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**Abdul Sattar**

Doctor of Business

Administration, School of  
Business, University of the  
West of Scotland, UK

**Ellis Osabutey**

Professor of International  
Business Strategy &  
Technology Management,  
Faculty of Business and Law,  
Northumbria University,  
UK

## Brand extension is not one-size-fits-all strategy: A cross-country analysis of emerging vs developed economies

**Abdul Sattar and Ellis Osabutey**

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### Abstract

This paper presents an integrative review of brand extension strategies across emerging and developed economies, synthesising evidence on consumer responses, institutional influences, and strategic determinants to explain why similar extension strategies produce divergent outcomes across country contexts. A structured integrative review was conducted using peer-reviewed studies published between 2020 and 2025 from marketing, branding, and international business journals. The review identifies substantial cross-country variation in perceived fit, credibility, brand equity effects, and institutional dynamics shaping extension outcomes. Consumers in emerging markets exhibit distinct cultural orientations, risk perceptions, and value assessments compared with developed markets. Market maturity, digital engagement, and regulatory factors further moderate brand extension performance. The findings offer guidance to managers on adapting brand stretching strategies to country-specific cultural and institutional profiles, emphasising credibility, consumer engagement, and cultural congruence. This study provides a consolidated comparative perspective on brand extension across different economic contexts, clarifying theoretical disparities, revealing underexplored moderators, and proposing a research agenda for future work.

**Keywords:** Brand stretching, brand extension, emerging markets, developed markets, consumer perception, brand equity, digital engagement

### 1. Introduction

Brand extension has become an increasingly important strategy for firms striving to achieve growth and maintain a competitive edge in today's globalized and highly dynamic markets. The rapid proliferation of new products and intensifying competition has forced firms to leverage existing brand equity through line extensions, category extensions, and co-branding initiatives (Sezen, Pauwels and Ataman, 2024; Schmitz, Brexendorf and Fassnacht, 2023) <sup>[54, 51]</sup>. Brand extension allows firms to capitalize on consumer trust and loyalty while mitigating the financial and reputational risks associated with launching entirely new brands (Pfeifer, Schreiner and Sattler, 2025; Olaleye *et al.*, 2025) <sup>[42, 39]</sup>. The importance of this strategy is underscored by its application across sectors such as fast-moving consumer goods (FMCG), hospitality, fashion, financial services, and digital platforms, which face distinct market dynamics and consumer expectations (Enes *et al.*, 2024; Safeer *et al.*, 2022) <sup>[15, 48]</sup>. In addition, the growth of digital engagement and social media has transformed how consumers evaluate brand extensions, with perceptions of credibility, trust, and adoption likelihood increasingly influenced by online interactions and peer recommendations (Yoo, 2024; Batta *et al.*, 2024) <sup>[63, 7]</sup>. Understanding the mechanisms and outcomes of brand extension across different economic contexts, particularly emerging versus developed economies, has become a strategic necessity for global managers (Furukawa and Terasaki, 2025) <sup>[19]</sup>.

The scope of this study focuses on consumer perception, cultural and institutional moderators, and the strategic determinants of brand extension. Previous research has demonstrated that factors such as perceived fit, parent-brand credibility, and consumer-based brand equity are critical determinants of extension success (Sezen and Hanssens, 2023; Yang *et al.*, 2024) <sup>[53, 62]</sup>. However, these determinants are often contextually dependent, producing divergent outcomes across emerging and developed economies (Ramos, Andersson and Aagerup, 2024; Shabbir, 2020) <sup>[46, 55]</sup>. While developed-market consumers may prioritize

**Corresponding Author:**

**Abdul Sattar**

sattar\_pk77@yahoo.com

University of the West of  
Scotland, UK

functional coherence and analytical assessments, emerging-market consumers often emphasize symbolic and aspirational attributes, reflecting cultural orientations, social norms, and economic aspirations (Islam, Zahin and Rahim, 2024; Safeer *et al.*, 2022) <sup>[23, 48]</sup>. Additionally, the influence of digital platforms and social media on extension perception varies across contexts, highlighting the need for an integrative understanding of digital engagement as a moderating factor (Shams, Chatterjee and Chaudhuri, 2024; Huo and Filieri, 2025) <sup>[57, 22]</sup>.

Despite considerable research, a comprehensive understanding of cross-country variations in brand extension remains limited. Many studies focus on single-country or single-sector investigations, leaving cross-country comparisons underexplored (Islam, Zahin and Rahim, 2024; Zhang, Guo and Qu, 2025) <sup>[23, 64]</sup>. Moreover, the majority of digital engagement research is concentrated in developed markets, creating a gap in understanding the unique challenges and opportunities for emerging economies where socio-cultural and economic factors interact differently with brand evaluation (Rabbanee *et al.*, 2023; Sezen and Hanssens, 2023) <sup>[44, 53]</sup>. There is also a lack of consensus on the role of cultural congruence, institutional regulations, and consumer aspiration in moderating brand extension outcomes across distinct economic contexts (Yang *et al.*, 2024; Ramos, Andersson and Aagerup, 2024) <sup>[62, 46]</sup>. This fragmentation presents both theoretical and practical challenges for academics and managers aiming to design effective global branding strategies.

This study addresses these research gaps by posing the following questions:

1. How do consumer evaluations of brand extension differ between emerging and developed markets?
2. Which cultural, institutional, and digital factors moderate these evaluations across contexts?
3. How can brand managers optimize extension strategies to ensure effectiveness in both emerging and developed markets?

By systematically integrating evidence from recent studies published between 2020 and 2025, this paper provides a structured framework to answer these questions and highlights underexplored areas for future research (Marvi, Zha and Foroudi, 2024; Olaleye *et al.*, 2025) <sup>[33, 39]</sup>.

The theoretical contributions of this study include the application and integration of brand equity theory, cultural congruence theory, and institutional theory to explain cross-country divergences in brand extension outcomes (Sezen, Pauwels and Ataman, 2024; Furukawa and Terasaki, 2025; Enes *et al.*, 2024) <sup>[54, 19, 15]</sup>. Practically, the study provides actionable insights for managers seeking to adapt brand extension strategies to diverse market conditions, emphasizing the importance of aligning extensions with local cultural norms, digital engagement patterns, and institutional environments (Yoo, 2024; Shams, Chatterjee and Chaudhuri, 2024) <sup>[63, 57]</sup>. Ultimately, this integrative review establishes a comprehensive understanding of brand extension in emerging and developed economies, offering both theoretical clarity and managerial guidance while setting the stage for future empirical research.

## 2. Method

This study employed a structured integrative review approach to synthesise peer-reviewed research

examining brand extension strategies across emerging and developed economies. The integrative review was chosen because it allows for the combination of diverse empirical, theoretical, and conceptual studies, providing a comprehensive understanding of complex phenomena such as cross-country variations in brand extension outcomes (Gronstad, 2025; Pasquinelli and Kavaratzis, 2025) <sup>[20, 41]</sup>. Unlike systematic reviews that strictly focus on empirical evidence, the integrative review enables the inclusion of qualitative, quantitative, and conceptual insights, which is critical for understanding the nuanced effects of culture, institutional environments, and digital engagement on brand extension (Enes *et al.*, 2024; Sezen and Hanssens, 2023) <sup>[15, 53]</sup>. Moreover, by applying this approach, the study moves beyond the limitations of single-country or single-sector analyses, capturing the interplay of consumer perceptions, institutional influences, and strategic determinants across multiple economic contexts.

The review was conducted in three stages, following a structured and replicable methodology to ensure rigor, transparency, and relevance.

### Stage 1: Literature Search and Identification

In the first stage, a systematic search was conducted using Scopus, Web of Science, and Google Scholar databases. A set of targeted keywords was employed to retrieve relevant literature, including “brand extension,” “line extension,” “co-branding,” “brand equity transfer,” “brand stretching,” “emerging markets,” “developed markets,” and combinations of these terms. The search was limited to peer-reviewed journal articles published in English between 2020 and 2025 to ensure the inclusion of the most recent and relevant evidence. This initial search yielded 112 studies, reflecting the rapidly expanding literature on brand extension and consumer evaluation across diverse markets.

### Stage 2: Screening and Eligibility

In the second stage, studies were screened according to inclusion and exclusion criteria to ensure relevance and quality. Studies were included if they (i) examined brand extension strategies, (ii) evaluated consumer perceptions, brand credibility, or market outcomes, and (iii) provided empirical evidence or theoretical frameworks applicable to emerging and/or developed economies. Studies were excluded if they (i) primarily addressed firm internationalisation or strategy without consideration of brand or consumer perception, (ii) lacked peer review, or (iii) were not focused on the 2020-2025 period. Following the screening process, 64 studies were excluded due to irrelevance or methodological limitations, leaving 48 studies for detailed analysis.

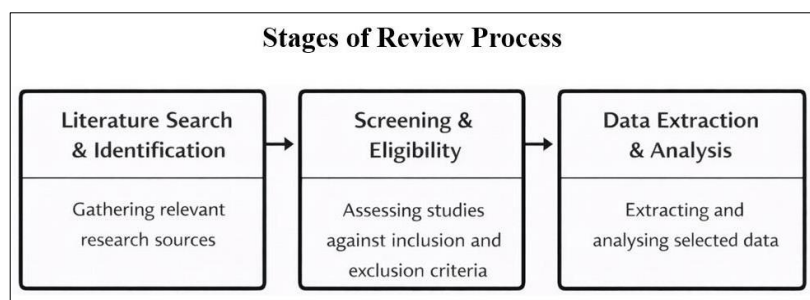
### Stage 3: Data Extraction and Analysis

The third stage involved in-depth extraction and synthesis of information from the selected studies. Key data were recorded, including the country context (emerging, developed, or both), research objectives, methodologies, variables, and main findings. Studies were categorised into three thematic dimensions: consumer-related factors, brand-related factors, and cultural and institutional moderators. Particular emphasis was placed on comparative and cross-country studies, though single-country research was included when it offered insights into mechanisms relevant to broader contextual understanding. This approach facilitated a nuanced analysis of factors influencing brand

extension outcomes and allowed identification of patterns, contradictions, and underexplored areas in the literature. Methodologically, the studies included in the review applied a range of research designs. The majority employed quantitative methods such as surveys and experiments, allowing measurement of consumer perceptions, brand fit, and purchase intention (Sezen, Pauwels and Ataman, 2024; Pfeifer, Schreiner and Sattler, 2025) <sup>[54, 42]</sup>. A smaller number adopted mixed-method approaches, combining quantitative data with interviews or case studies to provide richer contextual insights (Marvi, Zha and Foroudi, 2024; Olaleye *et al.*, 2025) <sup>[33, 39]</sup>. Qualitative studies, though fewer, offered critical perspectives on symbolic, cultural, and aspirational dimensions of brand extension in specific markets (Furukawa and Terasaki, 2025; Islam, Zahin and Rahim, 2024) <sup>[19, 23]</sup>. Commonly used data analysis

techniques included structural equation modeling (SEM), ANOVA/MANOVA, regression analysis, and thematic coding, reflecting the diversity of methodological approaches in contemporary branding research.

Ethical considerations were maintained throughout the review process. All studies were accurately cited and represented, avoiding selective reporting or misinterpretation of findings. The integrative review method allowed the combination of empirical results and conceptual insights, enabling a comprehensive understanding of the interplay between consumer perceptions, cultural and institutional contexts, and strategic determinants in brand extension across emerging and developed economies. The resulting dataset provided a robust foundation for synthesizing findings, drawing comparisons, and identifying practical and theoretical implications.



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Fig 1: Integrative Review Process

### 3. Synthesized Results

The integrative review of 48 peer-reviewed studies highlighted significant cross-country differences in brand extension evaluations between emerging and developed economies. The findings were organized around three thematic dimensions: consumer-related factors, brand-related factors, and cultural and institutional moderators. Across these dimensions, the evidence revealed how consumer perceptions, brand credibility, and contextual factors shape the success of brand extensions.

#### 3.1 Consumer-Related Factors

Consumer evaluation of brand extensions demonstrated distinct patterns across emerging and developed markets. In developed economies, consumers tend to prioritize functional fit and analytical assessment, focusing on whether the extension logically aligns with the parent brand's core product attributes (Sezen, Pauwels and Ataman, 2024; Schmitz, Brexendorf and Fassnacht, 2023) <sup>[54, 51]</sup>. High-fit extensions are generally rewarded with stronger purchase intention, while low-fit extensions risk negative spillover effects on parent-brand equity (Sezen and Hanssens, 2023; Miniard, Alvarez and Mohammed, 2020) <sup>[53, 34]</sup>.

Conversely, consumers in emerging markets often evaluate brand extensions through symbolic and aspirational lenses, valuing social status enhancement, prestige, and globalness of the parent brand (Safeer *et al.*, 2022; Furukawa and Terasaki, 2025) <sup>[48, 19]</sup>. For instance, Olaleye *et al.* (2025) <sup>[39]</sup> demonstrated that consumers in emerging FMCG markets exhibit heightened sensitivity to the perceived prestige and exclusivity of the brand extension rather than purely functional attributes. Similarly, Pfeifer, Schreiner and Sattler (2025) <sup>[41]</sup> noted that emotional attachment and brand

familiarity significantly influence acceptance in contexts where consumers have less exposure to global brand standards.

Risk perception also differs across markets. Emerging-market consumers often rely on social proof and peer influence to reduce uncertainty, making recommendations from friends, family, or social media influencers more critical in driving adoption (Batta *et al.*, 2024; Shahid *et al.*, 2025) <sup>[7, 56]</sup>. In contrast, consumers in developed markets tend to evaluate brand extensions more independently, using prior knowledge and product experience to assess credibility and fit (Yang *et al.*, 2024; Sezen and Hanssens, 2023) <sup>[62, 53]</sup>.

#### 3.2 Brand-Related Factors

Parent-brand equity and credibility consistently emerge as key determinants of extension success across all contexts, but their effects manifest differently. In developed markets, extensions benefit primarily from performance-based credibility, with consumers expecting consistent quality and innovation across categories (Sezen and Hanssens, 2023; Schmitz, Brexendorf and Fassnacht, 2023) <sup>[53, 51]</sup>. Low-fit extensions are penalized more severely when the parent brand's credibility is high, suggesting that consumers hold established brands to stringent performance standards (Cho, Walker and Nowlin, 2024) <sup>[10]</sup>.

In emerging markets, emotional and symbolic signals carry greater weight. Consumers often respond positively to extensions that enhance social standing or signal global sophistication, even when functional fit is moderate (Safeer *et al.*, 2022; Furukawa and Terasaki, 2025; Zhang, Guo and Qu, 2025) <sup>[48, 19, 64]</sup>. This reflects a prestige-driven evaluation framework, where the perceived status benefits of a brand extension can outweigh minor discrepancies in product fit or



category congruence (Mansoor and Paul, 2022; Shabbir, 2020) [30, 55].

The type of extension line extension versus category extension or co-branding also influences outcomes. Line extensions tend to perform better in developed markets where consumers are more sensitive to functional fit and coherence (Sezen, Pauwels and Ataman, 2024) [54]. In contrast, category extensions and co-branding initiatives often succeed in emerging markets, especially when aligned with aspirational cues, celebrity endorsements, or cultural prestige (Zhang, Guo and Qu, 2025; Furukawa and Terasaki, 2025) [64, 19].

### 3.3 Cultural and Institutional Moderators

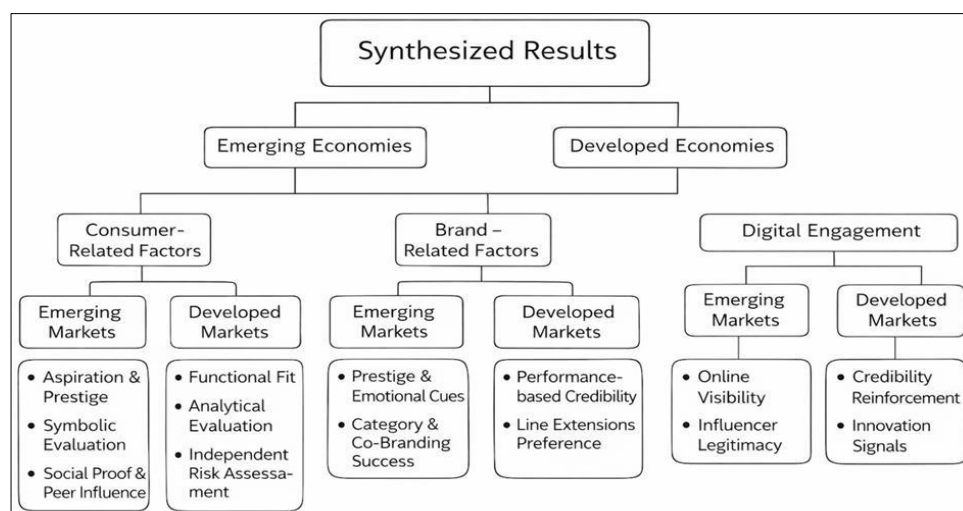
Cultural and institutional contexts significantly moderate brand extension outcomes. In emerging economies, collectivist orientations shape consumer responses; individuals rely on social approval, family influence, and peer validation (Islam, Zahin and Rahim, 2024; Jan, Aziz and Khan, 2024) [23, 24]. These consumers are more likely to adopt extensions that reinforce group identity or confer symbolic status. In developed economies, individualistic orientations promote functional evaluation, personal preference, and differentiation, with less reliance on social validation (Yang *et al.*, 2024; Pfeifer, Schreiner and Sattler, 2025) [62, 42].

Institutional factors further differentiate markets. Developed economies often feature mature regulatory frameworks,

which limit opportunistic extensions and reinforce quality consistency (Ramos, Andersson and Aagerup, 2024) [46]. In emerging markets, regulatory environments are less restrictive, providing firms with greater latitude for brand expansion, though this comes with risks of imitation and dilution (Safeer *et al.*, 2022; Furukawa and Terasaki, 2025) [48, 19].

### 3.4 Digital Engagement and Online Influence

The rise of digital platforms and social media has transformed brand extension evaluation. In emerging markets, online visibility and social media engagement serve as legitimacy signals, reducing perceived risk and increasing adoption likelihood (Batta *et al.*, 2024; Rajavi, Kushwaha and Steenkamp, 2023) [7, 45]. Influencer endorsements, peer reviews, and digital campaigns often play a more decisive role than functional product attributes. In developed markets, digital channels primarily reinforce credibility and performance expectations rather than substitute for them (Yoo, 2024; Enes *et al.*, 2024) [63, 15]. Well-established brands use digital engagement to signal quality consistency, innovation, and reliability, complementing their already strong market reputation. Consequently, managers must adopt context-sensitive digital strategies, emphasizing visibility and social proof in emerging markets and credibility reinforcement in developed economies (Qing, Safeer and Khan, 2024; ElSayed and Md Saad, 2024) [43, 14].



Source: Created by Author

Fig 2: Flowchart of Synthesis

### 3.5 Cross-Country Comparisons and Moderating Patterns

When compared emerging and developed markets, several consistent patterns emerged:

- 1. Consumer Priorities:** Emerging markets prioritize aspiration, prestige, and social influence, while developed markets emphasize functional fit, performance, and innovation (Safeer *et al.*, 2022; Sezen, Pauwels and Ataman, 2024) [48, 54].
- 2. Brand Credibility:** In developed markets, credibility is measured through functional performance, whereas in emerging markets, symbolic and emotional cues often compensate for lower functional congruence (Enes *et al.*, 2024; Pfeifer, Schreiner and Sattler, 2025) [15, 42].
- 3. Institutional Moderation:** Regulatory rigor in developed economies constrains opportunistic brand

extensions, whereas flexibility in emerging markets allows experimentation, but with higher reputational risks (Ramos, Andersson and Aagerup, 2024) [46].

- 4. Digital Engagement:** Social media legitimacy is critical in emerging economies, while in developed markets, digital platforms reinforce existing perceptions of quality and trust (Batta *et al.*, 2024; Yoo, 2024) [7, 63].

These findings collectively indicated that brand extension strategies cannot be standardized across countries. Instead, firms must tailor strategies to consumer priorities, cultural values, institutional conditions, and digital engagement patterns, aligning brand extensions with both symbolic and functional expectations depending on the market context.

#### 4. Discussion

The findings of this integrative review provided nuanced insights into how brand extension strategies are perceived across emerging and developed economies, highlighting both consistencies and divergences in the literature.

##### 4.1 Perceived Fit

One of the key findings is the central role of perceived fit in shaping consumer acceptance. Consistent with Sezen, Pauwels and Ataman, (2024) <sup>[54]</sup> and Schmitz, Brexendorf and Fassnacht (2023) <sup>[51]</sup>, this study confirms that functional and category fit remain crucial in developed markets, where consumers evaluate line extensions analytically, emphasizing performance coherence and product reliability. This aligns with prior research suggesting that upward and downward extensions are closely scrutinized for functional congruence, with deviations often reducing perceived brand equity (Sezen and Hanssens, 2023) <sup>[53]</sup>. However, the study expands this understanding by illustrating that in emerging markets, perceived fit is often interpreted more symbolically. Extensions that signal prestige, social status, or global association are evaluated favorably even when functional fit is moderate, supporting the findings of Safeer *et al.* (2022) <sup>[48]</sup> and Furukawa and Terasaki (2025) <sup>[19]</sup>.

##### 4.2 Brand Equity Transfer

Brand equity transfer also demonstrates divergent patterns across economic contexts. While the literature widely acknowledges that parent-brand credibility enhances extension success (Zhang, Guo and Qu, 2025; Pfeifer, Schreiner and Sattler, 2025) <sup>[64, 42]</sup>, this study illustrates that the nature of credibility differs across markets. In developed economies, credibility is primarily performance-based and relies on consistency and reliability, reinforcing findings by Sezen and Hanssens (2023) <sup>[53]</sup>. Conversely, in emerging markets, credibility encompasses symbolic and aspirational dimensions, consistent with Enes *et al.* (2024) <sup>[15]</sup> and Batta *et al.* (2024) <sup>[7]</sup>. This divergence highlights that emotional and prestige-oriented signals are critical for brand extension acceptance in contexts where consumers rely on social approval and aspirational cues (Islam, Zahin and Rahim, 2024; Jan, Aziz and Khan, 2024) <sup>[23, 24]</sup>.

##### 4.3 Cultural Orientation and Socio-Economic Factors

Cultural orientation further clarifies the observed differences in extension evaluation. The study confirms that collectivist values in emerging markets encourage peer and family influence in assessing brand extensions, consistent with Shabbir (2020) <sup>[55]</sup> and Safeer *et al.* (2022) <sup>[48]</sup>. Extensions that align with group identity or enhance social prestige are particularly well-received, which complements prior evidence on the symbolic importance of brand extensions in collectivist societies. In contrast, individualism in developed markets emphasizes product differentiation, functional superiority, and innovation (Yang *et al.*, 2024) <sup>[62]</sup>, reinforcing findings by Schmitz, Brexendorf and Fassnacht (2023) <sup>[51]</sup>. By integrating these cross-country comparisons, the study underscores that cultural orientation not only moderates consumer evaluation of extensions but also interacts with perceived fit and credibility to produce context-specific outcomes.

##### 4.4 Institutional Factors

Institutional factors, including regulatory frameworks and market maturity, emerged as another critical differentiator. The findings confirm that developed economies with

stringent regulations limit opportunistic or aggressive brand extension, aligning with Ramos, Andersson and Aagerup (2024) <sup>[46]</sup>. Emerging markets, in contrast, offer flexibility for ambitious extensions but increase exposure to risks such as imitation, brand dilution, or credibility challenges. This observation resonates with prior studies suggesting that institutional environments shape not only strategic decisions but also consumer perception of extension legitimacy (Furukawa and Terasaki, 2025) <sup>[19]</sup>.

##### 4.5 Digital Engagement

Digital engagement plays a contextualized moderating role, extending insights from Yoo (2024) <sup>[63]</sup> and Rajavi, Kushwaha and Steenkamp (2023) <sup>[34]</sup>. In emerging markets, social media visibility serves as a legitimacy signal, often substituting for established functional credibility and facilitating aspirational value creation. Developed-market consumers, however, utilize digital platforms primarily to validate product quality, trustworthiness, and performance consistency (ElSayad and Md Saad, 2024) <sup>[14]</sup>. The study thus contributes to the emerging literature on digital signaling by demonstrating that the function of online engagement differs across markets, contingent on both cultural norms and prior brand familiarity (Rabbanee *et al.*, 2023; Tan, 2025) <sup>[44, 59]</sup>.

##### 4.6 Extension Type

Extension type mediates outcomes in both markets. Line extensions perform strongly in developed economies due to their adherence to strict functional and category fit requirements (Sezen, Pauwels and Ataman, 2024) <sup>[54]</sup>, whereas category extensions, co-branding, and aspirational extensions achieve better results in emerging markets by leveraging symbolic and social-signaling attributes (Furukawa and Terasaki, 2025; Zhang, Guo and Qu, 2025) <sup>[19, 64]</sup>. This contrast reinforces the notion that strategic standardization across markets is unlikely to succeed, echoing prior arguments in the literature (Safeer *et al.*, 2022; Sezen and Hanssens, 2023) <sup>[48, 53]</sup>.

Overall, the study confirms many of the established determinants of brand extension success but clarifies their differential applicability across economic and cultural contexts. By synthesizing findings across 48 recent studies, it demonstrates that perceived fit, brand credibility, cultural orientation, institutional environment, digital engagement, and extension type interact in complex ways to shape consumer evaluation. This highlights the importance of contextualizing theoretical constructs such as brand equity transfer, perceived fit, and signaling theory within cross-country frameworks to achieve nuanced insights into brand extension performance.

#### 5. Conclusion

This integrative review demonstrates that brand extension strategies are not universally effective, but rather highly contingent on economic, cultural, institutional, and digital contexts. By synthesizing evidence from 48 peer-reviewed studies published between 2020 and 2025, this study provides a comprehensive understanding of how brand extensions are evaluated in emerging versus developed markets, highlighting the complex interplay of consumer perceptions, brand attributes, and environmental moderators.

##### 5.1 Summary of Key Findings

The review confirms that perceived fit remains a central determinant of brand extension success across contexts, but

its interpretation diverges significantly. In developed markets, consumers emphasize functional and analytical criteria, evaluating extensions based on performance consistency, category logic, and coherence with the parent brand (Sezen, Pauwels and Ataman, 2024; Schmitz, Brexendorf and Fassnacht, 2023) <sup>[54, 51]</sup>. In contrast, emerging-market consumers prioritize symbolic, aspirational, and prestige-oriented factors, showing tolerance for lower fit when extensions convey social status, globalness, or aspirational identity (Safeer *et al.*, 2022; Furukawa and Terasaki, 2025; Pfeifer, Schreiner and Sattler, 2025) <sup>[48, 19, 42]</sup>.

Brand equity transfer also operates differently across economic contexts. In developed economies, performance-based credibility and product reliability reinforce parent-brand associations, whereas in emerging markets, emotional and symbolic cues enhance consumer evaluations and adoption (Sezen and Hanssens, 2023; Enes *et al.*, 2024) <sup>[53, 15]</sup>. These findings suggest that traditional brand equity theory, which emphasizes functional signals, must be extended to incorporate emotional, social, and cultural dimensions when applied in emerging-market contexts.

The review also highlights the role of cultural congruence and socio-economic factors. Collectivist consumers in emerging markets rely on social approval, family influence, and peer validation, favoring extensions that reinforce group identity or status signaling (Islam, Zahin and Rahim, 2024; Jan, Aziz and Khan, 2024) <sup>[23, 24]</sup>. Individualistic consumers in developed markets focus on differentiation, innovation, and analytical evaluation, highlighting the need for context-sensitive branding strategies (Yang *et al.*, 2024; Sezen, Pauwels and Ataman, 2024) <sup>[62, 54]</sup>.

Institutional frameworks further shape extension outcomes. Mature regulatory environments in developed markets constrain opportunistic stretching, ensuring quality and ethical compliance, while emerging markets provide flexibility but pose risks of imitation or brand dilution (Ramos, Andersson and Aagerup, 2024; Furukawa and Terasaki, 2025) <sup>[46, 19]</sup>. Digital engagement acts as a moderator in both contexts, with emerging markets leveraging social media visibility for legitimacy and reduced perceived risk, while developed markets utilize digital platforms to reinforce credibility and quality expectations (Batta *et al.*, 2024; Yoo, 2024; Rajavi, Kushwaha and Steenkamp, 2023) <sup>[7, 63, 45]</sup>.

**Table 1: Summary of Key Findings**

Factors Affecting Brand Extensions Evaluation	Consumer's Criteria for Brand Extensions Evaluation
<b>Perceived Fit</b>	In developed markets, consumers evaluate extended products through functional and analytical lenses, whereas in emerging markets, they rely on symbolic, aspirational and prestige-oriented factors.
<b>Brand Equity Transfer</b>	In developed economies, performance-based credibility and product reliability reinforce parent-brand associations, whereas in emerging markets, emotional and symbolic cues enhance consumer evaluations and adoption.
<b>Cultural Orientation and Socio-Economic Factors</b>	In emerging markets, collectivist values encourage peer and family influence in assessing brand extensions, whereas individualism in developed markets emphasizes product differentiation, functional superiority and innovation.
<b>Institutional Factors</b>	Developed economies with stringent regulations limit opportunistic or aggressive brand stretching, whereas emerging markets offer flexibility for ambitious extensions but increase exposure to risks such as imitation, brand dilution, or credibility challenges.
<b>Digital Engagement</b>	In emerging markets, social media visibility serves as a legitimacy signal, often substituting for established functional credibility and facilitating aspirational value creation. In Developed-market consumers utilize digital platforms primarily to validate product quality, trustworthiness, and performance consistency.
<b>Extension Type</b>	Line extensions perform strongly in developed economies due to their adherence to strict functional and category fit requirements, whereas category extensions, co-branding, and aspirational extensions achieve better results in emerging markets by leveraging symbolic and social-signaling attributes.

**Source:** Created by Author

## 5.2 Theoretical Implications

This study contributes to branding and international marketing literature by providing a structured integrative perspective on brand extension across emerging and developed economies. First, it extends brand equity theory by demonstrating that the transfer of parent-brand equity is context-dependent: in developed markets, performance-based credibility drives extension acceptance, whereas in emerging markets, symbolic, aspirational, and social-signaling cues play a stronger role (Sezen and Hanssens, 2023; Enes *et al.*, 2024; Safeer *et al.*, 2022) <sup>[53, 15, 48]</sup>. Second, cultural congruence and identity frameworks are validated as critical moderators, showing that collectivist values in emerging economies and individualist tendencies in developed economies shape extension evaluation processes (Yang *et al.*, 2024; Islam, Zahin and Rahim, 2024) <sup>[62, 23]</sup>. Third, institutional theory is enriched by highlighting that regulatory maturity, market norms, and flexibility in enforcement influence the risk and success of brand stretching strategies, suggesting that institutional environments interact with consumer perceptions to

moderate outcomes (Ramos, Andersson and Aagerup, 2024; Furukawa and Terasaki, 2025) <sup>[46, 19]</sup>. Finally, digital signalling theory is extended by illustrating that the function of social media engagement differs by context: in emerging markets, digital visibility acts as a legitimacy signal, whereas in developed markets, it reinforces trust and functional credibility (Yoo, 2024; Batta *et al.*, 2024) <sup>[63, 7]</sup>.

## 5.3 Managerial Implications

For practitioners, this study provides actionable insights to optimize brand extension strategies in cross-country contexts. Brand managers should tailor extension initiatives according to the economic, cultural, and institutional environment. In emerging markets, strategies that emphasize aspirational value, social prestige, and peer approval are more effective, particularly when supported by digital engagement and social media visibility. Conversely, in developed economies, managers should prioritize functional fit, product performance, and coherence with the parent brand to maintain credibility and minimize consumer



resistance. Extension type selection is also critical: line extensions are more suitable for developed markets, whereas category extensions or co-branding approaches may succeed in emerging markets if they leverage symbolic or social-signaling cues (Sezen, Pauwels and Ataman, 2024; Furukawa and Terasaki, 2025) <sup>[54, 19]</sup>. Additionally, firms should consider institutional and regulatory contexts when designing expansion strategies, balancing the flexibility of emerging markets with potential brand risks and ensuring adherence to stringent regulatory environments in developed economies (Ramos, Andersson and Aagerup, 2024) <sup>[46]</sup>.

#### 5.4 Limitations

Despite its contributions, this study has several limitations. First, the review is restricted to peer-reviewed studies published between 2020 and 2025, which may exclude relevant prior research and longitudinal perspectives. Second, the analysis primarily focuses on studies published in English, potentially limiting the inclusion of region-specific insights from non-English sources. Third, while the review covers multiple sectors, some industries such as technology services, luxury fashion, and digital platforms are more represented than others, creating potential sectoral bias. Fourth, the study does not quantify effect sizes or perform meta-analytic synthesis, which limits the ability to generalize numerical estimates of brand extension performance across contexts. Finally, certain emerging markets remain underrepresented, indicating that findings may not fully capture the diversity of consumer responses globally (Safeer *et al.*, 2022; Furukawa and Terasaki, 2025) <sup>[48, 19]</sup>.

#### 5.5 Future Research Directions

Future research should address these limitations and expand understanding of brand extension across economic contexts. Longitudinal and multi-country empirical studies are needed to validate the moderating effects of culture, institutional environment, and digital engagement. Research should explore underrepresented sectors, including technology services, luxury fashion, and online platforms, to examine industry-specific dynamics. Studies could also quantify effect sizes through meta-analysis to provide generalizable evidence of brand extension performance across emerging and developed economies. Additionally, the role of digital engagement in emerging markets warrants deeper investigation, including the influence of social media influencers, online communities, and gamified brand experiences on consumer acceptance (Rabbanee *et al.*, 2023; Tan, 2025; Arya *et al.*, 2024) <sup>[44, 59, 4]</sup>. Finally, future studies could examine multi-level moderators, such as socio-economic status, generational differences, and local versus global brand perceptions, to provide a more comprehensive understanding of brand stretching outcomes across diverse contexts.

In conclusion, this study establishes that brand extension strategies are not universally transferable across markets. By integrating findings from 48 recent studies, it highlights the context-dependent nature of perceived fit, brand equity transfer, cultural orientation, institutional frameworks, and digital engagement. The study offers both theoretical insights and practical guidance, providing a structured framework for managers and researchers seeking to optimize brand extension performance in emerging and developed economies.

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