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Retail Brand Extension: From Theory to Practice. A Multi-Country Study of European Grocery Retailers

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Abstract

This chapter reviews the literature on brand extension, with particular reference to retail brand extension strategies performed by grocery retailers. Aims, advantages and disadvantages, as well as types of this strategy are described. Then, the results of a survey aimed at comparing the customers' perceptions and buying behaviour when retailers extend their brands, in particular when this strategy is pursued in non-traditional businesses, are presented. The survey consisted in administering a structured questionnaire aimed at investigating the main antecedents of brand extension success to samples of retail customers interviewed in two different retail national contexts, namely, Italy and France. The extension product investigated is car fuel offered through a fuel station branded with the retailer's brand name. Applying Structural Equation Modelling (SEM), the mediating role of attitude towards the extension (ATEX) in generating brand extension success (INTEX) and the key role of fit and of the perceived capability of the retailer to offer the extension product (R&C) as antecedents were verified in both national contexts. On the contrary, the impact of customers' preference towards national brands (NBP) reported mixed results.

Keywords: brand extension, grocery retailing, private labels (PLs), multi-country analysis, SEM

1. Introduction

Brand extension is one of the most important and often used branding strategies.

It is commonly employed by companies to bond new product categories that are going to launch in the market with an existing and established brand name.

Despite the relevance of the topic, most previous research into brand extension has mainly focused on manufacturer brands, paving the way to a rich empirical research, predominantly

experimental, conducted in order to understand the factors affecting a brand extension success (e.g. in [1–3]). On the contrary, retail brand extension has been rarely studied by the literature [4, 5]. In fact, “research into brand extensions in a retail context has focused on manufacturers’ brand extensions sold within a retailer’s store, rather than analysis of a retailer’s own brand extensions” ([6], p. 395). Moreover, very little is known about customer perceptions and buying behaviour when retailers extend their brands, in particular when this strategy is pursued in non-traditional businesses. In this context, the chapter would contribute to filling in this literature gap reviewing the literature on retail brand extension strategies, with particular reference to grocery retailers, and presenting and discussing the results emerged from a survey intended at measuring customers’ perceptions of retailers’ brand extension strategy in non-traditional businesses.

The increasing competition and emerging saturation in the grocery sector have strengthened grocery retailers in extending their assortments through their private labels (PLs) [7, 8]. As a result, the PLs offer covers now not only the traditional fast moving consumer goods (FMCG) categories but also non-food categories (e.g. clothes, over-the-counter products, etc.) and services (travel booking, financial services, phone services, etc.). Consequently, a retailing context is a useful framework to study brand extension, given this recent and unusual brand extension strategy [4] and the limited theoretical and empirical literature on the topic. Apart from [6, 9, 10], all focused to investigate the grocery retail brand extension to financial services, no other specific research, to our knowledge, has addressed this issue. Last but not the least, extant literature on retail brand extension is mainly based on hypothetical brand extensions rather than actual implemented brand extensions [11]. This is why we offer a study aimed at capturing customers’ perceptions related to a real retail brand extension case and in doing so, we believe to contribute also to the empirical evidence on this study field.

The survey consisted in administering a structured questionnaire aimed at investigating the main antecedents of brand extension success to samples of retail customers interviewed in two different retail national contexts, namely, Italy and France. Even if these countries are geographically and culturally closed, the level of evolution of the grocery retail structure differs as it developed more recently in Italy compared to France. As a consequence, the brand extension strategies operated by French retailers have a long tradition compared to a similar, but more recent trend, that is now developing in the Italian grocery retailing system.

Accordingly, the chapter would also stimulate a managerial interest. In fact, retail managers and business practitioners require to determine which brand extensions are consistent with their brand and could be rightly perceived by the clientele in order to be potentially successful.

After having discussed retail brand extension purposes, advantages and disadvantages, and types of extensions, the chapter would describe the state of the art of the studies on retail brand extension. Then, the empirical study performed is depicted, highlighting the research hypotheses and the survey accomplished to test them. Methodology issues, samples features and the main results emerged from the survey are then illustrated and discussed. The chapter ends with a conclusion paragraph aimed at depicting limits and further research avenues of the study performed.

2. Brand extension: Aims, advantages and disadvantages and types

Brand extension consists of the use of a renowned brand name when launching new products [12], and it is a strategy usually adopted in order to reach a number of purposes. In particular, the extant literature on brand extension identified the following possible aims, resulting in several advantages:

- reducing the risk of product failure;
- leveraging the company's brand image;
- strengthening customer loyalty;
- diminishing marketing costs;
- boost profitability;
- differentiate the core offer from that proposed by competitors.

Brand extension has been extensively used as a strategy to reduce the risk of product failure [11, 13]. Actually, employing an established brand familiar to consumers may lead them to accept more favourably a new product and to be more prone and willing to buy it, decreasing the possibility of an unsuccessful launch [14].

Brand extension could also be used to reinforce the relationship with customers [15]. In fact, 'the probability of a customer's staying within a corporate brand family (or, equivalently, a brand system or a brand portfolio) will be proportionally greater than the number of brands offered by that corporation, all other factors being equal' [16, p. 7]. Leveraging of brand equity [17, 18] and enhancement of the core brand [19] have also been identified as important purposes pursued by companies in choosing to extend their brands. Moreover, this strategy could also be beneficial from the marketing point of view, not only increasing the targeting ability of the company responding to distinguishable groups of consumers with diverse needs, but also by facilitating distribution and by lowering needed promotion costs [20] and advertising costs [1, 21]. Sinapuelas et al. [22] found that innovative line extensions tend to have a higher level of average trial probability rather than non-innovative line extensions that, instead, can gain higher trial from greater distribution. From the advertising point of view, an elaborate publicity strategy was found to mitigate the negative effects of lower fit on extension evaluations [23]. Moreover, a positive comparison-framed ad message stimulates more favourable extension assessments and higher purchase intentions than a negative comparison-framed ad message in case of related brand extension; on the opposite, both positive and negative comparison-framed ad messages contribute equally to brand extension evaluations and purchase intentions under dissimilar extension conditions [24].

Many businesses try to leverage their brands to maximize their returns [25] and extending a core brand to a new product is a commonly used strategy to reach this goal [26].

Conversely, researchers have noted that the development of a distinct yet related extension carries with it considerable marketing risks and possible disadvantages. Managing many

brands can complicate and create dangers and problems for the core corporate structure. Then, having the same name on a large number of products can also deteriorate the parent brand's equity. The literature stated (e.g. in [1, 27]) that a poorly implemented brand extension strategy may affect the reputation and subsequent performance of the parent brand. A number of studies highlighted that unsuccessful extensions could jeopardize brand equity, or the future value of the brand as the basis on which to introduce extensions, by hurting and weakening the positive associations with the original brand [28–30]. Sometimes, a reverse-effect could arise from the extension product, affecting the core offer [1, 31]. In fact, for a brand extension to be successful, there usually must be some logical association between the original product/brand, so-called parent brand, and the new one. Consumers perceive the launch of a brand extension as a type of behaviour on part of a parent brand [32]. Consequently, the main risk associated with the practice of this growth strategy is the possibility that the extended category product cannot be recognized by the consumer as consistent with the parent brand.

Brand extension success depends on the product category and types. For instance, Albrecht et al. [33] found that the functional value of the parent brand is more important for non-luxury brands, while luxury brands rely more on the hedonic value of the parent brand.

Two main types of brand extension strategies are recognized in the literature: line extension and brand extension. Line extension occurs when a new product is introduced in the same product category as the core brand. This is the most common way of extending a core brand [34]. The other type is a brand extension, occurring when a new product is introduced in a product category different from the product category of the core brand [35]. Some studies compared line and brand extension strategies: for instance, in Ref. [36], parent brand attitude resulted as highly associated with line-extension attitude rather than with brand-extension attitude; moreover, line extension leads to lower perceived functional risk and higher storing predisposition than brand extension.

Focusing on brand extension, it might be acknowledged that the extended category can then be related, that is, 'similar' [37] or unrelated with the existing product categories. More distant and unrelated is the extended category, higher the risk of dilution for the parent brand. Indeed, weak or non-existent association can result in brand dilution or negative reciprocity effects leading to harm the parent brand [17, 38–40]. Brand extension in unrelated markets may lead to the loss of reliability if a brand name is extended too far, damaging the image of the core/original brand. In some cases, the extension product may not generate new revenues but eat into the parent brand's market share itself.

2.1. Retail brand extension

The literature on brand extension in retailing contexts appears scarce.

Only a few papers are specifically focusing on the topic [4–6, 9, 10], starting to look at the phenomenon quite recently, as all these papers dated back to the new millennium. And, even if the issue to what extent can retailers extend into new unrelated product categories under their store brand has been raised in the literature [7], research on this peculiar topic dramatically lacks.

This could be explained by a number of reasons. First of all, the scholars' attention was traditionally attracted by the store, with a large number of studies on store image, while the retail brand image started to be considered only recently. Burt and Sparks [41] reviewing the literature on the 'retailer as a brand' concluded that although many retailers have become very sophisticated in managing their brands, extant literature has not analyzed the use of their brands consistently. These authors argue that it is 'erroneous to continue to refer to retailers 'own labels' or 'private brands', when for a number of leading retailers, the retailer has become the brand' [41, p. 199]. Actually, a retailer can be considered as a brand [42], and the PL is actually a brand extension of a retailer as the parent brand. But, this view has been looser in the retailing literature so far. In fact, the literature on PLs is quite rich and flourishing, but it is not theoretically rooted in the brand extension perspective.

Apart from these acknowledgements, the restricted number of papers facing the challenge to study retail brand extension ended in using very different approaches and methodologies, reporting contradictory results.

In Ref. [43], the phenomenon has been studied in a promotional perspective evidencing that in aisle-promotion materials which add additional cues for consumers to evaluate new brand extensions may have an effect on consumers' attitudes and their purchase intentions.

The literature evidenced that high parent quality negatively affects an extension's sales when functional fit is high [44], that is, low parent quality can increase an extension's sales when specific circumstances happen.

Other authors [6] aimed at understanding the impact of a brand extension on the core retail brand, trying to prove if a successful implementation of financial services brand extension impacts positively/negatively on the core retail brand. They performed it by measuring satisfaction with the extended offer and proving that the company receives benefits with respect to its core brand when it offers satisfying financial services to its customers. Oppositely, its core brand suffers when these financial services are poorly perceived. However, Alexander and Colgate [6] did not test a simultaneous model taking into consideration the traditional antecedents used by the literature on brand extension.

Consumers' perceptions in retail brand extension (applied to financial services, again) was the interest of Laforet [9, 10], using a discriminant analysis and considering the role of three antecedents, namely, fit, risk and trust. She concluded that when consumers knew the store or were store loyal, they tended to trust the store brand extension, while when consumers did not have previous knowledge or were new to the store, fit and risks were impacting on the store brand extension.

In Ref. [4], retail brand extension has been proved to influence consumers' relationship evaluations with a parent brand prior to a subsequent impact on parent brand equity. That is, brand extension feedback phenomenon entails an underlying process of conversion of brand extension attitudes to bring change in brand equity.

Eight dimensions relevant to retail brand extensions were postulated by Mitchell and Chaudhury [5] for a non-tangible offering, such as a service or retailer, highlighting that it is

the image that will drive attribute clusters to form categories. These authors concluded that retail brand extension success is based on perceptual extension-fit judgments of relevance, concept fit, typicality and understanding, with the role of transfer (in the model proposed in this chapter: R&C) playing a more crucial role in service sectors—and specifically in retailing—than in manufacturing.

Investigating the relationship between customer loyalty to the retail brand and the purchase of non-traditional products and services offered by grocery retailers with their private labels, Ref. [45] showed that attitudinal loyalty plays a significant role as buying predictor, but this depends on the non-traditional product/service category offered.

In order to contribute in filling in the gap on the retail brand extension literature, the following study was performed, leading to some interesting results.

3. Consumers' perceptions of retail brand extension: A comparison between Italy and France

3.1. The research hypotheses

The model proposed is aimed at verifying the effect of attitude towards the extension (ATEX) as a mediator of a number of antecedents—conceptual fit (FIT), National Brand Preference (NBP) and Resources and Competences (R&C)—on retail brand extension success. The proxy used to evaluate retail brand extension success is the intention to buy the extended product (INTB).

The extant literature on brand extension traditionally suggests that the transfer of brand associations from the parent brand to the extension product depends on the extent to which consumers perceive a logical and coherent association, called fit, between the brand and the extension product [38, 46]. In this perspective, brand extension fit is defined as 'the perceived similarity (e.g. product category, usage situation) and relevance of parent brand associations (i.e. attributes or benefits) for the extension category' [26, p. 967]. Prior product brand extension research findings suggest that a higher level of fit results in a better evaluation of any type of extension [28, 47, 48], directly influencing consumers' attitude towards brand extension. Moreover, the literature agrees in recognizing a major role played by the FIT construct on ATEX compared to other antecedents [3, 32, 38, 49, 50]. The primary role played by FIT has been verified in a retailing context too [5].

H_{p1}: Fit has a significant positive impact on brand extension attitude.

PLs literature found that consumers perceive national brands (NBs) as superior to store brands. This is due to their perceived higher quality [51], and to a broader knowledge of national brands compared to private labels [7]. In fact, traditionally, PLs have been positioned as low price/good value for money offerings [52] and were perceived as more risky than NBs [53, 54]. Accordingly, preferences for NBs can result in a negative ATEX.

Hp2: Preference for national brands has a significant negative impact on brand extension attitude.

Consumer perceptions of the expertise of a company can be a key determinant in shaping brand extension evaluations [1]. This antecedent was termed as “Transfer” by [5] p. 97, defining it as “the extent to which the skills, facilities and people used in developing and making the original product may be useful in making the extension product”, that is: the more experienced, skilful and capable is the brand company who makes the extension, the better the attitude toward the extension. To clarify the direction of this link and accordingly to [5], but using a more intuitively label (resources and capabilities), we hypothesize as follows:

Hp3: Resources and capabilities have a significant and positive impact on brand extension attitude.

In line with the Theory of Planned Behaviour (TPB) [55, 56], attitudes have been shown to strongly influence purchasing behaviour and intentions in various contexts (e.g. [57]). This has also been found true when ATEX is considered [2].

Hp4: Consumers’ attitude towards the brand extension positively affects intention to buy the extension product.

3.2. Empirical analysis across countries

To empirically investigate similarities and differences between Italy and France in consumers’ perceptions of retail brand extension in non-traditional business, an in-store survey was conducted administering a structured questionnaire to two convenience samples of retail customers. The questionnaire was pre-tested and then administered to comparable samples of respondents, both in Italy and in France, during their grocery shopping in hypermarkets offering a fuel station service labelled with the retailer’s brand. In this way, we have drawn a representative sample of retailer’s shoppers in both countries [58]. Moreover, both samples are loyal customers of retailers as in Italy, 88.8% of respondents own the fidelity card of the retailer, and in France, the owners of the retailer’s fidelity card are 56.1% of the French sample.

3.2.1. The sample

Our sample consisted of 320 Italian respondents and 240 French respondents; however, due to some uncompleted questionnaire, the final sample used in this analysis consisted of 123 French responses.

As resulting from the socio-demographic analysis of the two samples, we can consider the two shoppers’ groups as sufficiently representative of the Italian and French grocery shoppers, although young adults are prevalent in the French sample (**Table 1**).

In terms of employment, because of the young age of the sample, 55.4% of French respondents are students and 9.9% are unemployed. About 31.4% of the sample is employees, while 0.8% is retired and 2.5% is housewives. Conversely, in Italy, 71.9% is employees,

	Italy		France	
	Men (%)	Women (%)	Men (%)	Women (%)
>25 years	3.1	5.0	13.0	52.8
25–35	6.9	11.3	12.2	17.1
36–50	7.8	34.1	0.8	2.4
51–65	5.9	23.8	0.0	0.8
<65 years	0.3	1.9	0.0	0.8

Table 1. Demographic characteristics.

2.8% is unemployed, 11.3% is retired, 3.1% housewives and just a 10.9% of respondents are students.

3.2.2. The measurements employed

To assess differences in consumers' intention to buy fuel from the retailer, we performed a structural equation model for both countries. In fact, as emerges from the literature, Structural Equation Models (SEM) are the main methodology to compare differences across groups [59]. The structured questionnaire is based on constructs derived from the main brand extension literature. Items and original constructs are presented in **Table 2**. Using the software Lisrel 8.80, we first compute a confirmatory factor analysis (CFA) to test the convergent and discriminant validity of constructs. All items are significant and loaded onto the expected latent construct [60]. As reported in **Table 3**, values for the average variance extracted (AVE) and for constructs' composite reliability (CR) support the convergent validity of the investigated constructs for both groups [61].

Using the Fornell and Larcker criterion [61], the discriminant validity of the surveyed constructs in both Italy and France was confirmed. In fact, the square root of AVE by the underlying construct is larger than the correlation of this construct and the other constructs (**Table 3**).

3.2.3. The structural model

Once identified the validity of constructs underlying our analysis, we performed a SEM for each group to verify differences and similarities in consumers' intention to buy the extension product. The structural model in both countries evidenced a good model fit. Although significant Satorra and Bentler chi-squares were found both in Italy $\chi^2_{(SB)(180)} = 190.960$, $p < 0.00$ and in France $\chi^2_{(SB)(180)} = 121.700$, $p < 0.00$ due to the violation of the assumption of multivariate normality, the normed chi-square indicated a good model fit in both countries: $\chi^2/df_{(IT)} = 1.968$; $\chi^2/df_{(FR)} = 1.337$. Accordingly, the Root of Mean Squared Error of Approximation ($RMSEA_{(IT)} = 0.0551$; $RMSEA_{(FR)} = 0.0457$) and close-fit $RMSEA_{(IT)} < 0.05 = 0.224$ and close-fit $RMSEA_{(FR)} < 0.05 = 0.593$ are not significant in both cases. The models have no substantial problem with the residuals ($SRMR_{(IT)} = 0.0514$; $SRMR_{(FR)} = 0.0672$). The incremental fit measurements resulted greater than 0.95 both in Italy (NNFI = 0.992; CFI = 0.993) and in France (NNFI = 0.992; CFI = 0.993). The structural models showed a good predictive ability for both INTB ($R^2_{(IT)} = 0.658$; $R^2_{(FR)} = 0.546$) and ATEX ($R^2_{(IT)} = 0.642$; $R^2_{(FR)} = 0.614$).

Original scale	Scales	Measurements	Italian factor loadings	French factor loadings	
Adapted by [62]	Intention to buy extension	INTB1	I am willing to fill in my car with the car fuel offered in the retailer X's petrol station in the future	0.956	0.897
		INTB2	If I were going to fill in the car with car fuel again, I would consider to go to the retailer X's petrol station	0.850	0.867
		INTB3	The likelihood of filling in the car with car fuel of the retailer X's petrol station is very high	0.943	0.877
[1, 63]	Attitude towards extension	ATEX1	My attitude towards the retailer X's extension to petrol stations is very positive	0.951	0.789
		ATEX2	Overall, I am very positive towards the retailer X's extension to petrol stations	0.974	0.956
		ATEX3	My opinion about the retailer X's extension to petrol stations is positive	0.964	0.900
[2, 64]	Conceptual fit		The extension of the PL X to offer car fuel is:		
		FIT1	Not logical-logical	0.889	0.882
		FIT2	Not similar-similar	0.946	0.953
		FIT3	Not appropriate-appropriate	0.951	0.903
		FIT4	Incoherent-coherent	0.984	0.931
[53]	National brand preference	NBP1	I prefer to buy car fuel from traditional suppliers	0.816	0.708
		NBP2	I consider branded car fuel better than that of the retailer X	0.916	0.906
		NBP3	There is a significant quality difference between branded and PL car fuel	0.903	0.865
[1]	Resource and capabilities	R&C1	The retailer X's resources have been useful to enable the retailer to offer car fuel	0.838	0.787
		R&C2	The retailer X's skills and experience in offering PLs are similar to those needed to offer car fuel	0.913	0.871
		R&C3	The retailer X's personnel, infrastructure and capabilities were useful in developing and launching petrol stations branded with the retail brand	0.940	0.856

Table 2. Constructs and factor loadings.

Constructs	Italy			France		
	AVE	CR	Correlation matrix	AVE	CR	Correlation matrix
Intention to buy extension	0.842	0.941	0.917	0.775	0.912	0.880
Attitude towards extension	0.928	0.975	0.811	0.782	0.915	0.739
Conceptual fit	0.890	0.970	0.569	0.842	0.955	0.514
National brand preference	0.773	0.911	-0.510	0.690	0.869	0.268
Resource and capabilities	0.806	0.926	0.529	0.704	0.877	0.533
				0.898	-0.490	0.614
				0.652	0.879	-0.479
				0.702	0.943	0.918
				0.963	0.831	0.341
				0.696	0.362	0.641
				0.722	0.540	0.839

Note: Diagonal elements in bold are the square root of average variance extracted (AVE).

Table 3. Reliability, convergent and discriminant validity coefficients.

4. Results

Analysing the results for Italian shoppers, we found a few differences compared to the results emerged in the French sample. In fact, in the case of Italy (**Figure 1**), the main antecedent of the attitude towards the extension product is FIT (FIT → 0.394* → ATEX) confirming H1. The NBP plays a negative role in determining ATEX (NBP → -0.315* → ATEX) supporting H2. In agreement with H3, R&C has a positive and significant effect on ATEX (R&C → 0.257* → ATEX). Finally, in line with the literature, ATEX has a strong effect on INTB confirming H4 (ATEX → 0.811* → INTB).

Also in France (**Figure 2**), ATEX has a positive effect on INTB (ATEX → 0.739* → INTB). Nevertheless, the main antecedent of attitude towards an extended product in France is R&C (R&C → 0.488* → ATEX), while FIT represents the second element that influences ATEX (FIT → 0.396* → ATEX). What emerges from French results is that NBP has no significant effect on the attitude towards a retailer's fuel offer; consequently, H2 was not verified (NBP → -0.036 (n.s.) → ATEX).

Finally, ATEX resulted as a mediator of the effects of FIT and R&C on INTB in both national contexts. In fact, as proved by the Sobel test (**Table 4**), all the indirect effects are significant apart from the indirect effect of NBP in France, where the effect of NBP on ATEX is not significant and consequently its indirect effect too.

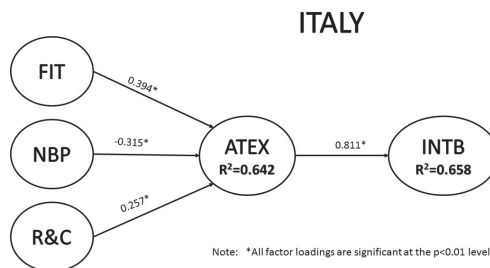


Figure 1. Structural model: Italian results.

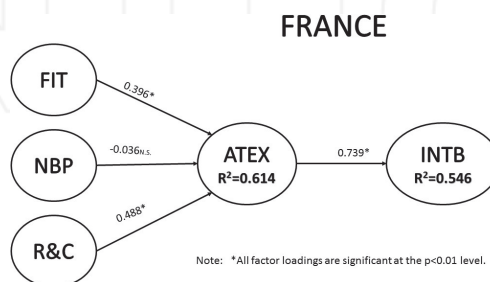


Figure 2. Structural model: French results.

	Italy	France
FIT → ATEX → INTB	$c' = 0.393$; p -value = 0.000	$c' = 0.278$; p -value = 0.001
NBP → ATEX → INTB	$c' = 0.300$; p -value = 0.000	$c' = 0.031$; p -value = 0.722
R&C → ATEX → INTB	$c' = 0.268$; p -value = 0.000	$c' = 0.456$; p -value = 0.001

Table 4. Indirect effects and Sobel test.

5. Discussion

Our findings are generally confirming the significance and expected direction of the major relationships verified by scholars in the brand extension study field, contributing to the current literature by testing them in an under investigated context such as grocery retailing. Specifically, our study confirms that INTB is strongly influenced by ATEX. Our results also evidenced that grocery retailers are recognized as having the right equipment, people and capabilities to extend their brand even in non-traditional businesses, and that this effect occurs independently from the level of evolution (long tradition/recent offer) of the non-traditional offer in the retailing systems observed. From this point of view, the grocery retailers' brand looks as more elastic than other brands when grocers decide to launch extension into distant product categories [37]. In this way, our findings also support [65] statement that broad brands tend to have more associated benefits than narrow brands and can therefore be potentially used more successfully when companies decide to implement brand extensions in distant businesses. Store brands were predicted to succeed in categories that were not complex, for which there is relatively little variance in the (functional) quality across the competing brands [66]. From this point of view, grocery retailers seem to perfectly fit this requirement, they are well positioned on service convenience provision, a key aspect in the buying decision process of car fuel consumers, the extended category used in this study. But, this can be true for many other unusual categories in which grocery retailers are now operating, such as mobile phone services, utilities, travel booking, etc. This is why there might be a scope for extending the brand to new categories, even if distant.

However, if we look in detail at our findings comparing the different national contexts investigated, some interesting differences from the empirical analysis emerge. A different tradition in the relationship between retailers and consumers seems to lead to a different response by the latter respect on some specific antecedents of brand extension success in France differently from Italy. Focusing on the Italian context, where retailers have begun to extend their core business only a few years ago, we found that retailers suffer the comparison with national brands, and this result is expected and in line with the extant literature on brand extension, the NBP construct is significantly and negatively affecting ATEX. On the contrary, the NBP construct did not report any significance in the model regarding the French context. This could be related to the fact that familiarity with the PL is still low in Italy (around 18% of market share [67]) and therefore buying an extension product offered with the retailer's brand could be perceived as more risky than buying it from a well-known NBs supplier [53, 54]. This is reinforced by a cultural issue concerned with the Italian people's proneness to be more sensitive to well-known brands than other foreign population. Differently, French people are

used to a highly evolved retailing system, very well known and famous retail brands and are quite accustomed to the brand extension strategies made since long by them.

Furthermore, Italian consumers pay greater attention on the logical similarity between the extended category product and the core offer as FIT resulted as the major ATEX antecedent, confirming literature's findings [5, 38, 49].

However, when the retailer acquires a strong role in the market and the relationship between the retailer and the consumer is consolidated, the situation radically changes. In fact, as in the case of France, although the retailer must prove its own resources and expertise to offer an extended product and the FIT should be coherent with the core business, the comparison with national brands do not penalize the retailer. As a consequence, on one hand, the role of the retailer is dramatically reshaped: the retailer can propose an offer in alternative product categories and competitive strategies among retailers affect not only the core business but also an extended offer less comparable by consumers. On the other hand, considering the advanced maturity stage reached by the grocery retailing system in France and the greater use of assortment extension performed by the local retailers, the future scholars need to rethink antecedents involved in brand extension in retailing contexts.

If retailers want to be successful in extending their brands in distant product categories, they should strengthen the positive attitude created around their product extension mainly leveraging FIT perceptions and investing in better communicating how skilful, experienced and well-equipped they are in distributing products and serving customers, no matter which kind of product category/service they are offering on the market through their brand.

6. Conclusions

This chapter contributes to the current literature on brand extension focusing on a poorly investigated area such as retail brand extension.

Specifically, an empirical research was performed to test a model in two different national contexts, Italy and France. Findings support the belief that grocery retailers are well positioned to take advantage from a wide brand extension strategy. Our findings aim to assist them in their brand extension decision-making and implementation, particularly when it comes to enter unusual and distant businesses, where performing a brand extension strategy can be very risky. But, our research evidenced that in grocery retailing, brand extension in dissimilar businesses can result in a positive attitude towards the retailer and, consequently, into purchase intentions. In order to convert this potential heritage in a successful strategy, grocery retailers should be able to leverage the similarity that their customers perceive in the extended offer. This should be fulfilled giving particular emphasis on their capabilities in managing store infrastructures and creating value through their service offer. Stimulating trials and using communication tools retailers could better acknowledge customers on their extended offer and in particular on their capabilities to extend their core competences to offer a good extension product even in very distant products and services categories such as car fuel apparently is. From this point of view, we suggest retailers to give particular attention to

the way in which they design and manage the car fuel branded with the retailer's brand name: logos, colors, the level of service offered, etc. should be immediately let customers reconnect this offer to the retail chain.

Another key point emerging from our results could be quite useful: retail brand extension could be differently perceived by retail customers of different national contexts. Even if this is beyond the scope of our research, our findings seem to acknowledge that the higher the level of evolution of a retailing system when it comes to brand extension issues, the higher the likelihood to report different results in testing traditional models of customers' perceptions of brand extension success strategies. Accordingly, scholars studying retail branding should be acknowledged that a rethinking of the antecedents involved in brand extension could be appropriate.

In sum, as customer loyalty has been found to act as a buying purchase predictor [45], our results evidenced a potential great success for this kind of offer. Relevant factors for a successful brand extension strategy in retail should be FIT and R&C. Consequently, retailers should enhance the perceived similarity with the parent brand in order to have favourable extension evaluations. But, this depends on the level of retail evolution of the national context in which the retailer operates: in Italy it is important to reduce the perceived gap within NBs and PLs, as this antecedent influence PL proneness, while in a highly evolved retailing context such as France, this is uninteresting, while R&C is key to succeed and even more powerful than FIT.

Despite the contributions made by this chapter, we are aware of the limitations affecting our study. First, the model is applied to only one product category, highly specific, namely car fuel branded with the retailer's brand name, while it would be interesting to test it also in other non-traditional business contexts. In particular, it could be thought provoking to test the model in product categories that entails a high level of involvement and trust in the supplier such as pharmaceutical products and/or financial services. Moreover, familiarity with the retailer's PLs could be included in future analyses in order to check for a possible moderating role on the relationship between NPB and ATEX.

Last but not the least, it would be beneficial for the possible contribution to the brand extension literature to survey constructs able to measure the feedback effects of the retail brand extension in non-traditional businesses. In particular, retailer brand equity could be introduced in the model as dependent variable. The understanding of the possible implications for the core offer and the retailer image are crucial points when diversification strategies are to be evaluated.

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