



The reciprocal impact of vertical service line extensions on parent brands

The roles of innovativeness, quality, and involvement

Jean Boisvert

*Department of Marketing, School of Business and Management,
American University of Sharjah, Sharjah, UAE*

Abstract

Purpose – The purpose of this paper is to examine the extent to which perceived extension innovativeness, extension quality, and consumer involvement affect reciprocal attitudes toward a newly launched vertical service line extension and the parent brand.

Design/methodology/approach – An empirical investigation using a survey methodology was conducted with a sample of 664 respondents representative of the target population. Three pre-tests were conducted. Partial least squares structural equation modeling and analysis of variance helped test the complex paths of nominal, mediating, and moderating variables.

Findings – Extension innovativeness, extension quality, and consumer involvement positively mediate the relationship between the new extension and the parent brand. In addition, parent brand perceived innovativeness negatively moderates the impact of extension innovativeness on attitudes toward the parent brand. Perceived quality of the extension does not solely mediate a reciprocal attitude but is partially mediated by extension innovativeness.

Research limitations/implications – Future studies should investigate different types of services and consumer goods to generalize the results. Other dimensions of involvement could also be tested.

Practical implications – This study provides key findings to managers who are responsible for launching newly-created upscale service extensions. When evaluating a new vertical service line extension, consumers actively process the available information. Thus, marketers must be careful to communicate the quality and the innovativeness of a new service because both factors can dynamically influence reciprocal attitudes toward the parent brand.

Originality/value – This article brings new insights as well as closing an important theoretical gap in the literature regarding the complex dynamic effects of perceived innovativeness, quality, and involvement in a context of a vertical service line extension during launch as it reciprocally impacts attitude toward the parent brand.

Keywords Brands, Brand extensions, Consumer behaviour, Product launch, Extension innovativeness, Extension quality, Consumer involvement, Reciprocal effects, Vertical service line extension

Paper type Research paper

Introduction

Lately, vertical service line extensions have gained increased attention in academia and managerial practice (Xie, 2008). A line extension is described as “vertical” when it extends upward or downward from an established brand name to launch new products and services at different price points and quality levels (Keller and Aaker, 1998; Kim *et al.*, 2001; Xie, 2008). An extension is “horizontal” when the established brand name is used to launch new products or services in the same category by adding features but keeping the same quality level (Kim *et al.*, 2001).



Despite the inherent risk and significant resources involved in launching a new vertical line extension, research has paid little attention to the phenomenon (Keller and Lehman, 2006). Furthermore, much still needs to be understood in terms of vertical “service” line extensions (Lei *et al.*, 2008). Although it is well known that a parent brand can affect evaluations of its extensions, extensions also can reciprocally affect consumers’ attitudes toward the parent brand. The latter is called “reciprocity effects” in the literature (Balachander and Ghose, 2003; Kumar, 2005). However, despite key theoretical and managerial implications, few empirical studies have examined reciprocal attitudes toward the parent brand resulting from the effect of vertical line extensions (Balachander and Ghose, 2003; Kim *et al.*, 2001; Lei *et al.*, 2008).

When evaluating a newly launched vertical service line extension, consumers tend to scrutinize the brand not only for its quality (Berger *et al.*, 2007; Brodie *et al.*, 2009) but also for its innovativeness, especially if the extension is positioned on this factor (Anselmsson and Johansson, 2009). Of the few studies investigating perceived innovativeness from a service perspective (Alam and Perry, 2002; Taylor *et al.*, 2007; Zolfagharian and Paswan, 2008), none have gleaned insights into how this factor performs in the context of vertical service line extensions. According to Sinapuelas and Sisodiya’s (2010) recent study on retail packaged goods, the higher the level of innovativeness of a new line extension, the higher is the parent brand equity. These findings need to be supported in a service brand context in terms of reciprocal effects.

In addition, the concept of involvement is a strong mediating factor between stimulus factors and outcomes, such as choice and preference for a brand (Zaichkowski, 1986). This paper attempts to clarify how involvement mediates the perceptions of extension innovativeness and quality in terms of reciprocal attitudes toward the parent brand. The study proposes that in the context of a vertical service line extension and its impact on attitudes toward the parent brand, consumer involvement mediates the effects of perceived innovativeness and perceived quality.

The key contributions of this paper are twofold: first, it provides academics with a better understanding of how consumers react to the linkage between perceived extension innovativeness and quality. It also reveals the extent to which consumer involvement mediates the relationship between a vertical service line extension and consumers’ reciprocal attitudes toward the parent brand. Second, this study was conducted while simulating an actual launch of a new vertical service line extension. Most brand extension studies are typically conducted with already established extensions, which limit marketers’ ability to understand how consumers react during launch. Understanding this situation can make the difference between line extensions’ success and failure; a situation that is further enhanced in the context of an economic downturn.

The remainder of the paper proceeds as follow: the next section provides a description of the conceptual model, followed by a review of the relevant literature and hypotheses development related to the exposed key relationships. Then, the research methodology and data analyses are explained and empirical results reported. The paper concludes with a discussion of the theoretical contributions, followed by a series of limitations and future research directions and, finally, the managerial implications of the findings.

Theoretical background and hypotheses development

Conceptual model

This study tests the impact of a new vertical service line extension on reciprocal attitudes toward the parent brand through the mediating effects of perceived extension

innovativeness, perceived quality, and consumer involvement. The model proposes that consumer involvement not only has a direct effect on attitudes toward the parent brand but also partially mediates the effect of extension innovativeness. Figure 1 illustrates the proposed conceptual model.

The model also shows that extension innovativeness partially mediates the effect of extension quality on attitudes toward the parent brand, while parent brand innovativeness moderates the effect of extension innovativeness. The following sections provide the theoretical basis for hypotheses development.

Extension reciprocity effects and parent brand dilution

A parent brand can affect evaluations of its extensions, but in turn the extension also can affect the equity of the parent brand. This latter effect is called reciprocity effects in the literature or, more commonly, parent brand dilution (Ahluwalia and Gurhan-Canli, 2000; Milberg *et al.*, 1997; Pullig *et al.*, 2006; Roedder John *et al.*, 1998). Reciprocity effects can be defined as “any changes in the beliefs and attitudes toward the parent brand caused by the extension”.

An extension can reciprocally affect the parent brand positively by reinforcing its recall (Morrin, 1999). As such, the advertising of extensions can increase purchase choice of the parent brand (Balachander and Ghose, 2003). However, extensions with inconsistent associations (John *et al.*, 1998; Milberg *et al.*, 1997; Pullig *et al.*, 2006) run the risk of “diluting” the parent brand (i.e. modifying the parent brand’s equity profile). In contrast, Sheinin (2000) tests the effects of experience with the extension on parent brand knowledge and suggests that familiarity with the parent brand is an important moderating factor. Martinez *et al.* (2009) conclude that the use of adequate advertising is paramount to protect the brand.

Perceived extension innovativeness, involvement, and attitudes toward the parent brand

In today’s competitive market environments, it is crucial for managers to provide an innovative edge to any new extension being launched. Innovativeness must be addressed from the customers’ point of view and not only from the firm’s perspective (Daneels and Kleinschmidt, 2001; Garcia and Calantone, 2002). From a product perspective, innovativeness refers to the degree of novelty of the product features, functionality, and benefits (Lee and O’Connor, 2003). Research on service innovativeness is somewhat scarce in extant literature (Zolfagharian and Paswan, 2008), and thus a

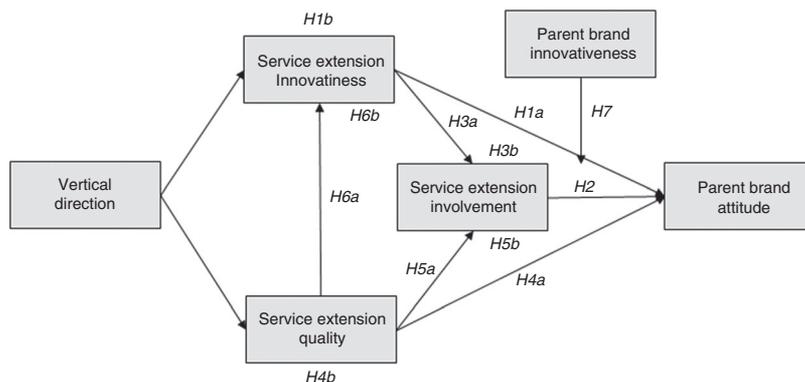


Figure 1.
Conceptual model

better understanding is necessary on the topic. This paper aims at closing this important knowledge gap.

In this study, we adhere to the definition of service innovativeness as the extent to which consumers perceive intangible offerings, actions, and reactions as novel (Alam and Perry, 2002). Taylor *et al.* (2007) find a positive relationship between perceived uniqueness and purchase intentions in their study on brand equity in financial services. Previous research has identified uniqueness as a dimension of perceived innovativeness (Daneels and Kleinschmidt, 2001; Henard and Szymanski, 2001; Salavou, 2005).

Sinapuelas and Sisodiya (2010) find that the higher the level of innovation in a new line extension, the higher is the parent brand equity. Therefore, the perceived innovativeness of a vertical service line extension is likely to affect positively reciprocal attitudes toward the parent brand. It then follows that a new service extensions' perceived innovativeness can be a predictor of parent brand attitudes. This leads to the following hypothesis:

- H1a.* The greater the perceived innovativeness of a newly launched vertical service line extension, the more positive are consumers' reciprocal attitudes toward the parent brand.

An indirect mediation relationship occurs when a variable significantly "filters" the relationship between an independent (X) and a dependent (Y) variable, or when the direct relationship between X and Y is not significant (Zhao *et al.*, 2010). This study provides no hypothesis for the impact of vertical directions on perceived extension innovativeness because the vertical service line extension was developed to possess a significant innovativeness differential between the upward and downward extensions and was tested as a validity check. Rather, the following mediating hypothesis is offered:

- H1b.* Perceived innovativeness of the extension indirectly and positively mediates the relationship between vertical directions and reciprocal attitudes toward the parent brand.

The impact of extension involvement on attitudes toward the parent brand

When prior evaluation of an object is already encoded (Nenycz-Thiel *et al.*, 2010), consumers either access their memory or rely on immediate recognition cues to arrive at brand judgments. In both cases, the tasks depend on the level of involvement they experience (Park and Hastak, 1994). When rating their attitudes toward the parent brand, after a service extension is vertically developed, consumers are likely to invest a great deal of cognitive effort and scrutiny. Prior research suggests that an extension can reciprocally affect the parent positively by reinforcing parent brand recall (Morrin, 1999) and also can increase purchase choice of the parent brand resulting from advertising of extensions (Balachander and Ghose, 2003). Building on these theoretical premises, this study proposes that the reciprocal impact of involvement on the parent brand is likely to be strong and positive. Thus:

- H2.* The greater the involvement with a newly launched service line extension, the greater are consumers' attitudes toward the parent brand.

Perceived innovativeness of the extension vs involvement

On exposure to a novel stimulus (e.g. a new vertical service line extension), consumers tend to be motivated to seek information about it (Sujan, 1985). According to Gurhan-Canli and Batra (2004), perceptions of innovativeness vary between low- and high-risk perception levels. The current study develops the upward extension to be perceived as more innovative than its downward counterpart. Intuitively, positive ratings of extension innovativeness should lead to positive changes in extension involvement. This leads to the following hypothesis:

H3a. The greater the perceived innovativeness of a newly launched vertical service line extension, the higher is consumers' involvement with the extension.

As mentioned previously, an indirect mediation relationship occurs when the direct relationship between *X* and *Y* is not significant (Zhao *et al.*, 2010). A partial mediation exists when both direct and indirect relationships are observed simultaneously (Baron and Kenny, 1986). *H1* states that more positive reciprocal attitudes toward the parent brand emerge as the perceived innovativeness of a newly launched vertical service line extension increases. Furthermore, *H3a* states that consumers' involvement with a newly launched service line extension is higher with greater perceived extension innovativeness. This leads to the following mediating hypothesis:

H3b. Involvement with the extension partially and positively mediates the relationship between perceived extension innovativeness and reciprocal attitudes toward the parent brand.

Perceived extension quality (in relation to the parent brand)

Perceived quality refers to consumers' judgment about an entity's overall excellence or superiority (Zeithaml 1988). Scholars have addressed the notion of perceived "brand" quality (Berger *et al.*, 2007), particularly in the retail literature (Kumar *et al.*, 2010). Moreover, the launch of a new service division is likely to affect perceptions of its service quality (Brodie *et al.*, 2009; Erdem, 1998). This is consistent with Keller (2002), who defines perceived quality as "a customer's perception of the overall quality or superiority of a product or service relative to relevant alternatives and with respect to its intended purpose."

Perceived quality is intimately related to long-term attitudes toward products (Olshavski, 1985; Snoj *et al.*, 2004). This overall perception of a service's quality is also directly related to perceptions of that service's performance (Rowley, 1998). In the current study, the perception of an extension's quality pertains more to the service process itself than to the image. In his study on product performance and brand reputation, Selnes (1993) finds a positive relationship between service quality and brand reputation. Therefore, the perceived quality of a vertical service line extension should affect attitudes toward the parent brand. These theoretical premises lead to the following hypothesis:

H4a. The perceived quality of a newly launched service extension positively affects consumers' reciprocal attitudes toward the parent brand.

As described for *H1b*, an indirect mediation relationship occurs when a variable is needed to significantly "filter" the relationship between an independent (*X*) and a

dependent variable (Y), when the direct relationship between X and Y is not significant (Zhao *et al.*, 2010). Regarding the impact of vertical directions on perceived extension quality, because, by definition, an upward extension is developed with a positive quality differential vs its downward counterpart (Keller and Aaker, 1998; Kim *et al.*, 2001; Xie, 2008). However, this impact was tested in terms of a validity check. Thus, on the basis of the positive quality differential between a downward and upward extension and *H4a*, perceived quality should logically mediate the relationship between vertical directions and attitudes toward the parent brand. This leads to the following mediating hypothesis:

H4b. Perceived extension quality positively mediates the relationship between vertical directions and reciprocal attitudes toward the parent brand.

Perceived extension quality vs involvement

On exposure to a new extension, consumers are likely to evaluate its quality, which requires a high level of processing (Brodie *et al.*, 2009). Compared with consumers in low-involvement contexts, those in high-involvement situations tend to concentrate more on highly diagnostic cues by exerting more cognitive effort using a “central route” (Petty *et al.*, 1983). As mentioned previously, perceived quality is a diagnostic factor (Brodie *et al.*, 2009; Erdem, 1998; Selnes, 1993) and is positively related to long-term attitudes (Olshavski, 1985; Snoj *et al.*, 2004). Therefore, the perceived quality of a new vertical service line extension should directly affect consumers’ involvement with the extension; it is also likely to vary in the same direction. This leads to the following hypothesis:

H5a. The greater the perceived quality of a newly launched vertical service line extension, the higher is consumers’ involvement with the extension.

Similar to the previous section, and in line with the conceptual model (see Figure 1), involvement with the extension should partially mediate the relationship between perceived quality of the extension and reciprocal attitudes toward the parent brand. That is, the greater the perceived innovativeness (*H3a*) and perceived quality (*H5a*) of a newly launched vertical service line extension, the higher is consumers’ involvement with the extension. This leads to the following mediating hypothesis:

H5b. Involvement with the extension partially and positively mediates the relationship between perceived extension quality and reciprocal attitudes toward the parent brand.

Extension quality in relation to extension innovativeness

As hypothesized, perceived quality and innovativeness of a vertical service line extension should affect consumers’ attitudes toward the parent brand. The next important question pertains to the extent to which perceptions of the quality of a service line extension affect perceived innovativeness. Zeithaml (1988) contends that the perceived quality of a service affects the reputation of a brand, and Keller and Aaker (1998) argue that perceptions of innovation are part of reputation. Anselmsson and Johansson (2009) also discover that categories with the highest perceived innovativeness seem to represent products with a greater variation in tastes and packaging/usage.

Both Broniarczyk and Gerhoff (2003) and Nowlis and Simonson (1996) suggest that perceptions of novel features added to a brand vary positively the higher the perceived quality of the brand. Similarly, adding new features benefits high-quality, high-priced brands more than low-quality, low-priced brands (Nowlis and Simonson, 1996). From these findings, it is reasonable to suggest that perceived extension quality affects perceived extension innovativeness in a service brand context. This leads to the following hypothesis:

H6a. The greater the perceived quality of a newly launched vertical service line extension, the greater is the perceived innovativeness.

Despite the importance of an extension's perceived quality and perceived innovativeness as individual factors, one major unanswered question in the literature is whether a new service extension's perceived quality affects its perceived innovativeness in reciprocal attitudes toward the parent brand. In other words, how strongly does perceived innovativeness mediate the impact of perceived quality on consumers' reciprocal attitudes toward the parent brand.

As hypothesized, perceived quality (*H4a*) and perceived innovativeness (*H1a*) of a service line extension should affect consumers' reciprocal attitudes toward a parent brand. In addition, as *H6a* posits, an increase in perceived quality of a newly launched vertical service line extension should affect the perceived innovativeness. This leads to the following mediating hypothesis:

H6b. The perceived innovativeness of a new service line extension partially mediates extension quality on reciprocal attitudes toward a parent brand.

The moderating role of parent brand innovativeness

The relationship between the perceived innovativeness of an extension and attitudes toward the parent brand (*H1a*) may rely on consumers' previous perceptions of innovativeness of the parent brand. In this regard, an established parent brand brings legitimacy and credibility to an innovation claim (Aaker, 2007) more than less established parent brands (Sinapuelas and Sisodiya, 2010).

The established parent brand in the current context has not been historically positioned on innovation, which creates a significant contrast in innovativeness with its upward vertical service line extension. Given this inconsistency between the new service line extension and its parent brand, the more innovative consumers perceive the upward service line stretch, the less they will perceive a reciprocal relationship to the parent brand. This leads to the following hypothesis:

H7. The greater the impact of perceived extension innovativeness on reciprocal attitudes toward the parent brand, the more negative is the perceived innovativeness of the parent brand (before extension).

Research method, sampling, and data collection

The study was a natural experiment in which participants responding to a mail survey reproducing the launch of a new service line extension were randomly assigned to either the upward or the downward service line extension. This section describes the following methodological procedures: pre-testing procedures, sampling and data collection procedures, and measures.

Pre-testing procedures

In line with the research objectives, the field procedures required the development of realistic, credible, and valid visual stimuli. A series of printed advertisements for new vertical service line extensions of a financial service as well as measurement scales were selected and subjected to pre-testing. Three pre-tests were deemed necessary to select a name for the extension, develop stimuli, and check the validity of the vertical extension directions (i.e. upward and downward stretches).

In the first pre-test, to select a name for the proposed line extensions, it was important to reduce potential biases regarding well-known names, so the most appropriate name needed to be both unfamiliar and neutral to participants (Milberg *et al.*, 1997). Another goal was to avoid a name that would evoke positive thoughts that, in turn, might lead to unwanted positive evaluations. A total of 20 names were tested; one was optimal in terms of satisfying these two criteria and was selected.

The goal of the second pre-test was to develop several printed stimuli according to the experiment's objectives. A series of graphic concepts and visual templates were developed to provide advertisements that were as realistic as possible using the brand name of the established financial institution as it is applied in the marketplace (e.g. magazines, brochures, point-of-purchase material). Finally, the objective of the third pre-test was to test the distinctiveness of the directions for the new vertical service line extension. Visuals were developed with two levels of extension (i.e. upward and downward). The results show that the two levels of the new service extension significantly differed ($p < 0.001$) on both perceived quality and perceived innovativeness.

Sampling, data collection, and stimuli development

In line with Chernev (2006) and Yang and Peterson (2004), the recruitment of participants, selected from a commercial database, occurred through e-mail. The sample frame is representative of the target population located in the northeastern part of North America. A questionnaire was sent to participating respondents, instructing them to carefully consult the printed ad depicting a new financial division of an established financial institution[1]. In total, 664 respondents completed and returned the questionnaire (of 939 sent). To verify the hypotheses, a survey-based natural experiment was organized in which participants were randomly assigned to either the upward service line extension or the downward version.

All respondents received a detailed description of features and benefits offered by the new division. Professional graphic designers specializing in financial services developed the ads. Use of professionals helped maximize content validity. After exposure to the ad, respondents were told that a new series of questions about the parent brand would follow and were asked not to return to the previous section. Before data collection, an additional series of pre-tests were conducted.

Measures

Perceived innovativeness was measured with a four-item, seven-point bipolar horizontal scale (predictable/innovative, ordinary/unique, commonplace/original, old hat/trendsetting) adapted from Keller and Aaker (1998), Andrews and Smith (1996), Cooper and de Brentani (1991), Henard and Szymanski (2001), and Sethi *et al.*, (2001). The resulting reliability index was high (Cronbach's $\alpha = 0.96$).

Perceived quality was measured with a three-item, seven-point bipolar horizontal scale (inferior quality/superior quality, inferior social status customer/superior social

status customer, low-end product/top of the line service) adapted from previously tested perceived quality scales (Bhat and Reddy, 2001; Keller and Aaker, 1998). The level of reliability was significant (Cronbach's $\alpha = 0.79$). For the involvement mediator, a five-item, seven-point bipolar horizontal scale (not pertinent/pertinent, not important/important, does not concern me/concerns me, does not matter at all/matters a lot, has no meaning/has lots of meaning) similar to the one that Brakus *et al.* (2009) and Wakefield and Baker (1998) use was selected. Reliability analysis shows a high index (Cronbach's $\alpha = 0.97$). Finally, the scale used to measure attitudes toward the parent brand was based on a three-item, seven-point bipolar horizontal scale (bad/good, dislike/like, not favorable/favorable) commonly used in marketing. The reliability index was high (Cronbach's $\alpha = 0.96$).

Analysis and results

The statistical algorithm of partial least squares (PLS) structural equation modeling (Ringle *et al.*, 2005) tested the hypotheses. This modeling technique also has been used recently in the context of service brand extensions (Volckner *et al.*, 2010). First, PLS is particularly appropriate for complex conceptual models that concurrently include nominal, mediating, and moderating variables, both latent and manifest (Wold, 1985), for which LISREL cannot be used (Lei *et al.*, 2008).

Second, PLS-related path modeling results include latent variable scores (Wold, 1985). Such scores are required to provide diagnostic information about service brand extensions (Volckner *et al.*, 2010) and, specifically, vertical service line extensions (e.g. Lei *et al.*, 2008).

Third, PLS results are robust against cases of multicollinearity (Cassel *et al.*, 2000). Preliminary analysis of extension perceived involvement, innovativeness, quality, and parent brand reciprocal attitude revealed possible effects of multicollinearity. PLS can mitigate this statistical issue in the data structure and confine any potential bias in results' estimation. Finally, in PLS path modeling, multivariate normal is not a requirement and has minimum prerequisites on measurement levels (Chin, 1998). For several items, the data were not normally distributed, with skewness $> +1.0$ and kurtosis $> +2.0$ (Hair *et al.*, 2006).

Measurement model

The measurement model was tested by estimating the internal consistency and the convergent and discriminant validity of all the items included in the instrument. The composite reliability of the indicators underlying the measurement of each construct was obtained by measuring internal consistency and average variance extracted (AVE). Cronbach α 's were also calculated. Test results show that all reliability scores were above the common threshold of 0.70 (Fornell and Bookstein, 1982; Nunnally, 1978), ranging from 0.79 to 0.97 for both reliability measures. The results appear in Table I. In addition, AVE scores ranged between 0.69 and 0.92, all above the suggested minimum threshold of 0.5, in which the variance shared with a construct and its measures is greater than error (Chin, 1998; Fornell and Larcker, 1981).

Convergent validity occurs when most items load highly on their associated factor/construct. Reflective measures for individual items are considered reliable if their correlation is >0.7 vs the construct intended to be measured. Table I shows that the majority of items indicate acceptable convergent validity with their respective construct. However, one item measuring extension quality demonstrated a loading below the 0.7 threshold; however, it was retained for two reasons: first, extension

Construct name and items	Loading	<i>t</i> -value	Composite reliability ^a	Cronbach's α	Average variance extracted (AVE)
Extension innovativeness			0.97	0.96	0.89
Predictable/innovative	0.95	45.78			
Ordinary/unique	0.95	54.29			
Common/original	0.95	54.37			
Old hat/trendy	0.93	38.55			
Brand quality			0.87	0.79	0.69
Inferior quality/superior quality	0.90	18.18			
Inferior status customers/superior status customers	0.66	5.79			
Low end/top of the line	0.91	30.26			
Brand involvement			0.97	0.97	0.88
Not pertinent/pertinent	0.93	47.66			
Not important/important	0.92	40.87			
Does not concern me/concerns me	0.93	46.71			
Does not matter at all/matters a lot	0.95	60.83			
Has no meaning/has lots of meaning	0.95	56.69			
PB attitude			0.97	0.96	0.92
Bad/good	0.95	59.27			
Dislike/like	0.96	72.31			
Not favorable/favorable	0.96	62.01			
PB innovativeness			0.97	0.89	0.76
Predictable/innovative	0.83	22.77			
Ordinary/unique	0.87	28.38			
Common/original	0.90	29.07			
Old hat/trendy	0.88	22.83			

Note: ^aPLS uses an alternative measure to Cronbach's α . Rather than weighting the items equally, this measure uses the item loadings obtained within the nomological network or causal model

Table I.
Measurement
model items

quality was measured using two other items with acceptable loadings. Second, the same item did not show a higher loading on any other construct of the measurement model (White *et al.*, 2003). Finally, discriminant validity was assessed using the heuristic that Fornell and Larcker (1981) suggest. Here, the AVE was compared with the squared correlations of each construct. As Table II shows, the AVE of each construct was greater than any shared variance with other constructs, thus providing evidence of discriminant validity.

Structural model and hypothesis testing (direct relationships)

Based on the distribution-free predictive approach of PLS (Wold, 1985), the structural model was estimated using the R^2 for the dependent constructs, as well as the size, *t*-statistics, and significance level of the path coefficients. The *t*-values were estimated by running bootstrap re-sampling procedures (2,000 re-samples). The results of the structural model examining the direct effects of the tested variables appear in Table III.

The resulting structural model explains 43.9 percent of the variance in extension innovativeness, 28.1 percent of the variance in extension quality, 54.5 percent of the variance in parent brand attitude, and 35.9 percent of the variance in extension

Table II.
Shared variance and average variance extracted

	Extension innovativeness	Extension quality	Extension involvement	PB reciprocal attitude	PB innovativeness	PB innovativeness × Extension innovativeness
Extension innovativeness	0.89					
Extension quality	0.51	0.69				
Extension involvement	0.39	0.51	0.88			
PB reciprocal attitude	0.46	0.46	0.24	0.92		-0.28
PB innovativeness	-	-	-	0.41	0.85	-
Mean	4.49	4.90	4.4	4.90	4.66	-
SD	1.45	1.03	1.4	1.47	1.42	-

Note: On the diagonal, average variance extracted of each factor is displayed; the other values display shared variance (i.e. R^2) between two factors

Source: Fornell and Larcker (1981)

Table III.
Tests of the research model and hypotheses (direct relationships)

Hypothesized relationships (direct)	β coefficients	t -value ^a	p -value	Test results
<i>H1a</i> Extension innovativeness → PB reciprocal attitude	0.36	5.86***	$p < 0.001$	Supported
<i>H2</i> Extension involvement → PB reciprocal attitude	0.23	5.97***	$p < 0.001$	Supported
<i>H3a</i> Extension innovativeness → extension involvement	0.30	6.22***	$p < 0.001$	Supported
<i>H4a</i> Extension quality → PB reciprocal attitude	0.16	5.59***	$p < 0.001$	Supported
<i>H5a</i> Extension quality → extension involvement	0.37	8.98***	$p < 0.001$	Supported
<i>H6a</i> Extension quality → extension innovativeness	0.53	15.45***	$p < 0.001$	Supported
<i>H7*</i> Extension innovativeness → PB innovativeness (moderating) → PB reciprocal attitude	-0.28	3.54***	$p < 0.001$	Supported

Notes: ^aFor *H7*, the moderating effect statistics are provided by SmartPLS. ***Significant at $p < 0.01$ level (all two-tailed)

involvement. *H1a* predicted that the greater the perceived innovativeness of a newly launched vertical service line extension, the more positive consumers' reciprocal attitudes toward the parent brand would be. The results in Table III confirm *H1a* ($\beta = 0.36, t = 5.86$). *H2* proposed that the greater their involvement with a newly launched service line extension, the greater consumers' attitudes toward the parent brand would be. The results also confirm support for *H2* ($\beta = 0.23, t = 5.97$). *H3a* proposed that the greater the perceived innovativeness of a newly launched vertical service line extension, the higher the involvement with the extension would be. Table III shows that the effect is significant, in support of *H3a* ($\beta = 0.30, t = 6.22$).

H4a proposed that the perceived quality of a newly launched service extension would positively affect consumers' reciprocal attitudes toward the parent brand. The results confirm support for *H4a* ($\beta = 0.16, t = 5.59$). The results also confirm the effect proposed in *H5a* – that the greater the perceived quality of a newly launched vertical service line extension, the greater consumers' involvement with the extension would be ($\beta = 0.37, t = 8.98$). The effect in *H6a* is also confirmed. The greater the perceived quality of a newly launched vertical service line extension, the greater is the perceived innovativeness ($\beta = 0.53, t = 15.45$). *H7* is a mediating effect for which statistical indices are available through SmartPLS. It stipulated that the greater the impact of perceived innovativeness of the extension on reciprocal attitudes toward the parent brand, the more negative the perceived innovativeness of the parent brand would be (before extension). As Table III shows, *H7* is confirmed ($\beta = -0.28, t = 3.54$).

Structural model and hypothesis testing (mediated relationships)

A series of statistical procedures helped demonstrate the suitability of PLS for testing mediation effects following the guidelines of Mathieu and Taylor (2006), Baron and Kenny (1986), and Iacobucci (2008). For the vertical directions' (upward/downward) nominal variable, mediated relationships are conducted with the use of analysis of variance (ANOVA) procedures (Iacobucci 2008). The results also confirm *H1b* by showing a significant mediating effect – that is, perceived innovativeness of the extension indirectly and positively mediated the relationship between vertical directions and reciprocal attitudes toward the parent brand ($F = 355.76, p < 0.001$). For *H3b*, involvement with the extension partially and positively mediated the relationship between perceived extension innovativeness and reciprocal attitudes toward the parent brand. The Sobel test (Shrout and Bolger, 2002) shows that the mediation effect is significant ($Z = 4.31, SE = 0.48, p < 0.001$) Table IV.

H4b proposed that perceived extension quality would positively mediate the relationship between vertical directions and reciprocal attitudes toward the parent brand. The ANOVA test is significant ($F = 150.44, p < 0.001$), in support of *H4b*. *H5b* proposed that involvement with the extension would partially and positively mediate the relationship between perceived extension quality and reciprocal attitudes toward the parent brand. The Sobel test shows that the mediating relationship is significant ($Z = 4.13, SE = 0.66, p < 0.001$). Finally, *H6b* predicted that perceived innovativeness of a new service line extension would partially mediate extension quality on reciprocal attitudes toward the parent brand. The resulting Sobel test on the mediated relationship is significant ($Z = 4.28, SE = 0.66, p < 0.001$).

Discussion

This paper's contributions are important for theoretical developments but also have key managerial implications for practice (see last section). The goal herein was to

Table IV.
Tests of the research
model and hypotheses
(mediated relationships)

Hypothesized relationships (mediating)	Sobel test	Standard error	ANOVA F-test ^a	p-value	Test results
<i>H1b</i> Vertical direction (nominal) → extension innovativeness → PB reciprocal attitude	–	–	355.76	$p < 0.001$	Supported
<i>H3b</i> Extension innovativeness → extension involvement → PB reciprocal attitude	4.31	0.48	–	$p < 0.001$	Supported
<i>H4b</i> Vertical direction (nominal) → extension quality → PB reciprocal attitude	–	–	150.44	$p < 0.001$	Supported
<i>H5b</i> Extension quality → extension involvement → PB reciprocal attitude	4.13	0.66	–	$p < 0.001$	Supported
<i>H6b</i> Extension quality → extension innovativeness → PB reciprocal attitude	4.28	0.66	–	$p < 0.001$	Supported

Notes: ^aVertical directions (upward/downward) being a nominal variable; the Sobel test cannot be applied. In this context, mediation analysis can be done using ANOVA procedures
Source: Iacobucci (2008)

examine the extent to which the launch of a new vertical service line extension impacts the parent brand through the mediating effects of perceived extension innovativeness and quality but also consumer involvement toward the extension. It also assessed how the parent brand perceived innovativeness actually moderates these relationships.

While being of primary significance, the impact of new service line extensions on parent brands is not well understood as demonstrated by the lack of empirical evidence in the current literature. This is especially true when a new service line extension is vertically developed, with the underlying intention to stretch the extension with different quality levels and fee structures than those of the parent brand. When a decision is made to launch a new vertical service line extension of an established parent, researchers need to be aware of the key factors that mediate the relationship between such extension and consumers' attitudes toward the parent brand.

For instance, an upward service line extension positioned on innovativeness may elicit positive mediating attitudinal perceptions of the parent brand. A similar dynamic exists, as this study suggests, in the quality perceptions of a newly launched service line extension. This study also finds evidence that an extension's perceived innovativeness and quality are not mutually exclusive. Rather, the study found that perceived innovativeness of the extension partially mediates the effect of extension quality on parent brand attitudes through consumer involvement. The findings are important as both factors have been studied in isolation in the past and never dynamically compared.

In particular, the filtering effect of consumer involvement toward a new vertical service extension during launch must consciously be taken into account because it serves as an important mediator of both perceived innovativeness and quality, as the findings show. To maximize success, one must properly and carefully communicate the innovativeness and quality positioning to consumers in order to grab their attention as they actively deploy energy to process the new extension information. Otherwise, a new extension/service division might fail to convince potential customers of its importance to them, if not measured.

In the context of the current emerging paradigm in service line extension literature, this paper is important because it not only contributes to a better understanding of vertical service line extensions as a whole but also fills a gap in the application of marketing launch tactics. More specifically, it theoretically demonstrates that the use of vertical service stretches (i.e. upward vs downward extensions) can have a significant reciprocal impact on parent brand attitudes, especially with the inclusion of key mediating factors such as perceived extension innovativeness, quality, and consumer involvement but also the moderating effect of parent brand perceived innovativeness. Next, limitations and directions for future research are described.

Limitations and directions for future research

This study also has several limitations that, in turn, can serve as a point of reference for future studies. First, the experiment should be reproduced with consumer goods to discover any differences and discrepancies with the service sector. This suggestion also pertains to established vertical extensions. Although the current research examined a newly launched vertical extension, established vertical extensions might behave differently within the factorial structure used in this study.

Second, further research could include different dimensions of involvement, innovativeness, and quality. Other experimental factors also could be included.

For example, types of branding strategies, such as a direct brand, a sub-brand, and a hidden brand, could create distinct filtering effects. Future research could also test our model with different types of services by taking into account the inherent limitations most academic research faces.

Third, future research may also test for different types of parent brands (i.e. less established ones) and experimentally compare with more established ones. In addition, additional factors, such as branding strategies or perceived prestige, could be factored into account in future experiments and be included in the model tested in this study. Finally, our model could be further tested with different types of horizontal extensions as well as in markets outside North America to make more generalizable.

Executive summary and implications for brand managers

In terms of managerial implications, this study provides key findings for managers who are responsible for the launch of newly created upscale service extensions. When evaluating a new vertical service line extension, consumers actively process the information they receive. Managers therefore must be careful to develop and communicate both the service's quality and innovativeness effectively because these factors can dynamically influence reciprocal attitudes toward the parent brand.

The findings are beneficial for marketing and advertising decisions especially during launch of new vertical extensions because of a potential permanent impact on the core brand as the extension gets established. Specifically, it helps managers wisely select the timing of the launch and better understand how key factors linked to a new vertical service line extension can directly affect the parent brand, and assess their tactics against corporate objectives. In this context, potential dilution can be controlled if a manager carefully position the new vertical extension *vis-à-vis* the parent brand current positioning (e.g. level of innovativeness) in developing advertising or point-of-purchase material during launch. Available research until this study has not permitted for drawing clear conclusions in terms of the multipart managerial and theoretical dynamics a new vertical service line extension faces within the range of branding strategies available.

In planning the launch of a new financial service line extension, managers must carefully estimate the extent to which the new brand is perceived in terms of quality vs the bank parent brand as the impact on customer involvement and subsequently core brand attitude are likely to make the difference between success and failure. Moreover, to efficiently compete in today's market, efforts must be deployed through a series of innovative strategies in order to compete efficiently and gain market advantage. Nevertheless, a question surfaces regarding the inter-relationship between perceived brand quality and perceived brand innovativeness. The current literature had not clearly put forward which factor impacts the other despite key managerial implications. This paper suggests that perceived brand quality has a direct impact on the evaluation of a new extension but also an indirect effect through perceived innovativeness as a mediating factor. Thus, when deploying innovative tactics to a new service line extension, or division, one must make sure that the perceived quality of the new brand is also measured, prior to launch.

Furthermore, a new service line extension implies that an involving decision has to be made by the consumer. This paper suggests that personal involvement is a key moderator of the previously described factor relationship having a significant on the effect of perceived quality on a service brand evaluation. The findings thus suggest that although perceived brand quality is a key factor in assessing attitudes toward new

service line extension, perceived brand innovativeness has a more direct and mediating impact on attitude while being itself affected by consumer's involvement. One final managerial interpretation of this research results is to never assess brand innovativeness in isolation but always include perceived extension quality and consumer involvement in assessing the launch of a new service division. This argument is enhanced in the context of extension types such as a vertical line extension where the directions (i.e. upward and downward) could influence the relationships established in this study.

Note

1. The name of the financial services institution is kept confidential at its request.

References

- Aaker, D.A. (2007), "Innovation: brand it or lose it", *California Management Review*, Vol. 50 No. 1, pp. 8-24.
- Ahluwalia, R. and Gürhan-Canli, Z. (2000), "The effects of extensions on the family brand name: an accessibility-diagnosticity perspective", *Journal of Consumer Research*, Vol. 27 No. 3, pp. 371-81.
- Alam, I. and Perry, C. (2002), "A customer-oriented new service development process", *Journal of Services Marketing*, Vol. 16 No. 6, pp. 515-35.
- Andrews, J. and Smith, D.C. (1996), "In search of the marketing imagination: factors affecting the creativity programs for mature products", *Journal of Marketing Research*, Vol. 33 No. 2, pp. 174-87.
- Anselmsson, J. and Johansson, U. (2009), "Retailer brands and the impact on innovativeness in the grocery market", *Journal of Marketing Management*, Vol. 25 Nos 1-2, pp. 75-95.
- Balachander, S. and Ghose, S. (2003), "Reciprocal spillover effects: a strategic benefit of brand extensions", *Journal of Marketing*, Vol. 67 No. 1, pp. 4-13.
- Baron, R.M. and Kenny, D.A. (1986), "The moderator-mediator variable distinction in social psychological research: conceptual, strategic, and statistical considerations", *Journal of Personality and Social Psychology*, Vol. 51 No. 6, pp. 1173-82.
- Berger, J., Draganska, M. and Simonson, I. (2007), "The influence of product variety on brand perception and choice", *Marketing Science*, Vol. 26 No. 4, pp. 460-72.
- Bhat, S. and Reddy, S.K. (2001), "The impact of parent brand associations and affect on brand extension evaluation", *Journal of Business Research*, Vol. 53 No. 3, pp. 111-22.
- Brakus, J.J., Schmitt, B.H. and Zarantonello, L. (2009), "Brand experience: what is it? How is it measured does it affect loyalty?", *Journal of Marketing*, Vol. 73 No. 3, pp. 52-68.
- Brodie, R.J., Whittome, J.R.M. and Brush, G.J. (2009), "Investigating the service brand: a customer value perspective", *Journal of Business Research*, Vol. 62 No. 3, pp. 345-55.
- Broniarczyk, S.M. and Gerhoff, A.D. (2003), "The reciprocal effects of brand equity and trivial attributes", *Journal of Marketing Research*, Vol. 21 No. 2, pp. 161-75.
- Cassel, C.M., Hackl, P. and Westlund, A.H. (2000), "On measurement of intangible assets: a study of robustness of partial least squares", *Total Quality Management*, Vol. 11 No. 7, pp. 897-907.
- Chernev, A. (2006), "Decision focus and consumer choice among assortments", *Journal of Consumer Research*, Vol. 23 No. 1, pp. 50-9.

- Chin, W. (1998), "The partial least squares for structural equation modeling", in Marcoulides, G. (Ed.), *Modern Methods for Business Research: Mahwah*, Lawrence Erlbaum Associates, Mahwah, NJ, pp. 295-336.
- Cooper, R.G. and de Brentani, U. (1991), "New industrial financial services: what distinguishes the winners", *Journal of Product Innovation Management*, Vol. 8 No. 1, pp. 75-91.
- Daneels, E. and Kleinschmidt, E.J. (2001), "Product innovativeness from the firm's perspective: its dimensions and their relation with project selection and performance", *Journal of Product Innovation Management*, Vol. 18 No. 4, pp. 357-73.
- Erdem, T. (1998), "An empirical analysis of umbrella branding", *Journal of Marketing Research*, Vol. 35 No. 3, pp. 339-51.
- Fornell, C. and Bookstein, F.L. (1982), "Two structural equation models: LISREL and PLS applied to consumer exit-voice theory", *Journal of Marketing Research*, Vol. 19 No. 4, pp. 440-52.
- Fornell, C. and Larcker, D.F. (1981), "Evaluating structural models with unobserved variables and measurement error", *Journal of Marketing Research*, Vol. 18 No. 1, pp. 39-50.
- Garcia, R. and Calantone, R.J. (2002), "A critical look at technological innovation typology and innovativeness terminology: a literature review", *Journal of Product Innovation Management*, Vol. 19 No. 3, pp. 110-32.
- Gurhan-Canli, Z. and Batra, R. (2004), "When corporate image affects product evaluation: the moderating role of perceived risk", *Journal of Marketing Research*, Vol. 41 No. 2, pp. 197-205.
- Hair, J.F., Black, W.C., Babin, B.J., Anderson, R.E. and Tatham, R.L. (2006), *Multivariate Data Analysis*, 6th ed., Prentice-Hall, Upper Saddle River, NJ.
- Henard, D.H. and Szymanski, D.M. (2001), "Why some new products are more successful than others", *Journal of Marketing Research*, Vol. 38 No. 3, pp. 362-75.
- Iacobucci, D. (2008), *Mediation Analysis*, Quantitative Applications in the Social Sciences, Sage Publications, Los Angeles, CA.
- Keller, K.L. (2002), *Branding and Brand Equity*, Prentice Hall, Upper Saddle River, NJ.
- Keller, K.L. and Aaker, D.A. (1998), "The impact of corporate marketing on company's brand extensions", *Corporate Reputation Review*, Vol. 1 No. 4, pp. 356-78.
- Keller, K.L. and Lehman, D.R. (2006), "Brands and branding: research findings and future priorities", *Marketing Science*, Vol. 25 No. 6, pp. 740-59.
- 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. 211-22.
- Kumar, N., Radhakrishnan, S. and Rao, R.C. (2010), "Private label vendor selection in a supply chain: quality and clientele", *Journal of Retailing*, Vol. 86 No. 2, pp. 148-58.
- Kumar, P. (2005), "Brand counter extensions: the impact of brand extension success versus failure", *Journal of Marketing Research*, Vol. 42 No. 2, pp. 183-94.
- Lee, Y. and O'Connor, G.C. (2003), "The impact of communication strategy on launching new products: the moderating role of product innovativeness", *Journal of Product Innovation Management*, Vol. 20 No. 1, pp. 4-21.
- Lei, J., de Ruyter, K. and Wetzels, M. (2008), "Consumer responses to vertical service line extensions", *Journal of Retailing*, Vol. 84 No. 3, pp. 268-80.
- Mathieu, J.E. and Taylor, S.R. (2006), "Clarifying conditions and decision points for mediational type inferences in organizational behavior", *Journal of Organizational Behavior*, Vol. 27 No. 8, pp. 1031-56.
- Milberg, S.J., Park, C.W. and McCarthy, M.S. (1997), "Managing negative feedback effects associated with brand extensions: the impact of alternative branding strategies", *Journal Consumer Psychology*, Vol. 6 No. 2, pp. 119-40.

- Morrin, M. (1999), "The impact of brand extensions on parent brand memory structures and retrieval processes", *Journal of Marketing Research*, Vol. 36 No. 4, pp. 517-25.
- Nenycz-Thiel, M., Sharp, B., Dawes, J. and Romaniuk, J. (2010), "Competition for memory retrieval between private label and national brands", *Journal of Business Research*, Vol. 63 No. 11, pp. 1142-7.
- Nowlis, S.M. and Simonson, I. (1996), "The effect of new product features on brand choice", *Journal of Marketing Research*, Vol. 33 No. 1, pp. 36-46.
- Nunnally, J.C. (1978), *Psychometric Theory*, McGraw-Hill, New York, NY.
- Olshavski, R.W. (1985), "Perceived quality in consumer decision making: an integrated theoretical perspective", in Jacobi, J. and Olson, J. (Eds), *Perceived Quality*, Lexington Books, Lexington, MA, pp. 3-29.
- Park, J.W. and Hastak, M. (1994), "Memory-based product judgments: effects of involvement at encoding and retrieval", *Journal of Consumer Research*, Vol. 21 No. 3, pp. 534-47.
- Petty, R.E., Cacioppo, J.T. and Schumann, D. (1983), "Central and peripheral routes to advertising effectiveness: the moderating role of involvement", *Journal of Consumer Research*, Vol. 10 No. 2, pp. 135-46.
- Ringle, C.M., Wende, S. and Will, A. (2005), "SmartPLS 2.0", available at: www.smartpls.de
- Roedder John, D., Loken, B. and Joiner, C. (1998), "The negative impact of extensions: can flagship products be deluted?", *Journal of Marketing*, Vol. 62 No. 1, pp. 243-62.
- Rowley, J. (1998), "Quality measurement in the public sector: some perspectives from the service quality literature", *Total Quality Management*, Vol. 9 No. 2-3, pp. 321-35.
- Salavou, H. (2005), "Do customer and technology orientations influence product innovativeness in SMEs? some new evidence", *Journal of Marketing Management*, Vol. 21 No. 3-4, pp. 307-38.
- Selnes, F. (1993), "An examination of the effect of product performance on brand reputation, satisfaction and loyalty", *European Journal of Marketing*, Vol. 27 No. 9, pp. 19-35.
- Sethi, R., Smith, D.C. and Park, C.W. (2001), "Cross-functional product development teams, creativity, and innovativeness of new consumer products", *Journal of Marketing Research*, Vol. 38 No. 1, pp. 73-85.
- Sheinin, D.A. (2000), "The effects of experience with brand extensions on parent brand knowledge", *Journal of Business Research*, Vol. 49 No. 1, pp. 47-55.
- Shrout, P.E. and Bolger, N. (2002), "Mediation in experimental and nonexperimental studies: new procedures and recommendations", *Psychological Methods*, Vol. 7 No. 4, pp. 422-45.
- Sinapuelas, I.C. and Sisodiya, S.R. (2010), "Do line extensions influence parent brand equity? An investigation of supermarket packaged goods", *Journal of Product and Brand Management*, Vol. 19 No. 1, pp. 8-26.
- Snoj, B., Korda, A.P. and Mumel, D. (2004), "The relationships among perceived quality, perceived risk and perceived product value", *Journal of Product and Brand Management*, Vol. 13 No. 3, pp. 156-67.
- Sujan, M. (1985), "Consumer knowledge: effects on evaluation strategies mediating consumer judgments", *Journal of Consumer Research*, Vol. 12 No. 1, pp. 31-46.
- Taylor, S.A., Hunter, G.L. and Lindberg, D. (2007), "Understanding (customer-based) brand equity in financial services", *Journal of Services Marketing*, Vol. 21 No. 4, pp. 241-52.
- Volckner, F., Sattler, H., Hennig-Thurau, Y.T. and Ringle, C.M. (2010), "The role of parent brand quality for service brand extension success", *Journal of Service Research*, Vol. 13 No. 4, pp. 379-96.
- Wakefield, K.L. and Baker, J. (1998), "Excitement at the mall: determinants and effects on shopping response", *Journal of Retailing*, Vol. 74 No. 4, pp. 515-39.

- White, J.C., Varadajan, P.R. and Dacin, P.A. (2003), "Market situation interpretation and response: the role of cognitive style, organizational culture, and information use", *Journal of Marketing*, Vol. 67 No. 3, pp. 63-79.
- Wold, H. (1985), "Systems analysis by partial least squares", in Nijkamp, P., Leitner, H. and Wrigley, N. (Eds), *Measuring the Unmeasurable*, Martinus Nijhoff, Dordrecht, pp. 221-51.
- Xie, Y.H. (2008), "Consumer innovativeness and consumer acceptance of brand extensions", *Journal of Product and Brand Management*, Vol. 17 No. 4, pp. 235-43.
- Yang, Z. and Peterson, R.T. (2004), "Customer perceived value, satisfaction, and loyalty: the role of switching costs", *Psychology and Marketing*, Vol. 21 No. 10, pp. 789-822.
- Zaichkowsky, J.L. (1986), "Conceptualizing involvement", *Journal of Advertising*, Vol. 15 No. 2, pp. 4-14.
- Zeithaml, V. (1988), "Consumer perceptions of price, quality and value: a means-end model and synthesis of evidence", *Journal of Marketing*, Vol. 52 No. 2, pp. 2-22.
- Zhao, X., Lynch, J.G. Jr and Chen, Q. (2010), "Reconsidering Baron and Kenny: myths and truths about mediation analysis", *Journal of Consumer Research*, Vol. 37 No. 2, pp. 461-9.
- Zolfagharian, M. and Paswan, A. (2008), "Do consumers discern innovations in service elements?", *Journal of Services Marketing*, Vol. 22 No. 5, pp. 338-52.

Further reading

- Arslan, F.M. and Altuna, O.K. (2010), "The effect of brand extensions on product brand image", *Journal of Product and Brand Management*, Vol. 19 No. 3, pp. 170-80.
- Good, D.J. (1990), "Utilizing consumer involvement to market services", *Review of Business*, Vol. 11 No. 4, pp. 3-6.
- Puccinelli, N.M., Goodstein, R.C., Grewal, D., Price, R., Raghubir, P. and Stewart, D. (2009), "Customer experience management in retailing: understanding the buying process", *Journal of Retailing*, Vol. 85 No. 1, pp. 15-30.
- Varki, S. and Wong, S. (2003), "Consumer involvement in relationship marketing of services", *Journal of Service Research*, Vol. 6 No. 1, pp. 83-91.
- Zaichkowsky, J.L. (1985), "Measuring the involvement construct", *Journal of Consumer Research*, Vol. 12 No. 3, pp. 341-52.

About the author

Jean Boisvert is an Assistant Professor of Marketing at the School of Business and Management (AACSB accredited) of the American University of Sharjah in the United Arab Emirates. His research interests are in the area of line extension in the service sector. He has taught around the world in countries such as Canada, Morocco, Romania, Australia, and now in the UAE. Prior to joining the academic world, he also worked for 16 years in private industry, in sectors as diverse as leisure motorized products, food, beverages, treated wood, airlines, export insurance and retailing. He has published in the *Journal of Service Research* (forthcoming), the *Journal of Services Marketing*, the *International Journal of Market Research* and the *Journal of Consumer Marketing*. Jean Boisvert can be contacted at: jboisvert@aus.edu