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## **Brand extensions – the influence of the parent brand**

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## **Abstract**

- Title:** Brand extensions - the influence of the parent brand
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- Keywords:** Brand extension, Brand associations, Parent brand affect, Perceived fit, Customer-based equity
- Thesis purpose:** The purpose of this investigation is to come across the associations of consumers who are being exposed to a brand extension from a different product category. Moreover, our aim is to contribute to the knowledge of how consumers respond to these extended products, by investigating the influence of the parent brand.
- Methodology:** To fulfill our purpose, this study was conducted through qualitative interviews with consumers.
- Theoretical perspective:** In order to carry out our investigation and analyze our findings the following theoretical framework has been used: Customer-based equity, Parent brand affect and Perceived fit.
- Empirical data:** Our data was collected through ten semi-structured interviews including consumers of Fiat and Marlboro brand extensions.
- Conclusion:** We have concluded that the extent, to which consumers associate a brand extension to the parent brand, is dependant on the degree of perceived fit. However, even though a perceived fit or favorability is not obvious, strong typical characteristics of the extended product can nevertheless be traced back to the parent brand.

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# 1. Introduction

## 1.1 Background

Every year an enormous number of new products in different categories are launched worldwide. Factors such as increasing competition and growing advertising costs have made the successful implementation of a new product more difficult in recent years (Aaker 1996). This makes the task, faced by marketers crucial when and how to use a brand name, as there are various options in naming a product. One choice is to introduce an entirely new brand name for a new product line, for example when Coca-Cola launched new beverages under the name of Fruitopia. Another option is using an existing brand in conjunction with a new brand, known as sub-branding or nested branding. A sub-brand, such as Weight Watchers Smart Ones, adjoins an existing brand name with a new product. On the other hand a nested brand, such as Polo by Ralph Lauren, helps the consumer identify the brand, meanwhile distancing associations relatively farther away from the parent brand (Bhat et al 1998). One of the most common and successful ways for marketers to expand their portfolios, while reducing launching costs as well as the risk of product failure, is the concept of brand extension, defined by Fox et al (2001) as the process of providing a new product, created in another category, under the name of an existing brand.

Ninety-five percent of all new products launched today are connected to an existing brand, often far away from the product category in which the parent brand is found (Strategic Direction 2002). Such a successful extension has been achieved by Caterpillar, moving from mining equipment into footwear. Cat Footwear is now available in over 150 countries with sales exceeding 5 million dollars, making them the largest youth-oriented, non-athletic shoe company in the world (Strategic Direction 2002). Even though the similarity between mining and shoes is not very evident, it is the notion of “rugged outdoor equipment” rather than the product itself that has successfully transferred to consumers. Whereas Caterpillar obviously has managed to transfer the strengths of its parent brand to a new market, far from every brand extension experiences the same success. The French stationary makers Bic managed to expand to shaving equipment and cigarette lighters, but failed miserably in the launch of its

perfume range, as such an image conscious market did consequently not perceive Bic as suitable in that particular market (Strategic Direction 2002). Virgin serves as the most extreme example of using brand extensions, involved in more brand extensions than any other during the past 20 years, with over 200 individual companies, stretching from records and airlines to mobile phones, insurances and beverages. The Virgin brand wants to be perceived as fun and irreverent while providing the best experience possible. With these given associations, practically every market could be appropriate for them to enter. Although Virgin indeed extends their brand in great range, they in fact rarely do it with much triumph. As a result, the more successful ventures and successes in music and flights are sold off to support the many failed products (Ritson 2002).

Through brand extension, a strong brand can make it easier for the consumer to accept the new product introduced under the parent brand. In the last two decades, brand extensions have become the most prominent product strategy, due to its perceived ability to reduce risk among consumers and decrease the marketing and promotion costs. However, this process of developing a new brand can be expensive, time consuming and obviously not always easily conducted nor well received. Moreover, it requires substantial investments not only in creating a new brand concept but also in advertising the new product on the market, as well as supporting it during its life cycle. Some marketers doubt that a brand extension is the universal way of revitalizing a brand. It is instead believed that many managers choose to use this strategy because it is fashionable, with the risk of companies embracing the use of a brand extension before consuming all the resources for growth of the parent brand (Kapferer 2001).

Furthermore, one of the most important functions of this process is creating a bond between the brand and the consumer, as the consumer initially might have little interest in the brand proposition. Therefore, considerable investments are required in order to obtain this bond, assuring the consumer a brand proposition with a certain amount of reliability, also resulting in an expensive on-going process (Keller et al 2003). Park et al (1986) stress the significance of distinguishing the functional- and emotional values, when evaluating a brand's characteristics. Important factors when successfully conducting a brand extension are hence to clearly understand these values attached to a brand, what they stand for and thereby create a well developed plan of action for the brand's equity. Thus, it is assumed essential for companies to gain comprehension of their consumers and what factors that adds value to a

company's brand equity, in order to decide on the areas where such positive aspects can be used in the brand extension (Murphy 1990).

## **1.2 Problem discussion**

For many years researchers have focused upon the fundamental aspects of the brand extension as a marketing strategy and investigated its impact on the business as a whole. A study conducted by Harley (1998) emphasizes on the belief that an extension is now an essential part in the life of a brand. It is further argued that brand extensions are a sign of growth, development of scope and market adaptability.

Many studies have been conducted, in order to highlight the advantages of this strategy. Keller et al (2003) concluded that a major benefit of a strong parent brand is the reduced perceived risk among consumers, while obtaining lower marketing- and promotional costs. Moreover, brand extensions are found to help companies increase their strength, customer base and longterm viability (Keller 1998).

However, other studies have been done in order to show that a brand extension could also be seen as a risky strategy. Chen et al (2000) present several criticizing ideas towards brand extensions. Their findings reveal that the extended brand is perceived as cannibalizing, while reducing the total sales of the parent brand. Furthermore this study shows that an extension can create consumer confusion regarding the quality of the newly introduced products. According to Kapferer (2001), not all kind of brands should hence rely heavily on brand extensions, meaning that managerial enthusiasm and an exciting product range are sometimes better alternatives to revitalize a brand.

During recent years, studies have shown that some conclusions done within this field might be questioned. As an example, Mao et al (2006) look deeper into how consumers evaluate brand extensions. It is suggested that “consumers will favorably evaluate a brand extension when (a) it has high fit with the brand and (b) the brand has positive evaluations”. However, the authors of this article believe that when a brand operates in different product extensions, the evaluation of the extension from the consumer perspective is very complex. Echambadi et al

thus suggest that earlier general conclusions of how consumers evaluate brand extensions are open for discussion.

Having reviewed some of the literature concerning brand extension as a marketing strategy, it could be stated that most of this has been conducted from a managerial point of view and primarily intended to be read by managers and marketers, serving as a guide book for them. Extensive literature has been written on how to conduct a successful brand extension and subsequently how these are likely to be perceived among consumers. In contrast, few of the studies were conducted from a consumer perspective, often failing to understand the relationship between consumers and extended brands. It can thus be believed that marketers, who make the choices to conduct brand extensions, build upon a number of existing ideas regarding consumers' perceptions towards brands and brand extensions. Recent studies question managerial assumptions regarding how brand extensions are evaluated, due to the complexity in measuring consumer perception. The various examples of failed brand extensions have hence increased our interest within this topic, while further questioning whether companies today actually can rely on the given knowledge.

Furthermore, since brand extensions are widely used and are considered an important part of a brand, we consider it a challenging area, in which to gain a greater comprehension. As the power of a brand is considered by many to reside in the minds of consumers, perceptions, feelings and beliefs linked to the brand obviously become important to convey to them. Moreover, recent examples have shown brands extending to completely different product categories. The research concerning this particular phenomenon is scarce. This has further motivated us to investigate this area and try to understand how the parent brand actually affects the brand extension in a different product category.

As theory in brand extension, thus the assumptions under which managers work, tend to be used commonly regardless of product category, it has hence taken less consideration to the degree of difference of the parent brand and the extended products. This could be one of the reasons for the proven failure of many brand extensions. Another reason for this might be the lack of ability among marketers to identify what parts of the brand equity are actually associated with the parent brand. In any case, more research within this area is implied to be needed, hence why we have decided to further investigate this phenomenon.

When observing studies conducted within brand extension, we found that this concept often was related to brand equity, as it is considered to be a suitable way of measuring the consumer

evaluation and consequently the success of an extension (Keller 2003). Although the concept of branding and brand management has existed for a long time, the notion of brand equity has emerged only during the recent two decades, as the number of mergers and acquisitions have made it clear that the amount of money paid for the firms is mainly built on the value of their brands (Leone et al 2006).

To investigate how consumers perceive a brand and if these perceptions are the same as a firm wants to convey, one could compare the brand image with the brand identity of a company. However, the power of a brand is, according to Keller (2003) dependant on what consumers have learned and experienced about a brand over time, thus best viewed from the model of brand equity.

Furthermore, it is stated that the measurement of a brand lies in the mind of consumers; hence it is also critical when coming across the knowledge necessary for this study. Consequently, brand associations produce knowledge structures that affect consumer responses and ultimately brand equity (Keller 2003). The importance of knowing what associations are actually transferred back to the parent brand when conducting a brand extension constitutes the reason for choosing the brand equity perspective for our investigation.

### **1.3 Purpose**

The purpose of this investigation is to come across the associations of consumers who are being exposed to a brand extension from a different product category. Moreover, our aim is to contribute to the knowledge of how consumers respond to these extended products, by investigating the influence of the parent brand. This has hence led up to the following research question:

*To what extent do consumers associate a brand extension with the parent brand, when involving different product categories?*

## **2. Theory**

This part of the thesis will include relevant literature based on previous studies. Moreover, the following theoretical choices have been made with regard to the purpose of our investigation as well the character of our research question. The theoretical framework of our research is hence based on the following concepts.

### **2.1 Customer-based equity**

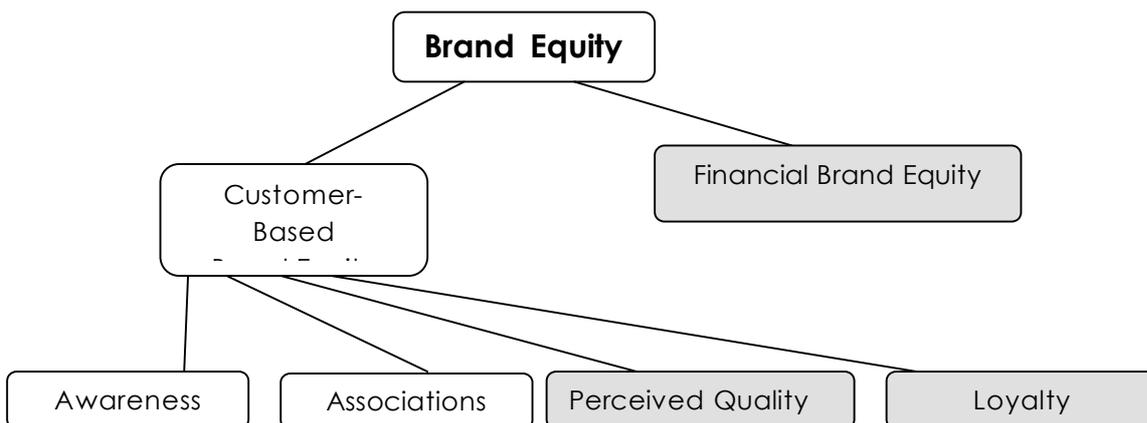
In order for a brand extension to be successful it should create some of its own brand equity into the new product category. Additionally, it is important for the extended product to generate additional equity for the parent brand (Keller 2004). Brand equity could broadly be categorized into two sides with different definitions depending from which aspect it is viewed. Firstly, financially pointing out the value of a brand to the firm and secondly, from a consumer perspective putting its focus on how consumers perceive the brand (Pappu et al 2005). According to Elliot et al (2007), when understanding brand equity as a concept, it must be viewed from a consumer perspective since that is what ultimately will result in increased brand success. It is hence argued that it is the sense of added value among consumers that will influence preferences for a particular brand. Thus financial brand equity is consequently the outcome of customer-based brand equity. Furthermore, to determine the state of health of a certain brand, customer-based brand equity is considered to be a key factor. Except for bringing advantages to the firm, it is also an essential measurement to use when improving and affecting a company's brand perception (Pappu et al 2005).

Since researchers argue that the process of brand evaluation is best looked upon through a consumer-, rather than a financial perspective, our investigation will be conducted by support of customer-based equity. When moving into a customer-based approach, it is necessary to deconstruct the brand, in order to identify the factors that determine brand equity in the minds of consumers. To frame these factors, various models, each consisting of different dimensions, have been presented. However, none of these dimensions are universally

accepted, but the logic as well as the parts linked together often resembles one another (Pappu et al 2005). According to Aaker (1991), the best dimensions representing customer-based brand equity are brand awareness, brand associations, perceived quality and brand loyalty. Yoo et al (2000) were the first to develop a multidimensional scale to measure brand equity, suggesting that brand awareness and brand associations could be put together forming three dimensions instead of four.

Elliot et al (2007) present another approach of looking at these different dimensions. The four dimensions presented here are; brand awareness, brand salience, brand attitude and brand loyalty. These dimensions could be seen as a chain, where brand awareness leads to brand salience, creating the learning of the brand. Brand salience further results in the construction of attitudes and finally ending up in brand loyalty.

As observed, much literature, written within brand equity, deals with the problem in determining the critical factors that drive this concept. As there are obviously several different ways of categorization, it is also difficult to choose the most appropriate for our specific investigation. However, with concern to the nature of our research and with regard to the question we hope to answer, we have decided to use the following model of customer-based equity designed by Keller (2003):



According to this author, customer-based equity is defined by “the differential effect that customer knowledge about a brand has on their response to marketing activities and programs

for that brand". The two most important sources of this concept, that produce brand knowledge and ultimately change consumer response, are brand awareness and brand associations (Keller 2003). When trying to identify what causes customer-based equity to exist, awareness and associations are hence the dimensions that above all need to be considered, thus also from which this investigation will be conducted.

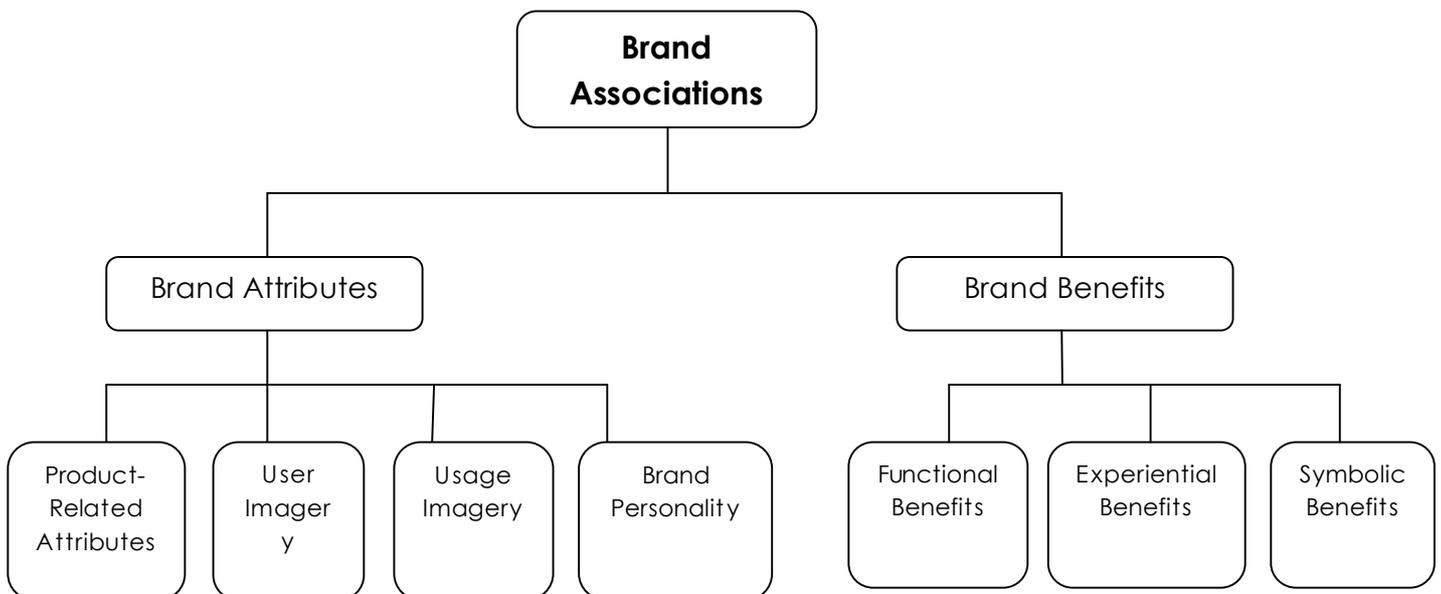
Since the aim of our study is to determine the associations among consumers, we will exclude the parts of the model concerning perceived quality and loyalty. We are aware of the fact that associations towards a brand are affected by the overall perceived quality of its products. However, we presume that the aspect of quality will be included into brand associations. The part concerning loyalty mainly deals with the consequences that perceptions among consumers result in, thus is of finite interest for us. Moreover, we realize that these exclusions constitute limitations of certain aspects in this investigation. However, we hope that this choice of limitation will not affect our findings to any significant extent, but rather help us to clarify the focus of this research.

### **2.1.1 Brand awareness**

Brand awareness concerns the trace in memory, hence the strength of brand, under given circumstances (Keller 1998). In order for consumers to prefer a brand, they obviously need to be aware of its existence. However the importance of awareness to brand equity goes beyond this fact, providing an essential competitive advantage. For a brand extension to create equity, a sufficient level of high awareness must exist. The strength in this concept lies within a sense of familiarity. Furthermore, this involves knowing about a brand without necessarily including specific details. Hence, this theory suggests that one is more likely to remember a familiar brand as such than the details of a new brand (Elliot 2007). According to Aaker (1998), strong brand awareness is particularly important when involving high-priced products. Oppositely, one is not as likely to be aware of less significant brands.

### 2.1.2 Brand associations

Due to the popularity of brand extensions, literature has been written about how consumers behave when being exposed to them. Especially, focus is put on how different variables, related to the parent brand, are influencing the consumers. These variables include brand associations and more specifically brand benefits and brand attributes. Brand benefits and brand attributes are further subdivided into several categories, explaining in particular their specific functions to evaluate a product as shown in the model below (Keller 1998):



Brand attributes consist of *Product-Related Attributes*, *User Imagery*, *Usage Imagery*, and *Brand Personality*. *Product-Related Attributes* refer to the physical characteristics that consumers associate with a certain product; they are descriptive aspects of the tangible parts of a product. *User Imagery* explains who, or what type of person, might use that product whereas *Usage Imagery* describes the consumers' idea of when and where a certain product is appropriate to be used, which situations and places are considered suitable for exploiting it. Finally, the *Brand Personality* explains the special characteristics and qualities that people attach to the brand itself, describing the position in which the brand is located in the

consumers' mind, thus giving the brand a recognizable unique quality (Keller 1998). Furthermore, Larson (2002) describes brand personality as a consumer's first reaction to a brand when they hear, see, taste or touch a product of a certain brand. According to Galas (2001) this attribute is considered the hardest to identify.

Brand benefits include *Functional Benefits*, *Experiential Benefits* and *Symbolic Benefits*. The first term refers to the practical features of a product; it describes its physical advantages and tangible characteristics. Experiential Benefits are associated with past-related consumption practices and deal with the observed qualities and positive aspects of a product related to its usage. Finally, the Symbolic Benefits explain the feelings and emotions that a certain product conveys to the consumer, offering emotional advantages to the user, often closely linked to the self-expressive aspect of the consumer's personality (Keller 1998).

Brand associations in the memory of consumers can be created in different ways. However, the concept of customer-brand equity does not discern the source of brand associations with how they are formed. As a tool of measuring how brand associations are perceived, we have thus complemented the theory with three aspects. The factors from which to measure and build brand equity are hence; strength, favorability and uniqueness (Keller 1998)

The strength of brand associations is dependant on the amount, as well as the quality of the processing of the received information. Hence, the deeper a consumer thinks of information about a product and relating it to knowledge of the existing brand, the stronger the brand association.

Favorability concerns the overall brand judgment by convincing that a brand possesses the desired attributes and benefits in a product. This desirability is consequently dependant on how; relevant, distinctive and believable consumers find the brand associations.

Finally, uniqueness is related to positioning, hence the reason for buying that particular brand. Furthermore, both product-related or non-product related attributes or benefits can help to create a, not only favorable but unique place in the mind of consumers.

## **2.2 Parent Brand Affect**

Brands are a tool for the consumer to develop pictures and emotions in their mind, and when involving a brand extension, a perception of the company as such. The different brands create different images in the mind of the consumer which makes it possible to distinguish competing brands (Martinez et al 2004). When consumers get in touch with a brand, they will consequently have affect associated with it. As a result, a perception of a certain parent brand is transferred to the brand extension. In other words, an extension could be seen as a part of a parent brand's mental category in the consumers' minds (Bhat et al 2001).

According to Milewicz et al (1994), brand extension studies have considered the perceived value of a brand as an important factor in the brand extension process; hence managers rely on the assumption that the affect towards a parent brand will be transferred to the brand extension. It is consequently believed that a greater perceived quality of the parent brand will result in a higher acceptance of the extension among consumers.

Additionally, Bhat et al (2001) agree that the affect towards the parent brand indeed has a positive impact on the brand extension. Furthermore, associations of the parent brand will come to consumer's minds when encountered with the extension for the first time, proving a transfer of associations. These processes are thus to be considered in the evaluation of brand extensions among consumers.

## **2.3 Perceived fit**

Investigations have been done in order to find out the most appropriate way to establish and implement a brand extension strategy. Apostolopoulou (2002) determines main key factors needed to be considered when introducing a brand extension. This study points out the importance of promotional support and positioning of the extended brand, as well as the quality, distribution strategy, and management of the extended product. More importantly, the perceived fit between the parent brand and the extended product as base for the implementation of a brand extension is presented.

Moreover, Keller (2003) further highlights the importance of consistency between the extended products and the parent brand regarding the consumers' perception towards the extension. This author argues that strong associations of the parent brand in the consumers' memory should result in a more noticeable connection between the extension and the parent brand.

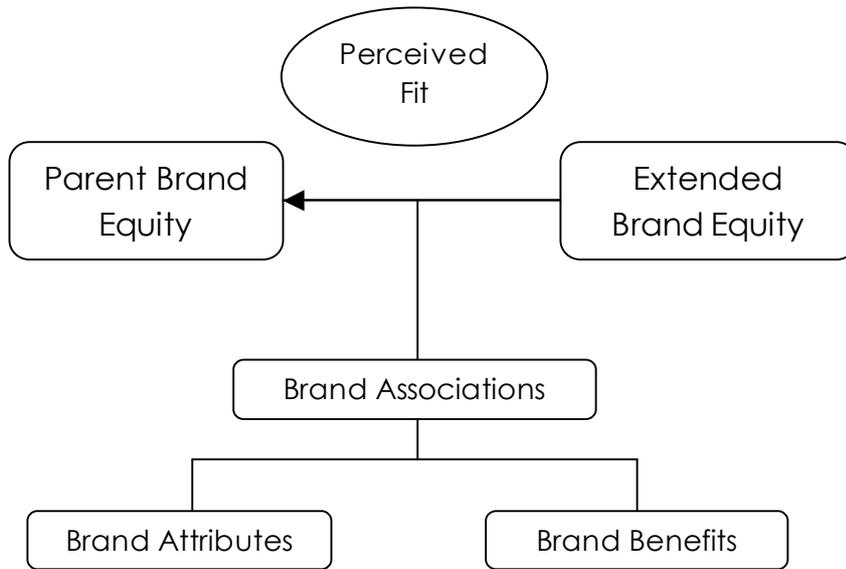
This concept is defined as the similarities between the parent brand and the extension. Moreover, the perceived fit is further subcategorized into product fit and image fit. The product fit concerns the differences in the product features transferred from the parent brand to the brand extension while the image fit focuses on the transfer of the image (Bhat et al 2001).

According to Bhat et al (2001), the more similar the extension is compared to the parent brand, the more likely the consumers transfer characteristics to the extended products, creating a more positive evaluation among consumers. Moreover, the product perceived fit has relatively little effect among consumers, whereas the image perceived fit has proven to have a more significant influence. Hence, there must be a distinction between associations towards the brand image and associations towards the brand's product category. Park et al (1991) also argue that attitudes towards an extension are higher, not only when there were existing similarity to the parent brand but also when the extensions were in consistence with the brand concept, either functional or symbolic.

According to Martinez et al (2004), a positive effect of a brand extension could be observed on the extended product image, but also on the image of the brand as a whole. This could be affected by variables such as the consumer's brand familiarity, the similarity between the parent brand and the extended brand, and the attitudes toward the extension. A related study by Hem et al (2003) revealed that the fit between the parent brand and the brand extension is likely to influence the brand image as a whole.

To summarize and try to visualize how our problem chosen and theory used interrelate, we have designed the model illustrated below. To come across the brand associations, we have investigated brand attributes and brand benefits. The sum of these, perceived among consumers, are hence what form brand associations. The associations found through our empirical findings will consequently be viewed from the concept of perceived fit, to investigate whether these can be traced back to the parent brand.

Brand extensions – the influence of the parent brand



## **3. Method**

### **3.1 Methodological approach**

In this section, different methodological approaches will be reflected upon in order to get a sense of different thoughts and ideas that could have influenced our choices throughout this investigation.

In our thesis we are interested in getting inside the mind of the consumers understanding how they are influenced when evaluating a brand extension. According to the empiricist philosophy, knowledge could first be seen as knowledge when it is tested and in some way validated. However, when it comes to perceptions and opinions, this view is difficult to adopt. Minds are complex and therefore not easy to investigate. Hence, it is complicated to validate research concerning associations when reflected upon from this approach. (Bryman et al 2003)

We aim to understand the phenomenon investigated in order to answer our specific research question. Since the nature of our research cannot be studied and measured as a natural phenomenon, we have decided to look upon this from an interpretative view. This philosophy makes a clear distinction between studies conducted on human beings and nature, as opposed to positivism that rather states that knowledge could only be seen as valid when confirmed by the senses. Hence, the study of people and more specifically consumers require different logic than the one used in more traditional science. This view is important to reflect upon, not only when collecting the data but also when analyzing our findings. (Bryman et al 2003)

Depending on the character of the research question and the framework in which we operate, it is of importance to reflect upon epistemological and ontological considerations that may affect the outcomes of this. In accordance with the epistemological position of positivism, science must be conducted in a way that is value free and objective. Moreover, the warranty for knowledge is through confirmation by senses (Bryman et al 2003). Since our chosen research area is of a social-, rather than natural character, the possibilities to keep up an objectivism, when collecting and reflecting upon data, is limited. The contrasting

epistemology to positivism is interpretivism, sharing the view that the subject matter of social science, the people and the institutions they exist within, is significantly different from that of natural science (Bryman et al 2003). As there are different ways of coming across knowledge of how consumers perceive brands by choosing different methodology, there are also different ways of interpreting this given data. Even more aspects, such as picking out samples and deciding upon which questions to be asked in order to identify the core of a research question, are rarely achieved in an objective manner; hence this investigation has to be viewed from a somewhat subjective perspective.

The ontological position of objectivism implies that our social surroundings exist, independent of its actors, thus separating our everyday categorizations of, for example culture and organizations, from the people that these include (Bryman et al 2003). Since we believe that consumer evaluation cannot be observed or reflected upon without taking such social contexts into consideration, the ability to conduct this thesis, as well the characteristics of our respondents is not best viewed from such a definitive manner. The version of social reality that we depict may differ depending on our role as social actors according to constructivism (Bryman et al 2003). Hence our way of interpreting data is not necessarily similar to researchers with other social frameworks in terms of, for example, nationality, race, family, friends or organizational belonging.

Consequently, these factors are of significance to take into account when reflecting upon the particular choices, the social context we operate in and why these have been made. More importantly though, is presumably to consider which social contexts are meaningful and thus needed to be devoted more sensitivity.

From the knowledge that we acquired during our study, a theoretical foundation was produced. The main purpose of this theoretical framework was to help us when gathering, but also when interpreting our empirical data. The deductive approach derives from theory to form a hypothesis that consequently is either confirmed or discarded (Bryman et al 2003). Furthermore, this generally involves hard data, thus not applicable to our investigation. As the inductive approach originate from empirical observation and then is drawn back to theory, this can hence be considered more appropriate for this study. However, as we use a theoretical base, intended to help us understand a particular problem, our methodological reasoning is most preferably viewed from an iterative approach. Even if we indeed have used theory to categorize our findings, we wanted to keep an as open mind as possible when collecting and

interpreting them. Even though we did not repeat the interaction between empirical data and theory to the extent suggested by Bryman et al (2003), we nevertheless consider our method to include elements from both the deductive- and inductive-, hence most resembling the iterative approach.

### **3.2 Research design**

Our methodological aim has been to find information suitable for answering our research question. In order to come across the associations referred to among consumers, we used a qualitative research strategy, conducting semi-structured interviews. Such a qualitative method reflects the nature of our purpose, as we try to comprehend the thoughts of respondents. Moreover, qualitative research is often used when trying to gain in-depth knowledge about consumer behavioural issues and when aiming to understand the marketplace from a consumers' point of view (Solomon 2006). Since our research is viewed from a consumer perspective and what associations they have, semi-structured interviews were hence considered suitable. We hope that this choice has provided flexibility and allowed both respondents and us as researchers to elaborate on answers and add questions or information, when required.

Moreover, we have taken into consideration possible alternative ways of conducting our investigation. When deciding on a particular kind of interview, we believe that our choice is more appropriate than the unstructured interview, since this one would have involved a risk of merely providing us with a far too general idea of the consumers' perceptions. Without having at least a guideline for the intended topic of discussion, it would have been difficult to receive useful answers to contribute to our findings.

Another alternative could have been to conduct structured interviews. These often generate high reliability and validity as they tend to consist of clear questions, aiming for direct answers. This option on the other hand, would have created less room for the respondents to share their opinions and ideas, resulting in less useful data for the analysis, thus why this has not been considered further.

One more option considered was conducting focus groups. A focus group is a small group led by a moderator asking very open questions about a certain topic (Bryman et al 2003). This could indeed have been a suitable option for our investigation. However we feel that we lack experience of moderating and furthermore this would have constituted difficulties in trying to schedule a meeting with several interviewees at the same time.

In a quantitative interview, the investigation is reflected by the researchers' interest while in a qualitative study, the respondent is the main focus (Bryman et al 2003). Moreover, a quantitative study such as a survey aim to describe something without explaining it further (Solomon 2006); hence a quantitative study would have included shortcomings in trying to understand our chosen topic and is therefore not useful for us.

### **3.3 Research strategy**

Since our investigation involves the perceptions towards the extended and the parent brand, the relationship between them is viewed from a consumer perspective. Hence, to come across the associations of the extension that are related to the parent brand, we will use the answers from our respondents as the core for our investigation. These will hence be used when trying to trace associations back to the parent brand. The companies' descriptions are based on secondary data, such as articles further accounted for later in this chapter. These hence serve to illustrate what is known about the general perception of the brand. Nevertheless, it will merely be used supplementary to the empirical data collected from our respondents. One alternative to this could have been to compare what is written from a company's perspective and thus what is desired to be conveyed as brand identity, with what is actually perceived among our interviewees. However, we believe that this strategy would have required for us to draw own assumptions, while providing us with a too stereotypical and less realistic picture of the parent brand.

### **3.3.1 Industry selection**

Today the concept of brand extension could be applied in almost every industry. Numerous companies use this marketing strategy, some of which choosing to extend into relatively familiar and close businesses, whereas others decide to enter a completely different product category.

Furthermore, the brand extension in the automobile industry is a phenomenon that covers a vast selection of areas where the car companies have expanded their operations. Some firms base the concept of their brand extensions on the functional and technological aspects of their know-how. An example of such is the Swedish car manufacturer Saab, which used their metal-working expertise to produce household appliances ([www.saabnet.com](http://www.saabnet.com)). A great number of other automobile companies have chosen to enter the fashion- and lifestyle sector, hoping to transfer their luxurious and exclusive image in the consumers' minds. Examples of this could be brands such as Bentley, producing highly priced lavish wrist watches or Jaguar, expanding into high-priced clothing.

Furthermore, various cigarette producers have also conducted a number of brand extensions into completely different categories. For instance, Davidoff built on their high image and extended into perfumes, whereas Camel chose to use its adventurous image to enter the clothing industry.

These examples show that brand extensions into different product categories are popular marketing strategies in both the car- and cigarette industry, hence why we have found these industries suitable for our investigation.

### **3.3.2 Company selection**

In order to gain a deeper knowledge of the subject and to provide us with different aspects of the research, we chose to investigate the brand extension of two different companies. This approach will give us the possibility to compare the results of the two brands and draw conclusions from the differences that these may possess. The study will thus investigate the

brand extensions into the clothing business of the American cigarette company Marlboro and the Italian car manufacturer Fiat.

We found it interesting to choose parent brands from different industries since this will probably result in various findings that could be traced into the diverse characteristics of those specific industries. Moreover, we decided to look at companies that have both extended their brand into the apparel industry in order to make it easier to compare the results of the investigation, as well as to carry out the research itself. In addition, the two brands have a considerably different image among the consumers, which will expectantly create another dimension, by which their extensions can be compared and analyzed.

Moreover, Marlboro has proven to be successful in extending their brand into clothing and their clothes have been present on the market for a long time. In contrast, the apparel extension of Fiat was introduced recently and the perception towards it seems to be more positive than the one of the parent brand. These facts constitute interesting arguments and differences, hence why we have found them suitable for this investigation.

### **3.3.3 Respondent selection**

Our aim was to find respondents among actual buyers of the products. One reason for doing this was to make sure that our respondents were aware of the brands investigated. Hence, a certain degree of familiarity was required among the interviewees, in order to conduct a meaningful discussion. Consequently, without brand awareness, our acquired findings could not have been analyzed properly. Furthermore, the products investigated are found in a high price segment and as theory states, relatively high-priced products have need of strong brand awareness. Since our consumers interviewed obviously were aware of the existence of the brands studied, our analysis has the prerequisite to proceed by trying to determine what associations are referred to the parent brand.

Additionally, we tried to select consumers from as diverse demographics as possible. However, due to a limited number of available respondents to choose from, we are aware of that the sample of interviewees could have been more representative. Nevertheless, we believe that the aspects of age, gender and occupation have been taken into consideration, to a satisfactory extent (see Appendix 1).

Moreover, the Marlboro respondents differed in age and occupation. The Fiat consumers, on the other hand tended to be found among students in a similar age group. We are aware of that this fact could be a limitation of our investigation, since they subsequently will present the opinions of only this particular segment. Other demographic aspects, such as income, social status and education were not touched upon. Excluding these may indeed constitute further limitations. However, since this study does not intend to show how demographic differences influence perceptions, but rather the associations alone, we do not consider this to be a major shortcoming.

### **3.4 Data Collection Method**

In order to analyze the relationship between the parent brand and the brand extension in the consumers' mind, it is essential to choose a technique by which the consumers' perceptions can be collected. Hence, to gain further knowledge about the subject and to answer the research question, qualitative interviews were conducted and secondary data about the parent brands was gathered.

#### **3.4.1 Primary Data**

When collecting primary data for the purpose of our investigation, qualitative interviews were conducted. We chose this approach since we were aiming at gaining a deeper knowledge about the interviewee's point of view. We were thus interested in the consumers' perceptions towards certain products and brands, as well as their ideas and associations driving them.

As a semi-structured interview had been chosen, we created a set of specific questions (see Appendix 2). The purpose of this was not to help us get an exact answer to every question, but rather to guide us in the way we conducted the interview. In addition, this helped us to assure a logical flow of the interview and to remind us not to miss important aspects of the discussion.

Furthermore, the more flexible nature of the semi-structured interview allows the respondents to reply with a greater extent of own reasoning and personal comments to be interpreted in the analysis. Nevertheless, we did follow the prepared set of questions to a certain degree throughout the interviews, however mostly to assist the respondents in their way of reasoning, not to frame their answers into certain patterns.

As our aim was to conduct this study among actual buyers, two store managers in Lund and Malmo were contacted in advance in order to help us access and get in touch with customers. After have explained the purpose of our study they agreed on assisting us in reaching suitable consumers and in a couple of weeks we were able to put together a list of people that had bought pieces of clothing from Marlboro's and Fiat's fashion line and were willing to devote some of their time to answer some questions regarding their purchase.

The next step for us was to choose five consumers of each brand and to agree on a convenient time and place for the interview. Thus we arranged appointments with all of them in both Lund and Malmo and divided the workload accordingly. It was decided that all the interviews would be conducted in Swedish, even though all of the respondents confirmed that they spoke English. The reason behind this decision was the fact that the ability of some people to communicate efficiently could be hindered by having to speak a foreign language (Bryman et al 2003).

Next, we found two small and quiet cafés where we met the respondents, and on average, we conducted two interviews per day. Each interview lasted approximately 15 minutes depending on the participant, and everything said was digitally recorded and later carefully translated into English for the purpose of the analysis. Furthermore, we tried to capture the non-verbal communications by taking notes continuously. Hence, the interview involved one of us responsible for asking the questions and leading the discussion and one responsible for recording and taking notes.

Furthermore, before conducting the real interviews, we scheduled several test discussions with friends and classmates. That helped us to better arrange the list of questions, and to come up with several new ideas regarding the content and the nature of the actual interviews. These trial interviews were also useful for estimating the duration of the discussions, testing the recording equipment and practicing our own communication skills.

Our aim was to start asking product-related questions in order to capture associations attached to the specific item. The brand itself was intentionally not touched upon until the end of the interview, as this gave the respondents the opportunity to not view the extended product in the light of the parent brand, thereby making their evaluation as independent as possible. Furthermore, our intention is for each question to be able to aid us in trying to categorize the answers into the *attributes* and *benefits* required for our analysis.

Consequently, those characteristics are used as a base for building the overall evaluation of the brand extension, as well as for a comparison between the brand extension and the parent brand. Nevertheless, we are aware of the fact that the respondents are probably not familiar with the terminology used by us for this purpose. Hence if we would have asked them the questions, using the brand literature vocabulary, there would have been a great risk for misinterpretation of the questions and unfamiliarity with the concepts. For these reasons, we chose to ask the questions in a clear and simple way to ensure both comprehension among the interviewees and applicable answers at the same time. According to Bryman et al (2003) respondents should be informed in advance about the nature and purpose of the research participated in. However, by concealing the desired outcome of the questions given, our intention was to avoid revealing the purpose of our study and thereby provide us with more credible responses.

When constructing the script for the semi-structured interview, we decided to start the discussion with some general questions and subsequently guide the respondents to answer in a more specific way. Naturally, since most of the questions were intentionally left partly open, questions as well as interesting additional comments and remarks from the respondents emerged during the actual interviews.

The approach used throughout all of the interviews was a means-end chain model, which assumes that particular product aspects are connected to end values that the consumers attain to a brand. We aimed at determining the respondents' associations between specific aspects and the outcome of these, by the help of a technique called "laddering". By applying this method, consumers were allowed to walk the path that links functional product features with desired final results. When encouraging the interviewees to justify their reasons and motives, we hoped to gain accurate representation of the respondents' thoughts and reasoning process. (Solomon 2006)

### 3.4.2 Secondary Data

The secondary data, regarding the consumers' perception towards the parent brands, was gathered from academic- and business articles and previous studies involving the same companies. This data served as an addition to the knowledge of that perception, which had already been accumulated in the process of the interviews. Moreover, some secondary data was collected from the official websites and online fashion magazines, for the purpose of presenting the historical backgrounds of the two companies as well as a description of the extended products.

### 3.5 Criticism

Reliability, replication and validity are three concepts belonging to the quantitative research methodology. Often the quantitative researcher wants to find out if a study or survey is stable or if a certain method of measurement is valid. However, these terms are not directly applicable to a qualitative study, thus a certain degree of modification is needed. Hence, we will instead build the critique of our research approach on the following aspects of trustworthiness, as proposed by Bryman et al (2003):

- Credibility- i.e. Are the findings believable?
- Transferability- i.e. Are the findings applicable to other contexts?
- Dependability- i.e. Are the findings likely to be applicable at other times?
- Confirmability- i.e. To what extent have the researchers' values and beliefs intruded?

#### *Credibility*

The literature within our research field has been written for different reasons and at different occasions. Since the research concerning brand extensions and especially customer-based brand equity is relatively new, different terms and concepts are used when describing the different theories. Hence, we chose one of these theories and modified it to suit our investigation. After carefully reviewing literature, our intention has been to present and use

research generally accepted among scholars. Thus we believe that the choice of theoretical framework that our methodology is built upon has considerable credibility.

Furthermore the objectivity within our literature chosen can be questioned. Journals and articles might have been written for a specific purpose or in commission. These matters are beyond our control and therefore unfortunately something that we can not affect further. Nevertheless, our aim has been to reflect upon this as critically as possible.

When choosing not to reveal our purpose for the interviewees, we hope to have kept sharpness and openness in the answers. However, we are aware that the consumers might have experienced certain expectations when responding to the questions which could have influenced their answers (Holme et al 1997). Subsequently we tried to stay as objective and neutral as possible. Nevertheless we anticipate that this aspect will naturally have an impact on our collection of data, interpretation and final results.

Another issue that could influence the credibility of this thesis is the fact that all of our interviews were made in southern Sweden. Fashion and trends are different depending on the respondent and its cultural framework. Therefore the answers could have been different from one cultural setting to another.

Moreover, we are aware of that our sample size could not be considered as extensive. However, having in mind that qualitative research builds on the depth of the knowledge gained and not on the number of the participants involved, we believe that this will not affect our findings negatively.

### *Transferability*

When reflecting upon transferability in qualitative research, it is not the breadth but the depth that is of more importance. We want to highlight context and sense to create a good and meaningful interpretation. Moreover, we do not intend for our findings to necessarily hold in another setting; rather we want to give a “thick description” of our topic, providing other researchers with the opportunity to use it in a different context (Bryman et al 2003).

### *Dependability*

In this paper, we have tried to provide a detailed description of the way we have conducted our investigation, including the different methods and approaches used, as well as the interviewing techniques and the tools for analysis. In addition, some practical information regarding the interview process is revealed, together with the complete list of questions for guiding the actual interviews. Hence, we believe that by studying the research method applied in our study, it would be possible for this investigation to be conducted in another context. Nevertheless, a risk for the results to be different do exists, due to the difference in social settings.

Moreover, we believe that the internal reliability of the research is considerably high taking into account the process of data collection and data verification. As all of the interviews were digitally recorded and supplementary notes were taken, this provided us with the possibility to discuss the answers together, ensuring that we interpreted the respondents' ideas in the same manner. However, as some meanings are conveyed only by observing the body language of a person, this aspect could not be recorded and is therefore subject of interpretation to the interviewer only.

Furthermore, since all of the interviews were conducted in Swedish, later translated into English, we realize some of the intended meanings behind the consumers' answers might be lost in the translation. However, we tried to reduce this risk by translating some parts of the interviews undependably from one another in order to minimize the possible loss of meaning.

### *Confirmability*

When conducting this investigation, our aim was to be as neutral and objective as possible. We tried to ensure that our personal values and preferences did not influence the conduct of the research and the results deriving from it. However, since our research is theory-driven, we are aware of that these inclinations will lead the direction of the investigation; hence can affect the outcome of our findings. Moreover, all interviews were carried out in a relaxed atmosphere and without significant time pressure. Our aim was to make sure that the respondents felt comfortable and calm, thus free to share their opinions openly.

Furthermore, the intention was to be as impartial as possible when asking the questions, as well as when analyzing the respondent's answers. However, we are aware that on some level we might have influenced the consumers in their comments and unconsciously led them to their answers. Nevertheless, we hope that the neutral settings of the interviews have provided us with as fair and objective information as possible.

## **4. Empirical results**

### **4.1 Marlboro**

In this section, the Marlboro brand will be discussed. The company's history will be presented, followed by what has been written about the general perceptions of the parent brand. Finally, a short description of the extended brand will be given in order to familiarize the reader with the extended product line.

#### **4.1.1. History**

Marlboro is a cigarette brand, owned by Altria Group Inc., the parent company of Philip Morris International, one of the world's largest tobacco, food and beverage corporations. In 1902 Philip Morris, a British cigarette manufacturer, opened a subsidiary in New York and started selling several of his cigarettes brands, among which Marlboro ([philipmorrisusa.com](http://philipmorrisusa.com)).

An interesting fact is that in the 1920s, Marlboro was advertised as a woman's cigarette brand. However, after the World War II, Marlboro was reintroduced developing a marketing strategy that relied on the new popularity of the romanticized cowboy. In the 1950s, the brand managed to increase its sales drastically and have been a major player in the US cigarette market since then ([philipmorrisusa.com](http://philipmorrisusa.com)).

Before World War II, the advertising slogan of Marlboro was "Mild as May", targeting the female cigarette consumers, with product features appealing to that target group. However, after the war this campaign was abandoned in favor of a more masculine advertising campaign. In the 1960s, Philip Morris invented the "Marlboro Country" concept and the "Marlboro Man", a rugged cowboy, which became the brand's main symbol. Throughout classic western oriented television commercials and magazine advertisements, the brand

quickly gained a significant market share and increased its sales with the amazing 5000% in 8 months (philipmorrisusa.com).

#### **4.1.2. Parent Brand Image**

Marlboro advertizing campaigns have continuously featured reddish colors, American Western landscapes and a rugged cowboy. These three elements have been inseparable through the years, and formed together are well recognizable and referred to as the “Marlboro Country”, even when the brand name and slogan are not mentioned (Sharif 2001).

A significant result of one of the longest and most consistent advertizing campaign of all time, running for more than 35 years, is the fact that today the brand has become an immediately recognizable icon representing an idealized American lifestyle and culture. Marlboro’s brand thus stands for masculinity, ruggedness and toughness. It also represents independence and freedom, with a sense of adventure and excitement (Sharif 2001).

#### **4.1.3. The Brand Extension**

The company image is also reflected in the clothing line of Marlboro. Marlboro Classics was established in the mid 1980s as a men’s clothing line, inspired by the values of authenticity and uniqueness. It is furthermore described as rough, tough and long lasting. Since then Marlboro Classics has enjoyed a steady growth along with a continually expanding presence in the men’s clothing industry. A description of the Marlboro clothing sums it up very well: “Arizona is a place where nature, not fashion, dictates what you wear...” (marlboroclassics.com)

The success of Marlboro Classics menswear has led to an even more diversified range of products. A range of men’s footwear was added in the early 1990s, followed by a women’s line, to meet the growing demand among the female clientele already attracted to the brand. Marlboro Classics clothing is today sold in more than 40 markets worldwide. In 2006, an annual turnover of approximately 160 million Euros was reported, reflecting continuous success over two decades (marlboroclassics.com).

## 4.2. Fiat

The following section concerning Fiat, will be presented in a similar way as the the preceding, starting with company history, followed by a brief presentation of the parent brand and lastly a description of the brand extension.

### 4.2.1. History

Fiat is an Italian automobile manufacturer, as well as a financial and industrial company. It was founded in 1899 and its name is an abbreviation of *Fabbrica Italiana Automobili Torino*, which also means “Let there be” in Latin. The company’s activities were initially focused on the production of cars and industrial vehicles, but later expanded its expertise into other industry sectors and financial service. At present Fiat is the largest industrial concern in Italy, with worldwide operations in 61 countries ([www.fiat.com](http://www.fiat.com)).

Not long after the launch of the first Fiat automobile in Italy, the car was exported to the US in 1908. About the same time, Fiat taxis became very popular across Europe. By 1910 Fiat became the largest automotive company in Italy and it has stayed that way ever since. The same year a Fiat factory was opened in the state of New York, before the introduction of the Ford assembly line in 1913. At that time, owning a Fiat car in the USA was seen a sign of distinction and prestige. The Italian automobile was thus sold at a price that was several times higher than the one of the Ford’s famous first T Model ([www.fiat.com](http://www.fiat.com)).

However, the Fiat factory was shut down when the US entered World War I in 1917 and the company had to devote all of its resources and premises for military purposes. After the war, Fiat opened its first assembly line factory in 1923 in Italy, which was also the largest in Europe at that time. After the war period, in the 1950s and 1960s, Fiat experienced an economic boom. The company doubled its factories and opened a number of plants abroad. The growth continued in exports as well as in production. In 1978, a new flexible robotized system for assembling the bodywork was introduced, which was the start of a period of automation of production. By the beginning of the 1990s, Fiat’s numerous operations were set up as independent companies. During the 1990s, Fiat was once again facing a crisis and in

order to cope with it, the company expanded further into the international market ([www.fiat.com](http://www.fiat.com)).

#### **4.2.2. Parent Brand Image**

Presently, Fiat faces different threats such as high steel prices, the strong Euro and an increased competition from Japanese and Korean car manufacturers in Europe. The car image, which is the one that is most often associated with the company's brand image by the consumer, is far from exclusive and glamorous (Larson 2004). Despite the company's efforts, Fiat Auto accounts for only 44% of the Italian concern's sales (Datamonitor 2005). It still sells approximately one third of all cars in Italy due to the protective nature of the domestic market, but the foreign sales are constantly weak (The Economist 2005). Fiat suffers from a weak brand image outside Italy and even the new generation of better quality products cannot change this tendency (Edmondson et al 2005). The findings of a survey made by Auto Express Magazine, conducted in 2006, revealed that Fiat was the tenth most scrubbed car in Britain since 1976 (Edmondson 2006). For years Fiat has evoked a prejudiced perception of a cheap Italian car among European consumers described in the words of Garel Rhys, professor of motor industry economics at Cardiff University, as: "Fiat now needs fantastic products to break out of the ghetto they are in" (Galas 2001).

#### **4.2.3. Brand Extension**

The recently introduced Fiat clothing line however seems to have a slightly different image than the one of the cars. The garments could be described as having high-quality and originality of details. These include a high range from basic shirts in cashmere to classic jackets, often enriched with a prominent Fiat logo ([www.modaonline.it](http://www.modaonline.it)). The majority of the items is unisex and come in a variety of bright colors, combining classic and elegant shape with a sporty design ([www.allaguida.it](http://www.allaguida.it)). Furthermore, the clothes are characterized by vintage features, aiming at reinforcing a sense of "Made in Italy in the years of the economic boom (...)" ([www.pambiamconews.com](http://www.pambiamconews.com)). Moreover, the apparel division reported a turnover of 18 million Euros in 2005 ([www.modaonline.it](http://www.modaonline.it)).

## 4.3 Interviews

In this section, the results from our interviews will be presented. The entire interview guide containing the questions asked is found in Appendix 1. To distinguish what specific attributes and benefits the answers of our respondents refer to, we have used Keller's model for brand associations. However, each question will be counted for in this presentation continuously. These are consequently followed by a summary of the answers as well as comments of critical value to us. Moreover, we have decided to divide this review by brand, thus giving us as well as the reader an opportunity to compare the possible differences or similarities that may arise.

During the interview, we found that the consumers responded in a different manner. Some interviewees provided us with exhaustive information, whereas others were more specific, requiring an extended set of questions, in order for us to gain the knowledge intended. Hence, the different questions may have common characteristics and thereby evoke the same answers. However, the set of questions was rather created, in order to assure that all of the attributes and benefits would be covered in the discussion. As it was found that a few of the respondents shared the same opinion in certain matters, we do not intend to generalize these during the presentation, but to try to find patterns useful for our analysis. Moreover, interesting reflections and comments will be accounted for specifically or further illustrated by quotes.

### 4.3.1 Product-related attributes

In order to determine the *product-related attributes*, we asked the respondents to describe the items purchased in their own words. This first question also intended to get a conversation started and somewhat assess the type of person interviewed, hopefully giving us guidance in how to continue the interview. Even though this did not contribute with much elaborating insights, it helped us observe the non-verbal reactions towards the products described. Hence, we hoped that this would evoke a spontaneous discussion and answers not predicted by us in advance.

The Marlboro items were described and discussed in an open manner. The most prominent elements revealed included outdoor clothing, leather, jeans, stonewashed denim and worn out, natural fabrics. Some respondents started the description with mentioning the brand name itself, whereas others focused more on the product features of the garment.

*“I bought this Marlboro denim shirt two weeks ago (...)”*

One of the interviewees was very excited about the purchase and obviously very content with the product. Furthermore, she was constantly showing the jeans she bought when describing them. Another respondent did not bring up the brand at this point, but focused on actual features of the item, such as fabrics and color.

The Fiat clothes were rather illustrated with factors like qualitative fabrics and attractive design. Furthermore, the purchased items were described by some consumers as featuring a salient brand logo whereas others did not mention this as anything outstanding at all. Additionally, two of the respondents were wearing the purchased clothes during the interview. One of the respondents especially stressed the bright colors as a positive feature.

#### **4.3.2 Functional- and experiential benefits**

At this point, we asked the interviewees about the specific features or characteristics that they liked about the particular product. This aimed at determining some specific *functional* and *experiential benefits* that consumers may attach to the product.

This question was followed by explicit answers, enhancing details concerning the specific model, color or size. Nevertheless, we were able to discern a few responses that differed from the general opinion. The Marlboro clothes were described as high quality, durable and long-lasting. Several respondents highlighted comfortable fitting and a feeling of free movement whereas others claimed that the items indeed could be described as relaxing but at the same time attached with a certain degree of exclusivity. One respondent exemplified this when referring to his newly-bought pair of Marlboro jeans:

*“Sure, I could wear them when taking the dog for a walk but they might as well go with a formal jacket”*

When asking the same question about the Fiat items, one respondent enhanced the seemingly good quality and high sense of fashion joined with the products, stating that:

*“I don’t know really, I just like the small details, it sort of gives it a trendy look (...)”*

Another interviewee brought up an interesting comment:

*“The colors and the big logo attract attention I guess. But I don’t mind being noticed (...)”*

Furthermore, some consumers that had not mentioned the quality of the products yet, were asked for their opinion in this matter. The information acquired from this question could be useful in building the overall perceptions towards the extension.

When receiving the answers on this question, there was a tendency that the consumers that had bought the Marlboro products perceived the clothes as being of high quality. All of the respondents had this opinion and many of them answered that this was one of the main strengths with these clothes. When we asked them to elaborate on this, some respondents associated quality with durability.

*“I didn’t buy this for one season only, but I know from experience that it will last”*

Concerning the Fiat clothing, few of the consumers had really reflected upon this issue but when asked, the answers differed.

*“Sure, I’m certain that the quality is good (...). But to be honest that is not the reason why I bought it (...). I guess it has to do with fashion.”*

*“I don’t know if the quality is any good, I actually don’t care very much (...) it looks good and that’s what matters to me.”*

Furthermore, one respondent seemed to view quality as something specifically connected to the country of origin:

*“Maybe it’s not Armani or Versace, but I think you can tell that it’s Italian”*

### 4.3.3 Usage imagery

The interview proceeded by asking the respondents about their opinion for the appropriate time and place to wear the piece of clothing purchased. The motive for asking this question was to find out the *usage imagery* associated with the product.

Some interviewees enhanced that the characteristics of Marlboro were well suited for outdoor activities and leisure time. Another one meant that he very well could imagine himself using the clothes for somewhat more proper occasions like dinner parties or informal business meetings.

*“I wouldn’t wear it when having an evaluation meeting with my boss (...) but for casual Friday they work just fine”*

The Fiat garments on the other hand, were considered more urban, appropriate for casual occasions such as nightly activities or discos. Additionally, one of our respondents mentioned sporting as a possible occasion for using a jersey.

*“A reason for buying this was probably partly because it can be used both when going out at night, as well as for jogging”*

### 4.3.4 Symbolic benefits

Subsequently, respondents were encouraged to share the feelings and emotions that they had experienced while wearing the purchased item. This had the purpose of gaining some knowledge about the *symbolic benefits* for the consumers.

When asked about clothing by Marlboro, some consumers responded that they felt casual when wearing garments such as jeans and shirts. However, one of them stated that having a casual feeling did not necessarily mean carelessly dressed, but rather functionally. More importantly, when asked why they felt casual when wearing the clothes, we received some interesting aspects.

*“It’s not too much, it’s not little (...) I don’t stand out, but it still looks nice”*

Moreover, a few interviewees admitted that the clothing made them feel confident and that they wear it when going out in the evenings. When trying to make respondents reveal the underlying reasons for this, some of them were not able to elaborate on this further, whereas others seemed reluctant or nervous to touch upon this. However, one did share the following reflection:

*“I feel confident in this because I think this is appropriate for someone my age (...) I don’t make a fool of myself in trying to look younger”*

Some of the consumers buying Fiat clothing claimed that the clothing made them feel free, fresh and nice looking. One of the respondents stressed an exclusive feeling experienced. When asked why, he mentioned the slightly higher price as a reason.

*“I usually don’t spend this much on a sweater but I chose to afford it since there are not many similar ones out there”*

By asking the interviewees whether they think they can find a similar product elsewhere or not, we wished to bring to mind unique characteristics attached to those specific pieces of clothing. As the respondents were asked to elaborate on this, our intention was to further come across what constitutes uniqueness in their opinion.

Some of the Marlboro buyers answered that one could find similar looking products. However, others stressed that even though other brands perhaps looked similar they were far from the same. When asked why, the reason for this seemed to be due to image. Consequently, one consumer said that it was the brand name itself that made the clothing special and therefore distinguished Marlboro from similar clothing.

*“It’s not like I care too much for brands, but I really like Marlboro jeans”*

Concerning the Fiat clothing, the opinions regarding this matter differed. However, some of them mentioned that the garments were rare, hence not easily found in the distribution network.

*“As a matter of fact, I can’t recall having seen Fiat stuff anywhere else”*

Furthermore, another respondent bringing up similar arguments elaborated on this:

*“Since it’s hard to find them, it feels a little special to have one”*

#### **4.3.5 User imagery**

To be able to establish the *user imagery*, we wanted the consumers to depict the type of person who they imagine would buy this product.

An interesting fact was that all of them actually described the buyer as a male. Moreover, the typical buyer was illustrated by some of the respondents as middle class, sometimes being an outdoor worker or adventurous. Several interviewees portrayed the representative purchaser as masculine, where one of them even referred to him as the macho type.

In the case of Fiat, the typical buyer was described as a young person, between 20 and 30, thus just having passed its teenage years. Moreover, the gender aspect was not mentioned, which left us with the assumption that the buyer could be both male and female. Furthermore, one respondent said that the purchaser was somewhat fashion conscious and trendy. Another one described this person as innovative, cool and stylish. In addition, one interviewee depicted the typical buyer as urban and working professional who enjoys his free time as much as his career.

#### **4.3.6 Brand personality**

At this point, after having discussed the product associations, we asked the respondents whether the brand name had any influence over the actual purchase. The purpose of this was not to investigate purchase behavior per se, but rather to estimate the impact of the parent brand, when evaluating the extension in general.

When asked about the Marlboro brand, all of the respondents said that they were aware of and familiar with the brand when they bought the product. One of them, associating the brand with the western American culture, said that if he wanted a product from that category, he would specifically search for Marlboro. All of them mentioned that they were influenced by the brand, but to a different degree. One of the respondents admitted that he made the purchase because he wanted to own a piece of clothing from that brand without having a particular need for the item. Another one strongly stressed that even though she was somehow influenced by the brand, the main motive was the high quality and durability of the product.

An interesting aspect in the case of Fiat was that three of the respondents said that they were not influenced by the brand at all. One of them even mentioned that she did not know that Fiat had a clothing line until the product was seen in the store. A noticeable aspect revealed was that one of the consumers said that he had particularly been searching for a Fiat piece of clothing due to the recommendation of a friend, whereas the others were rather attracted by the color and the design of the clothes, not by the brand. Furthermore, one respondent said that he did not directly associate the logo with the car manufacturer.

*“If I was to buy a car now, I would definitely not buy a Fiat (...) but I think the clothes look nice.”*

*“I have never driven a Fiat, but I have heard that they suck (...) I guess that Italians are better at making clothes than cars”*

Furthermore, when trying to determine a concrete illustration of the *brand personality*, the respondents were asked to describe the brand as a person. These human characteristics could be transferred into the brand personality, revealing the respondents' subconscious associations.

In the case of Marlboro, the first association of some respondents was a western male, referring to the Marlboro man, known from the brand advertisements. Furthermore, some described the person as a middle-aged cowboy. Moreover, one interviewee described the Marlboro brand as a hard-working and handsome man. Another consumer further depicted him as honest, open, tough and direct. In addition, he was said to hold traditional values and have a dynamic lifestyle.

In contrast, the Fiat brand was described very differently. A few of the respondents claimed that this person belonged to the lower class. One of the consumers illustrated a short, bald and funny looking man, whereas another described the person as a middle-aged single woman. This person was also described as old-fashioned, boring, weak or even a coward. Furthermore, it was mentioned that this individual has low ambitions and prefers not to take risks in life. Finally, one interviewee claimed to look upon this person as a stylish and fashionable Italian man, concerned about his appearance.

Lastly, when asking what first comes to mind when thinking of the brand investigated, we wanted to reveal how consumers perceive the parent brand.

In the case of Marlboro, only one of the respondents mentioned smoking when talking about the brand as a whole, claiming that:

*“I’m a non-smoker (...) but I guess this doesn’t stop me from buying the clothes.”*

Moreover, as the discussion proceeded, specific answers were given and some respondents said that they see the brand as very traditional and adventurous. One mentioned that she associated the Marlboro brand with a certain standard of quality and style that is consistent over time. Furthermore, the brand was described as conventional and well established.

When asked the same question about the Fiat brand, several of the respondents said that the first association that comes to mind is the small and low-priced Italian car. Some of them mentioned that they considered the brand as being of low quality; others depicted the car itself as common or ordinary. Moreover, the consumers continued to describe the car as boring and old-fashioned, usually oriented to the lower class segment. On the other hand, one of the respondents did not bring up the car itself but rather seemed to first associate the brand with the county of origin, mentioning an Italian sense of retro style and fashion.

## 5. Analysis

### 5.1 Brand associations

When discussing the extended products, various aspects were evoked by our respondents. Each of them evaluated the extended products individually, hence stressing different associations and referring to different factors. In trying to find pattern among these, we have categorized the opinions of the interviewees by themes. Thus, we hope that these patterns will help us locate what kinds of associations are transferred from the products investigated. Moreover, our intention for doing this is to aid us in highlighting the differences in associations among our consumers, hence provide us with more in-depth insights of our research problem. The main criteria when dividing opinions and perceptions were different aspects mentioned about the extended products. Furthermore, since, our interview included questions touching upon several associations, the respondents naturally discussed various aspects. However, the associations that were dedicated more importance, are the ones that lie as ground for this categorization. Whether these are actually transferred back to the parent brand or have been evoked from the brand extension itself, will consequently be analyzed later.

Thus, when categorizing the responses from Marlboro, the following themes derived:

#### *Brand influence*

Throughout the interview, the brand was mentioned continuously. Additionally, all of our respondents admitted to indeed being influenced by it to a certain degree. However, only one brought up the aspect of smoking, whereas the others connected more abstract characteristics to the brand.

#### *Product quality*

Even though the brand name was an obvious topic of discussion, the pattern among the interviewees showed that the quality of the items surpassed the importance of the brand name,

when evaluating the products. This notion of quality could be a consequence of the actual brand or the features of the product itself.

#### *Occasion*

Another prominent pattern could be determined from the occasions on which the products were used. Some respondents referred to outdoor and leisure activities, whereas others mentioned more formal situations for wearing the product. An interesting fact is thus, that even though the occasion itself seemed to be stressed as an important aspect, the proposed usage differed significantly.

#### *Country-of-origin*

An interesting aspect was brought up by one of the respondents who mentioned that he related the Marlboro brand directly to the American culture, and furthermore stated that the brand is his first choice when buying a product having these American associations related to it. In that case the positive effect of the country of origin could be observed as a reason for choosing the Marlboro brand.

#### *Self-reflection*

Another aspect worth mentioning is the fact that one interviewee admitted that he used the Marlboro clothes as a way to express his personality. He claimed that the garments reflect his age group and by wearing them he is dressed accordingly to it.

Furthermore, the obtained answers from the Fiat respondents helped us establish the following themes:

#### *Brand influence*

The Fiat brand was not mentioned very often throughout the interview. However, when asked specifically about the brand, one respondent claimed to be influenced by it. Moreover, he admitted that he was actually looking for a product of that particular brand.

### *Product design*

Another theme that we could extract from the interviews was the conception of product design attached to the garments. Respondents thus, seemed to value this notion over quality in their opinions. Consequently, the concept of fashion was the factor that enhanced the perception of the clothes, rather than whether they were of good quality.

### *Uniqueness*

It was mentioned that the items were rarely found, which resulted in higher evaluation among one of the consumers due to the fact that it was considered somewhat special to own a product that not everybody else could come across.

### *Country-of-origin*

An interesting aspect, brought up by one of the interviewees was a strong relation between the brand and the country-of-origin. The associations with the Italian fashion industry have obviously been conveyed, hence affecting the evaluation of the clothing positively.

### *Self-reflection*

Another interviewee touched upon the idea that the Fiat clothes tend to attract attention due to the attractive design and the bright colors. Additionally, she revealed that she sees that as a positive reaction, leaving us with the impression that she uses the item as a mean to express herself and her individuality.

In the following section, our empirical results and categorization above will be further analyzed. Consequently, the findings gained when investigating *brand associations* will be applied within the concepts of *parent brand affect* and *perceived fit*.

## **5.2 Parent brand affect**

In this part we are investigating to what extent the affect of the parent brand influence the consumer when evaluating the extension. To come across the knowledge whether our respondents take the parent brand into consideration, a question concerning this matter was

asked. Moreover, we observed to what degree and in what context the parent brand as such was mentioned or reflected upon throughout the interviews.

When analyzing the Marlboro parent brand, all of the respondents stated to be somehow influenced by the brand. Moreover, as it was reflected upon repeatedly but only one mentioned smoking, the pattern shows that the brand was not perceived as Marlboro cigarettes per se. Hence, the brand name was not associated with its core product, but seems to have exceeded its product borders. The consumers tended to attach symbolic, rather than product-related meanings to the brand, leading to the suggestion that the emotional values goes beyond the functional values in the case of Marlboro (Park et al 1986). Furthermore, in the case of Marlboro, the quality of the clothes seemed to be perceived as more important than the brand name itself. Since we have argued that the brand name does actually represent the parent brand, it can be suggested that the consumers evaluate the extended products according to the features of the product, rather than the brand.

Several Fiat respondents claimed that they were not influenced by the brand when they bought the items, but more attracted by the product-related attributes. As one of them did not even associate the logo displayed on the clothes with Fiat as a car manufacturer, we can assume that the parent brand affect has a vague impact on the extended products among the consumers. Thus, the interviewees tended to look upon the extension as separate brand, with limited associations tracing back to the parent brand.

Additionally, in the case of Fiat, consumers referred to the car when asked about the brand. From this, we can propose that the Fiat brand is strongly linked to its core product, the car itself. Consumers hence seem to attach the product-related meanings to the brand, suggesting that the functional values are more prominent than the symbolic values (Park et al 1986).

In the light of the theory used, our findings provide reason to question what previous studies have shown. According to Milewicz et al (1994), it is believed that the affect of a parent brand will be transferred to the brand extension. However, our findings show that this knowledge is not entirely applicable to our results. Furthermore, the author argues that a greater perceived quality of the parent brand will result in higher acceptance of the extension. Nevertheless, this relation was not observed in the case of Fiat, rather proving the opposite. Even though the parent brand, in this case closely related to the car, was perceived to be common and boring, the clothing line was rather recognized as trendy and fashionable.

Moreover, Bhat (2001) suggests that associations of the parent brand will come to consumers mind when encounter with the extension for the first time. Marlboro consumers seem to relate the extended products to the parent brand. However, as the transfer of associations from the extension to the parent brand was not obvious in the Fiat case, we can argue that this suggestion is valid only when the parent brand has built a strong and consistent personality.

### **5.3 Perceived fit**

As perceived fit is divided into product fit and image fit, these were used when trying to determine to what extent consumers associate the extension to the parent brand. Theory shows that image fit has proven to have more significant influence among consumers, compared to product fit (Bhat et al 2001). This argument was further strengthened by our findings, hence why we have chosen to build our analysis mainly on the image perceived fit. Furthermore, since the product categories of both parent brands investigated are significantly different than the one of the extensions, our findings showed that it is not only difficult but also of limited value to compare the product-related attributes. Thus the perceived product fit will not be given any further dedication. When analyzing our findings through this theory, the following enlightening aspects emerged.

In the case of Marlboro, the opinions regarding the suitable occasions for using the products differed significantly among the respondents. As leisure and outdoor usage as well as more formal occasions were mentioned, it can be suggested that the usage imagery was partly referred back to the parent brand.

Moreover, the American origin of the extension, also a common feature related to the parent brand, was brought up. This indicates a transfer of association, through the country-of-origin. This constitutes an interesting aspect since the “Country of Marlboro”, was originally created in order to build the brand image. As we believe that the associations found above are somewhat image-related, a high degree of perceived image fit can hence be observed in the Marlboro case.

When investigating the answers of the Fiat respondents, the car was described as boring and dull. As the clothes were oppositely perceived as fashionable and trendy, we can observe

contradictory characteristics between the extended products and the parent brand. Moreover, since we found that design was a prominent feature of the extension, our interviewees did not relate these associations to the parent brand, and more specifically, the Fiat car.

In addition, this argument is further reinforced in the perceived uniqueness attached to the extension. While it can be observed that these characteristics made the extended products somewhat special in the mind of the consumers, this can not be traced back to the Fiat car, which was rather described as common and ordinary. This constitutes another dimension, showing that consumers do not refer to the parent brand when evaluating the brand extension.

Moreover, the Fiat clothes could be perceived as a mean to attract positive attention and further enhance self-confidence. As touched upon earlier the car was depicted with features, such as boring and old-fashioned. From this we can suggest that this aspect was not related to the parent brand.

In contrast, an interesting aspect that could be extracted from our findings was that the country-of-origin was referred to as an outstanding feature of the Fiat clothing. Since, the Fiat car evokes strong Italian connotation, it can hence be presumed that this particular association indeed could be traced back to the parent brand.

To summarize what our findings revealed, these will be viewed from what is suggested by Bhat et al (2001), stating that the more similar the extension is compared to the parent brand, the more likely the consumers transfer characteristics to the extended products. Since our investigation included significantly different product categories, the extension can from that perspective not be considered as similar. However, this theory furthermore suggests that the similarity does not only include the perceived product fit, but more importantly the perceived image fit. Our study proved to support this idea in certain aspects, as the associations that actually were referred to the parent brand, indeed proved to be image-related.

## **5.4 Practical relevance**

As argued in the problem discussion, Mao et al (2006) suggest that a brand extension will be perceived favourably when the parent brand has positive evaluation and when there is a high degree of fit. Moreover, it is stressed that when a brand operates in significantly different

product extensions, the evaluation of the extension is complex, when viewed from a consumer perspective. We believe that our research will be able to contribute with knowledge, hopefully reducing this complexity to a certain extent.

Furthermore our study does indeed show that the suggestion by Mao et al, can not be universally applicable. As the outcomes of our research implicates that even though a high fit and positive evaluations towards the parent brand are not found, the extension can still be positively evaluated. Nevertheless we do not discard this argument, since we also observed that it can be applicable in a certain context.

As the brand extension strategy is very commonly used, we hope that our investigation can serve as guidance for marketers when planning to launch a brand extension in a completely different product category. Moreover, since this strategy has proven to be complicated to conduct, often resulting in failure and consumer confusion, our results may be found useful when evaluating the possible alternatives of revitalizing a brand.

## **5.5 Further research**

This research has been conducted in a very particular setting. Hence, we are aware of the possibility that the findings could have turned out differently in another context. Moreover, we believe that fashion somehow is dependant on cultural or geographical aspects. The same study could thus have been conducted in another country, proving considerably different results. This could therefore be a suggestion for further research. Additionally, this study included buyers of the extended products. This naturally constitutes an overall positive perception of the items purchased. An interesting aspect would hence have been to investigate how the brand extension is perceived by people who do not own such a particular product. This could be further elaborated on, including consumers of the parent brand, in this case Fiat car owners and Marlboro smokers. Such a study could have shown upon different results with the possibility to involve the concept of loyalty. Finally, bearing in mind the complexity of the brand extension strategy, a similar study including different industries and consequently different companies would contribute with additional insights; hence provide further understanding of this phenomenon.

## **5.6 Conclusion**

When observing our findings, we can conclude that the extent, to which consumers associate a brand extension to the parent brand, is dependant on the degree of perceived fit observed. Thus if a high-level of perceived fit is obtained, consumers tend to refer more prominently to the parent brand. In contrast, the extension seems to be looked upon as a separate brand when the degree of perceived fit is relatively low. Moreover, the more favorable the parent brand is in the mind of the consumers, the more likely it is for them to refer to it when evaluating the brand extension. However, even though a perceived fit or favorability is not obvious, strong typical characteristics of the extended product can nevertheless be traced back to the parent brand.

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## **Appendix 1**

### **Marlboro list of respondents:**

Man 33, unemployed

Man 47, teacher

Woman 40, restaurant employee

Man 61, accountant

Woman 29, hairdresser

### **Fiat list of respondents:**

Woman 27, shop assistant

Man 22, student

Man 25, student

Woman 25, student

Man 38, unknown

## Appendix 2

### Interview questions

1. Describe the product that you have bought?
2. What do you like about this product?
3. Do you think this is a high-quality product?
4. When do you plan to use this product? Give an example of occasion.
5. Where do you plan to use this product? Give an example of occasion.
6. How do you feel when wearing this product?
7. Do you think you could find a similar product elsewhere?
8. If yes, why did you choose this one and not the alternative?
9. Who do you think buys this product?
10. Did the brand name influence your purchase?
11. How would you describe the brand as a person?
12. What first comes to mind when thinking of this brand?