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# The impact of step-down line extension on consumer-brand relationships: A risky strategy for luxury brands

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# **The impact of step-down line extension on consumer-brand relationships: A risky strategy for luxury brands**

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## **Abstract**

This paper analyzes the role of the brand concept (luxury vs. non-luxury) in the impact of step-down line extension on consumer-brand relationships. A before-and-after pseudo-experimental study conducted on the Internet among BMW and Peugeot buyers shows that step-down line extension negatively influences the main variables of consumer-brand relationships (e.g., self-brand connections, brand attachment, brand trust and brand commitment) only for the luxury brand BMW. On the contrary, no dilution effects are found for the non-luxury brand Peugeot.

**Key-words:** vertical line extension, dilution effects, consumer-brand relationships, luxury brands, cars, PSL approach.

## **Résumé**

Cet article analyse le rôle du concept de marque (luxe vs. non-luxe) dans l'impact de l'extension verticale de gamme vers le bas sur la relation consommateur-marque. Une étude expérimentale avant-après menée auprès de clients des marques BMW et Peugeot, interrogés via des clubs de possesseurs sur Internet et des forums automobiles, montre que l'extension vers le bas détériore les principales variables de la relation consommateur-marque (connexions à la marque, attachement à la marque, confiance et engagement dans la marque) pour la marque luxueuse BMW alors qu'aucun effet de dilution n'est observé pour la marque non-luxueuse Peugeot.

**Mots-clés :** extension verticale de gamme, effets de dilution, relation consommateur-marque, marques de luxe, automobile, approche PLS.

# **The impact of step-down line extension on consumer-brand relationships: A risky strategy for luxury brands**

## **1. Introduction**

Recently, the purchasing power crisis and the rise of the “*low-cost*” and “*hard discount*” phenomena has incited more and more brands to compete on price (Kapferer, 2004). Likewise, the democratization of the luxury sector has attracted more price-sensitive customers to lower-end products (Lipovetsky and Roux, 2003; Kapferer and Bastien, 2008). To meet these new market trends, more and more companies have decided to stretch down brands. The vertical-line extension strategy is based on the differentiation of the quality level within the same product category (Randall, Ulrich et Reibstein, 1998). From the consumer point of view, we define a step-down line extension as the launch of a new product perceived as lower quality than the other products the brand, usually selling in the same category of the pre-existing brand. Such practices are attractive because they offer opportunities for brands to leverage equity to enlarge the core target, increase sales volumes and, thus, increase profitability through more affordable products under the same brand name. For example, in the automobile sector, the Renault-Dacia Logan costs approximately €7,600, whereas the Mégane costs €18,000. In the apparel sector, the Armani Exchange line is 50% cheaper than the upper Armani Jeans line. Recently, Carrefour has decided to launch its own discount line called Carrefour Discount to compete with discounters, such as Lidl and Leader Price. However, this strategy is considered particularly dangerous because it directly affects the perceived quality of brands (Kapferer, 1996; Kirmani *et al.*, 1999; Ries and Trout, 1986). The important risks include the dilution of the core brand image (Aaker, 1997; Heath *et al.*, 2006; Quelch and Kenny, 1994), cannibalization (Lomax and McWilliam, 2001; Nijssen, 1999; Reddy *et al.*, 1994) and, finally, negative feedback effects for core-brand consumers (Keller, 1993; Kim and Lavack, 1996; Kirmani *et al.*, 1999). Building and maintaining a strong consumer-brand relationship is of great importance for managers (Aaker *et al.*, 2004; Fournier, 1998; Fournier and Yao, 1997). Brand trust, brand affect, and brand loyalty can increase market share and consumer willingness to pay for specific brands (Chaudhury and Holbrook, 2001). The brand extension literature has recently integrated the emotional attachment and trust constructs. The results have suggested that brand trust (e.g., Reast, 2005) and brand attachment (e.g., Fedorikhin *et al.*, 2006) affect brand extension success. Thus, if

negative reactions from current customers can be expected (Keller and Sood, 2003; Pitta and Katsanis, 1995), a step-down line extension strategy could lead to weakened consumer-brand relationships and even to rupture. Compared to brand extension, step-down line extension is a new research area, with a relatively small number of related studies (Randall, Ulrich and Reibstein 1998; Tafani Michel and Rosa 2009; Hamilton and Chernev, 2010). Little is known about the feedback effects of step-down line extension on consumer-brand relationships (Magnoni and Roux, 2008). Therefore, this article evaluates the impact of step-down line extension (SDLE) on consumer-brand relationships variables, namely self-brand connections, brand attachment, brand trust and brand commitment. Past research has suggested that the consequences of SDLE on a core brand vary according to brand concept; dilution risks should be higher for luxury brands (Keller, 1993). Thus, this article particularly investigates the influence of brand concept (luxury vs. non-luxury) on consumer brand relationships following a step-down line extension decision.

For the purposes of this study, we performed a before-after quasi-experimental study on the Internet with 304 clients of two automobile brands: BMW (luxury) and Peugeot (non-luxury), including owners' club members and participants in Internet car forums.

First, we present the theoretical framework and the research hypotheses, and subsequently, we clarify the methodology of our study. Finally, we present and discuss results and study implications.

## **2. Conceptual framework and research hypotheses**

### **2.1. Influence of the brand concept (luxury vs. non-luxury) in dilution effects**

We based our hypothesis on categorization theory to explain the impact of the step-down line extension on consumer-brand relationships (Rosch and Mervis, 1975). More specifically, according to the models of schema change (Weber and Crocker, 1983), a brand is a schema (i.e., a cognitive category) that gathers an individual's knowledge of the brand. Categorization and schema theories can explain the core brand dilution caused by brand extensions (Loken and Roedder-John, 1993; Milberg, Park and McCarthy, 1997; Gürhan-Canli and Maheswaran, 1998). Brand dilution refers to the negative feedback effects on core brand beliefs and attitudes. Categorization and schema theories agree that the perceived consistency between the extension and the core brand influences consumer attitude changes in response to brand

extensions and that attitude changes follow a process of assimilation and accommodation (Park, McCarthy and Milberg, 1993). Assimilation occurs when the brand extension is relatively consistent with the core brand and, therefore, does not affect the core brand. Accommodation occurs when the brand extension is inconsistent with the core brand and, therefore, modifies attitudes toward the core brand. Two models, which have received support in brand extension research, explain the modification of the existing schema: the sub-typing model and the bookkeeping model (Weber and Crocker, 1983). The sub-typing model suggests that a different schema stores an inconsistent extension, which explains why an inconsistent extension does not affect the core brand and its original products. In contrast, the bookkeeping model proposes that an inconsistent extension integrates with and alters the existing schema (i.e., the core brand). The consumer analyzes all information about the extension: the more inconsistent the extension with the core brand, the more the core brand is modified.

Brand concept refers to the general meaning associated with the brand, which subsequently determines the positioning of the brand. Consumer benefits can be functional, symbolic, or experiential (Keller, 1993; Park *et al.*, 1986). De Chernatony and McWilliam (1989), De Chernatony (1993) and Bhat and Reddy (1998) differentiated the symbolic and functional positioning of brands. Luxury brands (high functionality-high symbolism) are associated with high quality and price levels, exclusivity and identification with a reference group or a typical user (Garfein, 1989; Roux, 1991). Luxury brands reflect some superiority (Brucks *et al.*, 2000) and communicate on a higher level (Vigneron and Johnson, 1999). The step-down line extension of a luxury brand can therefore lead to a lower quality perception compared with a non-luxury brand. Moreover, becoming accessible to a larger group of consumers can considerably damage the brand (Keller, 1993; Kim and Lavack, 1996; Kirmani *et al.*, 1999; Roux, 1995). According to the bookkeeping model for luxury brands, the lower quality level associated with the SDLE could be perceived as inconsistent information that strongly affects the core brand. For a non-luxury brand, however, the lower quality level associated with the SDLE could be perceived as less inconsistent than for a luxury brand, resulting in weaker dilution effects. Therefore, the bookkeeping model suggests that the more inconsistent the extension with the core brand, the more the core brand is modified. As a result, consumer-brand relationships could be weakened more for customers of luxury brands. In other words, after SDLE, we expect a stronger dilution effect for luxury brands than for non-luxury brands.

## **2.2. The impact of SDLE on consumer-brand relationships variables**

Fournier (1998) and Fournier and Yao (1997) were among the first to consider brand as a partner: if relationships exist among individuals, relationships between a brand and a consumer can also be assessed. To conceptualize such consumer-brand relationships, Fournier (1998) proposed the Brand Relationship Quality (BRQ) construct. This construct comprises six facets to capture the strength and durability of the relationship over time: affective and socioemotive attachments (love/passion and self-connections), behavioral ties (interdependence and commitment), and supportive cognitive beliefs (intimacy and brand partner quality). Moreover, this approach considers that, based upon the reciprocity principle of all relationships, “consumer or brand actions can enhance or dilute BRQ” (Fournier, 1998; p.365). Therefore, a step-down line extension strategy could affect the major variables of the consumer-brand relationships, such as (1) self-brand connections, (2) brand attachment, (3) brand trust and (4) brand commitment. Whereas attachment, trust and commitment have been heavily investigated, they have not been tested in an SDLE context. The integration of self-brand connections is also a new contribution to the knowledge of the feedback effects of SDLE on consumer-brand relationships. Therefore, we will first justify the integration of self-brand connections before presenting the hypotheses related to the other consequences of consumer-brand relationships.

### 2.2.1. Self-brand connections

Self-brand connections refer to the consumer’s degree of identification with a brand. According to Fournier (1998; p. 364), “This relationship quality facet reflects the degree to which the brand delivers on important identity concerns, tasks, or themes, thereby expressing a significant aspect of self”. They also express “the extent to which individuals have incorporated brands into their self-concept” (Escalas and Bettman, 2003; p. 340). Therefore, brand identification is the degree “to which the consumer sees his or her own self-image as overlapping with the brand's image” (Bagozzi et Dholakia, 2006; p. 49). Such conceptions derive from research on possessions (Belk, 1988; Richins, 1994; Kleine *et al.*, 1995; Ball et Tasaki, 1992). The use of a brand contributes to the construction of a favorable and coherent personal identity, just as the possessed object, which, integrated into the self-concept, makes it possible to maintain and express a positive self-image. Escalas and Bettman (2003) showed that consumers build their identity and present themselves to others using brands, which consumers choose on the basis of congruence between the image of the user of the brand and the self-image of the consumer. For example, the individual can choose,



after having imagined the typical user of various brands, the brand that will optimize a resemblance with the desired user type (i.e., “*prototype matching*”) (Niedenthal *et al.*, 1985). Thus, because brands allow identity construction and the expression of self, a connection is established with the consumer. Moreover, identification with a brand closely relates to the symbolism of the products of the brand (Levy, 1959; Baudrillard, 1968). Products consumed publicly, especially luxury goods, more capably express the symbolic systems of the individual (Bearden and Etzel, 1982). In the same way, connections to brands develop more fully with symbolic brands that reflect “something” about the user (Escalas and Bettman, 2005).

SDLE allows the brand to target a new segment of consumers. The brand then tends to attach to new associations (Michel and Salha, 2005), but associations related to the image of the typical user as part of the brand image can change. Thus, we expect that SDLE weakens connections to the brand. By taking account of the expected role of the brand concept (luxury vs. non-luxury), we formulated H1:

**H1: After a SDLE, self-brand connections will deteriorate more for a luxury brand than for a non-luxury brand.**

### 2.2.2. Brand Attachment

Originally developed in the framework of interpersonal relationships (Bowlby, 1969), the concept of emotional attachment was also studied in the framework of research on possessions (Belk, 1988; Kleine *et al.*, 1995) before being investigated in the framework of consumer behavior and applied to brands.

Brand attachment, characterized by love/passion and connections to the brand of the BRQ (Fournier, 1998), corresponds to a strong emotional tie, which links the consumer with the brand. (“a psychological variable that reveals a lasting and inalterable affective relationship (separation is painful) to the brand and expresses a relation of psychological closeness to it”). Brand attachment antecedes commitment and loyalty to the brand while contributing to the quality and strength of the brand relationship in the long run (Chaudhuri and Holbrook, 2001; Thomson *et al.*, 2005, Louis and Lombard, 2010). Of a basically emotional nature, brand attachment is clearly distinct from others concepts, such as satisfaction, involvement, emotions (in the durable dimension), preferences and attitudes. However, there is no consensus on the dimensionality of the brand attachment concept. For Lacoeuilhe (2000), attachment is one-dimensional, whereas, according to Thomson *et al.* (2005), three dimensions should be considered: affection, passion and connection. Lastly, Paulssen (2009) proposed a two-dimensional

conceptualization of attachment, which applies primarily to the relationships between firms (“business attachment”).

Though the impact of the SDLE on brand attachment has not been previously empirically tested, Kim *et al.* (2001) and Salha (2007) showed that the SDLE weakens the evaluation of the brand. If the SDLE deteriorates the emotional component of the attitude, we think that SDLE also generates a reduction in the brand attachment. Thus, we propose hypothesis H2:

**H2: After a SDLE, brand attachment will deteriorate more for a luxury brand than for a non-luxury brand.**

### 2.2.3. Brand Trust

Brand trust is a dimension of the quality of the partner in the BQR (Fournier, 1998). Trust is alternatively seen as a belief (Sirieix and Dubois, 1999; Frisou, 2000), a will (Chaudhuri and Holbrook, 2001) or a presumption (Gurviez, 1998; Aurier *et al.* 2002; Gurviez and Korchia, 2002). According to Gurviez and Korchia (2002), “trust in the brand, from the consumer’s point of view, is a psychological variable that reflects a set of aggregated presumptions relating to the credibility, integrity and benevolence that the consumer ascribes to the brand”. Brand trust can also be regarded as purely cognitive in nature or both affective and cognitive. In addition, the marketing literature has proposed different conceptualizations and measures of trust: one-dimensional (Morgan and Hunt, 1994), two-dimensional (Ganesan, 1994; Kumar *et al.* 1995; Doney and Cannon, 1997) or three-dimensional (Mayer *et al.*, 1995; Hess, 1995, Gurviez and Korchia, 2002). Implementing a brand extension strategy affects trust in luxury brands (Roux, 1995). Moreover, quality and trust are, thus, two related concepts. When the perceived quality of a product does not meet expectations, disappointment can result in a loss of trust in the product and in the brand (Sirieix and Dubois, 1999). Ahluwalia and Gürhan-Canli (2000), as in Janiszewski and Van Osselaer (2000), also showed that an extension of lower quality weakens the beliefs relating to the reliability of the brand. Consequently, we expect that a SDLE will weaken the trust a consumer has in a brand, so we posit hypothesis H3:

**H3: After a SDLE, brand trust will deteriorate more for a luxury brand than for a non-luxury brand.**

#### 2.2.4. Brand commitment

According to an attitudinal approach, commitment can be defined as the desire to maintain a relationship in duration (Moorman *et al.*, 1992). Work in brand relationship marketing identifies exactly three types of commitment: cognitive (also called continuance or calculated) commitment, affective commitment and normative commitment. Compared to the first two types, normative commitment has been the object of a limited amount of research in consumer behavior (Gruen *et al.*, 2000; Bansal *et al.*, 2004). Cognitive commitment is based on the economic interest to maintain the relationship, following instrumental, utility logic (Meyer and Allen, 1991). Within the framework of consumer-brand relationships, cognitive commitment can result in a belief of the superiority of the brand compared to competitors. Trust in the brand determines cognitive commitment (Garbarino and Johnson, 1999). Affective commitment is not based on an economic need but, rather, on an attachment to the partner of the relationship. Transposed on the field of the customer-brand relationships, the emotional attachment to the brand determines affective commitment (Chaudhuri and Holbrook, 2001; Thomson *et al.*, 2005). Affective commitment can be expressed, for example, by consumer willingness to pay a premium price for the brand. It is also possible to consider commitment as the behavioral intention (implicit or explicit) to continue a relationship (Dwyer *et al.*, 1987). It is the approach adopted by Fournier in particular (1998) that defines commitment to a brand. Thus, brand commitment testifies to a desire for stable behavior toward the brand through distinct purchasing situations. Brand commitment, as a facet of the BRQ, could also consequently deteriorate following a SDLE, especially for luxury brands. Thus, we state H4:

**H4: After a SDLE, brand commitment will deteriorate more for a luxury brand than for a non-luxury brand.**

### **3. Methodology: a before-and-after pseudo-experimental study**

#### **3.1. Product categories, selected brand and step-down line extension**

We selected cars as the product category, following other empirical studies on this topic (Kirmani *et al.*, 1999; Kim *et al.*, 2001; Michel *et al.*, 2008; Tafani *et al.*, 2009). To

manipulate brand concept (i.e., luxury vs. non-luxury), we selected two real automobile brands after a pre-test with 30 respondents<sup>1</sup>: BMW and Peugeot. BMW was selected because of its "high dream power" according to a consumers' study (Simm/Scanner, Interdeco Expert, 2005). BMW is also considered as a new luxury brand (Keller, 2009; Silverstein and Fiske, 2003; Truong *et al.*, 2009; Vigneron and Johnson, 2004). Moreover, BMW has been selected as a luxury brand in the empirical study of Kirmani *et al.* (1999) on vertical line extensions. We then created two fictitious SDLEs, based on a real case (i.e., the Renault-Dacia Logan) to expose respondents to credible situations. Contrary to existing studies, which only presented the price and a short story, we created advertisements to expose the respondents to stimuli resembling market conditions. The perceived quality of a product depends on the perceived product price and the consumer's information about product attributes (Chang and Wildt, 1994; Monroe, 1990; Zeithaml, 1988). Therefore, we described the prices of the products to indicate quality and information on the physical attributes of the products<sup>2</sup>. We verified manipulation success with a qualitative study with 25 respondents, as advised by Perdue and Summers (1986).

### **3.2. Sample, data collection process and measures**

We administered questionnaires on car forum websites and owners' clubs on the Internet. Administrators stored the link connecting to the questionnaire on the home page of their website with a short message inviting members to participate in the study. The final sample comprised 304 clients<sup>3</sup> of the BMW and Peugeot brands, who were quasi-equally distributed between both modalities of the brand concept (luxury vs. non-luxury) (table 1). The sample was mostly male (96% men) and relatively young (87% under the age of 45). We used the before-and-after pseudo-experimental method to measure individual changes. We created a questionnaire in two parts, and to avoid a test effect, we administered the questionnaire with a one-week delay between the first and the second parts. Each respondent had only one

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<sup>1</sup> Luxury (non-luxury) concept dominance was rated on a seven-point Likert scale by indicating the importance of the characteristics "luxury" and "status" when purchasing the brand (Park *et al.*, 1993). As expected, the differences between the mean of luxury-orientation of BMW and Peugeot are significant (5.97; 2.32;  $t_{29}=17.563$ ;  $p=0.00$ ).

<sup>2</sup> We used the price of the Logan to create the prices of the SDLE. We applied the same percentage between the two brands (Kirmani *et al.*, 1999). The main information about the product attributes have been presented as well as a photo-retouch of the Logan.

<sup>3</sup> We used three filter questions to select only respondents who were clients (ownership and purchasing of brand products), experts, and perceived a decrease in terms of quality (definition of a SDLE).

treatment: an ad announcing the launch of the SDLE, which we presented at the beginning of the second part.

**Table 1** Assignment of the respondents to the two treatments of the quasi-experiment

	Number of respondents
Non- luxury (Peugeot)	150
Luxury (BMW)	154
TOTAL	304

This study used seven-point Likert scales for all scales. We measured self-brand connections with the seven items of the one-dimensional scale of Escalas and Bettman (2003, 2005), which we translated into French (back-translation process). We measured brand attachment with the one-dimensional scale of Lacoeuilhe (2000), composed of five items. We selected the three-dimensional scale of Gurviez and Korchia (2002) to operationalize brand trust. This scale comprises eight items (three items for credibility, three items for integrity and two items for benevolence). Then, we used four items adapted from Morgan (1991) to evaluate the cognitive commitment toward the brand. Such scales have also been recently applied to brand relationship research (Louis and Lombart, 2010). As for the measurement of the latent variables, indices of convergent validity and reliability were good, as shown in table 2.

**Table 2** Convergent validity and reliability

Variable	Communalities (average)	Jöreskog's Rho
Trust	0.680	0.944
Self-Brand Connections	0.680	0.927
Attachment	0.766	0.942
Commitment	0.790	0.937

In addition, a test of the discriminant validity was also met according to Fornell and Larcker's criteria because each latent variable shares more variance with its respective indicators than with the other connected latent variables (table 3).

**Table 3** Discriminant validity

	Trust	Self-Brand Connections	Attachment	Commitment	<b>Convergent Validity</b>
Trust	<b>1</b>	0.503	0.433	0.574	0.680
Self-Brand Connections	0.503	<b>1</b>	0.727	0.640	0.680
Attachment	0.433	0.727	<b>1</b>	0.700	0.766
Commitment	0.574	0.640	0.700	<b>1</b>	0.790

#### 4. Results

Before testing the hypotheses, we verified through manipulation checks that the respondents had perceived the BMW brand as a significantly more prestigious brand than the Peugeot brand ( $X_{BMW} = 4.59$ ;  $X_{Peugeot} = 3.64$ ;  $t_{310} = 7.35$ ;  $p=0.00$ ). We also verified the socio-demographic and expertise homogeneity of the sub-samples with means comparisons and Chi-Squared tests.

Therefore, it was necessary at that stage to delve deeper into the joint effects of the step-down line extension and the brand concept (luxury vs. non-luxury) on the relational variables encompassed by this research. To this end, we used a methodology in line with multi-group analyses of variance at the latent level (Bagozzi *et al.*, 1991). Recently, Marsh and colleagues (Marsh *et al.*, 2005; Marsh, Tracey and Craven, 2006) demonstrated how a multi-group method could extend to a simpler approach, such as MIMIC, to directly specify the influence of inclusion in a category (in our case, brand concept) on the latent variables concerned. This approach assumes, however, an invariance of the measure, which in our case has also been verified. In their research, Marsh and colleagues used confirmatory models traditionally based on covariance structure analyses that suffer, as Bagozzi and Yi (1989) have already pointed out, from several problems linked to sample sizes (which must be large), convergence problems and the need for multivariate normal distribution. For this reason, starting in 1989, Bagozzi and Yi recommended the PLS approach that we have selected for in our study. Finally, another advantage of analyzing variance at the latent level using a structural

equations model is the ability to compare the strength of the effect between different dependent latent variables.

#### 4.1. Impact of SDLE on self-brand connections

Results show that the SDLE has a significant negative impact on the self-brand connections for the luxury brand BMW (Table 4). However, a SDLE does not weaken self-brand connections for the non-luxury brand Peugeot even though we observed slight, but non-significant, damage. **The results support H1: a SDLE causes a stronger deterioration of self-brand connections for a luxury brand than for a non-luxury brand.**

**Table 4:** Impact of SDLE on self-brand connections

Variable	Brand Concept	Luxury (BMW)	Non-Luxury (Peugeot)
Self-Brand Connections	Path Coefficient	-0.279	-0.120
	p-value	0.000	0.137
	R <sup>2</sup>	0.102	0.028

#### 4.2. Impact of SDLE on brand attachment

As illustrated by table 5, the SDLE only damages brand attachment for the luxury brand. The SDLE has a significant negative impact for BMW but not for Peugeot. Brand attachment also tends to decrease after a SDLE for the brand Peugeot but not significantly. **The results, therefore, support H2: a SDLE causes a stronger deterioration of brand attachment for a luxury brand than for a non-luxury brand.**

**Table 5** Impact of SDLE on brand attachment

Variable	Brand Concept	Luxury (BMW)	Non-Luxury (Peugeot)
Attachment	Path Coefficient	-0.291	-0.052
	p-value	0.000	0.517
	R <sup>2</sup>	0.102	0.015

### 4.3. Impact of SDLE on brand trust

As expected, the SDLE causes a significant deterioration of brand trust for BMW (Table 6). On the contrary, the SDLE for Peugeot does not affect brand trust. **The results, therefore, support H3: the SDLE causes a stronger deterioration of brand trust for a luxury brand than for a non-luxury brand.**

**Table 6** Impact of SDLE on brand trust

Variable	Brand Concept	Luxury (BMW)	Non-Luxury (Peugeot)
Trust	Path Coefficient	-0.168	0.029
	p-value	0.039	0.720
	R <sup>2</sup>	0.028	0.001

### 4.4. Impact of SDLE on brand commitment

Likewise, results show that SDLE has a significant negative impact on brand commitment for the luxury brand BMW but not the non-luxury brand Peugeot (Table 7). **The results support H4: the SDLE causes a stronger deterioration of brand commitment for a luxury brand than for a non-luxury brand.**

**Table 7** Impact of SDLE on brand commitment

Variable	Brand Concept	Luxury (BMW)	Non-Luxury (Peugeot)
Commitment	Path Coefficient	-0.195	0.023
	p-value	0.016	0.776
	R <sup>2</sup>	0.055	0.011



First, step-down line extension is not always a dangerous strategy according to our results; the SDLE affects consumer-brand relationships only for the luxury brand. In this study, dilution effect depends on the brand concept (luxury vs. non-luxury). Indeed, the four variables of the consumer-brand relationships (self-brand connections, brand attachment, brand trust, brand commitment) deteriorate after the SDLE for BMW but not for Peugeot. Second, for the luxury brand BMW, the deterioration strength is not the same for all variables of the consumer-brand relationships. Dilution effects are stronger for self-brand connections and brand attachment than for brand trust and brand commitment. Affective dominant variables, such as self-brand connections and brand attachment, showed more impacts from the SDLE than cognitive dominant variables, such as brand trust and brand commitment. Self-brand connections and brand attachment are closed concepts. According to BRQ (Fournier, 1998), brand attachment is present in self-brand connections. Moreover, Thomson *et al.* (2005) conceptualized brand attachment as a three-dimensional construct: affection, passion and connections. In other studies that proposed models (Lacoeuilhe, 2000; Bozzo *et al.*, 2008), self-brand connections were also considered as an antecedent to brand attachment. These two relational variables refer to an affective approach to brand loyalty, whereas brand trust and brand commitment refer to a cognitive approach (Bozzo *et al.*, 2008). Thus, a SDLE has a strong negative influence on the feelings and emotions generated by luxury brands.

## **5. Discussion and Conclusion**

This research clarifies the effects of vertical brand extension strategy on consumer-brand relationships, bringing new understanding on reciprocity effects that had, up to that point, been confined to the impact on brand equity (Balachander and Ghose, 2003; Roedder-John, Loken and Joiner, 1998; Thorbjørnsen, 2005). In addition, this research supplements the recent studies on the link between extension strategies and consumer-brand relationships (Park and Kim, 2001; Park *et al.*, 2002; Reast, 2005; Yeung and Wyer, 2005; Fedorikhin, Park and Thomson, 2006, 2008). Our results show that self-brand connection, brand attachment, brand trust and brand commitment significantly deteriorate after a SDLE, which may potentially weaken brand loyalty. However, a SDLE is not a strategy of systematic destruction because only the luxury brand is threatened. Interestingly, for this kind of brand, the strongest effects of dilution appear for the relational variables of an emotional nature: self-brand connections and brand attachment.

Nevertheless, our research presents limits. We created advertising based on real data elements to expose the respondents to stimuli resembling market conditions. We used fictitious SDLEs. Although the external variables related to the announcement of the SDLE were controlled to the maximum extent possible, it is impossible to exclude the possibility that the advertisements we created (e.g., information, photographs, etc.) influenced the responses of participants. Moreover, only one category of products (automobile) and only one brand per category (luxury vs. non-luxury) were investigated. Consequently, it would be useful in the future to retest our hypotheses in other categories of products and use an actual SDLE. Additionally, the respondents were exposed only once to the SDLE announcement. Thus, it would be interesting to test repeated exposures in future research. Lastly, the cars are products of “public” use. Thus, it would also be useful to study the repercussions of a SDLE when the products are of “private” use. New research is still therefore necessary to better understand the consequences of SDLE strategies from the consumer point of view.

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