Retail brand extension: antecedents of attitude and intention to buy

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Abstract
This study focuses on retail brand extension from the consumer perspective when non-traditional product/service categories are offered with the private label brand. The extension product category investigated is car fuel, offered through a retail branded fuel station.
Most previous research into brand extension focused on manufacturer brands, while retail brand extension has been rarely examined in the literature and very little is known about customer perceptions and buying behavior when grocery retailers extend their brands in non-traditional businesses.
500 questionnaires were collected from a convenience sample of retail customers.Through Structural Equation Modeling, we propose a model in which the main antecedents identified by the relevant literature on brand extension – namely: conceptual fit (FIT), private label quality (PLQ), resources and capabilities (RC), trust towards the retailer (T) –impact on attitude towards the extension (ATE) and this in turn influences the intention to purchase the extended brand (INTB). We also included price consciousness (PC) and behavioral loyalty (BL)as antecedents of intention to purchase the extended category.
The proposedmodel achieves good predictive validity and the proposed hypotheses are fully supported, apart from the negative impact exerted by Trust on Attitude. Scientific and managerial implications are discussed.

KeyWords: brand extension; retail brand; non-traditional products/services; attitude; intention to buy.

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Introduction and Research Questions

The scientific research on brand extension constitutes a rich body of literature as for the relevance that this topic has gained between business practitioners, as for the relevancy that it represents for academics. From a managerial viewpoint, business practitioners require to identify which brand extensions could be coherent with the company brand and potentially successful. From a scientific perspective, scholars showed a particular interest to the identification of the antecedents of brand extension success (e.g. Aaker and Keller 1990; Bhat and Reddy 2001; Völckner and Sattler 2007). Specifically, these studies offer important insights into antecedents of consumers' attitudes toward the extension product and resulted in a number of indicators of extension success (Czellar 2003).

Within this context, the present study focuses on a proxy of brand success, i.e. intention to purchase the extended brand (INTB), suggesting a model in which the main antecedents identified by the relevant literature on brand extension – namely: conceptual fit (FIT), private label quality (PLQ), resources and capabilities (RC), trust towards the retailer (T) – are proposed to impact on attitude towards the extension (ATE), and this in turn influences the intention to purchase the extended brand. Two other INTB antecedents are investigated, namely: price consciousness (PC) and behavioural loyalty (BL).Specifically, testing the research model proposed we would try to reply to the subsequent queries:

1) What is the impact of some antecedents poorly investigated in the brand extension success literature in retailing, such as Resources and Capabilities and Trust towards the retailer, on attitude towards the extension?
2) Is attitude towards the extension positively and directly impacting on brand extension success even when unrelated categories are considered?
3) Do Price Consciousness and Behavioral Loyalty exert a positive and direct effect on brand extension success when non-traditional product categories are investigated?

This study contributes to the current literature on brand extension and retailing as follows. Brand extension literature is heavily focused on manufacturer brands. Conversely, retail brand extension has been rarely investigated (Dwivedi and Merrilees 2013; Mitchell and Chaudhury 2014) and very little is known about consumer perceptions and buying behavior when a retailer extends its brands to a novel (not intended in absolute terms, but relative to the core retail offer) product category, in particular when this strategy is pursued in non-traditional businesses. The matter calls for greater scientific attention as growing competition and emerging saturation in the grocery sector are increasingly pushing retailers in extending their assortments through their private labels (PL) (Colgate and Alexander 2002;Martinelli, Belli and Marchi 2015), even in distant an unusual businesses such as over-the-counter products, travel booking, financial services, and many more. As a result, we believe that a retailing context is an actual and useful framework to study consumers' brand extension buying behavior given the undergoing brand extension strategy that is progressively more characterizing it (Dwivedi and Merrilees 2013). Apart from Alexander and Colgate (2005) and Laforet (2008), both focused to investigate the grocery retail brand extension to financial services, no other specific study, to our knowledge, has addressed this issue.

Conceptual Framework and Research Model

Brand extension success largely depend on customers' evaluation of the extension product (Klink and Smith 2001). Within this context, we develop a conceptual model to understand the influence of attitude towards the product extension on retail customers' intention to buythe extension product, considering a number of brand extension antecedents, adequately

adapted to the retail context investigated. Thus, the aim of this study is to evaluate consumers'overall evaluative predisposition towards the extended parent brand offer.

The conceptual model proposed (Figure 1) has theoretical underpinnings in the categorisation theory, who postulates that consumers form categories based on prior knowledge/experience in order to simplify and make decisions (Ward, Bitner and Barnes, 1992). Categorisation theory suggests that brand associations from the parent brand to the brand extension are largely determined by the extent to which consumers perceive the brand extension as being logically linked and coherent to the existing product category (Park, Milberg and Lawson 1991; Sheinin and Schmitt 1994). Prior product brand extension research findings suggest that a higher level of fit results in a better evaluation of any type of extension (Boush and Loken 1991; De Ruyter and Wetzels 2000; Kalamas et al. 2006), directly influencing consumers' attitude toward brand extension. Moreover, this literature agrees in recognizing a major role played by the FIT construct on the attitude towards the extension product (Broniarczyk and Alba 1994; Park, Milberg and Lawson 1991). The same relationship has been verified in a retail brand extension context (Mitchell and Chaudhury 2014). Thus, we postulate that:

Hp1: Conceptual fit has a significant and positive impact on brand extension attitude.

Regarding the impact of perceived quality on attitude toward the extension, Aaker and Keller (1990) state an unambiguously positive relationship. If the brand is associated with high quality, the extension would have a better evaluation and viceversa. In the specific context under investigation, we consider a concept of perceived quality related to the private label brand as the parent brand. Traditionally, store brands have been considered of lower quality compared to national brands (e.g.: Bellizzi et al. 1981; Cunningham, Hardy and Imperia 1982; Dick, Jain and Richardson 1995) and positioned as low price/good value for money offerings in grocery categories(Richardson, Dick and Jain, 1994). However, starting from the new millennium, consumer perceptions of PLs started to improve, leading to a decreased perceived quality gap with National Brands (NBs) (Batra and Sinha 2000; Quelch and Harding 1996).Moreover, researchers have suggested that the principal reason for the continuing and steady growth of PLs has been their improved quality (Hoch and Banerji 1993), and a much more positive consumers' attitude towards PLs in general, thanks to an increase in their quality perceptions, as evidenced by Steenkamp, van Heerde and Geyskens (2010). Consequently, we can hypothesize as follows:

Hp2: Private label quality has a significant and positive impact on brand extension attitude.

Consumer perceptions of the expertise of a company can be an important determinant influencing evaluations of a product extension (Aaker and Keller 1990; Chen and Paliwoda 2004). Aaker and Keller (1990) termed this factor as "difficult", considering it as the perceived difficulty in designing or making the extension product, and postulating the following effect on the attitude towards the extension: the higher the perceived difficulty in making the extension by the company, the better the attitude towards the extension. Nevertheless,this relationship is questionable in the literature. Mitchell and Chaudhury (2014, 97) termed this antecedent as "Transfer" and defined 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 […] We conceive retail transfer as the retailer has the skills and/or experience to develop the brand extension*", postulating and verifying the opposite effect theorized by Aaker and Keller (1990), that is: the more experienced, skillful and capable is the brand company who makes the extension (and so, the easier the making of the extension), the better the attitude toward the extension. To clarify the direction of this link and accordingly to Mitchell and Chaudhury (2014), but using a more intuitively label (resources and capabilities), we can hypothesize as follows:

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

A retailer can be considered as a brand (Ailawadi and Keller 2004) and the PL is actually a brand extension of a retailer as the parent brand. When consumers are unfamiliar with a product category and perceive high brand difference, they tend to rely on the company brand as for the level of trust they associate to it.However, as Laforet (2008) stated, there is little reference to brand trustin brand extension literature. Aaker and Keller (1990) referred to this notion reporting a significant association between company credibility and brand extension acceptance. We would like to verify this relationship in a retail brand extension context. Thus:
Hp4: Trust towards the retailer has a significant and positive impact on brand extension attitude.

In line with the Theory of Planned Behaviour (TPB) (Ajzen 1991; Azjen and Fishbein 1980), attitudes have been shown to strongly impact purchasing behaviors and intentions in various contexts (e.g. Shaw &Shiu, 2002). A PL is considered successful not only when it gains a favorable consumer perception, but more importantly when it leads to strong purchase intentions. Several brand extension studies indicate that consumers' attitudes toward brand extensions positively influence their brand purchases (e.g.: Bhat and Reddy 2001). We therefore postulate that:
Hp5: Consumers' attitude toward the brand extension has a significant and positive impact on intention to buy the extension product.

Price consciousness indicates the extent to which consumers are concerned with price convenience and making deals when shopping (Lichtenstein, Netemeyer and Burton 1990; Lichtenstein, Ridgway and Netemeyer 1993). Prior research indicates that price consciousness reveals consumers' orientation to involve in price comparisons, their effort to gain information in order to identify the better prices, and their proneness to promotions (Ailawadi, Neslin and Gedenk, 2001). Thus, price conscious consumers are concerned with getting the best value for money and will generally put more effort into finding lower prices and cheaper alternatives. This construct is particularly relevant when grocery shopping is concerned, as the nature of this business is inherently related to price convenience and deals. Additionally as the literature suggests that price consciousness helps in explaining purchases of store brands (Kara et al. 2009), we can posit that:
Hp6: Price consciousness has a significant and positive impact on intention to buy the extension product.

Behavioral loyalty has been traditionally measured as repeat purchase frequency and/or relative volume of purchasing of a specific brand (Tellis 1988). Thinking at the type of category extension under observation – namely fuels stations branded with the retail brand – undoubtedly the buying frequency and purchase volume at the retailer's stores can be an antecedent of the extension purchase as for the importance of time and location convenience similarly present in both the businesses under observation, namely: groceries and fuel stations. Moreover, as previous research evidenced a solid relationship between PLs and store loyalty (e.g.: AilawadiPauwels and Steenkamp 2008; Binninger 2008; Corstjens and Lal, 2004), we can hypothesize that:
Hp7: Behavioural loyalty has a significant and positive impact on intention to buy the extension product.

Figure 1: Conceptual Model
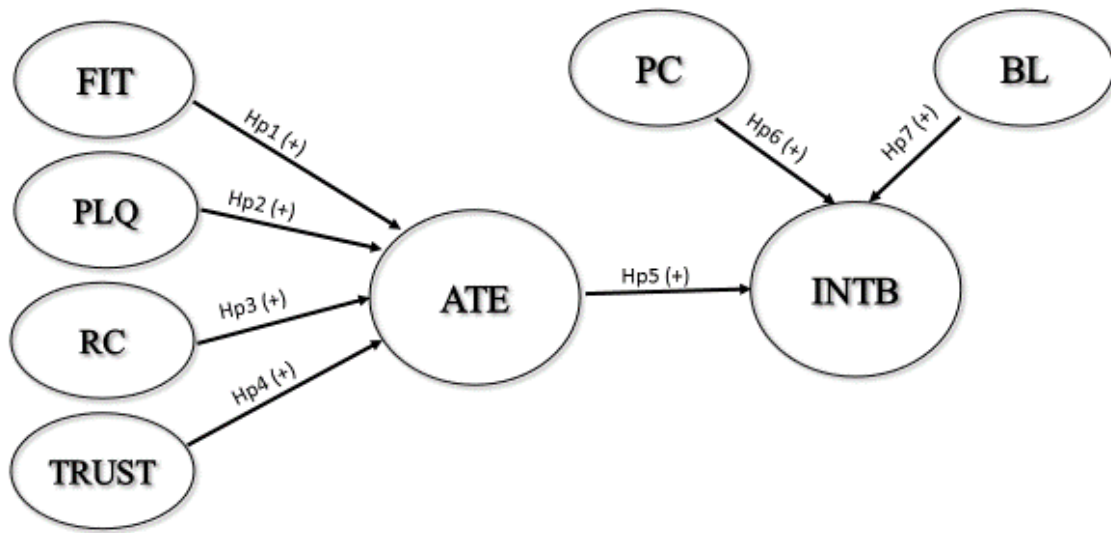
Method

The retail sector considered is grocery retailing.The non-traditional product category investigated is car fuel, offered through a retail branded fuel station. This is a recent offer in the assortment range of Italian grocery retailers and interesting to investigate as for the importance that car fuel costs represent for the family budget and for the similarities with groceries shopping expedition motives (convenient location, price convenience). Moreover, it might be difficult for consumers to perceive quality differences between car fuel brands: in fact, consumers do not show any particular brand preference for car fuel suppliers.

The study has been performed through an in-store survey, administering a structured questionnaire to a convenience sample of retail customers. Five hundred questionnaires were collected.Questionnaire items to be investigated are reported in table 1.

The questionnaire was pre-tested and then administered to consumers in one hypermarket offering car fuel through a retail branded fuel station, located in North Italy and belonging to the retail market leader operating in the country. Consumers were intercepted afterwards their grocery shopping in the hypermarket. Data was gathered within a period of two weeks on different days and at different times in order to collect the greatest variety of buying models.

First, interviewees were asked whether they were buyers of the NTPS observed or not. Then, the respondents were asked to evaluate their level of agreement with a number of items aimed at measuring the constructs investigated (Table 2) on a 7-point Likert scale (1= totally disagree; 7= totally agree).

The sample was mainly made up of women (69.4%). Interviewees were largely concentrated in the intermediate age range: 35.4 % of the respondents were aged between 36 and 50, 25.4 % between 26 and 35, 25.8 % between 51 and 65, while only10.0 % were young (< 25 years old). 16.4% of the respondents had a secondary level of education and 51.2% possessed a bachelor degree. Graduates accounted for 30.6% of the respondents, while only 0.8% possessed a post-graduate degree. Family composition is mainly based on 2-4 components (83.2%), while only 11.4% were singles and the remaining 5.4% live in a family of 5 or more members.

We use a Structural Equation Model (SEM) with Maximum Likelihood to assess the validity of the causal relation between constructs and to verify how much the observed variables were

representative of the proposed model's latent constructs. The proposed model looks to be enough efficient in explain the dependent variables and we succeeded good level of explained variance for both constructs $R^2_{(INT)}=0.548$ and $R^2_{(ATTEX)}=0.452$.

To optimize the measurement model, the original psychometric scales were adapted to non-traditional product and few items of the original scale of Price Consciousness and Resource and Capability were purified. Therefore,all constructs show levels of Cronbach'salpha greater than the cut-off 0.70 (Nunnally and Bernstein, 1994) confirming the internal reliability of constructs used in our analysis: ($\alpha_{INTB}=0.924$; $\alpha_{ATE}=0.971$; $\alpha_{FIT}=0.932$; $\alpha_{PLQ}=0.879$; $\alpha_{RC}=0.887$; $\alpha_{T}=0.971$; $\alpha_{PC}=0.836$; $\alpha_{BL}=0.901$).

Table 1. Correlation Matrix of Constructs

CONSTRUCTS		INTBE	ATE	FIT	PLQ	R&C	TRUST	PC	BL
Intention to Buy Extension	**INTBE**	1.000							
Attitude towards Extension	**ATE**	0.731	1.000						
Conceptual Fit	**FIT**	0.443	0.604	1.000					
Perceived Private Label Quality	**PLQ**	0.375	0.483	0.429	1.000				
Resource and Capabilities	**R&C**	0.306	0.428	0.523	0.393	1.000			
Consumers' Trust in the Retailer	**TRUST**	0.242	0.337	0.411	0.728	0.579	1.000		
Price Consciousness	**PC**	0.182	0.133	0.151	0.233	0.138	0.214	1.000	
Behavioural Loyalty	**BL**	0.291	0.268	0.265	0.265	0.286	0.522	0.250	1.000

To assess the reliability and validity of the constructs, inter-constructs correlation (Table 1), factor loadings of the measurement items, composite reliability (CR) of each construct and average variance extracted (AVE) were examined (Table 2).

The structural equation model and hypotheses were assessed using LISREL 8.80 (Joreskog and Sorbom, 1993). Results confirmed convergent validity as allthe items are significantly different from 0 (all t-values$\geq$15.683) and substantially (factor loading >0.683). These factors all represent distinct constructs in the structural equation model. Moreover, as shown in Table 2, the RC construct is greater than the relative cut-off of 0.7 (Steenkamp and van Trijp, 1991) and their AVEs are greater than the cut-off of 0.5 (Fornell and Larcker, 1981). Furthermore, the square root of each AVE constructs was greater than the correlations of that construct with the other constructs, showing that each construct shares more variance with its own measures than, it shared with other constructs.

Table 2. Individual item factor loadings and reliability. Construct reliability and convergent validity coefficients

		References	Factor Loadings	Error Variance	Cronbach's alpha	AVE	CR
	Intention to Buy Extension				*0.924*	*0.823*	*0.932*
INTB1	I am willing to fill the car with petrol in the retailer X's fuel station in the future	**Adapted by Dodds, Monroe, and Grewal (1991)**	0.956*	0.086			
INTB2	If I were going to fill the car with petrol again, I would consider to go to the retailer X's fuel station		0.777*	0.396			
INTB3	The likelihood of filling the car with petrol of the retailer X's fuel station is very high		0.974*	0.050			
	Attitude towards Extension				*0.971*	*0.920*	*0.972*
ATE1	My attitude towards extension x to fuel stations is very positive	**Aaker and Keller, 1992; Hem et al., 2014**	0.968*	0.064			
ATE2	Overall, I am very positive towards extension x to fuel stations		0.972*	0.055			
ATE3	My opinion about the extension of PL X to fuel stations is positive		0.938*	0.120			
	Conceptual Fit				*0.932*	*0.779*	*0.933*
	The extension of the PL X to fuel stations is:	**Bhat & Reddy, 2001; Taylor and Bearden, 2003**					
FIT1	Not logical-logical		0.867*	0.248			
FIT2	Not similar-similar		0.828*	0.314			
FIT3	Not appropriate -appropriate		0.935*	0.126			
FIT4	Incoherent-coherent		0.896*	0.198			
	Perceived Private Label Quality				*0.879*	*0.712*	*0.881*
PLQ1	PL products X are of high quality	**Sweeney and Soutar, 2001**	0.878*	0.229			
PLQ2	PL products X have an acceptable standard of quality		0.813*	0.339			
PLQ3	The overall quality of Pl products X is good		0.838*	0.297			
	Resource and Capabilities				*0.887*	*0.797*	*0.887*
R&C1	The retailer X's skills and experience in offering PLs are similar to those needed to offer car fuel.	**Adapted by Aaker and Keller, 1990**	0.890*	0.208			
R&C2	The retailer X's personnel, infrastructure and capabilities where useful in developing and launching fuel stations branded with the retail brand.		0.895*	0.199			
	Consumers' Trust in the Retailer				*0.971*	*0.920*	*0.972*
TRUST1	I trust the retailer X	**Chaudhuri and Holbrook (2001)**	0.965*	0.069			
TRUST2	I rely on retailer X		0.975*	0.050			
TRUST3	I feel confidence in retailer X		0.937*	0.121			
	Price Consciousness				*0.836*	*0.644*	*0.843*
PC1	I am very concerned about low prices, but I am equally concerned about product quality	**Lichtenstein, Netemeyer and Burton, 1990**	0.683*	0.533			
PC2	When grocery shopping, I compare the prices of different brands to be sure I get the best value for money		0.875*	0.235			
PC3	When purchasing a product, I always try to maximize the quality I get for the money I spend		0.837*	0.300			
	Behavioural Loyalty				*0.901*	*0.825*	*0.904*
BL1	Given your monthly total household expenditure budget equals to 100%, how much of it do you spend in this retail chain?	**Nordhoff et al. 2004**	0.858*	0.264			
BL2	Thinking about your last 10 grocery shopping expeditions, how many of them were done in retailer X stores?		0.956*	0.086			

Note: *All factor loadings are significant at the p<0.01 level.

Goodness of fit: $\chi^2_{(208)}=630.824$, p<.000; $\chi^2/df=3.033$; RMSEA=0.0643, Close-Fit RMSEA < 0.05 = 0.000

NFI=0.970; NNFI=0.976; CFI=0.980; IFI=0.980; SRMR=0.0392; AGFI=0.867; GFI=0.900

Findings

The empirical results give support to all the postulated hypotheses, showing a general acceptable fit: $\chi^2_{(208)}=630.824$, p<.000; $\chi^2/df=3.033$; RMSEA=0.0643 Close-Fit RMSEA < 0.05=0.000; AGFI=0.867; GFI=0,900. In fact, although the significance of the χ^2 due to its sensibility to the sample size and to the violation of the assumption of multivariate normality

(Jöreskog and Sörbom, 1993) the $\chi^2/df = 3.03$ lower than the conventional acceptability threshold of 5 (Wheaton et al., 1977) exhibits a more than acceptable model.
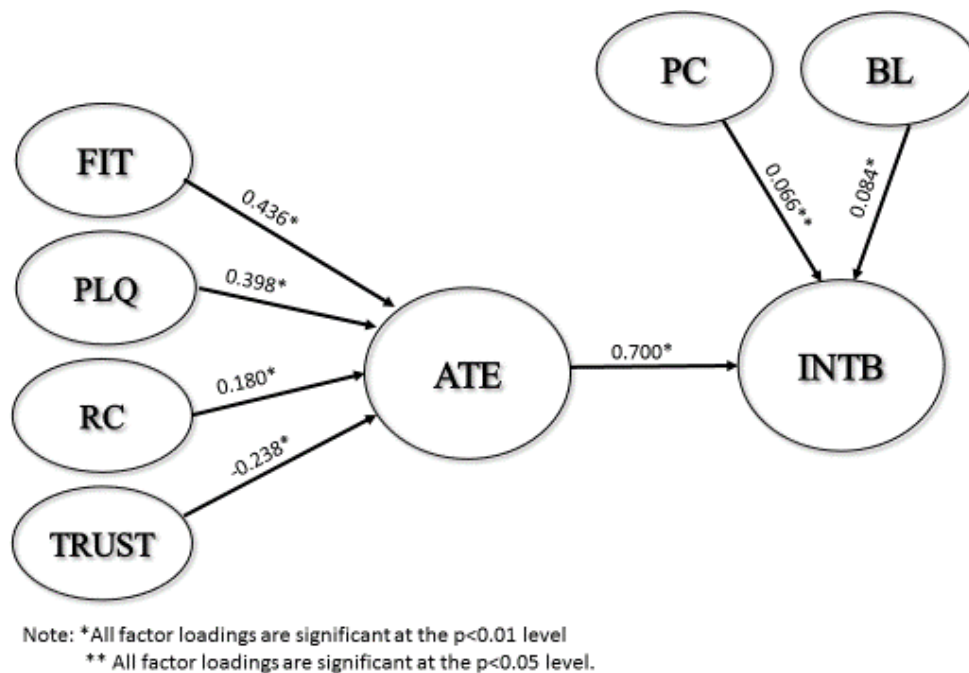
Furthermore, the model has no substantial problem with residuals as shown by the Standardized Root Mean Square Residual (SRMR)=0.0392. The incremental fit measurements are good, too (NFI=0.970; NNFI=0.976; CFI=0.980; IFI=0.980).

The path effect of ATE is positive and essential in explaining consumers' intention to buy the extension (Figure 2). The greater the extension attitude, the higher the intention to buy the non-traditional product investigated, thus Hp5 is fully supported ($\beta = 0.700$, $p < 0.01$). Moreover, an existing similar perception between the core offer of the retailer and the extended product category creates a positive effect on consumer's attitude towards the extension and this effect represents the major predictor of consumer attitude towards the extension. In fact, findings provide support to Hp1 ($\beta = 0.436$, $p < 0.01$) too.

Positive and significant is the effect of the perceived PLQ on ATE, supporting also Hp2 ($\beta = 0.398$, $p < 0.01$), as well as, the effect of RC on ATE, supporting Hp3 ($\beta = 0.180$, $p < 0.01$). Conversely to the sign of the hypothesized effect of T on ATE, results show a negative effect; consequently Hp4 is rejected ($\beta = -0.238$, $p < 0.01$). Price consciousness and behavioral loyalty act positively in predicting consumers' intention to buy the extension. Thus, Hp6 ($\beta = 0.066$, $p < 0.05$) and Hp7 ($\beta = 0.084$, $p < 0.01$) are fully supported.

Through a *causal steps approach* popularized by Baron and Kenny (1986) we checked the validity of the mediation of the ATE in the definition of the INTB. The mediation identified is partial for FIT, RC and TRUST in describing the INTB (paths → $p < 0.01$) and complete for PLQ (path → $p > 0.10$).

Figure 2: Proposed Model

Note: *All factor loadings are significant at the p<0.01 level
** All factor loadings are significant at the p<0.05 level.

Mediation Analysis

To test the significance of the mediating hypotheses we compute a 95% confidence interval for each indirect effect, using the program PRODCLIN (MacKinnon et al. 2007). The

mediation tests confirm the indirect effect of conceptual fit, private label quality, retailers' resources and capabilities and trust towards the retailer on consumers' intention to purchase the extended brand through attitude towards the extension. The 95% confidence interval test (MacKinnon et al. 2004) for the indirect effect of the conceptual fit on the intention to purchase the extended category does not include the zero (0.229, 0.386) confirming the mediating role of attitude towards the extension. Likewise, the mediating role of the latter in the indirect relation between private label quality and intention to buy the extension (0.171, 0.390) is confirmed. Similarly, the 95% confidence interval test (MacKinnon et al. 2004) confirms the indirect effect of resource and capability (0.056, 0.198), as well as of trust towards the retailer (-0.269, -0.080) on the intention to purchase the extended brand.

Discussion

This study contributes to the current literature on brand extension confirming the major relationships verified by scholars in this study field in an under investigated context such as the grocery retail setting. Specifically, the intention to buy the extension product is strongly influenced by attitude towards the extension, while conceptual FIT results as the major ATE antecedent - confirming Broniarczyk and Alba (1994), Park, Milberg and Lawson (1991) and Mitchell and Chaudhury (2014) findings - followed by the perceived level of quality of the parent brand (private label), as stated by Aaker and Keller (1990). Additionally, the retailer's skills, infrastructure and people (RC) are perceived by customers as a potential guarantee of extension success, leading them to stimulate a positive attitude towards the extension in line with Mitchell and Chaudhury (2014).

Surprisingly, we found a negative influence of Trust towards the retailer on ATE. This is an unexpected result that require further understanding and investigation, even if this negative relationship could be explained by the specific product category we decided to investigate.

In order to increase the potential economic return brought by a positive willingness to buy the extension product, our findings show a positive impact exerted by price conscious and behavioral loyal consumers. This is coherent with the buying behavior that characterizes the purchase of fuel by consumers, even if the much lower contribution that both constructs lead to the INTB the extension product in comparison to ATE is another point to reflect on.

Limitations

The current study presents some limitations.

First of all, the model is applied to only one product category, highly specific, while it would be interesting to test it also in relation to other non-traditional business contexts.

Then, our empirical contribution is limited to the Italian context, while the level of development of the national retailing systemin which the study is performed could affect the model results. Only recently Italian grocery retailers start offering non-traditional product/service categories – fuelstationsin particular, while British or French retailers started more than thirty years ago to sell fuel through their retail branded fuel stations.

Moreover, no control variables were included at this stage of the analysis.

Last but not least, Trust resulted in an unexpected effect on attitude towards the brand extensioncalling for additional thinking and investigation on its role into the model.

Further Research
Future studies on this topic would benefit from multi-group analyses that could be performed taking into consideration retail brand extension to other non-traditional product/service categories and/or different national retailing 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. The unexpected results obtained with Trust should also support a reconceptualization of the role of this construct inside the model, verifying its different impact on attitude towards the extension according to the extended product category.

Extending the analysis comparing different national contexts, with different level of development, would be a very promising area of possible future research too.

Investigating the role of different moderator variables (gender, age, innovativeness) could be another line to build on in next works. From this point of view, a deeper reflection should be posed to price consciousness, as some studies consider it as a moderator construct.

Moreover, it would be beneficial for the possible contribution to the brand extension literature the survey of 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. In fact, the understanding of the possible implications for the core offer and the retailer image are crucial points when diversification strategies are to be evaluated.

Managerial Implications
The use of an established brand name to introduce a new product can be risky. Extension failures can damage the parent brand and reduce the sales of other products marketed under the same brand. Therefore, the decision to extend a brand, as well as its characteristics, should be subject to cautious strategic planning and management by retailers. Our findings aim to assist them in their brand extension decision-making and implementations, particularly when it comes to enter unusual and distant businesses. If retailers want to be successful in extending their PL in distant product categories, they should create a positive attitude towards their product extensions mainly leveraging FIT perceptions and increasing the perceived quality of their PLs products, strategy that they are currently pursuing through the segmentation of their PLs and by introducing, for instance, premium private labels. To the aim of obtaining positive economic returns from the extension strategy, retailers are positively equipped to succeed in terms of infrastructure, capabilities and people, as consumers are able to perceive this aspect and reflecting it in a better attitude. In the specific business under investigation, functional aspects rather than relational factors appear to prevail.

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