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‘Brand Availability’: Enhancing a Brand’s Competitive Advantage

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Abstract

Title: 'Brand Availability' - Enhancing a Brand's Competitive Advantage

Purpose: The purpose of this study is to explore the effects of vertical brand extensions on consumer perceptions and brand equity. Up until this point, literature regarding brand extensions has been broadly discussed, but there is a present gap regarding the effects of introducing a vertical brand extension on consumers. The aim of the study is to fill this gap by exploring the effects on consumers by taking a strategic brand management perspective in order to answer two research questions: How does a vertical brand extension affect the brand? How does a vertical brand extension affect consumer perceptions of the core brand?

Design/methodology/approach: An abductive approach is utilized through existing literature regarding brand extensions together with interviews as the framework to develop and introduce the concept of 'Brand Availability', illustrated through the Swedish fashion market. Semi-structured interviews are used to guide the conducted interviews, by examining the consumer's perspective of a brand when a change in 'Brand Availability' occurs.

Findings: The main finding in this study is the need for a new concept in order to explain how the introduction of a vertical brand extension affects consumers and their perception. The literature review data provide us with material needed to develop the concept of 'Brand Availability', which is confirmed by the empirical data, and examine how the introduction of a vertical brand affects consumers. Furthermore, the empirical data shows that the perception of the brand may be enhanced or harmed when a change in 'Brand Availability' occurs. The empirical data also demonstrates that a brand becoming more available may be an applicable approach in order to gain a competitive advantage.

Originality/value: This paper introduces the concept of 'Brand Availability', which we define as 'the degree to which the consumer market has access to the brand when a vertical brand extension is created', and emphasizes the effects of performing a vertical brand extension through the modification of the brand's availability.

Theoretical implications: The study's three main theoretical contributions include (1) the development, introduction and definition of the concept 'Brand Availability', which explains the effect for consumers when a brand is vertically extending, (2) the development of the model "Four motives for creating a vertical brand extension" which explains the principal reasons behind introducing a vertical brand extension and (3) the model "Brand Availability" which provides the holistic view from how the four motives are aiming to gain a competitive advantage which may result in a vertical brand extension being created and changes the 'Brand Availability'.

Managerial implications: This study's three main managerial implications are (1) the effect for consumers when extending a brand vertically is a change in 'Brand Availability', (2) when changing the brand's availability the perception of the core brand may be enhanced or harmed and (3) a downward brand extension may be an applicable approach in order to gain/maintain a competitive advantage.

Keywords: Brand Availability, Vertical Brand Extensions, Competitive Advantage, Positioning and Brand Equity.

Paper type: Conceptual blended with empirical research based on interviews

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1. Introduction

This chapter is designed to provide the reader with knowledge using existing literature by offering a framework for the concept of 'Brand Availability' through identifying the gap in order to illuminate the importance of the phenomenon. The problematizing description of the background is followed by the study's intended purpose.

1.1. Changing a Brand's Availability

In order to enhance a competitive advantage, a company can extend an existing brand, which is more favorable than introducing a completely new one (Aaker & Keller, 1990; Smith & Burns, 2013; Vukasovič, 2012). Horizontal and vertical extensions are two types of extensions that comprise a brand extension strategy; horizontal extensions extend a brand into a new and different product category, while vertical extensions contains price or quality related changes within the same category (Xin et al., 2013). It is common for companies to extend their brand through the creation of a vertical brand extension, either by making the brand more accessible or more exclusive; brands such as Armani, Ralph Lauren and H&M are great examples of fashion brands currently operating within different price categories (Armani, n.d.; H&M, n.d.a; Vogue, n.d.a; Vogue, n.d.b). What occurs when a company extends their brand upwards or downwards? Although the concept of vertical brand extensions is well explored, the outcome for how consumers are affected is relatively unfamiliar. Therefore, we explore the effects of vertical brand extensions in this study and introduce the new concept of 'Brand Availability'.

A brand can be seen as a company's most valuable asset (Melin, 2002; Ghauri & Cateora, 2010:286; Kotler & Keller, 2011:263-264), and needs to be handled with great caution. In order to gain an essential competitive advantage, companies must provide small preferences for consumers (Hillenbrand et al., 2013). By creating and building strong brands, a company facilitates the possibility to possess a strong position in the consumer's mind that is unique to that brand (Davis, 2000), hence gaining a competitive advantage (Hillenbrand et al., 2013). According to Jin et al. (2011), brands are made, not born; the establishment of a brand demands a significant investment and continuous fostering. Brands reduce perceived risks and generate trust with customers; if a brand fails to provide trust, it simply becomes a name of a product with no significant meaning (Kapferer, 2012:20). Understanding the effects of a vertical brand extension increases the possibility to examine the

competitive advantage associated with an extension's performance and make it possible to answer questions like: - What occurs when a fashion brand performs an upward or downward extension? - How does this affect consumers? - Will this harm or benefit the core brand? Therefore the focus of this study explores how consumers are affected by the creation of a brand extension, using the Swedish fashion market as an illustration, and to introduce the concept of 'Brand Availability'.

1.2. The Swedish Fashion Market

Consumption is an important aspect of a consumer's everyday life, and trends among Swedes show the purchasing behavior of clothing has never been higher (Håkansson, 2011). In 2011, the turnover in the Swedish fashion industry was 206 billion SEK (Tillväxtverket, 2013), while in 2012 the turnover increased by approximately 11 percent reaching 229 billion SEK (Tillväxtverket 2014). These numbers show a repeating growth within the fashion industry, and are not showing any signs of regression.

Swedish people, between 16 and 30 years of age, spend approximately 687 SEK per month on clothing (Johansson, 2014), which is 8244 SEK per year. A review of market trends show that the number of shopping malls within Sweden is increasing, and according to HUI Research more Swedes prefer shopping in large shopping malls (Englund, 2013). In addition, the online shopping industry has grown enormously, becoming more popular among consumers because it offers them a large selection and an option for when and where they are able shop (HUI, 2013). Online shopping facilitates new consumption habits and increases the market space for both companies as well as consumers (HUI, 2013). The future looks bright for the consumption ability of Swedes (HUI Research, 2014) and the sales prognoses has not been this high since 2011 (HUI, 2014). Maria Sandow (n.d.), working for HUI Stil, states that there is a great interest in fashion in Sweden, and the industry is characterized with many competitors.

Traditionally, fashion was used as a manner to signal a person's position in society, and fashion is currently an important technique to express one's identity (Richter, 2012). The social world judges individuals through their consumption, their lifestyle, and their 'standard of living' (Bourdieu, 2013:309). Therefore, a brand can be seen as a name with a personality, and, according to Aaker (1997), consumers often purchase brands that they identify with that possess and express a similar personality. A product is independently incapable to form a relationship with consumers, due to the fact that the brand is an essential component to form relationships with consumers (Davis, 2000). The brand simply works as an information carrier (Melin, 2002) by signaling what the company stands for as a whole (Davis, 2000).

Consumers are presently offered a wide selection of fashion brands among a variety of price categories and styles and are more accessible than ever before. Due to the evident competition within the Swedish fashion market, it is crucial for a company to not only stand out, but also adapt to current market conditions. Brands need to provide consumers with favorable features in order to gain a competitive advantage (Hillenbrand et al., 2013). Furthermore, in order to meet consumer demands, a brand extension may be favorable for a company to grow and become more successful (Aaker & Keller, 1990), which has currently become a trend among fashion brands within all types of price categories.

1.3. Exploring 'Brand Availability' on the Swedish Fashion

Market

The Swedish fashion market is characterized as a competitive market, and the consumers' power has not been this strong in many years. Furthermore, trends show that both lower priced fashion brands, for example H&M, as well as higher price fashion brands, such as Armani, have extended their brands in order to gain a competitive advantage. However, companies must be aware of both the benefits and obstacles associated with the creation of a brand extension, as well as the extension's effect on the core brand and the organization as a whole (Aaker & Joachimsthaler, 2000). The importance of the brand and the brand's equity are vital facets of brand building from a strategic brand management perspective since high levels of brand equity increase the consumer's purchase intention (Pappu et al., 2005). A benefit of creating a brand extension, stemming from a strong brand, is the capability the product has to grasp a price premium in relation to similar products linked with lower equity brands (DelVecchio & Smith, 2005). The reasons for extending a brand vary from case to case, and the company does not always make the decision. This study presents four distinct motives for companies to introduce a vertical brand extension: to change the perception of the brand, to keep current with ongoing trends, to increase profitability and to simply keep up with their competitors. Essentially, these four motives all have the same overall goal, which is to gain a competitive advantage.

We identify the creation of a vertical brand extension as a change in 'Brand Availability', illustrated in Figure 1. The core brand, Armani, performs a downward extension, enabling more people to access the brand extension, Armani Jeans, by creating a more available brand. Conversely, when the core brand, Armani, performs an upward brand extension the brand extension, Armani Privé, becomes more exclusive and fewer people are able to access the brand, which causes the brand to become

less available. The consumer's opportunity and desire to purchase a specific brand are affected by vertical extensions. By introducing and developing the concept of 'Brand Availability', we attempt to improve the overall knowledge of how consumers and their perception of the core brand are affected. Through examining the effects, we attempt to explore whether a vertical brand extension is an applicable approach in order to gain a competitive advantage.

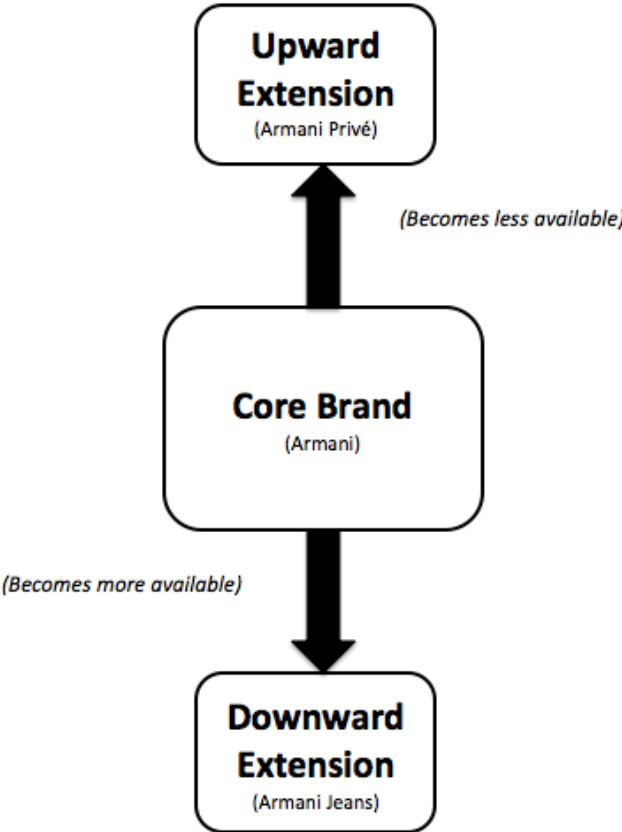


Figure 1: Vertical Brand Extensions

In Chapter 2, we present four concepts we believe are related to the 'Brand Availability' phenomenon: brand equity, positioning, competitive advantage, and vertical brand extensions. We believe that the four concepts are interrelated with the concept of 'Brand Availability', which we define as 'the degree to which the consumer market has access to the brand when a vertical brand extension is created'. The concept of 'Brand Availability' is presented and discussed within the theory and the analysis; furthermore, establishing and developing the concept 'Brand Availability' remains the main focus of this study.

1.4. Purpose

The purpose of the study is to fill the gap present today in literature by exploring the effects of vertical brand extensions on consumer perceptions and brand equity. By taking a brand management perspective, we explore whether an introduction of a vertical brand extension is an applicable approach to gain a competitive advantage. The research questions are therefore:

How does an introduction of a vertical brand extension affect consumers?

How does an introduction of a vertical brand extension affect consumer perceptions of the core brand?

To be able to answer the research questions, we use the Swedish fashion market as an illustration to explore the effects when a vertical brand extension is introduced. Furthermore, we perform a qualitative study through interviews with consumers in order to explore whether companies are gaining a competitive advantage by creating a vertical brand extension or if the benefits outweigh the risks.

2. Theoretical Framework

In this chapter we present and discuss the theory related to the concept of 'Brand Availability'. The chapter begins by emphasizing the meaning and significance of the brand and its equity, followed by discussing positioning, later explaining how to gain a competitive advantage and its importance, then continues by presenting vertical brand extensions and the motives behind extending brands upward or downward is exemplified and finally the chapter concludes with a more detailed presentation of the concept of 'Brand Availability'.

2.1. Brand Equity

Building a strong brand is a critical factor for successful marketing in order to create positive associations that differentiate a brand from their competitors (Dahlén & Lange, 2009:229). A brand is not only a product or service that a company sells, but a brand also represents what a company does and what it exemplifies (Davis, 2000). The American Marketing Association defines a brand as:

“A name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors” (Kotler & Keller, 2011:263).

A brand is a vital component of what a company represents, especially because, unlike a product or service, a brand can create a relationship with its consumers (Davis, 2000). Being able to create relationships with consumers is crucial for a brand because the created relationship affects consumer perceptions regarding the brand. Consumers generate relationships by decoding the signals a brand sends in order to develop an opinion about the brand, making a brand an image creator (Kapferer, 2012:151; Melin, 2002). Therefore, consumer relationships affect the brand equity, “the added value endowed on products and service”, because the brand equity reflects how consumers feel, think and act in regards to the brand (Kotler & Keller, 2011:265).

The well-known spokesperson David A. Aaker defines brand equity as:

“A set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers” (Pappu et al., 2005:144).

According to Aaker (1992) there are five assets, shown in Figure 2, that create the value of the brand: brand loyalty, brand name awareness, perceived brand quality, brand associations in addition to perceived quality and other proprietary brand assets. Aaker (1992) continues by claiming that these five dimensions contribute to increase a company's brand equity.

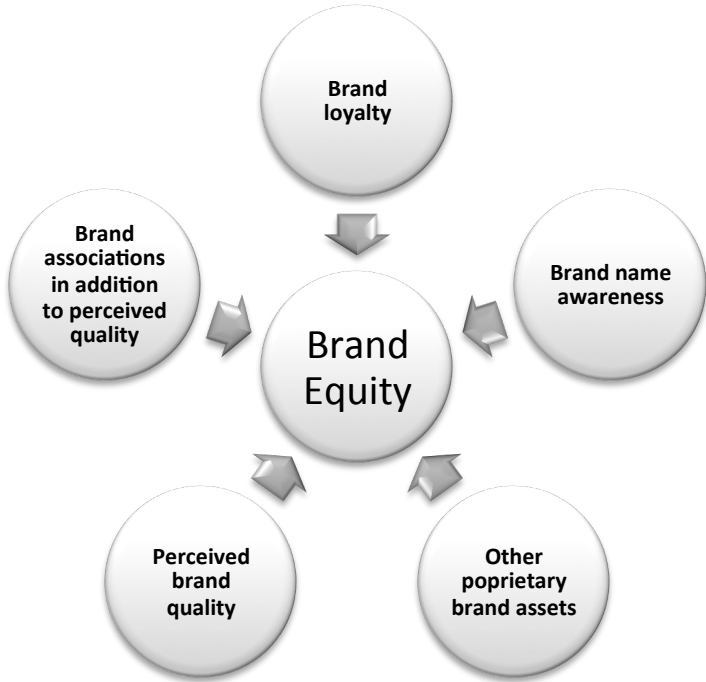


Figure 2: Dimensions of brand equity (model influenced by Aaker, 1992)

Brand equity can be classified into two different categories, the financial perspective and the consumer perspective (Pappu et al., 2005). The financial perspective refers to the value of the brand to the company on a macro level, while the consumer perspective refers to the value of the brand to the consumers on a micro level (Yen-Chun, 2009). This study focuses on the examination of the consumer perspective to prove that a vertical brand extension modifies the brand's availability and whether this creates a competitive advantage.

The general idea and meaning of brand equity are widely discussed and researchers do not seem to agree on the definition nor what it comprises of (Pappu et al., 2005). Although there is not a concise meaning regarding the concept of brand equity, there is an agreement among researchers regarding the importance of brand equity in relation to gaining a long-term competitive advantage. Therefore, it is essential for the organization to understand the drivers of brand equity in order to enhance their

brand value (Myers, 2003). By better understanding the drivers, organizations have a greater opportunity to gain a competitive advantage over competing brands.

2.2. Positioning

Recognizing that positioning has developed into a necessary element of modern marketing management (Simms & Trott, 2007), a brand's positioning is used as a tool to achieve an enduring competitive advantage in the minds of consumers (Gwin & Gwin, 2003). According to Kotler and Keller (2011:298), the positioning of a brand recognizes how the target market perceives the brand in relation to the image and contributions the brand has to offer. In addition, the brand's positioning is considered a systematic way to access the consumer's mind, and to understand and focus on the most effective method to match the wants and needs of consumers within their target market (Ghauri & Cateora, 2010:252). Therefore, while considering the target market when developing a brand's positioning, a marketer must also consider product differentiation, value differentiation, and how to communicate the difference to the target market (Gwin & Gwin, 2003). Spiggle et al. (2012) use brand extension authenticity in order to predict consumer behavior regarding brand extensions, specifically in relation to consumers containing strong self-brand associations because it:

“Captures consumer perceptions of brand extension legitimacy and cultural contiguity along four interrelated but distinct dimensions: maintaining brand standards and style, honoring brand heritage, preserving brand essence, and avoiding brand exploitation” (Spiggle et al., 2012:967).

It is necessary for a company to decide on their branding and positioning that is consistent with their overall strategy. Brands performing extensions are altering their position, which can potentially adjust how consumers perceive the brand and the brand's extension. Aaker and Keller (1990) founded research regarding how the position of a brand extension affects consumer attitudes towards a brand extension; they conclude that a poor fit between the extension and the core brand can be harmful to the core brand, diminishing the brand's equity (Smith & Burns, 2013). An organization that does not portray the same values and vision throughout the whole organization can convey inconsistencies to consumers as well as within the organization. For example, Diesel is a symbol for counterculture, and the production of formalwear is not a legitimate possibility for the brand because a formalwear line would create inconsistencies with their brand identity (Kapferer, 2012:299). The positioning of the brand is crucial, and the inconsistencies regarding the symbol of the brand would alter the brand's established credibility and in turn can dilute the overall brand.

According to Kotler and Keller (2011:298), the positioning of a firm supports their marketing strategy by clarifying the essence of the brand, identifying how they can help achieve consumer goals and differentiating themselves. The best technique to stay true to the brand is by viewing the brand's portfolio as a cohesive portfolio, containing the markets and brands in order to retain a common measure of performance for the organization (Aaker, 1996). However, if a cohesive portfolio is lacking when maintaining the brands of an organization, then strategic decisions performed to benefit individual brands could potentially damage the overall performance of the organization (Aaker, 1996). Although an organization must continue to adapt to situations that arise in order to continue to grow and create a competitive advantage, staying true to their brand in regards to what they symbolize is crucial.

The outlook of a brand extension is to introduce an alteration embracing the lasting brands' promise expressed through different products and, eventually, different categories, as well as redefining the benefit presented by the parent brand in order to place the new product in a higher order level (Kapferer, 2012:264). This, in turn, emphasizes the significance of incorporating all aspects of the organization to generate a sense of unity in the presentation of the brand (Ind, 2007:81), especially when a brand attempts to become more available by creating a brand extension.

Gwin and Gwin (2003:31) express that "the brand identity and positioning are central to developing a strong customer base and brand equity". Creating a brand extension is seen as being more cost effective and having lower risks when introducing new brands because an extension can utilize their established positioning (Simms & Trott, 2007). Therefore, it is critical for a brand to avoid making empty promises and producing meaningless core values in order to develop a strong relationship with their customers (Urde, 2009).

A firm attempting to reposition themselves can affect market results in the long run, such as competitors entering and exiting the market (Ellickson, 2012). Ghauri and Cateora (2010:252) elaborate by emphasizing how influential competitors are to a firm's success by stating that "companies are battling to capture the mind of the customer; positioning is not what you do with the product, but what you do to the customer's mind". Positioning a brand indicates that firms should distinguish the perception of the new brand being launched in relation to competing brands (Simms & Trott, 2007). Brands with similar characteristics, complications and positioning strategies can be a useful benchmark for new possible positioning options for when a firm assesses programs to develop their brands (Aaker, 1996). A good positioning is ambitious in order for the brand to progress and develop, and it is a balance between what the brand stands for and what the brand can become (Kotler & Keller, 2011:298).

2.3. Competitive Advantage

Competition is an imperative aspect in regards to an organization's success, and must be considered when entering a new market. Competitors can provide a framework for a successful positioning strategy (Keegan & Green, 2013:239). Hence, a market segment depicted by strong competition should be avoided unless the competition is exposed to disadvantages regarding quality or price (Keegan & Green, 2013:232). Organizations must be specialists at acclimating to an ever-changing competitive setting and be equipped to rebuild the foundation that once made the business successful (Goldsmith, 2013). Porter and Kramer (2006) agree by adding that a competitive context exists in every organization's environment, which in turn affects an organization's strategy, particularly in the long run. Therefore, it is essential to consider how an organization can create a competitive advantage in order to surpass their competitors and establish their brand within the market of their choice. Unfortunately, organizations encounter difficulties when attempting to create new systems and strategies in order to create and maintain a competitive advantage (Nilsson & Rapp, 2005:2). Organizations must be aware of their surroundings in order to adapt and evolve with competitors, which is why it is necessary for organizations to properly position themselves within a market. Therefore, a brand's systems and strategies affect their positioning.

Porter's Five Forces Model, Figure 3, is a tool for a company to examine their brands preferred market to position themselves wisely in order to produce a competitive strategy. Boush and Loken (1991) state that a brand's success depends on strategic uncertainties comprised of the corporate structure, capital resources, and employees in the new market. The examination of Porter's Five Forces determines the strength of the competitive forces: bargaining power of buyers, threat of substitute products and services the bargaining power of suppliers, threat of new entrants, and rivalry among existing firms, thereby leading to potential industry profitability (Porter, 1998:4). A business uses their competitive strategy to find the best positioning within an industry in order to successfully adapt and utilize their knowledge regarding the competitive forces in their favor (Porter, 1998:4).

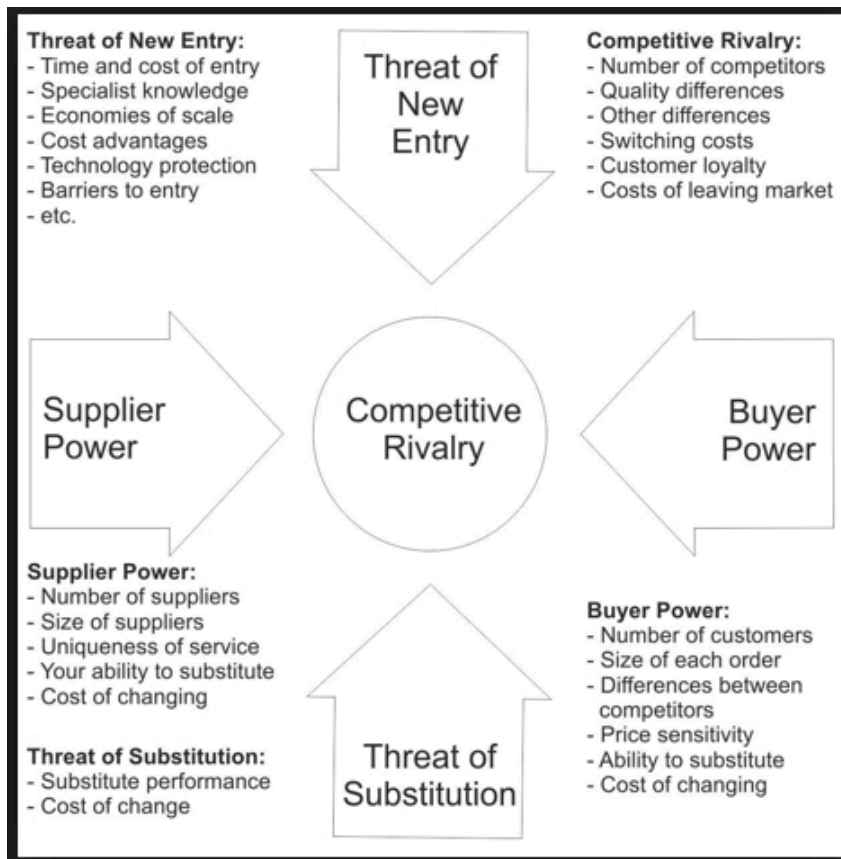


Figure 3: Five Forces Model (Porter, 1998:4)

The knowledge gained from Porter's Five Forces Model may be both positive and negative in relation to how successfully situated the company can be in the new market; the extensive examination of the competitive forces potentially creates a competitive strategy, which in turn can create a competitive advantage. Gaining a competitive advantage over competitors requires an organization to provide a greater value to consumers in relation to their competitors through greater benefits or lower prices (Singh, 2012).

One reason organizations have experienced long-term success is because they are constantly becoming stronger by improving their brand marketing in order to stay ahead of their competitors and meet the needs of the continuously changing consumer needs (Goldsmith, 2013). Michael Porter introduced The Value Chain Model, Figure 4, which distinguishes between the primary and supporting activities within an organization, as a tool in order to analyze how an organization can create and maintain a competitive advantage (Porter, 2004:37). The Value Chain Model enables a company to optimize the primary and supporting activities in order to increase their margin, which in turn can lead to an added competitive advantage. A sustainable competitive advantage is obtainable if an organization appropriately performs each phase of The Value Chain, especially because an

organization’s internal proficiencies and resources play a significant part in the construction of a competitive advantage (Singh, 2012). Goldsmith (2013) adds that it is essential for the leaders of a company to identify, clarify and communicate their true competitive advantage throughout the company. Individual, department and company goals must reflect the organizational strategy. An organization’s value chain configuration determines the available opportunities for positioning the firm’s products and services on the market (Nilsson & Rapp, 2005:5), and the configuration and performance of these activities are directly related to the creation of competitive advantage and eventually performance (Nilsson & Rapp, 2005:25).



Figure 4: Value Chain Model (Porter, 2004:37)

There are two basic types of competitive advantage: differentiation and cost leadership (Porter, 2004:3). A cost leadership, or cost advantage, may originate from distinct sources such as an extremely effective assembly process, low-cost distribution system, or an excellent sales force application (Porter, 2004:33). Differentiation can originate from diverse aspects such as a superior product design, high quality resources, or responsive order entry system (Porter, 2004:33). Total commitment and support from the organization’s systems are required to effectively implement these adopted strategies in order to validate that the primary aim is not diluted (Porter, 1998:35). Therefore, if the organization’s systems and strategies are kept consistent while adapting to consumer demands, then a firm is better positioned within the market; this allows a brand to better

anticipate consumer demands and concentrate on the activities that create value for their consumers (Nilsson & Rapp, 2005:3).

Organizations becoming more adaptable and flexible are pursuing to become closer to their consumers and markets (Nilsson & Rapp, 2005:4). Consumers are a crucial aspect of gaining a competitive advantage over competitors. People relate to brands in a similar context to how they relate to people; consumers form emotional attachments to brands, such as brand loyalties that resemble a marriage (Fournier & Alvarez, 2012). Brand success requires a preceding sympathetic attitude of the current branded product in order to transfer sympathetic beliefs to a new product (Boush & Loken, 1991). Aaker and Keller (1990) agree by adding that a brand extension's success depends on assumptions relating to customer behavior, such as (1) sympathetic attitudes and beliefs regarding the original brand, (2) positive associations assist the development of sympathetic attitudes and beliefs regarding the brand extension, and (3) negative associations are not created nor transferred by the brand extension. Because consumer trends are always changing, organizations must be able to react in a timely manner in order to assure they remain current regarding the uncertainties in consumer preferences.

Generating and managing consistent central business activities are only two phases to meeting the ever-changing expectations of consumers in the market today (Singh, 2012). Creating value for consumers is crucial in order for a brand's competitive advantage to fundamentally grow (Porter, 2004:xxii). Singh (2012) contributes by adding that in order to obtain a competitive advantage, an organization must not only obtain a higher performance than competitors, but a genuine value must be delivered to the consumer. Therefore, consumers are a crucial aspect in relation to creating a competitive advantage over competitors; so much so that Singh (2012:21) declares that "a business process begins with a customer's need and ends with a customer's need fulfillment".

A continuous examination of what separates an organization from their competitors is required in order for them to remain competitive (Goldsmith, 2013), and an organization's competitive advantage is not sustainable if the organization does not adapt and evolve with the changing environment. Goldsmith (2013) adds that a long-term competitive advantage does not exist, but in order to remain ahead of competition and stay profitable management must persistently review the organization's competitive advantage. Continuously clarifying and reinventing a firm's competitive advantage provides an organization the opportunity to obtain sustainable long-term profitability (Goldsmith, 2013). Organizations cannot assume that if once in possession of a competitive advantage then they behold the competitive advantage forever.

Competition continues to globalize, be introduced, become more knowledgeable and more intense; the pressure for companies to make better assessments, lower cost structures, embrace change, increase margins and capable of predicting trends is always present (Goldsmith, 2013). Staying up to date with trends and the environment, as well as adapting to the global changes in turn benefit an organization in the long run; however, it is crucial for an organization to stay true to their identity and communicate their strategies and beliefs throughout the organization as they continue to adapt with the ever-changing market environment. Therefore it is inevitable for organizations to adapt and evolve with the continuously changing environment in order to sustain a competitive advantage. This can be done through the introduction of a vertical brand extension.

2.4. Creating New Brands

Vertical brand extensions are created in order to gain a competitive advantage and can be beneficial in relation to launching a completely new brand (Aaker & Keller, 1990). This section provides a more comprehensive presentation of the risks and benefits when introducing a vertical brand extension followed by the presentation of four motives we have identify for doing so.

2.4.1. Brand Extensions

Companies use branding as a tool to express their story, thereby conveying the message of the brand's promise to meet consumer needs (Judson et al., 2009). A reliable brand name can provide consumers with brand knowledge and awareness, which can significantly reduce the risks and costs involved in introducing a new product into the market (Aaker & Keller, 1990; Smith & Burns, 2013). By developing a brand extension and using the support of a familiar established brand, it is believed that consumer acceptance and the efficiency of promotional expenses is increased (Aaker & Keller, 1990; Smith & Burns, 2013). As mentioned before, there are two types of brand extensions, vertical and horizontal, and the essential difference between the two depends on whether the company yearns to extend their brand into a completely new product category, performing a horizontal brand extension, or if the company is aiming to extend their brand within the same product category with an alteration in price and quality, performing a vertical brand extension (Xin et al., 2013).

Expressing a brand's vision, core values, and corporate strategy throughout the organization is crucial in order to create a clear understanding of the organizations' representation and goals (Ind, 2007:64). According to Aaker and Joachimsthaler (2000), creating a brand extension portraying

different values and a different vision than the core brand, in order to solely increase availability and profit, negatively affects the core brand.

Achieving organization-wide commitment to a concept is the fundamental focus for an organization (Ind, 2007:75). The brand extension's idea and focus may differentiate from the parent brand, however, the extension brand should carry and promote the same overall vision, values and strategy as their core brand because any inconsistent information provided by the extension brand may change the associated beliefs about the parent brand (Kim et al., 2001). Ralph Lauren's brand vision was not disruptive to the brand kernel when Ralph Lauren introduced their upper range, Black Label and Purple Label, because they represent a "lifestyle dream", and their brand is considered formal even when considering their casual line (Kapferer, 2012:299). The brand's vision and heritage are consistent with the extensions Ralph Lauren created, continuing to symbolize their initial aim to portray a "lifestyle dream".

According to Ind (2007:24), values stem from the essence of the organization, and ensuring that the brand's values and beliefs are known, understood and believed throughout the organization is the ideal technique in acquiring a brand containing a high level of consistency and relevance. Problems in establishing a unified front, in regards to what the brand stands for, can arise when lacking communication. Forgetting a brand's DNA can become a possible risk when performing an upward vertical extension because the brand may be too focused on matching competitors or respecting the codes of the upward segment, which can cause the brand to lose their uniqueness (Kapferer, 2012:298).

A benefit of creating a brand extension, stemming from a strong brand, is the product's capability to obtain a price premium in relation to similar products linked with lower equity brands (DelVecchio & Smith, 2005). When a company presents a vertical brand extension, the differences between the core brand and the new brand contain different quality and price levels, which cause consumers to recognize the inconsistencies between the price and quality levels in relation to the core brand and the extended brand (Kim et al., 2001). Companies creating an upward extension are therefore attempting to create a more premium brand, which entails higher quality and price levels compared to the core brand.

By creating a vertical extension of a brand, a company is attempting to achieve or maintain a competitive advantage within the market by changing the 'Brand Availability'. There are multiple reasons for why the introduction of a vertical brand extension may be beneficial for companies to achieve a competitive advantage, and the reasons are dependent on both external and internal

factors. We have identified four motives for a brand changing their 'Brand Availability' in order to gain a competitive advantage, which can be viewed in Figure 5. These four reasons are: changing consumers' perception, enhancing financial profitability, measuring up with competitors, and changing trends. These factors are significant reasons for a brand to create a vertical brand extension in order to generate a competitive advantage among competitors, and is discussed and exemplified in greater detail below.

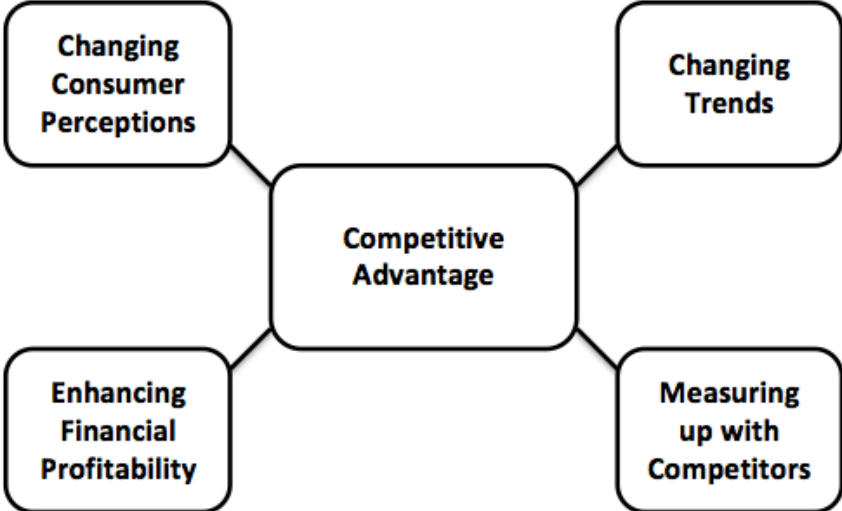


Figure 5: Four motives for creating a vertical brand extension

2.4.2. Four Motives for Extending a Brand Upwards and Downwards

The four motives for extending a brand upwards and downwards are presented and exemplified with well-known fashion brands that have extended their brands depending on the motives: change of perception, financial reasons, keeping up with evident competition, and finally the ongoing trends.

One motive for an organization to create a brand extension may be an attempt to enhance the **perception** of their brand in order to justify a brand's positioning in the market (Kapferer, 2012:298). Diesel upgraded their overall brand perception in 2007 by entering the premium market segment, launching Diesel Black Gold (Kapferer, 2012:298). The new positioning created a new brand personality for Diesel, a competitive advantage among their competitors. According to Diamantopoulis et al. (2005), organizations use their brand personality to better communicate with consumers, and the ideal personality of a brand depends on the market and the positioning of the

brand within that market. Diesel using a brand extension to communicate their ideal personality, which is expressed through changing their position in the market, increases market accessibility and upgrades their brand perception.

Consumers value a brand's personality exceeding functionality, and use brands as strategic symbols to express and illuminate their personality (Diamantopoulos et al., 2005). Therefore, it is necessary for brands to symbolize their vision, by creating their ideal brand personality, and extensions are used to help maintain the original perception or used to create a new perception. Extensions have the capability to modify the perception of a core brand because the brand image is diluted or enhanced, which stems from the acceptance of the extension by consumers if the associations from the core brand are transferred to the brand extension (Diamantopoulos et al., 2005).

An extension consistent with the core brand is inferred through the good fit between the core brand and the extension, and a perceived inconsistency between a parent brand and the brand extension could be the result of a poor fit between the extension and the core brand (Diamantopoulos et al., 2005; Kim et al., 2001). Consumers are influenced by the information received regarding the brand extension, because it can change how consumers identify the brand extension and how consumers identify the core brand (Kim et al., 2001). The creation of a brand extension with the same values and vision as the core brand is crucial to stay true to the brand's identity in order to eliminate inconsistencies regarding the perception of the core brand and the brand extension.

A company's overall profitability is undoubtedly of particular interest, thereby, we identify *financial* aspects as another motive for creating a brand extension. A strong brand is one of the most valuable assets of a company (Melin, 2002), and branding has recently become a top priority for companies (French & Smith, 2013). The importance of the brand is evident since the quality of a product is no longer a guarantee for success, especially because the quality of products is becoming more homogenous (Hillenbrand et al., 2013; Melin, 2002).

Brand extensions are a highly favorable and successful marketing strategy for profiting on an established brand image (Thorbjørnsen, 2005). A vertical brand extension is an attractive strategy to increase the total revenue (Kim & Lavack, 1996), and can increase profitability by reducing costs (Kotler & Keller, 2011:286; Le et al., 2012). However, caution needs to be taken prior to introducing a vertical brand extension in order to make sure the benefits outweigh the risks and the core brand is not harmed (Kim & Lavack, 1996). Unfortunately, some companies consent access to their brand, utilizing the brand's credibility and assets, but does not enhance the brand's equity; allowing access

to one's brand without proper consideration and organization could potentially generate an image dilution, in turn resulting in real brand equity damage (Aaker & Joachimsthaler, 2000).

Possessing a high margin within a small market typically results in a low total profit; however, extending the brand and target market can decrease the total margin, but can potentially increase the total profit (Kim & Lavack, 1996). The Italian fashion brand Armani is a good example of a fashion brand that was successful in the introduction of both downward as well as upward vertical brand extensions (Kapferer, 2012:230; Vogue, n.d.a.). Introducing a downward brand extension of a prestigious brand can generate higher profits for the company than the brand would be able to accomplish independently (Kim & Lavack, 1996), because by creating a downward brand extension brands are increasing their availability in the market, especially to consumers who are unable to afford the prestigious core brand. Armani increased their margin through the upward brand extension and increased their total market share with a downward brand extension, while keeping the Armani spine central (Kapferer, 2012:230-231).

There is an increasing difficulty for brands to differentiate themselves, and one way to achieve a competitive advantage is to have a distinct point of view (Ind, 2007:184). Organizations need to communicate ideas and acquire knowledge from stakeholders if they are aiming to gain a competitive advantage over competitors (Ind, 2007:21). **Competitors** play a crucial role in the market, and in order to maintain a competitive advantage, organizations must adapt and evolve. Launching a brand extension can be pursued when entering a new market segment in order to compete with fashion brands encompassing a secondary line (Kapferer, 2012:298). Burberry has created different extensions not only to fulfill the needs of consumers in different markets, but also to compete with competitors present in those markets. More specifically they offer a 'classic' extension, Burberry London, a 'fashionable modern' extension, Burberry Prorsum, and finally an extension intended for teenagers, Thomas Burberry (Kapferer, 2012:398).

The market is filled with competition and costs when introducing a new brand, and many brands are utilizing the brand extension strategy in order to reduce the risks involved in entering a new market (Vukasovič, 2012). Armani is an example of a brand having to embrace new strategies by creating downward and upward extensions to generate more opportunities within the market, in order to gain a competitive advantage over their competitors. Armani has succeeded in a downward extension to compete with competitors by extending their brand downwards through Emporio Armani in order to compete with Burberry Prorsum and through Armani Jeans to compete on a greater level with Diesel (Kapferer, 2012:231).

Emphasizing the harsh environment regarding the risks involved, Keller (1993) acknowledges that over 80 percent of organizations use brand extensions as a tool to market their products and services. Entering a new market entails risks and complications that many companies are not prepared for. At most 90 percent of new products can fail and extending the brand portfolio helps reduce the risks involved in entering a new market (Smith & Burns, 2013). Firms must be able to adapt and adopt new strategies and techniques in order to evolve with their surroundings. It is crucial for brands to develop a concrete framework, but it is also necessary for brands to be capable of adjustment and progression (Ind, 2007:24). A competitive strategy occurring in the market among competitors is the 'counter-extension' approach, where Brand A creates a brand extension from their original market category into Brand B's parent category; Brand B then utilizes Brand A's market position and launches an extension back into category A, Brand A's parent category (Chang & Yang, 2013; Kumar, 2005). Not only is a counter-extension a response to an extension of a competitor, but it can also support the competing brand by drawing attention, support and acceptance from their pre-existing consumer market and lower investment risks (Chang & Yang, 2013). The support gained from the pre-existing consumer market stems from the familiarity consumers have with core brand names, which in turn assists the brand extension to rapidly grasp new market segments (Vukasovič, 2012).

Organizations are forced to embrace new strategies in order to generate a competitive advantage against their competition, and many organizations achieve a competitive advantage by creating a brand extension, utilizing the established associations with the parent brand (Vukasovič, 2012). Aaker and Keller (1990) contribute by mentioning that if a brand's judgment is wrong, considerable resources, time and new opportunities can be wasted or missed. Creating or enhancing a competitive advantage is crucial for a company, and missing new opportunities does not help generate the competitive advantage created from the presented opportunities.

Companies encounter countless opportunities every day that stem from uncontrollable consumer demands and an unpredictable external marketing environment, defined as **trends**, which is the final reason for the creation of a brand extension. Global trends have an impact on all types of businesses (Ghauri & Cateora, 2010:5), and taking the different trends into consideration is necessary in order to maintain or create a competitive advantage among competitors by adapting and evolving with the changing environment all around the world.

Meeting customers' demands is a central part of marketing and adapting to the environmental trends, which is in turn a vital facet for being successful. Inevitably, brands age and occasionally they might find themselves no longer belonging to their time (Kapferer, 2012:393). This does not

necessarily mean that it is necessary for a brand to appeal to a younger, more hip audience, but it states that it is crucial for a brand to appeal to future consumers (Kapferer, 2012:394). According to Pierre Bourdieu (2013:228) every alteration in the system of goods induces an alteration in taste. Nevertheless, companies can gain a competitive advantage by adjusting their offers to meet the customer's demand in taste (Bourdieu, 2013:227), which can be done through the introduction of a vertical brand extension. Burberry, the iconic British fashion brand, realized that their 'traditional' look was no longer sufficient in order to maintain their competitiveness within the recently changed global market (Kotler & Keller, 2011:255). In the twenty-first century they introduced a new fashion label, Burberry Brit, appealing to a younger audience by repositioning their brand to signal a more modern touch than ever before (Kotler & Keller, 2011:255; Vogue, n.n.c.). Although Burberry Brit appears to be a little unstructured and loose, the brand maintains the elegance that the traditional core brand symbolizes (Kotler & Keller, 2011:255), which is essential for long-term success (Kim & Lavack, 1996).

Adapting and following trends is imperative for a brand to maintain or gain a competitive advantage, and creating a brand extension is not always the organization's initial decision when a change in the market occurs. Unfortunately, Levi's did not react to their competitors or market conditions during the twenty-first century when the demand for jeans changed due to brands like Armani and Versace taking over; Levi's was no longer the young consumer's obvious choice for jeans (Kapferer, 2012:390). Levi's failed to foresee the change in consumer demands, and their delayed response changed their positioning among young consumers. Responding to consumer demands is essential in order to create a competitive advantage, and introducing a vertical brand extension could be a favorable approach in order for an organization to evolve and adapt with the changing market.

2.5. Exploring the Concept of 'Brand Availability'

The topic of brand extensions is an important research area within brand management (Kapferer, 2012:263; Kotler & Keller, 2011:282-283; Aaker & Keller, 1990). However, Kapferer (2011:263) states that not all experts are as optimistic about extending brands and who believe that avoiding brand extensions is necessary. Smith and Burns (2013) understand why some experts may feel this way by expressing that an extension could potentially be more risky, because of the number of occurrences where brand extensions have been unsuccessful. Furthermore, Arslan and Altuna (2010) agree by stating that a brand extension can be very harmful and affect the image of the brand negatively. Nevertheless, many companies have engaged in extending their brand and utilizing the concept as a

strategic move in order to endure the growth of the brand (Kapferer, 2012:263). Current literature shows that brand extensions are used as a strategic tool in order to gain a competitive advantage. There appears to be a gap regarding the knowledge and understanding of extending a brand and how it affects consumers and their perception of the core brand. The concept of 'Brand Availability' has therefore been introduced to fill this gap and to generate a new theoretical framework.

Well-reputed fashion brands extend their brands upwards and downwards, and four distinct motives to create a brand extension have been identified. We believe that these four motives are the most vital reasons an organization creates a vertical brand extension. Although they are all different, they are all interrelated in that they share the common goal of gaining a competitive advantage. We believe that both upward and downward brand extensions have the same effect on the consumer because they change the brand's availability. The introduction of an upward brand extension creates a more exclusive brand because they are limiting the type of consumer who is able to purchase the extended brand; therefore, they are becoming less available to the overall consumer market. On the other hand, a brand creating a downward extension entails lowering the price and quality levels in relation to the core brand, while retaining the brand's equity; in turn, trying to make their brand become more available to consumers with a lower spending allowance. The concept of 'Brand Availability' is defined as 'the degree to which the consumer market has access to a brand when a vertical brand extension is created'. The 'Brand Availability' model that we developed through this study can be viewed in Figure 6 below. The model describes the process, starting with the four motives for introducing an extended brand: change in perception, financial concerns, keeping up with the competitors and the ongoing trends. The outcome of these motives is an introduction of a vertical brand extension, which results in a change of a brand's availability.

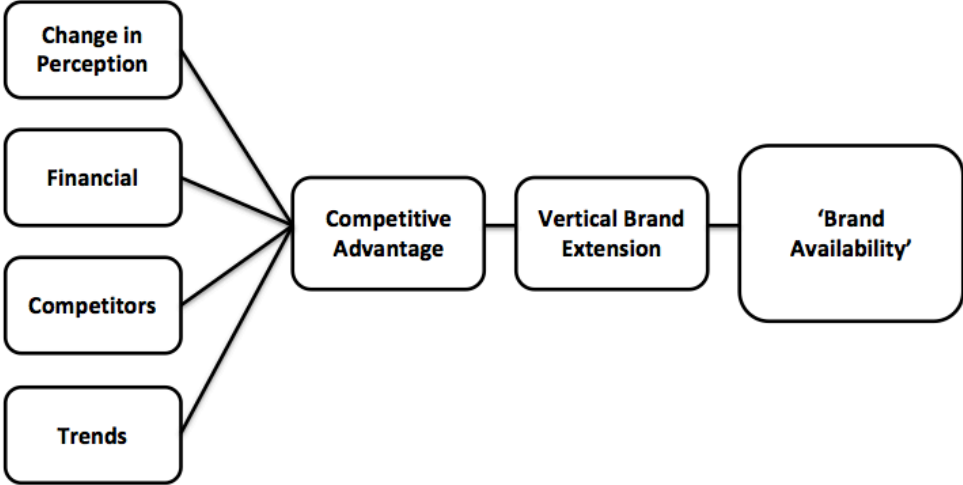


Figure 6: 'Brand Availability'

We establish that the overall goal of modifying a brand's availability is to gain a competitive advantage and this study focuses on the consumer perspective. We explore the effects of 'Brand Availability' and investigate if companies are in fact gaining a competitive advantage through the creation of vertical brand extensions. The study also assesses whether consumer perceptions regarding the core brand change when either an upward or downward brand extension is introduced into the market, and if consumers are willing to pay more for the extended brand compared to competing brands because of brand loyalty or brand associations.

3. Methodology

The following chapter presents the study's methodology approach, strategy and design, in order to answer our research questions. This chapter begins by presenting the research strategy followed by the research design. Once this is completed, we present the primary and secondary data collected in this study. Furthermore a discussion of the method of analysis concludes the chapter, which is followed by discussing the reliability and validity and ethical concerns of the research.

3.1. Research Strategy

The purpose of this conceptual paper is to fill the gap present regarding the effect of the creation of a vertical brand extension and to explore its effects by answering two research questions:

How does an introduction of a vertical brand extension affect consumers?

How does an introduction of a vertical brand extension affect consumer perceptions of the core brand?

In order to be able to fulfill our purpose and to be able to answer our research questions, both secondary and primary data were needed. The research process commenced by performing a comprehensive literature review in order to gain a deeper insight of the concepts related to 'Brand Availability'. Furthermore, we collected empirical data through consumer interviews based on existing theoretical frameworks. The literature review provided us with an important framework regarding 'Brand Availability' and the four motives for extending the brand as well as the concepts of brand equity, positioning, competitive advantage and vertical brand extensions and guided us through the empirical data collection. The gathered material was later analyzed, resulting in the development and validation of the new concept, 'Brand Availability'.

The research regarding the effect for the consumers of an introduction of a vertical brand extension was relatively unexplored. The study's goal was to generate a new knowledge capturing the views, perspectives and thoughts of consumers. We determined that a qualitative assessment was the methodology best suited for this purpose (Bryman & Bell, 2011:410). Our qualitative methodology provided us with understanding and insights to create results and conclusions based on a small sample (Malhotra, 2011:171; Lundahl & Skärvad, 1999:101). A qualitative methodology allowed us to

be flexible collecting our empirical data because it allowed us to focus on the respondents' answers as well as study them throughout the interview process (Alvesson & Sköldbberg, 1994:10).

A quantitative approach was considered to measure the effects of generating a vertical brand extension; by using this approach we could have increased the possibility to generalize the findings, which may be more difficult to accomplish when using a qualitative approach (Bryman & Bell, 2011:163). However, due to the deficiency of an existing theory related to our new concept, complications arose regarding the hypothesis, which caused us to reject the initial proposal of a quantitative methodology, resulting in the use of a qualitative methodology. A qualitative approach is not widely accepted by all researchers because the results are not considered the populations 'general opinion' (Bryman & Bell, 2011:408). However, according to Goulding (2005:294), qualitative research "is no longer viewed as merely 'speculative', or 'soft'". Flyvbjerg (2006) supports Goulding's (2005) statement by stating that the result of a qualitative study can be generalized.

Before conducting interviews, we were determined to find an environment for our study to obtain accurate information in order to understand and illustrate the occurring effects of extending a brand upwards or downwards. In addition to offering consumers with a broad selection of clothes and brands, the evident growth of the fashion industry within Sweden has proven to be an interesting industry for consumers. There were prominent examples of recognizable fashion brands in the Swedish fashion market. Swedish consumers between 16 and 30 years old spend more than 8000 SEK each year on fashion (Johansson, 2014), and this generation frequently uses the Internet where they have access to many brands (Findahl, 2013). These factors suggested that the Swedish market was a suitable research market for this study.

3.2. Research Design

The type of methodological approach, inductive or deductive, was an essential decision that we had to make (Bryman & Bell, 2011:11). The deductive approach originates from established theory and is further developed through the testing of the hypotheses, resulting in the empirical findings; with an inductive approach, theory is formulated through research findings (Bryman & Bell, 2011:11 & 13). Although the line between these two approaches is ambiguous, Bryman and Bell (2011:13) state that both deduction and induction entails elements of one another, which can also be said about our research. Inductive is generally associated with qualitative methodology, where theory is used as a framework for the qualitative investigations (Bryman & Bell, 2011:13), while deductive is generally

associated with quantitative methodology. However, a deductive approach can periodically shift towards an inductive approach when, for example, formulating hypotheses (Bryman & Bell, 2011:13).

The revision of the theoretical framework within the field of brand equity, positioning, competitive advantage and vertical brand extensions provided a deeper understanding that facilitated the introduction of the concept of 'Brand Availability'. Furthermore, the theoretical framework structured the collection of the empirical data, which was subsequently analyzed in order to substantiate the new concept. This performed procedure was not significantly connected to either a deductive or inductive approach, causing us to investigate other approaches. Alvesson and Sköldbberg (1994:41-42) describe an alternative approach descending from deduction and induction, called abduction. Abduction precedes empirical data, but it does not refuse theory and is therefore more related to the deductive approach (Alvesson & Sköldbberg, 1994:41). Since we aimed to bridge the gap present in research regarding the effects of vertical brand extensions, we discovered that providing a literature review before collecting the empirical data was the most suitable approach in order to provide a new concept. Therefore, we believed that abduction would be the most accurate approach in order to accomplish the introduction of a new concept since it is an alternative approach descending from induction and deduction (Alvesson & Sköldbberg, 1994:41).

3.3. Data Collection

In order to fulfill the purpose of this study and to be able to answer the research questions, both primary and secondary data needed to be collected. This resulted in a more extensive knowledge within the 'Brand Availability' area and its effect when extending a brand vertically. The primary and secondary data are presented in Chapter 4 and Chapter 2 respectively. The collected data is furthermore jointly analyzed in Chapter 5.

3.3.1. Primary Data

The primary data in this study was collected through in-depth interviews with a semi-structured manner (Bryman & Bell, 2011:205). In-depth interviews are direct and unstructured (Malhotra, 2011:185), and allowed us to apply a semi-structured technique, which is claimed to be the best way to gain information (Easterby-Smith et al., 2012:127). This fairly flexible approach allowed us to have a questionnaire guide that helped facilitate the interview without having to ask the questions in a specific order (Bryman & Bell, 2011:467). Each question was carefully considered before

incorporated into the guide (Bryman & Bell, 2011:474-475), which ensured that the important topics were covered during the conducted interviews. Furthermore, the semi-structured manner allowed us to ask questions that came to mind once hearing the responses of the interviewees (Bryman & Bell, 2011:467). This rather unrestricted approach was constructed based on the theoretical framework presented in Chapter 2 in order to gain an understanding and obtain a holistic perspective regarding the respondents' thoughts and motives. The formulated research questions were never directly asked to the respondents, however the research material collected allowed us to structure the questions in order to attain the information needed to answer the research questions.

Each interview commenced with general questions regarding the respondents' ages, occupations and places of residence, which lead into questions regarding four fashion brands reachable within the Swedish market; the following questions focused on aspects regarding brand extensions and their outcome. Two of the four brands discussed with respondents, Armani and H&M, illustrated a realistic example of a brand creating an extension. Armani exemplified a brand that introduced a downward vertical extension, Emporio Armani (Kapferer, 2012:230), and H&M demonstrated an upward vertical extension through their collaborations with premium designers (H&M, n.d.a).

The remaining two fashion brands: Filippa K and VERO MODA, were used as hypothetical examples in order to recognize consumer opinions concerning the initialization of extending fashion brands. The fashion brand VERO MODA was used as an example of a brand hypothetically introducing a higher priced fashion brand named 'VODA' while Filippa K was used as a hypothetical example of an introduction of a lower priced fashion brand, 'by Filippa'. The respondents were asked questions about their view of the hypothetical occurrence, and whether they would consider purchasing the extended brand over the core brand and other competing brands. The interview concluded with general questions concerning the activities performed by brands when creating a brand extension and whether respondents considered the activities to be more beneficial or risky. During the interview process we never directly asked about 'Brand Availability' since we did not want to influence the respondents' answers. The complete interview guide can be viewed in Appendix 1.

The interviews aimed to explore the concept of 'Brand Availability' and explain how consumers and their perception of the core brands are affected by the creation of a vertical brand extension. The length of interviews ranged from 20 to 60 minutes, and they were held in locations most convenient for each respondent, for example: cafés, their homes, at the university, and in our homes. The interviews were conducted in either English or Swedish, depending on the respondent's preferred language. This was done in order to create a comfortable environment for the interviewees. There were a total of twelve respondents who were male or female, between 16 and 30 years old, and who

were familiar with the brands presented during the interview. The number of respondents participating in this study was not predetermined; the number of conducted interviews was contingent on the respondents' unique contributions to the already gathered data, which began to decline after eight interviews. The last four interviews were conducted to ensure that there were no unique contributions missing from the previous respondents. Although there were some variations between the reactions of respondents, we found that the twelve participating respondents provided us with a holistic framework that would not have improved by interviewing more consumers.

The first two interviews were completed as pilot studies (Bryman & Bell, 2011:491) and were chosen through a nonprobability sampling technique, convenience sampling (Bryman & Bell, 2011:190). The two respondents were acquaintances that we believed were suitable respondents for this study. The other ten interviews were selected through the nonprobability sampling technique snowballing. The snowballing technique was used to easily identify other respondents, relatively knowledgeable of the fashion industry, with the help of previous respondents (Malhotra, 2011:381). This saved us both time and effort on identifying well-suited respondents, which are listed and briefly described in Appendix 2.

3.3.2. Secondary Data

Before the conducted interviews commenced to gather the primary data, secondary data was collected. We were aware that the secondary data collected was conducted with a different research purpose (Malhotra, 2011:132), but we believed that the information was beneficial for our study. The reason we used secondary data was to gain a deeper understanding and knowledge relating to the 'Brand Availability' concept, which assisted us in developing an approach to fulfill the study's purpose (Malhotra, 2011:133). Furthermore, secondary data was relatively inexpensive and rather accessible which made the information easily obtainable (Malhotra, 2011:133).

When we formulated the purpose of the study and our research questions, we decided that we needed to begin by performing a comprehensive literature review in order to gain a deeper understanding and to develop the most accurate interview questions. The secondary data that was collected principally consisted of textbooks and academic research articles. Dissertations from authors and marketing practitioners like Aaker, Kapferer, Kotler and Keller were primarily used for this mission. These four marketing luminaries, including several of others marketing practitioners provided us with information converging in Chapter 2.

Based on the study's purpose, the concepts we needed to be explored before collecting the primary data were vertical brand extensions, brand equity, positioning and competitive advantage. The vertical brand extension field has been explored in order to understand the concept itself and the reasons behind creating a vertical brand extension. The concept of vertical brand extensions was also used to develop and introduce the 'Brand Availability' concept and two models, which are presented in Chapter 2. The brand equity, positioning and competitive advantage fields were also explored in order to understand why companies are extending their brands and to recognize the most successful aspect for consumers after a vertical brand extension has been introduced.

3.4. Method of Analysis

When analyzing the collected empirical data we followed a routine that allowed us to extract the most vital substance. It is important to keep in mind that the respondents cannot be completely trusted to "say exactly what their motives are, as they often get ideas about their own from commonly accepted half-truths" (Easterby-Smith et al., 2008:145). Once each interview was completed, we analyzed and discussed significant moments that occurred that were characteristically noteworthy. The recorded interviews were transcribed directly after we discussed the interviews, where the body language and gesticulation we noticed during the interview were inserted.

The purpose of this study was to explore how consumers are affected when a vertical brand extension is created. Although respondents were not aware of the study's main purpose to explore extended fashion brands, respondents were informed that multiple fashion brands would be assessed. Therefore, it was crucial for us to accurately analyze the overall signals respondents were sending, as well as looking for recurring patterns in their responses. Therefore, the questions were formulated in order to encourage respondents to speak dissolutely around the topic and introduce new unique thoughts. Each individual interviewed offered new and interesting insights, contributing valuable knowledge to our findings. Once each interview was conducted and transcribed, we read through the transcribed material multiple times in order to accurately conduct an analysis. This allowed us to identify and code keywords, patterns and other important findings that were useful for this study.

Coding is a central process of qualitative research (Bryman & Bell, 2011:578 & 584) and was executed throughout the collection process of the primary data. In order to determine the effects of changing a brand's availability, we categorized the core brand by themes in relation to how respondents perceived the brand's price category in order to determine patterns in regards to respondents'

perceptions of each brand. Coding was also executed in order to understand respondents' perceptions of the brand as well as whether or not the four specific brands possess a competitive advantage after creating a vertical brand extension.

3.5. Reliability and Validity

Reliability and validity are considered to be the criteria for evaluating the quality of a business research (Bryman & Bell, 2011:40). However, it has been claimed that these criteria are primarily connected to quantitative methodology (Bryman & Bell, 2011:40). Thereby, alternative criteria, *Trustworthiness* and *Authenticity*, are presented in relation to the use of a qualitative methodology (Bryman & Bell, 2011:395).

Trustworthiness consists of four criteria: credibility, transferability, dependability and confirmability (Bryman & Bell, 2011:395). *Credibility* refers to how believable our findings are and the insurance that our study has been carried through good practice (Bryman & Bell, 2011:396). The intended purpose of our study was to present and collect our findings in a precise manner in order to explore the effect of introducing a vertical brand extension. We believed that the most accurate method for this study's purpose was to conduct in-depth interviews. *Transferability* relates to whether our findings can be applied to a context other than our research area (Bryman & Bell, 2011:398). We interviewed twelve respondents ranging from 16 to 30 years old, who have an interest in fashion. We were aware that interviewing a small sample size decreases the possibility to generalize the findings in comparison to using a quantitative approach with a larger sample size (Bryman & Bell, 2011:163). Furthermore, we limited this study to the Swedish market, focusing questions on well-known fashion brands in Sweden, which made it impossible to generalize the findings to other contexts (Bryman & Bell, 2011:195). Although the transferability was not ideal, we believed that this limitation in the research process was necessary in order to acquire honest responses.

Dependability relates to reliability within a quantitative research, meaning whether the research results can be repeated (Bryman & Bell, 2011:41 & 398). Since we used qualitative methodology, we adopted the auditing approach, ensuring that all records were kept throughout all phases of the research process (Bryman & Bell, 2011:398). Nevertheless, we conducted twelve in-depth interviews, which we believed facilitated the possibility for duplication, rather than if we only focused on only one case study. The fourth criterion is *confirmability*, which relates to ensuring that we acted in good faith (Bryman & Bell, 2011:398). The confirmability was especially considered when collecting our primary data, and a specific routine during and after the conducted interviews were followed. The

respondents' answers and reactions to the interview questions and the atmosphere of the interview were directly discussed once each interview concluded in order to ensure that we were in agreement concerning our opinions of the issues corresponding with each respondent. Once the conducted interviews were discussed and analyzed, the findings were reviewed once more in order to connect our conclusions together, providing the most accurate findings.

In addition to trustworthiness, the four criteria presented above, the criterion of authenticity relates to a wider political aspect of the study; for example, whether the study equally presents different standpoints among all members within a social setting, or if the study attains a deeper understanding (Bryman & Bell, 2011:398-399). Unable to guarantee the authenticity criterion, we did not believe that we negatively impacted the study's authenticity, even though we were unable to secure its effects.

3.6. Ethical Concerns

When our primary data was collected, ethical considerations developed (Bryman & Bell, 2011:128). We ensured that our interview questions were not harmful in relation to the respondents' developments or self-esteem, and we gave respondents the opportunity to decline the invitation to participate in our study (Bryman & Bell, 2011:128 & 133). Furthermore, the purpose of the study was partially disguised because we wanted to ensure that the topic would not interfere with the respondents' willingness to participate. Respondents were informed about the theme of the interview, specifically how they perceived certain brands and their thoughts about them, without informing them that the study's purpose was to measure the effects of vertical brand extensions. The invasion of privacy of the participants was especially considered because the study's purpose was not entirely undisguised. Although the interview questions were not typically harmful or of a sensitive nature, respondents in the study, which can be viewed in Appendix 2, were given pseudonyms in order for them to remain anonymous. (Bryman & Bell, 2011:136). Finally, when we analyzed the material, we made sure to avoid any misleading or false reporting of our empirical findings (Easterby-Smith et al., 2012:95).

4. Empirical Findings

The following chapter presents the study's empirical findings, beginning with the categorization of the respondents' perceptions of the core brands using themes relating to their price categories in order to determine patterns in regards to their perception of each brand. Intending to determine patterns to establish consumer perceptions of each brand, we establish a deeper understanding of how the creation of an extension affects each consumer. The perception patterns are used to determine the type of relationship respondents have formed with the brand, which are used to evaluate how respondents are affected when the 'Brand Availability' is altered.

4.1. H&M- Low Priced Brand

H&M was originally established as a women's clothing store in 1947 as Hennes, in Västerås, Sweden. In 1968 Erling Persson, founder of Hennes, purchased an equipment store for fishing and hunting, called Mauritz Widforss. They changed the name from Hennes to Hennes & Mauritz, expanding by also offering men's and children's clothing. Today, the H&M Group is comprised of the brands: H&M, Weekday, Other Stories, Cheap Monday, COS, and H&M Home, offering fashion for everyone (H&M, n.d.a).

H&M strives to "offer fashion and quality at the best price", and in order to accomplish this they feel that the "design, quality and sustainability are not a question of price: we should always offer inspiring fashion with unbeatable value for money" (H&M, n.d.b.). When asked to describe H&M, the twelve respondents agree by stating three descriptive phrases relating to H&M: Swedish, trendy, and offer cheap clothes. H&M positioning as a low-priced brand is consistent with their overall strategy because consumers perceive them as offering fashionable clothes at an affordable price.

Our results indicate two extreme types of H&M consumers, those who only shop at H&M for the basics and the other type being the H&M connoisseur, consumers who shop at H&M for all their fashion needs.

"Some people only buy at H&M because they don't believe in expensive clothes so their whole wardrobe is built of H&M... And then I have friends who are like me, who like to save some money to buy more sophisticated, more expensive brands". Johan

According to the respondents, H&M is known for the basic articles of clothing that they offer, and most of the respondents mention that they mainly shop at H&M for basics. Those who shop at H&M for basics are able to gain access to basic clothes at a cheap price. H&M is a great shop that meets their needs in regards to finding basic articles of clothing, but unfortunately they do not necessarily shop at H&M for much else because of the quality H&M has to offer.

“I put much more focus and priority on the quality in the clothes. Almost more important than the design actually. That of course is bad for H&M”. Oscar

Oscar is conscious of the quality of clothing, and the quality of the clothes that H&M has to offer no longer meets his needs. On the other hand there are respondents who shop at H&M for everything and anything.

“H&M is my go-to shop, like I can find anything, even if it’s last minute and I want to go out I would buy things... I don’t think I’m at the stage where I care too much about quality, yet”.

Joanne

Although H&M meets all of Joanne’s needs, she acknowledges that with her student budget, she does not have the resources to care too much about quality at this point in time; H&M is a perfect solution to meet her needs.

The respondents are presented with the designer collaborations H&M has introduced with high priced fashion brands, which results in the release of a more premium collection. With this introduction, respondents generally have a positive outlook on the activities being performed.

“I think even for the normal clothes became, not premium but they became better in my perception. They are really trendy, they are really creating clothes that are not just for the mass market in the cheapest way, and they are creating clothes that are fashion clothes that create trends”. Vivian

The collaborations are not only being produced for the mass market to make more money, but H&M is trying to meet the needs of more consumers. Vivian’s perception of H&M changes, making her see H&M in a new light, which in turn creates a more positive perception. The new collaborations not only introduce new trends, but they also provide H&M with a more premium collection, attracting consumers to H&M who do not normally shop there.

“I think its positive, because it really means that people into fashion really respect it, like collaborating with them means that the brand has some legacy and you can receive a fashionable brand if people like you are interested in fashion, like Isabel Marant... I really like what she does,

but its way to expensive for me, so that was a good opportunity for me to buy it. But yeah I think its positive, definitely". Cindy

H&M creates a more respectable name for themselves through their collaborations with the high priced fashion designers. Cindy is able to access Isabel Marant's collection, a designer she really likes and is originally unattainable with her income, through H&M. Josephine agrees with Cindy by adding that the collaborations create and increased opportunity to own the high-fashioned pieces.

"I think its good because they have collections, that in this case becomes more expensive, but maybe not everyone can afford a Versace dress but because of H&M, well of course now more people will have the same items but your possibility to be able to purchase a piece like this increases". Josephine

The collections of the collaborations create opportunities for consumers to reach fashion designers that are normally unattainable. Unfortunately, not every respondent agrees regarding positive aspects of the designer collaborations. Linda and Joanne both agree that although it is a good idea for H&M to produce the new collections, alternatives are readily available.

"Since I go to H&M to buy basic stuff, I would probably find the cheaper... I would find something that fits what I am looking for. I would just see that shirt and it probably wouldn't be that collaboration shirt it would be like a basic thing, because I go into the store looking for a basic thing". Linda

"I'm more about the fashion... like I will spend a lot of money if I can find a really nice dress. Then I don't mind how much it costs. But I wouldn't buy like everyday stuff for a higher price. Cause I can find it in H&M. I wouldn't choose it over their other stuff, to be honest. H&M should stay H&M. They shouldn't change. I think they are good as is, they can add other lines but I think that's who they are". Joanne

Both Linda and Joanne admit that they would purchase the H&M brand over the designer collaboration collections; they shop at H&M because they know what it has to offer and what the end product entails, in regards to price and quality. Although both respondents mention that they are curious to see the new collaborations, they still prefer the original brand because of the difference in price.

The relationships between the respondents and H&M vary from respondent to respondent, some of who are unable to change their perceptions of what H&M stands for. Joanne does not believe in spending a lot of money for "normal clothes", and believes that the new collaborations are changing what H&M stands for, and changing their true identity. Linda only shops at H&M for basics and is

aware that cheaper substitutes are readily available at H&M, even if her perception of H&M in relation to value is negative.

“Its not really appealing, its just you know, if I look at that it usually brings the shirt down... The brand itself is so-so; I don't know how to describe it.... Not very valuable to the shirt”. Linda

H&M is not the brand Linda wants advertised all over her clothes, and she believes that the value of clothes diminishes with their association with H&M. Yet, Linda prefers to purchase a similar shirt from the original brand H&M over the collections through the collaborations.

There were two distinct types of relationships that respondents associate with during the interviews, and the relationships between the respondents and H&M alters the way the respondents perceive the creation of the new brand. Those who mostly shop at H&M for basics generally think that the collaboration is a good idea to obtain a new collection, while attracting a new consumer market. Some of the respondents who shop at H&M on a more regular basis think that the idea of the collaboration is good, but two of the respondents admit that they do not purchase any part of the collections because they know that they can always find something similar at H&M for a much lower price. The latter shops at H&M because they know what to expect and what they are getting, and they are content with the final product. Their perception changes regarding the brand in one way or another when H&M introduces the premium collaborations, and some of the respondents are more affected by the new introduction compared to others, which depends on the type of relationship those consumers have with the brand H&M.

4.2. VERO MODA: Low-Priced Brand

As one of the largest young women's clothing brand in Europe today, the Bestseller family launched VERO MODA in 1987. Aiming to provide independent young women, who are fashion-conscious, an option to dress well at a lower price. VERO MODA offers inspiring, affordable and quality clothing for young women at the right price and offer consumers the opportunity to follow fashion on her own terms (VERO MODA, n.d.). Each of VERO MODA'S four lines: VERO MODA, VERO MODA INTIMATES, NOISY MAY, and Y.A.S, add a unique facet to the brand VERO MODA, ensuring every customer is spoken for. VERO MODA aims to fulfill the need for fashionable quality clothing at affordable prices by focusing their collections on trendy pieces and basic wardrobe necessities (VERO MODA, n.d.).

Although VERO MODA aims to be a low-priced trendy brand for young women, the respondents show distinct views on how they perceive the brand and the brand's typical consumer. VERO MODA

aims to attract young women, which the majority of the respondents agree with. However there are two extremes in regards to their meaning of 'young women': teenagers and women around the age of 30.

"I have only bought it when I was younger, but I don't ever go into the store because of the reason that I associate it with teenagers... That was a typical brand you bought when you were a teenager. They are trying to be trendy". Jenny

The respondents, in one way or another, associate fashion with age depending on their relationship with the brand. The relationship Jenny formed with VERO MODA was as a teenager, and now she associates the brand with teenagers. The associations Jenny established as a teenager affect her perception of the brand, in turn affecting her relationship. Like Jenny, Linda does not shop at VERO MODA because it does not fit her style.

"It's a mom store... Its kind of plain, its not meant to stand out". Linda

Linda describes the brand as a "mom store", she was later asked if she or anyone she knows shops at VERO MODA, and she replied "my mom". Linda associates VERO MODA as a "mom store" because her mom shops there.

When we inform our respondents that VERO MODA is hypothetically creating an upward extension, called 'VODA', there are two main responses. The responses are based on the respondents' perceptions and relationships of the brand VERO MODA. Having a negative relationship or containing a negative perception of the brand did in turn effect how the respondents react when they are presented with the upward extension.

"I don't think they should be too connected to VERO MODA because there are a lot of people who don't like it I think. It's the same for H&M in Copenhagen... so that's good because you don't get the connection. So it might work but it shouldn't be too similar, you shouldn't really know about it". Kathryn

Kathryn mentions there are a lot of people who do not like the brand; it is better for 'VODA' if they are not publically associated with VERO MODA, because a negative perception of a brand can be transferred to the extended brand. Quality is another major issue brought up when discussing the hypothetical extension; the respondents that are not extremely negative towards the downward extension insist that they need to make improvements before they can even consider shopping at 'VODA'.

“I think to justify a new price point in the stores I would definitely be interested but the quality would have to improve. It cannot just be the price because the VERO MODA quality I would say would not be superior or anything and not that great”. Anna

“Hmmm... that could be good, if they make this premium to improve the quality, like the material because the skirts they have are nice... so that could be definitely something that is interesting to be more classic and neutral style. Maybe it could be good for them I think because they are a bit stuck in between”. Cindy

“They are showing that they are forward and want to try new things, and want to develop their brand. So I think it’s a good thing... It all depends on like if it looks really really good then I would buy it. If it’s not, if it’s the same but just higher prices then I would not buy it”. Claire

The respondents, who think ‘VODA’ can be successful, address the issue regarding their quality of clothing. In order for the extension to be successful, the quality of the clothing needs to increase with the increase in price, and if the quality does not change, the new brand is not successful because ‘VODA’ is too similar to VERO MODA in relation to quality.

4.3. Filippa K: Premium Brand

Aiming to provide a modern, yet uncomplicated, clothing design that was absent in the marketplace, Filippa Knutsson and Patrik Kihlberg founded Filippa K in 1993. Using their unique ambition in early design enabled Filippa K to quickly flourish, offering consumers a clothing option that was appropriate for every occasion. With international expansion of Filippa K, the design concept was refined; although collections were expanded and developed, “the brand philosophy of style, simplicity and quality remains the same” (Filippa K, n.d.a). Filippa K emphasizes their timeless style through their business idea by offering products of high quality containing a well-designed clear concept at an appealing price. With Filippa K present in approximately 20 markets all over the world, Filippa K aims to attract consumers, both men and women, who appreciate fashion and quality (Filippa K, n.d.b.).

Based on the descriptive phrases respondents use to describe Filippa K’s style: clean, simple, classic, expensive and nice quality, Filippa K accentuates their core values through their final products. Consumer awareness regarding Filippa K’s sophisticated style shines through in almost every interview conducted.

“They follow the trends, and they take that, that works for most people, and they make it fancy”.
Linda

“Trendy, likes dressing nicely, not too distinctive, well-fit, elegant”. Josephine

Filippa K creates a name for themselves by staying true to their identity and core values. Over the past 20 years Filippa K has broadened and developed their collections, however they continue to represent their brand’s philosophy; they aim to attract consumers interested in design and quality. Below, Johan and Kathryn agree when describing the typical consumer of Filippa K and the consumer’s motive for shopping there.

“If you are buying Filippa K you are definitely into fashion, you want to have good quality. You also care about the designs and good fit. You want something unique, and not something that everyone wears... So you care more about the little details that other cheaper brands miss. The little details make a huge difference”. Johan

“You buy it because you think its nice and they have a really nice style so buy it because you want that style and not because it is expensive”. Kathryn

They mention that Filippa K consumers are not shopping at Filippa K to make a statement regarding their status, but more so because they like the style Filippa K has to offer. Filippa K consumers are more interested in the design and quality of the clothes, which is essentially the type of consumer Filippa K is aiming to attract.

The prices at Filippa K are undeniably higher than the low-priced brands H&M and VERO MODA, which are discussed among respondents as being one of the main descriptions they use to express Filippa K. Many of the respondents do not have the budget to shop at Filippa K, especially considering they are mostly students on a strict budget; however, they still appreciate the style Filippa K has to offer.

“If money wasn’t an issue I would because it’s really nice and the fabrics are so soft”. Kathryn

“I don’t buy things because it’s too expensive. I will go there, for example I have been to the outlets and go for the sales so if there is something I will definitely buy it, but right now with my student budget... this is something that if I had a job, more of an income, I would definitely go there”. Cindy

Some of these respondents do not have a strong relationship with the brand due to their limited budget even though they express a positive perception of Filippa K in relation to the design and quality their collections offer. Respondents with a stronger relationship with Filippa K, like Vivian, are aware of the brand’s lasting quality.

“Twice per year, not very often. Because, it is not very very expensive but it is expensive and also the good thing with them is that when you buy something from them it lasts for a really long time so don’t need to purchase the same thing all the time”. Vivian

Clothing at Filippa K is expensive according to the respondents, but the quality matches the price. Consumers are aware that the items purchased at Filippa K lasts a long time, making it worthwhile to spend a little extra money on a few items even for someone on a budget. Therefore, if money is not an issue, a few of the respondents’ relationships with the brand would be stronger, in terms of how often they would shop at Filippa K.

Respondents are presented with the hypothetical creation of a downward brand extension of Filippa K, called ‘by Filippa’. The results among the respondents are very different, and the main reason for this is the pre-existing relationship respondents have with Filippa K. Those who like Filippa K mention that they would shop more frequently there if their budget permits them to, and they believe that the creation of a downward extension is a good idea.

“That would be good because I think they could. I think it would be a nice alternative because it is really something that’s not accessible to everyone... It’s really more of an exclusive brand and I think it could be positive because it can make it more affordable... I think it would be really good”. Cindy

“Actually I think that might benefit them because Filippa K is not super expensive, its not Armani, so I think that the women who at first wouldn’t buy Filippa K like would buy more stuff. Whereas the women that, like the normal customers, wouldn’t be that affected, they wouldn’t be offended by other people wearing Filippa K so they wouldn’t change to another more expensive competitor or company”. Linda

“I think that could be good because I see them as really good designers. It’s not like mass produced because I think that like Armani they really mass-produce stuff... But because Filippa K is a smaller brand, I don’t see them same mass-producing thing... Maybe its because I like the Filippa K design more than Armani so I would be more happy if Filippa K did a lower brand than if Armani did... I don’t think its positive for Armani because they want to be exclusive; I think they want to be really... they want to have high prices. I don’t think it’s a good thing for the brand”. Claire

These respondents’ issue with Filippa K is that it is not affordable, in relation to their income and budget; the creation of ‘by Filippa’ better fits their price range. As Cindy mentions, the brand becomes more accessible to another consumer market because of the more affordable prices, allowing them access to the new brand in an alternative way. However, with this new creation of

availability the brand does become more available to the masses, meaning the exclusivity of the brand can be diluted depending on their new positioning.

I think if they had the cheaper priced brand, which would be more accessible for mainstream people, I think it would be against their brand image and positioning. Right now they are more an exclusive brand for people are interested in fashion, who want to have something different, be different from the average people". Johan

"I think it depends on what their focus would be, whether it be cheaper or more trendy... It would most likely be worse if they made it cheaper because they are lowering the value of the brand. It's nice now, but they would make it worse". Jesper

"I think it would be just strange... I mean its reasonable for a cheap brand like H&M that's really in the lower end price range to do a bit more expensive or Armani who is up there to so a bit more cheap, but for a medium brand to make a cheaper.... its just that you pay for the designs so I guess if they make a cheaper one and still do a good design the difference between those two wouldn't be as big... there wouldn't be such a big difference between the bit more expensive and the bit more cheaper brand". Oscar

The three respondents above do not have very strong relationships with the brand Filippa K, and they believe that creating a downward extension is not the best option for Filippa K. The respondents describe that the new positioning of the extended brand can negatively affect the core brand and their core values if 'by Filippa' is positioned too close to Filippa K. Nevertheless, nine out of the twelve respondents claim that they believe that the new brand 'by Filippa' is a good approach for Filippa K to take and the respondents are happy to test the newer brand.

4.4. Armani: Luxury Brand

Giorgio Armani, founded by Giorgio Armani and Sergio Galeotti in 1973 in Milan, has consistently relayed the message of simple elegance, and Armani's initial aim was to expand his brand all over the world (Vogue, n.d.a.). In 1981 Carla Fendi added that Giorgio Armani "has created a unique style, one that you can recognize without a label" (Demarest & Bentley, 1981:74). Young men pursuing a simple way to demonstrate their success purchased Armani to symbolize their status. In 1975, Armani introduced his first women's collection, which was comprised of women's suit jackets, using the same fabric and fit that was used in his men's collections. Armani has continued to expand over the years and has been very successful in doing so, for example, creating the diffusion line Emporio

Armani in 1981 and launched 'Armani-for-the-masses collection Armani Exchange' in 1991 in New York, USA (Vogue, n.d.a.).

Expensive, Italian, luxury, classic, fancy, and high quality are a few adjectives respondents use to describe the brand Armani. The brand Armani is classified as a premium brand, emphasizing a neutral, classic and clean-cut look. Although most respondents mention that Armani is Italian, the most recurring classification of the brand Armani is that it is expensive.

"It's Italian. It's very high end. It's expensive. It's considered posh". Oscar

"Clean cut and expensive and that's it". Joanne

Armani is perceived as being a very expensive luxury brand; however, when discussing with respondents many do not agree upon the overall statement the 'classic' style relays, some respondents perceive the brand to be a little flashy.

"It's more like you flash it, like hey I have Armani. It's not like ooh I love their clothes and I am going to wear them and no one will know that its Armani". Claire

"It's like clean, but not clean with the brand... I think it's a bit too much in general... It's like ooh I'm rich". Kathryn

Armani is an expensive brand, and the respondents Claire and Kathryn agree that the Armani brand is identified as exclusive; Armani consumers use the brand as a tool to transcribe their success. Unfortunately this is negatively relayed to the public, Claire and Kathryn believe that people are showing that they can afford the brand, rather than people who like the brand's style.

Another perception of Armani is in relation to their identity and what they represent. Armani is a very successful brand, and they have expressed this through their success in expanding into many different consumer markets. However, with the multiple extensions consumer perceptions have changed over the years, specifically in relation to what the brand is attempting to communicate to the public.

"Classic. I would say not old fashioned, but not a very young brand. Not super classy, but something in between. For me this brand doesn't have a real identity, it's a bit mixed". Cindy

"I wouldn't describe them in any particularly way. I think before I would describe them as very exclusive people, very rich. I think it is still a more expensive brand but I think it has lost its exclusivity... People who are wearing it do not look as fancy, and do not stick out from the crowd anymore... I associate it with younger guys looking a bit sloppy, not looking like a fashion person and not looking very well dressed in general... it is not as exclusive as it has been before". Vivian

The success and expansion of Armani creates mixed perceptions regarding what exactly the brand stands for, and the only commonality between the multiple perceptions is that the brand is expensive. Cindy believes that there is not a consistent identity between the multiple brands, while Vivian believes that the exclusivity of the brand decreases because more people have access to the brand with the creation of the extensions. The brand that was initially a symbol of exclusivity has become more accessible to the masses, altering their identity and decreasing the exclusivity of the brand.

Armani has created extensions in order to meet the needs of those markets looking to purchase Armani. Josephine and Claire agree that Armani becomes more available to consumers who can afford to purchase Armani.

“I don’t think it is negative but I can tell that it is positive that they are making stuff in different price categories so everyone has a choice. These cheaper models are more adopted to fit a more normal person so they also have a chance to purchase nice designer items”. Josephine

“Now that you said that it’s cheaper, I don’t know, of course it makes the brand more available for people who don’t have that type of money... I’m thinking it costs a lot for buying Armani. I guess it’s good that they have a brand that more can buy... I don’t think its positive for Armani because they want to be exclusive; I think they want to be really... they want to have high prices. I don’t think it’s a good thing for the brand”. Claire

Both the respondents agree that Armani becoming more available to the consumer market provides consumers with the opportunity to shop there if they prefer to. Although the extensions are still priced relatively high, Armani creates an opportunity for more consumers to access their brand. However, Claire continues by stating that the creation of a lower-priced alternative brand is not following their brand identity of being expensive and exclusive.

There is a consensus relating to the unaffordability of the brand; this conclusion is made based on the respondents’ current occupations, and income alters whether or not a consumer purchases a product or brand. With their perception of the brand being categorized as a luxury brand, expensive, fancy and being unaffordable, one can infer that there is not a strong relationship between the respondents and the brand Armani.

4.5. New Brand vs. Brand Extension:

In order to grasp a deeper understanding regarding the relationships between the respondents and different brands and how their relationships affect their view regarding the extension activities that are performed, consumers are asked why they believe companies are performing these upward and downward extensions, and whether or not they consider the activities to be more beneficial or harmful for the company overall.

Reaching new consumer markets and growing are the two most common answers respondents give when asked why they believe companies are creating vertical brand extensions. However, some respondents also mention that the companies performing the extensions are evolving to meet the needs of a new target group, enabling them to expand to new international locations.

“To reach a larger audience, but I also think when they are growing they want to broaden their business. I think it can take you to different parts of the world if there is more to choose from.... Exclusive designers that are doing cheaper collections is possible, but when it is the opposite, cheap brand are doing more expensive clothes, I think that would be difficult since people would wonder why are they suddenly making more expensive clothes”. Jenny

Although the main purpose of creating an extension is to expand and grow, Jenny adds that by creating extensions, brands are better able to adapt to different cultures and countries because they offer more options through the brand extensions. Oscar brings up a couple points regarding brands in relation to the extensions that are being performed.

“They want reach a bigger target group, and they want to expand their target group. Now Armani can get people who don’t usually buy clothes to buy from them. And I think that H&M can reach people who may think that H&M is too cheap and not unique enough”. Oscar

H&M offers collaborative collections with high priced fashion designers in order to attract new consumers who perceive H&M to be a cheap brand, while Armani is becoming more accessible by offering lower-priced extensions to consumers who are unable to afford their brand. Oscar then compares Armani’s strategy with Hugo Boss, and although they are becoming more available Armani gives Oscar and Jenny the impression that they are “chasing money”.

“Hugo Boss has created brands like Hugo Orange, Hugo Green, Hugo Black and all these that just has a negative effect on me. Like I almost never really buy Hugo Boss anymore because it’s too messy... I don’t know what they are doing. It feels like they are chasing money all the time, in a way that’s not very attractive. So if I feel like it’s chasing the money, commercializing, all these kind of things... which I feel like Armani also, so many people are wearing Armani pants, and I feel

like alright so, so many people are wearing this that its almost like buying Tiger, when I go to Sweden its not even special at all". Oscar

"I think you see it more as a willingness to spread the brand and to make a profit rather than being an exclusive brand that is only available for some people, instead trying to reach the larger mass". Jenny

Although Oscar believes that Armani creating a downward extension is a good thing because it enables consumers unable to afford the brand Armani to gain access to their extension, but performing too many extensions makes it seem as though the brand is only after the money. They are "growing" to gain market share, and Oscar and Jenny see this in a negative way. Companies create a brand extension to grow and to gain market share and there are risks and benefits involved when a company creates a band extension.

"Yeah because I would describe that [creating an upward extension] as they are being forward and want to develop... but if you are an expensive brand I would say that you just want to sell your stuff even more... that's why you are lowering your prices". Claire

"I think it can be more risky, but it depends on the situation of the brand... I think it really depends on the concept. I think in the case of Armani... I couldn't distinguish what they do, these different brands... but if it's branded well and you know about it and you know the difference then maybe it's beneficial. If not you get a bit lost, and maybe the brand can lose its legitimacy like being premium... You have to keep your identity or it gets pretty risky. But I don't see why it shouldn't work". Cindy

The benefits and risks vary in relation to a company performing an upward or downward extension. The focus of companies varies, which is crucial when discussing the motives of the company creating a vertical brand extension. Cindy discusses the brand Armani, and mentions that with the extensions they have created, if someone is not familiar with the brand then the image of exclusivity that Armani is trying to create gets diluted. Armani has become more available to consumers through the downward extensions they have created, but without an indication of the differences between the brands, some consumers no longer perceive the brand as exclusive, in turn affecting their identity.

"As long as it's not too similar it should be fine. I mean if there were two sweaters that looked exactly the same, of course I am going to buy the cheaper one. There should be a style difference and have a different approach". Kathryn

Indicating the differences between a brand and the extension is crucial in terms of creating a successful extension, and producing an extension that is positioned too closely to the core brand can

create confusion for the consumer. In turn, the production of an extension could be both beneficial and risky.

“It can be both, its more risky for the Armani brand to go down because they have a lot invested in their quality and in their history... so if they hurt that they will hurt their entire company... But maybe you think that the cheaper brands of Armani affect the quality of all over Armani brand”. Oscar

“In some ways I think it is really good... You get exposed to brands that you never really looked at before because you just knew that they were never really in your price point. But then also I can see why it is negative, I have the negative connotation of Armani Exchange because I always knew that Armani was such a nice higher brand and then I feel that Armani Exchange cheapened it, since I am aware that there is a difference, but I still feel that people might view Armani as cheaper now because of Armani exchange”. Anna

Both Oscar and Anna agree in regards to the change in perception that could potentially result from Armani creating a downward extension. Performing a downward extension can be difficult for a brand because it could alter the perception of the brand and change their core identity, depending on the extension’s positioning in relation to the core brand.

We conclude the interviews by asking more general questions regarding the creation of a brand extension to recognize whether the relationship present between the core brand and the consumer effect the perception of the extended brand. We ask respondents if they prefer an extension, a brand associated with another established brand, or if they prefer a completely new brand with no association with another brand. The results varied, however, most respondents show an inclination towards the extended brand because the respondents have established a relationship with the core brand, in turn trusting them more.

“The famous brand since, when you are wearing something that you do know is a good brand, then you know that it is good. You associated it with good, nice and you will feel a bit better with that brand, that’s how it is”. Josephine

“I would choose the one I know, since I am a person who tends to trust brands and trust the brand I like”. Jenny

“If it is perceived as good quality and good design then it would be fine. But if ‘by Filippa’ is really good quality and you know Filippa K and you have certain expectations, you trust that brand more. I would probably buy the brand ‘by Filippa’ since you have some kind of protection because you know the brand has done this one, they should have been able to use some of it designers doing this one too”. Vivian

The majority of the respondents prefer purchasing an extended brand to a competitor's brand, if they have established a positive perception of the core brand. However, the respondents refer to the downward extending brands and did not include brands extending upwards. Respondents are not convinced when deciding between an upward extending brand over a completely new brand.

"No. I mean it depends on what is happening... but "by Filippa", yes! Armani, yes, even if it is not Giorgio Armani, it is still Armani. When it comes to new brands then you don't know, it might be the newest it-brand but you might not buy it now when there are two items just next to it with famous brands. Then you would not take the newer ones". Josephine

Josephine's statement shows that a downward brand extension may be a good approach in order to gain a competitive advantage; however, other respondents agree that it depends on the core brand.

"If the brand is perceived as good quality then it would be fine". Vivian

Furthermore, the responses are based on the level of familiarity they had with the core brand and whether or not they trust the brand to produce the style and quality that they are looking for. As a consumer, expectations are transferred from the knowledge gained from experiences, and if a consumer has a bad experience with one brand and the brand creates a brand extension it can be safe to say that they are less interested in the new extension because the core brand did not meet their needs.

"Of course it would depend on which original brand the new brand is extending from... I think I would be affected more from the new brand invented from the core brand because it has a name I recognize and these kinds of things". Oscar

Oscar mentions whether he would purchase the brand extension depends on the core brand the brand extension is associated with. The type of brand changes the circumstances of purchasing the new brand or purchasing the brand extension of an established brand.

"That really depends if I like the brand for sure, I would be more prone to buying the brand extension. But if I don't like the brand, like if its something that I already have negatively in my mind, I am not going to go towards it... I would rather go to the new thing because I already have a prejudice about this brand in my head and I think their extension is not going to change". Cindy

Therefore, the deciding factor depends really on the relationship a consumer forms with the established brand, and if the relationship is a positive relationship and the consumer perceives the brand positively then the consumer most likely purchases the brand associated with the existing brand. A consumer lacking a relationship with a brand is not as affected by the tasks they perform as one may be having a very "intimate relationship" with the same brand. The respondents base their

decision on the core brand creating the extension, and whether or not a positive relationship is formed. The lack of a relationship Jenny had with the brand VERO MODA explains the lack of interest in the hypothetical brand 'VODA'

"I am not interested anyway so I would probably see the activity as they were trying to fight and do what H&M is doing". Jenny

Jenny has a negative perception of the core brand in regards to associating the brand with teenagers, which is then transferred to the hypothetical brand extension. Similarly, Joanne believes what VERO MODA is over-priced for what they have to offer, and those beliefs transfer to the hypothetical extension.

"I don't think it would affect me because I still think that they are over-priced... so I would just think that they are more over-priced than they already are". Joanne

Joanne considers VERO MODA to be expensive for the level of quality they offer, and she is not favorable of their fashion style. Her opinion regarding VERO MODA is transferred to the hypothetical extension, causing Joanne to explain that she is unwilling to purchase their extended brand because she already cannot afford VERO MODA.

5. Analysis

The analysis chapter attempts to answer the research questions regarding how consumers and their perception of the core brands are affected. We perform an in-depth analysis of the empirical findings regarding the information attained during the interviews and using the theoretical framework presented in Chapter 2 to answer the research questions and explore whether 'Brand Availability' is an applicable approach to enhance a competitive advantage. The chapter concludes by presenting three main theoretical contributions and three managerial implications.

5.1. Discussion

Most companies utilize brand extensions as a tool because they are essential to sustain the growth of a brand (Kapferer, 2012:293). A vertical brand extension is a fundamental aspect of brand management (Kapferer, 2012:263) and is recognized as being more preferable than creating a completely new brand (Aaker & Keller, 1990; Smith & Burns, 2013). Therefore, since a brand extension's success depends on assumptions relating to consumer behavior (Aaker & Keller, 1990), we investigate the introduction of a vertical brand extension and decipher how the newly created 'Brand Availability' concept affects consumers as well as their perception of the core brand. These concepts are specifically demonstrated through questions regarding four brands within the fashion industry: Armani, H&M, VERO MODA and Filippa K.

The questions asked are used to determine the respondents' relationships with the fashion brands in order grasp a richer knowledge in regards to understanding how each respondent is affected by the introduction of a vertical brand extension, or the change in 'Brand Availability'. Opinions of participating respondents are occasionally conflicting, specifically in relation to the effects of creating a vertical brand extension and whether or not it is a beneficial approach for the brand. Many of the respondents' answers correlate with the relationship they have formed with each brand, and the respondents' answers occasionally contradict other responses they have made, making it more difficult to conclude their general opinion.

5.1.1. Motives to Extend a Brand

According to respondents, Armani was once perceived as an exclusive brand, however Vivian, for example, expresses that Armani has lost some of their exclusivity by becoming more accessible.

“I wouldn’t describe them in any particularly way. I think before I would describe them as very exclusive people, very rich. I think it is still a more expensive brand but I think it has lost its exclusivity”. Vivian

The consensus among respondents in this study clarifies the perception that Armani is an exclusive brand; however, the exclusivity is lowered because of the extensions Armani has created, which alters their positioning within the market and makes the brand more available to consumers who originally could not afford the brand and allows them to keep up with competitors. The importance to gain and maintain a competitive advantage is vital to remain successful in a crowded marketplace (Goldsmith, 2013). The empirical results support the four different motives, which were previously introduced, to create a vertical brand extension. One reason a company introduces a brand extension is to attempt to increase their total profit and revenue and to decrease their total costs (Thorbjørnsen, 2005; Kim & Lavack, 1996; Kotler & Keller, 2011:286; Le et al., 2012). Although creating an extension is a strategic move, there is one respondent who believes that companies that create too many extensions become less attractive.

“I don’t know what they are doing. It feels like they are chasing money all the time, in a way that’s not very attractive”. Oscar

Oscar emphasizes that both Armani and Hugo Boss have introduced many extensions, which make it seem as if they are producing new brands to increase profits and compete with other brands. To keep up with the competitors, companies must adapt and evolve, and extending their brand vertically can become a viable solution. Armani is one example of a brand performing an extension in order to compete with specific brands like Burberry Prorsum and Diesel (Kapferer, 2012:231). One of the respondents, Jenny, mentions that if VERO MODA introduces a higher-priced alternative brand, ‘VODA’, then they would try to become more like H&M because they have performed similar activities. VERO MODA’s new positioning would change Jenny’s perception by comparing the activities they perform to those H&M is performing (Simms & Trott, 2007). In our judgment, these responses show that consumers are aware of the activities companies are performing to keep up with competing brands executing similar activities.

Changing trends are another motive to create a vertical brand extension, and Jesper argues that the hypothetical brand extension, ‘by Filippa’, could be created to introduce a different focus in order to

adapt to the ongoing trends and attract consumers within a different market segment. A result of introducing a brand extension, and changing their positioning, can potentially be a change in the perception, and during this study, both H&M and VERO MODA are used as examples for making their brands less available in order to change the perception of the brand (Kapferer, 2012:298).

“I think that H&M can reach people who may think that H&M is too cheap and not unique enough”. Oscar

We infer that Oscar describes that the perception of the H&M brand is no longer equivalent to its perception prior to the implemented collaborations with the high-priced fashion designers. H&M is no longer only “cheap” and “average” because the collaborations have improved the perception of their brand. An extension that does not follow the parent brand’s core values and business strategy may in fact alter not only the perception of the brand but also the overall identity of the brand (Smith & Burns, 2013).

5.1.2. Extending a Brand Upward

A brand extension is more preferable than introducing a completely new brand and it is believed that consumer acceptance and the efficiency of promotional expenses is increased (Aaker & Keller, 1990; Smith & Burns, 2013). When extending a brand upwards, the brand becomes less available since fewer consumers are able to afford the product and the new brand can be harder to access. By creating an upward extension, H&M, for example, is attempting to grasp a stronger competitive advantage over competitors. Originally establishing themselves in the market, H&M has gained a cost leadership competitive advantage through their positioning as a low-priced brand. There are several risks and benefits when extending a brand, and respondents, specifically in relation to VERO MODA and H&M, express a difference in opinion.

During the interview we introduce the hypothetical upward extension by VERO MODA, the respondents disagree regarding the upward vertical brand extension. Some respondents claim that the creation of the hypothetical extension would create a positive effect for VERO MODA.

“I think that they are showing that they are forward and want to try new things, and want to develop their brand... So I think it’s a good thing”. Claire

“Hmmm... That could be good, if they make this premium to improve the quality, like the material... So that could be definitely something that would be interesting to be more classic and

neutral style. Maybe it could be good for them I think because they are a bit stuck in between”.

Cindy

Claire and Cindy agree with one another by mentioning that creating an upward extension could be beneficial for VERO MODA, and Cindy even mentions that it could enhance their brand. Becoming more premium to improve the quality of clothing could enhance how consumers perceive them. However, not all the respondents are as positive as Claire and Cindy. Many of the respondents, like Joanne, Anna and Kathryn, believe that it would not be ideal for VERO MODA to extend upwards, since they are over-priced and people are not too fond of them.

“I don’t think it would affect me because I still think that they are over-priced... so I would just think that they are more over-priced than they already are”. Joanne

“I don’t think they should be too connected to VERO MODA because there are a lot of people who don’t like it I think... It shouldn’t be too similar, you shouldn’t really know about it (the connection between VERO MODA and ‘VODA’)”. Kathryn

“I think to justify a new price point in the stores I would definitely be interested but the quality would have to improve. It cannot just be the price because the VERO MODA quality I would say would not be superior or anything and not that great”. Anna

Many respondents, creating a more negative perception of the VERO MODA brand, express the evident issue of low quality. A few respondents argue that introducing the new brand ‘VODA’ would be beneficial if the quality of clothing increases with the increase in price, and if the style is slightly modified. When a company modifies the ‘Brand Availability’, consumers recognize the inconsistencies between the price and quality levels in relation to the core brand and then the extended brand (Kim et al., 2001). Therefore, it is crucial to make the difference in quality apparent to consumers in order to ensure there are no inconsistencies with the upward extension in relation to the core brand. A poor positioning can lead to a poor fit between the core brand and the extension, which can be damaging to the core brand by potentially diminishing the brand’s equity (Smith & Burns, 2013). Anna mentions that in order for ‘VODA’ to be successful, it is necessary for the quality level to increase with the price increase; however, other respondents, lacking a relationship with the VERO MODA brand, argue that they are not remotely interested in the extended brand ‘VODA’, even if they create better quality clothes at a higher price. Jenny, for example, mentions she does not shop at VERO MODA any more due to her associations with the brand.

"I have only bought it when I was younger, but I don't ever go into the store because of the reason that I associate it with teenagers... That was a typical brand you bought when you were a teenager". Jenny

The relationship Jenny formed with VERO MODA was while she was a teenager, and she currently associates the brand with teenagers; the associations affect her perception of the brand, in turn affecting her relationship. The lack of a relationship Jenny has with the brand VERO MODA explains the lack of interest in the hypothetical brand 'VODA'.

The overall opinion among respondents is that it is essential for the quality and style to improve in order to justify a more premium position. Approximately half of the respondents agree that extending a brand like VERO MODA is not very appealing. However, the respondents are generally more positive when discussing the H&M collaborations; ten out of twelve respondents see the collaborations as a beneficial approach for H&M to improve the perception of their core brand. Vivian, for example, believes that the status of the H&M brand has increased with the production of the collaborations. Other respondents seem to enjoy the higher levels of exclusivity associated with the collaborated collections, and were generally more positive to make the brand less available.

"I think even for the normal clothes, they became, not premium but they became better in my perception: they are really trendy, they are really creating clothes that are not just for the mass market in the cheapest way, they are creating clothes that are fashion clothes that are creating trends". Vivian

Vivian's perception of H&M, along with the general opinion, becomes more positive with the introduction of the collaborations, even considering the drastically higher prices compared to H&M's normal collections. Josephine and Cindy agree that H&M's collaborations provide an opportunity for consumers, who are typically unable to afford the high-priced fashion brands, access to those brands.

"I think its good because they have collections, that in this case becomes more expensive, but maybe not everyone can afford a Versace dress but because of H&M, well of course now more people will have the same items but your possibility to be able to purchase a piece like this increases". Josephine

"I think its positive, because it really means that people in the fashion really respect it, like collaborating with them means that the brand has some legacy and you can receive a fashionable brand if people like you are interested in fashion, like Isabel Marant... I really like what she does, but its way to expensive for me, so that was a good opportunity for me to buy it. But yeah I think its positive, definitely". Cindy

Understanding that H&M has extended their brand upward through the collaborations is crucial, but the fashion designers that collaborate with H&M have also extended their brand downward. Therefore, the high-priced fashion brands are becoming more available to the mass market.

When comparing H&M and VERO MODA's extensions, it is imperative to recognize that each of the respondents did not have similar relationships with VERO MODA as they had with H&M. According to Kotler and Keller (2011:265), the relationship is a vital facet that affects the brands equity and is therefore an essential part to gain or maintain a competitive advantage. Most of the respondents claim that VERO MODA targets a younger audience and is not a very appealing brand. A few of the respondents shopped at VERO MODA as teenagers, but have not purchased anything from VERO MODA since then; they no longer have a relationship with the VERO MODA brand.

On the contrary, a majority of the respondents have a stronger relationship with H&M, purchasing basics, ready-to-wear-clothes or half of their wardrobe there. The relationships respondents establish with the two brands affects their attitude towards extending the brands upward, and respondents are less likely to pay more for a brand that is associated with a brand that they do not admire. Furthermore, the collaborations with the premium fashion designers can have an impact on the willingness to pay more for the extended H&M brand, enabling H&M to increase the perception of their brand.

5.1.3. Extending a Brand Downward

When a brand extends downwards, the brand becomes more available; many respondents declare that when a brand becomes more available it can potentially lose its exclusivity. When Armani was established, they positioned themselves to gain a competitive advantage of differentiation, setting them apart from their competitors (Gwin & Gwin, 2003). Our respondents are relatively familiar with the brand Armani and everyone is familiar with at least one of the downward extensions we mentioned. According to Aaker and Joachimsthaler (2000) the extended brand can harm the core brand, which some respondents believed happened to Armani with the creation of their extensions.

"People who are wearing it do not look as fancy, and do not stick out from the crowd anymore... I associate it with younger guys looking a bit sloppy, not looking like a fashion person and not looking very well dressed in general... it is not as exclusive as it has been before". Vivian

"I think you see it more as a willingness to spread the brand and to make a profit rather than being an exclusive brand that is only available for some people, instead trying to reach the larger mass". Jenny

I have the negative connotation of Armani Exchange because I always knew that Armani was such a nice higher brand and then I feel that Armani Exchange cheapened it, since I am aware that there is a difference, but I still feel that people might view Armani as cheaper now because of Armani exchange". Anna

Anna, Jenny and Vivian concur that Armani creating the downward extensions affects the exclusivity of the brand; by becoming more available to the mass market, consumers are familiarized with the brand more often. Nevertheless, many of the respondents show a more positive attitude towards Armani's downward extensions, stating that they increase the availability, which is beneficial for consumers who normally cannot afford to access the core brand.

"I don't think it is negative but I can tell that it is positive that they are making stuff in different price categories so everyone has a choice. These cheaper models are more adopted to fit a more normal person so they also have a chance to purchase nice designer items". Josephine

"Now that you said that it's cheaper, I don't know, of course it makes the brand more available for people who don't have that type of money... I'm thinking it costs a lot for buying Armani. I guess it's good that they have a brand that more can buy". Claire

Armani becomes more available through their created extensions, providing an opportunity for consumers unable to purchase their core brand, to purchase their brand. This rather optimistic attitude towards Armani's downward extensions is also said about Filippa K's hypothetical downward extension, 'by Filippa', where the majority of respondents seem very optimistic, comparing it to Armani.

"That would be good because I think they could. I think it would be a nice alternative because it is really something that's not accessible to everyone... It's really more of an exclusive brand and I think it could be positive because it can make it more affordable... I think it would be really good". Cindy

"I think that could be good because I see them as really good designers. It's not like mass produced because I think that like Armani they really mass-produce stuff... But because Filippa K is a smaller brand, I don't see them same mass-producing thing... Maybe its because I like the Filippa K design more than Armani so I would be more happy if Filippa K did a lower brand than if Armani did". Claire

Nine out of twelve respondents' express a positive opinion towards the hypothetical creation of 'by Filippa'. The respondents consist of people who currently do not shop at Filippa K, people who like the brand but do not wear it, people who both like and wear Filippa K, and finally people who claim that Filippa K is one of their favorite brands. The remaining three respondents agree that the

creation of 'by Filippa' could potentially lower the value of the brand by making it appear cheaper or that there is no reason to create the extension because they consider that Filippa K is more of a middle-priced brand.

Although the opinions vary among respondents regarding the effects of a downward extension and its success, the overall outcome appears to be rather positive. There are risks involved when introducing a brand extension, such as harming the perception or identity of the core brand (Aaker & Joachimsthaler, 2000; Smith & Burns, 2013), which some respondents believe happened to Armani when they were repositioning themselves with an extension. However, the majority of respondents consider Armani's extensions to be positive, and nearly all the respondents consider the downward extension 'by Filippa' to be positive as well. The results show that our respondents are rather optimistic towards downward brand extensions in general, regardless of the relationship they have established with the brand; however, many of the respondents are not able to shop at the higher-end brands due to financial constraints.

5.1.4. Effects When Modifying 'Brand Availability'

The respondents express the reasons they believe companies change their 'Brand Availability', which we interpret as a confirmation of the four motives we have previously discussed. We explore how the creation of a vertical brand extension affects consumers and the respondents suggest financial aspects, accessibility to the brand and the size of the target group is changing. We translate this as brands extending upwards become less available, less affordable and consumers are less able to access the extended brands due to their income and the brand's location. However, when a company extends downwards the opposite occurs, enabling more consumers to purchase the brand. A change in 'Brand Availability' is an applicable approach, according to the respondents', depending on whether an upward or a downward extension is produced.

"Exclusive designers that are doing cheaper collections is possible, but when it is the opposite, cheap brand are doing more expensive clothes, I think that would be difficult since people would wonder why are they suddenly making more expensive clothes". Jenny

Jenny expresses that it would be more difficult for a low-priced brand to create an upward extension compared to a more premium brand attempting to perform a downward extension. This statement is also supported by the fact that the respondents are more positive towards the Filippa K and Armani extensions than the VERO MODA extension. However, most of the respondents have a positive attitude towards the H&M collaborations, emphasizing that the more premium fashion designs

become more available through the collaborations. The respondents consider the high fashion brands becoming more available to consumers rather than H&M attempting to become more exclusive, showing that the downward extensions created by the premium brands contribute to the positive effect of H&M's upward extension.

Creating and building strong brands facilitates the possibility to possess a strong position in the consumer's mind that is unique to that brand (Davis, 2000). The respondents' answers confirm Aaker's (1992) statement that important assets influence brand equity. Many respondents emphasize the lack of quality VERO MODA offers, and are not willing to pay more for their extended brand 'VODA' compared to other brands or purchase it at all if the quality remains the same. Jenny stated that she prefers purchasing a brand she is already familiar with over other unfamiliar brands since she tends to trust brands that she likes which is a vital mission for brands to provide (Kapferer, 2012:20). In relation to brand name awareness, we have established that the name of the brand is a vital aspect, influencing the brand equity because respondents are positive towards a change in 'Brand Availability'.

A change in 'Brand Availability' may have either a positive or negative impact on the core brand. Making a brand more available could potentially negatively affect the core brand, diluting the overall value of the brand, which some respondents consider to be the case for Armani.

"I don't think its positive for Armani because they want to be exclusive, I think they want to be really... they want to have high prices. I don't think it's a good thing for the brand". Clair

Nevertheless, changing the brands availability may also increase the overall perception of the brand, for example, H&M once they introduce their famous collaborations with high-end fashion designers. The positive attitude towards H&M and their collaborations is evident throughout the interview process, and many of the respondents express their appreciation of being able to purchase the high-end designer pieces at a more reasonable price. The relationship established between consumers and brands is affected by the consumer's perception of that brand, and a consumer lacking a relationship with a brand is not as affected by the tasks performed when creating an extension in comparison to a consumer having a more "intimate relationship" with the same brand.

5.2. Theoretical Contribution

This study contributes to current literature by filling the gap present between the previously established phenomena of vertical brand extension, brand equity, positioning and competitive

advantage through the introduction of the concept 'Brand Availability' and exploration of how consumers are affected by the new concept; this new concept is illuminated through the Swedish fashion industry as an example, addressing brands available and familiar within the Swedish market. Although four companies are the main focus throughout the interview process, the material gathered may be applied to other industries and markets.

The first theoretical contribution is introducing the new concept of 'Brand Availability', defined as 'the degree to which the consumer market has access to the brand when a vertical brand extension is created'. The concept of 'Brand Availability' is developed to explain how consumers are affected when a vertical brand extension is introduced. The introduction of this new concept, in contrast to existing literature regarding vertical brand extensions (Aaker & Keller, 1990; Smith & Burns, 2013; Kim et al., 2001), contributes by clarifying how consumers are affected consumers.

The second theoretical contribution relates to understanding the motives behind creating a vertical brand extension. The theoretical framework provided is explained in Figure 5 "Four motives for creating a vertical brand extension" in Chapter 2. We identify four different motives for creating a vertical brand extension from a brand management perspective: to change the perception of the brand, to respond to ongoing trends, to respond to the competitors' activities and to enhance the financial profitability. These four motives all have the same overall goal, which is to gain a competitive advantage (Aaker & Keller, 1990).

The third main theoretical contribution is Figure 6 'Brand Availability', which is also presented in Chapter 2 and describes the relationship between the four motives and 'Brand Availability'. The model explains the four motives that are aiming to gain or maintain a competitive advantage, potentially resulting in a vertical brand extension that affects the brand's availability. This model provides a holistic view of the possible effects for consumers when a brand needs to adapt to ongoing trends, to keep up with the competitors, to increase profits or to change the perception of the brand. Therefore, we believe that this model is a vital theoretical framework that contributes to future research.

The findings of the study exemplify the importance of brand extensions and how the creation of a brand extension affects consumers and the perception of the core brand. It also clarifies that the motives of an upward and downward extension varies depending on the company and the company's situation, specifically in relation to market conditions and what the brand is attempting to accomplish with the extension, thus creating different implications.

5.3. Managerial Implications

Contributing to existing literature, using the Swedish fashion industry as an example, this study provides managers working within the fashion industry with implications relating to how vertical brand extensions affect consumers as well as their perception of the core brand. Therefore, managers are advised to consider certain aspects from both the business management perspective as well as from a consumer perspective when creating a brand extension.

The first implication relates to how consumers are affected when a vertical brand extension is introduced. This study indicates that the effect for the consumers regards the change of 'Brand Availability'. An upward extension causes the brand to become less available due to fewer consumers being able to access the brand, resulting in a more exclusive brand. While extending a brand downwards, the brand becomes more available, increasing the possibility for more consumers to purchase it. For managers to be aware of how consumers are affected by a change in 'Brand Availability', when a vertical brand extension is introduced, may facilitate the decision of introducing one and contributes with important aspects that needs to be considered before a decision is being made.

The second implication discusses the potential effects on the consumer's perception of the core brand. The modification of a brand's availability through the introduction of a vertical brand extension can both positively and negatively affect the core brand. According to the primary data collected, a downward and upward extension could adjust the perception, the position, the identity or the core values of the brand. For example, Armani's multiple brand extensions have enabled the brand to become more available to the mass market, causing a few of the respondents in this study to perceive the brand differently. The respondents feel that Armani is more interested in "chasing money" rather than staying true to their identity of being an exclusive brand, in turn becoming "less exclusive". On the other hand, H&M constructing an upward brand extension through collaborations with famous fashion designers have created a more positive perception of the brand. When altering the 'Brand Availability', the outcome varies from case to case; however, it is important for managers to acknowledge that the core brand may be enhanced or harmed depending on the core brand and type of vertical extension they are generating.

The third managerial implication identifies whether a change in 'Brand Availability' is an applicable approach in order to gain a competitive advantage. The results of the conducted interviews are contingent on the brand as well as if the introduced brand extends upwards or downwards. Becoming more available appears to be more preferred among respondents than modifying the

'Brand Availability' to become less available. The empirical data reveals that consumers are relatively more positive towards brands becoming more available; the majority of those respondents would purchase the lower-priced brand over the core brand, but this may be contingent on the respondents' financial constraints. Furthermore, the respondents are also more inclined to purchase a downward extended brand compared to a new established competing brand, which shows that it is an applicable approach to gain a competitive advantage over competitors. According to the empirical findings, a lower-priced brand performing an upward brand extension is not the most applicable approach to gain a competitive advantage among consumers because the respondents express that they are less inclined to purchase the extended brand due to the lack of trust in the extended brand's quality. Therefore, managers are advised to consider the market environment they are attempting to position themselves in order to analyze if an extension is the best option to gain or maintain a competitive advantage.

These implications are intended to provide managers with a deeper understanding regarding the effects of a brand becoming more or less available within the consumer market. With the new knowledge, managers are able to grasp a deeper understanding regarding the effects the concept of 'Brand Availability' has on both consumers as well as the perception of the core brand in order to enhance their competitive advantage.

6. Conclusions

In this concluding chapter, our major findings are presented along with the study's limitations and suggestions for possible future research.

6.1. Conclusion

The purpose of this study is to fill the gap currently present regarding the effects of introducing a vertical brand extension. The two research questions we aim to answer are:

How does an introduction of a vertical brand extension affect consumers?

How does an introduction of a vertical brand extension affect consumer perceptions of the core brand?

The concept of 'Brand Availability' is introduced based on existing theory regarding how creating a vertical brand extension affects consumers; these effects are explored by collecting primary data. The results of this study present that when a vertical brand extension is created, a change in 'Brand Availability' occurs. Simply explaining that, when a brand extends upwards it becomes less available, more expensive and more difficult to locate the products, which results in fewer consumers able to purchase the brand. Likewise, when a brand extends downwards it becomes more available, less expensive and the brand becomes more accessible, resulting in more consumers able to purchase the brand.

Modifying a brand's availability can also affect the relationship a consumer has established with the core brand, by either enhancing the relationship or weakening the relationship. Depending on the type of relationship a consumer has formed with the brand affects how consumers react to the creation of an upward or downward extension, in turn affecting the perception of the core brand. The results of this study show that the perception of the brand may be diluted or enhanced depending on whether the brand is becoming more or less available. When extending the brand upwards, the perception of the core brand may be improved, while extending a brand downwards it could potentially damage the perception of the brand. Therefore, the effects of changing the 'Brand Availability' are vital to consider since it can be both beneficial and harmful to the core brand.

Furthermore we explore whether an introduction of a vertical brand extension is an applicable approach in order to gain a competitive advantage. The empirical data shows that consumers are more positive towards brands extending downwards, becoming more available, than towards brands becoming less available. The results show that consumers prefer purchasing brands that have been extended downwards from well-known brands compared to new brands, showing that becoming more available is an applicable approach in order to enhance a competitive advantage. Nonetheless, respondents in this study are not optimistic about purchasing brands that have been extended upwards over other competing brands.

6.2. Limitations and Future Research

This methodological approach chosen for this study is a qualitative approach, collecting in-depth empirical data from twelve respondents. This methodological approach is chosen in order to identify aspects and providing important knowledge relating to the effects for consumers when a vertical brand extension is introduced. A suggestion for future researchers is to use a quantitative approach to be able to generalize the findings.

One limitation regards the fact that ten out of twelve respondents are students with a limited budget, and we are unable guarantee that this aspect does not affect the empirical results. Therefore, we recommend future researchers to collect empirical data from a broader range of respondents with various occupations or financial income.

In order to provide accurate results within this time limit, this study only explores the Swedish fashion industry and explores four fashion brands available to purchase in the Swedish market. A suggestion for future researchers is to investigate other markets, geographically and within other industries, and examine a larger number of brands in order to gain a more comprehensive knowledge. By doing this the results become more valid, generating a deeper holistic perspective of the effects for both consumers and the brand when vertically extending a brand.

The final suggestion for future research relates to the appropriate target group for this study's purpose. Although we collect primary data from consumers, an alternative approach is to examine the effects for the brand by performing case studies for specific brands and measuring the effects in relation to sales, profits, store locations et cetera.

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Appendix 1: Interview Guide

General

- How old are you?
- Occupation?
- Where do you currently live?

Fashion

- How often do you go shopping?
- Where do you go shopping?
- Do you have any favorite brands?

Armani

- What do you know about the brand Armani?
- How would you describe the brand Armani?
- Do you, or do you know anyone who wears the brand Armani?
 - who?
 - you?
 - how often do you shop/wear Armani?
 - How would you describe that person in relation to fashion
 - how often do they go shopping
- Armani has created the lower priced alternative brand Emporio Armani (or Armani Jeans or Armani Exchange), what do you know about Emporio Armani?
- How does the creation of Emporio Armani affect your view of the brand Armani?
- Would you be more or less inclined to purchase/wear Emporio Armani over Armani? Why?
 - Are there any other factors?

H&M

- What do you know about the brand H&M?
- How would you describe the brand H&M?
- Do you, or do you know anyone who wears the brand H&M?
 - How often do you shop/wear H&M?
 - How would you describe that person in relation to fashion?
 - How often do they go shopping?
- H&M has had many designer collaborations with high priced fashion brands like Versace, Karl Lagerfeld and Stella McCartney, resulting in a release of a more premium collection
 - What do you know about this?
- How do the more premium collaborations affect your view of H&M?
 - Would you be more or less inclined to purchase/shop at H&M? Why?
 - Are there any other factors?

VERO MODA

- What do you know about the brand VERO MODA?
- How would you describe the brand VERO MODA?
- Do you, or do you know anyone who wears the brand VERO MODA?
 - How often do you shop/wear VERO MODA?
 - How would you describe that person in relation to fashion?
 - How often do they go shopping?
- Hypothetically, imagine if VERO MODA introduced a more premium brand (named 'VODA')
 - How does this higher price alternative brand affect your view of VERO MODA?
 - Would you be more or less inclined to purchase/wear the more premium brand 'VODA'? Why?
 - Compared to VERO MODA?

Filippa K

- What do you know about the brand Filippa K?
- How would you describe the brand Filippa K?
- Do you, or do you know anyone who wears the brand Filippa K?
 - How often do you shop/wear Filippa K?
 - How would you describe that person in relation to fashion?
 - How often do they go shopping?
- Hypothetically, imagine if Filippa K created the lower priced alternative brand (named 'by Filippa')
 - How does this lower priced alternative brand affect your view of Filippa K?
 - Would you be more or less inclined to purchase/wear the lower priced alternative brand? Why?
 - Compared to Filippa K?

EFFECTS

- Why do you think brands are performing these activities? (Exemplify with what they have said before)
 - Is it helping or hurting them? Why?
- Would you be more or less inclined to purchase/wear a completely new brand or a brand that has been introduced through an established brand? Why?
 - Does the established brand change your inclination to purchase/wear the brand?

Appendix 2: Respondents

Respondent	Gender	Age	Occupation	Living	Interview language
Anna*	Female	30	Student	Malmö	English
Johan*	Male	27	Student	Malmö	English
Vivian*	Female	27	Student	Malmö	English
Jesper*	Male	27	Project Manager	Malmö	Swedish
Kathryn*	Female	24	Student	Lund	English
Cindy*	Female	23	Student	Lund	English
Jenny*	Female	25	Student	Malmö	Swedish
Oscar*	Male	22	Student	Lund	English
Linda*	Female	22	Student	Lund	English
Josephine*	Female	25	Junior Judge	Jönköping	Swedish
Claire*	Female	25	Student	Lund	English
Joanne*	Female	24	Student	Lund	English

Table 1: Respondents Profiles (*=Pseudonyms)