (Anderson 1983). Therefore, it is reasonable to argue that when a sub-brand is introduced with its family brand name, the sub-brand will retain the affective qualities of the family brand via spreading activation. Further, whether activation will reach the spreading threshold depends on the strength of its association to the focal node (i.e., the family brand). Thus, if the family brand and the sub-brand are linked closely in an associative network, favorable attitude will be transferred from the family to its sub-brand via spreading activation (Aaker and Keller 1990). On the other hand, if family brand and sub-brand nodes are remote in the associative network, the transfer of favorable family brand attitude will be greatly reduced. Based on this premise, we formally hypothesize:

H1: Family/sub-brand distance moderates the relationship between family brand attitude and sub-brand attitude, such that, the positive relationship between family brand attitude and sub-brand attitude is stronger for sub-brands that are closer to (versus distant from) their family brands.

2.1 Consideration Set Size
Consideration set size refers to the number of brands being studied by a consumer in a given buying decision. A consumer typically goes through a two-stage brand choice decision process (Van Nierop et al. 2010). In the first stage, a consumer identifies a group of brands, i.e., a consideration set, in which he or she will further explore and study. In the second stage, the consumer makes a buying decision based on the consideration set. In this two-stage process, the size of a consideration set matters. As discussed subsequently, two different processes, family brand attitude activation and sub-brand attitude formation, account for our predictions of the relationship between consideration set size and affect transfer.

First, according to Herr et al. (1996), brand attitudes may vary not only in valence, but also in associative strength, that is, the likelihood of being activated when a brand (family brand) or its representation (sub-brand) is encountered. Previous research has shown that attitudes towards the prototypic member of a category are found more accessible than other members (Loken, Joiner and Peck 2002). When a consideration set has a fewer number of different brands, a family brand is more likely to be viewed as a prototypic member within its category and thus, the attitude toward this particular family brand will be activated more easily. The activation of this family brand attitude should then facilitate the transfer of the liking to its sub-brand, which leads to the formation of the sub-brand attitude. When the consideration set gets larger, an increasing level of comparative processing will allow consumers to study brand alternatives on a multi-attribute grid (Oakley et al. 2008). The activation of more specific product attribute information, in turn, makes the global evaluation of the family brand (i.e., family brand attitude) less accessible, which consequently
suppresses the affect transfer of the family brand to the sub-brand.

Second, Zimmerman, Redker, and Gibson (2011) differentiate two kinds of attitude formation processes, associative and propositional. According to associative network theory, attitudes can be formed through associative processes, i.e., by associating a stimulus with other positive or negative stimuli, a consumer can change the liking of that stimulus (Zimmerman et al. 2011). Alternatively, attitudes may be formed through propositional and analytical reasoning, such as reading verbal descriptions of attitude objects that highlight their positive and negative attributes. As we have mentioned earlier, a larger consideration set facilitates the comparative evaluation process (Oakley et al. 2008), which is more consistent with analytical reasoning (Thompson and Hamilton 20006). Given that, it should prompt consumers to rely more on a propositional process rather than an associative process in forming their attitudes. In short, compared to a smaller consideration set, a larger consideration set impedes the affect transfer from a family brand to its sub-brand. We hypothesize:

H2: Consideration set size moderates the relationship between family brand attitudes and sub-brand attitudes, such that, the positive relationship between family brand attitudes and sub-brand attitudes is stronger when there is a smaller (versus larger) consideration set.

2.2 Brand loyalty

Brand loyalty is a “deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior” (Oliver 1997, p.34). Although H2 posits that affect transfer
dissipates when a consideration set is large, this does not necessarily imply that sub-branding strategy cannot be effective in a large consideration set situation. What if consumers are highly loyal to a given family brand? For loyal consumers, a family brand acts like a prototypic brand and strong family brand loyalty increases the consumers’ resistance to purchase and consume alternative brands (Jensen and Hansen 2006). In other words, when a loyal consumer’s attitudes towards a family brand is highly activated, the loyal consumer is more likely to power through the clutter of brand alternatives even in a large consideration set, ultimately facilitating the process of affect transfer. As Oliver (1997) suggests, brand loyal consumers are likely to consider the same-brand set. Even if the consumers may have included a large number of brands in their consideration sets, thanks to persistent marketing efforts by various brands (Mitra and Lynch 1995; Terech et al. 2009), their deeply affective bond to the family brand should override the consideration set size effect. We posit:

H3: When there is a larger consideration set, consumers who are more loyal to a family brand display a positive relationship between family brand attitudes and sub-brand attitudes, whereas consumers who are less loyal to a family brand do not.

We have posited in H2 that affect transfer from a family brand to its sub-brand occurs when a consumer considers a small number of brand alternatives. However, how would consumers who are loyal to a competitor’s brand react to that sub-brand? To answer this question, we posit that the occurrence of affect transfer not only depends on the size of a consideration set, but also consumer reactions towards those brands in the consideration set. With a large consideration set, loyalty towards a competing brand may not weaken what is already a weak affect transfer effect (i.e., floor effect). However, with a smaller consideration
set, loyalty to a competing brand directly impacts both the affect strength associated with a family brand and its transfer process. As noted earlier, affect transfer relies on the associative strength between a family brand and consumer attitudes (Herr et al. 1996). Even when consumers only consider a smaller set of choices, if they are loyal to a competing brand, their affective associations with the competing brand tend to be constantly activated and highly accessible, therefore dominating the corresponding associative network, and ultimately weakening the associative strength of family brand attitudes. Also, loyalty to a competing brand constrains a consumer from forming an adequately strong family brand attitudes; as a result, it blocks the transfer of a family brand’s attitudes to its sub-brand. We posit:

H4: When there is a smaller consideration set, consumers who are less loyal to a competing brand display a positive relationship between family brand attitudes and sub-brand attitudes, whereas consumers who are more loyal to a competing brand do not.

3 Experiment 1

3.1 Method

Experiment 1 examined the affect transfer from a family brand to its sub-brand through a 2 branding strategy (individual brand vs. sub-brand) X 2 family/sub-brand distance (close vs. remote) between-subject factorial design. The individual branding strategy was included as a control group to ensure that observed results were not due to measurement artifacts, such as a mere measurement effect (Janiszewski and Chandon 2007). We selected Gap and Marriot as the family brands since they are well-recognized American brands and individually carry a diversified brand portfolio. Using brands from separate industries enables us to increase the generalizability of our findings.
The manipulations of branding strategy and family/sub-brand distance were carried out by using scenarios that introduced a sub-brand (or an individual brand) that was either similar or dissimilar to the family brand. Similarity was commonly used as a proxy to capture the distance or fit between a family brand and its extensions/sub-brands (Carter and Curry 2013). The close family/sub-brand scenario included a magazine editorial page featuring a new brand GO2 that read “GO2 is a new brand targeting college students with the most up-to-date trendy apparel. Their mission is to make college students ‘feel good’ and ‘look great.’” The remote family/sub-brand scenario announced the launch of a new hotel brand, which is significantly more affordable than Marriot: “Vacation Inn is a new hotel brand designed to provide travelers the pleasures of a relaxing and memorable vacation. Vacation Inn offers exceptional customer service and accommodations at an affordable rate.” The sub-branding scenario mentioned that GO2 (Vacation Inn) was introduced by Gap (Marriot), whereas the individual brand scenario made no such reference.

Participants completed two online questionnaires to earn partial course credits. One week prior to the main experiment, participants provided ratings on family brand attitude, consideration set size, family/competing brand loyalty, and demographic characteristics such as age, gender, and education. Family brand attitude was gauged using an eight-item Likert scale (Cronbach’s α = .89). Consideration set size was measured by asking participants to list their considered brands prior to their apparel purchase or hotel reservation (Nedungadi1990; Sambandam and Lord 1995). Brand loyalty was measured by four statements for purchase-related or attitudinal brand loyalty (Chaudhuri and Holbrook 2001).
During the main experiment, participants were randomly assigned to one of the four experimental scenarios. Next, participants reported sub-brand attitude and answered questions on manipulation checks for branding strategy and family/sub-brand distance, and finally they were thanked and debriefed. One hundred and eighty-one undergraduate students from a major American university completed both questionnaires (male = 42%; M\text{age} = 22.60). All measures in this research used seven-point scales.

3.2 Results and discussion

The branding strategy manipulation was effective, as all participants in the sub-brand group accurately identified Gap or Marriot as the family brand. Six participants from the individual brand group indicated that GAP or Marriot could be the family brand, and no other participants mentioned GAP or Marriot. Confirming the family/sub-brand distance manipulation, the new apparel brand was perceived to be more similar to GAP (M = 4.75) than the new hotel brand to Marriot (M = 3.79; t = 5.80, p < .001). Next, regression and subsequent post-hoc analyses (Cohen et al. 2003) revealed a positive and significant relationship between family brand attitude and sub-brand attitude (B = .27, t = 4.61, p < .01), but not for the individual brand condition (p > .81), confirming the affect transfer hypothesis.

We then tested the moderating effect of family/sub-brand distance on affect transfer, the analysis revealed that the relationship between family brand attitude and sub-brand attitude was stronger (Δregression coefficients: t = 1.71, p = .05, one-tailed) when the sub-brand was close to its family brand (B = .22, t = 2.31, p < .05) than when the sub-brand was distant (B = .17, t = 1.69, p = .10. As such, H1 was supported.
Consistent with H2, the affect transfer effect was significant for participants with a smaller consideration set ($B = .19, t = 3.01, p < .01$), but not for participants with a larger consideration set ($p > .45$). H3 predicted that when there was a large consideration set, affect transfer would re-surface for consumers who were loyal to the family brand. Supporting H3, for consumers with a larger consideration set, the positive relationship between family brand attitude and sub-brand attitude became significant for those who were more loyal\(^1\) to the family brand ($B = .32, t = 2.07, p = .05$), but not for those who were less loyal ($B = .10, t = .66, p > .52$). Confirming H4, with a small consideration set, affect transfer became non-significant for consumers who were more loyal\(^1\) to a competing brand ($B = .05, t = .35, p > .73$), but remained significant for those who were less loyal ($B = .21, t = 2.48, p < .05$).

4 Experiment 2

Experiment 2 aimed at replicating the findings from Experiment 1 with the size of consideration set being manipulated rather than measured as in Experiment 1. Prior research has illuminated on temporarily altering an individual’s consideration set using situational cues. For example, although it has generally been established that brand awareness occurs prior to brand consideration, Mitra and Lynch (1995) discover that once a consumer has become aware of a brand, the consumer needs to be reminded of the brand and reactivated through marketing efforts for it to be retrieved and considered at the time of choice.

Supporting this notion, prior research has provided evidence on how advertising may alter the

\(^1\) Given the high correlations between attitudinal and purchase loyalty ($\Upsilon$s > .80), the analysis was first performed on the global measure of brand loyalty, a composite score of attitudinal and purchase loyalty, and then on the two loyalty measures separately. Results were consistent using these three measures to test both H3 and H4.
average size of a consideration set (Mitra and Lynch 1995; Terui, Ban and Allenby 2011).

We primed the size of a consideration set by the number of brand alternatives presented in a given editorial message.

Experiment 2 featured a 2 (branding strategy: individual brand vs. sub-brand) X 2 (consideration set size: small vs. large) between-subject factorial design. A total of 123 undergraduate students participated in this study (male = 49%; \( M_{\text{age}} = 23.50 \)). Two participants were excluded from the analysis as they incorrectly identified the family brand (one from each sub-brand condition), reducing the final sample size to 121. The procedure, stimuli, and measures were similar to Experiment 1 except that we manipulated consideration set size and included our focal family brand (GAP). A mock copy of an editorial page discussing the fashion trends was introduced to participants, and the page included either two different brands (a small consideration set: GO2 and Aéropostale) or six different brands (a large consideration set: GO2, Abercrombie & Fitch, Volcom, J.Crew, Aéropostale, and American Eagle Outfitters).

The manipulation of consideration set size was effective. Participants given a large consideration set identified more brands to be included for a purchase decision than those given a small consideration set (\( M_{\text{SmallSet}} = 1.65 \) vs. \( M_{\text{LargeSet}} = 2.51 \), \( t = 2.57, p = .01 \)).

Consistent with H2, our results showed that when a new sub-brand was introduced, a significant positive relationship was found between family brand attitude and sub-brand attitude (\( B = .56, t = 3.80, p < .001 \)) under the small consideration set condition, but not under the large consideration set condition and the two individual brand conditions regardless of the
size of consideration sets ($ts < .98, ps > .32$).

5 Experiment 3

Experiment 3 further replicated Experiment 1 and investigated the moderating effect of family brand loyalty on affect transfer. All participants received a sub-brand and a large consideration set manipulation as in Experiment 2. Forty-two undergraduate students participated to receive extra course credits (male = 26%; $M_{age} = 31.86$). Loyalty towards a family brand, i.e., Gap, was measured by six statements (Chaudhuri and Holbrook 2001).

Validating H3 (Figure 1), the analysis revealed that sub-brand attitude was positively associated with family brand attitude only for participants who were more loyal to a family brand ($B = .63, t = 2.92, p < .01$), but not for those who were less loyal ($B = .05, t = .29, p > .77$).

–Insert Figure 1 About Here–

6 Experiment 4

Experiment 4 investigated the moderating effect of loyalty to a competing brand on affect transfer. We recruited 74 participants for this study (male = 35%; $M_{age} = 24.26$). All participants were primed with a small consideration set (i.e., only two brands, GO2 and Aéropostale, were presented). Brand loyalty measure in Experiment 3 was adapted to measure loyalty towards a competing brand, i.e., Aéropostale (Cronchah’s $\alpha = .93$).

The manipulations performed as intended. The regression analysis revealed that family brand attitude was associated significantly with sub-brand attitude for participants
who were less loyal to a competing brand \((B = .35, t = 2.27, p < .05)\), but not for those who were more loyal \((B = -.05, t = -.25, p > .08)\). As depicted in Figure 2, H4 was supported.

–Insert Figure 2 About Here–

7 General Discussion

Our research makes several contributions to marketing theory and practice. First, this research advances marketing theory by detailing affect transfer from a family brand to its sub-brand. Our findings also show that the effect is more pronounced for a sub-brand that is closer to (versus distant from) its family brand. Second, our findings reveal that a family brand’s affect can be transferred to its sub-brand when a consideration set is small rather than large. Finally, we found that even when their consideration sets are large, affect transfer from a family brand to its sub-brand still occurs when consumers are loyal to the family brand. However, when consumers are loyal to a competing brand, affect transfer becomes unobservable even with small consideration sets. These findings point to the supremacy of brand loyalty in brand management. Brand loyalty renders firms greatest gains from launching a sub-brand regardless of consideration set size. It can further protect firms from competitors’ marketing actions, such as by introducing additional brands to crowd the market, possibly increasing consumers’ consideration set size.

Our study opens multiple opportunities for future research despite some limitations that we outline below. First, although we maintained that associative and propositional are two processing mechanisms that drive affect transfer (Zimmerman, Redker, and Gibson 2011), our study did not empirically examine them. Further research could empirically test
associative and propositional processes as a mediator to verify the sub-brand attitude formation processes that underline affect transfer. Related to that, recent research has suggested an alternative mechanism that explains affect transfer based upon the concepts of diagnosticity and implicit memory (Samu and Krishnan 2010). Future research may examine the diagnostic effect of family brand name on sub-brand evaluation and consideration set. Second, we investigated only a couple of key moderators. Future research may identify other moderators to strengthen our understanding of various boundary conditions. For example, some studies show that consumers tend to respond to price/quality-based line extensions (Heath, DelVecchio, and McCarthy 2011; Kirmani et al. 1999). More research could be done to examine how consumers react to sub-brands in the presence of different quality/price levels. Third, we used students as the subjects in our experiments. Although using student subjects has its merits, testing our theory on different populations can increase the generalizability of our findings, offering stronger strategic implications for marketers. In sum, family brand affect transfer to sub-brand has important implications for effective brand portfolio management.
REFERENCE


FIGURE 1 EXPERIMENT 3 RESULTS

NOTE. — For high family brand loyalty individuals the slope is significant ($p < .01$); for low family brand loyalty individuals the slope is NS.
FIGURE 2 EXPERIMENT 4 RESULTS

Sub-brand attitude

Low competing brand loyalty: $Y = -0.43 + 0.35x$

High competing brand loyalty: $Y = 1.48 - 0.05x$

NOTE. — For Low competing brand loyalty individuals the slope is significant ($p < .05$); for high competing brand loyalty individuals the slope is NS.