



Effective Fashion Brand Extensions: The Impact of Limited Edition and Perceived Fit on Consumers' Urgency to Buy and Brand Dilution

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Rational and Purpose: Apparel brands are increasingly collaborating with a retailer providing a limited edition brand extension to capture greater market share (e.g., Missoni at Target). However, brand dilution can occur when the brand becomes mass consumed (Kim, Lavack, & Smith, 2001) and if consumers perceive inconsistency or mis-fit in brand extensions. The notion of perceived fit is known to be critical to the success of brand extensions (Völckner & Sattler, 2006), yet despite industry prominence of this practice, perceived fit between brand and retailer have not been studied. The purpose of this study is to understand how an apparel brand can develop a successful brand extension with a retailer for short and long-term success. For short-term success, this study measures consumers' urgency to buy. For long-term success, parent brand dilution is measured due to its detrimental effects (Völckner & Sattler, 2006).

Hypothesis Development: Supported by commodity theory, when an item is perceived to be limited, the product becomes more desirable (Brock, 1968). Unlike ongoing extensions that lack quantity restrictions, consumers may feel the need to buy limited edition brand extensions immediately because they feel that if they do not purchase right away, others will (Wu, Lu, Wu, & Fu, 2012) (H1). A limited edition brand extension also allows control on how many people have the extensions because quantity available is limited (Stankeviciute & Hoffman, 2012). Thus, by offering a limited edition rather than an ongoing collection, brands do not become too widespread, thus decreasing brand dilution (H2). Therefore,

H1: Urgency to buy will be higher in limited edition than ongoing collection.

H2: Brand dilution will be higher in ongoing collection than limited edition.

Categorization theory suggests that greater fit leads to more favorable evaluations of the brand extension (Grime et al., 2002). Therefore, it is likely high-fit between brand and retailer will lead to higher tendencies to purchase the extension brand more urgently than the case of low-fit (H3). High-end (low-end) brands fit with, and are offered at high-end (low-end) stores that have exclusive (mass) distribution. On the other hand, when consumers perceive low-fit, according to cognitive dissonance theory, this creates uncomfortable dissonance between the qualities associated with collaborating partners. To relieve dissonance, consumers will lower their evaluation about the brand; thus, creating parent brand dilution (H4). This leads to:

H3: Urgency to buy will be higher in high perceived fit between brand and retailer than low perceived fit.

H4: Brand dilution will be higher in low perceived fit between brand and retailer than high perceived fit.

The positive effect of high perceived fit between brand and retailer on urgency to buy should be heightened in the case of limited offering since consumers have to compete with others to obtain

the product (Lee, 2012) (H5). On the other hand, an ongoing extension is not limited and is available to mass consumers. Thus, consumers do not need to purchase an ongoing extension immediately, but its mass distribution may lead to dilution. Thus, the negative effect of low perceived fit becomes more susceptible to dilution effects in an ongoing extension (H6). Thus,

H5: The positive effect of perceived fit between brand and retailer on urgency to buy will be moderated by brand extension strategy (limited edition vs. ongoing) such that the relationship will be stronger in limited edition.

H6: The negative effect of perceived fit between brand and retailer on brand dilution will be moderated by brand extension strategy (limited edition vs. ongoing) such that the relationship will be stronger in ongoing collection.

Methods: College students from a Southeastern University were randomly assigned to one of the experimental conditions. Study 1 tested H1 & H2 (n=125), Study 2 tested H3 & H4 (n=127), and Study 3 tested H5 & H6 (n=247). Based on a pre-test with college students (n=39) Ralph Lauren (Lee) was chosen as the high (low)-end brand, and Nordstrom (Target) was chosen as the high (low)-end retailer. The stimulus was a video commercial advertisement and respondents were asked to answer questions after viewing. Independent variables were manipulated based on a statement embedded in the commercial. Items measuring brand dilution and urgency to buy were developed based on previous research and measured on 7-point likert-type scales.

Findings: Findings are presented in Table 1, Table 2, and Table 3.

Table 1: The Effect of Extension Strategy on Urgency to Buy (H1) and Brand Dilution (H2): ANOVA Results

Extension Strategy	n	H	Urgency to Buy MEAN	F-Value	H	Brand Evaluation MEAN DIFFERNCE (Dilution)*	F-Value
Ongoing	59	H1	3.859	6.928*	H2	+.163	4.600*
Limited Edition	66		3.277			-.198	

Table 2: The Effect of Perceived Fit on Urgency to Buy (H3) and Brand Dilution (H4): ANOVA Results

Perceived Fit between Brand and Retailer	n	H	Urgency to Buy MEAN	F-Value	H	Brand Evaluation MEAN DIFFERNCE (Dilution)*	F-Value
High Perceived Fit	59	H3	3.775	4.299*	H4	+.537	8.166**
Low Perceived Fit	68		3.331			+.018	

Table 3: The Effect of Perceived Fit & Extension Strategy on Urgency to Buy (H5) and Brand Dilution (H6): T-test Results

Perceived Fit	Extension Strategy	H	Urgency to Buy MEAN	F-Value
High Perceived Fit	Limited Edition	H5	4.083	2.63*
	Ongoing		3.968	
Perceived Fit	Extension Strategy	H	Brand Evaluation MEAN DIFFERNCE (Dilution)*	F-Value
Low Perceived Fit	Limited Edition	H6	+.037	1.986
	Ongoing		+.075	

*: p <.05; **: p <.005

±: (-) value indicates brand dilution, (+) value indicates brand image improvement

was that brand image improvement occurred when the brand collaborated with a retailer, regardless of perceived fit (H4) or extension strategy (H6). This study was one of the first to investigate the impact of extension strategy and has extended the notion of fit in brand extensions. We recommend that brands offer their extensions as limited edition and offer within in a high-fitting retailer to increase urgency to buy. For brands seeking to improve their brand image, it is recommended that they consider partnering with a retailer.

References available upon request

Discussion and

Implications: Urgency to buy is higher when the brand offers a limited edition (H1), when consumers perceive high-fit between brand and retailer (H3), and was heighten with both high-fit and limited edition (H5). Brand dilution occurred with an ongoing brand extension (H2). An unexpected finding