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KNOWLEDGE IN ACTION

Faculty of Business Economics
Master of Management

Master's thesis

The boundaries of luxury brands

Violette Cajot
Thesis presented in fulfillment of the requirements for the degree of Master of Management, specialization International Marketing Strategy

SUPERVISOR :

Prof. dr. Allard VAN RIEL

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This master thesis was written during the COVID-19 crisis in 2020. This global health crisis might have had an impact on the (writing) process, the research activities and the research results that are at the basis of this thesis.

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Executive summary

Brand extension is a well-known strategy in different industries. It enables brands to leverage their brand equity and to save on advertising costs. It implies that an established brand extends its original offer with new product or service categories. This strategy is especially well-known in the luxury industry. Some brands traditionally extended their haute couture collection with jewelry, leather goods, accessories, watches, cosmetics and perfumes. Still, nowadays, several well-established luxury brands extend their core offer to other traditional luxury segments. Some luxury brands also started to extend into non-traditional segments such as alcohol, food, travel and hotels, technology, furniture and decorations and other types of experiences. An example of this strategy is given by Louis Vuitton. It has recently included sport material in its offer: jump ropes, weights, volleyballs, ping pong sets, … etc. Moreover, it is not trivial that luxury brands are willing to extend their offer into non-traditional luxury segments, as it has been estimated to represent a market size of €480 billion.

This study aimed at researching under which conditions luxury brand extension are successful by investigating different sorts of extensions, both in traditional and non-traditional luxury segments. Consequently, the extension effect on the parent brand equity was analyzed.

As a basis for the literature, the model of Aaker and Keller (1990) was used and further extended with new fit variables, applicable to luxury brands. They defined 3 fit variables: transfer, complement and substitute. Transfer stands for the degree to which the manufacturing skills, assets and resources of the parent brand can be used to proceed with the brand extension. Complement refers to the perceived product class complementarity between the brand existing offer and the extension. Substitute implies that both offers can replace each other by satisfying the same needs. Consequently, new fit variables were introduced. Based on the literature, position fit, storytelling fit and consumer persona fit were defined. The position fit stands for the degree of position similarity between the original offer and the extension of the luxury brand. In other words, if the extension is perceived as having an equal position in the consumer's mind compared to the original offer, it will have a positive impact on the attitude towards the extension. Next, the storytelling fit was introduced, which stands for the degree of fit of the extension with the (hi)story of the luxury brand. Finally, the consumer persona fit that is the degree in which the extension consumer persona is similar to the parent luxury brand consumer persona, was included. The consumer persona fit represents the consumer segment the brand is targeting and willing to be associated with.

An empirical research was conducted in the form of an explorative quantitative research. By means of a structured questionnaire, each hypothesis was tested. 210 participants responded to the survey, offering a total of 900 observations. The survey consisted of six luxury brands (Delvaux, Rolex, Tiffany & Co, Cartier, Dom Pérignon and Jimmy Choo), each considering four extensions: a clothing line (traditional luxury segment), cars, coffee bars and a furniture line (non-traditional luxury segments).

When analyzing each fit variable separately, each of them was found significant and could account for a certain amount of variance in the attitude towards the brand (purchase intention). While conducting a multivariate regression in order to test these fit variables jointly, it was observed that the fit dimensions (complement, substitute and transfer) had no significant effect on luxury brands. Still, the new variables offered a lot of explanations for the variation in purchase intention of luxury brand extensions (32,1%). However, the consumer persona fit was not significant. Therefore it can be stated that "the higher the fit between the original category and the extension category, the higher the purchase intentions" but only when mentioning and specifying that the fit dimensions of Aaker and Keller and the consumer persona fit do not apply to luxury brand extensions. The reciprocal effect of the extension on the parent brand equity was tested. Unfortunately, the related hypothesis could not be confirmed due to inconsistent results.

The different extensions proposed stood out from each other in terms of respondent attitudes. The attitude towards traditional luxury segments was far more positive than the attitude towards non-traditional segments. For the three fit variables (position, consumer persona and storytelling), it is clear that the clothing line seemed the most adequate extension for luxury brands according to the responses. This wasn't a surprising result as it is a traditional luxury segment, which means that consumers are familiar with this product being offered by luxury brands. Therefore, respondents perceive it as fitting better with luxury brands offer. Next, the furniture extension seemed to be an extension that the respondent did perceive as fitting with the position of the luxury brands. However, they did not perceive it as fitting for the other fit variables. From the literature, furniture was described as a non-traditional luxury segment. But when analyzing the results and taking into consideration actual offers of luxury brands in 2020, it may be necessary to redefine it. An increasing amount of contemporary luxury and non-luxury brands are entering the furniture market and this may have an effect on the perceived fit of the respondents (e.g. Louis Vuitton Furniture, Versace Home Collection, Gucci Décor). For the two remaining extensions (cars and coffee bars), they both did not fit with the three fit variables. Coffee bars and cars are non-traditional luxury segments and unlike the former two extensions, it is not common for existing luxury brands to extend in these segments. Therefore, the respondents might not have felt familiar or comfortable with these products/services offered by luxury brands.

The product or service categories in which the luxury brand is extended to should correspond to an equal perceived position as the original luxury brand offer and it should strongly blend into the (hi)story of the luxury brand. These brands are able to extend their offer in a wide range of variety as long as these extensions are enforced by the proposed fits. With an adequate marketing strategy, the product and service extension can be assumed as fitting with the existing offer of the luxury brand. Managers should thus well communicate on these brand cues, so that it would fit with the (hi)story of the luxury brand. This can be achieved by extending into product categories whereby the acquired savoir-faire of the brand can be applied. They should also reinforce the extension with the strong position of the original luxury brand. This can be reached by offering a product or service extension with the same quality, uniqueness and prestige as in the original offer. Moreover, it can be emphasized with the brand logo so that the luxury brand and extension are placed equally in the customer's mind.

Despite the fact that this research has helped existing literature by explaining additional variance in purchase intention of brand extensions, a big part remains unanswered. It is fair to believe that more fit variables exist that could explain additional variance in the purchase intention. This can be tackled by including new fit variables. Various luxury brand cues have been mentioned in the literature. They could be used as a basis for new fit variables.

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1. Introduction

It is not a secret that competition has been increasing in the B2C market over the last decades. Brands are being scrutinized by consumers, estimating which one has the most attractive and complete offer that will fulfil their needs. Brands, therefore, are forced to be creative and dynamic to respond to the volatile needs, expectations and wants of the consumers in 2020. This is a major challenge for luxury brands that carry a long and well-established history and heritage. They must find the right balance between their brand history and innovation. Besides, luxury consumers are asked to pay a premium price in order to part of an exclusive community. This extra fee makes them more demanding in their purchases.

Most of the well-known luxury brands have been around for many years. In the past decades, these luxury brands could benefit from their exclusive position in the market and from a fairly stable environment with high entry barriers pushing back potential entrants. However, times have changed and so did the supply and demand patterns in the luxury market. These shifts were caused by an increased global competition and counterfeiting industry (Stegemann, 2006). The need to stand out from the crowd has risen considerably and brand extension is one of the possible solutions.

Brand extension signifies that once an established brand has settled its name in a specific industry, it is a logical continuation for the brand to add different product or service categories to its original offer. In this way, the brand can save on advertising costs and make use of its brand awareness to enter new markets and develop its brand equity (Stegemann, 2006).

This strategy was initiated in the luxury industry when the first haute-couture houses existed. Luxury fashion houses traditionally extended their haute couture collection with jewelry, leather goods, accessories, watches, cosmetics, fragrances and perfumes. Still, nowadays, most of the luxury brands after establishing their name in the industry, extend their core offer to traditional luxury segments. Some luxury brands have now started to extend into non-traditional segments such as alcohol, food, travel and hotels, technology, furniture and decorations and other types of experiences. For example, the famous luxury brand, Louis Vuitton, has recently included in its offer wireless earphones as well as a whole sporting goods collection including: jump ropes, weights, volleyballs, ping pong sets, soccer tables and many more products that are not commonly offered by luxury brands (Louis Vuitton, 2020). Armani, as well, goes far beyond its original offer, by extending its business to furniture, books, chocolates, restaurants, bars and spas (Armani, 2019). Versace consumers can now decorate their houses with Versace wallpaper (Versace, 2020). Also, Roberto Cavalli is a leading example of a brand extension of non-traditional luxury segments, by offering chocolates, wine and vodka as well as by running coffee bars ("The Cavalli Caffe") and clubs ("The Cavalli Club") next to its original offer (Roberto Cavalli, 2019). The luxury industry seems to continuously extend its boundaries. Moreover, this is not trivial as non-traditional luxury segments were estimated to represent €480 billion in market size, representing an enormous growth potential for luxury brands (Albrecht et. al, 2013).

2. Problem statement

For luxury brands, it is of crucial importance to understand what good or bad 'fits' are between different product categories, more specifically between their original category and the intended ones. In this way, brand managers can distinguish what type of brand extensions can enhance or downgrade the brand image. It is particularly essential for luxury brands that have built a strong brand equity and awareness, as bad fits could irreversibly harm the brand image. Most of the time this brand image required considerable time and efforts to be elaborated (Aaker & Keller, 1990). An extension may need to respond to some conditions in order to be successful and thus to please the luxury brand consumer. Some product categories, however, may also have a positive interference, increasing mutual attractiveness when offered by the same (luxury) brand. Contrarily, some may have a negative interference, resulting in damaging the parent brand. This study will therefore analyze these conditions that are necessary for luxury brands to extend successfully, especially between traditional and non-traditional luxury segments and their impact on the brand equity and attractiveness in this sector in particular. As mentioned above, non-traditional luxury segments may be very attractive for luxury brands as they represent an enormous market size. But risk should be measured, and a better understanding should be developed to know under what conditions these extensions can be profitable.

The past researches conducted on the topic mainly focused on the keys to the success of brand extensions for fast moving consumer goods (FMCG). Initially, the consumer perspective has been explored. Later, studies also focused on the managerial perspective of brand extension (Aaker & Keller, 1990; Mitchell, 2014; Nijssen, 2005). Aaker and Keller have been one of the few thoroughly investigating the question of the success factors of brand extensions. Nevertheless, thirty years have passed now and marketers are still looking for the complete reasons that determine the success of brand extensions. The model of Aaker and Keller published in 1990 is only partially able to justify why a certain brand extension is successful or not. There is an urgent need to answer this question for a more holistic perspective. Therefore, this study aims to empirically investigate what conditions are required for a successful luxury brand extension and if this extension has a reinforcing effect on the parent brand. Some hypotheses will be formulated and tested afterwards.

This study will thus aim to get a better understanding of how different product categories, such as traditional and non-traditional luxury segments, can reinforce or reduce each other's attractiveness when offered through the same channel. It will investigate the specific conditions required for a luxury brand extension to be successful. In addition, the impact of this extension on the parent brand will be analyzed. The scope of this research will be specifically dedicated to luxury brands.

As luxury brands emphasize on multiple brand cues to maintain their status, several cues will be investigated in this research. As these brand cues are essential for the original offer of the luxury brand, it is fair to believe these might also be essential for the extension and consequently the attitude towards the extension. They are introduced in this section and will be further elaborated in the literature study.

The first aspect that plays an important role in brand awareness of a luxury brand is the exclusive position that it has established over the years in the consumer's mind. The position of luxury brands is a key element in its marketing. Second, luxury brands leverage their brand equity on their well-established heritage and history. This is usually transmitted in a form of storytelling, in order for the consumer to get to know the brand and its history better, usually emphasizing the ample expertise and quality mastery acquired along the years in the concerning market segment. In compliance with these two luxury brand marketing aspects, a consumer persona is created and associated with each luxury brand. Each luxury brand has an exclusive and specific consumer it targets and with whom it want to be identified and associated. The brand is only available to an exclusive part of the society, supposed to be consumed only by the elite class.

Therefore, this master thesis will attempt to formulate an answer to the question:

'What are the conditions for luxury brands to extend successfully?'

In the process, the following sub-questions will be investigated:

1. What is the effect of positioning on the consumer's attitude towards the luxury brand extension?

2. What is the effect of storytelling on the consumer's attitude towards the luxury brand extension?

3. What is the effect of consumer persona on the consumer's attitude towards the luxury brand extension?

4. What is the effect of the luxury brand extension on the parent brand?

This research intends to contribute to the existing literature, by investigating a new scope of research which is namely brand extension in the luxury brand industry. As it has not been investigated much in the past, this research will try to offer new perspectives on the existing brand extension model designed by Aaker & Keller (1990), so that one might get a better understanding of how to manage luxury brand extensions and to find which extension is preferable for luxury brands. New fit variables will be added and tested as hypotheses as to know what conditions are necessary to successfully extend a luxury brand. An empirical investigation will be conducted through a survey to test each hypothesis and to draw conclusions. These conclusions will enable to specify which brand extensions are recommended for luxury brands and which should be avoided. This research will try to define under what conditions or criteria luxury brand extensions are successful.

3. Literature review

3.1. The need for brand extension

Brand extension has often been used by established companies willing to enter a new market. Nowadays, the financial risk of entering a new market has become a major aspect to consider in any type of industry. Introducing a new brand in some consumer markets can prove to be highly risky in terms of investment. These entry costs have been increasing for the last decade, as new (expensive) media and advertisement tools are being developed to create and achieve brand awareness. Considering these costs, lots of brands prefer to make use of their established brand names to enter new markets, especially new product categories (Aaker & Keller, 1990).

As mentioned above, when companies choose to invest in a brand extension they can benefit from brand recognition. The high product failure rates that manufacturers are currently facing, drive companies to use their established brand name and image. The leverage of a strong brand name can substantially reduce the risk of introducing a product in a new market by providing consumers with the brand familiarity and knowledge (Aaker & Keller, 1990). According to a study conducted by Nielsen (2015), a brand name can be one of the most valuable assets a company can possess. It lends credibility to product quality and efficacy, facilitating the acceptance and adoption of new products or services. For consumers, brand recognition creates confidence and can relieve some of the apprehensions often associated when trying something new. Nielsen's Global New Product Innovation Survey (2015) found that nearly six-in-ten global respondents (59%) prefer to buy new products from brands they are familiar with. It is assumed that brand extensions not only leverage the equity of the parent brand, but they also lead to faster adoption and deliver higher marketing efficiency and economies of scale (Nielsen, 2012). Nevertheless, it does not guarantee a successful brand extension. Some brand extensions can create damaging associations to the parent brand that may be expensive or impossible to recover from (Aaker & Keller, 1990). Overextension can also be risky, leading to brand dilution and a loss of market shares (Eren-Erdogmus & Akgun & Arda, 2018). All this reinforces the idea that an extensive investigation is necessary before launching a brand extension to avoid collateral damages to the parent brand.

A specific reason for luxury brands to invest in brand extension is the opportunity it represents to attract new segments of consumers, who previously did not consider buying luxury items. Luxury brands are then able to tap into a broader market. On top of that, luxury brands will be able to further enhance their brand equity with the introduction of a successful brand extension. It is particularly challenging for luxury brands to leverage their most important asset, brand image, to enter new markets without compromising the 'dream formula', for which consumers are so alluring (Albrecht & Backhaus, 2013). Luxury brands must find an equilibrium between accessibility and exclusivity to avoid downgrading its parent brand (Keller, 2009).

Before defining which factors determine a successful brand extension for luxury brands, it is necessary to define the term 'luxury brand' appropriately.

3.2. Definition of luxury brand

The concept of luxury is complex, as it is subjective and based upon personal and interpersonal motives of consumer perceptions (Vigneron & Johnson, 2004). A study conducted by Dubois, Laurent and Czellar (2001), identified 6 specific characteristics defining the concept of luxury: (1) excellent quality, (2) very high price, (3) scarcity and uniqueness, (4) aesthetics and poly sensuality, (5) ancestral heritage and personal history and (6) superfluousness.

Luxury brands represent images in the minds of consumers that comprise associations about a high level of price, quality, aesthetics, rarity, extraordinariness and non-functional associations (Heine, 2012). Luxury brands make use of historical associations and heritage that represent uniqueness and quality to own a place in a consumer's mind and heart (Kapferer, 2012; Vigneron and Johnson, 1999). However, according luxury brands must be desired by all but should only be consumed by the happy few (Kapferer, 1997).

The central benefit of buying luxury brands is providing pleasure and connecting with consumers on an emotional level (Hagtvedt & Patrick, 2009). Luxury brands capitalize on hedonic, symbolic and experiential benefits to seduce the consumer.

The brand equity and brand image are important salient resources for this category of brands and a possible source of competitive advantage (Stegemann, 2006). Brand image is defined by Keller (1993, p.3) as "perceptions about a brand as reflected by the brand associations held in consumer memory". So, all the associations that are linked with the brand in the consumer's memory (Aaker, 1996). Brand equity is the set of associations and behaviors in relation to the brand that allows it to earn greater volumes or greater margins than it would do without the brand name, providing the brand strong, sustainable and differentiated advantage over competitors (Leuthesser, 1988). In short, brand equity is the value a brand name adds to a product (Farquhar, 1989).

3.3. Brand extension for non-luxury brands

Most of the researches that have been conducted on this topic have mainly focused on the determinants of brand extension success for FMCG. Many authors have claimed that there is a difference between luxury and non-luxury brand extension (e.g., Hagtvedt and Patrick, 2009; Albrecht et al., 2013). Yet, only a few authors have given academic attention to brand extensions for luxury brands in particular (Hagtvedt & Patrick 2009; Albrecht et al. 2013; Pourazad & Stochhi & Pare, 2019). Therefore, the literature review will consist of an overview of brand extension for non-luxury brands followed by brand extension for luxury brands.

"A brand extension is the use of an established brand name for the introduction of a new product category" (Aaker & Keller, 1990, p.27). Two approaches exist concerning this strategy. One approach is line extension whereby a current brand name is used to enter a new market segment in its existing product line (e.g. Chanel introduces a new perfume for women). This approach is less risky and requires lower introduction costs. Another approach is the brand extension whereby a current brand name is used to enter a different product class (e.g. Dior introducing a smartphone in 2013) (Aaker & Keller, 1990). This approach is riskier and involves big investments as the consumers are unfamiliar

with this product-brand association. It results in higher marketing communication expenditures and channel distribution cost (Stegeman, 2006). In this study, the second approach will be investigated.

Aaker and Keller (1990) researched how consumers evaluated brand extensions and how brand names (brand equity) impacted their purchase decisions. Here follows a summary of their findings:

First, they found that inferred brand attribute associations can both enhance and harm the evaluations of a brand extension. Lots of associations are made in the mind of the consumer concerning brands. These associations are based upon the product attributes, the type of product user, place, the use situation of the product … etc. For example, Apple can be associated with user-friendliness as well as Chanel can be associated with style and prestige. Inferred beliefs harming the evaluation of brand extension were usually based upon product class attributes, such as the taste of beer or toothpaste. Inferred beliefs enhancing the evaluation of brand extension were often based upon abstract brand attributes, such as style. Second, the research defined that the consumer perception of the parent brand quality has an impact on brand extension evaluation. The relationship between the parent brand quality image and the evaluation of the brand extension is strong when there is a fit between the two product classes. Third, they defined three dimensions of fit between the parent brand and the brand extension. The first dimension is TRANSFER, this is the degree to which the manufacturing skills, assets and resources of the parent brand can be used to make the brand extension. The second dimension is COMPLEMENT, this dimension indicates the perceived product class complementarity between existing products of the brand and the brand extension and answers the following question: Can the two offers be used in the same context? The last dimension, SUBSTITUTE, refers to the perceived product class substitutability. In other words, can both offers replace each other by satisfying the same needs? The final finding concerns the consumer perceptions of the DIFFICULTY of making the extension. Hence, does it seem difficult or rather easy to implement the extension?

Nevertheless, the findings of Aaker and Keller (1990) have been criticized. Other studies have tried to carry out the same research on a bigger scale, like Barrett and Venkateswarlu in 1999. They concluded that only four out of the five hypotheses of Aaker and Keller (1990) were valid. Consumer evaluations of brand extension are being driven by main effects like quality, transfer, complement and substitute. However, the perceived difficulty of making the brand extension is not a factor in determining consumer attitudes towards the extension.

Over the years, many researches have tried to contribute to this analysis by adding variables to the model of Aaker and Keller (1990).

For example, Völckner and Staller (2006) identified the fit between the parent brand and the brand extension as the most important success factor. Consumers need to perceive the brand image fit between the parent brand and the extended product. They must believe that it is logical for the parent brand to extend into this category in order to accept the extension and to develop a positive attitude towards it (Eren-Erdogmus, Akgun and Arda in 2018).

When analyzing brand associations, it is important to examine the associations of the original products with the extended ones. The following study, conducted by Fayrene and Lee in 2011, described these product associations. Two different forms of product associations exist: the functional attribute associations and the non-functional attribute associations. The functional attributes refer to the tangible features of a product. This means that when consumers are evaluating the brand, they will compare the functional attribute performance of the product to the brand. Non-functional attributes refer to symbolic attributes which are the intangible features that satisfy consumer needs for social approval, personal expression or self-esteem.

3.4.   Brand extension for luxury brands

According to a study conducted by Park, Milberg and Lawson in 1991, the emphasis that previous researches placed on the importance of product similarity while extending a brand should be reconfigured. They believe that evaluations of brand extensions depend on the perceived fit of the new product compared to the existing brand name and that this fit consists of two factors: product feature similarity and brand concept consistency. Product feature similarity refers to the possible fit between the brand name and the new product features, conceptualized by Aaker and Keller (1990) as 'perceived fit' as previously explained. Brand concept consistency can be understood as products and brands sharing the same concept and therefore better fitting. For example, a pet and a photo album may not have lots of product feature similarities, but they fit together in the concept of 'objects removed from a house on fire'.

Brand extensions for luxury brands differ in some aspects from brand extensions for non-luxury brands. Consumers have different types of memory depending on the type of brand, leading to a different judgment of possible 'fit'. The memory association of non-luxury brands or functional brands are based upon concrete attributes whereas memory association of luxury brands or prestige brands are based upon more abstract concepts (Park, Milberg, Lawson, 1989). The research showed that brand concept consistency had more impact on consumer evaluation of the brand extension of prestige brands than on functional brands. Prestige-oriented brands are brands focusing on consumer self-expression, self-concept or image. Function-oriented brands refer to brand unique aspects that are related to product performance. This could be due to the established memory of the unique characteristics of the prestige brand (Park, Milberg and Lawson, 1991). Another study showed that the prestige brand names may fall under a superordinate concept category such as luxury and status which can be quite large, while functional brand names can only be identified by their respective product class category along with their brand concept (Park et al., 1989). According to a study conducted by Hagtvedt and Patrick (2009) prestige brands owe their extendibility to the hedonic potential that is inherent to luxury brands. The hedonic potential refers to the promise of pleasure made to the consumer. Value brands or functional brands satisfy the consumer while prestige or luxury brands delight them.

A success factor for brand extensions is that the consumer must be able to expand the scope of brand image in other areas (Keller, 1993). The brand extensions must be consistent with the parent brand qualities and values (Hoffman, 2016). In line with the former claims, prestige brands may be more extendible to other products categories than functional brands as long as those products share

the same prestige concepts. Prestige brand names are more based upon abstract concepts (e.g. status) than functional concepts (e.g. durability), enabling them to offer a more diverse range of products that share fewer features (Johnson, 1984; Sujan and Dekleva, 1987).

Monga and John (2010) have investigated the role of consumer style thinking to understand the brand elasticity. They found that holistic thinkers and analytical thinkers respond both favorably to prestige brand extensions. However, for functional brands, only holistic thinkers respond more favorably to distant extensions. This is in line with the findings of Reddy, Terblanche, Pitt and Parent (2009) which indicate that luxury brands with a core value existing of symbolic values instead of functional can be transferred more easily to nonadjacent product categories. This again confirms the previous claims concerning the extendibility of luxury brands.

According to a study conducted by Meyvis and Janiszewski (2004), the success of a brand extension depends on the accessibility of benefit associations. The accessibility, in turn, depends on the amount of interferences from competing brand associations (e.g. category associations). In other words, broad brands that are offering a large portfolio of diverse products, will benefit more from associations than narrow brands that offer a portfolio of similar products. Brand extension will, therefore, be more convenient for broad brands than for narrow brands. A corresponding study conducted by Roux (1995) identified that luxury brands that have been largely extended in the past, seem to have strengthened their core image and consumers perceive these brand extensions of higher quality. Furthermore, for luxury brand extension, conceptual fit and brand quality are the main determinants of perceived extension quality.

Furthermore, the perceived fit, hedonic and symbolic values in addition to consumer involvement are necessary antecedents for the evaluation of transfer extensions for luxury brand extensions. The hedonic values refer to the pleasure and fulfilment received from brand usage. The symbolic value is the group affiliation and status gained from using a luxury brand. Besides, the consumer product category involvement shows a positive effect on the evaluation of the brand extension to transfer categories. Further research demonstrates that involved consumers are more venturesome and less risk-averse (Eren-Erdogmus, Akgun, & Arda, 2018).

A study conducted by Broniarczyk and Alba (1994) investigated brand-specific associations and their impact on customer attitude towards brand extensions. Brand-specific associations are attributes or benefits that differentiate a brand from competitors (E.g. Apple is known to offer products that are user-friendly). These associations are translated into the benefits consumers see through purchase. They found that brand-specific associations enable a brand to extend its core offer with dissimilar product categories. A brand extension is more favorable in a dissimilar product category that values its association than in a similar category that does not value its association.

To conclude, multiple researchers have often given attention to different types of brand associations including brand concept consistency, attribute associations, brand associations, brand cues, as mentioned previously. All have been defined differently, even though their scopes partially overlap. According to the literature, all these 'associations' should be equally translated from the parent brand to the brand extension in order to succeed. Therefore, it can be predicted that the attractiveness of

traditional or non-traditional luxury segment extension may increase, as long as these segments conform to the same brand associations than the parent brand. In this research, these associations will be fragmented into 3 new fit variables.

H1: The higher the fit between the original category and the extension category, the higher the purchase intentions.

3.5. Fit between the luxury brand and the extension

Still today, researches are unable to explain thoroughly the reasons why a luxury brand extension is successful or isn't. It is fair to assume that the model proposed by Aaker and Keller may be incomplete and needs further investigation. This research will, therefore, further elaborate on the existing conceptual model for brand extension given by Aaker and Keller (1990) by adding new variables that are compliant with luxury brands.

As mentioned before, the perceived fit between the parent brand and the extension is the most important success factor (Völckner & Sattler, 2006). Consumers evaluate more favorably brand extension with a higher perceived fit. A brand extension hardly succeeds if extension fit is not or partially perceived (Albrecht & Backhaus, 2013). The perceived fit is defined as the number of shared associations between the brand and the extension (Bridges et al., 2000; Czellar, 2003). The fit dimension by Aaker and Keller (1990) considered two different measures. First, the demand-side perspective which considered the economic notions of substitutes and complements in product usage. Second, the supply-side view which considered the firm ability to transfer its manufacturing skills onto the extension. Although it is the most important variable, it does not offer a holistic answer to the question 'what are the success factors for brand extension?'. In this research, the new fit variables proposed will be investigated as separate direct moderators of the relationship between the parent brand equity and the brand attractiveness.

3.5.1. Position fit

Luxury brands are an integral part of luxury products, to the extent that the brand is positioned before the product. The purchasing process of luxury consumers consists of 2 decisions phases. First, the consumer chooses the brand and only after that, he/she chooses the product. This emphasizes the importance of brand positioning in the purchasing process (Romo & García-Medina & Romero, 2017). Brand positioning stands for positioning the brand in the target consumer's mind (Sengupta, 2005). Through brand positioning, a company aims at building a sustainable competitive advantage based on product attributes (tangible or intangible) in the mind of the consumer. This allows the consumer to compare the brand with other brands that are active in the same product category. Brand positioning is central to developing a strong customer base and brand equity (Gwin & Gwin, 2003).

When developing a brand positioning, four things must be considered by marketers. A first aspect to consider is the target market the brand is willing to focus on. Segmentation and positioning should be seen together as positioning has no value unless it is designed for a specific target segment (Roa & Steckel, 1998, p.36). Second, how the product is different or better compared to competitors.

The brand must differentiate in a way that it can add value for the customer. Third, the value of this difference must identifiable to target the market. Last, the brand should be able to demonstrate this difference and communicate it to its target market (Gwin & Gwin, 2003).

Based on the findings of Roux (1995), luxury brand extensions have to use consistent brand cues. As mentioned before, luxury can be defined by several characteristics: (1) Excellent quality, (2) very high price, (3) scarcity and uniqueness, (4) aesthetics and poly sensuality, (5) ancestral heritage and personal history and (6) superfluousness (Dubois, Laurent and Czellar, 2001). Luxury brands have a specific position in the consumer mind. This position is highly maintained by the brand cues associated with the specific luxury brand and all products/services offered by the brand should reflect these cues.

This is in line with the study conducted by Pourazad & Stochhi & Pare in 2019 that defined brand attribute associations as descriptive features that help characterize a brand. Brand attribute association refers to the image the consumer associates with a given brand, the intangible benefits offered by the brand and the factors involved in the process of purchasing or consumption of the brand. Based on past research they defined 4 sub-components of brand attribute associations for luxury brands: (1) Brand image which is described as the network of brand-related information that consumers remember and which captures the 'perceptions and preferences for a brand' (Keller, 2012, p. 143); (2) Hedonic attributes referring to benefits such as the feelings of fun, pleasure and enjoyment a consumer may gain through owning or consuming a brand (Chandon et al., 2000); (3) Brand prestige relates to the hedonic and social aspect of brand values (Steenkamp et al., 2003); (4) Uniqueness is defined as 'the degree to which consumers feel the brand is different from competing brands and how distinct it is relative to competitors' (Netemeyer et al., 2004, p. 211). It is therefore fair to assume that the brand extension needs to fulfil the same position in the customer's mind as the original luxury brand, to create a positive brand extension attitude. The following hypothesis is established:

H2: The positioning fit between the two involved product classes has a direct positive association with the attitude toward the extension.

3.5.2. Brand storytelling fit

Like said before, luxury brands benefit from a long history and well-established heritage and are based upon abstract concepts enabling consumers to satisfy the needs of self-expression, self-concept or image. In order to do so, they create a story around the brand to capitalize on these consumer needs and create a brand identity. Brands implementing storytelling in their marketing strategies seek to interact with their public by sharing their story. It technique is often used by luxury brands to share the creation processes of their collections, of the history of the brand, of their founders and of the current workers, the provenance of their materials as well as to show the reality of the backstage and everything else that could enhance the relationship of the luxury brand with its consumers (Romo & García-Medina & Romero, 2017).

As a consequence, luxury brands need to be able to transmit their story equally through the brand extension offer. This leads to the following hypothesis:

H3: The storytelling fit between the two involved product classes has a direct positive association with the attitude toward the extension.

3.5.3. Consumer persona fit

Consumers willing to buy luxury items, intend to become part of an elite group. A specific category of consumers is associated with the luxury brand. This group is referred to as the luxury consumer persona. A consumer persona enables brands to represent a consumer based upon fictional but probable data and therefore get a better understanding of their needs and goals (Brangier & Bornet, 2011). E.g. The consumer persona for the luxury brand Rolex, can be represented as an affluent businessman within an age bracket of 35 - 60 years old. It enables consumers to self-identify with the brand and the product. The consumer identifies and compares him or herself to the brand. This is called self-brand identification. It is a consumer's 'perceived state of oneness with a brand' (Stokburger-Sauer et al., 2012, p. 407), which implies perceiving, feeling and valuing a psychosomatic connection with the brand (Lam et al., 2013). The self-identification needs to be replicated equally with the luxury brand extension as with the luxury parent brand. These considerations lead to the following hypothesis:

H4: The consumer persona fit between the two involved product classes has a direct positive association with the attitude toward the extension.

3.6. Reciprocal effect on brand equity

The effects on the brand equity of the luxury brand after extension are as important as the conditions to success for luxury brand extension. As commented before, some extensions can damage the parent brand image. Past literature investigated the subject of reciprocal effect on brands after extension and concluded that the effect on the brand's evaluation is very small. This is explained by the fact that the consumer may have more information (f.e. the history of the brand) to base his/her evaluation on, than information about the extension itself. Therefore, additional information will have a smaller impact on the evaluation of the brand itself than on the brand extension (Lane, 1997). Besides, a dilution effect may occur when the attributes of the extension are inconsistent with the parent brand beliefs (Loken & John, 1993). Nevertheless, the reciprocal effect in the brand after extension may be small or risky, but it is still a fruitful subject to investigate. Based on the new fit variables included in the above-mentioned literature, it is fair to assume that if these fit variables have a positive impact on the purchase intention of the extension product, the brand equity of the luxury brand might be reinforced by the extension. As a result of the literature, the following hypothesis is postulated:

H5: When there is a perceived fit, the brand extension will have a reinforcing effect on the parent brand.

4. Conceptual Model

In figure 1, a visual representation is given of what this research is aiming to investigate. The independent variable is brand equity moderated by the different fit dimensions and new fit variables included on the strength of this literature; Substitute, Complement, Transfer and Position fit, Storytelling fit, Consumer Persona fit. The dependent variable is the brand extension attitude. It will be investigated as the purchase intention of the extension. Consequently, the reciprocal effect of the brand extension on the parent brand equity will be tested by hypothesis 5.
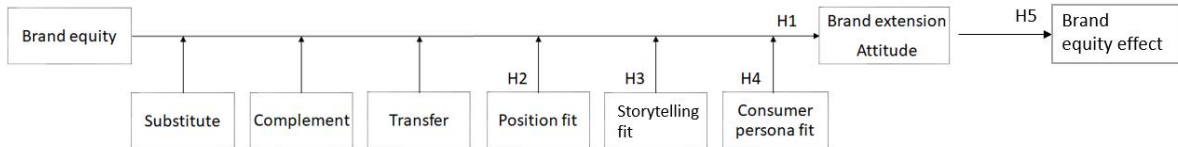

Figure 1: Conceptual Model

This research is an extended analysis of the study of Aaker and Keller's original brand extension. A focus on luxury brands is made for which 3 variables were added to the original model. Namely, the position fit, the storytelling fit and the consumer persona fit. In order to test the hypotheses mentioned in the literature review, an empirical study was carried out, in the form of an explorative quantitative research. The research population was 'Belgian luxury or non-luxury consumers between 18 and 60 years old that are willing to buy luxury items in the future.' Respondents were questioned their opinions on luxury brands and hypothetical extensions by means of a survey.

5.1. Survey design

The structured and individual survey consisted of multiple brands aiming to hypothetically extend their core offer to traditional and non-traditional luxury segments. Six luxury brands were proposed to the respondent in order to increase the variance of this research. They could choose one or two luxury brands for which they were willing to fill in the survey. The only condition to fill in the survey was to know the brand. It was, therefore, important to choose brands that were well known to the average participant. Besides, it was also important to take into account the criteria of Aaker and Keller (1990) when choosing the right brands: brands of high quality, uniqueness and that had not been extended much before. Accordingly, the six brands chosen were: Delvaux, Rolex, Tiffany & Co, Cartier, Dom Pérignon and Jimmy Choo. These luxury brands were chosen due to their strong worldwide brand equity. Each brand was represented with its official logo to help the respondent recall the brand, if necessary. In the survey, each brand hypothetically extended its offer to a clothing line (traditional luxury segment) and to cars, coffee bars and a furniture line (non-traditional luxury segments). In other words, each brand extended its offer to the same four hypothetical extensions to facilitate the completion of the survey for the respondents. The survey was organized in two different parts: first, the respondents were able to choose between three different brands (Delvaux, Rolex, Tiffany & Co). After filling in the survey, they could choose to fill in another survey for a different brand (Cartier, Dom Pérignon, Jimmy Choo) or to end the survey. An overview of the luxury brands and the hypothetical extensions is given in figure 2:

Luxury brands	Hypothetical extensions	
Delvaux	Clothing line (Traditional luxury segment)	Cars (Non-traditional luxury segment)
Rolex		
Tiffany & Co		
Cartier	Coffee bars (Non-traditional luxury segment)	Furniture (Non-traditional luxury segment)
Dom Pérignon		
Jimmy Choo		

Figure 2: Luxury brand & hypothetical extensions

The survey was designed as follows: First, respondents were questioned about their perceived quality of the brand and its offer. Second, they were questioned to what extent they perceived the brand as being a prestigious brand or not. Third, they had to answer questions referring to the positioning of the brand and each extension. Fourth, they responded to questions asking if he/she self-identified with the brand and if the extension did impact this relationship. Fifth, the respondents were asked if the story-telling of the brand did fit the proposed extension. Last, they were questioned about their purchase intention for each extension.

Each variable was measured by one or more items. Consequently, each item and respective attitude measurement are elaborated in the following paragraph:

Every item was phrased as a statement, for which the respondent had to indicate its level of (dis)agreement. All items were measured on a seven-point Likert scale. The first variable aimed at analyzing the participant's overall perception of the quality of the original brand: QUALITY. Next, the respondent was asked to answer if he or she perceived the brand as a very prestigious brand or not: PRESTIGE, by means of Likert scale (0 = This is not a very prestigious brand, 7 = This is a very prestigious brand). To measure the degree of fit, the original three independent fit variables between the original brand and extensions were used, as formulated by Aaker and Keller (1990). The first fit variable COMPLEMENT (1 = strongly agree, 7 = strongly disagree) assessed whether the participant would use the original and the extension together in certain situations. The second fit variable SUBSTITUTE (1 = strongly agree, 7= strongly disagree) assessed the extent to which the participant considered the extension to replace the original offer. The third fit variable TRANSFER (1= strongly agree, 7 = strongly disagree) measured the perceived ability of the luxury brand to provide the extension. That is whether the luxury brand had the skills and resources to deliver the extension. The following variable was the perceived fit of position between the luxury parent brand and the extension: POSITION (1 = strongly agree, 7 = strongly disagree). To facilitate answering the position question, an open question was offered, asking to sum up a few competitors of the luxury brand. The next variable was the perceived fit of consumer persona, named: BRAND-IDENTIFICATION analyzing the degree of identification between the respondent and the concerning brand (1 = strongly agree, 7 = strongly disagree). In other words, did the participant self-identified with the luxury brand? A second variable was created for the consumer persona fit, to analyze the brand identification after extension, BRAND-IDENTIFICATION POST EXTENSION. Then the variable STORYTELLING; aiming at analyzing the perceived fit of the (hi)story between the brand and the extensions (1 = strongly agree, 7 = strongly disagree). Here again, it was chosen to add a short storytelling review of each brand to help the respondent recall the (hi)story of each luxury brand and facilitate response. The last variable aimed at analyzing the purchase intention of the respondent for each extension proposed (1 = extremely likely, 7 = extremely unlikely). The constructs for each variable and item (Appendix 1) can be found in the appendix as well as the survey for the luxury brand Delvaux (Appendix 2).

In table 1, an overview of each variable aforementioned with the corresponding items and coding is given:

Variable + Source	Question(s) for the variable	Scale
PRESTIGE (Steenkamp et al., 2003)	Do you perceive brand X as a prestigious brand?	1 = This is not a very prestigious brand 7 = This is a very prestigious brand
BRAND EQUITY (Aaker, 1991, Milward Brown)	Brand X offers products of very good quality.	1 = strongly agree 7 = strongly disagree
	Brand X offers very reliable products.	
	Brand X is better than other brands in the same product category.	
	Brand X offers a clear advantage vs the competition.	
	I would pay extra money for a Brand X product.	
SUBSTITUTE (Aaker, 1991)	Extension A is consumed in the same usage situation as the original products offered by brand X.	1 = strongly agree 7 = strongly disagree
COMPLEMENT (Aaker, 1991)	Extension A can replace the original products offered by brand X.	1 = strongly agree 7 = strongly disagree
TRANSFER (Aaker, 1991)	Brand X existing skills, technology and infrastructure will help in delivering extension A.	1 = strongly agree 7 = strongly disagree
POSITION (Classics, Kotler, etc.)	Extension A offered by brand X will compare to similar product brands in the same way as brand X compares to competing brands.	1 = strongly agree 7 = strongly disagree
BRAND IDENTIFICATION (Kim, Park, Kim, 2014, Millward Brown, Research International, Fournier 1998)	Brand X and I have a lot in common.	1 = strongly agree 7 = strongly disagree
	Brand image of brand X and my self-image are similar in a lot of ways.	
	Brand X shares my values.	
BRAND IDENTIFICATION POST EXTENSION	The fact that brand X introduces extension A to the market will change what brand X and I have in common.	1 = strongly agree 7 = strongly disagree
	The fact that brand X introduces extension A to the market will change the way brand X brand image and my self-image are similar.	

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	The fact that brand X introduces extension A to the market will change the way brand X and I share values.	
STORYTELLING (Van Riel, 2020)	Extension A fits with the (Hi)story of brand X.	1 = strongly agree 7 = strongly disagree
	The (Hi)story of brand X makes it plausible that extension A is introduced by Brand X.	
	Brand X (Hi)story makes it look logical that extension A is introduced.	
PURCHASE INTENTION (Min, 2016)	For the new product/service offered by brand X, please indicate your intent to purchase, assuming you can afford it.	1 = extremely likely 7 = extremely unlikely

Table 1: Variables

5.2. Sample

The sampling procedure consisted of a primary data gathering through non-probability convenience sampling. No restrictions were made in terms of gender or educational level. The survey was self-administered whereby respondents were reached and asked to participate in the survey through online channels (Social media). The sample size this research was aiming to gather was at least 150 respondents but ultimately over 210 responses could be collected. The data collection occurred during the last fifteen days of March 2020. It was followed by data cleaning from which 210 responses were kept. Responses with missing data, inconsistencies, extreme or illogical answers were left out. This means that 210 respondents offered data of 900 observations as each respondent completed one or two surveys (15 respondents did complete two surveys for different brands) proposing 4 hypothetical extensions per brand.

Most of the respondents were students around 25 years old (75%) as shown in figure 3. Of all respondents, about 60 % were female, as opposed to 40% males and 0,5% which identified themselves as 'other', see figure 4. The respondents were asked to share their highest level of education obtained. The largest group, 101 out of 210 (48%), achieved a bachelor degree as illustrated in figure 5. Finally, respondents were asked to describe their current financial situation by evaluating it on a Likert scale from 0 to 10. The respondents described their financial situation with a mean of 5,5 out of 10 (0 = poor, 5 = average, 10 = rich). A visual representation of the demographics is shown in the figures 3, 4 and 5 below:
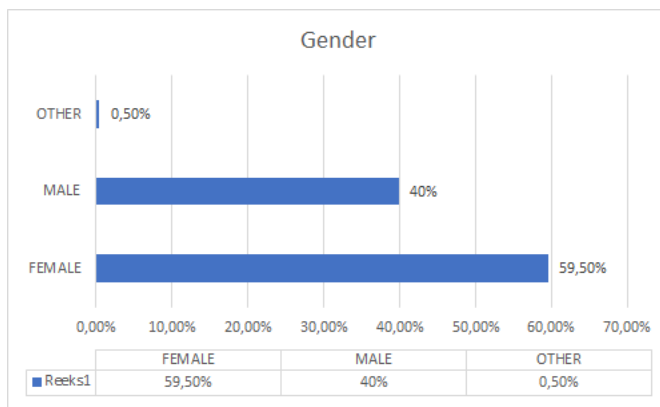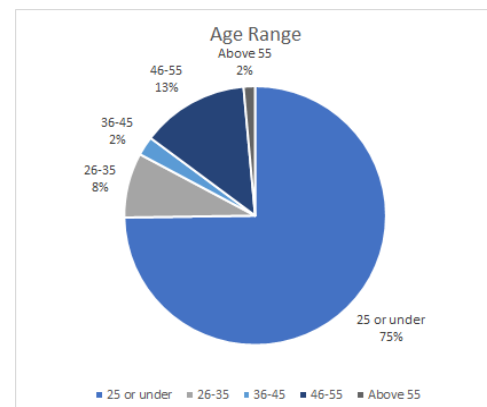

Figure 4: Gender

Figure 3: Age Range
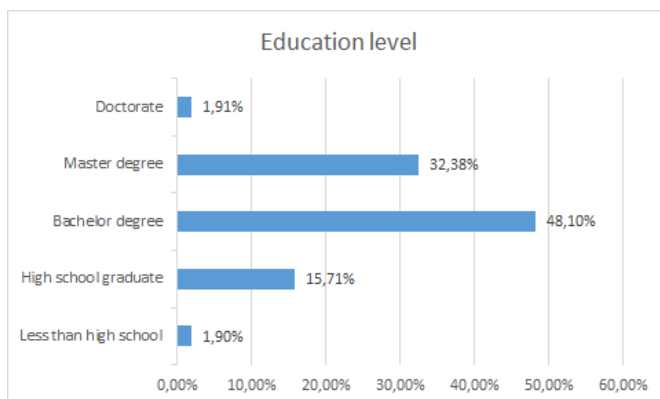
Figure 5: Education Level

6. Results

6.1. Descriptive statistics

Normal distribution

Before processing the data, a normality check was conducted for every item. It allowed to conclude that every item was normally distributed as the values of skewness and kurtosis were below the absolute value of three. Except for one item, for which the kurtosis value of the following question, measuring brand equity; "Brand X offers very reliable products", was up to 3,102. As it was not a sensitive discrepancy, it was assumed that it would not (fiercely) impact the results for the following tests. However, it was taken into consideration.

Observations per Luxury brand

The survey was organized in two consecutive surveys following each other. Therefore, more data was collected for the first proposed luxury brands compared to the second. In table 2 the percentage of observations per luxury brand is represented. 47,6% of the observations were filled in for the luxury brand Rolex, 24% for Delvaux, 21,8% for Tiffany & Co, 3,6% for Cartier, 1,8% for Jimmy Choo and 1,3% for Dom Pérignon.

Luxury brand	Frequency	Percent
Delvaux	216	24%
Rolex	428	47.6%
Tiffany & Co	196	21.8%
Cartier	32	3.6%
Dom Pérignon	12	1.3%
Jimmy Choo	16	1.8%

Table 2: Amount of observations per luxury brand

Brand prestige

In first instance, 46% of the respondents assumed that the six luxury brands were very prestigious, implying that they gave the luxury brand a score of seven out of seven on a seven-point Likert scale (0 = this is not a very prestigious brand; 7 = this is a very prestigious brand). For each brand separately: 38,9% Delvaux respondents assumed the brand to be a very prestigious brand. For Rolex, 57% of the respondents believed the brand to be very prestigious. Tiffany & Co was considered by 34,7% as a very prestigious brand and for Cartier, Dom Pérignon and Jimmy Choo, respectively, 25%, 33,3% and 47,1% respondents believed these brands were very prestigious. As it can be observed in table 3, the average score for each luxury brand was around the value six (out of seven), which is high, except for Tiffany & Co. This one seemed to be perceived as a less prestigious brand compared to the others. A reason for this could be due to its price strategy that was implemented in 2014. Due to an increasing demand for affordable jewelry and fierce competition, the brand decided to offer a premium-priced collection of jewelry to meet with this new and rising segment of consumers (Tiffany & Co, 2020). It may have damaged the brand image, from which they might still be recovering. Nevertheless, it can be concluded that the brands chosen for this research responded to the characteristics necessary to be assumed as luxury or prestigious brands.

Luxury brand	N	Mean	Standard Deviation
Delvaux	216	6.20	.051
Rolex	428	6.42	.038
Tiffany & Co	196	5.80	.077
Cartier	32	6.25	.078
Dom Pérignon	12	6.33	.142
Jimmy Choo	16	6.50	.129

Table 3: Brand prestige per luxury brand

6.2.   Analysis of the Measurement Model

Variables researched by multiple items such as brand equity, brand identification, brand identification post extension and brand storytelling were induced in one 'item' employing factor analysis, to facilitate the testing of the data in the successive steps. These factors were then checked on their reliability and validity for this research. For the reliability check, the Cronbach's alpha was examined. Ideally, this value should be above 0,7 for the construct to be reliable for the study. Subsequently, the construct validity of each construct was tested using Pearson's correlation. As one item of brand equity was not normally distributed, difficulties could be encountered when conducting tests in SPSS. If the brand equity factor causes errors, the item BE6 (I would pay extra money for a brand X product) can be used as a variable for brand equity. When recalling the definition of brand equity in the literature, this item perfectly measures the variable. In table 4 are shown the values concerning the eigenvalues % of variance, the Cronbach's alpha and the construct validity of each construct. As it can be observed, each factor analysis can explain a large amount of variance and exceeds the value 0,7. Moreover each factor was valid.

Factor analysis	Number of items	Eigenvalues % of variance	Cronbach's alpha	Construct Validity
Brand equity	5	51%	.73	valid
Brand identification	3	85%	.91	valid
Brand identification post extension	3	91%	.95	valid
Brand storytelling	3	91%	.90	valid

Table 4: Analysis of measurement model

6.3. Mean constructs

Once the reliability and construct validity were checked for every construct, all items could be processed on one scale. As all items were statements that the respondent had to agree with (1= strongly agree, 7 = strongly disagree), the lower the value the higher the agreement level of the respondents was. In this section, the means and standard deviation are being discussed for each variable. The means were tested through independent t-test to distinguish the mean and standard deviation for each brand or extension separately.

Brand equity

The values indicated in table 5, represent the means of each luxury brand. From these values, it can be concluded that the average respondent agreed with the fact that these brands have high overall brand equity, as all means are approximately between the values two or three, which respectively stand for 'agree' and 'somewhat agree'.

Luxury brand	N	Mean	Standard Deviation
Delvaux	216	2.50	.728
Rolex	428	2.41	.866
Tiffany & Co	196	2.58	.799
Cartier	32	2.22	.859
Dom Pérignon	12	2.93	.521
Jimmy Choo	16	2.20	.506

Table 5: Brand equity per luxury brand

The fit dimensions

In table 6 the means of all fits dimensions of Aaker and Keller can be found in addition to the new fit variables per extension. For each extension, 225 observations were collected (N =225).The first fit dimensions discussed are: Substitute, Complement and Transfer, from Aaker and Keller (1990). A clothing line extension (3,52) seemed to complement the existing offer of the proposed luxury brands more than the other extensions (3 = somewhat agree, 4 = neither agree or disagree). Extending to coffee bars (5,16) seemed not to complement the existing offers (5 = somewhat disagree). Not one of the extensions proposed was a substitute of the original offers of the six luxury brands according to the respondents (5 = somewhat disagree, 6 = disagree). Concerning the last dimension of fit, Transfer, the results showed that existing skills, technology and infrastructure could be used to

manufacture and offer a clothing line as it showed a mean of 3,46 (3 = somewhat agree). Nevertheless, this didn't seem valid for the other extensions.

The positioning fit was questioned by the item: 'Extension A offered by brand X will compare to similar product brands in the same way as brand X compares to competing brands'. The respondents had to agree or disagree with the statement that the new extension would have a similar position to competitor brands in the same product or service category, as the existing brand competes with its existing competitors. There was a slight difference between clothing line and furniture which have a mean surrounding the value three (3 = somewhat agree) versus cars and coffee bars with a mean around the value four (4 = neither agree or disagree). From this data, it seemed that the respondents did believe that a clothing line or furniture collection would fit better with the position of the original luxury brand offer than cars and coffee bars would. A clothing line is a traditional luxury segment as opposed to the three other extensions which are non-traditional luxury segments. The question then arises whether the respondents may have perceived furniture as a more traditional luxury segment. This will be further elaborated on in the discussion.

Concerning the consumer persona fit, the brand identification after extension factor was examined. The values shown in table 6, lead to the conclusion that the average respondent did not have a (strong) opinion on the fact that the hypothetical extension would impact their identification with the luxury brand. The values for each extension approach the value four, which stands for 'neither agree or disagree'. These values could be due to a possible miscomprehension or misunderstanding of the statement/question.

Next, in table 6 the values for the storytelling fit between the original brand and the hypothetical extensions are shown. Taking all luxury brands together, clothing line seemed to fit with the (hi)story of the six luxury brands according to the respondents, with a mean of 3,53 (3 =somewhat agree). As opposed to coffee bars, that seemed not to match with the (hi)story of the luxury brands proposed. For coffee bars, the average response was 5,24 (5= somewhat disagree).

Brand extension	Complement	Substitute	Transfer	Position fit	Consumer persona fit	Story-telling fit
Clothing line	3.52	5.12	3.46	3.29	4.58	3.53
Cars	4.73	5.69	4.66	4.40	4.33	4.76
Coffee bars	5.16	5.88	4.97	4.47	4.29	5.24
Furniture	4.14	5.33	4.28	3.88	4.58	4.15

Table 6: The fit dimensions per extension

Purchase Intention

When asking for the purchase intention for each hypothetical extension, the respondents seemed much more attracted by the clothing line extension than by the other extensions proposed, according to the values shown in table 7. Luxury brands extending to cars seemed to be the less attractive offer for the respondents as the mean for this extension goes up to 5,17 (5 = somewhat disagree).

Brand extension	N	Mean	Standard Deviation
Clothing line	225	3.70	1.853
Cars	225	5.17	1.922
Coffee bars	225	4.51	1.973
Furniture	225	4.19	1.958

Table 7: The purchase intention for each extension

6.4. Linear Regression

Regression analysis can be used to determine whether there is a significant relationship between an independent and a dependent variable. To test the impact of each fit separately on purchase intention, a linear regression between the dependent (purchase intention) and each independent variable (fit) was measured. The SPSS results for each linear regression can be found in the appendix (Appendix 3).

6.4.1. Position fit

A linear regression was conducted for the position fit. From the results, it could be concluded that the position fit is significant according to the linear regression between position and purchase intention. It accounts for 18,8% of variance in the outcome variable, purchase intention.

6.4.2. Consumer persona fit

Another linear regression was conducted to test the consumer persona fit. For this, a new variable was created by subtracting the brand identification before extension factor by the brand identification after extension factor. This variable was named brand_identification_fit and is significant but it only accounts for 0,5% of variance in the purchase intention.

6.4.3. Storytelling fit

Storytelling fit is significant and accounts for 24,4% of variance in the purchase intention.

6.4.4. Fit dimensions of Aaker and Keller

When analyzing the fit dimensions of Aaker and Keller through linear regression, it can be concluded that each one is significant. Each dimension explains an amount of variance in the outcome variable; purchase intention. The complement fit dimension accounts for 12,6% of variance, compared to the substitute fit dimension which accounts for 6,9% and the last fit dimension, transfer, accounts for 10,6% of variance.

6.5. Multivariate Regression

Once every fit was measured separately, a multivariate regression could be conducted in order to test the impact of all fits together on purchase intention. The following regression was formulated: $Y = \alpha + \beta_1 B6 + \beta_2 S + \beta_3 C + \beta_4 T + \beta_5 P + \beta_6 CPF + \beta_7 STF + \varepsilon$ Where the dependent variable: Y = purchase intention of the extension and where the independent variables:

- B6 = Brand equity
- S = Substitute
- C = Complement
- T = Transfer
- P = Positioning fit
- CPF = Consumer persona fit
- STF = Storytelling fit

Before conducting the multivariate regression, the interaction effects between the brand equity and each fit measurement were computed. This was done by multiplying the brand equity item B6 and each fit (factor). The regression was processed for all the independent variables together with collinearity diagnostics. A high level of multicollinearity between the main effects and the interaction terms was identified in line with high levels of VIF (Variance Inflation Factor), indicating the extent to which each independent variable can be explained by the other independent variables.

To solve this high multicollinearity, it was chosen to apply the 'residual centering method' introduced by Lance (1988). "Residual centering is a two-step regression that reduces multicollinearity among first-order terms in polynomial regression equations, for any given independent variable" (Neter, Wasserman, and Kutner 1990, p. 411). So, the unstandardized residuals of each interaction effect were calculated in order to only retain the original variance between the product term and its component. These interaction effects were then used as independent variable in the regression analysis with the dependent variable (purchase intention). A second multiple regression was then conducted by adding the residuals of the interaction effects as independent variables.

Unfortunately, when analyzing this regression, it was observed that the fit dimensions of Aaker and Keller (S, C, T) were not significant when combined with the new fit variables (Position, Storytelling, Consumer Persona). For this specific reason, it was decided to leave these variables out of the regression. As a consequence, the following regression was drawn: $Y = \alpha + \beta_1 B6 + \beta_2 P + \beta_3 ST + \beta_4 CP + \beta_5 I1 + \beta_6 I2 + \beta_7 I3 + \varepsilon$

Where the dependent variable: Y = purchase intention of the extension and where the independent variables:

- B6 = Brand equity
- P = Positioning fit
- ST = Storytelling fit
- CP = Consumer persona fit
- I1 = residual of interaction term B6*Position
- I2 = residual of interaction term B6*Storytelling
- I3 = residual of interaction term B6*Consumer persona

This technique enabled to reduce the high-level of multicollinearity, as the VIF of all variables and residual interaction terms were below 3. All variables were significant, except for one: the consumer persona fit. This multiple regression offered an adjusted r-square of 0,321. This signifies that 32,1% of variance in purchase intention of luxury brand extensions can be explained by the new fit variables (position, consumer persona, storytelling fit) introduced. This is a higher adjusted r-square found by the brand extension model of Aaker and Keller (1990). The way of processing this technique in SPSS can be found in the appendix (Appendix 4).

In table 8, the standardized beta coefficient and significance value can be found for each fit variable and each interaction effect. The position fit and storytelling fit variable have the highest beta-value, of respectively 0,254 and 0,363 which indicates they have the biggest impact on the dependent variable, purchase intention. Two variables show no significant effect: the consumer persona fit and the interaction effect of storytelling, as both p-values exceed 0,05. It is common that an interaction effect is not significant, so this is not a major issue. But the fit variable consumer persona not being significant is more problematic.

The independent variable	Beta	Significance value
Brand equity (B6)	.080	.005
Position fit (P1)	.254	.000
Storytelling fit (Factor Analysis)	.363	.000
Consumer Persona fit (CP5)	.055	.052
Interaction effect 1 (Position)	-.101	.002
Interaction effect 2 (Storytelling)	.012	.715
Interaction effect 3 (Consumer Persona)	.141	.000

Table 8: Multivariate regression

Consequently, as the consumer persona fit is not significant, it seemed logical to exclude it from the regression by conducting a new regression, which was:

$$Y = \alpha + \beta_1 B6 + \beta_2 P + \beta_3 ST + \beta_5 I1 + \beta_6 I2 + \beta_7 I3 + \varepsilon$$

Where the dependent variable: Y = purchase intention of the extension and where the independent variables:

- B6 = Brand equity
- P = Position fit
- ST = Storytelling fit
- I1 = residual of interaction term B6*Position
- I2 = residual of interaction term B6*Storytelling

Conducting this test did not increase the adjusted R-square but on the contrary, it dropped a little, to the value of 0,300. This is a puzzling result and the reasons for this decrease is not obvious. Table 9 indicates the standardized beta coefficient and significance value for each variable, excluding the consumer persona fit. The beta is the highest for the storytelling fit variable with a value of 0,360. All variables are significant as the p-value of each is below 0,05. Therefore, it can be stated that storytelling and position fit have an impact on the purchase intention of luxury brand extension and that the consumer persona fit should not be included in the regression. Thus, hypothesis H4 cannot be accepted and is therefore rejected. On the contrary, H2 and H3 are accepted. The SPSS results for this test can as well be found in the appendix (Appendix 5).

The independent variable	Beta	Significance value
Brand equity (B6)	.094	.001
Position fit (P1)	.243	.000
Storytelling fit (factor analysis)	.360	.000
Interaction effect 1 (Position)	-.106	.001
Interaction effect 2 (Storytelling)	.027	.413

Table 9: Multivariate regression excluding storytelling

6.6.   Independent T-test between brand identification before and after extension

The last hypothesis, H5, which aimed to analyze the impact of the extensions on the parent brand equity, was measured by a comparison between brand identification before and after extension. By conducting an independent t-test grouped by extension, a comparison between the relation towards the brand before and after the extension depending on each extension was offered. In table 10 below, the means for the factor analysis brand identification before and after extension are shown for each extension (4 = neither agree or disagree, 5 = somewhat disagree).

Brand extension	Brand identification before extension	Brand identification after extension
Clothing line	4.34	4.58
Cars	4.34	4.33
Coffee bars	4.34	4.29
Furniture	4.34	4.58

Table 10: Brand identification before and after extension

When analyzing the means of the brand identification of each extension before and after extending, only a minor difference was identified. The extensions: clothing and furniture show a bigger difference compared to the other results. Nevertheless, when analyzing the output of the independent t-test, which can be found in the appendix (Appendix 6), it can be concluded that there is no significant difference between the first two extensions, which are a clothing line and cars. But when analyzing the last two extensions, coffee bars and furniture, the p-value of the Levene's Test for equality of variance was equal 0,050 and is therefore not significant. This implies that equal variances were not assumed. When analyzing the p-value of t-test for equality of means, the p-value was 0,044, which is smaller than 0,05. There is thus a significant difference between the former two extensions, which is negatively related to brand identification (Mean difference: -,289). This means that brand identification towards luxury brands decreases after the extensions of coffee bars and furniture. This is an odd result as a difference in brand equity would equally have been expected after introducing an extension of cars.

7. Discussion

After analyzing the results, in this section they will be explained, justified and articulated so as to respond to the research question and each hypothesis.

What are the conditions for luxury brands to successfully extend?

New fit variables were introduced to the existing model of Aaker and Keller (1990). They were tested separately and jointly. When analyzing each fit variable separately, each of them was found to be significant and could account for a certain amount of variance in the attitude towards the brand extension (purchase intention). While doing the multivariate regression for the original fit of Aaker & Keller in addition with the new fit variables, it was observed that the fit dimensions; complement, substitute and transfer had no significant effect on luxury brands. But the new variables offered a lot of explanation for the variation in purchase intention of luxury brand extensions (32,1%). However, the consumer persona fit was not significant. Consequently, hypothesis 2 (position fit) and 3 (storytelling fit) were accepted and hypothesis 4 (consumer persona fit) was rejected. Therefore hypothesis 1 (the higher the fit between the original category and the extension category, the higher the purchase intentions) was confirmed but only when mentioning and specifying that the fit dimensions of Aaker and Keller and the consumer persona fit did not apply for luxury brands.

The last hypothesis, analyzing the reciprocal effect of extensions on the luxury parent brand equity, was tested using an independent t-test. When first analyzing the means of the brand identification of each extension before and after extending, only a minor difference was identified. However, when analyzing the differences using an independent t-test, no significant difference was observed between the first two extensions (clothing line and cars). Nevertheless, a significant difference was found between the last two extensions, coffee bars and furniture. This difference was negative, implying that brand equity would decrease after extension to coffee bars and furniture. These different results for clothing and cars versus coffee bars and furniture extension are unforeseen. What causes these results is not obvious. Therefore hypothesis 5 cannot be confirmed.

When referring back to the means of each construct, they offered a clear explanation concerning the type of extensions fitting with luxury brands. For the three fit variables; position, consumer persona and storytelling, it is clear that the clothing line seemed the most adequate extension for luxury brands. This isn't a surprising result as it is a traditional luxury segment, which means that consumers are familiar with this product being offered by luxury brands. It is common for luxury brands to add a clothing line to their offer. Therefore, respondents perceived it as fitting better with luxury brands offer. Consecutive, the furniture extension seemed to be an extension that the respondent did perceive as fitting with the position of the luxury brands. But they did not perceive it as fitting for the other fit variables. From the literature, furniture was described as a non-traditional luxury segment. However, when analyzing the results and taking into consideration actual offers of luxury brands in 2020, it may be necessary to redefine it. An increasing amount of contemporary luxury and non-luxury brands are entering the furniture market, next to their original offer and this may affect the perceived fit of the respondents (e.g. Louis Vuitton Furniture, Versace Home Collection, Gucci Décor).

For the two remaining extensions (cars and coffee bars), both did not fit with the three fit variables. Coffee bars and cars are non-traditional luxury segments and on the contrary to the former two extensions, it is not common for existing luxury brands to extend in these segments. Therefore, the respondent did not feel familiar or comfortable with these products/services being offered by luxury brands.

This study contributes to advancing the literature of luxury brand extension. It offers new perspectives on the model of Aaker and Keller (1990), specific to luxury brands. This research has demonstrated that luxury brand extension is successful under several conditions.

The literature showed evidence that luxury brand extension differs from brand extension in FMCG. This again was confirmed by the data collected in this research as the fit variables defined by Aaker and Keller did not apply to luxury brand extension. Nevertheless, new fit variables were introduced. Each was shown to be significant and accounted for a certain amount of variance in the independent variable outcome, attitude towards the extension, when analyzed separately. The data set confirmed that positioning and storytelling fit are major aspects to consider when extending a luxury brand. The product or service categories in which the luxury brand is extended to should correspond to an equal perceived position when compared to the original luxury brand offer and it should strongly blend into the (hi)story of the luxury brand. As luxury brands fulfil the hedonic needs of consumers, it is important to respond to these needs equally into the extension product or service. This can be done by the variables discussed in this research. In other words, the limits are yet far from reach for luxury brand extensions. These brands can extend their offer in a wide range of variety as long as these extensions are enforced by the proposed fits. With an adequate marketing strategy, the product and service extension can be assumed as fitting with the existing offer of the luxury brand.

Still, the different extensions proposed have stood out from each other in terms of respondent attitudes. Therefore, luxury brand extensions should not be underestimated as the data shows some differences between the segments. The attitude towards traditional luxury segments was far more positive compared to the attitude of the respondents towards non-traditional segments. It is therefore important to invest adequate time and research in non-traditional extensions before launching them. These extensions need extra preparation, planning and development in terms of marketing. The positioning of the new service or product should characterize and represent the same brand cues as the parent luxury brand which were discussed in the literature. These are: excellent quality, very high price, scarcity and uniqueness, aesthetics and poly sensuality, ancestral heritage and personal history and superfluousness. In combination, storytelling is an adequate way to communicate these brand cues to the consumer. Managers should thus well communicate on these brand cues, so that it fits with the (hi)story of the luxury brand. This can be done by extending into product categories, whereby the acquired savoir-faire of the brand can be applied. They should as well reinforce the extension with the strong position of the original luxury brand. This can be achieved by offering a product or service extension of equal quality, uniqueness and prestige as the original offer, so that it compares equally to the competition. Moreover, it can be emphasized with the logo of the brand, as it reflects the associations made with the brand, so that the luxury brand and extension are placed equally in the consumers' mind.

9. Limitations

Although this master thesis has attempted to gain insight into luxury brand extensions, the research encounters several limitations, described below:

Firstly, the data was collected among acquaintances, which makes it difficult to generalize the results. The sample size is, therefore, limited. In a larger sample, extreme values would have less impact on the average value. Moreover, respondents were mainly reached in Belgium as the survey was disseminated via own social media channels. Moreover, Belgium is only a small market for luxury brands. As a consequence, the results are difficult to generalize on a global scale.

Secondly, most of the respondents were students. Besides, most of the respondents described their financial situation as average. This suggests that the average respondents were not common luxury consumers, nevertheless they could be potential future luxury consumers.

Thirdly, this investigation did not use segmentation, as a result of which mainly women have completed the survey. This can give a distorted picture if the gender is a determining factor in the value measurement.

Fourthly, one of the limitations of this research concerns hypothesis 5. A more in-depth investigation of the reciprocal effects of the brand equity of luxury brand extension is needed. The approach used in this research clearly showed some inconsistencies and should, therefore, be reviewed. The difference in results between clothing line and cars versus coffee bars and furniture, is odd. It could imply that different extensions (traditional or non-traditional luxury segment) have different or no effects on brand equity.

Fifthly, despite the fact that this research gives more explanation of the variance in purchase intention of brand extensions than the results of Aaker and Keller (1990), a big part remains unanswered. It is fair to believe that more fit variables have been neglected that could explain additional variance in the purchase intention. This can be tackled by including new fit variables. Various luxury brand cues have been mentioned in the literature and could be a basis for new fit variables.

Lastly, asking the respondents how they perceive the prestige of the extensions would have gathered a lot of additional insights. The respondents were asked to grade the luxury brands in accordance with prestige. Asking this same question for each extension could have helped clarify some questions concerning the output data.

As to finalize, some recommendations are made for future research. From the literature, it is known that brands that have extended in the past have a higher success rate when offering a new extension compared to brands that have never extended before. Eventually, the data also emphasizes the fact that if the extension product or service category is commonly extended by luxury brands, this could increase the perceived fit between the luxury brand offer and the extension. As traditional luxury segments are often extended compared to non-traditional luxury segments, the perceived fit of these extensions stands higher. This could be an interesting starting point for future research.

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Appendix 1: Construct questionnaire

Construct	Resource	Original Item	Adapted item
Brand prestige	Steenkamp et al., 2003	This is not a very prestigious brand/ This is a very prestigious brand.	This is not a very prestigious brand/ This is a very prestigious brand.
Brand equity	Aaker, 1991, 1996; Milward Brown	Brand X offers products of very good quality. Brand X offers very reliable products. This brand is better than others. This brand offers a clear advantage vs the competition. I would pay extra for this brand.	Brand X offers products of very good quality. Brand X offers very reliable products. This brand is better than others. This brand offers a clear advantage vs the competition. I would pay extra for this brand.
Perceived Fit	Aaker & Keller 1990	**Complement:** Extension … is consumed in the same usage situation as the original products offered by brand … **Substitute:** Extension … can replace the original products offered by brand … **Transfer:** Brand … existing skills, technology and infrastructure will help in delivering extensions …	**Complement:** Extension (1,2,3,4) is consumed in the same usage situation as the original products offered by brand X. **Substitute:** Extension (1,2,3,4) can replace the original products offered by brand X. **Transfer:** Brand X existing skills, technology and infrastructure will help in delivering extensions (1,2,3,4).
Position fit	Classics, Kotler, etc.	Brand …'s extension will compare to other product category brands in the same way as Brand … compares to competing brands.	Brand X's extension (1,2,3,4) will compare to other product category brands in the same way as Brand … compares to competing brands.
Consumer Persona	Kim, Park, Kim, 2014	**Brand identification:** Brand … and I have a lot in common. Brand … brand image and my self-image are similar in a lot of ways. Brand … shares my values.	**Brand identification:** Brand X and I have a lot in common. Brand X brand image and my self-image are similar in a lot of ways. Brand X shares my values. **Brand identification after extension:** The fact that brand X introduces extension (1,2,3,4) to the market will change what brand X and I have in common. The fact that brand X introduces extension (1,2,3,4)

			to the market will change the way brand x brand image and my self-image are similar. The fact that brand X introduces extension (1,2,3,4) to the market will change the way brand X and I share values.
Storytelling	V. Riel 2020	Extension … fits with the (Hi)story of brand … The (hi)story of brand … makes it plausible that extension …. Is introduced by brand … Brand … (hi)story makes it look logical that extension … is introduced.	Extension (1,2,3,4) fits with the (Hi)story of brand X The (hi)story of brand X makes it plausible that extension (1,2,3,4) is introduced by brand X Brand X (hi)story makes it look logical that extension (1,2,3,4) is introduced.
Purchase intention	Min, 2016	For each possible new product or service offered by brand …, please indicate your intent to purchase.	For each possible new product or service offered by brand X, please indicate your intent to purchase, assuming you can afford it.
Demographics	Min, 2016	Please indicate your gender: Male _____ Female _____ Please indicate your age group: 0-15 _____ 16-25 _____ 26-35_____ 36-45_____ > 46 _____ Please indicate your highest level of education: How would you describe your financial situation? (rate from 0 -10)	Please indicate your gender: Male _____ Female _____ Other_____ Please indicate your age group: 0-15 _____ 16-25 _____ 26-35_____ 36-45_____ > 46 _____ Please indicate your highest level of education: Less than high school_____ High school graduate_____ Bachelor degree_____ Master degree_____ Doctorate_____ How would you describe your financial situation? (rate from 0 -10)

Appendix 2: Survey Delvaux Qualtrics

▶▶ UHASSELT

Dear participant,

My name is Violette Cajot. I am a master student in Management with a specialization in Marketing at the University of Hasselt. As part of my master thesis, I conduct a research on luxury brand management. I would be very grateful if you would take part in this survey, which only takes 6 - 8 mins. Your answers will be processed completely anonymously. Please fill out every question with the answer that you think is most applicable for you.

Thank you in advance for your kind participation!

Violette

PS: By filling in this questionnaire, you agree that your answers are used for academic research.

▶▶ UHASSELT

Please choose one of the brands below (Knowing the brand is the only condition to answer this survey, you don't need to be a customer):

DELVAUX	ROLEX	TIFFANY & CO.
Delvaux	Rolex	Tiffany & Co
○	○	○

▶▶ UHASSELT

Do you perceive Delvaux as a prestigious brand?
(click and drag the slider)

This is not a very prestigious brand   This is a very prestigious brand
0   1   2   3   4   5   6   7

Brand Prestige

○━━━━━━━━━━━━━━━━━━━━━━━━━━━━━━━━━━━━━━

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Please indicate your level of agreement with the following statements:

	Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
Delvaux offers products of very good quality.	○	○	○	○	○	○	○
Delvaux offers very reliable products.	○	○	○	○	○	○	○
Delvaux is better than other brands in the same product category.	○	○	○	○	○	○	○
Delvaux offers a clear advantage vs the competition.	○	○	○	○	○	○	○
I would pay extra money for a Delvaux product.	○	○	○	○	○	○	○

Considering that Delvaux would offer a **luxury clothing line**, please indicate your level of agreement with the following statements:

	Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
Luxury clothing is consumed in the same usage situation as the original products offered by Delvaux.	○	○	○	○	○	○	○
Luxury clothing can replace the original products offered by Delvaux.	○	○	○	○	○	○	○
Delvaux existing skills, technology and infrastructure will help in delivering **luxury clothing**.	○	○	○	○	○	○	○

Considering that Delvaux would offer **luxury cars**, please indicate your level of agreement with the following statements:

	Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
Luxury cars are consumed in the same usage situation as the original products offered by Delvaux.	○	○	○	○	○	○	○
Luxury cars can replace the original products offered by Delvaux.	○	○	○	○	○	○	○
Delvaux existing skills, technology and infrastructure will help in delivering **luxury cars**.	○	○	○	○	○	○	○

Considering that Delvaux would offer **luxury furniture**, please indicate your level of agreement with the following statements:

	Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Dis
Luxury furniture are consumed in the same usage situation as the original products offered by Delvaux.	○	○	○	○	○	
Luxury furniture can replace the original products offered by Delvaux.	○	○	○	○	○	
Delvaux existing skills, technology and infrastructure will help in delivering **luxury furniture**.	○	○	○	○	○	

Considering that Delvaux would offer **luxury coffee bars**, please indicate your level of agreement with the following statements:

	Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
Luxury coffee bars are consumed in the same usage situation as the original products offered by Delvaux.	◯	◯	◯	◯	◯	◯	◯
Luxury coffee bars can replace the original products offered by Delvaux.	◯	◯	◯	◯	◯	◯	◯
Delvaux existing skills, technology and infrastructure will help in delivering **luxury coffee bars**.	◯	◯	◯	◯	◯	◯	◯

▶▶ UHASSELT

List a few brands that you believe do compete with Delvaux:

Please indicate your level of agreement with the following statements:

	Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
Delvaux **luxury clothing line** will compare to other clothing brands in the same way as Delvaux compares to competing brands.	○	○	○	○	○	○	○
Delvaux **luxury car** will compare to other car brands in the same way as Delvaux compares to competing brands.	○	○	○	○	○	○	○
Delvaux **luxury coffee bar** will compare to other coffee bars in the same way as Delvaux compares to competing brands.	○	○	○	○	○	○	○
Delvaux **luxury furniture** will compare to other furniture brands in the same way as Delvaux compares to competing brands.	○	○	○	○	○	○	○

Please indicate your level of agreement with the following statements:

	Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
Delvaux and I have a lot in common.	○	○	○	○	○	○	○
Delvaux brand image and my self-image are similar in a lot of ways.	○	○	○	○	○	○	○
Delvaux shares my values.	○	○	○	○	○	○	○

Considering that Delvaux would offer a **luxury clothing line**, please indicate your level of agreement with the following statements:

	Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
The fact that Delvaux introduces **luxury clothing** to the market will change what Delvaux and I have in common.	○	○	○	○	○	○	○
The fact that Delvaux introduces **luxury clothing** to the market will change the way Delvaux brand image and my self-image are similar.	○	○	○	○	○	○	○
The fact that Delvaux introduces **luxury clothing** to the market will change the way Delvaux and I share values.	○	○	○	○	○	○	○

Considering that Delvaux would offer **luxury cars**, please indicate your level of agreement with the following statements:

	Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
The fact that Delvaux introduces **luxury cars** to the market will change what Delvaux and I have in common.	○	○	○	○	○	○	○
The fact that Delvaux introduces **luxury cars** to the market will change the way Delvaux brand image and my self-image are similar.	○	○	○	○	○	○	○
The fact that Delvaux introduces **luxury cars** to the market will change the way Delvaux and I share values.	○	○	○	○	○	○	○

Considering that Delvaux would offer **luxury coffee bars**, please indicate your level of agreement with the following statements:

	Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
The fact that Delvaux introduces **luxury coffee bars** to the market will change what Delvaux and I have in common.	◯	◯	◯	◯	◯	◯	◯
The fact that Delvaux introduces **luxury coffee bars** to the market will change the way Delvaux brand image and my self-image are similar.	◯	◯	◯	◯	◯	◯	◯
The fact that Delvaux introduces **luxury coffee bars** to the market will change the way Delvaux and I share values.	◯	◯	◯	◯	◯	◯	◯

▶▶ UHASSELT

Considering that Delvaux would offer **luxury furniture**, please indicate your level of agreement with the following statements:

	Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
The fact that Delvaux introduces **luxury furniture** to the market will change what Delvaux and I have in common.	◯	◯	◯	◯	◯	◯	◯
The fact that Delvaux introduces **luxury furniture** to the market will change the way Delvaux brand image and my self-image are similar.	◯	◯	◯	◯	◯	◯	◯
The fact that Delvaux introduces **luxury furniture** to the market will change the way Delvaux and I share values.	◯	◯	◯	◯	◯	◯	◯

Please read the text below:

Founded in 1829, Delvaux is a truly Belgian brand. In fact, it was even born before the Kingdom of Belgium, which was only established one year later, in 1830. Created in Brussels by the innovative Charles Delvaux, la Maison has remained at the forefront of luxury leather goods for nearly two centuries because of its savoir-faire, uncompromising craftsmanship and the outstanding quality of its creations.

Considering that Delvaux would offer a **luxury clothing line**, please indicate your level of agreement with the following statements:

	Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
Luxury clothing fits with the (Hi)story of Delvaux.	○	○	○	○	○	○	○
The (Hi)story of Delvaux makes it plausible that **luxury clothing** is introduced by Delvaux.	○	○	○	○	○	○	○
Delvaux (Hi)story makes it look logical that **luxury clothing** is introduced.	○	○	○	○	○	○	○

Considering that Delvaux would offer **luxury cars**, please indicate your level of agreement with the following statements:

	Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
Luxury cars fit with the (Hi)story of Delvaux.	○	○	○	○	○	○	○
The (Hi)story of Delvaux makes it plausible that **luxury cars** are introduced by Delvaux.	○	○	○	○	○	○	○
Delvaux (Hi)story makes it look logical that **luxury cars** are introduced.	○	○	○	○	○	○	○

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Considering that Delvaux would offer **luxury coffee bars**, please indicate your level of agreement with the following statements:

	Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
Luxury coffee bars fit with the (Hi)story of Delvaux.	○	○	○	○	○	○	○
The (Hi)story of Delvaux makes it plausible that **luxury coffee bars** are introduced by Delvaux.	○	○	○	○	○	○	○
Delvaux (Hi)story makes it look logical that **luxury coffee bars** are introduced.	○	○	○	○	○	○	○

Considering that Delvaux would offer **luxury furniture**, please indicate your level of agreement with the following statements:

	Strongly agree	Agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Disagree	Strongly disagree
Luxury furniture fits with the (Hi)story of Delvaux.	○	○	○	○	○	○	○
The (Hi)story of Delvaux makes it plausible that **luxury furniture** is introduced by Delvaux.	○	○	○	○	○	○	○
Delvaux (Hi)story makes it look logical that **luxury furniture** is introduced.	○	○	○	○	○	○	○

UHASSELT

For each possible new product/service offered by Delvaux, please indicate your intent to purchase, assuming you can afford it.

	Extremely likely	Moderately likely	Slightly likely	Neither likely nor unlikely	Slightly unlikely	Moderately unlikely	Extremely unlikely
Delvaux luxury clothing line	○	○	○	○	○	○	○
Delvaux luxury car	○	○	○	○	○	○	○
Delvaux luxury coffee bar	○	○	○	○	○	○	○
Delvaux luxury furniture	○	○	○	○	○	○	○

UHASSELT

Please indicate your gender:

○ Male

○ Female

○ Other

Please indicate your age group:

○ 25 or under

○ 26-35

○ 36-45

○ 46-55

○ Above 55

Please indicate your highest level of education:

○ Less than high school

○ High school graduate

○ Bachelor degree

○ Master degree

○ Doctorate

How would you describe your financial situation at the moment?

Poor					Average					Rich
0	1	2	3	4	5	6	7	8	9	10

Financial situation

○━━━━━━━━━━━━━━━━━━━━━━━━━━━━━━━━

▶▶ UHASSELT

Thank you for your participation! If you enjoyed the survey and still have some time, you can complete this survey for another brand.

○ Yes, I would like to take another survey.

○ No, Thank you.

▶▶ UHASSELT

Please choose one of the brands below (Knowing the brand is the only condition to answer this survey, you don't need to be a customer):

Cartier

Cartier

○

Dom Pérignon

Dom Pérignon

○

JIMMY CHOO

Jimmy Choo

○

Appendix 3: Linear regression
1. Position fit

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Extension A offered by brand X will compare to similar product brands in the same way as brand X compares to competing brands.[b]	.	Enter

a. Dependent Variable: For the new product/service offered by Brand X, please indicate your intent to purchase, assuming you can afford it.

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,434[a]	,188	,188	1,799

a. Predictors: (Constant), Extension A offered by brand X will compare to similar product brands in the same way as brand X compares to competing brands.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	675,181	1	675,181	208,528	,000[b]
	Residual	2907,579	898	3,238		
	Total	3582,760	899			

a. Dependent Variable: For the new product/service offered by Brand X, please indicate your intent to purchase, assuming you can afford it.

b. Predictors: (Constant), Extension A offered by brand X will compare to similar product brands in the same way as brand X compares to competing brands.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,365	,153		15,482	,000
	Extension A offered by brand X will compare to similar product brands in the same way as brand X compares to competing brands.	,506	,035	,434	14,441	,000

a. Dependent Variable: For the new product/service offered by Brand X, please indicate your intent to purchase, assuming you can afford it.

2. Consumer persona fit

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Brand Identification - Post extension - Factor Analysis[b]	.	Enter

a. Dependent Variable: For the new product/service offered by Brand X, please indicate your intent to purchase, assuming you can afford it.

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,081[a]	,006	,005	1,991

a. Predictors: (Constant), Brand Identification - Post extension - Factor Analysis

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23,245	1	23,245	5,864	,016[b]
	Residual	3559,515	898	3,964		
	Total	3582,760	899			

a. Dependent Variable: For the new product/service offered by Brand X, please indicate your intent to purchase, assuming you can afford it.

b. Predictors: (Constant), Brand Identification - Post extension - Factor Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,916	,208		18,829	,000
	Brand Identification - Post extension - Factor Analysis	,107	,044	,081	2,422	,016

a. Dependent Variable: For the new product/service offered by Brand X, please indicate your intent to purchase, assuming you can afford it.

3. Storytelling fit

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Brand Storytelling - Factor Analysis[b]	.	Enter

a. Dependent Variable: For the new product/service offered by Brand X, please indicate your intent to purchase, assuming you can afford it.

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,494[a]	,244	,243	1,737

a. Predictors: (Constant), Brand Storytelling - Factor Analysis

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	874,722	1	874,722	290,063	,000[b]
	Residual	2708,038	898	3,016		
	Total	3582,760	899			

a. Dependent Variable: For the new product/service offered by Brand X, please indicate your intent to purchase, assuming you can afford it.

b. Predictors: (Constant), Brand Storytelling - Factor Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,752	,166		10,582	,000
	Brand Storytelling - Factor Analysis	,598	,035	,494	17,031	,000

a. Dependent Variable: For the new product/service offered by Brand X, please indicate your intent to purchase, assuming you can afford it.

Appendix 4: Multiple regression

Regression

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	The fact that brand X introduces extension A to the market will change the way brand x brand image and my self-image are similar., Unstandardiz ed Residual Consumer Persona, STFIT_factor, Unstandardiz ed Residual Position , I would pay extra money for a brand X product., Extension A offered by brand X will compare to similar product brands in the same way as brand X compares to competing brands., Unstandardiz ed Residual Storytelling[b]	.	Enter

a. Dependent Variable: For the new product/service offered by Brand X, please indicate your intent to purchase, assuming you can afford it.

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,572[a]	,327	,321	1,645

a. Predictors: (Constant), The fact that brand X introduces extension A to the market will change the way brand x brand image and my self-image are similar., Unstandardized Residual Consumer Persona, STFIT_factor, Unstandardized Residual Position , I would pay extra money for a brand X product., Extension A offered by brand X will compare to similar product brands in the same way as brand X compares to competing brands., Unstandardized Residual Storytelling

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1170,404	7	167,201	61,825	,000[b]
	Residual	2412,356	892	2,704		
	Total	3582,760	899			

a. Dependent Variable: For the new product/service offered by Brand X, please indicate your intent to purchase, assuming you can afford it.

b. Predictors: (Constant), The fact that brand X introduces extension A to the market will change the way brand x brand image and my self-image are similar., Unstandardized Residual Consumer Persona, STFIT_factor, Unstandardized Residual Position , I would pay extra money for a brand X product., Extension A offered by brand X will compare to similar product brands in the same way as brand X compares to competing brands., Unstandardized Residual Storytelling

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	,662	,236		2,803	,005
	I would pay extra money for a brand X product.	,094	,033	,080	2,813	,005
	Extension A offered by brand X will compare to similar product brands in the same way as brand X compares to competing brands.	,296	,038	,254	7,845	,000
	Unstandardized Residual Position	-,069	,022	-,101	-3,104	,002
	Unstandardized Residual Storytelling	,009	,024	,012	,365	,715
	Unstandardized Residual Consumer Persona	,111	,022	,141	5,074	,000
	STFIT_factor	,439	,039	,363	11,238	,000
	The fact that brand X introduces extension A to the market will change the way brand x brand image and my self-image are similar.	,070	,036	,055	1,945	,052

a. Dependent Variable: For the new product/service offered by Brand X, please indicate your intent to purchase, assuming you can afford it.

Appendix 5: Multiple regression excluding consumer persona fit

Regression

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	STFIT_factor, Unstandardized Residual Storytelling, I would pay extra money for a brand X product., Extension A offered by brand X will compare to similar product brands in the same way as brand X compares to competing brands., Unstandardized Residual Position[b]	.	Enter

a. Dependent Variable: For the new product/service offered by Brand X, please indicate your intent to purchase, assuming you can afford it.

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,552[a]	,304	,300	1,670

a. Predictors: (Constant), STFIT_factor, Unstandardized Residual Storytelling, I would pay extra money for a brand X product., Extension A offered by brand X will compare to similar product brands in the same way as brand X compares to competing brands., Unstandardized Residual Position

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1090,296	5	218,059	78,214	,000[b]
	Residual	2492,464	894	2,788		
	Total	3582,760	899			

a. Dependent Variable: For the new product/service offered by Brand X, please indicate your intent to purchase, assuming you can afford it.

b. Predictors: (Constant), STFIT_factor, Unstandardized Residual Storytelling, I would pay extra money for a brand X product., Extension A offered by brand X will compare to similar product brands in the same way as brand X compares to competing brands., Unstandardized Residual Position

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,993	,195		5,090	,000
	Unstandardized Residual Position	-,073	,023	-,106	-3,213	,001
	I would pay extra money for a brand X product.	,110	,033	,094	3,360	,001
	Extension A offered by brand X will compare to similar product brands in the same way as brand X compares to competing brands.	,283	,038	,243	7,413	,000
	Unstandardized Residual Storytelling	,020	,024	,027	,820	,413
	STFIT_factor	,435	,040	,360	10,973	,000

a. Dependent Variable: For the new product/service offered by Brand X, please indicate your intent to purchase, assuming you can afford it.

Appendix 6: Independent T-test brand identification before and after extension
1. Independent T-test brand identification before extension

T-Test

[DataSet2] C:\Users\11502469\Documents\MASTER 2019-2020\Master Thesis\SPSS\Thesis - data.sav

Group Statistics

	Brand extension	N	Mean	Std. Deviation	Std. Error Mean
Brand Identification - Factor Anlysis	Clothing line	225	4,34	1,409	,094
	Cars	225	4,34	1,409	,094

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Brand Identification - Factor Anlysis	Equal variances assumed	,000	1,000	,000	448	1,000	,000	,133	-,261	,261
	Equal variances not assumed			,000	448,000	1,000	,000	,133	-,261	,261

```
T-TEST GROUPS=EXT(3 4)
  /MISSING=ANALYSIS
  /VARIABLES=Brand_Identification
  /CRITERIA=CI(.95).
```

T-Test

Group Statistics

	Brand extension	N	Mean	Std. Deviation	Std. Error Mean
Brand Identification - Factor Anlysis	Coffee bars	225	4,34	1,409	,094
	Furniture	225	4,34	1,409	,094

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Brand Identification - Factor Anlysis	Equal variances assumed	,000	1,000	,000	448	1,000	,000	,133	-,261	,261
	Equal variances not assumed			,000	448,000	1,000	,000	,133	-,261	,261

```
T-TEST GROUPS=EXT(1 2)
  /MISSING=ANALYSIS
  /VARIABLES=Brand_indentification_postex
  /CRITERIA=CI(.95).
```

1. Independent T-test brand identification after extension

T-Test

Group Statistics

	Brand extension	N	Mean	Std. Deviation	Std. Error Mean
Brand Identification - Post extension - Factor Analysis	Clothing line	225	4,58	1,388	,093
	Cars	225	4,33	1,548	,103

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Brand Identification - Post extension - Factor Analysis	Equal variances assumed	3,848	,050	1,785	448	,075	,247	,139	-,025	,520
	Equal variances not assumed			1,785	442,794	,075	,247	,139	-,025	,520

```
T-TEST GROUPS=EXT(3 4)
  /MISSING=ANALYSIS
  /VARIABLES=Brand_indentification_postex
  /CRITERIA=CI(.95).
```

T-Test

Group Statistics

	Brand extension	N	Mean	Std. Deviation	Std. Error Mean
Brand Identification - Post extension - Factor Analysis	Coffee bars	225	4,29	1,592	,106
	Furniture	225	4,58	1,440	,096

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Brand Identification - Post extension - Factor Analysis	Equal variances assumed	2,051	,153	-2,018	448	,044	-,289	,143	-,570	-,008
	Equal variances not assumed			-2,018	443,582	,044	-,289	,143	-,570	-,008

```
T-TEST GROUPS=EXT(1 2)
  /MISSING=ANALYSIS
  /VARIABLES=Brand_Storytelling
  /CRITERIA=CI(.95).
```

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