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**Boomeranging the Luxury Brand**  
**- *A study of luxury brand extensions***

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## Abstract

**Title:** Boomeranging the Luxury Brand – A study of luxury brand extensions

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**Five key words:** Brand extensions, Hotel, Luxury fashion brand, Luxury brand associations and Perceived industry closeness

**Purpose:** This thesis investigates how consumers evaluate a luxury fashion brand after it has entered an industry not earlier associated with the brand

**Methodology:** A quantitative experimental study with deductive reasoning. The stimulus was made up by a fictional brand extension.

**Theoretical perspectives:** The primary theories applied are: brand equity, brand extensions and luxury branding.

**Empirical foundation:** The empirical data was collected through a web-based pre-study and an experimental survey. The experimental study consisted of 200 manually distributed surveys.

**Conclusions:** The principal findings of this thesis are:

- Luxury brand extensions have a strong influence on consumer evaluation of the brand in its original industry
- A luxury brand's functional and emotional associations are affected similarly by a brand extension
- Perceived industry closeness, alone, only affects consumer evaluation of luxury brands to a small extent

## Preface

We would like to thank our supervisor, Niklas Bondesson, whose participation has meant a great deal to the creation of this thesis. We are especially grateful for the help of Antonio Marañon who has contributed with his valuable advice and statistical knowledge.

Lund, 18<sup>th</sup> of May, 2012

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## Table of content

<b>ABSTRACT</b> .....	<b>2</b>
<b>PREFACE</b> .....	<b>3</b>
<b>TABLES AND FIGURES</b> .....	<b>7</b>
<b>1. INTRODUCTION</b> .....	<b>8</b>
1.1 THESIS OUTLINE .....	8
1.2 INDUSTRY BACKGROUND .....	9
1.3 BACKGROUND BRAND EXTENSIONS .....	9
1.4 BACKGROUND BRAND EQUITY .....	10
1.5 BACKGROUND LUXURY BRANDS .....	11
1.6 PROBLEM DISCUSSION .....	12
1.7 DEFINITIONS .....	13
1.8 PURPOSE .....	13
1.9 RESEARCH QUESTION .....	13
1.10 DELIMITATIONS .....	14
1.11 TARGET GROUP .....	14
<b>2. THEORY</b> .....	<b>15</b>
2.1 THEORETICAL FRAMEWORK .....	15
2.2 BRAND EXTENSIONS .....	16
2.2.1 WHAT IS A BRAND EXTENSION? .....	16
2.2.2 PERCEIVED FIT AND BRAND EXTENSIONS .....	16
2.2.3 BRAND BREADTH AND BRAND EXTENSIONS .....	17
2.2.4 BRAND EQUITY AND BRAND EXTENSIONS .....	17
2.2.5 BRAND EXTENSIONS AND BRAND DILUTION .....	18
2.2.6 THE MOST IMPORTANT BRAND EXTENSION CONCEPTS .....	18
2.3 BRAND EQUITY .....	19
2.3.1 WHAT IS BRAND EQUITY? .....	19
2.3.2 CUSTOMER-BASED BRAND EQUITY .....	19
2.3.3 THE FUNCTIONAL BRAND ASSOCIATIONS .....	20
2.3.4 THE EMOTIONAL BRAND ASSOCIATIONS .....	21
2.3.5 BRAND LOYALTY .....	21
2.3.6 THE MOST IMPORTANT CUSTOMER-BASED BRAND EQUITY ASSOCIATIONS .....	21
2.4 LUXURY BRANDING .....	22
2.4.1 LUXURY VS. PREMIUM .....	22
2.4.2 LUXURY VS. FASHION .....	23
2.4.3 LUXURY BRAND ASSOCIATIONS .....	24
2.5 CONCEPTUAL MODEL .....	29
2.6. HYPOTHESES .....	31
2.6.1 HYPOTHESIS 1 .....	31
2.6.2 HYPOTHESIS 2 .....	31
2.6.3 HYPOTHESIS 3 .....	31
<b>3. METHOD</b> .....	<b>32</b>
3.1 APPROACH TO THE SUBJECT .....	32
3.2 QUANTITATIVE VS. QUALITATIVE, DEDUCTION VS. INDUCTION .....	32
3.3 THE LITERATURE .....	33
3.3.1 BRAND EXTENSION STUDIES .....	33

3.3.2 BRAND EQUITY STUDIES.....	33
3.3.3 LUXURY BRAND STUDIES.....	33
<b>3.4 DATA COLLECTION .....</b>	<b>34</b>
3.4.1 PRIMARY DATA .....	34
3.4.2 SECONDARY DATA .....	34
<b>3.5 PRE-STUDY .....</b>	<b>35</b>
<b>3.6 EXPERIMENTAL STUDY .....</b>	<b>36</b>
3.6.1 CAUSALITY.....	38
3.6.2 DECIDING UPON THE BRANDS .....	39
3.6.3 DECIDING UPON THE VARIABLES.....	39
3.8 HYPOTHESIS TESTING .....	40
3.8.1 FIRST SET OF STATISTICAL HYPOTHESES.....	41
3.8.2 SECOND SET OF STATISTICAL HYPOTHESES.....	42
<b>3.9 DESIRED OUTCOME .....</b>	<b>42</b>
<b>3.10 METHODS FOR STATISTICAL ANALYSIS .....</b>	<b>42</b>
3.10.1 REGRESSION ANALYSIS .....	42
<b><u>4. EMPIRICAL FINDINGS .....</u></b>	<b><u>44</u></b>
<b>4.1 PRE-STUDY .....</b>	<b>44</b>
4.1.1 FOLLOW-UP SURVEY .....	46
<b>4.2 EXPERIMENTAL STUDY .....</b>	<b>47</b>
4.2.1 REPLACING MISSING VALUES.....	47
4.2.2 CALCULATING THE VARIABLES .....	47
4.2.3 OVERVIEW OF SURVEY DIFFERENCES .....	49
<b>4.2.4 TESTING HYPOTHESES.....</b>	<b>52</b>
4.2.5 USING THE RESULTS.....	60
<b><u>5. DISCUSSION.....</u></b>	<b><u>61</u></b>
<b>5.1 LUXURY BRAND EVALUATION.....</b>	<b>61</b>
5.1.1 A SUCCESSFUL EXTENSION EQUALS LOYAL CONSUMERS .....	62
5.1.2 A POSITIVE EXTENSION STRENGTHENS THE FUNCTIONAL ASSOCIATIONS.....	62
5.1.3 A POSITIVE EXTENSION STRENGTHENS THE EMOTIONAL ASSOCIATIONS .....	63
5.1.4 EDUCATION OF THE HOTEL'S INFLUENCE ON CONSUMER EVALUATION .....	64
<b>5.2 PERCEIVED INDUSTRY CLOSENESS .....</b>	<b>64</b>
5.2.3 PERCEIVED INDUSTRY CLOSENESS DOES NOT AFFECT CONSUMER LOYALTY .....	64
5.2.4 PERCEIVED INDUSTRY CLOSENESS INFLUENCES THE FUNCTIONAL ASSOCIATIONS POSITIVELY.....	65
5.2.5 PERCEIVED INDUSTRY CLOSENESS AFFECTS SPECIFIC EMOTIONAL ASSOCIATIONS .....	65
5.2.6 EDUCATION OF PERCEIVED INDUSTRY CLOSENESS.....	66
<b>5.3 HOTEL DESCRIPTION AND PERCEIVED INDUSTRY CLOSENESS .....</b>	<b>66</b>
5.3.1 EDUCATION OF HOTEL DESCRIPTION AND PERCEIVED INDUSTRY CLOSENESS.....	67
<b>5.4 RESEARCH QUESTION.....</b>	<b>67</b>
<b><u>6. CONCLUSION.....</u></b>	<b><u>68</u></b>
<b>6.1. MAIN FINDINGS .....</b>	<b>68</b>
<b>6.2 IMPLICATIONS .....</b>	<b>68</b>
<b>6.3 FURTHER RESEARCH .....</b>	<b>69</b>
<b><u>REFERENCE LIST .....</u></b>	<b><u>71</u></b>
<b><u>APPENDICES .....</u></b>	<b><u>78</u></b>
<b>APPENDIX 1 - SURVEYS .....</b>	<b>78</b>
<b>APPENDIX 2 – EXPERIMENTAL SURVEY QUESTIONS .....</b>	<b>85</b>

<b>APPENDIX 3 – SPSS OUTPUT 1 .....</b>	<b>87</b>
<b>APPENDIX 4 – SPSS OUTPUT 2 .....</b>	<b>91</b>
<b>APPENDIX 5 – SPSS OUTPUT 3 .....</b>	<b>92</b>
<b>APPENDIX 6 – SPSS OUTPUT 4 .....</b>	<b>100</b>

## Tables and figures

TABLE 1: THESIS OUTLINE	8
FIGURE 1: THEORETICAL FRAMEWORK	15
FIGURE 2: MODIFIED BRAND PYRAMID	19
FIGURE 3: DIFFERENTIATING PRESTIGE BRANDS	23
FIGURE 4: SPECIFIC LUXURY BRAND ASSOCIATIONS	28
FIGURE 5: LUXURY BRAND PYRAMID	29
FIGURE 6: CONCEPTUAL MODEL	30
TABLE 2: DEPENDENT VARIABLES	40
TABLE 3: PRE-STUDY RESULTS 1	44
TABLE 4: PRE-STUDY RESULTS 2	45
TABLE 5: PRE-STUDY RESULTS 3	46
TABLE 6: HOTEL DESCRIPTION	46
TABLE 7: FOLLOW-UP SURVEY RESULTS	46
TABLE 8: CUSTOM MEAN TABLE	50
TABLE 9: ANOVA EXAMPLE	53
TABLE 10: MODEL SUMMARY EXAMPLE	54
TABLE 11: COEFFICIENTS EXAMPLE	54
TABLE 12: COEFFICIENTS TABLE - CHANEL	57
TABLE 13: COEFFICIENTS TABLE - LOUIS VUITTON	57
TABLE 14: FIRST SET OF STATISTICAL HYPOTHESES	62
TABLE 15: SECOND SET OF STATISTICAL HYPOTHESES	64

# 1. Introduction

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## 1.1 Thesis outline

<b>Chapter 1 – Introduction</b>
This part provides the reader with a presentation of our chosen subject and why we find it interesting to study. We discuss and motivate the problems we have identified in earlier studies. From this discussion we then derive our purpose. This chapter also provides with the limitations of the study and to whom it is targeted.
<b>Chapter 2 – Theory</b>
In this chapter we develop and present our theoretical framework, which has a starting point in the general brand extension literature. This is followed by a presentation of the most important brand equity concepts in relation to our purpose. Next, we present the most important associations within the luxury branding theory. We end this chapter with a presentation of our conceptual model, which structures the theories and demonstrates the theoretical concepts that we intend to measure in our experimental study.
<b>Chapter 3 – Method</b>
This part is a presentation of our chosen method used to fulfill our purpose. This chapter explains why we conducted both a pre-study and an experimental study. How these two were conducted will also be explained in detail.
<b>Chapter 4 – Empirical findings</b>
In this chapter we present the results from our pre- and experimental study that will constitute the base of analysis in the following discussion chapter.
<b>Chapter 5 – Discussion</b>
This chapter analyzes the results retrieved from our main study, with reference to the theoretical concepts presented in chapter two. Here, we will also present our answers related to the issues raised in the introduction chapter.
<b>Chapter 6 – Conclusions</b>
This section summarizes our conclusions. It also contains a brief discussion of both theoretical and managerial implications. Related to our findings, we will suggest areas for future research within the field of brand extensions connected to luxury brands.

Table 1: Thesis outline



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*In this chapter we will introduce the concepts of brand extensions, brand equity and luxury branding as the starting point of our thesis. This is followed by a problem discussion upon which we will define our purpose. We will further present our focus in terms of chosen research question, delimitations and target group.*

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## **1.2 Industry background**

Today, the brands operating within the luxury fashion industry are competing with many large global companies. The fierce competition is a fact in many categories. In order for a luxury fashion brand to be able to cope with this competition, there is an increasing pressure to position the brand and differentiate from the competition. Today's luxury fashion brands need to be more pronounced and more distinctive in order to remain competitive (Hanna, 2004). In addition, many of today's fashion brands believe that the complete customer brand experience is equally important as the sole products (Fionda & Moore, 2009). This entails further pressure on these companies' positioning strategies.

A popular way to differentiate, while at the same time increasing the possible sources of revenue, is to extend the brand. Brand extension means that companies use their existing brands in order to do business in new markets with new products. Brand extensions have been widely used in the fashion industry, reaching out to the perfume-, jewelry and watch- and furnishing industry. In 1994, Gianni Versace took this to a new level when he brought Versace into the hospitality industry, being the first fashion designer to put his name on a hotel. At the time, this was considered as taking a great leap in extending the brand. Since then, many of the high fashion brands have followed Versace's lead. Armani, Bvlgari and Missoni are all examples of brands that have followed this trend.

## **1.3 Background brand extensions**

What Gianni Versace did, was to extend his brand into a new industry not earlier associated with the Versace brand. This is one example of how a brand extension could look like. Brand extension, as a strategy, has been one of the most important tools for strategic growth since the 1980's (Aaker, 1990). This type of strategy is one of the most effective ways to capitalize on a brand's strength (Tauber, 1981). One of the most important incentives of a brand extension is to help gain consumer acceptance of the new product (Keller & Aaker, 1992). Brand extensions further reduce the need for high

initial investments when entering a new industry. However, as is put forth by Aaker (1990), an extension could just as well fail, or worse, succeed and create negative associations back to the brand in its original industry. The prospects and pitfalls are many, which have been the main focus for marketers who have studied the brand extension phenomenon.

Only a few brand extension studies are purposely limited to a specific industry. Most studies conducted on brand extensions have instead tried to generalize the phenomenon by studying different industries. Food and other commodity industries have been preferred since they supply the marketer with a large sample of brand extensions (Aaker & Keller, 1990; Boush & Loken, 1991; Loken & John, 1993; Sheinin & Schmitt, 1994; Bottomley & Doyle, 1996; Herr *et al*, 1996; Millberg *et al*, 1997; Lye *et al*, 2001; Swaminathan *et al*, 2001). The most common approach when studying brand extensions has been to investigate how the extension affects consumer evaluation of the brand (Aaker & Keller, 1990; Swaminathan *et al*, 2001; Hem & Iversen, 2003).

Most marketers who have studied brand extensions have also studied the concept of brand associations. A brand association is a specific attribute related to the brand. In relation to brand associations, *perceived product category fit*, (Aaker & Keller, 1990; Park *et al*, 1991; Bottomley & Doyle, 1996), *brand breadth* (Boush & Loken, 1991; Sheinin & Schmitt, 1994) and *negative affects of brand extensions* (Loken & John, 1993; Milberg *et al*, 1997; John *et al*, 1998) have also been focal points in brand extension studies.

#### 1.4 Background brand equity

Strong brand associations often result in a strong brand, which is a key goal for many firms. The incentive of having a strong brand is that it generates profit for the firm. Marketers have defined the associations that make up a strong brand as the brand's *equity*.

The brand equity associations can roughly be divided into functional and emotional associations. The majority of the brand equity studies that we have reviewed have focused on the more functional associations of the brand. This approach has been particularly predominant when brand equity has been used to measure how consumers evaluate brand extensions (Aaker & Keller, 1990; Bottomley & Doyle, 1996; Millberg *et al*, 1997; Lye *et al*, 2001; Swaminathan *et al*, 2001; Hem & Iversen, 2003; Diamantopoulos *et al*, 2005). We can also see that these functional associations seem to be even more dominant for service brands (Xu & Chan, 2010; So & King, 2010; Hsu *et al*, 2011). Keller (2001) has developed a brand equity model that contains both functional and emotional associations, which he defines as brand performance and brand imagery. However, we will refer to them as functional and emotional associations. His model will

serve as a reference point throughout this thesis. The model can be found in the brand equity section of the theoretical chapter.

## 1.5 Background luxury brands

An industry that is commonly linked with strong emotional brand associations is the luxury industry (Keller, 2009). The word luxury stems from the Latin word *lexus*, which makes reference to sensuality, pomp and splendor (Yeoman & McMahon-Beattie, 2006). Luxury as a concept is as old as humanity (Kapferer & Bastien, 2009, p.1). The origin of luxury goes all the way back to the different objects and symbols that were specific to leading groups in old organized societies (Kapferer & Bastien, 2009, p.6). Ever since the outset of humanity, luxury has been regarded to be a purely sociological issue (Kapferer & Bastien, 2009, p.9), which it still remains today when reviewing the aspects of luxury that are being studied in the contemporary literature.

The value of the luxury industry is around nine times higher today than it was in 1985 (Okonkwo, 2009). Okonkwo (2009) argues that this growth is caused by globalization, the rise of new market segments, the development of digital communication together with the increase in international travel and cultural convergence. Another contributor to this growth could also be the wealthy client base that is emerging in many of the developing markets such as China, Russia, India and the Middle East (Okonkwo, 2009). Truong *et al* (2009) argue that the increased consumption of luxury goods today is due to three different reasons:

1. Consumers have a desire to create a lifestyle equal to those belonging to a superior class
2. Consumers increasingly associate luxury products with superior quality
3. Consumers today give precedence to the more hedonic aspect, where luxury goods become a form of self-reward

It has come to our knowledge that the concept of luxury is very subjective; as consumers we all have different perceptions of what luxury is. This is also manifested in the studies conducted within the field of luxury branding. Therefore, it becomes evident that there is no clear and consistent definition of luxury. As a concept, it is considered to be very fluid and changing (Yeoman & McMahon-Beattie, 2006). However, luxury brands are also considered to be the most recognized and respected of the available consumer brands (Fionda & Moore, 2009), which is why we argue that they are full of potential and interesting opportunities.

## 1.6 Problem discussion

Luxurious brands hold a considerable amount of intangible worth, since they often are used synonymously with prestige (Miller & Mills, 2011). The strong emotional associations that are specific to a luxury brand are the main reason to why we find luxury brands particularly interesting to study, in relation to brand equity. Luxury brands differ substantially from other types of brands, in the sense that they are more pressured to emphasize on the “dreamy” and more emotional associations of the brand (Kapferer & Bastien, 2009). We argue that this is one of the main contributors to the complexity that these brands comprise. It is also firmly established in the literature that emotional factors tend to take precedence over rational factors in the consumer purchase process today (Parment, 2006, p.38). This adds another dimension to why luxury brands are interesting to investigate in relation to brand extension and brand equity theory.

We can see that the branding literature treating consumer goods has developed a lot over the last couple of years (Fionda & Moore, 2009). However, we can also see that the application of branding theories within the luxury sector has gained minimal attention, and must thus be considered to be under-represented within the available academic literature (Fionda & Moore, 2009; Miller & Mills, 2011; Reddy *et al*, 2009; Ko & Megehee, 2011; Vigneron & Johnson, 2004).

As discussed above, many of the general brand extension studies have focused on the functional associations of the brand (Aaker & Keller, 1990; Bottomley & Doyle, 1996; Millberg *et al*, 1997; Lye *et al*, 2001; Swaminathan *et al*, 2001; Hem & Iversen, 2003; Diamantopoulos *et al*, 2005). We believe that these studies, which are mainly based on the functional associations, are not applicable to luxury brands. This is due to the importance given to the emotional and intangible associations of luxury brands, which are affected differently by an extension (Park *et al*, 1991). These emotional associations give luxury brands special characteristics (Hudders, 2012). The special luxury brand characteristics are and have been under-represented within the field of brand extensions, which is why we argue that this field calls for a new study.

The impression we have gained after having reviewed a substantial amount of luxury literature is that the literature does not focus on the concept of equity, but rather seeks to define a luxury brand’s characteristics. Ergo, the literature does not attempt to explain which associations that are directly related to the profitability of the brand, but instead which associations that distinguish them from other brands. When we will investigate how luxury brands interact with brand extensions, we intend to preserve the distinction made of these brands. As a consequence, we will not go deeper into the concept of luxury as such, but instead emphasize on the relationship between luxury, brand equity and brand extensions.

Stegemann (2006) is one of the few marketers who have studied luxury in relation to brand equity and brand extensions. She states that “much research can be done in the area of brand equity management for luxury brands, as research in this area has only scratched the surface so far. Especially, in the area of extending luxury brands, it would be useful to identify further factors that facilitate successful brand extensions”. Stegemann’s identified gap in research, between luxury, brand equity and brand extensions, is the focal point in our thesis. However, in contrary to Stegemann, we will look at how the extension affects the brand, rather than how the brand could facilitate the extension.

## 1.7 Definitions

*Perceived industry closeness* – is the degree to which consumers believe that a brand is related to a new type of business activity. In our case, the original business activity is represented by the luxury fashion industry and the new business activity is represented by the hospitality industry.

*Low perceived industry closeness* – the new business activity is considered to be distant from the original business activity, i.e. the luxury fashion brand is **not** perceived to have a connection to the hospitality industry

*High perceived industry closeness* – the new business activity is considered to be closely related to the original business activity, i.e. the luxury fashion brand **is** perceived to have a connection to the hospitality industry

## 1.8 Purpose

The purpose of this thesis is to investigate how consumers evaluate a luxury fashion brand after it has entered an industry not earlier associated with the brand.

## 1.9 Research question

Given that a luxury fashion brand enters the hospitality industry, we intend to answer the question:

*To what extent does perceived industry closeness between the original and the new industry affect consumer evaluation of the luxury fashion brand?*

## 1.10 Delimitations

The study is limited, since we have chosen to only focus on luxury brand extensions departing from the fashion industry, with the objective to extend into the hospitality industry. The study is further limited to a brand's potential customers and consumers in general, instead of a brand's existing customers.

## 1.11 Target group

We expect the interested reader to be in possession of the primary concepts within the field of marketing, in particular those related to the area of branding and brand management.

Using brand extensions as a tool to expand and differentiate is a highly interesting subject both from a theoretical and practical perspective. Theoretically, brand extensions have gained increased importance as one of the major growth strategies the past decades (Aaker, 1990). The effects of a brand extension, whether positive or not, are also interesting from a managerial point of view, since the impact of the extension will most likely affect the brand in its original industry (Swaminathan, 2001). This indicates that managers would need to have a great understanding of the consecutive effects of a potential extension. We, therefore, consider this thesis being of equal interest for both scholars and managers who have an interest in the field of branding. The thesis may be of particular interest for luxury fashion companies intending to create a new brand extension strategy.

## 2. Theory

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*This second chapter contains theories and models that will be used in order to perform the analysis in chapter five. We start by introducing our theoretical framework, which is followed by a review of the brand extension literature that is the solid base for this study. This part is followed by a review of the general brand equity literature and concluded with the theories treating luxury branding. The theoretical chapter will be concluded with our conceptual model that provides the reader with an overview of how we will approach our analysis chapter.*

---

### 2.1 Theoretical framework

Our theoretical framework, which is mainly structured around brand extensions, brand equity and luxury branding will function as a reference point throughout the thesis. Brand extension theory is the basis of our thesis. However, due the purpose of the research, we find it necessary to complement with additional theory. As is suggested by marketers within the field of brand extensions, brand equity plays a fundamental role in order to evaluate and measure the impact of the extensions on the brand (Aaker & Keller, 1990; Bottomley & Doyle, 1995; Hem & Iversen, 2003; Diamantopoulos *et al*, 2005). Therefore, we argue that brand equity theory is crucial in order to conduct our study. To further narrow the scope of the study, we chose the luxury industry as the industry that we will investigate. Luxury represents an industry in which brand extensions have become increasingly popular as a growth strategy, but where studies of the phenomenon are lacking. Therefore, luxury branding theory is also considered necessary.

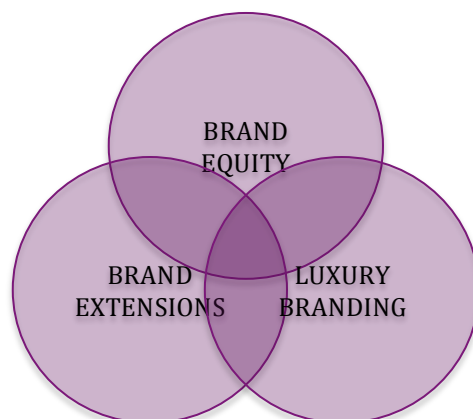


Figure 1: Theoretical framework

## 2.2 Brand extensions

*This part intends to highlight the most important brand extension concepts and their meaning, according to the literature and earlier studies conducted on the subject. The important concept of perceived product category fit will be presented. This corresponds to what we have chosen to define as perceived industry closeness.*

### 2.2.1 What is a brand extension?

Tauber (1981) defines the concept of brand extension as extending a familiar brand into a new product category. A product category is a categorization of products or services based on type and function. A new product category means that the type of product or service is new to the firm offering it. Tauber (1981) argues further that brand extensions are one of the four most important growth strategies in marketing. He also suggests that by extending the brand, a firm can redefine what business they operate in. Tauber's definition of brand extensions is widely accepted among marketers (Aaker & Keller, 1990; Aaker, 1991; Bush & Loken, 1991; Park *et al*, 1991; Loken & John, 1993; Scheinin & Schmitt, 1994; Swaminathan *et al*, 2001; Meyvis & Janiszewski, 2004).

One of the financial incitements of brand extensions is that they allow companies to take advantage of existing brand recognition, in order to be more competitive in a new market (Aaker & Keller, 1990). Pitta & Katsanis (1995) have identified that the cost of introducing a new brand to a new market in the mid 90's was above \$50 million. Extending a brand could be used to reduce these high costs. Brand extensions are therefore sometimes the only alternative for firms who intend to expand their business into new markets (Pitta & Katsanis, 1995).

### 2.2.2 Perceived fit and brand extensions

Brand extensions can lead to growth and prosperity, but are not without risk. They could just as well dilute the parent brand as they could improve its equity (Tauber, 1981). Tauber (1988) speaks of *fit* and *leverage* as the two most important advantages leading to a successfully executed brand extension. He defines *fit* as the new product category being logical and expected of the brand. *Leverage* is the extent to which the consumer perceives the brand as better than the competitors in the new industry (Tauber, 1988).

Aaker & Keller (1990) have also investigated consumer evaluations of brand extensions. They looked at *perceived fit* between the new and original product category as one of three underlying dimensions. The other two dimensions were *perceived quality* of the original brand and *perceived difficulty* of making the extension (Aaker & Keller, 1990).



They define perceived product category fit as the extent to which customers perceive the new product category as related to the brand's existing product categories. Their findings show that the consumers' attitudes towards brand extensions were more positive when there was a perceptual fit between the two product categories (Aaker & Keller, 1990). Continuing on Aaker & Keller's findings, Bottomley & Doyle (1996) found that *fit* and *perceived quality* both have a significant impact on the perception of brand extensions.

### 2.2.3 Brand breadth and brand extensions

Boush & Loken (1991) have conducted a similar study where they investigated consumer evaluations of brand extensions by looking at *perceived fit* and *brand breadth*. By brand breadth they mean the amount of different products found in the firm's product range. They define broad firms as having a larger and more diversified range of products than narrow firms. Their findings show that, in order to succeed, narrow brands require a higher level of perceived fit between the new- and original product category than broad brands. This further entails that brand extensions made by narrow brands with high perceived category fit are viewed more positively than broad brands making the same type of extension (Boush & Loken, 1991). However, Boush & Loken (1991) suggest that broad brands are perceived more positively than narrow brands if the extension is perceived to have low level of fit. Brand extensions that are viewed as atypical are almost always regarded as negative and carry the risk of parent brand dilution (Bousch & Loken, 1991). Their findings about the impact of brand breadth on brand extensions are also supported by the findings of Sheinin & Schmitt (1994).

### 2.2.4 Brand equity and brand extensions

Marketers who have studied brand extensions have mainly done so by trying to examine the effects (often referred to as associations) of the extension on a brand's equity (Tauber, 1988; Aaker, 1991; Keller, 1993; Pitta & Katsanis, 1995; Hem & Iversen, 2001). Brand equity is the added value that a brand projects on its products and/or services (Aaker, 1991). As mentioned before, marketers have mainly chosen to focus on the functional associations of a brand when equity has been studied together with extension theory (Aaker & Keller, 1990; Bottomley & Doyle, 1996; Millberg *et al*, 1997; Lye *et al*, 2001; Swaminathan *et al*, 2001; Hem & Iversen, 2003; Diamantopoulos *et al*, 2005). Hem & Iversen (2003) studied the transfer of brand equity in brand extensions. They gave particular importance to brand loyalty as one of the brand associations that help to create added value. Their findings show that high loyal behavioral intentions and high self-image relationship towards the parent brand have a positive impact on the customer's evaluation of the extension. However, they argue that an all to high affective relationship towards the parent brand could signify that the extension is viewed more negatively (Hem & Iversen, 2003).

### 2.2.5 Brand extensions and brand dilution

Brand dilution occurs when the extended brand contributes to that the brand name gets worn out. It can thus result in negative associations for the parent brand and weaken its equity (Loken & John, 1993). Brand dilution is one of the greatest risks of brand extensions, which is why the phenomenon has earned its own section in this chapter. Some marketers have chosen to focus on the negative associations related to brand extensions and how they could give rise to brand dilution (Loken & John, 1993; Milberg *et al*, 1997; John *et al*, 1998).

Loken & John (1993) investigated the risk of parent brand dilution based on two different models; *the bookkeeping model* and *the typicality-based model*. The former suggests that the more inconsistent the image of the extension is to the image of the parent brand, the more dilution is likely to occur (Loken & John, 1993). The typicality model, contrary to the bookkeeping model, suggests that the more inconsistent the image of the extension is to the image of the parent brand, the less dilution effect is likely to (Loken & John, 1993). Their findings show that regardless of which model that was used, moderately typical extensions did not seem to dilute the parent brand. A moderately typical extension is an extension that is consistent with some parent brand beliefs but inconsistent with others.

### 2.2.6 The most important brand extension concepts

Based on the literature reviewed, we have identified what we believe to be the most important factor affecting brand extensions; *perceived industry closeness*. In the literature, this factor is often referred to as perceived fit or perceived product category fit. However, we have chosen to name it perceived industry closeness. We believe that it better reflects what it implies, which is the degree to which consumers believe that a brand is related to a new type of business activity. As mentioned above, the new business activity in our case is represented by the hotel business. The attention given to the perceived industry closeness phenomenon in earlier studies is the main reason to why the same concept can be found in our conceptual model.

## 2.3 Brand equity

*In order to determine which brand associations that are most relevant for a luxury fashion brand we will briefly go through the most important brand associations according to the brand equity literature.*

### 2.3.1 What is brand equity?

Brand equity is the financial value that the unique usage of a brand can contribute with (Keller, 1993). Brand equity is the result of consumer response to marketing activities of the brand. Within the brand equity literature, brand equity is divided into two different perspectives; *a customer-based perspective* and *a financial perspective* (Keller, 1993, Lassar *et al*, 1995; Pitta and Katsanis, 1995; Cobb-Walgren *et al*, 1995; Kapferer, 2008). Our purpose is, as mentioned before, to investigate consumers' evaluations of a luxury brand extension, which limits us to the customer-based perspective. Therefore, the financial perspective will not be investigated further.

### 2.3.2 Customer-based brand equity

The customer-based perspective focuses on the specific associations of a brand that affect the minds of the customers. As mentioned earlier, Keller (2001) categorizes customer-based brand equity into *performance-based* and *imagery-based* building blocks. The brand equity blocks are further divided according to how they interrelate (Keller, 2001). His categorization is summarized in the brand equity pyramid presented below.

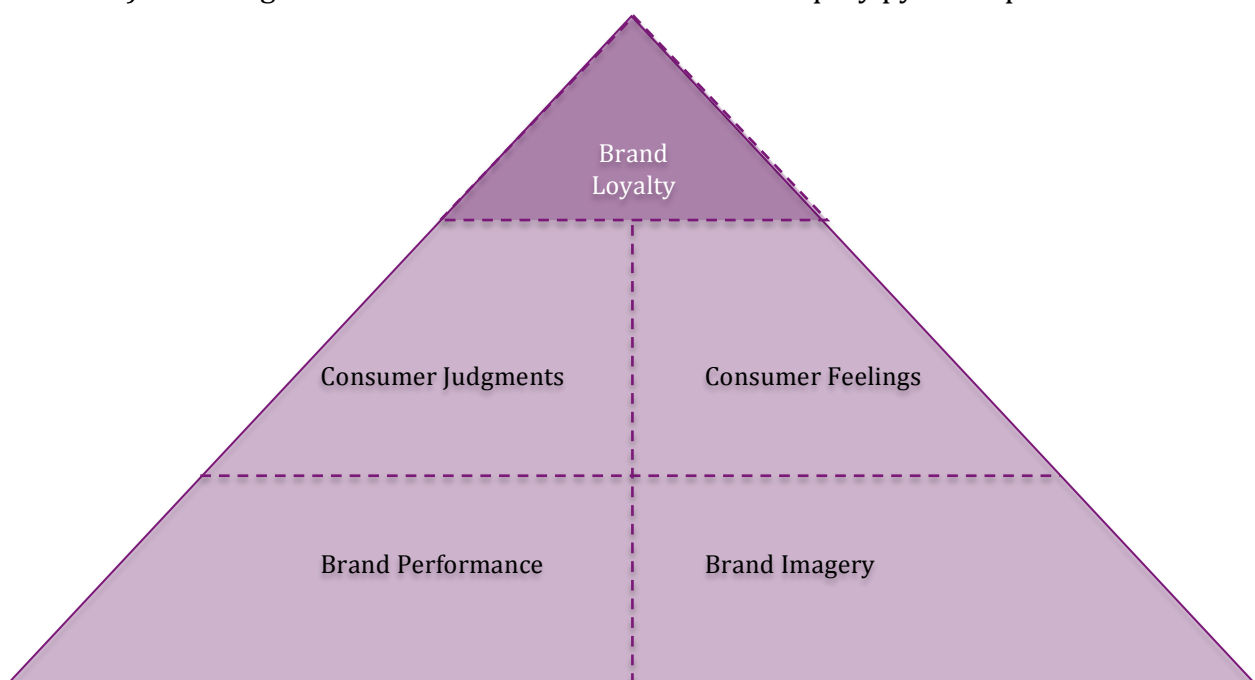


Figure 2: Modified brand pyramid (Keller, 2001, p.7)

On the left hand side of the model, we can find the *functional brand associations*. These correspond to brand performance and consumer judgments. *The emotional brand associations* are found on the opposite right hand side of the model, which instead correspond to brand imagery and consumer feelings.

Missing in Keller's pyramid, as we have chosen to present it above, is *Brand Salience*. It is the first building block and should be placed at the bottom of the pyramid. Brand salience relates to the customers' awareness of the brand (Keller, 2001). It could therefore be viewed as the customers' entry port leading to brand (Keller, 1993). We have chosen to discard this first and highly important building block, since it does not correspond to the brand associations that we intend to measure. However, its importance as a part of brand equity should not be neglected.

### 2.3.3 The functional brand associations

Consumers' attitudes towards the functional-based associations are primarily a consequence of a brand's performance. Keller (2001) argues that brand performance is closely connected to a brand's product. He states further that "The product itself is at the heart of brand equity, as it is the primary influence of what consumers experience with a brand, what they hear about the brand from others, and what the firm can tell customers about the brand in their communications" (Keller, 2001). According to him, brand performance is a result of the intrinsic properties of the brand, which are based upon certain product or service characteristics. Such characteristics could be *product reliability*, *service effectiveness* and *price* amongst others (Keller, 2001).

Before we can argue that brand judgments are a consequence of the functional performance-based associations, it is important to understand that both functional and emotional associations make up judgments (Keller, 2001). However, Keller (2001) also suggests that brand judgments arise from the "head" and that brand feelings arise from the "heart", which intends that they too could be divided according to functional and emotional associations. He further identifies four types of brand judgments of particular importance. They are stated here in ascending order of importance:

1. *Brand quality*
2. *Brand credibility*
3. *Brand consideration*
4. *Brand superiority*

The brand judgments presented above are closely connected to perceived quality (Aaker, 1991, 1996; Cobb-Walgren, 1995; Kayman & Arasli, 2007; Hsu *et al*, 2011; Xu & Chan,

2010; Kim & Kim, 2005). There seem to be a consensus in the literature that functional brand associations lie close to a brand's products or services. We can also see that these functional associations tend to be even more important for service brands (Xu & Chan, 2010; So & King, 2010; Hsu *et al*, 2011).

#### 2.3.4 The emotional brand associations

The emotional associations relate more to the intangible aspects of a brand. According to Keller (2001) they are the "... extrinsic properties of the product or service, including the ways in which the brand attempts to meet customer's psychological or social needs". Such properties could be *user profiles*, *personality* and *heritage* amongst others (Keller, 2001).

Brand feelings are the result of emotional responses connected to the brand and the social currency evoked by it (Keller, 2001). Brand feelings can take the expression of immediate feelings such as *warmth* and *excitement* or enduring feelings such as *social approval* and *self-respect* (Keller, 2001). The emotional associations have gained little attention within brand equity theory. Other marketers, besides from Keller, who argue for their importance as a part of brand equity are Aaker (1991; 1996) and Krishnan & Hartline (2001).

#### 2.3.5 Brand loyalty

According to Keller's (2001) model, the functional and the emotional associations described above could both lead to *brand resonance*. Brand resonance comports with what the literature more commonly defines as brand loyalty. It is "... the ultimate relationship and level of identification that the customer has with the brand" (Keller, 2001). The majority of marketers agree that the purpose of the brand associations is to reach this type of consumer attachment (Cobb-Walgren *et al*, 1995; Lassar *et al*, 1995; Kim & Kim, 2005; Xu & Chan, 2010; Kayman & Arasli, 2007; Hsu *et al*, 2011). Brand loyalty (brand resonance) is the final block of Keller's (2001) pyramid and the one most closely linked to a brand's profitability.

#### 2.3.6 The most important customer-based brand equity associations

*Perceived quality* has been one of the focal points in the brand equity literature (Aaker, 1991, 1996; Cobb-Walgren, 1995; Keller, 1993, 2001; Kayman & Arasli, 2007; Hsu *et al*, 2011; Xu & Chan, 2010; Kim & Kim, 2005), which also is why we find it to be an important association to measure. Both Aaker (1991, 1996) and Keller (1993, 2001) view quality as a part of the functional associations. Aaker (1996), for example, defines it

as something that is "... highly associated with other key brand equity measures, including specific functional benefit variables".

*Brand loyalty* is also, as discussed above, a highly important association that helps to make up brand equity (Aaker, 1991, 1996, Keller, 1993, 2001; Lassar *et al*, 1995; Kayman & Arasli, 2007; Hsu *et al*, 2011; Xu & Chan, 2010; Kim & Kim, 2005). Brand loyalty is unique, since it is a result of both the functional and the emotional associations that a brand carries. Therefore, brand loyalty is the second general brand equity association that we will measure.

## 2.4 Luxury branding

*This part defines the most important brand associations for a luxury fashion brand. We will start by contrasting the concept of luxury to both premium and fashion, due to the discrepancy we have found in the literature of how these concepts cohere. This is done in order to identify the right and pure associations of a luxury fashion brand.*

### 2.4.1 Luxury vs. Premium

A premium brand could be defined by looking at the associations an individual creates based on its former experiences and impressions connected to a brand. These aggregated, produce a feeling of class and distinction from the mass market (Parment, 2006, p.56). A premium strategy, then, means that the profitability does not only derive from volume, but for example from status and quality, which is something that the buyer is prepared to pay extra for (Parment, 2006, p.55). A typical characteristic of a premium brand is the desire to by-pass competition and to poach clients from other competing brands (Kapferer & Bastien, 2009). It is argued that luxury brands, on the other hand, never should compare themselves to other brands (Kapferer & Bastien, 2009 p.82). The focus for luxury brands is instead to emphasize their uniqueness.

Vigneron & Johnson (1999) categorize three types of brands as prestigious; *upmarket brands*, *premium brands* and *luxury brands*. They mean that these, respectively, are in an increasing order of prestige. Consequently, luxury relates to the extreme-end of the prestige brand category level (Vigneron & Johnson, 1999). Kapferer & Bastien (2009, p.40) support this when they say that luxury is the ultimate version of the range when it comes to the criteria of rarity, high price, age and quality to mention a few.

Another important distinction between premium and luxury brands is the significance of functionality versus hedonism (Kapferer & Bastien, 2009). A function-oriented brand concept relates to the product or service performance, while a hedonistic-oriented brand concept relates to the intangible aspects consumers hold of the brand, e.g. self-

concepts and status (Park *et al*, 1991). Kapferer & Bastien (2009) argue that hedonism is superior to functionality when distinguishing luxury from premium. They believe that this has to do with that luxury is multi-sensory and more experimental. Kapferer & Bastien (2009) further argue that the key difference between luxury and premium brands is the exclusive services that the luxury brands offer.



Figure 3: Differentiating prestige brands (inspired by Parment, 2006, p.54)

2.4.2 Luxury vs. Fashion

One of the most important factors to take into consideration when distinguishing fashion from luxury is the time aspect (Jones, 2005 p.49). The one constant of fashion is constant change (Tungate, 2004 p.11). While fashion merchandise must be considered to be closely linked to seasonality (Fionda & Moore, 2009), luxury products, on the other hand, are timeless (Kapferer & Bastien, 2009). The classic luxury merchandise generates more revenue, while last year’s fashion has little value since it most likely can be bought on sale (Kapferer & Bastien, 2009)

We have found two main perspectives on how luxury and fashion integrate. Firstly, Kapferer & Bastien (2009) argue that luxury and fashion represent two completely different worlds, which are both economically important. They mean that these two worlds only have a small overlap; *the haute couture*. To exemplify, Kapferer & Bastien (2009) argue that when it comes to Chanel, Karl Lagerfeldt covers the fashion side of the brand, while the Chanel brand itself represents the luxury part of the haute couture arrangement. Secondly, in contrast to this, Fionda & Moore (2009) are of the opinion that fashion instead is one of the principal categories of luxury goods. They argue that fashion here includes couture, ready-to-wear and accessories. Fionda & Moore (2009) agree that the other three dimensions of luxury goods are: *perfume and cosmetics, wine and spirits* and finally *watches and jewelry*. Okonkwo (2009) supports this categorization of what luxury goods and services include. However, she also includes hospitality & concierge as one of the add-on categories to her model.

We find that the wider luxury definitions applied by both Fionda & Moore (2009) and Okonkwo (2009) are more suitable for the purpose of this thesis. As a consequence, we

will collect a major part of our inspiration from their two models, when defining what we consider to be the most important associations of a luxury fashion brand.

### 2.4.3 Luxury brand associations

*After having reviewed the luxury literature, we have identified what we believe to be the six most important and specific luxury brand associations. These associations will be measured in our experimental study. The associations will be summarized in a model that concludes this section*

#### *Authenticity*

Alexander (2009) emphasizes the fundamentality of genuine and original quality of a brand. He argues further, that, especially for luxury products, the pedigree nearly becomes a self-evident imperative. There are many brands that seek an aura of distinction and a pedigree by creating allusions to both time and place. This is one of the reasons why heritage becomes so important (Alexander, 2009). Beverland (2005a) confirms this importance given to time and place since he believes that this connection affirms tradition for consumers.

Alexander (2009) further argues that those luxury brands that seek to establish some form of iconic credentials must make the brand heritage a uniform part of the brand. He means that this could be done by either asserting the pedigree by the historically provable facts, such as a patent date, or by an associated event. Beverland (2005b) shares and develops this view when he points out that authenticity can derive from five different sources. Firstly, authenticity may be inherent in an object. Secondly, it can come from a relation between a historical period and a certain object. Thirdly, it can derive from an organizational form. Fourthly, it can also derive from nature. Finally, marketers or consumers can also give authenticity to an object.

Authenticity could serve as a mean of self-expression through those brands that represent a type of genuine expression of an inner personal truth. Alternatively, it can also serve as an expression of one's identity through a community membership (Beverland, 2005a). To exemplify, the latter could constitute an ownership of a Harley Davidson motorbike (Beverland, 2005a). However, according to Beverland (2005a), the most important aspect when referring to authenticity, is that consumers perceive the authenticity aspect as real, regardless of whether or not this is the case.

The concept of authenticity is defined as a credibility attribute. By this we mean something that the consumers perceive to be real, in terms of both brand quality and brand reliability.



## *Status*

Husic & Cicic (2009) emphasize that we, as individuals, are very concerned with the impression that we make on each other. They argue that the physical appearance connected to fashion will most likely lead to that people will use different strategies in order to gain approval from others. In order to gain this approval, they argue that many consumers purchase luxury goods to satisfy their appetite for symbolic meanings. (Husic & Cicic, 2009). Husic & Cicic (2009) mean further that a consumer communicates personal meaning about himself to his reference group by using these status goods as symbols. Eastman *et al* (1999) share this perspective when they define status consumption as “the motivational process by which individuals strive to improve their social standing through conspicuous consumption of consumer products that confer or symbolize status for both the individual and surrounding others”. This perspective is also supported by O’Cass & Frost (2002).

According to Vigneron & Johnson (2004), the consumption of luxury brands may have a significant importance for those in search of a higher social position. Therefore, they argue that the social status that is associated with a particular brand becomes important.

In relation to this, Kapferer & Bastien (2009, p.19) make a distinction between luxury for others and luxury for oneself. Whereas they believe that luxury for others is considered to be a social marker connected to status and the symbolic desire to belong to a superior class, luxury for oneself instead involves a more personal aspect. The latter sees luxury more as an individual pleasure, wrapping in and emphasizing the customer experience. (Kapferer & Bastien, 2009, p.22)

We define status as the symbolic meaning customers search for. The associations made with a particular luxury brand are transferred on to that brand’s perceived status, and further on to the individual when making the luxury brand purchase.

## *Premium Price*

A high premium price could prevent that a luxury product loses its rarity and exclusivity (Dubois & Duquesne, 1993). According to Yeoman & McMahon-Beattie (2006), it is necessary to work with value creation through brand equity in order to be able to charge a premium price for a luxury product. They argue that many customers seek authenticity (discussed above), which is aspirational. However, they mean that access to the brand essence is only for those who can afford it. In their view, the premium price thus becomes a mean of protection (Yeoman & McMahon-Beattie, 2006).

Kapferer and Bastien (2009, p.183) are of the opinion that a premium price is the proof of the luxury product. They argue that it proves the brand’s value, since the price is a part of the dream. It could be argued that they agree with Yeoman & McMahon-Beattie

(2006) when they say that there is a recreation of distance added to the price. In other words, the price is set for those who can afford it. This way of reasoning is further supported by Husic & Cicic (2009). According to them, the price becomes less important when we gain access to products to which others are limited. This is due to our need to be different. Garfein (1989) supports that a premium price distinguishes the “rare elite” and makes consumers feel superior. Therefore, it can also be argued that the ability to pay a premium price for a luxury product becomes a pure display of wealth (Husic & Cicic, 2009).

Rao & Monroe (1996) define a premium price as the difference between a super high price and a perfectly competitive price for a high quality product. They believe that this difference works a monetary incentive for the luxury producers (or sellers) to deliver high quality.

Goldsmith *et al* (2010) emphasize the interrelation between status and price sensitivity, since status conscious consumers tend to consider factors beyond the product’s functional and quality standards. They argue that when consumers perceive the status value of a product, they become more willing to pay a higher price (Goldsmith *et al*, 2010)

We are of the opinion that the definition of what constitutes a premium price must include two different perspectives. We define it as something that customers perceive to be closely related with high quality, which also functions as a mean of protection and a way to differentiate the brand from its competitors.

### *Heritage*

Heritage is considered to be the hallmark of a luxury brand (Hanna, 2004). Kapferer & Bastien (2009, p.85) argue that the heritage is so fundamental that a brand cannot be considered as luxury without any roots. History contributes to the brand’s depth and gives timeliness to its objects. Instead of seeing history as an imprisonment in the past, they make out that heritage allows for continuity (Kapferer & Bastien, 2009).

According to Nuryanti (1996) the word heritage is commonly associated with inheritance; something that is transferred from one generation to another. He argues that on a conceptual level, heritage could work as a type of carrier of historical values from the past. This view is further shared by Balmer (2011). He says that the precise denotation of heritage is to pass on. However, he distinguishes heritage from history. Balmer (2011) means that while history is exclusively concerned with the past, heritage on the other hand, relates to the present as well as the past and the future. This goes in line with Lowenthal (1998) who opines that one special characteristic of heritage is the ability it has to clarify the past and also to make the past relevant for contemporary contexts and purposes.

Urde *et al* (2007) define heritage as something to be found in a company's track record. More precisely, it is the demonstrated performance of the delivered value to customers. They resemble a brand with a heritage with someone that has a story to tell. Therefore, they argue that the heritage could be a rousing part of how a brand pictures itself and the value it offers to its stakeholders. Hudson (2011) shares this perspective when he similarly argues that the historical status of an old company often is explicitly linked to its brand identity and its consumer appeal.

We define heritage as a brand's ability to make reference to past values, in order to picture itself today. This picture may then assist the brand in offering contemporary and future value to its customers.

### *Exclusivity*

We have found that the concepts of uniqueness and exclusivity are being used simultaneously. The distinction between them is quite blurry and it is apparent that they are interrelated. We will therefore review them both in order to define what we mean by exclusivity.

In Vigneron & Johnson (2004) one can find that the uniqueness dimension is based upon the perceptions of exclusivity and rarity, which are assumed to enhance one's desire for a certain brand. This brand desirability normally increases when a brand is perceived to be expensive (Vigneron & Johnson, 2004). Consequently, a luxury good to which the access is limited and that has a higher perceived price level is considered to be more valuable, when compared to a non-luxury good (Vigneron & Johnson, 2004). Okonkwo (2009) argues that luxury brands are particularly skilled when it comes to evoking a sense of uniqueness and exclusivity.

When the concepts of uniqueness and business are being used simultaneously, they are often associated with unique selling propositions, positioning strategies and competitive advantages (Miller & Mills 2011). When it comes to the issue of branding, then, it all boils down to find differentiating factors for your brand (Miller & Mills, 2011). This is supported by Fionda & Moore (2009) who consider exclusivity to be inherent in a luxury brand's positioning. In this exclusivity category they include limited editions and exclusive ranges as two examples. This is in accordance with Keller (2009), who argues that a product's uniqueness is one of the crucial factors when attempting to create a luxury brand premium image.

We define a luxury brand as exclusive if the available products are perceived to be exclusive in supply, both in terms of available units and access to point of purchase. A luxury brand is further exclusive if it is perceived to have a premium price and superior product qualities.

## Self-image

Kapferer (2008, p.186) argues that a brand's communication and most striking products build up over time. It becomes a natural consequence that a luxury brand comes to offer a self-concept to its followers (Kapferer & Bastien, 2009, p.123). Vigneron & Johnson (2004) argue that the construction of one's self identity and social referencing appear to be the determinants in luxury consumption. Belk (1988) further enhances this argument with his definition of the "extended self". It suggests that we regard our possessions as a part of our identity. This could mean that one's desire to be in possession of a luxury brand product might serve as a symbolic marker of group membership (Vigneron & Johnson, 1999).

According to Husic & Cicic (2009), a person who endorses a certain brand is communicating a wish to be associated with the same kind of people that he or she perceives to consume the same brand. Deeter-Schmelz *et al* (2000) develop this thought by saying that a person with a preference for high prestige should therefore favor those brands that help to reinforce their actual or desired self-image. They mean that this self-image should be communicated to other individuals seen as sharing it.

In relation to luxury branding, we therefore define the concept of self-image as the process of achieving a desirable social reference point, by making use of what an individual perceives to be the extended self.

These six specific luxury brand associations are summarized in the model below.

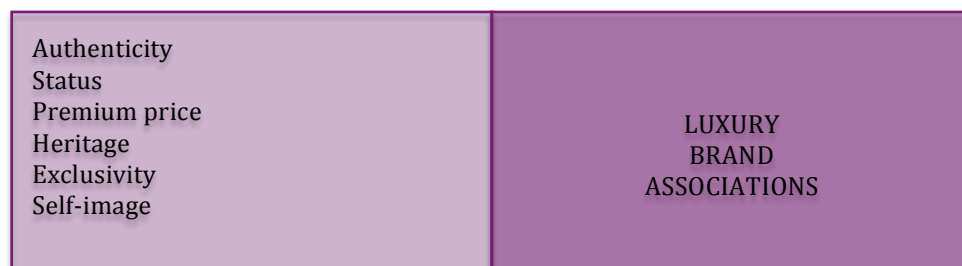


Figure 4: Specific luxury brand associations

The luxury fashion brand associations identified above correspond well to Keller's (2001) brand equity associations. A visualization of the relationship between brand equity and the luxury brand associations can be found on the next page. In short, *brand loyalty* corresponds to brand resonance, *quality*, *authenticity* and *exclusiveness* to consumer judgments, *self-image* and *status* to consumer feelings, *premium price* to brand performance and lastly, *heritage* corresponds to brand imagery. The brand equity concepts are derived from Keller's brand equity pyramid (2001).

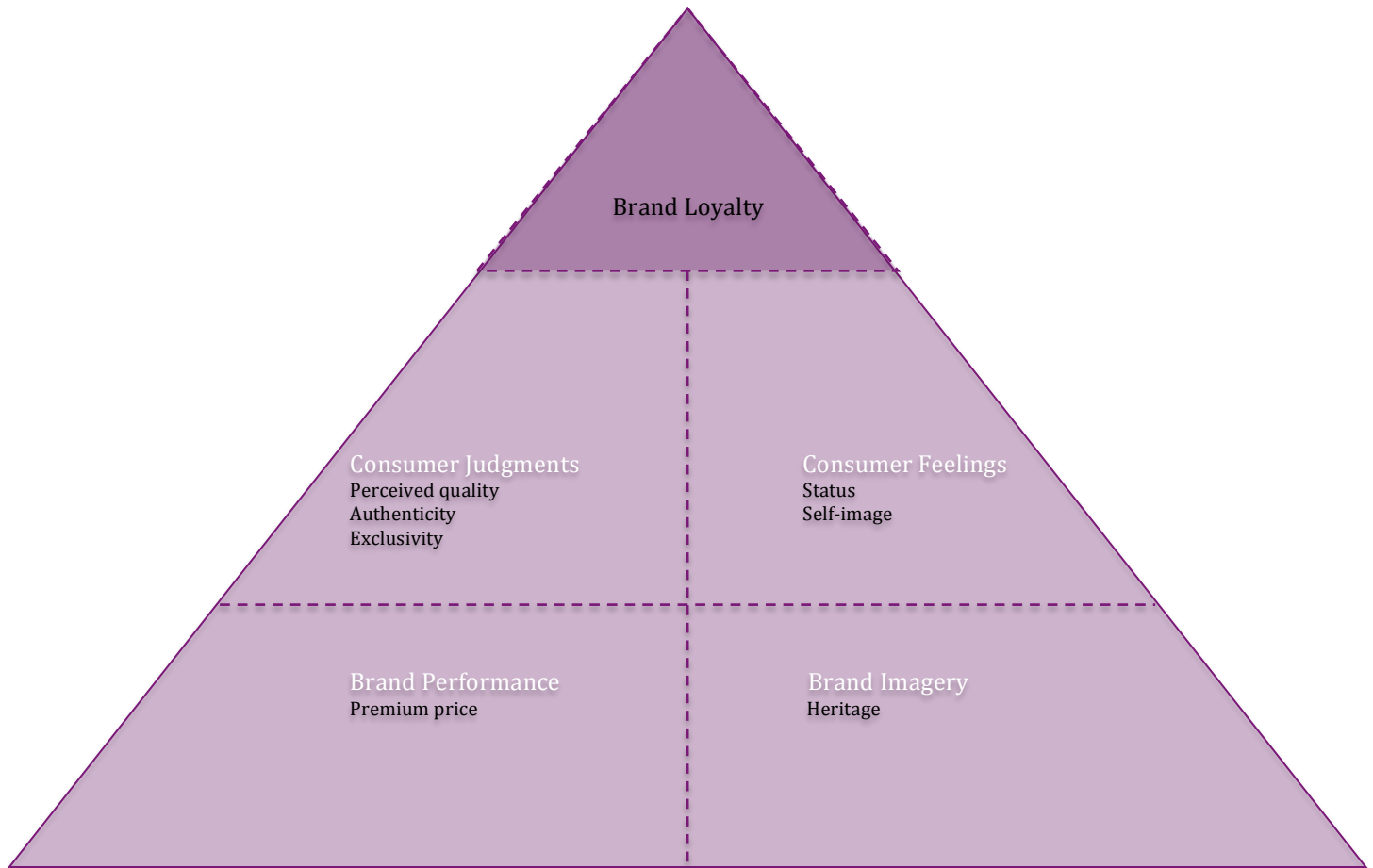


Figure 5: Luxury brand pyramid (inspired by Keller, 2001, p.7)

As mentioned before, the left hand side of the model makes up the functional associations. The opposite right hand side represents the emotional associations. As we can deduce from the model, four of our associations are of a functional nature and three of a more emotional nature and specific to a luxury fashion brand.

## 2.5 Conceptual model

*In order to connect and structure the three theoretical concepts reviewed (brand extensions, brand equity and luxury branding), we have chosen to illustrate how they interrelate in what we refer to as our conceptual brand extension model. The purpose of the model is to give the reader a summarization of which associations that we intend to measure.*

The reason to why the model is based on brand extension theory is because it is principal for the purpose of this thesis, since we are studying the phenomenon as such. Further, both general brand equity associations and luxury fashion brand associations are included. The model also contains brand equity theory since we intend to measure the impact of the extension on the equity of the luxury fashion brand. Specific luxury fashion brand associations are included since luxury fashion brands, as discussed earlier, differ a great deal from other brands due to their special brand characteristics.

Following the theoretical chapter, we have identified two general brand equity associations that we deem crucial to measure. Those are; *perceived quality* and *brand loyalty*. The brand equity associations are complemented with six specific luxury fashion brand associations. The specific luxury fashion brand associations are; *authenticity, status, premium price, heritage, exclusivity and self-image*. These associations are found on the left hand side of the model. Our model differs from the more general brand equity models found in the literature, since we have complemented the general brand equity associations with specific emotional associations of a luxury fashion brand.

The arrow between the luxury fashion brand box and the luxury hotel box visualizes the extension between the luxury fashion industry and the hospitality industry. The box named *Consumer evaluation of the extension* can be found on the right hand side and visualizes the consumers’ responses to the proposed extension. *Perceived industry closeness* represents the factor that we believe affects consumer evaluation of the extension. Its impact will be measured on the identified luxury fashion brand associations that can be found on the left hand side of the model.

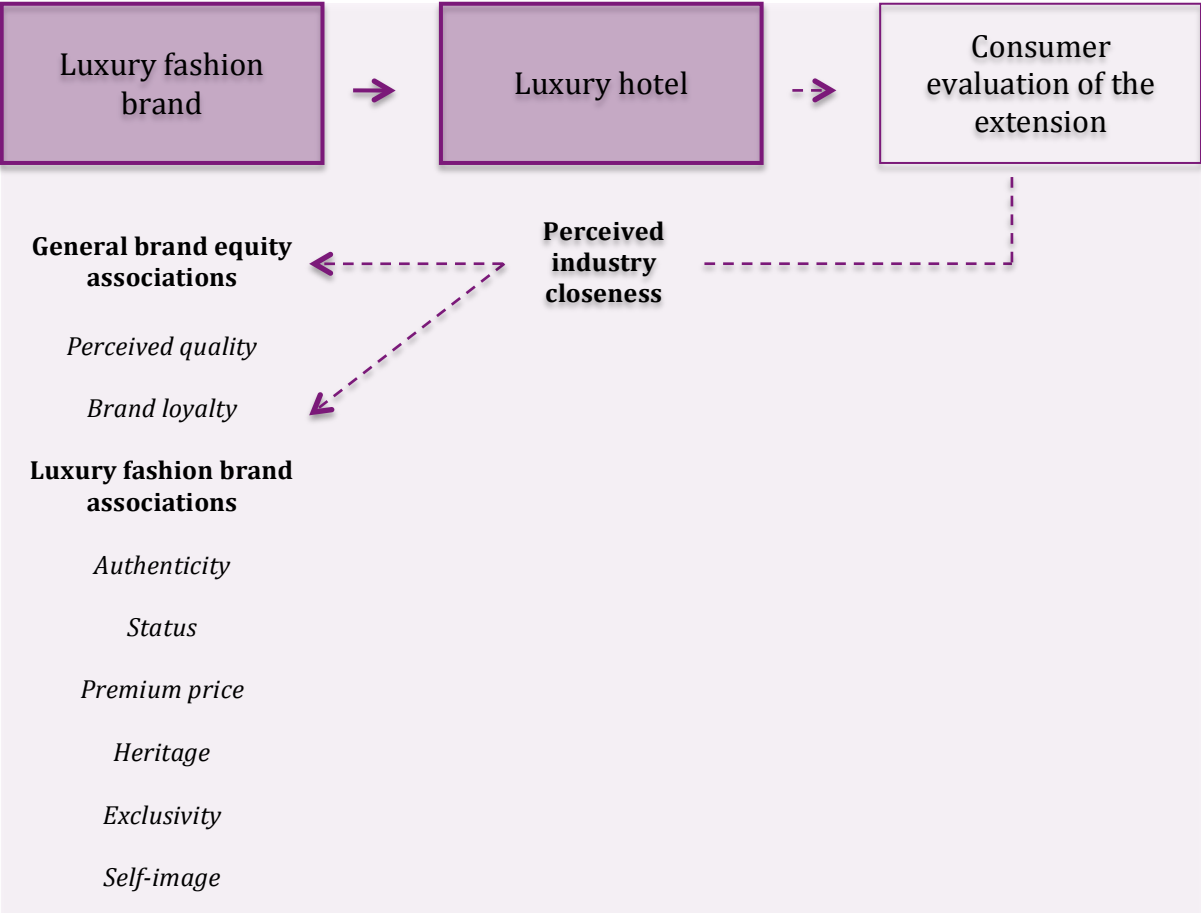


Figure 6: Conceptual model

## 2.6. Hypotheses

*In this final section of the theoretical chapter we will state the general hypotheses that will be used as basis for chapter five. Given the scenario that a luxury fashion brand enters the hospitality industry, we intend to test the following hypotheses.*

### 2.6.1 Hypothesis 1

*With the first hypotheses, we intend to find out if the hotel treatment actually did have the desired affect. If so, we want to see which brand associations it affected.*

Hypothesis 1: The hotel description has an influence on how consumers evaluate a luxury brand in its original industry

In order to test this, the hotel description's influence will be tested for each of the eight brand associations (brand loyalty, perceived quality, authenticity, status, premium price, heritage, exclusiveness and self-image).

### 2.6.2 Hypothesis 2

*With the second set of hypotheses, we intend to find out if the consumers have evaluated the two brands differently. In other words, if perceived industry closeness plays a part in how consumers evaluate the brands.*

Hypothesis 2: Perceived industry closeness has an influence on how consumers evaluate a luxury fashion brand in its original industry

As for the first set of hypotheses, perceived industry closeness will also be tested for each of the eight brand associations.

### 2.6.3 Hypothesis 3

*The third and final hypothesis intends to find out if the consumers have evaluated the hotel description differently for the two brands. In other words, if perceived industry closeness affects the evaluation of the hotel.*

Hypothesis 3: Due to perceived industry closeness, there is a difference in how consumers evaluate the hotel description between the two brands

### 3. Method

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*In this chapter we will describe the method we have used to fulfill our purpose. We will start by introducing an overarching approach of our chosen methodological framework. This is followed by a description of the information gathering process in terms of theories and data collection. This chapter has the purpose of providing the reader with a picture of how our work has proceeded, as well as giving a short description of the desired outcome of our empirical study.*

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#### 3.1 Approach to the subject

After consideration, we chose to use a positivistic experimental research design. This approach was chosen since we needed to manipulate a variable related to perceived industry closeness, in order to measure its impact on consumer evaluations of luxury brand extensions. This approach further allowed us to measure the impact of the extension on the eight dependent variables (brand associations) through hypothesis testing. For the purpose of this thesis, the quantitative approach has been adopted since it offers the best guarantee for generalizability (Malhotra, 2009). Using a positivistic approach with deductive reasoning was considered necessary, since that approach has been predominant in similar studies conducted within all three theoretical fields relevant to our study. Our methodological choices were mainly based upon similar studies conducted within the fields of brand extensions, brand equity and luxury branding.

#### 3.2 Quantitative vs. Qualitative, Deduction vs. Induction

The quantitative approach seeks to measure and quantify with the help of statistics or other mathematical measurements (Backman, 2011, p.33). It is a structured approach that seeks to generalize its findings. The qualitative approach, on the other hand, is often applied in order to gain a first insight and understanding of the problem. The qualitative approach often results in verbal formulations (Backman, 2011, p.33).

Deduction means that based on theory, hypotheses are posed that can be tested through logic reasoning (Eriksson, Wiedersheim-Paul, 2001, p.200). In contrary, induction is based on empirical data where conclusions and generalizations are drawn from the data. Based on these empirical observations, theories and hypothesis are posed (Eriksson, Wiedersheim-Paul, 2001, p.200).

Using a quantitative approach with deductive reasoning allows a marketer to generalize



his or her findings. Since we also intended to generalize our findings, we believed this approach to be the most suitable for our purposes.

### **3.3 The literature**

A large amount of studies have been conducted within the fields of brand extensions, brand equity and luxury branding. They have all adopted a positivistic scientific approach. There are some aberrant studies within the field of luxury branding that instead are of a hermeneutic nature. The positivistic approach suggests that knowledge should be viewed as an absolute and is based upon positive knowledge, that is, certain knowledge (Eriksson, Wiedersheim-Paul, 2001, p.199-200). The hermetic approach, on the other hand, intends that knowledge is relative and views science as something that needs to be interpreted (Eriksson, Wiedersheim-Paul, 2001, p.220). To further strengthen our choice of adopting a positivistic approach, a brief compilation of how this approach have been used in the literature will be presented below.

#### **3.3.1 Brand extension studies**

The majority of the brand extension studies that we have reviewed have adopted an quantitative research design with deductive reasoning. This is due to that hypothetical and not actual brand extensions have been investigated. In order to test hypothetical extensions, marketers need to posit hypothesis, which are tested through deductive reasoning.

#### **3.3.2 Brand equity studies**

Studies concerning brand equity are either of a quantitative or a qualitative nature. The brand equity studies of a quantitative nature have been conducted with deductive reasoning, while the qualitative studies instead have adopted an exploratory research approach with inductive reasoning. The two different approaches to brand equity have been applied for different reasons. Some marketers have tried to conceptualize the phenomenon (qualitative), while others have tried to measure the conceptualizations (quantitative) in order to determine their worth. Our methodological approach is further supported by brand equity studies, since we also intended to measure the conceptualizations.

#### **3.3.3 Luxury brand studies**

Due to the subjective nature of the concept of luxury, a number of studies concerning luxury branding are of a hermeneutic nature. The hermeneutic studies have studied

luxury as a part of life rather than a part of science. However, the majority of the reviewed studies within luxury branding have adopted a positivistic quantitative approach with deductive reasoning and thus studied luxury as a part of a science. This goes in line with the brand extension and brand equity studies discussed above. Therefore, we argue that our methodological approach is also supported by the studies conducted on luxury brands.

### **3.4 Data collection**

We will now present how we collected our primary and secondary data.

#### **3.4.1 Primary data**

Our primary data collection is made up of two different parts. The first part consists of the answers that we retrieved from our Internet based pre-survey. The aim of this survey was to make the respondents identify luxury brands from a given list. This was necessary to obtain the two most appropriate brands for further use in the main study. The second part of primary data is made up and based upon the answers that we derived from our experimental survey. The students that participated in the survey were randomly selected at four different locations around Lund University campus; the School of Economics and Management library, the SOL library (Centre for Languages and Literature), together with the main University library and the Alpha building of Lund School of Economics and Management.

We considered this type of survey to be the most effective tool, when seeking to measure and collect sensible data. In our case, the brand associations connected to one's status, self-image and identification with the chosen brands might have been sensitive for the respondent. The chosen approach offered anonymity to the respondent. It also decreased the risk of social desirability that a focus group discussion or an in-depth interview might have caused.

#### **3.4.2 Secondary data**

To reach the specialist magazines that treat the subjects of brand extensions, brand equity and luxury branding, we used the Internet as the main tool in order to collect the data. These three concepts were also the primary key words used in the initial article search. Internet search was done through the Summon database connected to Lund University. The initial approach when searching for the relevant theory was to revise the sources used by the authors who treated the topic of brand extensions on a general level. We applied this approach in order to gain a comprehensive theoretical understanding of

the brand extension literature. This process proved to be beneficial in order to find the latest information available on the subject.

By systematically following up the sources and references of the main reviewed brand extensions articles, we came across many different areas. This was how we initially found the theoretical concepts of brand equity and luxury branding, as a complement to the brand extension theory. Google Scholar served as a complement when the desired articles could not to be found through Summon. The academic books were retrieved from the library catalogue LOVISA of Lund University and through MALIN at Malmö city library.

### 3.5 Pre-study

The pre-study was conducted in order to determine which brands to use in our experimental study. The goal of the pre-study was to control for that the brands we intended to use in our experimental study were not only perceived to be luxury brands, but also luxury brands with a clear difference in industry closeness. The survey was conducted through three web-based surveys. We considered three surveys as necessary to avoid the risk of biased answers, since the software only allowed us to randomize the answering alternatives and not the questions themselves. Consequently, we used three different surveys in which we randomized the questions. The surveys consisted of three different sections. They were distributed through Facebook.

In the first section, the respondents were asked to state their gender and age. In the second section, the respondents were asked to state to what degree they believed that a number of luxury brands, presented in a list, offered home furnishing products. Home furnishing products were used in order to measure the perceived industry closeness between the luxury fashion industry and the hospitality industry. The choice to use home furnishing products was based upon Aaker & Keller's three fit variables (1990). They argue that *complement*, *substitute* and *transfer* are the main variables that determine the perception of perceived industry closeness. *Complement* relates to what degree the products are viewed as complements, i.e. if they satisfy the same needs. *Substitute* is the degree to which the products are viewed as substitutes, i.e. have the same usage. Lastly, Aaker & Keller (1990) argue that *transfer* relates to the customers' perceptions about how competent the firm is considered to be in the new product category. This is based on the perception of its abilities in the original product category. In other words, it refers to the perception of the brand's competences. We argue that the home furnishing product category corresponds to those variables. This is because a brand that offers home furnishing products is more likely to be perceived closer to the hospitality industry. Therefore, we also argue that we can use that category to measure the perceived industry closeness between the luxury fashion industry and the hospitality industry. A follow-up survey was also conducted, in which we directly asked

the respondents which brand they perceived to be closest to the hospitality industry. This helped us to make sure that the brands we chose in fact did have different degrees of perceived industry closeness.

The list of brands automatically randomized the order of the brands for each respondent. This reduced the risk of biased answers. The brands included in the survey were chosen according to World Luxury Association's top 100 most valuable luxury brands in 2011, with the exception of Diane Von Furstenberg, which we retrieved from Luxury Daily. This choice was made since we wished to have a uniform distribution of brands that actually offered home furnishing products matched against those who did not.

In the third section of the study, the respondents were asked to rate to what degree they believed that three different hotel descriptions corresponded to a luxury hotel. This last section was added in order to control for that the hotel description we intended to use in our experimental study was actually perceived as a luxury hotel. We found inspiration to the three fictitious hotel descriptions through the official hotel websites of Bvlgari, Armani, Versace and Missoni. They are all fashion designer brands that already have entered the hotel industry.

The sampling frame we used was based upon on certain criteria. The respondents all needed to be within the age range of 20 to 40 and enrolled in a course or a program at a university. Students at the University of Lund, to which the authors have a good connection, were therefore chosen as the sampling frame. We argue that the chosen sampling frame offered a good distribution of respondents that in the near future will be close to the target segments of these type of brands. Their evaluations are therefore also relevant from a managerial point of view. We argue that if we can prove what affects consumer evaluation of luxury brand extensions, marketers can then use this knowledge in order to create positive brand associations when extending their brands. The choice to not exclusively use existing customers of the two investigated brands goes in line with the purpose of our study. The purpose is not to investigate how the identified brands' *existing* customers evaluate a hypothetical brand extension, but how consumers in *general* evaluate a luxury brand extension.

The results of the pre-study were calculated using Excel and can be found in chapter four.

### 3.6 Experimental study

The reason to why we chose an experimental approach to our main study was that we intended to find out how people respond to a specific treatment. A treatment is something that the researcher initiates in order to, in the next step, identify if it affects the receiver (Söderlund, 2010). An experimental design allows the researcher to do

exactly that. In our case, the treatment consisted of a hotel description that only half of the respondents received. The study consisted of four different surveys, two for Louis Vuitton and two for Chanel. This was necessary since one was used as a control survey, which neither contained hotel related questions or descriptions. The other was used as the treatment survey, which instead contained hotel related questions and descriptions. Since the purpose of the study was to find out how different people respond to a treatment, a control survey and a treatment survey for each brand was necessary. By comparing the surveys, we could check that the treatment actually caused an effect. The surveys were distributed manually through face-to-face interactions with the respondents.

The treatment surveys contained three different sections; *general questions*, a *hotel description with related questions* and finally, *fashion brand related questions* (brand association questions). Only the middle section differentiated the treatment surveys from the control surveys. In the latter, the hotel related section was absent. The description of the hotel and the corresponding questions functioned as the hypothetical extension, whose affects we intended to measure.

The strategy to begin with general questions and to end with more specific questions is supported by Malhotra (2009), who suggests that it helps to engage the respondent. It also reduces the risk of incomplete surveys. In line with the purpose of this thesis, the hotel related section (the treatment) was placed in the middle since we intended to investigate its impact on the brand associations of the fashion brands. The brand associations were therefore placed after the treatment (see Causality). A generalized control survey and a treatment survey can be found in Appendix 1.

The hotel description used in the treatment surveys was derived from our pre-study and the questions related to it were obtained from Chiang & Liu (2009). The brand association questions were based on the findings in our theoretical chapter. This section of questions thus corresponded to the eight identified brand associations. In line with earlier studies, we identified three questions per brand association as necessary. The questions used and the sources from which they were retrieved can be found in Appendix 2.

The sampling frame we used for the experimental study was mainly based upon the findings of our pre-study. Consequently, the same criteria were also applied in this study. The majority of the respondents in our pre-study recognized and recalled the brands. Brand recognition and brand recall are according to Keller (1993) the two most important components of brand knowledge. By using the same sampling frame as we used in our pre-study, we automatically reduced the risk of a sampling frame error. This is due to that we can affirm that the sampling frame we chose actually possessed the necessary knowledge for the study. In other words, they recognized and recalled the brands. A sampling frame error occurs when the chosen sampling frame is an imperfect

representation of the population of interest (Malhotra, 2009, p.117). As we can deduce from Malhotra (2009), a perfect sampling frame can almost never be reached. We are aware of the limitations of the choice that we have made, especially when it comes to not using existing customers. As mentioned earlier, the choice not to use existing customers of the identified brands is due to that our purpose is to understand how consumers in *general* evaluate a luxury brand extension.

The surveys were distributed through face-to-face interactions on campus at the University of Lund. The surveys were randomized before handed out. Further, every fifth person within our sampling frame was chosen to participate in the study. In statistical terms, this is called a simple random sampling. This process greatly reduces the risk of biased answers and an unequal distribution of the respondents. When the respondents were approached in a group, the ones chosen to participate were told that the surveys were different and should be answered individually. This was an attempt to reduce the impact of social desirability. With this procedure, we managed to reach 50 respondents per survey, which is above the minimum level. The ideal number of respondents per survey should be at least 30 (Söderlund, 2010). Since we used four different surveys and managed to reach 50 respondents per survey, the total number of respondents was 200.

### 3.6.1 Causality

The purpose of an experiment is to investigate a cause and effect relationship (Söderlund, 2010). Causality therefore becomes a fundamental concept of experimental designs. Causality occurs when the investigated independent variable (and only that) can explain the effect on the dependent variable. An independent variable is the variable that the researcher manipulates and whose effects are measured (Malhotra, 2009). A dependent variable, on the other hand, is the variable that measures the effect of the independent variable (Malhotra, 2009). Causality thus means that it is only the intended treatment that causes the desired effect. In our case, this means that it is only the hotel description that should cause the desired effect. Three conditions must be fulfilled for causality to be true, those are (Söderlund, 2010):

1. X must precede Y, meaning that the treatment must precede the effect
2. The relationship between X and Y must *not* be due to some other extraneous variable, meaning that the effect must *not* be due to some other causing factor than the intended treatment. Examples of such causing factors could be gender, age and history
3. X must correlate with Y, meaning that the cause must be related to the effect

In an attempt to fulfill these three conditions, we have:

1. Placed the treatment (the hotel description) before the dependent variables (the brand associations) in our surveys
2. Conducted a stratified randomization in order to reduce the impact of extraneous variables
3. Used the statistical software SPSS in order to prove the correlation between the hotel description and the brand associations

### 3.6.2 Deciding upon the brands

In accordance with the findings of the pre-study, Louis Vuitton was chosen as the brand with the highest perceived industry closeness and Chanel was chosen as the brand with the lowest industry closeness. Chanel and Dior scored equally high on the question about which brands the respondents perceived to have a low degree of closeness. We decided upon Chanel after it was randomly picked in a lottery between the two brands.

### 3.6.3 Deciding upon the variables

#### *Independent variable*

Our independent variable is made up by an aggregation of the four questions related to the hotel description using Cronbach's alpha value. This was used to measure the internal reliability of each question. Cronbach's alpha and reliability will be further discussed when we present our findings in chapter four.

The four questions that make up the independent variable correspond to the hotel description, due to that they are directly and exclusively related to it. Since we used the hotel description as our treatment in the experimental study, this variable was used as the independent variable for our statistical analysis.

#### *Dependent variables*

As a consequence of our purpose, which is to investigate how the associations of a luxury brands are affected by the proposed extension, different luxury fashion brand associations make up the dependent variables. As is argued for in the theoretical section of this thesis, the luxury fashion brand associations are:

- ✚ Brand loyalty
- ✚ Perceived quality
- ✚ Authenticity
- ✚ Status
- ✚ Premium price
- ✚ Heritage

- ✚ Exclusivity
- ✚ Self-image

As mentioned earlier, three questions were asked for each brand association. The three questions for each association were then aggregated using Cronbach's alpha value. Depending on the alpha value, we could either use all three, two or only one question for each variable. With reference to the questions used in the experimental study (Appendix 2), a compilation of the variables follows below.

Variable	Questions making up the variable
Brand loyalty	I prefer X to other similar fashion brands I would recommend X to people I know I intentionally shop at stores carrying X
Perceived quality	X is a high quality brand
Authenticity	X delivers what it promises X does not pretend to be something it is not X's product claims are believable
Status	Purchasing X may improve my image X fits the image I want to send out to others, X carries a symbolic meaning
Premium price	X is an expensive brand X wants to be perceived as an expensive brand
Heritage	X has a long and positive history I am Aware of X's brand story X has been around for a long time
Exclusivity	Very few people own X's products X stands for something unique X is a very selective brand
Self-image	X is closely related to the image I have of myself as a person X is connected to the picture I have of the person I would like to be I identify myself with X

**Table 2: Dependent variables**

### 3.8 Hypothesis testing

In order to test the hypotheses stated at the end of our theoretical chapter (the relationship between the treatment and the brand association variables), we need to investigate if there exists a linear relationship between the variables or not. In order to do so, we need to pose the following hypotheses:

$$H_0: \beta = 0$$

$$H_a: \beta \neq 0$$

The null hypothesis above intends that there is no linear relationship between the dependent and the independent variable, since the slope of the line is zero ( $\beta = 0$ ). The



null hypothesis can either be accepted or rejected, which is why an alternative hypothesis is also stated. The alternative hypothesis is only accepted when the null hypothesis is rejected. However, it is enough just to state the null hypothesis. This is because if it is rejected, we automatically need to accept the alternative hypothesis. If the null hypothesis is accepted, and only then, can we conclude that there is no linear relationship between the variables. If the hypothesis, on the other hand, is rejected can we conclude that a linear relationship indeed exists. A perfect linear relationship occurs when the slope ( $\beta$ ) is either 1 or -1. It is important to understand that even if the slope is negative, a linear relationship exists.

Since a null hypothesis is required to test if there exists a linear relationship, the three main hypotheses stated in our theoretical chapter need to be transformed into statistical hypotheses.

The first main hypothesis will thus read as follows:

The hotel description does **not** have a significant impact on consumer evaluations of a luxury fashion brand

We can only conclude that the hotel description influences how consumers evaluate a luxury fashion brand, if the hypothesis above is rejected. The list below shows all the statistical hypotheses that we intend to test. The first set corresponds to the first main hypothesis and the second set to the second main hypothesis.

### 3.8.1 First set of statistical hypotheses

- ✚  $H_{1a}$ : *The hotel description does not have a significant impact on brand loyalty.*
- ✚  $H_{1b}$ : *The hotel description does not have a significant impact on perceived quality*
- ✚  $H_{1c}$ : *The hotel description does not have a significant impact on authenticity*
- ✚  $H_{1d}$ : *The hotel description does not have a significant impact on status*
- ✚  $H_{1e}$ : *The hotel description does not have a significant impact on premium price*
- ✚  $H_{1f}$ : *The hotel description does not have a significant impact on heritage*
- ✚  $H_{1g}$ : *The hotel description does not have a significant impact on exclusivity*
- ✚  $H_{1h}$ : *The hotel description does not have a significant impact on self-image*

### 3.8.2 Second set of statistical hypotheses

- ✚ *H<sub>2a</sub>: Perceived industry closeness does not have a significant impact on brand loyalty*
- ✚ *H<sub>2b</sub>: Perceived industry closeness does not have a significant impact on perceived quality*
- ✚ *H<sub>2c</sub>: Perceived industry closeness does not have a significant impact on authenticity*
- ✚ *H<sub>2d</sub>: Perceived industry closeness does not have a significant impact on status*
- ✚ *H<sub>2e</sub>: Perceived industry closeness does not have a significant impact on premium price*
- ✚ *H<sub>2f</sub>: Perceived industry closeness does not have a significant impact on heritage*
- ✚ *H<sub>2g</sub>: Perceived industry closeness does not have a significant impact on exclusivity*
- ✚ *H<sub>2h</sub>: Perceived industry closeness does not have a significant impact on self-image*

### 3.9 Desired outcome

We will conclude this section with the desired and potential outcome of the study. We hoped to prove our three main hypotheses stated above. This would entail that the hotel as well as perceived industry closeness, have a significant impact on consumer evaluations of luxury brand extensions. The potential of the study is further to investigate if the emotional and functional brand associations are affected differently by the extension.

### 3.10 Methods for statistical analysis

*In this part we intend to highlight and explain the different statistical methods used in order to present our findings.*

#### 3.10.1 Regression analysis

The answers we received in the different surveys were translated into numbers so that variables could be created. This allowed us to use regression analysis in order to interpret them. The point with this procedure was to find out if there existed a relationship between our independent variable (the hotel description) and our dependent variables (the brand associations).

A regression analysis is a strategic procedure that allows the researcher to analyze the associative relationship between one or several independent variable/s and a dependent variable (Malhotra, 2009). It is used in order to explain the true value of the

variables in the entire population, based on the chosen sample (Malhotra, 2009). The most basic and common way of analyzing the relationship is to determine whether a relationship exists. If so, the researcher can also determine the strength of the relationship, meaning how much of the variation in X that can explain the total variation in Y. A regression analysis allows the researcher to analyze for both possibilities (Malhotra, 2009).

More specifically, a regression is a line that tries to predict the relationship between the independent variable and the dependent variable. The equation of the line looks like this:

$$Y = \alpha + \beta x + e$$

It shows how much of  $Y$  (dependent variable) that increases when  $X$  (independent variable) increases with one unit.  $\beta$  is the slope of the correlation of  $x$  (independent variable). The error term, defined as  $e$ , shows how the actual value differs from the predicted value of the line.  $\alpha$  is the value at which the line intersects the  $Y$ -axis. In our case, the dependent variable will be represented by a brand association and the independent variable by the hotel description.

## 4. Empirical findings

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*In this chapter we will present the results we have obtained from our pre- and experimental study. We will start by presenting the results and related questions of the pre-study, which are followed by the results and related questions of the experimental study.*

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### 4.1 Pre-study

Since this thesis emphasizes on luxury fashion brands, we found it necessary to reassure ourselves of that the brands we used in our main experimental study was perceived to fall within the luxury fashion category. In this section, the results from the pre-study are presented.

The total number of respondents who answered the pre-survey was 50. Out of those 50, 32 respondents were men and 18 were women. The respondents were ranged between 20 and 40 years of age.

The two initial questions categorized the gender and age of the respondents. This section was followed by the first question, where the respondents were asked which of the brands presented in the table below, that they believed offer home furnishing products. From this question, we obtained 31 complete responses, which were distributed according to the following table:

<b>Brands</b>	<b>Number of consumers who believed the brand to offer home furnishing products</b>	<b>Percentage of consumers who believed the brand to offer home furnishing products</b>
Louis Vuitton	17	55 %
Armani	14	45 %
Hermès	13	42 %
Versace	12	39 %
Dior	7	23 %
Fendi	6	19 %
Prada	6	19 %
Diane Von Furstenberg	5	16 %
Ferragamo	4	13 %
Chanel	3	10 %
Zegna	3	10 %

**Table 3: Pre-study results 1**

From these results we can deduce that Louis Vuitton was the brand that got the highest score. 55 % of the respondents perceived that Louis Vuitton is the brand that is most likely to offer home furnishing products. We believe that this indicates that Louis Vuitton is the brand with the highest perceived industry closeness and thus closest to the hospitality industry.

In contrary to the first question, the second question sought to understand which of the brands that the respondents instead did not perceive to be a brand that offers home furnishing products. Here, 36 persons gave a complete response and the distribution of the answers is as follows:

<b>Brands</b>	<b>Number of consumers who believed that the brand <i>do not</i> offer home furnishing products</b>	<b>Percentage of consumers who believed that the brand <i>do not</i> to offer home furnishing products</b>
Chanel	26	72 %
Dior	26	72 %
Armani	21	58 %
Hermès	20	55 %
Prada	20	55 %
Zegna	19	53 %
Diane Von Furstenberg	19	53 %
Fendi	18	50 %
Ferragamo	18	50 %
Versace	18	50 %
Louis Vuitton	17	47 %

**Table 4: Pre-study results 2**

In this case, the results imply that the Chanel and the Dior brand scored equally high, that is, 72% of the respondents perceived that Chanel and Dior are brands that do not offer home furnishing products. In comparison to the first question, this would mean that Chanel and Dior are the brands with the lowest perceived industry closeness. In other words, of the available brands in the list, Chanel and Dior are the brands least likely to offer home furnishing products and thus most distant from the hospitality industry.

The three following and final questions consisted of three different hotel descriptions. For each description, we asked the respondents to what degree that they perceived the hotel as a luxury hotel. They responded according to the table below.

Hotels	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
Hotel 1			12 %	25 %	63 %
Hotel 2		3 %	12 %	32 %	53 %
Hotel 3		10 %	19 %	38 %	33 %

**Table 5: Pre-study results 3**

These results show that hotel 1 scored the highest. Consequently, 63% of the respondents strongly agreed to that the description we made up of hotel 1 goes in line with what they perceive to be a luxury hotel. Therefore, we used the first hotel description as the hotel description in our experimental study. It follows below.

<b>Hotel 1 description</b>
The hotel is situated near the historical city center, overlooking the city park. It features 180 rooms and suites, one private spa, one private member’s club, six restaurants and one nightclub. Each of the rooms and suites are clad in custom created lux fabrics from Florence, Italy. The floors are covered with Japanese Tatami and the bathrooms feature Brazilian marble. The bathrooms are installed with one Jacuzzi and two showers. All rooms feature a surround sound system, two Walk-in wardrobes, a portable computer and one espresso machine. The spa covers 10.000 square feet and each guest receives personal consultation from the spa manager. The restaurants offer food from several different cuisines (Italian, South-American, French, Asian, Scandinavian and Spanish).

**Table 6: Hotel description**

#### 4.1.1 Follow-up survey

<b>Brand</b>	<b>Percentage of consumers who believed the brand to be present in the hospitality industry</b>
Chanel	14%
Louis Vuitton	86%

**Table 7: Follow-up survey results**

The follow-up study was conducted in order to test our assumption about perceived industry closeness that we based upon Aaker and Keller’s (1990) three fit variables. The result shows that the majority of consumers perceived Louis Vuitton to be present in the hospitality industry, while only a few believed the same thing for Chanel. This result supports our assumption that Louis Vuitton has higher perceived industry closeness than Chanel. This result also confirms that Chanel is perceived to have low perceived industry closeness.

## 4.2 Experimental study

### 4.2.1 Replacing missing values

To begin with, we can identify that we have a missing response rate of 14,7%. Missing responses occur when the respondents skip a question or chose the *no opinion* answering alternative. A missing response becomes a missing value in statistical analysis and could distort the analysis of the data (Malhotra, 2009). To overcome and avoid this issue, we will treat the missing responses by using what is referred to as *multiple imputation*. There are a number of possible ways to treat missing values, but multiple imputation is considered as one of the most unbiased and qualitative techniques (Wayman, 2003). Multiple imputation means that all missing values are replaced separately with a set of plausible values. The different sets of plausible values are then combined so that they can make up one single value for each missing value. In our case, we consider multiple imputation through regression as the most appropriate technique. This means that a missing value is inserted into a regression model that uses the previous questions as covariates (Yuan, 2000). In other words, the new value depends on previous questions. Even though this technique is highly qualitative, imputing missing values through regression is only an educated guess. It reflects the uncertainty of missing values (Yuan, 2000), but is in no way a perfect substitution for the missing values.

Further, treating missing values could distort the data, which is why the general thumb rule is not to treat missing values that exceed 10% of the total data (Malhotra, 2009). However, the critical percentage is 15 and all missing data that falls within the 5-15 percentage range is deemed acceptable to treat (Acuña & Rodriguez, 2004). As we mentioned earlier, in our case, the missing values exceeds 10% but still falls within the critical level of 15%.

Multiple imputation was conducted in accordance with the technique described above for all questions treating the eight brand associations. However, the four hotel related questions were not imputed. The missing response rate for those questions was only 6.5%. The missing response rate is not large enough to bias the results, which is why a multiple imputation is not necessary.

### 4.2.2 Calculating the variables

Since we have several questions for the same association, we want to see if we can combine the questions to make up one variable. In order to make a satisfactory combination of the questions, it is important that the respondents' answers of the questions do not differ too much (Malhora, 2009). In other words, we want to make sure

that the questions have the same meaning for the majority of the respondents. Therefore, it is important that the answers do not vary too much. If there is a high level of variation, we cannot treat the questions as one variable. In order to check for the level of variation, we will look at the reliability of the combination. Reliability measures to what extent a scale produces coherent results when measurements are made repeatedly. It will help us to understand if the questions have the same meaning for the respondents and can be used as one variable. The level of reliability was based upon Cronbach's alpha coefficient, which varies from 0 to 1 (Malhotra, 2009). A value that exceeds 0.6 indicates a satisfactory reliability. This means that if we receive a value higher than 0.6 on the questions treating the same associations, we can group the questions together as one variable. All relevant data can be found in Appendix 3.

We will start to look at the reliability of the four hotel related questions. In this case, Cronbach's alpha coefficient is 0.775, which is above the critical value of 0.6. We can thus conclude that the four hotel related questions can be combined and used as one variable.

When presenting Cronbach's alpha value for the eight brand associations, we will analyze all plausible data sets of the multiple imputation. In the imputed datasets, Cronbach's alpha is compared to the original dataset to make sure that they do not differ too much. This is important in order to check for that our imputation has not biased the results.

*Brand loyalty* – in this case, Cronbach's alpha exceeds 0.6, ranging between 0.731 and 0.740 in the different datasets. This indicates a satisfactory result and means that the questions can be combined as one variable.

*Perceived quality* – the three questions have an alpha value between 0.236 and 0.310 in the datasets, which indicates that the questions cannot be used as one variable. If we would remove question 13, we would receive a satisfactory result in one of the data sets. However, this is not enough. The perceived quality variable will therefore only be made up of one question.

*Authenticity* – the questions have a satisfactory alpha value that ranges between 0.712 and 0.793 and can consequently be used as one variable.

*Status* – in this case, all questions can also be used as one variable, since the alpha value exceeds 0.6 in all datasets, ranging between 0.668 and 0.692.

*Premium price* – in order to receive a satisfactory alpha value here, question 22 must be removed. This result is coherent in all five datasets. When question 22 is removed, Cronbach's alpha ranges between 0.692 and 0.740.



*Heritage* – the three questions have a satisfactory alpha value in four of the five imputed datasets, ranging between 0.616 and 0.641. This result is enough and will allow us to combine all three questions.

*Exclusivity* – in this case, all three questions can be used as one variable since the alpha value ranges between 0.613 and 0.629.

*Self-image* – the self-image questions have an alpha value between 0.878 and 0.887 in the different data sets and can also be used together as one variable.

#### 4.2.3 Overview of survey differences

We want to see how the combined brand association variables differ between the surveys. By doing so, we will be provided with an initial overview of how the brands are perceived by the consumers, depending on the type of survey they received. We will look at the differences between the brand associations for each survey and compare the results. All six possible survey comparisons will be reviewed, which are as follows:

- ✚ Chanel A (hotel) vs. Chanel B
- ✚ Chanel A (hotel) vs. Louis Vuitton C (hotel)
- ✚ Chanel A (hotel) vs. Louis Vuitton D
- ✚ Chanel B vs. Louis Vuitton C (hotel)
- ✚ Chanel B vs. Louis Vuitton D
- ✚ Louis Vuitton C (hotel) vs. Louis Vuitton D

Chanel A and Louis Vuitton C are the two treatment surveys carrying the hotel description. Chanel B and Louis Vuitton D are the two control surveys with no hotel description. In order to identify a difference between the surveys, we will measure the associations' mean value for each survey. We will use a confidence interval of 90%, which means that the results retrieved from our sample can be applied to 90% of our intended target population. Any mean difference must receive a Sig. (2-tailed) value under 10% in order to be applicable to the intended target population. All identified mean value differences between the surveys presented below are statistically significant with a Sig. (2-tailed) value under 10%. All other potential differences will be excluded from the results.

The five imputed datasets are combined in the table on the next page, which is statistically referred to as pooled results. The table summarizes the results.

Comparison of column mean				
	Chanel A (hotel)	Chanel B	L. Vuitton C (hotel)	L. Vuitton D
Hotel description	C	-		-
Brand loyalty		C D		
Perceived quality	B C D			
Authenticity	B			
Status	D	D		
Premium price	C			
Heritage	C D	D		
Exclusivity	C D	C D		
Self-image		D		
Results are based on two-sided tests assuming equal variances with significance level ,1. For each significant pair, the key of the smaller category appears under the category with larger mean.				

**Table 8: Custom mean table**

The letters in the table above represents the different surveys. They indicate for which of the surveys that the mean value is higher for a specific association. To exemplify, for the hotel related questions, the Chanel A (hotel) survey had a higher mean value than on Louis Vuitton survey C (hotel), which is presented by the letter C in the Chanel A (hotel) column.

#### *Hotel description – Q5-Q8*

As can be deduced from the table above, the hotel description received a higher mean value on the Chanel survey than the Louis Vuitton survey. Consequently, we can see that the respondents evaluated the Chanel hotel more favorably than the Louis Vuitton hotel.

#### *Brand loyalty – Q10-Q12*

According to the results, the only measured difference was between Chanel survey B and the two Louis Vuitton surveys. The respondents evaluated Chanel B better on brand loyalty than both the Louis Vuitton surveys. This indicates that that the respondents are more loyal to the Chanel brand than the Louis Vuitton brand.

#### *Perceived quality – Q13-Q15*

We can deduce that perceived quality received a significantly higher mean value on Chanel survey A (hotel) than Chanel B and the two Louis Vuitton surveys. This result indicates that consumers, who are aware of the Chanel hotel, perceive the brand as more

qualitative. Further, the respondents who received the hotel description for Chanel seemed to rate it higher on perceived quality than Louis Vuitton. This is the case regardless of whether the Louis Vuitton brand is presented with a hotel or not.

#### *Authenticity – Q16-Q18*

The only measured difference on authenticity is between the two Chanel surveys. We can deduce that the Chanel survey with the hotel description was evaluated more favorably on authenticity than the Chanel survey without the hotel. This means that Chanel is perceived to be more authentic and credible when it is presented with the hotel.

#### *Status – Q19-Q21*

For the status association, there is no difference between the two Chanel surveys. However, we can see that the Chanel brand is rated higher than the Louis Vuitton brand. It thus seems like the respondents believe Chanel to have a more positive impact on their status than Louis Vuitton.

#### *Premium price – Q22-Q24*

The only measured difference on premium price is between the two surveys with the hotel description (A and C). The respondents rated Chanel higher on premium price than Louis Vuitton. No other statistical conclusion can be drawn from this example.

#### *Heritage – Q25-Q27*

In this case, we can see that both Chanel surveys received a higher mean value than the Louis Vuitton D survey. We can further deduce that the Chanel survey with the hotel was evaluated more favorably than the Louis Vuitton survey with the hotel. Chanel thus seems to have a stronger and more positive history than Louis Vuitton.

#### *Exclusivity – Q28-Q30*

Regardless of whether the Chanel brand is presented with the hotel or not, it received a higher mean value than the Louis Vuitton brand. This indicates that Chanel is more strongly associated with exclusivity than Louis Vuitton.

#### *Self-image – Q31-Q33*

In this case, we can see that there is no measured difference between the two surveys with the hotel description (A and C). However, we can deduce that the Chanel survey

where the hotel was absent was more positively associated with self-image than the Louis Vuitton survey without the hotel.

#### 4.2.4 Testing hypotheses

When testing the hypotheses we first need to check for three general assumptions. Those are:

1. That the error term is normally distributed
2. That the variance of the error term is constant and does not depend on the x values
3. That the error terms are uncorrelated

The assumptions indicate if the regression model is appropriate and can test the linear relationship between the variables. As with the custom mean table, all variables are tested with a 90% confidence interval. Since we have conducted a multiple imputation, SPSS automatically presents the data with both the original and the five imputed datasets. If not stated otherwise, all three assumptions above are fulfilled for all hypotheses.

As we discussed in our methodological chapter, a linear relationship could either be positive or negative. A positive relationship in the examples below indicates that the more favorably the respondents rate the hotel, the more favorably will they also rate the brand on the specific association.

*First set of hypotheses*

The first hypothesis we will test is  $H_{1a}$ .

✚  $H_{1a}$ : The hotel description does not have a significant impact on brand loyalty.

We will now present the reader with all the information necessary to test the hypothesis.

**ANOVA<sup>a</sup>**

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	7,532	1	7,532	17,502	,000 <sup>b</sup>
		Residual	30,986	72	,430		
		Total	38,518	73			
1	1	Regression	7,742	1	7,742	18,766	,000 <sup>b</sup>
		Residual	35,070	85	,413		
		Total	42,812	86			
2	1	Regression	7,224	1	7,224	17,889	,000 <sup>b</sup>
		Residual	34,324	85	,404		
		Total	41,548	86			
3	1	Regression	8,358	1	8,358	20,177	,000 <sup>b</sup>
		Residual	35,210	85	,414		
		Total	43,568	86			
4	1	Regression	6,968	1	6,968	17,479	,000 <sup>b</sup>
		Residual	33,885	85	,399		
		Total	40,853	86			
5	1	Regression	7,833	1	7,833	18,991	,000 <sup>b</sup>
		Residual	35,061	85	,412		
		Total	42,894	86			

a. Dependent Variable: Brand loyalty

b. Predictors: (Constant), Hotel treatment

**Table 9: ANOVA example**

The first table we will look at is the ANOVA table. We need to look at this table in order to determine if the model is appropriate for regression analysis or not. As we can see below the table, the brand loyalty variable is used as the dependent variable and the hotel treatment variable as the independent variable. The table presents us with the original dataset (without imputation) and the five imputed datasets. Looking at the five imputed datasets, we can see that the regression model has a significant p-value (Sig.) for all five datasets. This is presented in the column at the far right where all datasets have a p-value lower than 10%. Since the p-value is below 10% in all imputed datasets, the model is appropriate for regression analysis.

**Model Summary<sup>b</sup>**

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,442 <sup>a</sup>	,196	,184	,65602
1	1	,425 <sup>a</sup>	,181	,171	,64233
2	1	,417 <sup>a</sup>	,174	,164	,63546
3	1	,438 <sup>a</sup>	,192	,182	,64361
4	1	,413 <sup>a</sup>	,171	,161	,63138
5	1	,427 <sup>a</sup>	,183	,173	,64225

a. Predictors: (Constant), Hotel treatment

b. Dependent Variable: Brand loyalty

**Table 10: Model Summary example**

The second table we will look at is the Model summary table. This shows how much of the variation in the dependent variable that can be explained by the independent variable. This is presented using R Square. We can see that the R Square value for the five imputed datasets ranges from 0.171 to 0.192. This indicates that the hotel description can explain 17% to 19% of the variation in brand loyalty.

**Coefficients<sup>a</sup>**


Imputation Number	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90.0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
			B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	1,044	,312		3,343	,001	,524	1,564			
		Hotel treatment	,374	,089	,442	4,184	,000	,225	,523			
1	1	(Constant)	1,108	,277		4,004	,000	,648	1,569			
		Hotel treatment	,345	,080	,425	4,332	,000	,213	,478			
2	1	(Constant)	1,155	,274		4,217	,000	,700	1,610			
		Hotel treatment	,333	,079	,417	4,230	,000	,202	,465			
3	1	(Constant)	1,051	,277		3,790	,000	,590	1,513			
		Hotel treatment	,359	,080	,438	4,492	,000	,226	,491			
4	1	(Constant)	1,186	,272		4,357	,000	,733	1,638			
		Hotel treatment	,327	,078	,413	4,181	,000	,197	,458			
5	1	(Constant)	1,096	,277		3,961	,000	,636	1,557			
		Hotel treatment	,347	,080	,427	4,358	,000	,215	,480			
Pooled	1	(Constant)	1,119	,281		3,979	,000	,656	1,582	,042	,043	,992
		Hotel treatment	,342	,080		4,259	,000	,210	,475	,028	,029	,994

a. Dependent Variable: Brand loyalty

**Table 11: Coefficients example**

The third table (Coefficients) shows if it exists a linear relationship between the two variables. In this final table, the data is presented with a pooled result, which shows the combined result of all five imputed datasets. This allows us to investigate all five datasets, which are all imputed differently, as one. This *pooled* result is therefore the most reliable and qualitative result. In the final and pooled row, the p-value (Sig.) is well below 10%, which indicates that it indeed exists a linear relationship between hotel treatment and brand loyalty. Since the  $\beta$ -value (Beta) is positive, we can deduce that the linear relationship also is positive. This indicates that the hotel description has a positive impact on how consumers rate brand loyalty.

We can now test the  $H_{1a}$  hypothesis.

  $H_{1a}$ : The hotel description does not have a significant impact on brand loyalty.

Since we have checked for that the model is appropriate for regression analysis, we can conclude, using the coefficient table, that we can reject the hypothesis. In other words, we can conclude that the hotel description **does** have a significant impact on brand loyalty.

For the following hypotheses we will not present the entire output. However, all relevant data can be found in Appendix 5. We have interpreted the following data in the same manner as above. The results will therefore be presented in the same order.

✚ *H<sub>1b</sub>: The hotel description does not have a significant impact on perceived quality*

Firstly, in this case the three assumptions are not fulfilled. Since the assumptions are unfulfilled, the model is not appropriate for regression analysis. Consequently, we cannot test whether a linear relationship exists between the two variables. No other statistical conclusions can be drawn.

✚ *H<sub>1c</sub>: The hotel description does not have a significant impact on authenticity*

The regression model is appropriate in all five imputed datasets. We can further see that 21% to 35% of the variation in authenticity is caused by the hotel description. Finally, from the coefficients' table can we deduce that it indeed exists a positive linear relationship between the two variables. The linear relationship is highly significant with a p-value of 0.036. These results allow us to reject the hypothesis and we can conclude that the hotel description does have a significant impact on authenticity.

✚ *H<sub>1d</sub>: The hotel description does not have a significant impact on status*

The regression model is appropriate in all cases. We can further deduce that 38% to 42% of the variation in status is caused by the hotel description. We can also see that there exists a linear relationship between the variables with a p-value of 0.000. Further, the  $\beta$ -value indicates that the relationship is positive. The significant p-value (0.000) allows us to reject the hypothesis, which means that the hotel description does have a significant impact on status.

✚ *H<sub>1e</sub>: The hotel description does not have a significant impact on premium price*

The model is appropriate for all five imputed datasets. We can also see that the hotel description can explain 24% to 30% of the variation in premium price. From the coefficients' table can we further deduce that it exists a positive linear relationship between the two variables with a p-value of 0.012. We can thus reject the hypothesis and state that the hotel description does have a significant impact on premium price.

✚ *H<sub>1f</sub>: The hotel description does not have a significant impact on heritage*

The regression is appropriate in all imputed datasets. We can also deduce that 24% to 31% of the variation in heritage is caused by the hotel description. Lastly, we can deduce that it exists a linear relationship between the variables, since the p-value is 0.019. We can also deduce that the relationship is positive. The hypothesis can thus be rejected and we can conclude that the hotel description does have a significant impact on heritage.

✚ *H<sub>1g</sub>: The hotel description does not have a significant impact on exclusivity*

We can see that the regression is appropriate for all imputed datasets. We can also deduce that 30% to 31% of the variation in exclusivity is caused by the hotel description. Further, the relationship is linear since the p-value in the coefficients' table is 0.003. The  $\beta$ -value also indicates that the relationship is positive. Therefore, we can now reject the hypothesis and conclude that the hotel description also has a significant impact on exclusivity.

✚ *H<sub>1h</sub>: The hotel description does not have a significant impact on self-image*

The regression is appropriate in all five imputed datasets, with a p-value that ranges between 0.000 and 0.001. We can also see that 36% to 39% of the variation in self-image is caused by to the hotel description. We can further deduce that it exists a significant positive linear relationship between the variables with a p-value of 0.000. The hypothesis can thus be rejected and we can state that the hotel description does have a significant impact on self-image.

### *Second set of hypotheses*

The pre-study we conducted allowed us to measure the perceived industry closeness for the two investigated brands. It showed that Louis Vuitton was the brand that was perceived to have high industry closeness and that Chanel was the brand with low perceived industry closeness. In order to measure perceived industry closeness' impact on the evaluation of the brands, we must first investigate the brands separately and then compare the results. We need to investigate how the hotel description has affected the evaluation of the two brands separately. By comparing the results, we can then establish if perceived industry closeness has an impact on how consumers evaluate luxury brands. In accordance with how we approached the first set of hypotheses, the necessary data will be presented for the first hypothesis. For the other hypotheses, we will only present the results. All relevant data can be found in Appendix 6.

✚ *H<sub>2a</sub>: Perceived industry closeness does not have a significant impact on brand loyalty*

We will not present the ANOVA table but only conclude that the model is appropriate for regression analysis for both brands in all five datasets. In order for the hypothesis to be rejected, there should only be a significant impact on one of the brands. Therefore, we will not interpret the difference in variation between the brands. Whether the



hypothesis is accepted or rejected will only be based upon the coefficients' table and if it exists a linear relationship between the variables.

**Coefficients<sup>a</sup>**

Imputation Number	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
		B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	,875	,564		,130					
		Hotel treatment	,449	,161	,426	2,789	,009	-,078	1,827		
1	1	(Constant)	,938	,534		,086					
		Hotel treatment	,410	,153	,379	2,682	,010	,040	1,837		
2	1	(Constant)	,783	,516		,136					
		Hotel treatment	,454	,147	,425	3,082	,004	-,084	1,650		
3	1	(Constant)	,848	,540		,124					
		Hotel treatment	,432	,154	,392	2,798	,008	-,060	1,756		
4	1	(Constant)	,905	,519		,089					
		Hotel treatment	,421	,148	,397	2,836	,007	,032	1,778		
5	1	(Constant)	,901	,540		,103					
		Hotel treatment	,415	,154	,379	2,689	,010	-,007	1,809		
Pooled	1	(Constant)	,875	,534		,101				,016	,997
		Hotel treatment	,426	,153		2,792	,005	-,004	1,754	,016	,997

a. Dependent Variable: Brand loyalty

**Table 12: Coefficients table - Chanel**

This first table shows that it exists a linear relationship between the hotel description and brand loyalty for the Chanel brand, since the p-value is 0.005. The  $\beta$ -value is also positive, indicating a positive linear relationship. We will now compare these results with the Louis Vuitton brand.

**Coefficients<sup>a</sup>**

Imputation Number	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
		B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	1,110	,364		,004					
		Hotel treatment	,327	,104	,469	3,142	,003	,496	1,725		
1	1	(Constant)	1,175	,310		,001					
		Hotel treatment	,308	,090	,476	3,427	,001	,653	1,697		
2	1	(Constant)	1,312	,314		,000					
		Hotel treatment	,272	,091	,426	2,980	,005	,783	1,841		
3	1	(Constant)	1,133	,307		,001					
		Hotel treatment	,318	,089	,492	3,574	,001	,616	1,650		
4	1	(Constant)	1,303	,309		,000					
		Hotel treatment	,279	,090	,441	3,110	,003	,168	1,823		
5	1	(Constant)	1,176	,306		,000					
		Hotel treatment	,310	,089	,484	3,496	,001	,782	1,823		
Pooled	1	(Constant)	1,220	,322		,000				,080	,984
		Hotel treatment	,297	,093		3,213	,001	,689	1,750	,062	,988

a. Dependent Variable: Brand loyalty

**Table 13: Coefficients table - Louis Vuitton**

As we can deduce from the table above, the p-value for the Louis Vuitton brand (0.001) is lower than for the Chanel brand. We can also deduce that the slope of the line ( $\beta$ ) is closer to 1, indicating that the line is closer to a perfect positive linear relationship for Louis Vuitton. With the help of this data we can now test the hypothesis.

✚  $H_{2a}$ : Perceived industry closeness does not have a significant impact on brand loyalty

Even though we could identify a difference between the two brands, we cannot reject the hypothesis. This is due to that the hotel description had a significant impact on

brand loyalty for both brands. We must therefore accept the hypothesis, which indicates that perceived industry closeness **does not** have a significant impact on brand loyalty.

✚ *H<sub>2b</sub>: Perceived industry closeness does not have a significant impact on perceived quality*

For Chanel, the three assumptions were not fulfilled resulting in an inappropriate model. For Louis Vuitton, on the other hand, the model is appropriate in four of the five imputed datasets. This indicates that the model is appropriate for regression analysis for Louis Vuitton. We can also deduce that a linear relationship exists between the two variables since the p-value is 0.033. The relationship is also positive.

These results indicate that we can reject the hypothesis and conclude that perceived industry closeness does have a significant impact on perceived quality.

✚ *H<sub>2c</sub>: Perceived industry closeness does not have a significant impact on authenticity*

As we can deduce from the Chanel data, the regression model is appropriate in four of the five imputed datasets, which indicates that the model is appropriate for analysis. The coefficients' table shows that there does not exist a significant and positive linear relationship between the variables since the p-value is 0.111, which is above the critical value of 0.1.

We will now compare these results with the Louis Vuitton brand. This poses a problem, since the three assumptions are not fulfilled. That, along with the fact that there is no linear relationship between the variables for Chanel, means that we cannot test the hypothesis. This means that we must accept the hypothesis. Therefore, perceived industry closeness does not have a significant impact on authenticity.

✚ *H<sub>2d</sub>: Perceived industry closeness does not have a significant impact on status*

When looking at status for Chanel we can see that the model is appropriate for all imputed datasets. We can also deduce that it exists a positive linear relationship between the hotel description and status since the p-value is 0.035.

When looking at the same variable for the Louis Vuitton brand, we can see that the model is appropriate for regression analysis for all datasets. We can also see that it exists a positive linear relationship between the variables with a p-value of 0.000.

Based on the data, we must accept the hypothesis, which means that perceived industry closeness does not have a significant impact on status.

✚ *H<sub>2e</sub>: Perceived industry closeness does not have a significant impact on premium price*

When looking at premium price for the Chanel brand, we can see that the model is not appropriate for any of the imputed datasets even though the assumptions are fulfilled.

This is due to that the p-value is above 10% in all datasets. No linear relationship can thus be determined.

For the Louis Vuitton brand, in contrary, the model is appropriate for all datasets. We can also see that it exists a positive linear relationship between the variables with a p-value of 0.020.

This result allows us to reject the hypothesis and we can determine that perceived industry closeness does have an impact on premium price.

✚ *H<sub>2f</sub>: Perceived industry closeness does not have a significant impact on heritage*

Just as in the example above, all assumptions are fulfilled for Chanel but the model is still not appropriate for regression analysis. We can therefore not determine a linear relationship between the variables.

For Louis Vuitton, on the other hand, we can deduce that the model is appropriate for all datasets. The p-value is 0.033, which indicates that it exists a linear relationship between the two variables. We can also deduce that the relationship is positive.

Based on this information we can reject the hypothesis. We can thus confirm that perceived industry closeness does have a significant impact on heritage.

✚ *H<sub>2g</sub>: Perceived industry closeness does not have a significant impact on exclusivity*

In this case, the model is appropriate for all datasets of the Chanel brand. We can also see that there exists a positive linear relationship between the two variables since the p-value (0.070) is below 0.1.

When we look at the Louis Vuitton brand, we can also see that the model is appropriate and that there exists a positive linear relationship between the variables. The p-value for Louis Vuitton is 0.033.

Due to that the hotel description has a significant impact on both brands, we have to accept the hypothesis. Perceived industry closeness does not have a significant impact on exclusivity.

✚ *H<sub>2h</sub>: Perceived industry closeness does not have a significant impact on self-image*

Looking at the Chanel brand, we see that the regression model is appropriate for analysis in all five datasets. We can further deduce that with a p-value of 0.026, a linear relationship does exist. The relationship is also positive.

The model is appropriate for regression analysis in all five datasets for the Louis Vuitton brand as well. We can also see that it exists a positive linear relationship between the two variables with a p-value of 0.002.

Since the relationship is significant in both cases, we must accept the hypothesis and conclude that perceived industry closeness does not have a significant impact on self-image.

#### 4.2.5 Using the results

A summary of these results will be presented together with the discussion in the next chapter. The two sets of statistical hypotheses we have tested above will be used as basis for the discussion around the two first main hypotheses. The third and final main hypothesis will be discussed using the custom mean table.

## 5. Discussion

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*This chapter provides with a discussion of the results obtained in the previous chapter. The focal point of this chapter evolves around the three hypotheses presented at the end of the theoretical chapter. They will be used in order to answer our research question.*

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Based on the results in the previous chapter, we can conclude that:

- ✚ The hotel description has an influence on how consumers evaluate a luxury fashion brand
- ✚ Perceived industry closeness does not have a significant influence on how consumers evaluate a luxury fashion brand in its original industry
- ✚ Perceived industry closeness does not have a significant impact on how consumers evaluate the extension

We will now present the reasoning behind these three conclusions.

### 5.1 Luxury brand evaluation

Hypothesis 1: The hotel description has an influence on how consumers evaluate a luxury brand

We have looked at the hotel description's influence on each of the eight brand associations. We found out that the hotel description influenced how the consumers evaluated seven of the eight brand associations (the only exception being perceived quality). This means that the hotel description has an influence on how consumers evaluate a luxury brand. The table on the next page summarizes the first set of statistical hypotheses.

Hypothesis	Outcome
The hotel description does not have a significant impact on brand loyalty	Rejected
The hotel description does not have a significant impact on perceived quality	-
The hotel description does not have a significant impact on authenticity	Rejected
The hotel description does not have a significant impact on status	Rejected
The hotel description does not have a significant impact on premium price	Rejected
The hotel description does not have a significant impact on heritage	Rejected
The hotel description does not have a significant impact on exclusivity	Rejected
The hotel description does not have a significant impact on self-image	Rejected

**Table 14: First set of statistical hypotheses**

### 5.1.1 A successful extension equals loyal consumers

In contrary to the studies of Hem & Iversen (2003), we have investigated the influence of the extension on brand loyalty rather than the other way around. However, their definition of brand loyalty as the most important equity association that helps to create added value for the brand, is also true in our case. As also discussed by Keller (2001), we argue that brand loyalty is the only association that is made up by both functional and emotional associations. In accordance with Hem & Iversen, we argue that brand loyalty is the most important brand association for a luxury fashion brand, as well as for any other brand. In our two cases, we found out that the extension influenced brand loyalty. Our study shows that the more favorably the hotel was perceived, the more loyal the consumers felt towards the brand. This also indicates that the less favorably the hotel is viewed, the less loyal the consumers feel towards the brand.

Our study was based upon consumers in general, rather than existing-customers. The findings show a positive impact of the extension on brand loyalty. Based on the study, we therefore argue that consumers who perceive the extension positively and are loyal towards the extended brand, will also become more loyal to the parent brand in its original industry.

### 5.1.2 A positive extension strengthens the functional associations

Perceived quality was the only functional association that we could not measure. We, in accordance with Aaker (1996), believe that this has to do with that perceived quality is

something that is strongly associated with other key brand associations. It could therefore be argued that perceived quality, as a luxury association, might not be appropriate to measure independently. Authenticity, exclusivity and premium price, as we have defined them in our theoretical chapter, are all highly related to quality. This means that these associations could be examined one by one or combined as an association related to quality. We found out that these three associations are all affected by the extension. They are all affected positively, if the consumers perceive the hotel positively. If consumers, on the other hand, would experience the hotel negatively, the three brand associations would also be affected negatively.

Our findings support the findings of Aaker and Keller (1990), who emphasized on the importance of functional associations when studying brand extensions. Interestingly, our study shows that functional associations are crucial to keep in mind when studying luxury brand extensions as well. In our case, the extension was represented by a hotel description. As we have seen, functional associations play a central part for service brands (Xu & Chan, 2008). Our study shows that the hotel and the functional associations of the brand are strongly correlated. Therefore, we can argue that if the hotel is perceived positively, it will transfer the specific service-functional associations back to the luxury fashion brand in its original industry. This might indicate that the brand will be affected on the same associations that characterize the extension.

### **5.1.3 A positive extension strengthens the emotional associations**

The study we conducted shows that all three emotional brand associations (status, heritage and self-image) are positively affected by the proposed extension. We can see that the emotional associations connected to the luxury brand are affected in the same way as the functional associations. This indicates that brands that carry specific emotional associations are just as likely to be affected by this type of brand extension as other brands. It thus seems like the brand is affected on all associations, regardless of which associations that characterize the extension.

In our case, we can see that even though the brand entered an industry that seemed to be more strongly characterized by functional associations, the emotional associations were affected to the same extent. We believe that this has to do with that these emotional associations are very important, since they lie close to the core of the luxury fashion brand in its original industry. This is also supported by Kapferer & Bastien (2009). It therefore follows naturally that when a luxury fashion brand's functional associations are affected, the emotional associations are affected as well.

#### 5.1.4 Eduction of the hotel's influence on consumer evaluation

Our findings indicate that both the functional and emotional associations that make up a luxury fashion brand are affected equally much of the extension. We can therefore argue that the hotel description does have an influence on how consumers evaluate a luxury brand in its original industry.

#### 5.2 Perceived industry closeness

Hypothesis 2: Perceived industry closeness has an influence on how consumers evaluate a luxury fashion brand in its original industry

The hotel description's influence has been tested independently for the two brands on each of the eight brand associations. We found out that there was a significant difference between the brands on three of the eight associations. Perceived industry closeness does not have an influence on how consumers evaluate a luxury fashion brand in its original industry, since only three of the eight associations were affected. The table below summarizes the second set of statistical hypotheses.

Hypothesis	Outcome
Perceived industry closeness does not have a significant impact on brand loyalty	Accepted
Perceived industry closeness does not have a significant impact on perceived quality	Rejected
Perceived industry closeness does not have a significant impact on authenticity	Accepted
Perceived industry closeness does not have a significant impact on status	Accepted
Perceived industry closeness does not have a significant impact on premium price	Rejected
Perceived industry closeness does not have a significant impact on heritage	Rejected
Perceived industry closeness does not have a significant impact on exclusivity	Accepted
Perceived industry closeness does not have a significant impact on self-image	Accepted

Table 15: Second set of statistical hypotheses

#### 5.2.3 Perceived industry closeness does not affect consumer loyalty

There was no considerable difference in how the consumers rated brand loyalty for Chanel and Louis Vuitton. For both brands, the hotel description affected the loyalty



association to more or less the same extent. We cannot argue that perceived industry closeness influences brand loyalty, since the hotel affected them both.

That perceived industry closeness does not influence brand loyalty could be explained by using Tauber's (1988) two fit variables. Our pre-study showed that consumers perceive Louis Vuitton to be closer to the hospitality industry than Chanel. This corresponds to Tauber's first variable; *fit*. He defines *fit* as the new product category being logical and expected of the brand. However, as we could deduce from the custom mean table, consumers perceived the Chanel hotel more favorably than the Louis Vuitton hotel. This indicates that Chanel weighs stronger on Tauber's second variable; *leverage*, which is the extent to which consumers perceive the brand as better than the competitors in the new industry (Tauber, 1988). We will discuss the relationship between fit, leverage and loyalty more explicitly under hypothesis three.

#### 5.2.4 Perceived industry closeness influences the functional associations positively

We could deduce that perceived industry closeness influenced two (perceived quality and premium price) of the four functional associations. The remaining functional variables were all equally affected by the extension for the two brands. Exclusivity was positively affected in both cases, while authenticity was not affected by the extension at all, when looking at the brands independently.

The two variables affected by perceived industry closeness were more positively correlated with the hotel description for Louis Vuitton. This leads us to believe that fit has a higher impact than leverage on the functional associations of the brand. We can make such an assumption knowing that Louis Vuitton is perceived to be closer to the new industry, even though Chanel is perceived to be better than Louis Vuitton in that industry.

#### 5.2.5 Perceived industry closeness affects specific emotional associations

Looking at the emotional associations, we can see that heritage was the only association that was affected by perceived industry closeness. The other two associations (status and self-image) were equally affected by the hotel, which indicates that perceived industry closeness did not influence them in our case.

Perceived industry closeness did have a positive influence on heritage for the Louis Vuitton brand, which indicates that fit affects the evaluation of heritage more than leverage does. However, we can assume that leverage plays an almost equally important part for the emotional associations altogether. This is because we could not measure a considerable difference between the brands on the other two emotional brand

associations. These results indicate that the emotional associations, altogether, do not seem to be affected by perceived industry closeness.

### **5.2.6 Eduction of perceived industry closeness**

Our findings show that perceived industry closeness does not have a significant impact on consumer evaluation altogether. However, perceived industry closeness could influence specific luxury fashion brand associations. We could see that out of the eight associations, three associations were positively affected by perceived industry closeness. This indicates that perceived industry closeness does influence consumer evaluation of a luxury fashion brand's perceived quality, premium price and heritage. Since the majority of the brand associations were not affected, we can argue that perceived industry closeness, itself, does not have a significant impact on consumer evaluations. Our findings contradict those of Aaker & Keller (1990). They argue that perceived fit does influence consumer attitudes towards the extension. We assume, in accordance with Tauber (1988), that leverage plays an equally important part as closeness (defined by Tauber as fit). This would mean that industry closeness is not enough to rely on for those luxury fashion brands that seek to extend into new industries. It is possibly even more important for the brand to offer a product or service that is perceived to be better than the competitors, in order to create positive associations from the extension.

### **5.3 Hotel description and perceived industry closeness**

Hypothesis 3: Due to perceived industry closeness, there is a difference in how consumers evaluate the hotel description between the two brands

In this case, we will look at the differences between the associations using the custom mean table presented in chapter four. The table indicates that the hotels are not perceived differently due to perceived industry closeness.

As we could deduce from the table, Chanel survey B and Louis Vuitton survey D did not contain the hotel description. Therefore, we will only look at the differences between Chanel A (hotel) and Louis Vuitton C (hotel). The table shows that the Chanel hotel is preferred over the Louis Vuitton hotel. This indicates, as we have mentioned above, that Chanel has a stronger leverage than Louis Vuitton in the hospitality industry. Surprisingly, this is the case even though Louis Vuitton has higher industry closeness. The table further shows that Chanel is preferred over Louis Vuitton on four of the eight brand associations (perceived quality, premium price, heritage and exclusivity).

We can also see that Louis Vuitton is never preferred over Chanel on any of the eight associations. These results indicate that leverage is more important than closeness for luxury fashion brands extending into the hospitality industry.

### 5.3.1 Eduction of hotel description and perceived industry closeness

Our findings show that perceived industry closeness does not have a significant impact on how consumers evaluate the hotel. On the other hand, the study shows that leverage has a higher impact than closeness. We can also assume that leverage is not affected by closeness. Instead, in accordance with Hem & Iversen (2003), we believe that loyalty affects leverage. Our findings show that consumers were more loyal towards Chanel, which could be the reason to why the Chanel hotel was perceived more positively than the Louis Vuitton hotel. This indicates that brands with loyal customers are more likely to succeed in a new industry, than those brands that are perceived to be close to that industry. This is due to that loyalty generates stronger leverage.

### 5.4 Research question

*To what extent does perceived industry closeness between the original and the new industry affect consumer evaluation of the luxury fashion brand?*

Our answer to the question is that perceived industry closeness, alone, does not affect consumer evaluation of luxury fashion brands to a large extent.

In order to answer the research question, we first needed to find out if the extension had an impact on how consumers evaluate a luxury fashion brand. Our findings show that the extension did have an impact. This allowed us to compare to what extent our two brands were affected by the extension. We purposely chose one brand with high perceived industry closeness (Louis Vuitton) and one brand with low perceived industry closeness (Chanel). By comparing them, we could then investigate to what extent perceived industry closeness affected the evaluation of the brands in their original industry.

We can conclude that perceived industry closeness affects consumer evaluation of luxury fashion brands to a small extent. This is true, since we found out that three of the eight brand associations were affected by high perceived industry closeness. However, since we also found out that Chanel was better rated than Louis Vuitton, we can assume that leverage also affects consumer evaluation. This allows us to conclude that perceived industry closeness, alone, does not affect consumer evaluation of luxury fashion brands to a large extent.

## 6. Conclusion

### 6.1. Main findings

The principal findings of this thesis are:

- ✚ Luxury brand extensions have a strong influence on consumer evaluation of the brand in its original industry
- ✚ A luxury brand's functional and emotional associations are affected similarly by a brand extension
- ✚ Perceived industry closeness, alone, only affects consumer evaluation of luxury brands to a small extent

All principal findings reflect our purpose, which was to investigate how consumers evaluate a fashion luxury brand after it has entered an industry not earlier associated with the brand. The third principal finding helps us to answer our research question. We wanted to find out to what extent perceived industry closeness between the original and the new industry affected consumer evaluation of luxury fashion brands. Our answer to the question is that perceived industry closeness, alone, does not affect consumer evaluation of luxury fashion brands to a large extent. What this implies will be discussed below.

### 6.2 Implications

We found a positive relationship between the extension and the evaluation of the brand in its original industry. This entails that luxury fashion brands could use brand extensions as a strategic tool in order to strengthen the brand in its original industry. This strategy could become a new way to position the brand and differentiate from the competition. A luxury fashion company could thus enter a new industry with the sole intention to strengthen the brand in its original industry.

The fact that luxury brand extensions impact how consumers perceive the brand in its original industry means that extensions could give rise to both opportunities and threats. This implies that a luxury fashion brand must be vigilant about which brand associations that could, or are most likely to, be transferred back to the brand in its original industry. Therefore, the choice of a new industry to enter should not only be based on its potential profit, but also on the associations that characterize it. By anticipating which associations that characterize a potential industry, a brand can learn how to exploit its strengths in order to enter that industry. This process might also help the brand to identify which associations that are weak and need further elaboration, in order to make a successful extension in the new industry.

Our study further shows that even if a luxury fashion brand would enter an industry that is characterized by functional associations, the extension will automatically have an impact on the emotional side of the brand as well. In our case, it comes as no surprise that the functional associations of the brand were affected by the extension. However, it is surprising that the emotional associations of the brand were affected to more or less the same extent. This shows that a luxury fashion brand's emotional associations are interrelated with its functional associations. This indicates that if one association would be strengthened by the extension, so would the remaining associations, regardless of whether they are functional or emotional.

The brand extension literature implies that perceived industry closeness is the most important factor that facilitates an extension (Aaker & Keller, 1990). However, our study shows that perceived industry closeness, alone, is not enough for the brand to be perceived positively in the new industry. Nor is it enough to entirely rely upon, if the brand intends to transfer positive associations back from the extension. Since our study is limited to perceived industry closeness, we can only speculate in what additional advantages that are needed.

### 6.3 Further research

We have argued that perceived industry closeness, alone, is not enough to ensure a successful extension. We believe that additional advantages are needed and propose leverage as such an advantage. We, therefore, recommend studying perceived industry closeness together with leverage, in order to gain a deeper understanding of what could affect a luxury brand extension. It is likely that this combination could have a significant impact on how the extension would affect the brand in its original industry.

Our findings show that emotional associations are affected when a brand extends into a functional industry. Therefore, we also recommend studying luxury fashion brands that extend into industries that are characterized by emotional associations. Investigating whether the functional associations would be affected could show if they too are close to the core of a luxury fashion brand. If this would be the case, it might not be necessary to emphasize on the emotional associations when studying luxury brand extensions.

In our study, we made sure that the respondents perceived the extension positively. Conducting a similar study with a negatively perceived extension could give additional depth to luxury brand extensions. It would be interesting to investigate if the same associations that had a positive relationship in our study, instead would be affected negatively by the extension.

Further, we believe that much is still undiscovered about luxury brand extensions, in particular when it comes to how the brand affects the extension. Our study investigated how the extension affects the perception of brand in its original industry. In contrary to our study, we believe that much can still be learned about which associations of the brand that affects consumer evaluation of the extension. It is possible that the associations that are affected by an extension, are not the very same that could facilitate it. This would indicate further pressure on luxury brands that intend to extend outside of their home turf.

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## Appendices

### Appendix 1 - Surveys

#### Control survey

*This short survey intends to find out to what degree you perceive that the X brand corresponds to a set of brand associations. The participation of this study is voluntary and all responses are anonymous. Thank you for your participation.*

---

First, we would like to ask a few questions about you.

*Please use a black pen when filling out this form.*

1. How old are you? *Please mark your answer by inserting an X in the box below that corresponds to your age.*

19-30	31-40	41-50	51-75

2. What is your gender? *Please mark your answer by inserting an X in the box that corresponds to your sex.*

Male	Female

3. Please state to what degree you are familiar with the X brand. *Please mark your answer by inserting an X in the box that best corresponds to your familiarity of the brand.*

Very unfamiliar	Unfamiliar	Neither unfamiliar nor familiar	Familiar	Very familiar

---

*Please proceed to the next page.*

---

Now, we would like to ask you some specific questions related to the X brand.

Please state according to the scale below to what extent you agree with the following statements. Please mark your answer with an X in one of the boxes on the right hand side of each statement.

No	Statements	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	No opinion
10.	I prefer X to other similar fashion brands						
11.	I would recommend X to people I know						
12.	I intentionally shop at stores carrying X						
13.	X is a high quality brand						
14.	X consistently satisfies its customers						
15.	X is a luxurious brand						
16.	X delivers what it promises						
17.	X does not pretend to be something it is not						
18.	X's product claims are believable						
19.	Purchasing X may improve my image						
20.	X fits the image I want to send out to others						
21.	X carries a symbolic meaning						

No	Statements	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	No opinion
22.	I am willing to pay a higher price for X than other similar brands						
23.	X is an expensive brand						
24.	X wants to be perceived as an expensive brand						
25.	X has a long and positive history						
26.	I am aware of X's brand story						
27.	X has been around for a long time						
28.	Very few people own X's products						
29.	X stands for something unique						
30.	X is a very selective brand						
31.	X is closely related to the image I have of myself as a person						
32.	X is connected to the picture I have of the person I would like to be						
33.	I identify myself with X						

You have now completed the survey. Thank you for your participation!



## Treatment survey

*This short survey intends to find out to what degree you perceive that the X brand corresponds to a set of brand associations. The participation of this study is voluntary and all responses are anonymous. Thank you for your participation.*

---

First, we would like to ask a few questions about you.

*Please use a black pen when filling out this form.*

1. How old are you? *Please mark your answer by inserting an X in the box below that corresponds to your age.*

19-30	31-40	41-50	51-75

2. What is your gender? *Please mark your answer by inserting an X in the box that corresponds to your sex.*

Male	Female

3. Please state to what degree you are familiar with the X brand. *Please mark your answer by inserting an X in the box that best corresponds to your familiarity of the brand.*

Very unfamiliar	Unfamiliar	Neither unfamiliar nor familiar	Familiar	Very familiar

---

*Please proceed to the next page.*

---

Now, we kindly ask you to read the following text.

The text is a description of a X hotel that recently opened in Europe. When you have read the text, please answer the questions below.

### The X Hotel

The hotel is situated near the historical city center, overlooking the city park. It features 180 rooms and suites, one private spa, one private member's club, six restaurants and one nightclub. Each of the rooms and suites are clad in custom created lux fabrics from Florence, Italy. The floors are covered with Japanese Tatami and the bathrooms feature Brazilian marble. The bathrooms are installed with one Jacuzzi and two showers. All rooms feature a surround sound system, two Walk-in wardrobes, a portable computer and one espresso machine. The spa covers 10.000 square feet and each guest receives personal consultation from the spa manager. The restaurants offer food from several different cuisines (Italian, South-American, French, Asian, Scandinavian and Spanish).

Please answer the following questions based on the text above.

*Please statec according to the scale below to what extent you agree with the following statements. Please mark your answer with an X in one of the boxes on the right hand side of each statement.*

No	Statements	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	No opinion
5.	I would consider staying at this hotel						
6.	I will likely stay at his hotel, if I visit the city where it can be found						
7.	I think this hotel is superior to other competing hotels						
8.	If a would choose a hotel to stay at, I would likely prefer this hotel						

*Please proceed to the next page.*

Now, we would like to ask you some specific questions related to the X brand.

Please state, from according to the scale below to what extent you agree with the following statements. Please mark your answer with an X in one of the boxes on the right hand side of each statement.

No	Statements	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	No opinion
10.	I prefer X to other similar fashion brands						
11.	I would recommend X to people I know						
12.	I intentionally shop at stores carrying X						
13.	X is a high quality brand						
14.	X consistently satisfies its customers						
15.	X is a luxurious brand						
16.	X delivers what it promises						
17.	X does not pretend to be something it is not						
18.	X's product claims are believable						
19.	Purchasing X may improve my image						
20.	X fits the image I want to send out to others						
21.	X carries a symbolic meaning						

No	Statements	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	No opinion
22.	I am willing to pay a higher price for X than other similar brands						
23.	X is an expensive brand						
24.	X wants to be perceived as an expensive brand						
25.	X has a long and positive history						
26.	I am aware of X's brand story						
27.	X has been around for a long time						
28.	Very few people own X's products						
29.	X stands for something unique						
30.	X is a very selective brand						
31.	X is closely related to the image I have of myself as a person						
32.	X is connected to the picture I have of the person I would like to be						
33.	I identify myself with X						

You have now completed the survey. Thank you for your participation!

## Appendix 2 – Experimental survey questions

### Hotel related questions

5. I would consider staying at this hotel (Chang & Liu, 2009)
6. I will likely stay at his hotel, if I visit the city where it can be found (Chang & Liu, 2009)
7. I think this hotel is superior to other competing hotels (Chang & Liu, 2009)
8. If a would choose a hotel to stay at, I would likely prefer this hotel (Chang & Liu, 2009)

### Brand association questions

#### *Brand loyalty*

10. I prefer X to other similar fashion brands (Kim & Kim, 2005)
11. I would recommend X to people I know (Kim & Kim, 2005)
12. I intentionally shop at stores carrying X (Kim & Kim, 2005)

#### *Perceived quality*

13. X is a high quality brand (Vigneron & Johnson, 1999)
14. X consistently satisfies its customers (Lehmann, Keller & Farley, 2008)
15. X is a luxurious brand (Vigneron & Johnson, 1999)

#### *Authenticity*

16. X delivers what it promises (Spry et al, 2011)
17. X does not pretend to be something it is not (Spry et al, 2011)
18. X's product claims are believable (Spry et al, 2011)

### *Status*

19. Purchasing X may improve my image (Hudders, 2012)

20. X fits the image I want to send out to others (Hudders, 2012)

21. X carries a symbolic meaning (Hudders, 2012)

### *Premium price*

22. I am willing to pay a higher price for X than other similar brands (Miller & Mills, 2011)

23. X is an expensive brand (Kim & Kim, 2005)

24. X wants to be perceived as an expensive brand (Our own formulation)

### *Heritage*

25. X has a long and positive history (Lehmann, Keller & Farley, 2008)

26. I am aware of X's brand story (Our formulation)

27. X has been around for a long time (Lehmann, Keller & Farley, 2008)

### *Exclusiveness*

28. Very few people own X's products (De Barnier et al, 2012)

29. X stands for something unique (Vigneron & Johnson, 1999)

30. X is a very selective brand (Vigneron & Johnson, 1999)

### *Self-image*

31. X is closely related to the image I have of myself as a person (Hem *et al*, 2003)

32. X is connected to the picture I have of the person I would like to be (Hem *et al*, 2003)

33. I identify myself with X (Our own formulation)

## Appendix 3 – SPSS Output 1

### Reliability scale – brand association questions

Brand loyalty, Q10-12

**Reliability Statistics**

Imputation Number	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Original data	,743	,748	3
1	,736	,739	3
2	,727	,732	3
3	,740	,745	3
4	,731	,735	3
5	,734	,737	3

Perceived quality, Q13-15

**Reliability Statistics**

Imputation Number	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Original data	,196	,422	3
1	,244	,442	3
2	,294	,471	3
3	,241	,405	3
4	,310	,523	3
5	,236	,421	3

**Item-Total Statistics**

Imputation Number		Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Original data	13. Chanel/Louis Vuitton is a high quality brand	8,02	1,110	,165	,049	,471
	14. Chanel/Louis Vuitton consistently satisfies its customers	8,92	8,167	,120	,096	,176
	15. Chanel/Louis Vuitton is a luxurious brand	7,87	7,754	,287	,137	,054
1	13. Chanel/Louis Vuitton is a high quality brand	7,95	1,238	,168	,047	,519
	14. Chanel/Louis Vuitton consistently satisfies its customers	8,80	6,163	,151	,123	,211
	15. Chanel/Louis Vuitton is a luxurious brand	7,75	5,711	,302	,160	,066
2	13. Chanel/Louis Vuitton is a high quality brand	7,90	1,527	,195	,063	,522
	14. Chanel/Louis Vuitton consistently satisfies its customers	8,73	6,173	,173	,126	,254
	15. Chanel/Louis Vuitton is a luxurious brand	7,65	5,800	,347	,176	,098
3	13. Chanel/Louis Vuitton is a high quality brand	8,00	1,294	,172	,049	,430
	14. Chanel/Louis Vuitton consistently satisfies its customers	8,79	6,160	,129	,075	,220
	15. Chanel/Louis Vuitton is a luxurious brand	7,76	5,754	,291	,118	,068
4	13. Chanel/Louis Vuitton is a high quality brand	7,99	1,582	,193	,051	,626
	14. Chanel/Louis Vuitton consistently satisfies its customers	8,81	6,095	,230	,214	,219
	15. Chanel/Louis Vuitton is a luxurious brand	7,78	6,038	,355	,244	,138
5	13. Chanel/Louis Vuitton is a high quality brand	8,01	1,329	,155	,041	,494
	14. Chanel/Louis Vuitton consistently satisfies its customers	8,74	6,176	,141	,108	,203
	15. Chanel/Louis Vuitton is a luxurious brand	7,76	5,768	,287	,141	,062

Authenticity, Q16-18

**Reliability Statistics**

Imputation Number	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Original data	,783	,784	3
1	,712	,714	3
2	,777	,782	3
3	,793	,795	3
4	,737	,739	3
5	,783	,790	3

Status, Q19-21

**Reliability Statistics**

Imputation Number	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Original data	,691	,689	3
1	,692	,690	3
2	,678	,677	3
3	,689	,686	3
4	,672	,668	3
5	,668	,666	3

Premium price, Q22-24

**Reliability Statistics**

Imputation Number	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Original data	,392	,505	3
1	,386	,498	3
2	,366	,479	3
3	,365	,486	3
4	,367	,484	3
5	,387	,497	3



**Item-Total Statistics**

Imputation Number		Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Original data	22. I am willing to pay a higher price for Chanel/Louis Vuitton than other similar brands	8,96	1,359	,117	,028	,715
	23. Chanel/Louis Vuitton is an expensive brand	7,04	2,135	,295	,313	,241
	24. Chanel/Louis Vuitton wants to be perceived as an expensive brand	7,01	1,902	,398	,329	,072
1	22. I am willing to pay a higher price for Chanel/Louis Vuitton than other similar brands	8,93	1,312	,124	,030	,692
	23. Chanel/Louis Vuitton is an expensive brand	6,98	2,139	,280	,282	,248
	24. Chanel/Louis Vuitton wants to be perceived as an expensive brand	6,93	1,929	,391	,300	,078
2	22. I am willing to pay a higher price for Chanel/Louis Vuitton than other similar brands	8,93	1,331	,100	,020	,693
	23. Chanel/Louis Vuitton is an expensive brand	7,02	2,071	,278	,283	,208
	24. Chanel/Louis Vuitton wants to be perceived as an expensive brand	6,96	1,880	,367	,295	,061
3	22. I am willing to pay a higher price for Chanel/Louis Vuitton than other similar brands	8,94	1,479	,075	,019	,740
	23. Chanel/Louis Vuitton is an expensive brand	7,02	2,140	,290	,349	,186
	24. Chanel/Louis Vuitton wants to be perceived as an expensive brand	6,98	1,926	,387	,358	,022
4	22. I am willing to pay a higher price for Chanel/Louis Vuitton than other similar brands	8,92	1,374	,093	,015	,711
	23. Chanel/Louis Vuitton is an expensive brand	7,01	2,092	,296	,305	,186
	24. Chanel/Louis Vuitton wants to be perceived as an expensive brand	6,95	1,916	,361	,314	,069
5	22. I am willing to pay a higher price for Chanel/Louis Vuitton than other similar brands	8,91	1,363	,115	,025	,702
	23. Chanel/Louis Vuitton is an expensive brand	6,99	2,102	,289	,293	,233
	24. Chanel/Louis Vuitton wants to be perceived as an expensive brand	6,93	1,922	,389	,308	,078

Heritage, Q25-27

**Reliability Statistics**

Imputation Number	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Original data	,643	,670	3
1	,640	,666	3
2	,593	,628	3
3	,622	,650	3
4	,641	,660	3
5	,616	,638	3

Exclusivity, Q28-30

**Reliability Statistics**

Imputation Number	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Original data	,642	,647	3
1	,615	,623	3
2	,629	,634	3
3	,627	,630	3
4	,613	,620	3
5	,621	,629	3

Self-image, Q31-33

**Reliability Statistics**

Imputation Number	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Original data	,881	,882	3
1	,879	,879	3
2	,880	,881	3
3	,887	,888	3
4	,884	,884	3
5	,878	,879	3

*Reliability scale- hotel related questions*

Hotel questions, Q5-8

**Reliability Statistics**

Imputation Number	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Original data	,775	,774	4
1	,775	,774	4
2	,775	,774	4
3	,775	,774	4
4	,775	,774	4
5	,775	,774	4

## Appendix 4 – SPSS Output 2

### Custom mean table

Custom Table

	Surveys			
	Survey A	Survey B	Survey C	Survey D
	Mean	Mean	Mean	Mean
Hotel treatment	3,43	.	3,29	.
Brand loyalty	2,35	2,49	2,23	2,29
Perceived quality	4,28	4,03	4,02	4,00
Authenticity	3,36	3,22	3,34	3,31
Status	2,94	2,96	2,93	2,75
Premium price	3,91	3,78	3,78	3,79
Heritage	3,43	3,40	3,25	3,21
Exclusivity	3,30	3,17	2,85	2,96
Self-image	1,76	1,92	1,84	1,69

Comparisons of Column Means<sup>a</sup>

	Surveys			
	Survey A	Survey B	Survey C	Survey D
	(A)	(B)	(C)	(D)
Hotel treatment	C	.		.
Brand loyalty		C D		
Perceived quality	B C D			
Authenticity	B			
Status	D	D		
Premium price	C			
Heritage	C D	D		
Exclusivity	C D	C D		
Self-image		D		

Results are based on two-sided tests assuming equal variances with significance level ,1. For each significant pair, the key of the smaller category appears under the category with larger mean.

- a. Tests are adjusted for all pairwise comparisons within a row of each innermost subtable using the Bonferroni correction.

## Appendix 5 – SPSS Output 3

### Regression analysis

#### Brand loyalty

Model Summary<sup>b</sup>

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,442 <sup>a</sup>	,196	,184	,65602
1	1	,425 <sup>a</sup>	,181	,171	,64233
2	1	,417 <sup>a</sup>	,174	,164	,63546
3	1	,438 <sup>a</sup>	,192	,182	,64361
4	1	,413 <sup>a</sup>	,171	,161	,63138
5	1	,427 <sup>a</sup>	,183	,173	,64225

a. Predictors: (Constant), Hotel treatment

b. Dependent Variable: Brand loyalty

ANOVA<sup>a</sup>

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	7,532	1	7,532	17,502	,000 <sup>b</sup>
		Residual	30,986	72	,430		
		Total	38,518	73			
1	1	Regression	7,742	1	7,742	18,766	,000 <sup>b</sup>
		Residual	35,070	85	,413		
		Total	42,812	86			
2	1	Regression	7,224	1	7,224	17,889	,000 <sup>b</sup>
		Residual	34,324	85	,404		
		Total	41,548	86			
3	1	Regression	8,358	1	8,358	20,177	,000 <sup>b</sup>
		Residual	35,210	85	,414		
		Total	43,568	86			
4	1	Regression	6,968	1	6,968	17,479	,000 <sup>b</sup>
		Residual	33,885	85	,399		
		Total	40,853	86			
5	1	Regression	7,833	1	7,833	18,991	,000 <sup>b</sup>
		Residual	35,061	85	,412		
		Total	42,894	86			

a. Dependent Variable: Brand loyalty

b. Predictors: (Constant), Hotel treatment

Coefficients<sup>a</sup>

Imputation Number	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
			B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	1,044	,312		3,343	,001	,524	1,564			
		Hotel treatment	,374	,089	,442	4,184	,000	,225	,523			
1	1	(Constant)	1,108	,277		4,004	,000	,648	1,569			
		Hotel treatment	,345	,080	,425	4,332	,000	,213	,478			
2	1	(Constant)	1,155	,274		4,217	,000	,700	1,610			
		Hotel treatment	,333	,079	,417	4,230	,000	,202	,465			
3	1	(Constant)	1,051	,277		3,790	,000	,590	1,513			
		Hotel treatment	,359	,080	,438	4,492	,000	,226	,491			
4	1	(Constant)	1,186	,272		4,357	,000	,733	1,638			
		Hotel treatment	,327	,078	,413	4,181	,000	,197	,458			
5	1	(Constant)	1,096	,277		3,961	,000	,636	1,557			
		Hotel treatment	,347	,080	,427	4,358	,000	,215	,480			
Pooled	1	(Constant)	1,119	,281		3,979	,000	,656	1,582	,042	,043	,992
		Hotel treatment	,342	,080		4,259	,000	,210	,475	,028	,029	,994

a. Dependent Variable: Brand loyalty

## Perceived quality

Model Summary<sup>b</sup>

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,115 <sup>a</sup>	,013	-,003	1,33075
1	1	,174 <sup>a</sup>	,030	,019	1,15632
2	1	,145 <sup>a</sup>	,021	,010	1,19124
3	1	,179 <sup>a</sup>	,032	,021	1,16781
4	1	,184 <sup>a</sup>	,034	,022	1,17665
5	1	,177 <sup>a</sup>	,031	,020	1,15357

a. Predictors: (Constant), Hotel treatment

b. Dependent Variable: Perceived quality

ANOVA<sup>a</sup>

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	1,400	1	1,400	,791	,377 <sup>b</sup>
		Residual	104,483	59	1,771		
		Total	105,883	60			
1	1	Regression	3,548	1	3,548	2,654	,107 <sup>b</sup>
		Residual	113,651	85	1,337		
		Total	117,199	86			
2	1	Regression	2,592	1	2,592	1,827	,180 <sup>b</sup>
		Residual	120,620	85	1,419		
		Total	123,212	86			
3	1	Regression	3,843	1	3,843	2,818	,097 <sup>b</sup>
		Residual	115,920	85	1,364		
		Total	119,764	86			
4	1	Regression	4,107	1	4,107	2,966	,089 <sup>b</sup>
		Residual	117,683	85	1,385		
		Total	121,790	86			
5	1	Regression	3,663	1	3,663	2,752	,101 <sup>b</sup>
		Residual	113,111	85	1,331		
		Total	116,774	86			

a. Dependent Variable: Perceived quality

b. Predictors: (Constant), Hotel treatment

Coefficients<sup>a</sup>

Imputation Number	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
		B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	3,647	,743		4,909	,000	2,405	4,888		
		Hotel treatment	,189	,212	,115	,889	,377	-,166	,543		
1	1	(Constant)	3,400	,498		6,822	,000	2,571	4,229		
		Hotel treatment	,234	,143	,174	1,629	,107	-,005	,472		
2	1	(Constant)	3,470	,513		6,759	,000	2,617	4,324		
		Hotel treatment	,200	,148	,145	1,352	,180	-,046	,446		
3	1	(Constant)	3,353	,503		6,663	,000	2,516	4,190		
		Hotel treatment	,243	,145	,179	1,679	,097	,002	,484		
4	1	(Constant)	3,328	,507		6,563	,000	2,485	4,172		
		Hotel treatment	,251	,146	,184	1,722	,089	,009	,494		
5	1	(Constant)	3,425	,497		6,889	,000	2,598	4,252		
		Hotel treatment	,237	,143	,177	1,659	,101	-,001	,475		
Pooled	1	(Constant)	3,395	,508		6,688	,000	2,560	4,231	,015	,015
		Hotel treatment	,233	,147		1,589	,112	-,008	,474	,022	,022

a. Dependent Variable: Perceived quality

## Authenticity

Model Summary<sup>b</sup>

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,131 <sup>a</sup>	,017	-,005	,69098
1	1	,356 <sup>a</sup>	,127	,117	,66877
2	1	,242 <sup>a</sup>	,059	,048	,62445
3	1	,314 <sup>a</sup>	,098	,088	,67654
4	1	,209 <sup>a</sup>	,044	,033	,66358
5	1	,262 <sup>a</sup>	,068	,057	,71612

a. Predictors: (Constant), Hotel treatment

b. Dependent Variable: Authenticity

ANOVA<sup>a</sup>

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	,366	1	,366	,767	,386 <sup>b</sup>
		Residual	21,008	44	,477		
		Total	21,374	45			
1	1	Regression	5,525	1	5,525	12,353	,001 <sup>b</sup>
		Residual	38,017	85	,447		
		Total	43,542	86			
2	1	Regression	2,063	1	2,063	5,290	,024 <sup>b</sup>
		Residual	33,144	85	,390		
		Total	35,207	86			
3	1	Regression	4,249	1	4,249	9,283	,003 <sup>b</sup>
		Residual	38,905	85	,458		
		Total	43,154	86			
4	1	Regression	1,717	1	1,717	3,900	,052 <sup>b</sup>
		Residual	37,428	85	,440		
		Total	39,145	86			
5	1	Regression	3,200	1	3,200	6,240	,014 <sup>b</sup>
		Residual	43,591	85	,513		
		Total	46,790	86			

a. Dependent Variable: Authenticity

b. Predictors: (Constant), Hotel treatment

Coefficients<sup>a</sup>

Imputation Number	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
			B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	3,031	,447		6,776	,000	2,280	3,783			
		Hotel treatment	,111	,127	,131	,876	,386	-,102	,324			
1	1	(Constant)	2,307	,288		8,003	,000	1,827	2,786			
		Hotel treatment	,292	,083	,356	3,515	,001	,154	,430			
2	1	(Constant)	2,791	,269		10,369	,000	2,343	3,238			
		Hotel treatment	,178	,077	,242	2,300	,024	,049	,307			
3	1	(Constant)	2,504	,292		8,586	,000	2,019	2,989			
		Hotel treatment	,256	,084	,314	3,047	,003	,116	,395			
4	1	(Constant)	2,814	,286		9,838	,000	2,338	3,289			
		Hotel treatment	,163	,082	,209	1,975	,052	,026	,299			
5	1	(Constant)	2,617	,309		8,477	,000	2,103	3,130			
		Hotel treatment	,222	,089	,262	2,498	,014	,074	,370			
Pooled	1	(Constant)	2,606	,370		7,049	,000	1,976	3,237	,431	,637	,921
		Hotel treatment	,222	,102		2,182	,036	,050	,394	,365	,496	,932

a. Dependent Variable: Authenticity

## Status

Model Summary<sup>b</sup>

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,437 <sup>a</sup>	,191	,181	,80871
1	1	,378 <sup>a</sup>	,143	,133	,81848
2	1	,394 <sup>a</sup>	,155	,146	,81655
3	1	,421 <sup>a</sup>	,177	,167	,79244
4	1	,401 <sup>a</sup>	,161	,151	,80220
5	1	,407 <sup>a</sup>	,165	,156	,79509

a. Predictors: (Constant), Hotel treatment

b. Dependent Variable: Status

ANOVA<sup>a</sup>

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	11,610	1	11,610	17,751	,000 <sup>b</sup>
		Residual	49,051	75	,654		
		Total	60,661	76			
1	1	Regression	9,508	1	9,508	14,192	,000 <sup>b</sup>
		Residual	56,942	85	,670		
		Total	66,450	86			
2	1	Regression	10,432	1	10,432	15,646	,000 <sup>b</sup>
		Residual	56,674	85	,667		
		Total	67,106	86			
3	1	Regression	11,468	1	11,468	18,263	,000 <sup>b</sup>
		Residual	53,377	85	,628		
		Total	64,845	86			
4	1	Regression	10,502	1	10,502	16,320	,000 <sup>b</sup>
		Residual	54,699	85	,644		
		Total	65,201	86			
5	1	Regression	10,646	1	10,646	16,840	,000 <sup>b</sup>
		Residual	53,735	85	,632		
		Total	64,381	86			

a. Dependent Variable: Status

b. Predictors: (Constant), Hotel treatment

Coefficients<sup>a</sup>

Imputation Number	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
			B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	1,353	,393		3,447	,001	,699	2,007			
		Hotel treatment	,473	,112	,437	4,213	,000	,286	,661			
1	1	(Constant)	1,689	,353		4,788	,000	1,102	2,276			
		Hotel treatment	,383	,102	,378	3,767	,000	,214	,551			
2	1	(Constant)	1,607	,352		4,567	,000	1,022	2,192			
		Hotel treatment	,401	,101	,394	3,956	,000	,232	,569			
3	1	(Constant)	1,533	,342		4,490	,000	,965	2,101			
		Hotel treatment	,420	,098	,421	4,274	,000	,257	,584			
4	1	(Constant)	1,621	,346		4,689	,000	1,046	2,196			
		Hotel treatment	,402	,100	,401	4,040	,000	,237	,568			
5	1	(Constant)	1,587	,343		4,633	,000	1,018	2,157			
		Hotel treatment	,405	,099	,407	4,104	,000	,241	,569			
Pooled	1	(Constant)	1,608	,352		4,562	,000	1,028	2,187	,031	,032	,994
		Hotel treatment	,402	,101		3,983	,000	,236	,568	,021	,022	,996

a. Dependent Variable: Status

## Premium price

Model Summary<sup>b</sup>

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,291 <sup>a</sup>	,085	,073	,63017
1	1	,298 <sup>a</sup>	,089	,078	,63165
2	1	,265 <sup>a</sup>	,070	,059	,61922
3	1	,273 <sup>a</sup>	,074	,064	,63810
4	1	,244 <sup>a</sup>	,059	,048	,62918
5	1	,275 <sup>a</sup>	,076	,065	,63139

a. Predictors: (Constant), Hotel treatment

b. Dependent Variable: Premium price

ANOVA<sup>a</sup>

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	2,834	1	2,834	7,138	,009 <sup>b</sup>
		Residual	30,578	77	,397		
		Total	33,412	78			
1	1	Regression	3,312	1	3,312	8,302	,005 <sup>b</sup>
		Residual	33,914	85	,399		
		Total	37,226	86			
2	1	Regression	2,462	1	2,462	6,422	,013 <sup>b</sup>
		Residual	32,592	85	,383		
		Total	35,054	86			
3	1	Regression	2,783	1	2,783	6,836	,011 <sup>b</sup>
		Residual	34,610	85	,407		
		Total	37,393	86			
4	1	Regression	2,128	1	2,128	5,376	,023 <sup>b</sup>
		Residual	33,649	85	,396		
		Total	35,777	86			
5	1	Regression	2,768	1	2,768	6,943	,010 <sup>b</sup>
		Residual	33,886	85	,399		
		Total	36,653	86			

a. Dependent Variable: Premium price

b. Predictors: (Constant), Hotel treatment

Coefficients<sup>a</sup>

Imputation Number	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
		B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	3,164	,284		11,145	,000	2,692	3,637		
		Hotel treatment	,219	,082	,291	2,672	,009	,082	,355		
1	1	(Constant)	3,090	,272		11,350	,000	2,637	3,543		
		Hotel treatment	,226	,078	,298	2,881	,005	,095	,356		
2	1	(Constant)	3,222	,267		12,073	,000	2,778	3,666		
		Hotel treatment	,195	,077	,265	2,534	,013	,067	,322		
3	1	(Constant)	3,159	,275		11,488	,000	2,702	3,617		
		Hotel treatment	,207	,079	,273	2,615	,011	,075	,339		
4	1	(Constant)	3,266	,271		12,042	,000	2,815	3,717		
		Hotel treatment	,181	,078	,244	2,319	,023	,051	,311		
5	1	(Constant)	3,150	,272		11,575	,000	2,697	3,602		
		Hotel treatment	,206	,078	,275	2,635	,010	,076	,337		
Pooled	1	(Constant)	3,177	,282		11,286	,000	2,714	3,641	,072	,075
		Hotel treatment	,203	,080		2,530	,012	,071	,335	,053	,054

a. Dependent Variable: Premium price



# Heritage

Model Summary<sup>b</sup>

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,127 <sup>a</sup>	,016	-,002	,65108
1	1	,240 <sup>a</sup>	,058	,046	,66247
2	1	,247 <sup>a</sup>	,061	,050	,61750
3	1	,274 <sup>a</sup>	,075	,064	,65274
4	1	,275 <sup>a</sup>	,076	,065	,72133
5	1	,309 <sup>a</sup>	,096	,085	,69565

a. Predictors: (Constant), Hotel treatment

b. Dependent Variable: Heritage

ANOVA<sup>a</sup>

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	,381	1	,381	,898	,347 <sup>b</sup>
		Residual	23,315	55	,424		
		Total	23,696	56			
1	1	Regression	2,278	1	2,278	5,191	,025 <sup>b</sup>
		Residual	37,304	85	,439		
		Total	39,583	86			
2	1	Regression	2,114	1	2,114	5,544	,021 <sup>b</sup>
		Residual	32,411	85	,381		
		Total	34,525	86			
3	1	Regression	2,943	1	2,943	6,907	,010 <sup>b</sup>
		Residual	36,216	85	,426		
		Total	39,159	86			
4	1	Regression	3,626	1	3,626	6,969	,010 <sup>b</sup>
		Residual	44,226	85	,520		
		Total	47,852	86			
5	1	Regression	4,356	1	4,356	9,002	,004 <sup>b</sup>
		Residual	41,134	85	,484		
		Total	45,491	86			

a. Dependent Variable: Heritage

b. Predictors: (Constant), Hotel treatment

Coefficients<sup>a</sup>

Imputation Number	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
			B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	3,078	,408		7,545	,000	2,396	3,761			
		Hotel treatment	,107	,113	,127	,948	,347	-,082	,297			
1	1	(Constant)	2,678	,286		9,380	,000	2,203	3,153			
		Hotel treatment	,187	,082	,240	2,278	,025	,051	,324			
2	1	(Constant)	2,707	,266		10,170	,000	2,264	3,149			
		Hotel treatment	,180	,077	,247	2,355	,021	,053	,308			
3	1	(Constant)	2,579	,281		9,167	,000	2,111	3,047			
		Hotel treatment	,213	,081	,274	2,628	,010	,078	,347			
4	1	(Constant)	2,547	,311		8,192	,000	2,030	3,064			
		Hotel treatment	,236	,089	,275	2,640	,010	,087	,385			
5	1	(Constant)	2,454	,300		8,184	,000	1,955	2,952			
		Hotel treatment	,259	,086	,309	3,000	,004	,115	,402			
Pooled	1	(Constant)	2,593	,310		8,360	,000	2,081	3,105	,138	,150	,973
		Hotel treatment	,215	,091		2,371	,019	,065	,365	,169	,189	,967

a. Dependent Variable: Heritage

## Exclusivity

Model Summary<sup>b</sup>

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,374 <sup>a</sup>	,140	,127	,69995
1	1	,300 <sup>a</sup>	,090	,080	,68743
2	1	,316 <sup>a</sup>	,100	,089	,68837
3	1	,306 <sup>a</sup>	,094	,083	,70472
4	1	,310 <sup>a</sup>	,096	,085	,68231
5	1	,310 <sup>a</sup>	,096	,086	,67895

a. Predictors: (Constant), Hotel treatment

b. Dependent Variable: Exclusivity

ANOVA<sup>a</sup>

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	5,416	1	5,416	11,056	,001 <sup>b</sup>
		Residual	33,315	68	,490		
		Total	38,732	69			
1	1	Regression	3,985	1	3,985	8,433	,005 <sup>b</sup>
		Residual	40,167	85	,473		
		Total	44,153	86			
2	1	Regression	4,457	1	4,457	9,406	,003 <sup>b</sup>
		Residual	40,277	85	,474		
		Total	44,734	86			
3	1	Regression	4,361	1	4,361	8,782	,004 <sup>b</sup>
		Residual	42,214	85	,497		
		Total	46,576	86			
4	1	Regression	4,208	1	4,208	9,039	,003 <sup>b</sup>
		Residual	39,571	85	,466		
		Total	43,779	86			
5	1	Regression	4,171	1	4,171	9,049	,003 <sup>b</sup>
		Residual	39,183	85	,461		
		Total	43,354	86			

a. Dependent Variable: Exclusivity

b. Predictors: (Constant), Hotel treatment

Coefficients<sup>a</sup>

Imputation Number	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
			B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	2,063	,331		6,230	,000	1,511	2,615			
		Hotel treatment	,315	,095	,374	3,325	,001	,157	,474			
1	1	(Constant)	2,267	,296		7,650	,000	1,774	2,759			
		Hotel treatment	,248	,085	,300	2,904	,005	,106	,389			
2	1	(Constant)	2,174	,297		7,327	,000	1,681	2,667			
		Hotel treatment	,262	,085	,316	3,067	,003	,120	,404			
3	1	(Constant)	2,193	,304		7,220	,000	1,688	2,698			
		Hotel treatment	,259	,087	,306	2,963	,004	,114	,404			
4	1	(Constant)	2,223	,294		7,560	,000	1,734	2,712			
		Hotel treatment	,254	,085	,310	3,006	,003	,114	,395			
5	1	(Constant)	2,216	,293		7,571	,000	1,729	2,702			
		Hotel treatment	,253	,084	,310	3,008	,003	,113	,393			
Pooled	1	(Constant)	2,214	,299		7,402	,000	1,722	2,707	,017	,017	,997
		Hotel treatment	,255	,086		2,982	,003	,114	,396	,005	,005	,999

a. Dependent Variable: Exclusivity

## Self-image

Model Summary<sup>b</sup>

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,379 <sup>a</sup>	,144	,134	,70821
1	1	,359 <sup>a</sup>	,129	,118	,70805
2	1	,379 <sup>a</sup>	,144	,134	,70153
3	1	,394 <sup>a</sup>	,155	,145	,70616
4	1	,389 <sup>a</sup>	,151	,141	,70766
5	1	,376 <sup>a</sup>	,142	,132	,70229

a. Predictors: (Constant), Hotel treatment

b. Dependent Variable: Self-image

ANOVA<sup>a</sup>

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	7,003	1	7,003	13,962	,000 <sup>b</sup>
		Residual	41,630	83	,502		
		Total	48,633	84			
1	1	Regression	6,288	1	6,288	12,543	,001 <sup>b</sup>
		Residual	42,614	85	,501		
		Total	48,902	86			
2	1	Regression	7,018	1	7,018	14,259	,000 <sup>b</sup>
		Residual	41,833	85	,492		
		Total	48,850	86			
3	1	Regression	7,784	1	7,784	15,609	,000 <sup>b</sup>
		Residual	42,386	85	,499		
		Total	50,170	86			
4	1	Regression	7,586	1	7,586	15,149	,000 <sup>b</sup>
		Residual	42,566	85	,501		
		Total	50,153	86			
5	1	Regression	6,917	1	6,917	14,025	,000 <sup>b</sup>
		Residual	41,922	85	,493		
		Total	48,840	86			

a. Dependent Variable: Self-image

b. Predictors: (Constant), Hotel treatment

Coefficients<sup>a</sup>

Imputation Number	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
		B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	,643	,316		2,037	,045	,118	1,169		
		Hotel treatment	,337	,090	,379	3,737	,000	,187	,487		
1	1	(Constant)	,748	,305		2,451	,016	,241	1,256		
		Hotel treatment	,311	,088	,359	3,542	,001	,165	,457		
2	1	(Constant)	,679	,302		2,246	,027	,176	1,182		
		Hotel treatment	,329	,087	,379	3,776	,000	,184	,473		
3	1	(Constant)	,613	,304		2,013	,047	,107	1,119		
		Hotel treatment	,346	,088	,394	3,951	,000	,200	,492		
4	1	(Constant)	,631	,305		2,068	,042	,123	1,138		
		Hotel treatment	,342	,088	,389	3,892	,000	,196	,488		
5	1	(Constant)	,688	,303		2,274	,025	,185	1,192		
		Hotel treatment	,326	,087	,376	3,745	,000	,181	,471		
Pooled	1	(Constant)	,672	,309		2,171	,030	,163	1,181	,036	,037
		Hotel treatment	,331	,089		3,726	,000	,185	,477	,030	,030

a. Dependent Variable: Self-image

## Appendix 6 – SPSS Output 4

### Regression analysis for perceived industry closeness

#### Band loyalty Chanel

Model Summary<sup>b</sup>

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,426 <sup>a</sup>	,182	,158	,69285
1	1	,379 <sup>a</sup>	,143	,123	,68808
2	1	,425 <sup>a</sup>	,181	,162	,66439
3	1	,392 <sup>a</sup>	,154	,134	,69544
4	1	,397 <sup>a</sup>	,158	,138	,66886
5	1	,379 <sup>a</sup>	,144	,124	,69581

a. Predictors: (Constant), Hotel treatment

b. Dependent Variable: Brand loyalty

ANOVA<sup>a</sup>

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	3,733	1	3,733	7,776	,009 <sup>b</sup>
		Residual	16,802	35	,480		
		Total	20,535	36			
1	1	Regression	3,405	1	3,405	7,192	,010 <sup>b</sup>
		Residual	20,358	43	,473		
		Total	23,763	44			
2	1	Regression	4,192	1	4,192	9,498	,004 <sup>b</sup>
		Residual	18,981	43	,441		
		Total	23,173	44			
3	1	Regression	3,787	1	3,787	7,830	,008 <sup>b</sup>
		Residual	20,797	43	,484		
		Total	24,583	44			
4	1	Regression	3,599	1	3,599	8,045	,007 <sup>b</sup>
		Residual	19,237	43	,447		
		Total	22,836	44			
5	1	Regression	3,501	1	3,501	7,232	,010 <sup>b</sup>
		Residual	20,818	43	,484		
		Total	24,320	44			

a. Dependent Variable: Brand loyalty

b. Predictors: (Constant), Hotel treatment

Coefficients<sup>a</sup>

Imputation Number	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
			B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	,875	,564		1,552	,130	-,078	1,827			
		Hotel treatment	,449	,161	,426	2,789	,009	,177	,722			
1	1	(Constant)	,938	,534		1,756	,086	,040	1,837			
		Hotel treatment	,410	,153	,379	2,682	,010	,153	,666			
2	1	(Constant)	,783	,516		1,518	,136	-,084	1,650			
		Hotel treatment	,454	,147	,425	3,082	,004	,207	,702			
3	1	(Constant)	,848	,540		1,571	,124	-,060	1,756			
		Hotel treatment	,432	,154	,392	2,798	,008	,172	,691			
4	1	(Constant)	,905	,519		1,743	,089	,032	1,778			
		Hotel treatment	,421	,148	,397	2,836	,007	,172	,671			
5	1	(Constant)	,901	,540		1,668	,103	-,007	1,809			
		Hotel treatment	,415	,154	,379	2,689	,010	,156	,675			
Pooled	1	(Constant)	,875	,534		1,638	,101	-,004	1,754	,016	,016	,997
		Hotel treatment	,426	,153		2,792	,005	,175	,678	,016	,016	,997

a. Dependent Variable: Brand loyalty

## Perceived quality Chanel

Model Summary<sup>b</sup>

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,131 <sup>a</sup>	,017	-,016	1,75527
1	1	,105 <sup>a</sup>	,011	-,012	1,49954
2	1	,102 <sup>a</sup>	,010	-,013	1,52142
3	1	,092 <sup>a</sup>	,008	-,015	1,51850
4	1	,100 <sup>a</sup>	,010	-,013	1,52007
5	1	,107 <sup>a</sup>	,011	-,012	1,50351

a. Predictors: (Constant), Hotel treatment

b. Dependent Variable: Perceived quality

ANOVA<sup>a</sup>

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	1,623	1	1,623	,527	,474 <sup>b</sup>
		Residual	92,429	30	3,081		
		Total	94,052	31			
1	1	Regression	1,079	1	1,079	,480	,492 <sup>b</sup>
		Residual	96,690	43	2,249		
		Total	97,769	44			
2	1	Regression	1,053	1	1,053	,455	,504 <sup>b</sup>
		Residual	99,533	43	2,315		
		Total	100,587	44			
3	1	Regression	,841	1	,841	,365	,549 <sup>b</sup>
		Residual	99,151	43	2,306		
		Total	99,992	44			
4	1	Regression	1,006	1	1,006	,435	,513 <sup>b</sup>
		Residual	99,356	43	2,311		
		Total	100,362	44			
5	1	Regression	1,124	1	1,124	,497	,484 <sup>b</sup>
		Residual	97,204	43	2,261		
		Total	98,328	44			

a. Dependent Variable: Perceived quality

b. Predictors: (Constant), Hotel treatment

Coefficients<sup>a</sup>

Imputation Number	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
			B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	3,422	1,420		2,410	,022	1,012	5,831			
		Hotel treatment	,299	,412	,131	,726	,474	-,401	,999			
1	1	(Constant)	3,529	1,164		3,031	,004	1,572	5,487			
		Hotel treatment	,231	,333	,105	,693	,492	-,329	,790			
2	1	(Constant)	3,515	1,181		2,975	,005	1,529	5,501			
		Hotel treatment	,228	,338	,102	,675	,504	-,340	,795			
3	1	(Constant)	3,585	1,179		3,041	,004	1,603	5,568			
		Hotel treatment	,203	,337	,092	,604	,549	-,363	,770			
4	1	(Constant)	3,540	1,180		2,999	,004	1,556	5,524			
		Hotel treatment	,223	,337	,100	,660	,513	-,345	,790			
5	1	(Constant)	3,511	1,167		3,008	,004	1,549	5,474			
		Hotel treatment	,235	,334	,107	,705	,484	-,326	,796			
Pooled	1	(Constant)	3,536	1,175		3,010	,003	1,603	5,469	,001	,001	1,000
		Hotel treatment	,224	,336		,667	,505	-,329	,777	,002	,002	1,000

a. Dependent Variable: Perceived quality

## Authenticity Chanel

Model Summary<sup>b</sup>

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,275 <sup>a</sup>	,076	,034	,49725
1	1	,307 <sup>a</sup>	,094	,073	,55655
2	1	,216 <sup>a</sup>	,047	,025	,54696
3	1	,266 <sup>a</sup>	,071	,049	,60160
4	1	,252 <sup>a</sup>	,064	,042	,59042
5	1	,411 <sup>a</sup>	,169	,150	,61395

a. Predictors: (Constant), Hotel treatment

b. Dependent Variable: Authenticity

ANOVA<sup>a</sup>

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	,445	1	,445	1,798	,194 <sup>b</sup>
		Residual	5,440	22	,247		
		Total	5,884	23			
1	1	Regression	1,383	1	1,383	4,464	,040 <sup>b</sup>
		Residual	13,319	43	,310		
		Total	14,702	44			
2	1	Regression	,632	1	,632	2,114	,153 <sup>b</sup>
		Residual	12,864	43	,299		
		Total	13,497	44			
3	1	Regression	1,183	1	1,183	3,267	,078 <sup>b</sup>
		Residual	15,563	43	,362		
		Total	16,745	44			
4	1	Regression	1,018	1	1,018	2,921	,095 <sup>b</sup>
		Residual	14,989	43	,349		
		Total	16,008	44			
5	1	Regression	3,300	1	3,300	8,754	,005 <sup>b</sup>
		Residual	16,208	43	,377		
		Total	19,508	44			

a. Dependent Variable: Authenticity

b. Predictors: (Constant), Hotel treatment

Coefficients<sup>a</sup>

Imputation Number	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
			B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	2,729	,472		5,776	,000	1,917	3,540			
		Hotel treatment	,182	,135	,275	1,341	,194	-,051	,414			
1	1	(Constant)	2,419	,432		5,598	,000	1,693	3,146			
		Hotel treatment	,261	,124	,307	2,113	,040	,053	,469			
2	1	(Constant)	2,795	,425		6,580	,000	2,081	3,509			
		Hotel treatment	,177	,121	,216	1,454	,153	-,028	,381			
3	1	(Constant)	2,592	,467		5,550	,000	1,807	3,378			
		Hotel treatment	,241	,134	,266	1,808	,078	,017	,466			
4	1	(Constant)	2,583	,458		5,633	,000	1,812	3,353			
		Hotel treatment	,224	,131	,252	1,709	,095	,004	,444			
5	1	(Constant)	1,962	,477		4,117	,000	1,161	2,764			
		Hotel treatment	,403	,136	,411	2,959	,005	,174	,632			
Pooled	1	(Constant)	2,470	,568		4,350	,000	1,506	3,434	,404	,577	,925
		Hotel treatment	,261	,160		1,637	,111	-,009	,531	,379	,523	,930

a. Dependent Variable: Authenticity

## Status Chanel

Model Summary<sup>b</sup>

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,304 <sup>a</sup>	,092	,069	,90167
1	1	,295 <sup>a</sup>	,087	,066	,89552
2	1	,311 <sup>a</sup>	,097	,076	,88343
3	1	,315 <sup>a</sup>	,099	,078	,87269
4	1	,306 <sup>a</sup>	,094	,073	,87966
5	1	,307 <sup>a</sup>	,094	,073	,87128

- a. Predictors: (Constant), Hotel treatment  
 b. Dependent Variable: Status

ANOVA<sup>a</sup>

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	3,230	1	3,230	3,973	,053 <sup>b</sup>
		Residual	31,708	39	,813		
		Total	34,938	40			
1	1	Regression	3,295	1	3,295	4,109	,049 <sup>b</sup>
		Residual	34,484	43	,802		
		Total	37,779	44			
2	1	Regression	3,591	1	3,591	4,601	,038 <sup>b</sup>
		Residual	33,559	43	,780		
		Total	37,150	44			
3	1	Regression	3,596	1	3,596	4,722	,035 <sup>b</sup>
		Residual	32,748	43	,762		
		Total	36,344	44			
4	1	Regression	3,445	1	3,445	4,452	,041 <sup>b</sup>
		Residual	33,273	43	,774		
		Total	36,718	44			
5	1	Regression	3,395	1	3,395	4,472	,040 <sup>b</sup>
		Residual	32,642	43	,759		
		Total	36,037	44			

- a. Dependent Variable: Status  
 b. Predictors: (Constant), Hotel treatment

Coefficients<sup>a</sup>

Imputation Number	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
			B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	1,547	,711		2,177	,036	,350	2,744			
		Hotel treatment	,404	,203	,304	1,993	,053	,063	,746			
1	1	(Constant)	1,628	,695		2,342	,024	,460	2,797			
		Hotel treatment	,403	,199	,295	2,027	,049	,069	,737			
2	1	(Constant)	1,545	,686		2,252	,029	,392	2,698			
		Hotel treatment	,421	,196	,311	2,145	,038	,091	,750			
3	1	(Constant)	1,532	,678		2,261	,029	,393	2,671			
		Hotel treatment	,421	,194	,315	2,173	,035	,095	,746			
4	1	(Constant)	1,572	,683		2,302	,026	,424	2,720			
		Hotel treatment	,412	,195	,306	2,110	,041	,084	,740			
5	1	(Constant)	1,568	,677		2,317	,025	,430	2,705			
		Hotel treatment	,409	,193	,307	2,115	,040	,084	,734			
Pooled	1	(Constant)	1,569	,685		2,291	,022	,443	2,696	,004	,004	,999
		Hotel treatment	,413	,196		2,111	,035	,091	,735	,002	,002	1,000

- a. Dependent Variable: Status

## Premium price Chanel

Model Summary<sup>b</sup>

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,122 <sup>a</sup>	,015	-,012	,62462
1	1	,227 <sup>a</sup>	,052	,029	,64740
2	1	,126 <sup>a</sup>	,016	-,007	,61321
3	1	,167 <sup>a</sup>	,028	,005	,65230
4	1	,082 <sup>a</sup>	,007	-,016	,62543
5	1	,163 <sup>a</sup>	,027	,004	,64751

a. Predictors: (Constant), Hotel treatment

b. Dependent Variable: Premium price

ANOVA<sup>a</sup>

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	,220	1	,220	,563	,458 <sup>b</sup>
		Residual	14,436	37	,390		
		Total	14,655	38			
1	1	Regression	,979	1	,979	2,335	,134 <sup>b</sup>
		Residual	18,023	43	,419		
		Total	19,001	44			
2	1	Regression	,260	1	,260	,690	,411 <sup>b</sup>
		Residual	16,169	43	,376		
		Total	16,429	44			
3	1	Regression	,527	1	,527	1,238	,272 <sup>b</sup>
		Residual	18,296	43	,425		
		Total	18,823	44			
4	1	Regression	,113	1	,113	,290	,593 <sup>b</sup>
		Residual	16,820	43	,391		
		Total	16,933	44			
5	1	Regression	,493	1	,493	1,176	,284 <sup>b</sup>
		Residual	18,028	43	,419		
		Total	18,521	44			

a. Dependent Variable: Premium price

b. Predictors: (Constant), Hotel treatment

Coefficients<sup>a</sup>

Imputation Number	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
			B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	3,605	,558		6,455	,000	2,663	4,547			
		Hotel treatment	,119	,158	,122	,750	,458	-,148	,385			
1	1	(Constant)	3,165	,503		6,297	,000	2,320	4,010			
		Hotel treatment	,220	,144	,227	1,528	,134	-,022	,461			
2	1	(Constant)	3,585	,476		7,530	,000	2,785	4,386			
		Hotel treatment	,113	,136	,126	,831	,411	-,116	,342			
3	1	(Constant)	3,378	,506		6,670	,000	2,527	4,230			
		Hotel treatment	,161	,145	,167	1,113	,272	-,082	,404			
4	1	(Constant)	3,713	,486		7,645	,000	2,896	4,529			
		Hotel treatment	,075	,139	,082	,538	,593	-,159	,308			
5	1	(Constant)	3,374	,503		6,710	,000	2,528	4,219			
		Hotel treatment	,156	,144	,163	1,084	,284	-,086	,397			
Pooled	1	(Constant)	3,443	,546		6,300	,000	2,537	4,349	,193	,219	,963
		Hotel treatment	,145	,154		,943	,347	-,109	,399	,161	,178	,969

a. Dependent Variable: Premium price



## Heritage Chanel

Model Summary<sup>b</sup>

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,125 <sup>a</sup>	,016	-,017	,66384
1	1	,173 <sup>a</sup>	,030	,007	,67105
2	1	,153 <sup>a</sup>	,023	,001	,64656
3	1	,162 <sup>a</sup>	,026	,004	,70981
4	1	,166 <sup>a</sup>	,028	,005	,70867
5	1	,209 <sup>a</sup>	,044	,021	,71484

a. Predictors: (Constant), Hotel treatment

b. Dependent Variable: Heritage

ANOVA<sup>a</sup>

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	,210	1	,210	,477	,495 <sup>b</sup>
		Residual	13,220	30	,441		
		Total	13,431	31			
1	1	Regression	,594	1	,594	1,320	,257 <sup>b</sup>
		Residual	19,363	43	,450		
		Total	19,958	44			
2	1	Regression	,432	1	,432	1,034	,315 <sup>b</sup>
		Residual	17,976	43	,418		
		Total	18,408	44			
3	1	Regression	,582	1	,582	1,155	,288 <sup>b</sup>
		Residual	21,665	43	,504		
		Total	22,247	44			
4	1	Regression	,616	1	,616	1,226	,274 <sup>b</sup>
		Residual	21,595	43	,502		
		Total	22,211	44			
5	1	Regression	1,003	1	1,003	1,962	,168 <sup>b</sup>
		Residual	21,973	43	,511		
		Total	22,976	44			

a. Dependent Variable: Heritage

b. Predictors: (Constant), Hotel treatment

Coefficients<sup>a</sup>

Imputation Number	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
			B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	3,048	,577		5,284	,000	2,069	4,027			
		Hotel treatment	,114	,165	,125	,690	,495	-,166	,394			
1	1	(Constant)	2,761	,521		5,298	,000	1,885	3,636			
		Hotel treatment	,171	,149	,173	1,149	,257	-,079	,421			
2	1	(Constant)	2,826	,502		5,630	,000	1,982	3,670			
		Hotel treatment	,146	,144	,153	1,017	,315	-,095	,387			
3	1	(Constant)	2,758	,551		5,004	,000	1,831	3,684			
		Hotel treatment	,169	,158	,162	1,075	,288	-,096	,434			
4	1	(Constant)	2,817	,550		5,120	,000	1,892	3,742			
		Hotel treatment	,174	,157	,166	1,107	,274	-,090	,439			
5	1	(Constant)	2,663	,555		4,799	,000	1,730	3,597			
		Hotel treatment	,222	,159	,209	1,401	,168	-,044	,489			
Pooled	1	(Constant)	2,765	,541		5,111	,000	1,875	3,655	,017	,018	,997
		Hotel treatment	,177	,156		1,129	,259	-,081	,434	,039	,040	,992

a. Dependent Variable: Heritage

## Exclusivity Chanel

Model Summary<sup>b</sup>

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,287 <sup>a</sup>	,082	,057	,58710
1	1	,251 <sup>a</sup>	,063	,041	,59557
2	1	,269 <sup>a</sup>	,072	,051	,59497
3	1	,303 <sup>a</sup>	,092	,070	,61883
4	1	,268 <sup>a</sup>	,072	,050	,61933
5	1	,262 <sup>a</sup>	,069	,047	,62988

a. Predictors: (Constant), Hotel treatment

b. Dependent Variable: Exclusivity

ANOVA<sup>a</sup>

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	1,115	1	1,115	3,234	,081 <sup>b</sup>
		Residual	12,409	36	,345		
		Total	13,523	37			
1	1	Regression	1,024	1	1,024	2,887	,097 <sup>b</sup>
		Residual	15,252	43	,355		
		Total	16,276	44			
2	1	Regression	1,185	1	1,185	3,346	,074 <sup>b</sup>
		Residual	15,222	43	,354		
		Total	16,406	44			
3	1	Regression	1,659	1	1,659	4,333	,043 <sup>b</sup>
		Residual	16,467	43	,383		
		Total	18,126	44			
4	1	Regression	1,272	1	1,272	3,315	,076 <sup>b</sup>
		Residual	16,493	43	,384		
		Total	17,765	44			
5	1	Regression	1,261	1	1,261	3,178	,082 <sup>b</sup>
		Residual	17,060	43	,397		
		Total	18,321	44			

a. Dependent Variable: Exclusivity

b. Predictors: (Constant), Hotel treatment

Coefficients<sup>a</sup>

Imputation Number	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
			B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	2,562	,473		5,415	,000	1,763	3,360			
		Hotel treatment	,243	,135	,287	1,798	,081	,015	,471			
1	1	(Constant)	2,544	,462		5,501	,000	1,766	3,321			
		Hotel treatment	,225	,132	,251	1,699	,097	,002	,447			
2	1	(Constant)	2,479	,462		5,367	,000	1,703	3,256			
		Hotel treatment	,242	,132	,269	1,829	,074	,020	,464			
3	1	(Constant)	2,308	,481		4,803	,000	1,500	3,116			
		Hotel treatment	,286	,137	,303	2,081	,043	,055	,517			
4	1	(Constant)	2,445	,481		5,084	,000	1,637	3,253			
		Hotel treatment	,250	,137	,268	1,821	,076	,019	,481			
5	1	(Constant)	2,428	,489		4,965	,000	1,606	3,251			
		Hotel treatment	,249	,140	,262	1,783	,082	,014	,484			
Pooled	1	(Constant)	2,441	,484		5,038	,000	1,644	3,238	,039	,040	,992
		Hotel treatment	,250	,138		1,814	,070	,023	,477	,032	,033	,994

a. Dependent Variable: Exclusivity

## Self-image Chanel

Model Summary<sup>b</sup>

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,321 <sup>a</sup>	,103	,082	,73946
1	1	,321 <sup>a</sup>	,103	,082	,73946
2	1	,321 <sup>a</sup>	,103	,082	,73946
3	1	,321 <sup>a</sup>	,103	,082	,73946
4	1	,321 <sup>a</sup>	,103	,082	,73946
5	1	,321 <sup>a</sup>	,103	,082	,73946

a. Predictors: (Constant), Hotel treatment

b. Dependent Variable: Self-image

ANOVA<sup>a</sup>

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	2,710	1	2,710	4,956	,031 <sup>b</sup>
		Residual	23,513	43	,547		
		Total	26,222	44			
1	1	Regression	2,710	1	2,710	4,956	,031 <sup>b</sup>
		Residual	23,513	43	,547		
		Total	26,222	44			
2	1	Regression	2,710	1	2,710	4,956	,031 <sup>b</sup>
		Residual	23,513	43	,547		
		Total	26,222	44			
3	1	Regression	2,710	1	2,710	4,956	,031 <sup>b</sup>
		Residual	23,513	43	,547		
		Total	26,222	44			
4	1	Regression	2,710	1	2,710	4,956	,031 <sup>b</sup>
		Residual	23,513	43	,547		
		Total	26,222	44			
5	1	Regression	2,710	1	2,710	4,956	,031 <sup>b</sup>
		Residual	23,513	43	,547		
		Total	26,222	44			

a. Dependent Variable: Self-image

b. Predictors: (Constant), Hotel treatment

Coefficients<sup>a</sup>

Imputation Number	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
			B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	,523	,574		,912	,367	-,442	1,489			
		Hotel treatment	,365	,164	,321	2,226	,031	,089	,641			
1	1	(Constant)	,523	,574		,912	,367	-,442	1,489			
		Hotel treatment	,365	,164	,321	2,226	,031	,089	,641			
2	1	(Constant)	,523	,574		,912	,367	-,442	1,489			
		Hotel treatment	,365	,164	,321	2,226	,031	,089	,641			
3	1	(Constant)	,523	,574		,912	,367	-,442	1,489			
		Hotel treatment	,365	,164	,321	2,226	,031	,089	,641			
4	1	(Constant)	,523	,574		,912	,367	-,442	1,489			
		Hotel treatment	,365	,164	,321	2,226	,031	,089	,641			
5	1	(Constant)	,523	,574		,912	,367	-,442	1,489			
		Hotel treatment	,365	,164	,321	2,226	,031	,089	,641			
Pooled	1	(Constant)	,523	,574		,912	,362	-,421	1,468	,000	,000	1,000
		Hotel treatment	,365	,164		2,226	,026	,095	,635	,000	,000	1,000

a. Dependent Variable: Self-image

## Brand loyalty Louis Vuitton

**Model Summary<sup>b</sup>**

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,469 <sup>a</sup>	,220	,198	,61891
1	1	,476 <sup>a</sup>	,227	,208	,59843
2	1	,426 <sup>a</sup>	,182	,161	,60620
3	1	,492 <sup>a</sup>	,242	,223	,59189
4	1	,441 <sup>a</sup>	,195	,175	,59602
5	1	,484 <sup>a</sup>	,234	,215	,59055

- a. Predictors: (Constant), Hotel treatment  
 b. Dependent Variable: Brand loyalty

**ANOVA<sup>a</sup>**

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	3,782	1	3,782	9,875	,003 <sup>b</sup>
		Residual	13,407	35	,383		
		Total	17,189	36			
1	1	Regression	4,205	1	4,205	11,743	,001 <sup>b</sup>
		Residual	14,325	40	,358		
		Total	18,530	41			
2	1	Regression	3,264	1	3,264	8,881	,005 <sup>b</sup>
		Residual	14,699	40	,367		
		Total	17,963	41			
3	1	Regression	4,476	1	4,476	12,775	,001 <sup>b</sup>
		Residual	14,014	40	,350		
		Total	18,489	41			
4	1	Regression	3,435	1	3,435	9,670	,003 <sup>b</sup>
		Residual	14,210	40	,355		
		Total	17,645	41			
5	1	Regression	4,263	1	4,263	12,223	,001 <sup>b</sup>
		Residual	13,950	40	,349		
		Total	18,213	41			

- a. Dependent Variable: Brand loyalty  
 b. Predictors: (Constant), Hotel treatment

**Coefficients<sup>a</sup>**

Imputation Number	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
			B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	1,110	,364		3,054	,004	,496	1,725			
		Hotel treatment	,327	,104	,469	3,142	,003	,151	,503			
1	1	(Constant)	1,175	,310		3,788	,001	,653	1,697			
		Hotel treatment	,308	,090	,476	3,427	,001	,157	,460			
2	1	(Constant)	1,312	,314		4,174	,000	,783	1,841			
		Hotel treatment	,272	,091	,426	2,980	,005	,118	,425			
3	1	(Constant)	1,133	,307		3,693	,001	,616	1,650			
		Hotel treatment	,318	,089	,492	3,574	,001	,168	,468			
4	1	(Constant)	1,303	,309		4,216	,000	,782	1,823			
		Hotel treatment	,279	,090	,441	3,110	,003	,128	,430			
5	1	(Constant)	1,176	,306		3,842	,000	,661	1,692			
		Hotel treatment	,310	,089	,484	3,496	,001	,161	,460			
Pooled	1	(Constant)	1,220	,322		3,788	,000	,689	1,750	,080	,084	,984
		Hotel treatment	,297	,093		3,213	,001	,145	,450	,062	,065	,988

- a. Dependent Variable: Brand loyalty

## Perceived quality Louis Vuitton

Model Summary<sup>b</sup>

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,166 <sup>a</sup>	,027	-,009	,61674
1	1	,344 <sup>a</sup>	,119	,097	,62533
2	1	,245 <sup>a</sup>	,060	,037	,69238
3	1	,382 <sup>a</sup>	,146	,125	,63013
4	1	,371 <sup>a</sup>	,137	,116	,65440
5	1	,360 <sup>a</sup>	,130	,108	,61886

a. Predictors: (Constant), Hotel treatment

b. Dependent Variable: Perceived quality

ANOVA<sup>a</sup>

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	,290	1	,290	,761	,391 <sup>b</sup>
		Residual	10,270	27	,380		
		Total	10,559	28			
1	1	Regression	2,104	1	2,104	5,379	,026 <sup>b</sup>
		Residual	15,642	40	,391		
		Total	17,745	41			
2	1	Regression	1,228	1	1,228	2,561	,117 <sup>b</sup>
		Residual	19,176	40	,479		
		Total	20,403	41			
3	1	Regression	2,713	1	2,713	6,833	,013 <sup>b</sup>
		Residual	15,883	40	,397		
		Total	18,596	41			
4	1	Regression	2,730	1	2,730	6,375	,016 <sup>b</sup>
		Residual	17,130	40	,428		
		Total	19,860	41			
5	1	Regression	2,279	1	2,279	5,951	,019 <sup>b</sup>
		Residual	15,320	40	,383		
		Total	17,599	41			

a. Dependent Variable: Perceived quality

b. Predictors: (Constant), Hotel treatment

Coefficients<sup>a</sup>

Imputation Number	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
			B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	3,732	,479		7,786	,000	2,916	4,548			
		Hotel treatment	,117	,134	,166	,873	,391	-,112	,346			
1	1	(Constant)	3,325	,324		10,256	,000	2,779	3,870			
		Hotel treatment	,218	,094	,344	2,319	,026	,060	,376			
2	1	(Constant)	3,429	,359		9,553	,000	2,824	4,033			
		Hotel treatment	,167	,104	,245	1,600	,117	-,009	,342			
3	1	(Constant)	3,236	,327		9,907	,000	2,686	3,786			
		Hotel treatment	,248	,095	,382	2,614	,013	,088	,407			
4	1	(Constant)	3,218	,339		9,485	,000	2,646	3,789			
		Hotel treatment	,248	,098	,371	2,525	,016	,083	,414			
5	1	(Constant)	3,375	,321		10,519	,000	2,834	3,915			
		Hotel treatment	,227	,093	,360	2,439	,019	,070	,384			
Pooled	1	(Constant)	3,316	,348		9,518	,000	2,742	3,890	,083	,087	,984
		Hotel treatment	,222	,104		2,138	,033	,050	,393	,132	,143	,974

a. Dependent Variable: Perceived quality

## Authenticity Louis Vuitton

**Model Summary<sup>b</sup>**

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,047 <sup>a</sup>	,002	-,048	,87289
1	1	,378 <sup>a</sup>	,143	,121	,78527
2	1	,256 <sup>a</sup>	,065	,042	,71204
3	1	,334 <sup>a</sup>	,112	,089	,76147
4	1	,190 <sup>a</sup>	,036	,012	,74658
5	1	,183 <sup>a</sup>	,033	,009	,81161

a. Predictors: (Constant), Hotel treatment  
 b. Dependent Variable: Authenticity

**ANOVA<sup>a</sup>**

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	,034	1	,034	,045	,835 <sup>b</sup>
		Residual	15,239	20	,762		
		Total	15,273	21			
1	1	Regression	4,104	1	4,104	6,656	,014 <sup>b</sup>
		Residual	24,666	40	,617		
		Total	28,770	41			
2	1	Regression	1,420	1	1,420	2,802	,102 <sup>b</sup>
		Residual	20,280	40	,507		
		Total	21,700	41			
3	1	Regression	2,914	1	2,914	5,025	,031 <sup>b</sup>
		Residual	23,194	40	,580		
		Total	26,108	41			
4	1	Regression	,834	1	,834	1,497	,228 <sup>b</sup>
		Residual	22,295	40	,557		
		Total	23,130	41			
5	1	Regression	,909	1	,909	1,379	,247 <sup>b</sup>
		Residual	26,349	40	,659		
		Total	27,257	41			

a. Dependent Variable: Authenticity  
 b. Predictors: (Constant), Hotel treatment

**Coefficients<sup>a</sup>**

Imputation Number	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
			B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	3,326	,776		4,287	,000	1,988	4,664			
		Hotel treatment	,046	,217	,047	,211	,835	-,328	,419			
1	1	(Constant)	2,256	,407		5,542	,000	1,571	2,942			
		Hotel treatment	,305	,118	,378	2,580	,014	,106	,503			
2	1	(Constant)	2,789	,369		7,556	,000	2,168	3,411			
		Hotel treatment	,179	,107	,256	1,674	,102	-,001	,359			
3	1	(Constant)	2,459	,395		6,228	,000	1,794	3,123			
		Hotel treatment	,257	,114	,334	2,242	,031	,064	,449			
4	1	(Constant)	2,919	,387		7,541	,000	2,267	3,570			
		Hotel treatment	,137	,112	,190	1,223	,228	-,052	,326			
5	1	(Constant)	2,909	,421		6,915	,000	2,201	3,618			
		Hotel treatment	,143	,122	,183	1,174	,247	-,062	,349			
Pooled	1	(Constant)	2,666	,512		5,213	,000	1,793	3,540	,443	,668	,919
		Hotel treatment	,204	,140		1,455	,154	-,033	,441	,363	,492	,932

a. Dependent Variable: Authenticity

## Status Louis Vuitton

Model Summary<sup>b</sup>

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,581 <sup>a</sup>	,337	,318	,70737
1	1	,463 <sup>a</sup>	,214	,195	,74894
2	1	,476 <sup>a</sup>	,226	,207	,75992
3	1	,523 <sup>a</sup>	,274	,256	,71812
4	1	,498 <sup>a</sup>	,248	,229	,73148
5	1	,505 <sup>a</sup>	,255	,236	,72611

a. Predictors: (Constant), Hotel treatment

b. Dependent Variable: Status

ANOVA<sup>a</sup>

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	8,651	1	8,651	17,290	,000 <sup>b</sup>
		Residual	17,012	34	,500		
		Total	25,664	35			
1	1	Regression	6,116	1	6,116	10,904	,002 <sup>b</sup>
		Residual	22,437	40	,561		
		Total	28,553	41			
2	1	Regression	6,753	1	6,753	11,694	,001 <sup>b</sup>
		Residual	23,099	40	,577		
		Total	29,852	41			
3	1	Regression	7,787	1	7,787	15,100	,000 <sup>b</sup>
		Residual	20,628	40	,516		
		Total	28,415	41			
4	1	Regression	7,066	1	7,066	13,206	,001 <sup>b</sup>
		Residual	21,403	40	,535		
		Total	28,469	41			
5	1	Regression	7,209	1	7,209	13,674	,001 <sup>b</sup>
		Residual	21,089	40	,527		
		Total	28,298	41			

a. Dependent Variable: Status

b. Predictors: (Constant), Hotel treatment

Coefficients<sup>a</sup>

Imputation Number	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
			B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	1,245	,436		2,853	,007	,507	1,982			
		Hotel treatment	,521	,125	,581	4,158	,000	,309	,732			
1	1	(Constant)	1,714	,388		4,415	,000	1,060	2,368			
		Hotel treatment	,372	,113	,463	3,302	,002	,182	,561			
2	1	(Constant)	1,633	,394		4,147	,000	,970	2,297			
		Hotel treatment	,391	,114	,476	3,420	,001	,198	,583			
3	1	(Constant)	1,534	,372		4,119	,000	,907	2,160			
		Hotel treatment	,420	,108	,523	3,886	,000	,238	,601			
4	1	(Constant)	1,645	,379		4,338	,000	1,006	2,283			
		Hotel treatment	,400	,110	,498	3,634	,001	,214	,585			
5	1	(Constant)	1,597	,376		4,243	,000	,963	2,231			
		Hotel treatment	,404	,109	,505	3,698	,001	,220	,588			
Pooled	1	(Constant)	1,625	,389		4,177	,000	,985	2,265	,035	,036	,993
		Hotel treatment	,397	,112		3,530	,000	,212	,582	,030	,030	,994

a. Dependent Variable: Status

## Premium price Louis Vuitton

Model Summary<sup>b</sup>

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,367 <sup>a</sup>	,135	,112	,63452
1	1	,348 <sup>a</sup>	,121	,099	,62486
2	1	,347 <sup>a</sup>	,121	,099	,62482
3	1	,343 <sup>a</sup>	,118	,096	,63078
4	1	,342 <sup>a</sup>	,117	,095	,63065
5	1	,351 <sup>a</sup>	,123	,101	,62370

a. Predictors: (Constant), Hotel treatment

b. Dependent Variable: Premium price

ANOVA<sup>a</sup>

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	2,378	1	2,378	5,907	,020 <sup>b</sup>
		Residual	15,299	38	,403		
		Total	17,678	39			
1	1	Regression	2,158	1	2,158	5,527	,024 <sup>b</sup>
		Residual	15,618	40	,390		
		Total	17,776	41			
2	1	Regression	2,144	1	2,144	5,492	,024 <sup>b</sup>
		Residual	15,616	40	,390		
		Total	17,760	41			
3	1	Regression	2,126	1	2,126	5,343	,026 <sup>b</sup>
		Residual	15,915	40	,398		
		Total	18,041	41			
4	1	Regression	2,100	1	2,100	5,281	,027 <sup>b</sup>
		Residual	15,909	40	,398		
		Total	18,009	41			
5	1	Regression	2,187	1	2,187	5,623	,023 <sup>b</sup>
		Residual	15,560	40	,389		
		Total	17,748	41			

a. Dependent Variable: Premium price

b. Predictors: (Constant), Hotel treatment

Coefficients<sup>a</sup>

Imputation Number	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
			B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	3,017	,331		9,115	,000	2,459	3,575			
		Hotel treatment	,236	,097	,367	2,430	,020	,072	,399			
1	1	(Constant)	3,048	,324		9,411	,000	2,503	3,594			
		Hotel treatment	,221	,094	,348	2,351	,024	,063	,379			
2	1	(Constant)	3,049	,324		9,414	,000	2,504	3,595			
		Hotel treatment	,220	,094	,347	2,343	,024	,062	,378			
3	1	(Constant)	3,054	,327		9,338	,000	2,503	3,604			
		Hotel treatment	,219	,095	,343	2,312	,026	,060	,379			
4	1	(Constant)	3,056	,327		9,348	,000	2,505	3,606			
		Hotel treatment	,218	,095	,342	2,298	,027	,058	,378			
5	1	(Constant)	3,044	,323		9,414	,000	2,499	3,588			
		Hotel treatment	,222	,094	,351	2,371	,023	,064	,380			
Pooled	1	(Constant)	3,050	,325		9,384	,000	2,516	3,585	,000	,000	1,000
		Hotel treatment	,220	,094		2,334	,020	,065	,375	,000	,000	1,000

a. Dependent Variable: Premium price



## Heritage Louis Vuitton

**Model Summary<sup>b</sup>**

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,122 <sup>a</sup>	,015	-,028	,66225
1	1	,288 <sup>a</sup>	,083	,060	,66835
2	1	,325 <sup>a</sup>	,106	,083	,60000
3	1	,372 <sup>a</sup>	,138	,117	,60044
4	1	,340 <sup>a</sup>	,116	,094	,74544
5	1	,378 <sup>a</sup>	,143	,121	,67966

- a. Predictors: (Constant), Hotel treatment  
 b. Dependent Variable: Heritage

**ANOVA<sup>a</sup>**

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	,153	1	,153	,348	,561 <sup>b</sup>
		Residual	10,087	23	,439		
		Total	10,240	24			
1	1	Regression	1,611	1	1,611	3,605	,065 <sup>b</sup>
		Residual	17,868	40	,447		
		Total	19,478	41			
2	1	Regression	1,700	1	1,700	4,721	,036 <sup>b</sup>
		Residual	14,400	40	,360		
		Total	16,100	41			
3	1	Regression	2,311	1	2,311	6,410	,015 <sup>b</sup>
		Residual	14,421	40	,361		
		Total	16,732	41			
4	1	Regression	2,909	1	2,909	5,236	,027 <sup>b</sup>
		Residual	22,227	40	,556		
		Total	25,136	41			
5	1	Regression	3,076	1	3,076	6,659	,014 <sup>b</sup>
		Residual	18,477	40	,462		
		Total	21,553	41			

- a. Dependent Variable: Heritage  
 b. Predictors: (Constant), Hotel treatment

**Coefficients<sup>a</sup>**

Imputation Number	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
			B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	3,126	,615		5,086	,000	2,073	4,179			
		Hotel treatment	,097	,165	,122	,590	,561	-,185	,380			
1	1	(Constant)	2,638	,346		7,613	,000	2,054	3,221			
		Hotel treatment	,191	,100	,288	1,899	,065	,022	,360			
2	1	(Constant)	2,654	,311		8,532	,000	2,130	3,177			
		Hotel treatment	,196	,090	,325	2,173	,036	,044	,348			
3	1	(Constant)	2,496	,311		8,018	,000	1,972	3,020			
		Hotel treatment	,229	,090	,372	2,532	,015	,077	,381			
4	1	(Constant)	2,419	,386		6,259	,000	1,768	3,069			
		Hotel treatment	,256	,112	,340	2,288	,027	,068	,445			
5	1	(Constant)	2,348	,352		6,665	,000	1,755	2,941			
		Hotel treatment	,264	,102	,378	2,580	,014	,092	,436			
Pooled	1	(Constant)	2,511	,373		6,736	,000	1,894	3,127	,165	,183	,968
		Hotel treatment	,227	,106		2,144	,033	,052	,402	,126	,136	,975

- a. Dependent Variable: Heritage

## Exclusivity Louis Vuitton

**Model Summary<sup>b</sup>**

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,440 <sup>a</sup>	,194	,167	,72066
1	1	,315 <sup>a</sup>	,099	,077	,72859
2	1	,334 <sup>a</sup>	,112	,089	,70442
3	1	,296 <sup>a</sup>	,088	,065	,73589
4	1	,326 <sup>a</sup>	,107	,084	,68970
5	1	,331 <sup>a</sup>	,110	,088	,67847

a. Predictors: (Constant), Hotel treatment  
 b. Dependent Variable: Exclusivity

**ANOVA<sup>a</sup>**

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	3,739	1	3,739	7,199	,012 <sup>b</sup>
		Residual	15,581	30	,519		
		Total	19,319	31			
1	1	Regression	2,334	1	2,334	4,397	,042 <sup>b</sup>
		Residual	21,234	40	,531		
		Total	23,568	41			
2	1	Regression	2,491	1	2,491	5,021	,031 <sup>b</sup>
		Residual	19,848	40	,496		
		Total	22,340	41			
3	1	Regression	2,082	1	2,082	3,846	,057 <sup>b</sup>
		Residual	21,661	40	,542		
		Total	23,744	41			
4	1	Regression	2,270	1	2,270	4,771	,035 <sup>b</sup>
		Residual	19,027	40	,476		
		Total	21,297	41			
5	1	Regression	2,273	1	2,273	4,938	,032 <sup>b</sup>
		Residual	18,413	40	,460		
		Total	20,686	41			

a. Dependent Variable: Exclusivity  
 b. Predictors: (Constant), Hotel treatment

**Coefficients<sup>a</sup>**

Imputation Number	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
			B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	1,734	,422		4,109	,000	1,018	2,449			
		Hotel treatment	,325	,121	,440	2,683	,012	,119	,531			
1	1	(Constant)	2,113	,378		5,596	,000	1,477	2,749			
		Hotel treatment	,230	,110	,315	2,097	,042	,045	,414			
2	1	(Constant)	2,003	,365		5,484	,000	1,388	2,617			
		Hotel treatment	,237	,106	,334	2,241	,031	,059	,416			
3	1	(Constant)	2,110	,381		5,531	,000	1,468	2,752			
		Hotel treatment	,217	,111	,296	1,961	,057	,031	,403			
4	1	(Constant)	2,093	,358		5,854	,000	1,491	2,695			
		Hotel treatment	,226	,104	,326	2,184	,035	,052	,401			
5	1	(Constant)	2,091	,352		5,944	,000	1,498	2,683			
		Hotel treatment	,227	,102	,331	2,222	,032	,055	,398			
Pooled	1	(Constant)	2,082	,370		5,623	,000	1,473	2,691	,018	,018	,996
		Hotel treatment	,227	,107		2,131	,033	,052	,403	,006	,006	,999

a. Dependent Variable: Exclusivity

## Self-image Louis Vuitton

Model Summary<sup>b</sup>

Imputation Number	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Original data	1	,441 <sup>a</sup>	,195	,173	,68905
1	1	,408 <sup>a</sup>	,166	,145	,68716
2	1	,442 <sup>a</sup>	,195	,175	,67463
3	1	,463 <sup>a</sup>	,214	,195	,68583
4	1	,455 <sup>a</sup>	,207	,187	,68879
5	1	,438 <sup>a</sup>	,191	,171	,67606

a. Predictors: (Constant), Hotel treatment  
 b. Dependent Variable: Self-image

ANOVA<sup>a</sup>

Imputation Number	Model		Sum of Squares	df	Mean Square	F	Sig.
Original data	1	Regression	4,358	1	4,358	9,179	,004 <sup>b</sup>
		Residual	18,042	38	,475		
		Total	22,400	39			
1	1	Regression	3,765	1	3,765	7,974	,007 <sup>b</sup>
		Residual	18,887	40	,472		
		Total	22,653	41			
2	1	Regression	4,419	1	4,419	9,709	,003 <sup>b</sup>
		Residual	18,205	40	,455		
		Total	22,624	41			
3	1	Regression	5,133	1	5,133	10,913	,002 <sup>b</sup>
		Residual	18,814	40	,470		
		Total	23,947	41			
4	1	Regression	4,953	1	4,953	10,440	,002 <sup>b</sup>
		Residual	18,977	40	,474		
		Total	23,930	41			
5	1	Regression	4,328	1	4,328	9,470	,004 <sup>b</sup>
		Residual	18,282	40	,457		
		Total	22,611	41			

a. Dependent Variable: Self-image  
 b. Predictors: (Constant), Hotel treatment

Coefficients<sup>a</sup>

Imputation Number	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90,0% Confidence Interval for B		Fraction Missing Info.	Relative Increase Variance	Relative Efficiency
			B	Std. Error	Beta			Lower Bound	Upper Bound			
Original data	1	(Constant)	,709	,376		1,885	,067	,075	1,343			
		Hotel treatment	,326	,107	,441	3,030	,004	,144	,507			
1	1	(Constant)	,853	,356		2,394	,021	,253	1,453			
		Hotel treatment	,292	,103	,408	2,824	,007	,118	,466			
2	1	(Constant)	,752	,350		2,150	,038	,163	1,341			
		Hotel treatment	,316	,101	,442	3,116	,003	,145	,487			
3	1	(Constant)	,656	,356		1,844	,073	,057	1,254			
		Hotel treatment	,341	,103	,463	3,304	,002	,167	,514			
4	1	(Constant)	,682	,357		1,910	,063	,081	1,283			
		Hotel treatment	,335	,104	,455	3,231	,002	,160	,509			
5	1	(Constant)	,766	,350		2,185	,035	,176	1,356			
		Hotel treatment	,313	,102	,438	3,077	,004	,142	,484			
Pooled	1	(Constant)	,742	,364		2,038	,042	,143	1,341	,056	,058	,989
		Hotel treatment	,319	,105		3,046	,002	,147	,492	,042	,043	,992

a. Dependent Variable: Self-image

## Article

# Boomeranging the Luxury Brand: A study of luxury brand extensions

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Over the last years, an increasing amount of luxury brands have decided to take their brands outside of their home turf and extend into new and unknown industries. With the help of perceived industry closeness, we have studied how consumers evaluate a luxury fashion brand after it has entered the hospitality industry. Our findings show that perceived industry closeness do not affect consumer evaluation. However, we found that a luxury brand extension as such, has a strong influence on how consumers perceive the brand in its original industry.

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## THE LUXURY BRAND EXTENSION PHENOMENON

### Background

Brand extension, as a strategy, has been one of the most important tools for strategic growth since the 1980's (Aaker, 1990). This type of strategy is the most effective way to capitalize on a brand's strength (Tauber, 1981). Brand extensions have been widely used in the fashion industry, reaching out to the perfume-, jewelry and watch- and furnishing industry. In 1994, Gianni Versace took this to a new level when he brought Versace into the hospitality industry, being the first fashion designer to put his name on a hotel. Since then, many of the high fashion brands have followed Versace's lead. Armani, Bvlgari and Missoni are all examples of brands that have followed this trend.

### Measuring brand extensions

The most common approach when studying brand extensions has been to investigate how the extension affects consumer evaluation of the brand (Aaker & Keller, 1990; Swaminathan et al, 2001; Hem & Iversen, 2003). In order

to measure consumer evaluations of a brand, specific brand associations are measured independently. A brand association is a specific attribute related to the brand. Such an association could be perceived quality, or exclusivity amongst others. The two most common associations that have been measured together with brand extensions are brand loyalty (Hem & Iversen, 2003) and perceived quality (Aaker & Keller, 1990; Bottomley & Doyle, 1996).

Studying brand extensions for luxury brands, however, require a different approach. This is due to the intangible and emotional associations that differ luxury brands from other brands (Hudders, 2012). Park *et al* (1991) further argue that emotional and functional associations are affected differently by an extension. There is no clear definition about what differ emotional associations from functional. We have chosen to apply Keller's (2001, p.7) brand pyramid in order to categorize a luxury brand's associations according to emotional and functional factors.

## Luxury brand associations

We have identified eight brand associations that we believe are important to measure in order to capture the essence of the luxury brand. Two of the associations are brand loyalty and perceived quality, which we derived from the general brand extension literature. We have also identified six specific luxury associations. Those are:

- Authenticity
- Status
- Premium price
- Heritage
- Exclusivity
- Self-image

## PERCEIVED INDUSTRY CLOSENESS

Perceived industry closeness is the degree to which consumers believe that a brand is related to a new type of business activity. In our case, the original business activity is represented by the luxury fashion industry and the new business activity is represented by the hospitality industry. Perceived industry closeness is often referred to as fit (Tauber, 1988) or perceived product category fit (Aaker & Keller, 1990). Perceived industry closeness' impact on luxury brands has gained minimal attention in earlier studies even though it is a commonly studied phenomenon in brand extension literature.

We have identified two luxury brands with different degrees of perceived industry closeness; *Chanel* and *Louis Vuitton*. We tested that the two brands were perceived as luxury brands and that they were perceived to have different degrees of industry closeness. This was done in a pre-study we conducted on the Internet. Chanel was perceived to have low perceived industry closeness and Louis Vuitton to have high perceived industry closeness.

## HYPOTHESES

Given that a luxury brand extends into the hospitality industry, we intend to investigate how perceived industry closeness affects consumer evaluation of the brand. In order to test this, we must first investigate whether the proposed extension affected consumer evaluation of the luxury brands or not. This is represented by hypothesis 1.

H1: The hotel description has an influence on how consumers evaluate a luxury brand in its original industry

The second hypothesis will instead test if perceived industry closeness affects consumer evaluation of the two brands.

H2: Perceived industry closeness has an influence on how consumers evaluate a luxury brand in its original industry

Both hypotheses will be tested independently on the eight identified luxury brand associations.

## METHOD

Our primary data collection is made up of two different parts. The first part consists of the answers that we retrieved from our Internet based pre-survey. The aim of this survey was to make the respondents identify luxury brands from a given list. This was necessary to obtain the two most appropriate brands for further use in the main study. The program we used was Survey Monkey. It allowed us to randomize the answering alternatives, which we viewed necessary in order to reduce the risk of biased answers

The second part of primary data is made up and based upon the answers that we retrieved from our experimental survey. The students that participated in the survey were randomly selected according to simple random sampling at

four different locations around Lund University campus; the School of Economics and Management library, the SOL library (Centre for Languages and Literature), together with the main University library and the Alpha building of Lund School of Economics and Management. Simple random sampling reduces the risk of biased answers and an unequal distribution of the respondents. It further controls for extraneous variables that otherwise could distort the analysis of the data. In total, 200 students answered the survey.

The stimulus was made up by a hotel description that only half of the respondents received. The hotel description was placed before the questions treating the brand associations. This allowed us to measure the hotel description's impact on the eight associations.

## RESULTS

The results from the study are presented in table 1.

Hypothesis	Outcome
H1	Accepted
H2	Rejected

Table 16

For the first hypothesis, we found out that the hotel description had a significant impact on how consumers evaluated seven of the eight brand associations. This indicates that the proposed extension does affect how consumers evaluate luxury brands.

Looking at the second hypothesis, we could only measure a difference on three of the eight brand associations between the brands. This means that perceived industry closeness only affected three associations. Since this is a minority of the associations, we must conclude that perceived industry closeness does not have a significant impact on consumer evaluations.

However, we did find out that it affects specific associations of the brand.

## DISCUSSION

Our findings show that perceived industry closeness does not have a significant impact on consumer evaluation altogether. However, perceived industry closeness could influence specific luxury brand associations. We could see that out of the eight associations, three associations were positively affected by perceived industry closeness. This indicates that perceived industry closeness does influence consumer evaluation of specific luxury brand associations.

Since the majority of the brand associations were not affected, we can argue that perceived industry closeness, itself, does not have a significant impact on consumer evaluations. Our findings contradict those of Aaker & Keller (1990). They argue that perceived fit does influence consumer attitudes towards the extension. We suggest that industry closeness is not enough to rely on for those luxury brands that seek to extend their brands into new industries.

## IMPLICATIONS AND FURTHER RESEARCH

Our study shows that perceived industry closeness does not have a significant impact on consumer evaluation of luxury brands. We assume, in accordance with Tauber (1988), that leverage plays an equally important part as closeness. Leverage is the extent to which consumers perceive the brand as better than the competition in the new industry. We, therefore, recommend studying perceived industry closeness together with leverage, in order to gain a deeper understanding of what could affect a luxury brand extension. It is likely that this combination also could have a significant impact on how the extension

would affect the brand in its original industry.

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