Brand Extension in Digital Platform Ecosystems: The Case of Insurance Services

René Hubert Kerschbaumer[a]*, Ursula Haas-Kotzegger[a], Clara Wawrina[a], and Julian Hubmann[a]

[a]*Josef Ressel Centre for Platforms and Digital Ecosystems, Department Marketing & Sales, CAMPUS 02 University of Applied Sciences, Graz, Austria*

*Corresponding author:

René Hubert Kerschbaumer
rene.kerschbaumer@campus02.at
Josef Ressel Centre for Platforms and Digital Ecosystems
CAMPUS 02 University of Applied Sciences, Department Marketing & Sales
Körblergasse 126, 8010 Graz/Austria

Note

The financial support by the Austrian Federal Ministry of Labour and Economy, the National Foundation for Research, Technology and Development and the Christian Doppler Research Association is gratefully acknowledged.

Brand Extension in Digital Platform Ecosystems: The Case of Insurance Services

Digital platform ecosystems enable firms to expand beyond their core offerings by integrating complementary services. While such ecosystem-based expansions can be conceptualised as brand extensions, little is known about how they affect parent brand loyalty in trust-intensive service industries. This study investigates consumer responses to platform-based brand extensions in the insurance context. We examine the effects of extension degree, perceived image fit, perceived offer fit, perceived added value, and perceived risk on parent brand loyalty. Based on survey data from insurance customers, our results reveal that perceived offer fit and perceived risk significantly influence parent brand loyalty. In contrast, image fit, perceived added value, and the degree of brand extension do not affect loyalty. Although extension distance shapes perceptual evaluations, these differences do not translate into changes in parent brand loyalty. The findings suggest that loyalty in trust-based service industries may be structurally stable and relatively insensitive to ecosystem expansions.

Keywords: Platforms, Ecosystems, Brand Extension, Category Extension

Introduction

Digital platforms and ecosystems have emerged as dominant business models across a wide range of industries. Platform-based firms such as Amazon, Uber, and Booking.com have fundamentally reshaped market structures by orchestrating interactions among users and service providers. Furthermore, multifunctional multi-service platforms (e.g., WeChat, Grab, also referred to as "super apps" (Hasselwander and Weiss 2024)) are becoming widely adopted, providing users with access to a diverse range of everyday services within a single, integrated ecosystem.

However, we still observe vast potential for "platformisation", especially considering digital services in daily life. Everyday digital services, such as mobility, retail, and digital health applications, remain predominantly fragmented, requiring users to engage with multiple technologies and standalone applications. This fragmentation conflicts with increasing consumer demands for simplification, convenience, and centralised service coordination in an increasingly digitalised environment.

Empirical evidence from Asian markets demonstrates that integrated multi-service platforms designed to support users' daily lives are both technologically feasible and capable of achieving widespread adoption. For example, the Bangladesh-based platform *Sheba.xyz* connects customers with verified service providers for everyday services through a secure digital infrastructure, integrating provider verification, standardised booking, and payment processes (Ahmed et al. 2023).

Against this backdrop, we argue that substantial potential lies in the bundled and ecosystem-based integration of services across different yet related categories. Rather than offering isolated, stand-alone solutions, established firms may expand their core business by orchestrating complementary services within a platform-based structure. Such strategic expansion represents a form of brand extension, in which an existing,

trusted brand leverages its competence to enter new service domains through ecosystem integration. However, questions arise considering consumer acceptance of such cross-category expansions. Extending a brand into new service domains may elicit different consumer reactions. Moreover, important implications may arise from the potential impact of such extensions on the parent brand itself, particularly regarding whether platform-based expansions strengthen or weaken existing brand loyalty.

While prior research has examined platform adoption and brand extension evaluations in isolation, little is known about how ecosystem-based cross-category expansions feed back into established loyalty structures, especially in trust-intensive service settings. This paper investigates the extent to which consumers are willing to accept platform-based brand extensions and examines the factors that drive or inhibit loyalty towards the parent brand.

Theoretical Background

Platforms and Digital Ecosystems

Platforms are business models that create multi-sided markets by bringing together different actors and managing infrastructure, interactions, and governance mechanisms to facilitate network effects and create value for all participants (Parker et al. 2016). In contrast to traditional multi-service providers, platforms integrate third-party providers and act as matchmakers between demand and supply (e.g., Amazon and Etsy connect third-party sellers with customers). This development led to an increasing replacement of traditional value chains by new digital intermediaries (Hänninen 2020).

Notably, literature frequently uses the term “ecosystem” when addressing these thriving business models, as in ”digital platform ecosystem” (Hein et al. 2020; Nerbel and Kreutzer 2023), “digital ecosystem“ (Koch et al. 2022), “platform-based

ecosystem“ (Cozzolino et al. 2021), and “digital business ecosystem“ (Kabakova et al. 2016). We conceptualise an ecosystem as a broader organisational arrangement that emerges around a core platform and enables a multilateral constellation of autonomous actors to create an overarching value proposition under shared governance mechanisms.

Platform- and ecosystem-based companies, such as Uber, Grab, WeChat, and others, can have momentous and lasting impacts on the architecture of the industries or sectors they enter (Adner 2017; Gawer 2021; Jacobides et al. 2018).

Brand Extension through Platform Ecosystems

Brand extension generally refers to the strategy of leveraging an existing brand to introduce new or modified products and product lines. Firms typically employ brand extension when launching incremental innovations, whereas more radical innovations are often introduced under newly developed brands (Florea 2015; Sedighi et al. 2022). Established companies can use their resources and expertise to expand into new areas of growth through platform ecosystems. Platforms thereby stimulate innovation by identifying functionalities that are absent from the core offering but have the potential to create additional user value (Sedighi et al. 2022).

Prior research demonstrates that evaluations of brand extensions are more favourable when the parent brand category is perceived as similar to the extension category. One source of such similarity lies in the transferability of category-level associations from the parent brand to the extension, for instance, through shared features, functional substitutability, or complementarity. These overlaps strengthen consumers’ judgments of fit between the original brand and the new offering (Spiggle et al. 2012).

Beyond category-based similarity, literature suggests that brand-specific associations also shape perceived fit. Unique brand attributes, such as distinctive

product-related benefits or symbolic brand concepts (e.g., prestige), can foster perceptions of fit when they are perceived as applicable to the extension category. Accordingly, even in the absence of strong category similarity, consumers may perceive an extension as fitting if they infer that the parent brand's associations meaningfully transfer to the new domain (Spiggle et al. 2012).

It follows that brand extensions can serve as a promising strategy for incremental innovation by expanding to new categories. This is especially promising in platform ecosystems, where the parent brand serves as a matchmaker between its customer base and connected third-party providers. However, brand extensions need to offer a certain product- and brand-related fit and should not harm existing customer relationships with the core brand.

Against this backdrop, the purpose of this research is to examine how the success of platform-based brand extensions is shaped by consumer-related determinants and, importantly, whether such cross-category expansions influence established loyalty structures toward the parent brand.

Conceptual Model

In line with prior branding research, we conceptualise parent brand loyalty as the central outcome variable, as it captures both affective commitment and behavioural intentions reflecting consumers' willingness to maintain an existing long-term relationship with a brand (Fournier and Yao 1997; Guest 1944).

The following sections introduce the key influencing constructs and develop the corresponding hypotheses, resulting in a conceptual model (see Figure 1)

Perceived Image Fit

Consumers evaluate extensions more favourably when they perceive congruence

between the parent brand and the extension (Spiggle et al. 2012). Recent research conceptualises brand-extension fit as a multidimensional construct that extends beyond mere category similarity. In addition to functional or product-category overlap, perceived fit may also stem from image-based congruence, reflecting the alignment of abstract brand associations such as positioning, symbolic meaning, or overall brand image between the parent brand and the extension (Deng and Messinger 2022). This perspective suggests that consumers evaluate extensions more favourably when the new offering is perceived as consistent with the parent brand's established image and conceptual associations, reflected by increased parent brand loyalty:

> **H1:** Perceived image fit positively influences brand loyalty in the context of platform-based brand extensions.

Perceived Offer Fit

Völckner and Sattler (2006) find that perceived fit between the parent brand and the extension product constitutes the most influential driver of extension performance. In this context, fit captures the degree of similarity and compatibility between the brand and the new offering, including perceived global similarity, the brand's ability to operate in the extension category credibly, and the relevance of brand associations for the new product domain. Accordingly, a high level of product offer fit is expected to enhance consumers' evaluation of a brand extension and strengthen loyalty to the parent brand:

> **H2:** Perceived offer fit positively influences brand loyalty in the context of platform-based brand extensions.

Perceived (added) Value

Beyond fit, we assume that consumers' perceived value of a brand extension plays a critical role in shaping their responses. Perceived value reflects the consumer's overall

evaluation of the utility of an offering based on the trade-off between perceived benefits and perceived sacrifices (Zeithaml 1988). When consumers perceive that an extension provides additional functional, symbolic, or experiential benefits relative to its costs, they are more likely to evaluate the offering favourably and express stronger adoption intentions. We argue that the provision of such added value results in improved loyalty towards the parent brand:

> **H3:** Perceived (added) value positively influences brand loyalty in the context of platform-based brand extensions.

Perceived Risk

Perceived risk reflects consumers' concerns regarding potential negative consequences and uncertainty associated with adopting new services offered under an established brand. Prior research on platform-based brand extensions shows that higher perceived risk attenuates the positive effects of innovation on customer satisfaction and loyalty (Sedighi et al. 2022). Acceptance of the extension tends to decrease as perceived risk increases (Peng et al. 2023). Accordingly, even when a strategic expansion appears beneficial from a firm perspective, consumer risk perceptions may inhibit favourable evaluations of the extended offering, with certain implications for loyalty to the parent brand. We formulate Hypothesis 4:

> **H4:** Perceived risk negatively influences brand loyalty in the context of platform-based brand extensions.

Degree of Brand Extension

Furthermore, we incorporate the degree of brand extension as a moderating variable. This moderator reflects the extent to which the platform-based extension is perceived as connected to the parent brand's core service logic (Aaker and Keller 1990). While some platform extensions may represent close, incremental expansions, others may constitute

more distant category moves. The perceived distance of the extension is therefore expected to influence how consumers evaluate the extended offering, thereby influencing parent brand loyalty:

> **H5a:** The degree of brand extension moderates the influence of perceived image fit on brand loyalty in the context of platform-based brand extensions.
>
> **H5b:** The degree of brand extension moderates the influence of perceived offer fit on brand loyalty in the context of platform-based brand extensions.
>
> **H5c:** The degree of brand extension moderates the influence of perceived (added) value on brand loyalty in the context of platform-based brand extensions.
>
> **H5d:** The degree of brand extension moderates the influence of perceived risk on brand loyalty in the context of platform-based brand extensions.

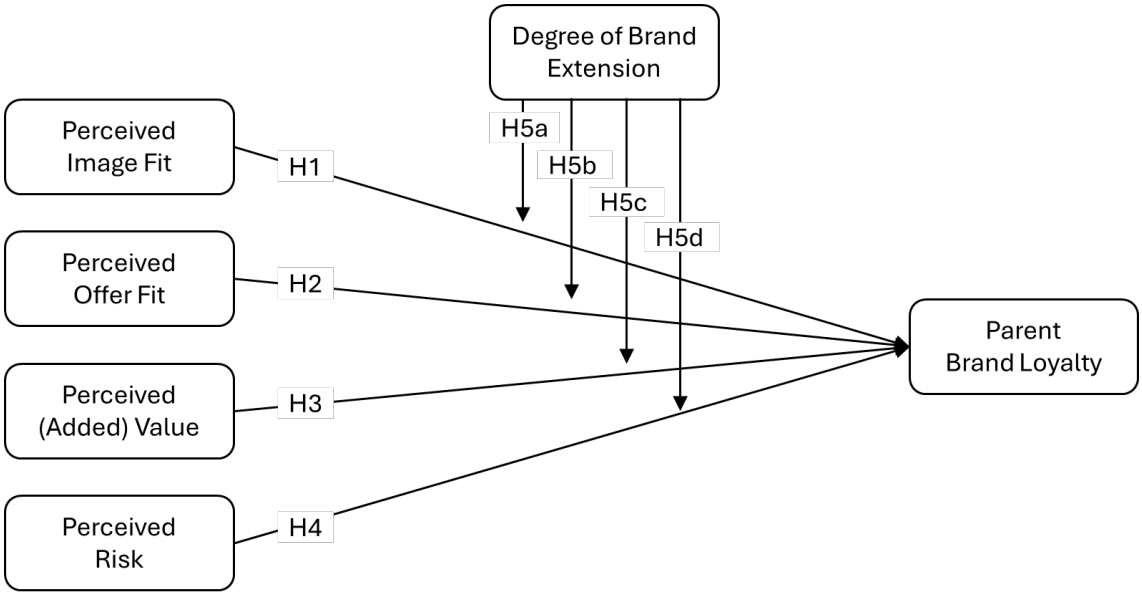

Figure 1. Conceptual Model

Method

We chose the insurance industry as the empirical context for our study. Insurers operate in long-term, trust-intensive service markets (Moon et al. 2025) while increasingly expanding into adjacent domains (e.g., fitness, health). We distributed a structured

questionnaire using the customer base of a leading insurer, which enabled us to test our model with real-world brand relationships.

Participants were presented with one out of three hypothetical scenarios of platform-based brand extension (facilitating medical appointment bookings, facilitating apartment rentals, facilitating travel bookings). This was followed by the assessment of perceived image fit (Spiggle et al. 2012), perceived offer fit (Völckner and Sattler 2006; Sedighi et al. 2022; Kim et al. 2024), perceived (added) value (Davis 1989; Khan and Abideen 2023), perceived risk (Sedighi et al. 2022; Khan and Abideen 2023; Anwar et al. 2021), and brand loyalty (Kim et al. 2024; Sedighi et al. 2022).

After data cleaning, 171 completed questionnaires (57% female, aged 19-72, mean age 41) were retained for analysis. We applied structural equation modelling (SEM) using SmartPLS 4 (Ringle et al. 2024). Factor analysis led to the elimination of 3 items with factor loadings below 0.7. AVE values for all constructs were above 0.5, which ensured convergent validity. Cronbach's alpha and composite reliability exceeded the threshold of 0.7 (Hair et al. 2016).

To assess the effectiveness of the scenario manipulation, we conducted one-way ANOVAs across all constructs. Significant differences emerged for all independent variables: Perceived image fit ($F = 10.127$, $P < 0.001$), perceived offer fit ($F = 10.226$, $p < 0.001$), perceived (added) value ($F = 19.198$, $p < 0.001$), and perceived risk ($F = 3.296$, $p = 0.039$) varied significantly across the three conditions, with mean values shifting in the expected direction (i.e., increasing extension distance was associated with lower perceived offer fit). Interestingly, no significant differences were found for parent brand loyalty. Thus, while consumers differentiated between extension scenarios at the perceptual level, these differences did not translate into changes in loyalty. We will elaborate on this provocative finding later.

Next, we applied the PLS SEM and Bootstrapping algorithms in SmartPLS. R^2 for Brand Loyalty was above the threshold for weak effects of 0.25 (Hair et al. 2016). Our results revealed significant paths from perceived offer fit ($\beta = 0.407$, $t = 2.363$, $p = 0.018$) and perceived risk ($\beta = -0.208$, $t = 2.639$, $p < 0.008$) to brand loyalty. Accordingly, our results showed no significant influence of perceived image fit, perceived (added) value, and no moderating effect.

It follows that, although the degree of brand extension significantly affects all independent variables, as indicated by the ANOVA results, these differences do not translate into variations in parent brand loyalty. This disconnect between perceptual differentiation and loyalty outcomes represents a noteworthy finding, which we address in the discussion section.

Discussion

Our study yielded a differentiated pattern of results. Perceived offer fit and perceived risk significantly influenced parent brand loyalty, whereas perceived image fit, perceived added value, and the degree of brand extension did not. Most notably, although the manipulation of extension distance significantly affected all perceptual antecedents, these differences did not translate into changes in parent brand loyalty.

The significant role of offer fit confirms prior brand extension research, emphasising the importance of functional compatibility between parent brand and extension. In the insurance context, consumers appear to rely primarily on assessments of whether the brand can credibly operate in the new domain. Likewise, perceived risk negatively affected loyalty, highlighting consumers' sensitivity in trust-intensive service industries to the uncertainty introduced by strategic expansion.

In contrast, image fit and perceived added value did not significantly influence loyalty. This suggests that loyalty toward insurance brands may be relatively stable and

less susceptible to symbolic congruence or additional benefits associated with platform extensions. Insurance relationships are typically long-term, contractually anchored, and strongly trust-based (Moon et al. 2025). As long as the core service remains unaffected, ecosystem expansions may be perceived as peripheral rather than transformative, limiting their impact on overall loyalty.

The absence of moderating effects further supports this interpretation. While extension distance clearly shaped consumers' perceptions of fit, value, and risk, these differences did not affect their relationship with loyalty. The degree of extension may therefore operate primarily at the cognitive evaluation level rather than at the relational loyalty level.

Conclusion

This study contributes to the emerging literature on platform-based brand extensions by demonstrating that, in a trust-intensive and contract-based service industry, ecosystem expansions shape consumers' perceptual evaluations without necessarily altering parent brand loyalty. While functional offer fit and perceived risk remain decisive drivers of loyalty, symbolic congruence, perceived added value, and extension distance appear less influential in the insurance context. These findings highlight the importance of industry characteristics when assessing brand extension outcomes and suggest that relational loyalty in long-term service settings may exhibit structural stability.

In subsequent studies, we will adopt a cross-sectoral research design to examine whether similar patterns emerge in high-frequency, hedonic, or identity-driven industries and extend the analysis to alternative outcome variables to provide a more comprehensive understanding of how platform-based expansions affect established brands.

Literature

Aaker, David A., and Kevin Lane Keller. 1990. 'Consumer Evaluations of Brand Extensions'. *Journal of Marketing* 54 (1): 27–41. https://doi.org/10.1177/002224299005400102.

Adner, Ron. 2017. 'Ecosystem as Structure'. *Journal of Management* 43 (1): 39–58. https://doi.org/10.1177/0149206316678451.

Ahmed, Jashim U., Md. Shamim Talukder, Amreen Talukdar, Asma Ahmed, and Afrin Rifat. 2023. 'Sheba.Xyz: Codifying Household Service Solutions Using a Digital Platform'. *Journal of Information Technology Teaching Cases*, July 11, 20438869231187666. https://doi.org/10.1177/20438869231187666.

Anwar, Ali, Narongsak (Tek) Thongpapanl, and Abdul R. Ashraf. 2021. 'Strategic Imperatives of Mobile Commerce in Developing Countries: The Influence of Consumer Innovativeness, Ubiquity, Perceived Value, Risk, and Cost on Usage'. *Journal of Strategic Marketing* 29 (8): 722–42. https://doi.org/10.1080/0965254X.2020.1786847.

Cozzolino, Alessio, Leonardo Corbo, and Paolo Aversa. 2021. 'Digital Platform-Based Ecosystems: The Evolution of Collaboration and Competition between Incumbent Producers and Entrant Platforms'. *Journal of Business Research* 126 (March): 385–400. https://doi.org/10.1016/j.jbusres.2020.12.058.

Davis, Fred D. 1989. 'Perceived Usefulness, Perceived Ease of Use, and User Acceptance of Information Technology'. *MIS Quarterly* 13 (3): 319. https://doi.org/10.2307/249008.

Deng, Qian (Claire), and Paul R. Messinger. 2022. 'Dimensions of Brand-Extension Fit'. *International Journal of Research in Marketing* 39 (3): 764–87. https://doi.org/10.1016/j.ijresmar.2021.09.013.

Florea, Dorian-Laurentiu. 2015. 'The Relationship between Branding and Diffusion of Innovation: A Systematic Review'. *Procedia Economics and Finance*, 2nd GLOBAL CONFERENCE on BUSINESS, ECONOMICS, MANAGEMENT and TOURISM, vol. 23 (January): 1527–34. https://doi.org/10.1016/S2212-5671(15)00407-4.

Fournier, Susan, and Julie L. Yao. 1997. 'Reviving Brand Loyalty: A Reconceptualization within the Framework of Consumer-Brand Relationships'. *International Journal of Research in Marketing*, Loyalty, vol. 14 (5): 451–72. https://doi.org/10.1016/S0167-8116(97)00021-9.

Gawer, Annabelle. 2021. 'Digital Platforms' Boundaries: The Interplay of Firm Scope, Platform Sides, and Digital Interfaces'. *Long Range Planning* 54 (5): 102045. https://doi.org/10.1016/j.lrp.2020.102045.

Guest, L. 1944. 'A Study of Brand Loyalty'. *Journal of Applied Psychology* (US) 28 (1): 16–27. https://doi.org/10.1037/h0053554.

Hair, Joseph, G. Tomas M. Hult, Christian Ringle, and Marko Sarstedt. 2016. *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)*. 2nd ed.

Hänninen, Mikko. 2020. 'Review of Studies on Digital Transaction Platforms in Marketing Journals'. *The International Review of Retail, Distribution and Consumer Research* 30 (2): 164–92. https://doi.org/10.1080/09593969.2019.1651380.

Hasselwander, Marc, and Daniel Weiss. 2024. 'Key Factors Influencing Consumer Adoption Intentions of Super Apps in Germany'. *IEEE Access* 12: 101985–98. https://doi.org/10.1109/ACCESS.2024.3431950.

Hein, Andreas, Maximilian Schreieck, Tobias Riasanow, et al. 2020. 'Digital Platform Ecosystems'. *Electronic Markets* 30 (1): 87–98. https://doi.org/10.1007/s12525-019-00377-4.

Jacobides, Michael G., Carmelo Cennamo, and Annabelle Gawer. 2018. 'Towards a Theory of Ecosystems'. *Strategic Management Journal (John Wiley & Sons, Inc.)* 39 (8): 2255–76. https://doi.org/10.1002/smj.2904.

Kabakova, Oksana, Evgeny Plaksenkov, and Vladimir Korovkin. 2016. 'Strategizing for Financial Technology Platforms: Findings from Four Russian Case Studies'. *Psychology & Marketing* 33 (12): 1106–11. https://doi.org/10.1002/mar.20945.

Khan, Waseem Ahmad, and Zain Ul Abideen. 2023. 'Effects of Behavioural Intention on Usage Behaviour of Digital Wallet: The Mediating Role of Perceived Risk and Moderating Role of Perceived Service Quality and Perceived Trust'. *Future Business Journal* 9 (1): 73. https://doi.org/10.1186/s43093-023-00242-z.

Kim, Hun, Byeng-hee Chang, Sang-Hyun Nam, Shin-Hye Kwon, and Sylvia M. Chan-Olmsted. 2024. 'Media Brand Extension of Tech Conglomerates: The Roles of Parent Brand Loyalty, Portfolio Quality, Perceived Fit and Feedback Effects'. *Journal of Brand Strategy* 13 (1): 84–106.

Koch, Matthias, Daniel Krohmer, Matthias Naab, Dominik Rost, and Marcus Trapp. 2022. 'A Matter of Definition: Criteria for Digital Ecosystems'. *Digital Business* 2 (2): 100027. https://doi.org/10.1016/j.digbus.2022.100027.

Moon, Joon-Ho, Soon-Tae Lee, and Yong-Ki Lee. 2025. 'Impacts of General Agents' Customer Relationship-Building Behaviors on Trust, Satisfaction, and Renewal Intention: A PLS-SEM and NCA Approach'. *Acta Psychologica* 258 (August): 105162. https://doi.org/10.1016/j.actpsy.2025.105162.

Nerbel, Jan Frederic, and Markus Kreutzer. 2023. 'Digital Platform Ecosystems in Flux: From Proprietary Digital Platforms to Wide-Spanning Ecosystems'. *Electronic Markets* 33 (1): 6. https://doi.org/10.1007/s12525-023-00625-8.

Parker, Geoffrey, Marshall Van Alstyne, and Sangeet Paul Choudary. 2016. *Platform Revolution: How Networked Markets Are Transforming the Economy and How to Make Them Work for You*. First Edition. W. W. NORTON & COMPANY.

Peng, Chenming, Tammo H. A. Bijmolt, Franziska Völckner, and Hong Zhao. 2023. ‘A Meta-Analysis of Brand Extension Success: The Effects of Parent Brand Equity and Extension Fit’. *Journal of Marketing* 87 (6): 906–27. https://doi.org/10.1177/00222429231164654.

Ringle, Christian, Sven Wende, and Jan-Michael Becker. 2024. *SmartPLS 4*. SmartPLS GmbH, released.

Sedighi, Mohammadbashir, Alireza Sheikh, Nazanin Tourani, and Raana Bagheri. 2022. ‘Service Delivery and Branding Management in Digital Platforms: Innovation through Brand Extension’. *Human Behavior and Emerging Technologies* 2022 (1): 7159749. https://doi.org/10.1155/2022/7159749.

Spiggle, Susan, Hang T. Nguyen, and Mary Caravella. 2012. ‘More than Fit: Brand Extension Authenticity’. *Journal of Marketing Research* 49 (6): 967–83. https://doi.org/10.1509/jmr.11.0015.

Völckner, Franziska, and Henrik Sattler. 2006. ‘Drivers of Brand Extension Success - Franziska Völckner, Henrik Sattler, 2006’. *Journal of Marketing*, April 1. https://journals.sagepub.com/doi/10.1509/jmkg.70.2.018.

Zeithaml, Valarie A. 1988. ‘Consumer Perceptions of Price, Quality, and Value: A Means-End Model and Synthesis of Evidence’. *Journal of Marketing* 52 (3): 2–22. https://doi.org/10.1177/002224298805200302.