Category Extensions

- Factors Enhancing Brand Equity

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Abstract

In today’s world, where the consumer is constantly exposed to more and more brands in almost any kind of environment, the importance of exploiting those brands which have managed to reach the consumer’s mind and gained a strong position has increased. A majority of new product launches are extensions of existing brands. Brand extensions can be seen as a less expensive as well as less risky way to satisfy the consumer’s demands and needs within several segments by providing several products under the same brand rather than creating a new name for every new product. Even though the extension of brands has become a popular strategy, it can still be somewhat of a troublesome affair to extend the brand without losing its original value. A “very good” brand extension not only creates additional cash-flow but also enhances the brand name. Thus, the purpose of this thesis is to identify factors that enable enhanced brand equity through category brand extension. A category extensions is when an existing brand name is applied to a product category that is new to the firm.

The study is conducted based on exclusively written data whereas a presentation of textual analysis will appear. As the focus is on theoretical findings and not empirical, no entire chapter in this thesis will concern empirical findings. Elementary variables of brands are defined, explained and discussed as well as the concept of brand equity, identity and image. Further, we present a discussion concerning definitions and the research that has been conducted on the subject of extensions. A discussion on the potential benefits and difficulties that are involved in brand extension follows and the concept of extension fit as well as aspects of lifestyle are presented. The conclusions reach are seven factors, all benefiting from having a high level of abstraction. The factors enhancing brand equity through category extensions are: Brand Context Distance, Lifestyle, Brand Awareness, Fit, Guarantee Function, Personality and Relationship.
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1. Introduction

In 1906, the Sigurdsson family in Iceland produced a clear, strong spirit called “Svarta Daudi”. This brand has since then been exported all over the world representing a product range of vodka, gin, schnapps, and tequilas. All being extensions under the, into English translated, brand name “Black Death”. These extensions are closely related to each other and to the heritage, all being alcoholic beverages. Less related is the production of “Black Death” cigarettes, an extension without close connection to the heritage and the original product range of the brand. Still, the extension into cigarettes was not hard for the consumers to accept as the products share common associations to the brand of “Black Death”.

Yamaha is active in businesses ranging from musical instruments and audio & video products to information technology products, golf cars, media services, motorcycles, home furnishings, auto components, specialty metals, marine engines, music education, snowmobiles, and resort facilities. Yet, this company manage to produce a single, unified image of quality and performance.

Siemens is a company that throughout its history has expanded their range of products greatly. One can for instance buy mobile phones, hearing aid devices and diesel locomotives with the Siemens brand name.

All these companies are offering wide product ranges and have been doing so for quite some time. In these examples, we believe that most of the strategy has developed rather logical over time, when the companies have seized opportunities and capitalised on core competencies leveraging the brand at the same time.

These examples of extensions have grown out of the companies’ history and have a logical product feature-determined connection to each other. We believe that brand extensions with much lower connections, that at first can seem to be illogical, can be made as it is not necessarily product features that create the impression of a brand. Thus, we want to examine what can explain successful brand extensions that are not connected to original product
features, how come a brand can represent several product categories that share no obvious similarities?

1.1 Background

During the years, we have seen many forms of brand extensions and diversifications within all kinds of businesses ranging from simple consumer goods to high-end luxury goods, with some being more successful than others. Brand extension theory is not a new phenomenon; one of the first articles on brand extension was published by T. Gamble as early as 1967 (Kapferer 1997). According to Uggla (2002), the evolution of brand as an important asset to the company is based upon a shift in the industry focus. In the 60’s and 70’s, focus was strong on product- and brand invention as a strategy for success, but in the wake of the oil crises and with an increasing emphasis on cost reduction together with environmental and ethical issues emerging, companies started to turn towards the idea that its resources could be reutilised and recapitalised. The brand was realised as a strategic asset that could be the foundation for successful business strategy.

In today’s world, where the consumer is constantly exposed to more and more brands in almost any kind of environment, the importance of exploiting those brands which have managed to reach the consumer’s mind and gained a strong position has increased. We can see that up to ninety percent of new product launches are in any one year an extension of a brand (Keller 2003). These were so called Line extensions where the brand is used to take a modified product into a similar market segment. Line extensions can be compared to what Grime et al. (2002) refer to as Category extension, which is when an existing brand name is applied to a product category that is new to the firm. This implies that the aggregated figure for all kinds of extensions is even higher than 90 %.

It has been argued that the importance of a well-managed brand extension is of essence since the brand names are the most important assets for most consumer-goods companies (Quelch & Harding 1996). Brand extensions can be seen as a less expensive as well as less risky way to satisfy the consumer’s demands and needs within several segments by providing several products under the same brand rather than creating a new name for every new product (Quelch & Kenny 1994). Even though the extension of brands has become a popular strategy,
it can still be somewhat of a troublesome affair to extend the brand without losing its
original value. Furthermore, far from all brand extensions are successful, findings from 1997
show that 28 % of the line extensions failed and the figure for category extensions were at
dire 84 % (Völckner & Sattler in Uggla 2002).

Despite these risks, the possible benefits of a driven and well-managed extension strategy are
extensive. A “good” brand extension strategy can be seen as where the brand name aids the
extension, while a “very good” brand extension not only creates additional cash-flow but also
enhances the brand name (Aaker 1991, Glynn & Brodie 1998). To achieve what is labelled
“very good” we believe that there are crucial factors that must be identified if extending a
brand into a new segment, a category extension, in order to be a successful and sustainable
business and thereby leveraging brand equity. The theories that we read state that a “very
good” brand extension even can enhance the equity of a brand, but leaves it at that. We
believe that there is a gap in the field of theory, an uncharted area that is not insignificant in
importance. Which factors that enable this equity augmentation are seldom revealed, seldom
discussed.

### 1.2 Purpose

Our purpose with this thesis is to identify factors that enable enhanced brand equity through
category brand extension.

### 1.3 Outline

In this thesis, we have chosen a structure that can be regarded as somewhat unconventional.
We will in this study focus on theoretical findings and not empirical, and therefore, no entire
chapter in this thesis will concern empirical findings. We made this choice, as the empirical
base is small. This assumption is based on that we are only interested in the intended, driven
strategy of brand extension, and this phenomenon is growing as we write, not just concerning
premium brands but brands that carry other associations as well. Therefore, the empirical- as
well as the theoretical base is restricted. As a matter of fact, we do not know of that many
companies that have conducted driven category extensions and hence, a possible empirical
base for this study is limited and hard to access. The cases we know of are a small number of
companies, the majority selling luxury goods, whereof we will present three. Thus, material of empirical character will appear to some extent, but then in the form of what we call fact boxes. These fact boxes serve their purpose of exemplifying and highlighting certain phenomena that we find interesting and important, and will appear in chapter six. This chapter six is not called analysis, as we will not engage in a process of comparing empirical findings with theoretical suchlike. Instead, we call it Synthesis of Theories.

The chapters are structured as follows:

In this introductory chapter we have when presenting the chosen area of study, together with our purpose, set up the stage upon which we will focus our study of enhanced brand equity through category extension on business-to-consumer products.

In chapter two, the aim is to present our views on the methodology of qualitative studies which means how we think about and study social reality. This is done by introducing our procedures and techniques for gathering and analysing data: our method. The study is conducted based on exclusively written data whereas a presentation of textual analysis will appear in this chapter.

Chapter three concerns fundamental theory on brands. Elementary variables of brands are defined, explained and discussed. The concept of brand equity as well as identity and image will be presented and discussed.

Chapter four is focused on brand extensions. Here, we present a discussion concerning definitions of the phenomenon and follow up with a presentation of the research that has been conducted on the subject of extensions. The chapter ends with a discussion on the potential benefits and difficulties that are involved in brand extension. We will not engage in a discussion whether brand extensions is a strategy to adapt or not, we solely focus on the aspects of the extension itself.

Chapter five concerns category extensions in specific. A discussion on extension fit as well as aspects of lifestyle is presented.
Our sixth chapter is as mentioned called Synthesis of Theories and concerns the structure of factors that enable enhanced brand equity through category extension. In this chapter, to facilitate the reading and clarify the reasoning, we are presenting empirical fact boxes with examples on brand extensions. We have in this chapter no intention to develop a theory that can be generalised outside the theoretic field of extension of brands. Within this field though, we aspire to identify factors that can be of value whatever the empiric foundation might be, meaning that it can be transferable to any type of product.

The seventh and final chapter contains our conclusion where we answer the purpose of the thesis. Further we give our suggestions to future research and reflect on the study at hand.
2. Methodology

“Innovators are told: “think outside the box”

As we mentioned in the outlines, our approach can be regarded as unconventional as it is personal. It can therefore be primarily seen as a qualitative analysis. We have not restricted our methodology to one specific school of thought as we think that no single discipline alone is suitable for our thesis. By that, we mean that as a reader you will not in this thesis find us arguing being exclusively neither hermeneutic, nor positivistic or any suchlike. With this in mind, we have, from the methodological smorgasbord, chosen what we find relevant to our research and analysis. We start this methodological chapter with our personal frame of reference.

2.1 Personal Frame of Reference

At the core, qualitative analysis depends on the insights and conceptual capabilities of the analyst. One barrier to credible qualitative findings is therefore the suspicion that the analyst has shaped them according to pre-dispositions and biases. Whether this happened unconsciously, inadvertently, or intentionally is not the important issue, the issue to focus on is how to counter such suspicion in order to enhance credibility. One strategy for doing this involves discussing ones pre-dispositions and making biases explicit to the possible extent. (Patton 2002)
The purpose with this thesis is to identify factors that enable enhanced brand equity through category brand extension. This will be done by elaborating on existing theories and if possible evolve and extend them into what we believe is an uncharted area, e.g. brand extensions that enhance brand equity. It is therefore not possible for us to enter our field of study without some form of preconceived thoughts (Strauss & Corbin 1998). Researchers cannot ignore the subjective as an integral feature of life. Nor can the researcher ignore that the researcher is a subject in his or her own right, present in the same world as the phenomena studied (Gubrium & Holstein 1997). There are two levels of preconceived thoughts, the first being the conscious, where things are natural and existence is rational and comprehensible. On this level, presumably, we can act in order to make use of our previous knowledge and try to avoid evident personal biases. The way we are schooled limits us when doing research, writing this thesis. (Strauss and Corbin 1998) Further, personal preferences, ambitions, knowledge, and resources are some of the factors at the first level that influences us but still can be discovered and altered. Even if we believe that we have studied the basic literature, by the dominant researchers of brand extension strategy, it still remain impossible for us to know all problems or theoretical concepts that will emerge before, or even during our research.

The second level is represented by our unquestioned believes and values which forms the foundation for all we take for granted. (Alvesson & Sköldberg 2000) We know that we can never be completely free from being biased since so much in the ways we think, act and live are unconscious and a part of our cultural heritage so we accept that these factors will influence our thinking. (Strauss and Corbin 1998) For us, there are fundamental believes that we cannot alter. Even if we are aware of the existence of such believes, we do not explicitly know what they consist of or how they influence our lives and thereby the way we work. Such believes are founded in the historical heritage of society. This is our box.

### 2.2 Qualitative Study

In this thesis, we will argue and discuss based on arguments and discussions by others. Hence, the foundation is individual complex opinions that together form the fields of brand theories. In these fields we will seek patterns and meaning applicable in our strive to answer our purpose. We find this approach to have a lot in common with the approach of qualitative
study. We can also, with the help of Strauss and Corbin (1998), classify our study as a qualitative one, as we have no intention of conducting a quantitative study.

There are three basic methods of qualitative research, one is called “asking questions”, the second is called “hanging out” and the third method is “reading the papers”. All human beings have pretty much used these methods to find out about the social world around them since our species came down from the trees. (Dingwall 1997) We will in our work ask questions, but we will search the answers only by “reading papers”. When performing qualitative research, it must be directed toward an understanding or interpretation of something, whether a problem, issue, claim or question (Miller & Fredericks 1994), which all can be found in our purpose.

“Not everything that can be counted counts, and not everything that counts can be counted” (Albert Einstein)

In qualitative research, statistical means or other forms of quantification do not produce the findings. There is no perfect equivalent of a statistical significance test or factor score telling the analyst which data that are of importance. What is of importance has to be decided with other methods, a discussion of how we have determined the importance of various data will take place in the chapters Sampling and 2.4 Trustworthiness. Qualitative studies can be referred to as research in organisational functions as well as social movements and even behaviours and emotions. (Patton 2002) This method that we have chosen is often used to explore fields of study where little is known in order to obtain details about phenomena that are difficult to extract or learn about through quantitative research methods (Strauss and Corbin 1998). Qualitative methods facilitate study of issues in depth and detail, and one of the challenges within this type of analysis is therefore to find a way to creatively synthesize and present findings. (Patton 2002) We aim to present our findings in chapter three through five and synthesize them in chapter six.

Qualitative analysis is typically inductive in the early stages in order to establish patterns, themes, and categories. Findings in qualitative analysis will emerge out of data, through the researchers interaction with it. In contrast, the deductive analysis is where data are analysed according to certain frameworks. (Patton 2002)
Our data only consists of text developed to explain different aspects of brands. The data is therefore, from the beginning already processed and complex and must not be confused with raw data. This may indicate that we start our research in theory and therefore are deductive all along. On the other hand, in our research, we put these texts together in order to seek patterns and to establish certain relationships within the field of study. When searching for these patterns and structures, we are being inductive. Later, when synthesising our findings of patterns and structures from the gathered data, we do so with the help of our personal frame of reference that have subsequently grown throughout the process of our research. This process of synthesising may be regarded as deductive as it involves the interpretation of data, a process considered as deductive (Strauss and Corbin 1998). To conclude, we are in our thesis both inductive and deductive.

2.3 Research Procedures

There are three components to qualitative research. First, there is data from various sources, second comes the procedures used to interpret and organise the collected data. Finally, comes the reporting of the interpreted data. When performing a qualitative study, it is of importance that all ideas are considered from as many different angles or perspectives as possible in order to gain a trustworthy result. It is therefore of importance to have some form of interplay of making inductions and deductions throughout the ongoing process towards a final result. (Strauss and Corbin 1998) Strauss and Corbin (1998) claim that statements of structures and patterns do evolve from some form of data, e.g. a movement from the specific case to the general, which is an inductive position. But they further argue that whenever someone conceptualise data, some form of interpretation is being performed and interpretation is a form of deduction. The deduction is based on collected data but also on the interpretations made on assumptions about the nature of life, the literature read in the past and present, and discussions with people surrounding the interpreter, e.g. the personal frame of reference. (Strauss and Corbin 1998) We bear in mind that it therefore may be important to turn inwards with reflexive inquiry, and interrogate our own practices when producing knowledge. Especially with regard to the position of telling others what is going on in the social world (Gubrium & Holstein 1997).
In this thesis, one factor concerning research procedures, is when we make the choice not to use empirical facts to any greater extent, and as earlier mentioned will not have a chapter of its own. Instead, that kind of information will be presented in fact boxes incorporated in chapter six, Synthesis of Theories. This choice is foremost based on the scarcity of empirical facts concerning driven category extensions. It is therefore also based on the simple fact that empirical data does not serve as the foundation for the analytic process in our thesis. These fact boxes will primarily serve as information facilitating the understanding of the theories and conclusions presented.

**Sampling**

The first component of a qualitative study is the gathering of data (Strauss & Corbin 1998). The difficulty for us, studying brand and brand extension is not to find theoretical material and information but to decide which information is most suited and important for our study. Qualitative research is particularly oriented towards exploration and discovery, which concurs with the purpose of this thesis. Inductive analysis starts with specific observations and builds towards general patterns that are comparable to much of our work. Inductive analysis contrasts with the deductive approach that requires the specification of main variables and statements before data collection begins. The investigator is supposed to some extent, in advance decide which variables are important and what relationships among those variables that can be expected. (Patton 2002) Before we started our gathering of data, we had presupposed what we where looking for by formulating a purpose and raising specific questions. In that respect, we where deductive in our sampling process.

As already stated, the first component of the qualitative research consists of the collection of data from various sources and the big issue is to choose which data are representative and purposeful. In a qualitative study one can use official documents as primary and secondary sources. Popularly, primary sources are described as those that are gathered by the researcher herself for the specific purpose of her work. Consequently, secondary sources are those that are produced for another purpose. (Jacobsen 2002) We as researchers, for this specific study, choose a different approach when classifying sources as primary and secondary. We choose Miller and Fredericks’ (1994) view on primary sources referring to writings by knowledgeable individuals close to the event occurred. In our case that means that we have
focused on authors active within the research field of brands, thus these writings can be considered primary sources. Secondary sources on the other hand would be writings that either rely on, what above has been described as primary sources, or are produced further away from the field of study (Miller & Fredericks 1994). We choose this approach because with the conventional and static view (here Jacobsen’s), all our sources would be called secondary and that framework does not properly describe the variation in our sources. Many of the authors behind books and articles that are being used as sources in this thesis have produced their findings with purposes not too distant from our own, hence ending up toward the centre of figure 1. The main problem with this type of sampling procedure is to try to understand with what purpose and in which context the specific author was working when establishing her thoughts (Alvesson & Sköldberg 2000), hence determining the specific position of her contribution in figure 1. Concerning our fact boxes, the fact in them are gathered from books and internet sites that are not closely connected to our purpose with this thesis, thus ending further out, reminding of secondary sources. This framework, provided by Miller and Fredericks (1994) hence gives us the possibility to highlight the dynamism in our sources.

![Figure 1: the Dynamism of Sources](image)

Now when we have established that in our view, sources can be classified dynamically, we enter the discussion on how we found these sources and gathered our data. We used what Patton (2002) denotes snowball- or chain sampling. This is an approach for locating sources
or cases rich on information. It is a process that starts with the researcher asking well situated people whom else to talk to that presumably knows about a certain field. In our case, we have not been talking to any actual people; instead, we have used lists of references from books and articles that we found relevant. At first, we read more or less anything we could find on the topic “brand”. By reading books and articles extensively, we found a few authors that frequently kept reoccurring as references that lead us to study these researchers in more depth. A process similar to chain sampling, with the important sources not being actual persons but their contributions to the specific field of theory. Snowball- or chain sampling is a method that can be used in most fields of study. Often, there are a few names or incidents that reoccurs and are mentioned frequently within the field. Those events or people recommended as valuable by a number of different sources, take on a special importance. It is a chain that initially diverges when many possible sources are recommended and then converge as a few key names get mentioned more and more. When using this method, the investigator search for data that are compared with the context in order to determine the relevancy of the data gathered. We aimed to find sources, not just relevant, but of width and variation as well. This form of sampling tends to become more purposeful and focused as the research makes progress. The sampling continues until the chosen category of study is saturated, that is, no new or significant data emerge. (Strauss & Corbin 1998)

Helpful to us in our sampling, especially in the start-up was edited books consisting of the contributions of different authors. Examples are Uggl (2005) and Harvard Business Review’s book on brand management (1999). These books provide the benefit of a variety of different authors’ view on a specific subject. The question to raise here concerns the editors of such books and what made them choose what to include and what to omit when putting together an anthology. (Patton 2002) The initial gathering of data focused on the topic of “brand” giving it a wide character. It was then subsequently narrowed down towards the topic of “brand extension” in order to gain depth. We aimed to achieve this depth mostly through reading articles, often not covering the whole field of brand extension, merely a part of it. This in order to find patterns through acquiring several different authors’ view on each part of brand extension with the aim to find what they agree and disagree on.

In order to avoid misinterpretation and trying to enhance credibility, we have throughout the process of gathering information tried to restrict ourselves to the use of what we perceive as
recognised sources, e.g. authors published in well-established journals, representing universities or organisations that we believe are trustworthy. (Alvesson & Sköldberg 2000)

**Textual Studies**

This thesis will not be based on any information by us gathered through interviews, nor observations. We will solely use information presented in the form of text. As text will be our only source of information, the processes of writing, reading and interpreting become important to how we approach and understand our field of study. Our aim is not to engage in a discussion or description of the field of textual studies, an exercise that goes far beyond the purpose of this thesis. With the help of textual study theory, we seek to present in what way text influences and may restrain us in our work.

This thesis is founded in the interpretation of text. “Text is the word which is used in linguistics to refer to any passage, spoken or written, of whatever length, that does form a unified whole” (Al-Sharafi 2004 p.111). Our choice of conducting a textual analysis implies that we will interpret texts in order to answer our purpose that in its turn will be presented in a written document. Our findings will then, hopefully, be read and interpreted by others, which implies that text will be interpreted in at least three stages. These conditions necessitate the awareness of textual analysis and its influence on the thesis at hand.

“A text does not consist of sentences; it is realised by, or encoded in sentences” (Al-Sharafi 2004 p.111) and is essentially the process of “creation of meaning”. Texts are an aspect of the sense-making activities through which we construct, contest, sustain, and change our senses of social reality (Miller 1997). In the same way, each book and article read by us on the subject of brands contribute to our understanding and construction of “reality”, in this case, more specifically our perception of the field of study. There is a continuous process of negotiation, interaction, prediction, and expectation that a formal definition of text, being any written material (Sinclair 2001), misses. What is “seen” or “understood” in any particular circumstance is at least partially derived from what both readers and writers are attempting to accomplish (Gubrium & Holstein 1997). We bear this in mind and we realise that what we write never will be interpreted in the exact same way we intended. In text production and text interpretation, sentences are not value-free because understanding of sentences necessarily
requires a context. It is therefore suggested to view text in the form of utterances, rather than sentences. Each utterance needs a context to enable its interpretation, and each utterance provides a context for the interpretation for those utterances that follow. (Al-Sharafi 2004)

Researches show that variations in the form of texts cannot be separated from the meaning they carry, and that every reading is an act of textual interpretation. Likewise, there is a consensus that emphasis on textual awareness should be a fundamental point of departure when conducting studies in any discipline. When readers do not know the originating context of the text in hand, they instead create fictional counterparts from their own imagination in order to “inform” their reading experience. (Mondiano et al. 2004) We can as authors never in text totally reveal in what context we are working and likewise, we can never be free of how the readers will invent their perception of the same context.

“When I use a word,” Humpty Dumpty said in a rather scornful tone, “it means just what I choose it to mean – neither more nor less.” (Lewis Carroll)

In a written textual analysis, the researcher is believed to be constrained by the use and interpretation of language. Alvesson and Sköldberg (2000) state that many writers objects to the notion that science can adequately mirror and explain “reality”. In particular, the independence and uncertainty of language in relation to a non-linguistic reality is highlighted. By emphasising the researchers active construction of “reality”, a fundamental critique of what Alvesson and Sköldberg (2000) refers to as traditional empirical epistemology emerges. This active construction is made through the handling of language, perception, and cognition as well as social interaction with the researched objects. The notion that empirical materials are dependent on theory is similar to the thought that there is a, by text constructed reality. This notion strengthens the argument of a constructed reality opposing the empirical epistemology. To this can be added that because of the historical and changeable nature of social phenomena, what is “true” in one context might not be so in another. (Alvesson and Sköldberg 2000) To conclude, we argue that text and language are the most adequate methods at hand for describing and interpreting reality. We are though of the opinion that this description and interpretation will be restrained and never can wholly depict what we perceive as reality.
2.4 Trustworthiness

Systematic data sampling procedures, rigorous training, multiple data sources, triangulation, and external reviews are aimed at producing high-quality qualitative data that are credible, trustworthy, authentic and balanced about the phenomenon under study (Patton 2002). These aspects are all, in some form, present when we are conducting our study. Within our sampling, we have tried to be systematic, we are trained in academic thinking and writing, and we have, within the spectrum of data aimed to use sources as diversified as possible. Further, we have had several opportunities to receive feedback, external reviews, from fellow students as well as from our tutor. These are all factors that can be considered as enhancing credibility and trustworthiness in our study. The quality of qualitative research, it is argued: “can not be determined by following prescribed formulas. Rather its quality lies in the power of its language to display a picture of the world in which we discover something about yourself and our common humanity”. (Buchanan in Silverman 1997 p.19)

Credibility

As Buchanan stated, the quality of a qualitative research, cannot be determined by prescribed formulas (Buchanan in Silverman 1997). Instead, the credibility of a qualitative inquiry depends on three distinct, but still related, elements. The first element deals with the question whether the methods used doing research are rigorous enough to yield high-quality data. We find that our data are relevant and of high quality, but we can never be sure that we are correct. We cannot know if our data are the best suited to fulfil our purpose, and we can never know for sure if we should have sought more various data or if we already are using data too diverged. The second element concerns the credibility of the researcher, dependent on his or her training, experience, track record, status and presentation of self. Factors mostly discussed in previous chapter Personal Frame of Reference. Finally, credibility is dependent on the philosophical belief in the value of qualitative inquiry, qualitative methods, inductive analysis and purposeful sampling. (Patton 2002) We seek in our method qualitative solutions that are not wholly standardised and we find that breaking the norm deprives us the credibility of a research conducted by standardised research procedures and formulas. On the other hand, our method is not restrained by rigour structures and we can therefore reach conclusions that would have been hard to achieve with a different method.
To test the validity in qualitative research, in order to determine the credibility, the reader must ask herself whether a clear distinction can be made between data and analysis. We have in this thesis tried to restrain ourselves from any unnecessary analysis in our theoretical chapter three through five. When determining credibility, a reader must be able to judge whether the study has looked for contradictory or negative evidence. (Dingwall 1997) We have in this thesis also included ideas and thought that are contradictory to our purpose to show that we do not neglect opposing opinions.

**Triangulation**

Triangulation is an old concept that has been used in different contexts throughout history. Knowing a single landmark only locates one somewhere along a line in a direction from the landmark, whereas with two landmarks one can take bearings in two directions and locate oneself at their intersection. Even if the term originates in land surveying, it has been used as methodological tool. Triangulation is based on that no single method ever adequately solves the problem of rival explanations. Studies that only use one method of collecting data are more vulnerable to errors linked to that particular method than studies that use multiple methods where different types of data provide cross-data consistency checks. Triangulation is argued to be best suited for data analysis providing diverse ways of looking at the same phenomenon as well as strengthening confidence in whatever conclusion are drawn (Patton 2002). In our case, we have chosen to use the concept of triangulation in a different context, not restricted to the use of different methods, but as a tool of multiple perspectives. Strauss and Corbin (1998) point out that when performing a written study it is of importance that all ideas are considered from as many different angles or perspectives as possible in order to gain a trustworthy result. We use a single method as we base our study exclusively on written material, even if it supposedly makes our results more vulnerable. Still, this material used, has been produced with different purposes as well as methods; statistics, interviews, observations, and documents. We therefore claim that through the use of a multitude of different written sources, we achieve the positive effects of triangulation, trustworthiness through a multitude of perspectives.

Triangulation can also be used in the context of being a work process strategy. Triangulation of “investigators” is to establish a clearer case for reliability by avoiding being only one single
investigator connected to the study. Two, or more, investigators can divide the research into the active task of primary research and the passive task of analysing and commenting on method and findings by the primary researcher. Both investigators may be active and passive at the same time, reacting to method and findings conducted by other investigators but relevant to the research question under investigation. (Miller & Fredericks 1994)

**Generalisation**

Social life contains elements, which are generalizable across settings that enable social sciences. Other social elements are particular to given settings thus forever limiting the predictive power of the social sciences. (Bloor 1997) Therefore, we aim only to identify factors that have predictive power in the field of category extension.

Generalisations are not found in nature, they are active creations of the mind. They rest upon the generaliser’s experience that is based on a limited number of studied objects. (Lincoln & Guba 1985) Therefore, Lincoln and Guba (1985) claim that generalisations become, at best, probabilistic. Despite this critique, “generalisations across time and space remain the Holy Grail of basic research and theory”(Patton 2002 p.256). Generalisation, which also can be referred to as scope or accuracy of explanation, means that the larger the generality is of a theory, the greater the number of disciplinary problems it can handle (Strauss & Corbin 1998). We aim to achieve high accuracy and scope of explanation within the field of category extension, but we do not strive for a larger generality that can explain other disciplinary problems. Within our field, we aspire to identify factors that can be applicable whatever the empirical case might be, meaning that it can be transferable to any type of product. Transferability and fittingness are expressions that could replace the concept of generalisation where the degree of transferability is dependent on the similarity between two concepts, also called fittingness. Fittingness is defined by Lincoln and Guba (1985) as the degree of congruence between receiving and sending contexts. If two contexts are “sufficiently” congruent, our identified factors from the studied context are likely to be applicable in another context.

To conclude, when identifying factors, we are approaching the concept of explanatory power rather than that of generalisability. Explanatory power means “predictive ability”. That is, the ability to explain what might happen in a given situation. When doing research, one always
makes delimitations and adapt to the specific situation studied. Therefore, our factors, even if they are possessing explanatory power they probably will not have this power in a larger, more general context. They cannot because they are derived from a specified field, category extension, with a restricted amount of variables that do not include the wider spectrum of variables in a more general context. (Strauss & Corbin 1998) With this focus on category extension, we gain accuracy by compromising on the generalisability of our findings.
3. Brand Theory

“It is a very sad thing that nowadays there is so little useless information”
- Oscar Wilde

This chapter will serve as a foundation for all following reasoning. Here we present what we perceive as fundamental theories concerning brands. Even if not discussed within the chapter, all theories and definitions are chosen with the context of category extension in mind. This presentation of brand theory is made in order to facilitate the reader’s understanding of the discussion on category extensions that follows in later chapters.

3.1 What is a brand

A product is something that is made on a factory; a brand is something that is bought by a customer. A product can be copied by a competitor; a brand is unique. A product can be quickly outdated; a successful brand is timeless.

The concept of brands is in no way a new concept since it is known that already in ancient Egypt brickmakers marked their bricks with unique symbols to identify their products and trademarks did probably evolve in medieval Europe when guilds used markings to i.e. assure the consumer of the products quality. Brand names became a concept first during the sixteenth century when whiskey distillers began shipping barrels with the name of the producer burned, or “branded”, on top of each barrel so that the customer could identify the distiller but also prevent substitution with cheaper products, similar to the functions the brands carry even today. The idea to add or replace the producers name with a symbol or other words emerged during the eighteen century in order to differentiate the products from competitors and to make the product easier to remember, even this much like today. (Farquhar 1989)
The importance of brands can be debated but that it is an important aspect of a product is hard to neglect. Experiments on the influence of brands on consumers have been conducted, and one of these showed that women who were unwell felt better after taking brand aspirin than generic aspirin, but not only that; the same were also seen within the group of women that were given brand placebo compared to generic placebo (Franzen & Bouwman 2001). But to be able to work with the aspects of brands and brand extensions we must first define what a brand is. The function of the brand is to enable the customer to encode the functional as well as emotional aspects of a product in their mind resulting in the capability to recognise differences among several competing products with similar offerings (Martinez & de Chernatony 2004). According to Kapferer (1997), the brand can be identified not as the product but as what gives the product meaning and defines its identity in both time and space. This definition separates the brand from the trademark where the trademark focuses on the product as an object or performed services and the promises they are expected to live up to, whereas the brand emphasises on immaterial or tacit factors such as associations and identity (Uggla 2002, Aaker 1995). James Burke, former CEO of Johnson & Johnson, has defined a brand as “the capitalized value of trust between a company and its customers” (Quelch & Harding 1996, p. 106). This somewhat vague definition is still a very good starting point in our search for what creates the bonds between the consumer and a brand, and also which connections that must be established to transfer the consumers belief in one product to another within the same brand. To be more specific on the aspect of what components creates a brand, with brand extensions in focus, Anita K. Hersh, CEO of Lister Butler, says that for expanding a business one needs to protect the core brand since “the brand’s identity system is the most essential vehicle for communicating what the company, product or service is. This system (brand names and nomenclature, logotypes and symbols, colours, corporate voice, and visual style) embodies the meaning of the brand”. (Maruca 1994, p. 34)

### 3.2 Brand equity

In our purpose, brand equity is a fundamental component. In order to answer the purpose, we therefore present the theories and definitions of equity which we find adequate. When it comes to brands, a popular way of defining value is to express it in terms of “brand equity”. Value can be defined in a number of different ways, ranging from the “relative duration of a musical note” through “the quality, positive or negative, that renders something desirable or
valuable” to “a numerical quantity measured or assigned or computed” (Princeton.edu). In order to identify factors that enable enhanced brand equity through category brand extension, we must therefore first discuss the subject of brand equity.

An increase in the complexity of brand offerings as well as marketing communication options has lead to a need of theories and frameworks in order to provide tools to interpret various brand strategies. Therefore, the concept of brand equity became very popular in the 1980’s to serve as a common denominator or as the basis for a much needed unified conceptual framework. Even if the emergence of the brand equity concept helped to highlight the importance of the role of the brand in business strategy, a problem of definitions has since persisted. Brand equity has been defined not only in a number of different ways but also for a number of different purposes that have resulted in some confusion concerning the term. (Keller 2003)

**Classification of Definitions**

A simplified classification of different approaches to brand equity and its definitions is offered by Feldwick (1996) who divides brand equity into three groups. The first one is called *brand valuation* or simply brand value. It is characterised by that the total value of a brand is regarded to be a separable asset on the balance sheet or when it is sold. This being a meaning generally adopted by financial accountants. The second group is labelled *brand strength* and deals with the issue of measuring the strength of the consumers’ attachment to a specific brand, often referred to as brand loyalty. The third group is named *brand description* where the brand equity is defined in terms of the association and beliefs the customer has about the brand that also is denoted brand image. Brand image as well as loyalty will be dealt with in greater detail later in this chapter. The two groups *strength* and *description*, are to separate them from the asset valuation meaning, sometimes referred to as “consumer brand equity” (Wood 2000). Figure 2 below visualises the relationship between the different approaches to the concept of “brand equity”.

Within the approach of brand equity as *brand valuation*, the assumption that a brand is different from a product is fundamental and this difference is what most definitions are focused on (Blackston 2000). There are observers agreeing on that brand equity should be defined in terms of marketing effects that solely can be ascribed to the brand, and for these branding is concerned with endowing products with the specific difference between the product and the brand (Keller 2003). A definition that points out the relevance of endowing products with something more through marketing efforts is provided by John Brodsky (in Keller 2003 p.43) when he claims brand equity to be “the sales and profit impact enjoyed as a result of prior’s years marketing efforts versus a comparable new brand”. Another definition, on somewhat the same theme, gives that brand equity is “the measurable financial values in transactions that accrues to a product or service from successful programs and activities” (J.Walker Smith in Keller 2003 p.43).

An example of the *brand strength* approach to brand equity is given by Strivastava and Schocker (1991) when describing brand equity as “the set of associations and behaviours on the part of a brand’s customers, channel members, and parent corporation that permits the brand to enjoy sustainable and differentiated competitive advantages.” It is often stated that it is expensive to gain new customers and relatively inexpensive to keep existing ones. Except for buying a product on regular basis, a loyal customer can provide brand exposure and reassurance to potential new customers (Aaker 1991).

Blackston (2000) emphasises on the brand as being the consumer’s idea of a product. He divides equity into two different types, *fundamental* and *added-value*. The first type concerns...
The classical marketing variables of product, price, packaging, distribution and measured brand image that can be compared to *brand valuation*. The latter deals with more elusive factors of intangible nature, often called *brand description*. According to Blackston, researchers have been too focused on the fundamental type and attempting to measure and quantify brand equity instead of trying to understand the nature of the *added-value* equity. In this approach, where the brand is how the customer perceives the product, the consumer is thought to be an active participant in the creation of equity and therefore being an important object of study. The author concludes that brand equity is not merely a value, but an interactive process involving both brand and consumer. (Blackston 2000)

There is an assumed relationship of causality between the three specific groups. Simply put, *brand description* is constructed to satisfy presumed needs of a specific target group using a mix of product, price, place and promotion. The success, or the failure of the mix determines the *strength* and resulting loyalty for the brand, which in its turn guarantees a future cash-flow that enables *brand valuation*. (Wood 2000) A definition that presumably covers Feldwick's range of classification of brand equity is given by Leuthesser (1988) saying that "the set of associations and behaviours on the part of a brand’s customers, channel members, and parent corporation that permits the brand to earn greater volume or greater margins than it could without the brand name.”

**Measuring Brand Equity**

The perhaps greatest problem with brand equity is the problem of its measurement, as no common viewpoint exists on how to conceptualize and measure it (Keller 2003). If measuring is supposed to deal with quantification, *brand description* and *brand strength* are not expected to be included, whereas brand valuation is considered quantifiable (Wood 2000). In this thesis, the focus is on “consumer brand equity”, e.g. *brand description* and *brand strength*. This choice is based on that even if we want to identify factors that enhance brand equity, we have no intention of quantifying it. When measuring brand equity, it can be viewed from the perspective of the consumer, the firm or the trade (Grime et al.2002). Brand equity out of the customer’s perspective deals with making the purchase decision easier, create satisfaction and facilitate interpretation and information processing (Aaker 1991). These are important aspects of brand equity that in their turn helps create value for the firm. Even if we choose the label
“consumer brand equity”, the aim in this thesis is to consider how enhanced brand equity can provide value to the firm.

When determining the equity of a brand in a descriptive way, not trying to quantify the value, there are several elements to emphasise. Aaker (2004) suggests the use of seven different elements of brand equity, all related to consumer brand equity. These elements that are interrelated should always be adapted to fit the specific product category one is focusing on.

In order to identify strength and weaknesses in the brand, the elements to be considered are how well the customers know the brand, their awareness of it, as well as the brand’s reputation and differentiation. How well is it regarded and does it differ from the competitors? Has the brand energy and do the customers perceive it as having relevancy? Are the customers loyal to the brand and if that is the case, on what is this loyalty based. Finally to be considered is the brands possible extendibility, can it be a platform for future growth and which are the associations that potentially can stretch over different product categories?

(Aaker 2004) This is a framework that Aaker have been developing over time (see fig. 3) and if we compare the components of brand equity that he presented in 1991, and the above presented elements of 2004, one difference concerns the variable “extendibility”. “Extendibility” was in 1991 a variable that was only a part of the bigger concept of brand associations, and in 2004 it is one of the important elements to consider when determining the equity of a brand. This could imply the growing importance of brand extensions.

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**Figure 3:** Elements of Brand Equity (Aaker 1991 & 2004)
3.3 Brand Identity

As earlier mentioned, a brand is not merely a name or a logotype; it is a carrier of so much more and that is why the concept of brand identity has become widely used. Since the brand’s function is to obtain the consumers attention, it has to create some form of emotional connection that gives it a unique position in the mind of the consumer (Keller 2003). Here, the brand acts as a source of information, giving the consumer the possibility to assign different identities to different products (Low & Fullerton 1994). The brand identity has been identified as the associations the owner of the brand strives to obtain on the market according to Aaker (1995). He also believes that one must consider the perspective of the brand-as-person, brand-as-organization, and brand-as-symbol as well as the brand-as-product. It is therefore of the essence to identify the core identity of the brand. Aaker (1995) further reasons that it is important to modify the identity as needed for different market segments and products and to have an identity for each brand. All these views on what identity is for a brand show that it is a complex concept. Identity can in business be seen as branding, or positioning or even market strategy, it can be a tool as well as a destination (Kenton 2004). If we look upon the word identity one can see that it is a two-sided phenomenon; it is “the distinct characteristics of an individual, but also the set of characteristics that make an individual recognizable as part of a group so “identity is about uniqueness, but also about belonging.” (Kenton 2004) Since a new product must overcome barriers of entry (primarily costs) to attract an entirely new customer base, it is more efficient if companies can create products that from the very beginning belong to a recognizable category or brand. With this belonging the identity also becomes a tool to achieve a differentiation that will make your product differ among competing products (Kenton 2004). So a clear identity can facilitate the exchange of value as well as it can communicate market- or social position enabling the creation of trust and acceptance.

To understand the complexity of brand identity, Kapferer (1992) has developed the brand identity prism, figure 4. Its six facets represent one component of the identity that strengthens the others.
Kapferer (1992) state that a brand’s physique is a combination of either salient objective features or emerging ones, the total sum of the brand’s basic characteristics. The personality is how the brand is perceived in the eye of the consumer, which presents the fact that a brand has a relationship to its consumer and thus offers possibilities for interpersonal exchanges. The concept of brand personality will be further developed later on. Each brand does also originate from a culture, which affects the way it communicates; the cultural facet refers to the basic principles governing the brand in its outward communication. Reflection is about how a brand reflects a consumer’s identity and becomes a part of the consumer’s way of identification and interaction among others. Finally there is the aspect of self-image, which is how we as consumers create an inner picture of ourselves through our attitudes to the brands we use.

Kenton (2004) concludes that an effective identity is necessary for a business if it should fulfil the primary goal of making money successfully, but that it is the opposite for the individual; spending money constructs our identity since we are what we buy.
Brand Associations

It is, with the former reasoning concerning brand identity in mind, possible to see that the associations a brand carries for the consumer is a key asset. Brand association is described by Rangaswamy et al. (1993) as being the unique meanings associated with a certain brand name and can be used to differentiate one brand from another (Aaker & Keller 1990). The associations are usable for a company in order to help the consumer to understand information concerning the brand, to differentiate the brand and to give the customer a reason to buy the branded product. (Kapferer 1997) Further, the associations can also be used to create a positive feeling and attitude towards the brand and support an extension of the brand. (Apèria & Back 2004) Thus, it is possible to see that brand associations have a positive influence on the consumers choice, preferences and intention of purchase, their willingness to pay a price premium for the brand, accept brand extensions and recommend the brand to others (Cobb-Walgren et al. 1995).

The brand can through its associations and identity go beyond the features and attributes that limit the actual product and thereby promising something greater (Leuthesser et al. 2003). So by being the owner of a brand that possesses a high level of recognition as well as the desired associations, the strength of the brand can be an important factor to the reduction of risks in both the branded products and the brand owning company (Kapferer 1997). When contemplating risks, factors such as loss of profit or market shares are easily identified but also less measurable aspects such as corporate identity or reputation must be included.

3.4 Brand Image

The image, or simply the essence of the brand (Aaker 2004) can easily be confused with the identity, but the image is not a construction created by the brand owner but the picture, the image, created within the mind of the individual consumer (Uggla 2002). Figure 5 is aimed at describing the relationship between identity and image. If the two diverge, the company and the consumers diverge in their perception of the brand, and if they overlap, the perceptions converge. It is considered better if the two converge, in other words, the company is successful in communicating its message and the perception of the brand is the same from both the company’s and the consumer’s perspectives (Franzen & Bouwman 2001). So whether the image and the identity are the same or if they overlap only to some extent is
important to know, but it does demand a definition and understanding of what brand image is compared to brand identity.

An image is based on the consumer’s impressions and experiences of the brand, and it is not just limited to visual representations, but to all the impressions registered by our senses. The image does not have to be limited to reproductions of previous events but can also be a reconstruction or synthesis of impressions from these events. The mind seems capable to adjust an image to fit new and old inputs together by adjusting it and thereby adapting new information. Brand image can therefore be seen as “the global total impression of the information related to the brand that is stored in memory and which is shared by the members of a culture or subculture.” (Franzen & Bouwman 2001, p. 331) It is with this in mind possible to say that an image is how a brand is perceived, and an identity is how the brand owner aspires the brand to be perceived (Aaker 1995). It has been found that it is interesting for firms to analyze the different dimensions that make up the brand image (del Rio et al. 2001).

**Brand Awareness and Perceived Quality**

One fundamental dimension of brand image is whether the customer is aware about the brand or not. Brand awareness is defined by Aaker (1991 p.61) as being “the ability of a potential buyer to recognise or recall that a brand is a member of a certain product category”. Hence, Aaker implies that there is a link between product category and the brand involved. He exemplifies with Levi using a large balloon with the name on it, making the name more
prominent but not necessarily creating brand awareness. However, if the balloon was in the form of a pair of jeans, a clear link to the product is provided hence the effectively of brand awareness creating is enhanced. Brand awareness can range from the consumer having an uncertain feeling of recognition to a belief that the specific brand is the only one in the product category.

Concerning brand equity, the role of awareness is dependent on both the context as well as which level of awareness that is achieved. The lowest level of awareness is referred to as brand recognition. In a test, perhaps in a telephone survey, the respondent is given a set of brand names from a specific product category and asked to identify those that they have heard of before. This minimal level of awareness is important when a buyer chooses a brand at the point of purchase. The next level of awareness goes under the name of brand recall. In this case, a respondent is asked to mention the brands from a certain product category. This type of “unaided recall” is a more difficult task and is thus recognised with a higher level of brand awareness. The first brand named by a respondent in an unaided survey has achieved what Aaker (1991) calls “top of the mind” awareness, being ahead of other brands in the customer’s mind. One reason to awareness being an important aspect of brand equity is the logic that if a name is recognised, there must be a reason. Either the firm have advertised extensively, it has been in the business for a long time, it is widely distributed or the brand is successful, hence others use it. These reasons are not always based on knowledge about the brand. Even if a consumer have not been exposed to advertising and generally knows nothing about the firm, brand awareness could still make her draw the conclusion that the firm is serious and can back its offer. One way to gain brand recall, and enhancing brand awareness is to conduct brand extensions, to simply put the brand name on other products. (Aaker 1991)

Perceived quality is defined by Aaker (1991 p.85) as “the customer’s perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives”. The expression is not only concerned with actual products but is also applicable to brands. Perceived quality is not an element that can be objectively determined as it is a perception. It consists of judgements about what the consumers believe is important and consumers differs greatly in needs, preferences and personalities. Often, it is not enough to achieve high quality; actual quality must be transformed into perceived quality. Perceived quality is not the same phenomenon as satisfaction as a customer can be satisfied given that
she had no or low expectations about the performance of a specific product. A high level of perceived quality does not converge with low expectations. The same goes for attitude as a positive attitude can be achieved towards a product with low quality but that is inexpensive.

Perceived quality is usually based on elements of reliability and performance but is still an intangible, overall feeling about a brand. In short, perceived quality should provide a reason for the customer to buy the product, it should differentiate the brand, provide an option to charge a premium price, attract channel member interest, and finally work as the foundation for brand extension. According to Aaker (1991), findings indicate that there is a correlation between perceived quality and the outcome of the extension. The function of perceived quality is also in literature referred to as the guarantee function, and is based on the notion that the brand is reliable, efficiently carries out its performance qualities and meets the generated expectations. It has been observed that the association of the brand with the guarantee function favours the recommendation of the brand, the obtaining of a price premium. (Ambler in del Río et al. 2001)

**Brand Personality and Relationship**

The identity and image of a brand create the foundation for the evolution of an emotional bond between the customer and the brand that is a compliment to the rational demand of a certain product (J. Aaker 2004). This bond is often named brand personality and is the basis of the customers’ emotional relationship to a brand. It is stated that consumers are less cynical about brands than they appear to be. People often claim that are not influence by brands but according to Langer (1997) this might not be the case. She claims that consumers respect brands that are able to stay in the market for years and have high brand awareness. They trust the “old time favourites” but also go out looking for upcoming brands. In today’s world of uncertainty, brands can even bring an element of continuity into peoples lives. (Langer (1997)

When describing brands, people tend to use the same terms as when talking about people in their surroundings. The development of a brand personality grows as the behaviour of a brand becomes more personalised. (Franzen & Bouwman 2001) With the behaviour of the brand, Franzen and Bouwman (2001) mean that all activities from the marketing mix can be perceived and interpreted as forms of behaviour of the brand. This perception and
interpretation is based on which personality traits are attributed to brands. On these traits, the consumer can form an image of the brand as person. As a consequence, the consumer can see the brand as “doing things”. These personality traits that are attributed to the brand influences how the customer perceive the product so the personality aspect shows that there is a strong emotional relationship to every action that is undertaken by either the brand or the consumer (LePla & Parker 2002). It is because a brand has this form of personality that brands are treated like persons when spoken about. All activities performed around a brand are perceived and interpreted by customers as a form of behaviour on which personality trait can be added and this is why we can talk about a brand as an active and individual actor that performs on its own. (Franzen & Bouwman 2001)

Consumers have an image of the type of person that use a brand. Therefore, it is important to make a distinction between user associations and brand personality. User associations are described as a set of human personality traits that are associated with the stereotypical user of the brand. Brand personality, on the other hand, is when a set of human personality traits are directly associated with the brand. (Franzen & Bouwman 2001) Since we can see brands as i.e. ‘friendly’ or ‘credible’ and thereby attributing the brand with a personality, we can also create a relationship with the brand and by that perceive brands as i.e. ‘convincing’ or ‘intimidating’. (Franzen & Bouwman 2001) Another view is offered by J. Aaker (1997) who has divided brand personality into five sets of human characteristics: Sincerity, excitement, competence, sophistication and ruggedness in order to explain and clarify with which characteristics a brand can be endowed hence giving it one of these personalities.

Brand relationship is a relationship between the consumer and the brand (Langer 1997) and since it is possible to personify a brand, it can become a partner in a relationship (Fournier & Yao 1997). A partnership can contribute on different levels and long relationship can offer a sense of security. There is a stronger need for the comfort and reassurance of a long-term relationship when the consumer experiences great insecurity. The insecurity plays an important role in its financial, functional, and social meaning. The larger the perceived risk, the stronger the need for comfort and reassurance that a long term relationship with a brand involves. (Franzen & Bouwman 2001) When looking at brand relationships, it is possible to see two sides: the consumers’ attitudes and behaviours towards the brand and the brand’s attitudes and behaviours towards the customer. But since the relationship is a creation in the
mind of the consumer the important aspect becomes what the customer think that the brand thinks of them. So apart from the customers’ view of the brand as an object, the customers’ image, there is also a subjective part of the brand where it has its own set of attitudes. (Blackston 2000)

Fournier and Yao (1997) point out that a relationship between a person and a brand is a mutual dependency and is characterised by a unique history of interactions. Further, the relationship also includes anticipations of common future events, which are characterised by a strengthening of the emotional bonds. Fournier and Yao (1997) continue by stating that there are large similarities about how consumers respond to certain brands and theories of relationships between people. A relationship is a two-sided connection. A person in a relationship with a brand can imagine that a brand knows her and knows what her wishes and feelings are.

Relationships with consumer are not only to be made for premium brands that can be seen as icons in society radiating superiority. Relationships can also emerge between consumers and regular brands, which can explain the fact that having a relationship, can serve various important purposes for consumers. These various purposes correspond to three roles, a practical role which implies that the customer always returns to the same brand as a consequence of habit and convenience. The emotional role concerns when consumers identify with brands and use them for self-expression and as links to past memories. The third role is the social, where the brand also makes it possible to show others who you are and what you stand for, stating your position in a social group. (Langer 1997)

Social groups
A brand personality is one part of what together with the image, brand emotions, and brand values create the symbolic brand value. Brand emotions are the associations that connect a brand with holistic affections such as ‘positive’ or ‘negative’ whereas brand values are how a brand can be connected to abstract meanings like ‘honest’ or ‘intimate’. (Franzen & Bouwman 2001) There is a transfer of meaning from a culture to the consumer through products that are charged with symbolic meaning, thus carrying a symbolic value (Apéria & Back 2004). The created symbolic brand value has three functions: an expressive function, a
social adaptive function and an impressive function. The expressive function allows the consumer to show others who they are, what they stand for, what they consider important and what they believe is worth pursuing or rejecting. The brand becomes an extension of the consumer’s personality and it is chosen if it fits the desired image she wants to express. Considering the social adaptive function of the individual, brands can be of importance when it comes to the perception, positioning and evaluation of one individual among others. The brand functions as a symbol for conforming the demands of a subculture, or as a way to be accepted by this group and more easily included. An individual can hereby use brands as a way to imitate the standards within a social group and so reach a desired identity. The third function, the impressive function, is about feelings of contentment, self-satisfaction or self-confidence that emerge from brands. This meaning of the brand is a social construction but the feeling a certain brand evokes is unique to the individual. A choice of brand can also be made with focus on social values where the consumer can get a good feeling about choices made by choosing products that promise some form of social- or environmental responsibility. (Franzen & Bouwman 2001) This last factor can be compared to the aspects of self-image and reflection in the prism by Kapferer (1997) whether it refers to how the brand makes the consumer feel or how she wants to be regarded by others. Individuals can enhance their self-image through the images of the brands they buy and use. In this way, the greater the consistency between the brand image and the consumer's self-image, the better the consumer's appreciation of a brand and the greater her intention to buy it. (Graeff 1996 & Hogg et al. 2000 in del Río et al. 2001)

The social group identification function is based on the brand's ability to act as a communication instrument. This function can either allow the consumer to manifest the desire to be integrated in a social group, or on the contrary, to dissociate her from the groups of individuals that make up her social environment e.g. those people with whom she currently interacts or aspires to do so with. Consumers will positively value those brands that enjoy a good reputation within the groups with which they belong to or aspire to form part of (Long & Shiffman in del Río et al. 2001).

**Loyalty**

A brand that enjoys a good reputation within a social group is trusted. Without trust, the
consumer has no grounds for using a specific brand as a shortcut to her purchase, and that would create a need for assessments and analysis of a collection of information that a purchase decision would demand. To avoid this and since we want the consumer to use a given brand as a cue for purchase, the consumer has to place a considerable degree of trust in this specific brand. (Reast 2005) New and faster channels of communication has made way for more efficient ways to gain and improve customer satisfaction and thereby increase the trust in the brand and generating more repeat business (McKenna 2002). This leads us to the concept of brand loyalty that can be seen as a certain degree of repeated purchase of brands (Franzen & Bouwman 2001). The discussion of to what extent a repeated purchase must occur to be identified as loyal will not be engaged in this thesis. The loyalty that consumers show to a given brand is, in part, constructed from consistent satisfaction with the performance of that brand. But since most of us do not compare performance or satisfaction in any formalized way, over time this satisfaction becomes less objective and the term brand loyalty rather than just brand satisfaction has evolved. (Reast 2005) The consumers’ loyalty to a brand or a product is at the heart of a company’s vitality according to McKenna (2002) and is one of the key elements of a brand’s equity (Aaker 2004, Apéria & Back 2004).

If customers are indifferent to the brand and in fact make their purchase with respect to price, features, and convenience with little or no concern to the brand name, there is no brand equity. If, on the other hand, the customers continue to purchase the brand even if there are competing products with superior features, price and convenience, substantial value exists in the brand. Brand loyalty is a measure of the attachment a customer has to a brand. It reflects how likely a customer will be to switch to another brand, especially when the first brand in question makes a change, either in features or in price. A key condition concerning loyalty is that the loyalty lies with the brand and not the product. If the loyalty is to the product, the brand equity is non-existent. Further, it should not be possible to transfer the loyalty from a brand to another name and symbol without spending considerable amounts of money. Compared to other elements of brand equity, presented earlier, loyalty is qualitatively different as it cannot exist without an initial purchase of the product and use experience. In contrast, awareness, reputation, differentiation, energy, and relevance are elements of which the consumer can have ideas without ever buying the product. In its turn, loyalty is also influenced by these elements, as it can be largely dependent on, for instance the brands reputation or differentiation. (Aaker 1991)
A somewhat opposing view to brand loyalty is provided by McKenna (2002) who argues that the arrival of new technology, that lowered the barriers of entry for new products and created new channels of supply, has made consumers aware of the options available and that there is more to consider than just brand. (McKenna 2002) This can be seen by regarding the fact that the number of brands in the U.S. grocery sector has increased from 15,000 in 1991 to 45,000 in 2001 (Kohli et al. 2005) and up to 80% of customers of an established brand are seen as non-loyal (Hallberg in Apéria & Back 2004). The changing society is another factor since the increased diversity in all offerings is growing. This fact is seen as reason to why there is a diminishing loyalty within most traditional forms of community bonding organisations, i.e. churches and other non-profit organisations, a decline in social capital. (McKenna 2002)
4. Brand Extension Theory

In this chapter we are approaching brand extensions and the theory behind why extensions are performed. Further, we are discussing different definitions of brand extensions in order to clarify what we perceive as a category extension, a definition that is used throughout this thesis. The chapter ends with a discussion on benefits and difficulties which are involved when conducting brand extensions.

4.1 Evolution of Brand Extensions

Even though brand extension is not a new phenomenon, its popularity amongst both practitioners and researchers increased during the 1980’s and hence coincided with the emergence of the concept of brand equity. (Ambler & Styles 1997) The two concepts are interrelated; the equity of a brand has impact on the outcome of the extension (Rangaswamy et al. 1993) as well as the extension has significance for the equity of the brand (Dacin & Smith 1994).

The historical explanation behind brand extensions becoming popular lies within the evolution of brands as an important asset to the company. This evolution is, according to Uggl (2002) based upon a shift in the industry focus. In the 60’s and 70’s, focus was strong on product- and brand invention as a strategy for success, but in the wake of the oil crises and with an increasing emphasis on cost reduction together with environmental and ethical issues emerging, companies started to turn towards the idea that its resources could be reutilised and recapitalised. The brand was realised as a strategic asset that could be the foundation for successful business strategy. Brand extensions since have often been looked upon as organic growth without being considered as brand extension. (Uggl 2002) There are such emergent extensions, so called ad hoc extensions, that have become great successes as well as there are driven extensions that have been planned for years that turned out complete failures (Aaker 1996). Nevertheless, Uggl (2002) claims that extensions undertaken with strategic intent have proven to have better prerequisites for success in long term. This statement is part of a
bigger discussion whether intended strategy generally is more successful than emergent strategy that we will not further engage in. We are solely interested in the intended, driven strategy of brand extension. According to Keller (2003), up to 90% of new product launches are extensions of brands. This figure refers to line extensions so the aggregated figure for all kinds of extensions is with certainty higher. The differences between the two types will be discussed in further detail below. Even though extension of brands has become a popular strategy, far from all brand extensions are successful. Figures from 1997 show that 28 % of the line extensions failed and the corresponding figure for category extensions were at 84 %. (Völckner & Sattler 2002 in Uggl 2002)

Definitions

One problem with brand extension lies in the existence of several coexisting definitions, labelling the same phenomenon. We will address this uncleanness by categorising the different definitions. We have chosen to divide the different definitions into three specific sub-groups. Dependent on what part of brand extension that is focused, we have sorted the definitions into the groups: line, category, and co-brand. In figure 6 below, we present what we believe are the most common definitions of the phenomenon brand extension.

**Line**

*Line extension* “a current brand name is used to enter a new market segment in its product class” (Aaker & Keller 1990 p.27)

*Line extension* “applies an existing brand name to a product in one of the firm’s existing categories” (Farquhar 1989 p.29)

*Vertical brand extension* “ a vertical brand extension on the other hand, involves introducing a brand in the same product category as the core brand, but at a different price point and quality level” (Kim & Lavack 1996)
Category

Category extension “ Applies an existing brand name to a product category that is new to the firm” (Farquhar 1989 p.30)

Brand extension “a current brand name is used to enter a completely different product class” (Aaker & Keller 1990 p.27)

Brand extension “when using an established brand name identified with a product in one market for a new product in another market”. (Forney et al. 2005 p.157)

Brand Stretching “Transferring the successful brand name to quite a different market” (Wood 2000 p.668)

Brand Franchise Extension “taking a brand name familiar to the consumer and applying it to a product in a new category” (Tauber 1981 in Grime et al. 2002 p.36)

Line and Category at the Same Time

Horizontal brand extensions “either apply or extend an existing product’s name to a new product in the same product class or to a product category new to the company” (Pitta & Katsanis 1995 p.60)

Co-branding

Co-branding “involves recognising that the public’s knowledge of an alliance is added value” (Kapferer 1997 p.89)

Figure 6: Definitions of Brand Extension

As stated above, and as figure 6 implies, there is a need to differentiate between the different extension concepts. Ambler and Styles (1997) points out that the literature on brand extensions has, throughout the years, used extension definitions and terminology inconsistently. Tauber (in Grime et al. 2002) for instance, uses the term “brand franchise extension” and describes this as taking a brand name familiar to the consumer and applying it
to a product in a new category i.e. new product class. Farquhar (1989) describes two types of brand extension. A line extension applies an existing brand name to a product in one of the firm’s existing categories. A category extension on the other hand, applies an existing brand name to a product category that is new to the firm. Aaker and Keller (1990 p.27) also make a distinction between two kinds of extensions. The first concerns the line extension, “whereby a current brand name is used to enter a new market segment in its product class”. The second, denoted brand extension is defined as when “a current brand name is used to enter a completely different product class”. Compared to Farquhar (1989), the line extension according to Aaker and Keller differs in that market segmentation becomes more of an issue in the latter. Concerning the brand extension definition of Aaker and Keller, it is similar to Farquhar’s category extension, although Farquhar emphasise on the aspect of the new product category being new to the firm.

**Our Choices**

The focus in this thesis is on category extensions, the type of extension that is represented in figure 6 under the headline “Category”. To us, a category extension is when a company launch a, to the company, new product under the same core brand. With a new product, we mean a product with low product feature similarities compared to the company’s original production. Yamaha’s snowmobile for instance, is a new product given that the company started up with producing reed organs. When it comes to line extensions, we will use the expression, refer to an extension where the extended product’s features are closer to the original production. An example of what a line extension is from our point of view is Coca-Cola and Diet Coke.

What we here have chosen to call “category extension” is often called “brand extension” in the brand literature, which can be somewhat confusing from time to time. In this thesis however, we use “brand extension(s)” as an all-embracing expression covering all types of extensions. We do this as we simply find it more logical to use “brand extension” as an all-covering expression. “Category extension” as well as “Line Extension” and “co-brand extension” therefore constitute sub-groups to “brand extension”. Figure 7 summarises how we divide brand extension definitions into different groups.
Figure 7: Brand Definition Groups

Figure 7 presents, beside “category extension” also line extension and “co-brand extension”. In this thesis, we are not concerned with line extensions to any higher degree, but the phenomenon serves as a contrast to “category extension”. “Co-brand extensions” is when two different brands are used together, an example being Puma shoes with Goodyear outsoles. The phenomenon is interesting but it will not be discussed further as we have chosen to solely focus on “category extensions”.

Important to remember when classifying definitions of brand extensions are the boundaries, which can be quite clear in theory, not necessarily are so in practice. A popular example on a typical line extension is Diet Coke, being Coca Cola in a somewhat new form. Consider then that Diet Coke is a product entering the, for Coca Cola Company new, “diet drink” market and Diet Coke would by our chosen definition become a category extension. Further, Sony when launching their first cell phones conducted a category extension, entering a new market. But if one define Sony’s market broader, as the market for “consumer” electronics, the extension would then be within the same product category and hence a line extension. (Ambler & Styles 1997) Figure 8 below visualise the dynamism of the difference between Line- and Category extension. We want to emphasise that there are no clear boundaries and when classifying extensions, there are always different aspects to take into consideration.
Some definitions on brand extension deals with the aspects of consumer segments, e.g. that an extension is when an extended product applies to a new consumer segment. We in our view choose to only look upon the change in product characteristics. We therefore see the possible change in consumer segments as a consequence of the altered or new product. We make this choice as we are of the opinion that it is hard or even impossible to generalise and determine whether the extension will appeal to new or existing consumer segments. Some researchers (Wood 2000, Ambler & Styles 1997, Pitta & Katsanis 1995) imply that there is a correlation between a category extension and the extended product reaching for a new consumer segment. We do not deny this being possible but we find that one must emphasise on the individuality of each product and each extension. Hence, we find that there are category extensions that are accepted in some cases by the existing consumers, in other cases by new consumers and sometimes by both. An applicable example is the perfumes, launched by the major fashion brands. These perfumes are bought by the brands’ existing customers, as well as by the consumer segments that cannot afford the original products.

4.2 Research History

In this chapter we describe how the research and its focus on brand extensions have changed over the years. It is a chapter that introduces the aspect of fit in extensions and its importance in the research. As earlier mentioned, the popularity of brand extension has increased among practitioners since the 1980:s, hence also research on the phenomenon. Up until 1981, research on brand extension was sporadic and the brand was often described as simply being a part of the augmented product. The change came when Tauber presented his findings on successful American companies that launched new products under existing brand names, and hence, the field of study came to grow intensively (Ugglä 2002). According to Grime et al.
(2002), research on category extensions has mostly focused on consumers’ perception of “fit” and quality evaluations of category extensions. Research on line extension, in contrast, has tended to focus more narrowly on issues such as cannibalisation, i.e. one product “stealing” sales of another, and optimal entry times for line extensions. Further, most studies investigate either factors contributing to favourable consumer evaluations of an extension, or the potential negative impact of extensions on the core brand. (Grime et al. 2002) Extension research has emphasised on “categorisation theory” as the fundamental theoretical reason behind its investigation (Park et al. 1993). Categorisation theory implies that when extending a brand name, the transfer of brand associations is believed to be largely determined by categorisation judgements. In other words, whether the consumer accepts the new extension as being a suitable member for the new category (Park et al. 1991). When faced with an extension, consumers initially categorise the new introduction by evaluating the suitability of the brand in the new category. (Park et al. 1991) If the core brand associations are transferred to the extended product, consumers will perceive the extension as fitting with the new category and it will be likely that they accept it (Chakravarti et al. 1990). Aaker and Keller (1990) points out that research is indicating that categorisation judgements and the transfer of brand association are particularly affected by consumer perceptions of fit. Grime et al. (2002) concludes that it is the level of fit between the core brand and the extension, and not the type of extension, i.e. category, line, or co-brand, which is the most important concern. A detailed discussion on fit and its effect on the core brand caused by different types of extensions will be presented in chapter five.

To conclude, research on brand extension has increased the last 25 years and concerning category extensions, focus have been on the concept of extension fit. (Grime et al. 2002). If the fit is good, the extension is supposed to be successful and the existing brand name creates additional cash-flow through sales generated by the new product. Further, Grime et al. (2002) pointed out that most studies investigate factors, either contributing to favourable consumer evaluations of an extension, or the potential negative impact of extensions on the core, e.g. the original, brand. To bear in mind is that even if the extension and the impact on the core brand are mentioned separately, the extension is still a part of the core brand.
Evaluating Brand Extension

It is possible to measure extension success in a number of ways, such as market share, profitability, or numbers of years the extension has survived (Reddy et al. 1994). These ways are quantifiable and converge with the earlier discussion on how to measure brand equity. In this thesis, the value of an extension will be described in terms of brand equity out of the perspective of consumer brand equity. The majority of extension research has focused on the consumer perspective and their evaluations, attitudes, of an extension and the core brand. (Grime et al. 2002). There are two main reasons why particular attention has been given to consumer evaluations. The first reason consumer evaluations are important is that they are believed to be a key element in determining the success of extensions and core brands (Aaker & Keller 1990) The second reason is that favourable consumer evaluations are thought to be essential in developing the equity of a brand according to Pitta and Katsanis (1995). The reasoning then becomes circular as consumer evaluation builds brand equity, the expression we use to evaluate the success of a certain brand extension. Grime et al. (2002) focuses on the consumer perspective when evaluating extensions and core brand. They motivate their choice of this more qualitative approach due to its extensive empirical testing and in extension research. Aaker and Keller’s study of 1990 is one example of such a study. Further, Grime et al. (2002) points out that brand equity is closely tied to the development of a competitive advantage evaluated by the consumer, and therefore, a consumer perspective can be regarded as appropriate at extension evaluations. Common in all evaluations of extensions is the underlying view that brands needs to satisfy consumers’ functional e.g. quality and reliability, as well as, representational, e.g. emotional and symbolic, needs (de Chernatony & McWilliam in Grime et al. 2002).

4.3 Benefits of Brand Extensions

Initially, when discussing benefits of brand extensions, we will focus on what the existing brand name bring to the extension. What in the successful case is referred to a “good” extension (Aaker 1991, Glynn & Brodie 1998). Even if we in the introduction stated that we are emphasising on “very good” extensions enhancing brand equity, this discussion on “good” extensions is important as “good” outcome is a prerequisite for a “very good” extension.
Purchase decisions are often based on a limited number of product attributes. A credible differentiation with the help of merely key attributes can be difficult to create, especially if there are established competing offerings. Therefore, the importance of associations should not be neglected. A strong association can help the communication task and hence position the brand. (Reast 2005) In an extension, it is important to transfer the association to the new product category. In many situations, product feature attribute positioning may be dangerous. A brand can end up in a “specification battle” i.e. the brand with most fibres, the fastest service response, lowest number of complaints etc. Such specification claim can be short-lived as competitors may alter their products. Further, if a brand is competing on features, the customer can, according to Aaker (1991) be confused and hence disregard the claims and make their purchase decision on an intangible perception of quality that is not based on feature attributes. Often, the use of established brand names is a good way to achieve high-perceived quality and thus reduced risk for the buyer, and by putting the brand on many products, as Hewlett-Packard for instance, diminishes the products specific associations. The value the brand is providing is in this case the perceived quality and the feeling of the brand being sustainable for some time to come. (Aaker 1991)

Glynn and Brodie (1998) state that a “good” brand extension is, as above mentioned, when the existing brand name aids the extension as a “very good” extension on the other hand even enhances the brand name. Similarly, Aaker (1991) means that a “more good” extension can, and actually should, enhance the core brand, reinforcing the image of the brand and hence provide a building function. An extension can provide this as it increases the brands visibility.

The tendency to use established brands in different contexts and roles is caused by the fact that is usually expensive establishing a totally new brand (Aaker 1995). This statement is common among researchers (Farquhar 1989, Kim & Lavack 1996, Ambler & Styles 1997) but we believe that it has to be further developed. Concerning the case of line extensions, the cost argument is less important. A new brand name is often not an alternative in the case of a new similar product in the same category. (Quelch & Kenny 1994) Here, the cost of creating a new brand is therefore seldom an issue. Line extension is foremost about capitalising on brand awareness without confusing the customers (Tauber 1988). A new brand name would not make sense given that the existing brand name has a reputation in the given product category. When it comes to enter a new market with a new product, there is a bigger incentive to create
a new brand than it is in the case of entering the same product category (Aaker & Joachimsthaler 2000). If the company can conduct a category extension despite the incentive to not, it will save money using the already existing brand. Therefore, cost is a driver primarily applicable in the case of category extensions. One aspect enhancing the cost driver is when companies create international or even global brands for several products, significant cost reductions can be made in all areas of business due to economies of scale (Schuiling & Kapferer 2004, Ambler & Styles 1997).

Another motive for conducting a brand extension is the potentially lower risk, compared to creating a new brand, when satisfying the consumers’ demands and needs. A new product under an extended brand starts up with brand awareness, which is not the case with a new brand; hence the risk with the extended product can be regarded as reduced. But performing a category extensions does not only carry benefits, there are also several difficulties to overcome (Ambler & Styles 1997).

4.4 Difficulties of Brand Extensions

Even if there are great potential in conducting extensions, it is not always simple. A brand name can fail to help the extension or even cause an association that hurts the extension. Even worse is if the extensions survive but damages the core brand equity by weakening existing associations or adding new undesired ones (Aaker 1991). To use the brand to penetrate new product categories have become a major strategic growth option. If an extension turns out to weaken existing associations or add new undesired ones, the outcome would then reduce brand equity, which could be crucial as the brand often is the most real and marketable asset in a firm. However, Dacin and Smith (1994) point out that the risk of weakening the brand grows when conducting repeated extensions into loosely related product categories. These damaging effects, both on the extension at hand, and on the core brand imply that a strategic extension decision has to be well founded and thoroughly thought through.

To give an extended product a recognised brand name, its credibility, and its quality associations is not always enough. There will always be a risk that even if the extension is initially successful, it will be vulnerable to competition (Aaker 1991). It is necessary to bear in mind that just because a brand is extendable into a new category does not automatically
mean that it will survive forces like competition, economies of scale or supplier relationships (Ritson 2002).

As stated, the brand name often is a key asset in a firm. However, extensions are often evaluated on its own merits, without regard to the core brand. There is however a possible damage to the core brand that must be considered as having an extension failing is not usually as bad as having it succeed or survive and damaging the core brand at the same time. This damage to the core brand can be caused by undesirable attribute associations, decreased perceived quality, or altered brand associations. As an extension usually creates new brand associations, some of these may be potentially damaging to the core brand and hence undesirable (Pitta & Katsanis 1995). A transfer of potentially negative associations from the extension to the core brand is less likely to occur when the core brand associations are very strong and when there is a distinct difference between the original brand and the extended product. The by the extension created associations can also disturb a sharp image of a core brand. The danger is believed to particularly great when the brand’s key association is a product category, i.e. Walkman, Xerox, and Jeep. (Aaker 1991) Factors like cannibalisation of existing lines and mixed messages from different product categories can damage the brand by creating brand dilution (Ambler & Styles 1997), dilution is defined as a negative change in the consumer believes (Roedder John et al. 1998). A mixed message can even cause negative connotations in the mind of the consumer, weakening the core of the brand (Roedder John et al. 1998).

The various forms in which a brand can exist today make building and managing brands difficult. In addition to knowing its identity, each brand needs to understand its role in each context in which it is involved. Further, the relationships between the categories must be clarified both strategically and with respect to customer perceptions. (Aaker 1995)

Since different organizations and individuals with varying perspectives and goals often handle different brand-support activities, coordination is all the more difficult. When advertising, public relations, event sponsorship, promotions, trade shows, event stores, direct marketing, package design, corporate identity etc. for a single brand are often handled by separate organizations, each with direct influence on the brand, some form of conflicts and lack of coordination must be anticipated. (Aaker 1995)
“In addition, companies are dividing the population into smaller and more refined target markets, often reaching them with specialized media and distribution channels. It is tempting to develop different brand identities for some or all of these new target segments. Developing and managing multiple identities for the same brand, however, presents problems for both the brand and the consumer. Since media audiences invariably overlap, consumers are likely to be exposed to more than one identity relating to the same brand. The result is new levels of complexity that often are not anticipated or even acknowledged until there is a substantial problem.” (Aaker 1995)

If extensions are inconsistent with the brand’s image or if it does not live up to the consumers expectations, the extension risks to dilute what the brand name means to the consumer. Thus, a category extension can diminish the consumers’ beliefs and feelings about a brand (Roedder John et al. 1998). So if the extension of a brand is inconsistent with consumers’ expectations the brand name can be diluted, but even if the brand itself becomes damaged by an extension, it is still possible that the flagship product remains unaffected. This especially if there is no close connection between the flagship and the extension. When Roedder John et al. (1998) discuss flagship products they defines it as the product, or sometimes even several products, the consumer most closely associate with the brand name and that the flagship product embodies all that the brand name stands for. From the producers view, it is instead the most prominent and successful product within the brand name. Beliefs about flagship product in a category extension are resistant to change due to the exposure, familiarity and experience the consumer have acquired about the flagship during time, and these beliefs are hard to penetrate or change. This immunity to change is considerably weaker when it comes to line extensions where the products are more closely connected while the lack of more obvious connections within a category extension keeps the flagship more protected. (Roedder John et al. 1998)

The findings of Roedder John et al. (1998) shows that with the flagship product in mind a category extension is a less risky affair than a line extension, but that these findings are not applicable to other than flagship products. Both category- and line extensions still carry the risk of diluting the consumer’s beliefs about other individual products under the same brand name.
5. Category Extension Theory

This chapter is aimed at deepening the understanding of the specific subject of category extensions. We are discussing fit in extensions in more detail than in previous chapters and now adding the dimension of category extension. The chapter ends with a section on lifestyle where we present a discussion on its different components and their importance.

5.1 Background

“A category exists whenever people treat two or more distinguishable objects equally” (Mervis & Rosch 1981 in Boush & Loken 1991). As earlier mentioned, a category extension, is the strategy of taking one existing brand name and use it when entering another product category (Farquhar 1989) or when using an established brand name identified with a product in one market for a new product in another market, offering consumers wider access to a specific brand in several product contexts (Forney et al. 2005). The reason for undertaking such strategy is to take the benefits of an existing brand name and use its already created identity and image the consumer has of the brand and exploit it in new markets (Martinez & de Chernatony 2004). When discussing category extensions, we limit the discussion to handle consumer goods. Today, consumer goods has a meaning that goes beyond the functional use of the goods, it has become a carrier of cultural meaning in a global world (McCracken 1986). In this global context, large firms take advantage of the globalisation and concentrate their efforts on developing international brands. The firms eliminate local brands in favour of a greater focus on having a smaller portfolio of international brands with a wider range of products. As these, to the global company, new products are acquired and incorporated under a global brand; they become a part in a form of category extension. (Schuiling & Kapferer 2004)
5.2 Extension Fit

This section is about fit in extensions, an area of theory that will play an important role in the sixth chapter; Syntesis of Theories. An extension needs to fit the brand, as the consumer must feel comfortable with the concept of the brand name on the extended product. A basis of fit can be provided in a variety of ways, one being links between the two product categories. Two types of relationships between product classes are believed to have impact on the acceptance of extensions. (Aaker & Keller 1990). The first type concerns the transferability of skills and assets. The brand is here perceived to have the necessary skills and assets needed to support the extension. This type of transferability is primarily concerned with product features i.e. a company that manufactures toothpaste is also trusted when introducing mouthwash. The second relationship is referred to as complementarity. This relationship occurs when the extension is used to extend a product into a category that is somehow associated with the core brand category. An example could be Oakley golf footwear, a product that is technically far away from the core but that is accepted as the brand’s sunglasses can be used when golfing. Fit can also be based on intangible attributes as prestige or status within any of the two relationships. (Aaker 1991)

The acceptance of a category extension can be attained if three factors are reached according to Ambler and Styles (1997). First, a brand and its original products must be perceived as of high quality. A brand must be able to secure a dominant association to quality in the minds of consumers, but without a strong product identification that might otherwise limit its extendibility into new categories (Keller 2003). Second, a new category should be seen as difficult to enter without some form of expertise. Finally there must exist a notion of fit between the new product category and the brand (Ambler & Styles 1997). The fit is referred to as how the consumer apprehends the degree of suitability between the brand and the extended product. This is related to the similarities of products under the same brand, and the consistency of the brand concept (Park et al. 1991), or to which degree the extension attributes and product categories suite the overall brand image (Roedder John et al. 1998). Grime et al. (2002) simply call it Product Category Similarity and Brand Image Similarity (see fig. 9). The most positive reactions to category extensions are given to those brands having a tight fit on these aspects (Ambler & Styles 1997). As non-product attributes, rather than product performance, gain importance when the consumer is evaluating a product, the more critical
that attribute becomes in determining whether it is to be rejected or accepted, e.g. *favourable* or *unfavourable* (see fig. 9) (Sproles in Forney et al. 2005).

Attributes are identified as descriptive features such as physical characteristics or product packaging that characterise a product. This together with benefits, like the personal value a consumer attach to a product, and attitudes which are the overall impressions the consumer has towards the product, e.g. “like” or “dislike”, creates the association to a product (Grime et al. 2002, p.1423). When conducting category extensions there is an importance of non-product attributes, and thereby also associations and image. It is more likely that a brand’s image can be extended if the image is more general than product-specific (Nakamoto in Glynn & Brodie 1998). It is then possible to see that associations not connected to the physical product could be used to enhance a brand’s growth prospect (Bridges in Glynn & Brodie 1998). So in order to attain a fit between a brand and an extended product there must be a transfer of favourable associations from the core brand to the extension, the consumers can then perceive the extension as suitable in the new category and thereby also accept it (Pitta & Katsanis 1995, Park et al. 1991). These favourable associations are part of what is identified as *Moderating Variables* by Grime et al. (2002), and are presented in figure 9. Further, evaluating the customers’ perception of fit between the brand and the extension will show if the extension was an *enhancement* or *dilution* of the brand (see fig. 9).

![Figure 9: Perception of fit (Grime et al. 2002)](image-url)
A difficulty with the aspect of fit when identified as product similarities and brand consistency is that they may not be possible to properly be identified until after the launch of an extended product. So Barwise (1993) sees fit as something more often used by managers after launch as a tool for evaluation of success or failure. Due to these difficulties Glynn and Brodie (1998) states that a key aspect contributing to a possible success is the understanding of the alteration in consumer’s perception of the brand when entering a new category.

But consumers can also accept products without a close fit, and brand specific associations that are relevant to a new product category can be attained even if there is a difference from the original (Broniarczyk & Alba in Ambler & Styles 1997). Thus, there is a possibility to exploit a brand in a category not only in similar product categories, and its product feature fit does not limit the extendibility of a brand. For example, if the distance in the extension is high it can be good for the extension. Coca-Cola orange juice for instance has a probable low potential to succeed compared to a Coca-Cola clothing line. Concerning the clothes, there are no disturbing taste associations that restrain the extension. When the brand association is not product-related, the extension can be of more distance, without affecting the existing associations. (Aaker 1991) Factors not included in the notion of fit, such as brand attitude and familiarity, were regarded as important when evaluating stock market reactions to the expected future cash-flows of category extensions (Lane & Jacobson 1995).

**Moderating Variables**

The *Moderating Variables* in figure 9 are determinant factors influencing the outcome of the extension, *extension evaluation* as well as the impact on the core brand, *core brand evaluation*. The first variable concerns core brand quality. Quality is defined as: “a global assessment of a consumer’s judgement about the superiority or excellence of a product” (Zeithaml 1988 p.3). A well-known brand may indicate a quality level even when a product’s attributes are unknown (Apéria & Back 2004), but the discussion on how quality as an aspect influences the outcome of extensions is diverged. The question is whether quality is an association that can be transferred to the extended product; hence influence the evaluation of both the extension as the core brand. In brand extension literature, it has been tested and confirmed that the perceived quality of the original brand positively conditions the success of
extensions (Rangaswamy et al., 1993). Grime et al, (2002) concludes that if the perceived quality or the guarantee of the core brand is high, the potential extendibility is presumed to be higher.

*Consumer knowledge* is the second variable moderating the result of an extension. Consumer knowledge can be divided into familiarity and expertise. The first refers to the how many times the customer has been in contact with the brand. Expertise in its turn concerns the customers’ ability to use the actual branded product. If the consumer’s knowledge is high, it may supposedly restrict the distance a company can extend their brand. If the customer has a fixed idea of what a certain brand is about, a distant category extension may not be accepted as easily as if the consumer notion was vaguer (Grime et al. 2002).

*Branding strategy* This moderating variable concerns co-branding strategies. In short, a co-branded strategy can reduce the negative impact of extension with poor fit (Grime et al. 2002).

Regarding the number of products incorporated under the same brand is in figure 9 displayed as *Portfolio characteristics*. Dacin and Smith (1994) claim that a brand with many products in the portfolio, representing numerous product categories, is less risky to extend than extending a single product brand into a new category. The reduced risk is found to be a product of the decreasing need of fit in the extension.

*Consumer certainty* is an expression handling the consumer’s general view and expectations on a certain brand. If the customer perceives the brand as credible, i.e. having the ability to deliver accordingly to the expectations, the distance can be greater between the original product and the extended (Grime et al. 2002).

### 5.2 Lifestyle

Lifestyle is an extensive expression. We are in this chapter discussing the expression out of a brand and business perspective in order to point out its importance in category extension contexts. Companies interested in extending their brand to other product categories are advised to pay special attention to brand associations linked to the functions of guarantee,
social identification and status, aspects of lifestyle. For firms wishing to apply a price premium to their products, it is essential to promote associations related to the functions of guarantee and social identification. Concerning the ways of stimulating the users of a brand to recommend it to others, it is fitting to concentrate on the functions of guarantee and personal identification. The development of these functions therefore creates a reason for generating positive communications towards the brand. Recommendations of a brand are determined by the consumers' perceptions of it, rather than by the identity and social prestige of the brand.

Companies can therefore combine different brand functions, giving priority to some specific factors while maintaining a suitable balance between all of them. Hence, guarantee and social identification functions can offer companies an opportunity to gain advantages of growth and profitability, whereas the functions of personal identification and status can generate advantages of growth. Further, the social identification function has a positive effect on price premium and the acceptance of brand extension. (del Río et al. 2001)

One form of personal identification is the consumption of prestige brands. These are considered more possible to extend with dissimilar products in comparison with functional brands. The reason is that prestige brands that are united under the same concept category can be more extendable to other product categories since they share the prestige concept (Park et al. 1991). This concept is considerably more abstract than functional concepts and can therefore encompass a larger set of different products that share fewer features; the shared feature might be only luxury or status (Park et al. 1991). Therefore, a strong brand can substantially reduce the risk of introducing a new product by building on consumers' familiarity with, and the knowledge of an established brand. The consumers often choose certain products over others because they are associated with a certain concept, i.e. a lifestyle and its specific values (Forney et al. 2005).

By offering similar aesthetic appeal across several product categories, brands are extending into multiple product categories (Abend in Forney et al. 2005). With this in mind it is possible to see that by building on consumers brand loyalty, preferences and awareness of a brand, a brand strategy can motivate the consumer to engage in a cross-shopping behaviour (Forney et al. 2005). This meaning that the consumer purchases the same brand across product categories. Category extensions allow thus the consumer to spend minimal time at point of purchase by choosing products with a brand that they can associate with their own lifestyle or
a lifestyle aspire to have (Bhat & Reddy 2001). Through a brand, a consumer can identify herself with a particular group of individuals sharing the same lifestyle as well as differentiate herself from other individuals by avoiding certain brands (Ulrich et al. 2004). The function of personal identification is related to the fact that consumers can identify themselves with some brands and develops feelings of affinity towards them (del Rio et al. 2001). While using a brand, it can become a carrier that expresses the feelings of admiration and prestige, thus becoming a status function (Solomon 1999 in del Rio et al. 2001). The status function is based on five characteristics of the brand (Vigneron & Johnson 1999):

1. Symbol of the individual's power and social status;
2. Reflection of social approval;
3. Exclusivity or limitation of the offer to a small number of people;
4. Contribution of emotional experiences; and
5. Technical superiority.

In this way, the status function, just like the social identification function, is revealed thanks to the need of individuals to communicate certain impressions to people in their social environment. However, the difference between the two functions lies in the fact that the social identification function is related to the desire to be accepted by and feel associated to members of certain groups. On the other hand, the status function corresponds to the individual's desire to achieve prestige and recognition from others, without this necessarily meaning that the brand is representative of their social group. Therefore, the status could even block the individual's identification with certain social groups. That is in line with Maslow's hierarchy of needs, the status and social identification functions are respectively related to the needs of ego and social security. (del Rio et al. 2001)

Park et al. (1991) state that the status function can act as a determinant of brand extension acceptance as the personal identification- and status functions influence recommendation and extension respectively (del Rio et al. 2001). Further, Park et al. (1991) conclude that the image of prestige favours the extension of the brand to numerous product categories, even those that are very different functionally. The associations of prestige, luxury and status on the other hand imply a social distinction of the brand, which generally creates positive emotional experiences. In this way, it is fitting to expect that the status function has a positive
effect on the brand recommendation and premium price (del Río et al. 2001).

So by considering lifestyle as a personal identification function of status, consumers will be more motivated to consume a brand when they associate this brand with emotional experiences. It can be assumed that the greater the consumer's attraction and personal identification towards a brand, the greater his motivation to buy it. Further, it is suitable to expect that the personal identification function has a positive influence on the acceptance of brand extensions. (del Río et al. 2001)
6. Synthesis of Theories

A synthesis is defined as the combination of ideas into a complex whole (princeton.edu). In this chapter, we will synthesize the theories presented in preceding chapters in order to identify factors that enable enhanced brand equity through category brand extension. We will, further in this chapter present what we choose to call empirical fact boxes which contribute with diverse examples on brand extensions.

The structure of argumentation in this chapter is founded in the brand’s identity, image and the awareness of it. When a brand owner creates a brand, its identity is born. Logically, all brands that are known about have some form of awareness and will be interpreted by consumers, hence having an image. There are different aspects of image and we will in this chapter present those we find important for the brand equity when we identify factors that enhance brand equity through category extension. The last factor that is presented, called brand context distance is a result of the argumentation concerning every earlier factor.

The purpose of this thesis is to identify factors that enable enhanced brand equity through category extension. Concerning the enhanced equity, we stated in chapter 3.2 that we are interested in qualitative equity, which Wood (2000) refers to as consumer brand equity. When measuring consumer brand equity, Aaker (2004) suggested seven different elements to be considered, see figure 3. These elements were developed with the aim of estimating brand equity in general terms and Aaker points out that the elements should be adapted to the specific product category that is evaluated. In our case, this framework of elements is therefore not wholly adequate as we are only considering brand equity out of a category extension context. We will instead consider parts of it together with other factors of brand image that we identify as important for the brand equity. We are when answering our purpose not attempting to measure the changed brand equity but merely determine what influence every factor might have on it.
As this chapter is a synthesis of theories, the references to the authors of the theories used come into focus. Concerning what we find as fundamental theories on brands and brand extension, we find it sufficient to just refer to authors that have presented these thoughts. We will when we base an argument on a specific part of theory, such as models, refer to that specific author and to the chapter where we presented it. Often, we will base arguments on several different theories presented by different authors, represented in different part of chapters 3, 4 and 5. In these cases, we will try to refer back as detailed as possible but out of functionality purposes, we will not fill these parts with references. Instead, we will emphasise on as clear as possible communicate our reasoning in order to enhance the reading experience and the understanding of our arguments.

### 6.1 Identity and Image

From the theories in chapter three, we conclude that the brand identity often is defined as a construction by the brand owner and image is a concept of consumers’ perception (Aaker 1995, Franzen & Bouwman 2001, Kenton 2004). These two are complex concepts due to the fact that they are interdependent. Identity can in business be seen as branding, positioning or market strategy, it can be a tool as well as a destination (Kenton 2004). It is a tool in the sense that by creating and managing the identity, a company can enhance its ability to estimate the development of the image. Further, the identity is consistent of how the brand owner perceives the brand as well as what the brand owner wants it to be, the destination. The destination is a strive towards gaining control over the image through the identity. Enhanced control is achieved when the identity is clear to the brand owner and what the company transmit is what the company wants to transmit. The message created through the clear brand identity is then omnipresent and should reduce the risk for misinterpretation by the consumer.

The model called Identity Prism, developed by Kapferer (1992) is a theory that describes the dualism of identity and image in the brand. We will not use this model to the full extent in this chapter but we will refer to some of its labels. For instance, the aspect of image in the form of brand personality, a discussion that will follow, is a label in this model. Kapferer calls his model identity prism but since we claim that all image is founded in the identity, this model is still useful in our general discussion on aspects of image.
A clear and homogenous identity that is not likely misinterpreted is probable to result in an image that is expected by the brand owner. Hence gaining control over the image through the tool identity. To develop such an identity, it is of the essence to have knowledge about the core identity of the brand (Aaker 1995). Important to point out is that full control is impossible to achieve as it can never be wholly predicted how consumers will perceive the communicated identity.

**Wally**

Wally was founded in 1993 when their first sailboat was manufactured. Wally has since then made a strong point of research, style, and innovation, becoming a point of reference in its sector. (Paulis, DesignVillage.it) Luca Bassani Antivari who wanted to create a sailboat of big dimensions that was comfortable, fast, safe and easy to sail, founded the company. The boat in question should at the same time be a high-level racer as well as functional for everyday use. By making a functional boat, with a deck free from ropes and moving parts, the company has created a more elegant cockpit, better integrated in the style of the boat. This design is primarily driven by the functionality and the liveability, which remain the most important aspects in the project. Wally creations have been born also thanks to collaborations with prestigious trademarks. For instance, a Wally-boat can be equipped with a Boffi kitchen. (Wally.com)

Since 1999, Wally has been creating motorboats alongside sailboats. These motorboats share a lot of similarity with the sailboats concerning style and functional aspects. According to Antivari; the approach was the same as the one applied on the sailing boats; trying to make a compromise between the functions of the boat to obtain a better result in performance, comfort and style. The aim was to create a speedboat that was more similar to Wally’s “way of understanding the sea” displaying the same clean and aggressive lines as the previous sailboats. (Wally.com)

In the same year as the first motorboat was produced, Luca Bassani Antivari and Wally decided to further differentiate their production by offering the market exclusive skis. The decision to enter the ski market, except from the CEO being a keen skier, was driven by the perception that
present skis were either high performance or easy to use. Wally tried to, with their experience as a naval designer, create a rigid ski hard in torsion, but also flexible in order to increase the easiness of use without endangering the performance. In order to achieve these features, the constructors borrowed the carbon fibre technology developed originally for the yachts. In 1999, they constructed 500 pair of skis that were sold in exclusive shops with good results, extending the brand into the winter season with the same concept of exclusiveness, elegance and performance. A pair of Wally skis sells for $1500 that can be compared to other high performance skis selling at prices ranging between $650 and $850. (Lloyd 2002)

Concerning the future, Antivari is not reluctant to move Wally into other sectors. He points out that Wally is both a shipyard and a design studio where the strength lies in its research, technological innovation and style. He believes that in the coming years, Wally will deal with all those products where technology and style can be applied in order to give the client an advantage. When segmenting the clients, a typical customer is, according to Antivari, a person who loves challenges and who is not bound to traditions, an “open-minded and “trend setting” person. When communicating Wally, the message is the strength and the beauty of the products and the company participates in events and international races that help enhance the exclusiveness of the brand and show the competitiveness of its products. (Paulis, Design Village.it)

**Image Control**

Based on the previous discussion, we present the expression image control as we choose to call the ability to use the tool identity. This strive for a favourable image is a complex matter. An even more complex situation arises when the brand is representing more than one product category. The foundation for the former is the assumption that it is more difficult to create a homogenous identity in a context with several product categories under one brand (Dacin & Smith 1994). Theses difficulties emerges as each category carries own unique associations and further, within each category, each product carry its own product feature associations. To exemplify, a problem faced by Wally, is that the yacht industry carry associations dissimilar
to those of the ski industry. In addition, Wally skis are specific within the ski category as well as the Wally yachts are unique in the yacht category. The complexity for Wally lies in the construction of a homogenous and clear identity that is congruent with both categories and both products.

Image control can be achieved through the creation of a clear and homogenous identity. As image is the perceived identity, all aspects of image are founded in the identity. There are different aspects of image, which will be presented in the following.

**Awareness**

A fundamental aspect of image is the consumer’s awareness of the brand. Aaker (1991) defined brand awareness as the ability to recognise or recall that a brand is a member of a product category. We argue that this definition is too narrow as consumers recall brands not only with the help of product specific associations but also with associations founded not directly related to the product. Image is as discussed above, the consumer’s perception of the brand. Brand awareness can be gained in two ways, the products that carry the brand name and non-product specific brand exposure. Examples of such non-product specific brand exposure could be sponsoring and event marketing. Brand awareness is a prerequisite for what Glynn and Brodie (1998) refers to as a “good” brand extension, in chapter 4.3, when the existing brand name aids the extension. If the awareness is low, the extended product will not benefit from the brand. In a “very good” extension the image of the brand is enhanced (Aaker 1991). This effect is a consequence of, among other things, the increased visibility created by the extension. This visibility will be increased since the brand becomes present in new contexts with every new category extension. Brand Awareness is hence an aspect of image that also is a factor that enhances brand equity through category extension.

**Perceived Quality and Guarantee Function**

Another aspect of image, which we choose to highlight, is the perceived quality, henceforth referred to as the guarantee function. To clarify, the guarantee function does not primarily deal with actual product performance; it is an intangible, overall feeling about a brand. This feeling is based on the notion that the brand is reliable, efficiently carries out its performance
qualities and meets the generated expectations (Ambler in del Río et al. 2001). It is often not enough to achieve high quality as actual quality must be transformed into perceived quality (Aaker 1991). We argue that Aaker is correct in this assumption as actual quality is limited by the product features while perceived quality is only limited by the consumer’s perception. Therefore, a brand must be able to secure a dominant association to quality in the minds of consumers, and Keller (2003) states that it is better if the product identification is low as it otherwise might limit the brand’s extendibility into new categories.

The guarantee function is regarded to play an important role in the conduction of brand extensions. Aaker (1991) refers to the guarantee function as the foundation for brand extensions and point out its importance for the outcome. Grime et al. (2002) state that if the quality of the core brand is high, the potential extendibility is presumed to be higher and Rangaswamy et al. (1993) presents that it has been tested and confirmed that the quality of the original brand positively conditions the success of extensions. We argue that it is not so much the actual quality that matters in extensions but the expectations on the extended product compared to the brand’s previous performance. Hence, we argue that it is the guarantee function that is the important issue concerning quality in category extensions. As quality is an aspect that by many researchers are considered possible to transfer, it is reasonable to assume that the guarantee function is an association that also can be transferred to an extended product. This association transfer is possible since the guarantee function has a closer relation to the brand than the actual product performance. An assumption that converges with the statement that a well-known brand may indicate a quality level even when a product’s attributes are unknown (Apéria & Back 2004). Further, what Grime et al. (2002) refers to as consumer certainty has implications on extensions. If the customer perceives the brand as credible living up to the expectations, e.g. fulfilling the guarantee function, the distance can be greater between the original product and the extended. If the extended product is not as high in actual quality as expected, the brand still carry a perceived quality that allows the consumer to neglect the actual quality of the extended product.

Thus, the customer accepts an extension with the notion of guarantee, hence aiding the extension to become a “good” extension. If the extended product lives up to, or even exceed, the expectations within the guarantee function, the core brand will benefit as the associations toward the core brand will be more positive, the perceived quality of the brand will be higher
and thus giving the consumer an increased notion of the brand as a trustworthy provider of quality. In other words, the guarantee function is a factor that enhances brand equity.

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**Bulgari**

Bulgari is an Italian company that started manufacturing creations in silver as early as 1884. In the 1970s Bulgari moved outside of Italy for the first time, opening stores in New York, Monte Carlo, Paris and Geneva. Bulgari is today designing and producing jewellery, watches, accessories and perfumes. The company, which in 2004 made a net profit of 108.3 million Euros, is still controlled by the Bulgari Family, owning 51.85 %.

In May 2004, Bulgari opened a hotel in Milan. In order to enter the lodging business, Bulgari started Bulgari Hotel & Resorts, a joint venture with a branch of Marriot Hotels, Luxury Group, that also manages the Ritz-Carlton chain. The project started with the aim of opening a small number of luxury hotels in major cities and resort locations around the world. The philosophy behind the launch is stated to be “contemporary luxury in hospitality” (BulgariHotels.com). At the Bulgari, that means teak interiors and soundproof doors weighing over 100 kilos as well as having the ability to order any jewel in the company's catalogue from room service. (Anderson, CNN/Money) Rooms start at about $700 daily. (Bean Yancey, USA Today) Even if Bulgari is offering this service together with Ritz-Carlton, the Ritz name is not present anywhere in the hotel and employees are instructed not to mention it. The idea of the concept is to emphasize Bulgari style and design, not Ritz service. (Anderson, CNN/Money) Francesco Trapani, Chief Executive Officer of the Bulgari Group, points out that it is not a Bulgari Ritz-Carlton hotel, it is a Bulgari hotel and the objective is to be something unique, make the hotels become the PR machine for the Bulgari brand. (Bean Yancey, USA Today)

The next Bulgari Hotel, situated on Bali, is scheduled to open in early 2006, with rates starting at $1100 per night. (bulgarihotels.com) Trapani commented: "I am very pleased about this second hotel project, located in one of the most exciting and exclusive vacation destinations in the world. I am convinced that this resort will be a spectacular venture that will contribute to further enhance the Bulgari brand image.” (HotelOnline.com) Half-dozen more Bulgari hotels and
resorts are planned, other locations being considered includes New York, Miami and Southern California, as well as London, Rome and Paris. (Bean Yancey, USA Today) Trapani concludes: “hotels can offer a good return on investment, but most important is the fact that a hotel can nourish the prestige of a company.” (Bean Yancey, USA Today)

**Personality**

Once brand awareness is established in the mind of the consumer, the foundation for a relationship is made. Within the brand relationship, the brand personality is an important aspect since the personification enables the brand to become a partner in a relationship (Fournier and Yao 1997). As mentioned in chapter 3.4, all activities performed around a brand are perceived and interpreted by customers as a form of behaviour. To these activities, personality traits can be added and this is why we can talk about a brand as an active and individual actor that performs on its own, but personality is still a creation in the mind of the consumer (Franzen & Bouwman 2001). In the extension context, brand personality traits can support an extension as favourable personality traits are transferred to the extended product, hence making the extension “good”. It may even be “very good” if the extended product can contribute to an enhanced single unified brand personality. On the other hand, with each new extended product, the risk of adding extra non-consistent personality traits becomes greater, increasing the dangers of core brand dilution. The risk of a non-consistent personality is high when conducting category extensions as the activities around the brand diverges. As there are more products, the brand is more exposed and there are more activities for the consumer to interpret. With every new possible interpretation, there is a risk of finding a new personality in the brand. In other words, every new context the brand is visible in can create a new personality trait that might not be consistent with the previous brand personality in the mind of the consumer, hence causing brand personality dilution. To exemplify with the framework presented by J. Aaker (1997); the offering by Bulgari Hotels and Resorts may be interpreted by a customer as exciting while their jewellery offering by the same customer is seen as sophisticated. Such interpretations will cause brand personality dilution. What we here refer to as brand personality dilution is a development of the expression brand dilution that is a negative change in the consumer’s believes (Roedder John et al. 1998). Our expression refers to a negative change in the consumers believes concerning specifically the brand’s personality.
Philippe Starck

Philippe Starck was born in Paris in 1949 where it is said that he grew up spending his childhood underneath his father’s, an aircraft designer, drawing boards where hours spent sawing, cutting, gluing, sanding, dismantling bikes, motorcycles and other objects (Cooper, Starck.com). That was to be the foundation of a lifetime filled with inventions, remaking the world around him (Meneguzzo 1996). From the mid-sixties, Starck studied at Ecole Nissim de Camondo in Paris, and he set up his first company producing inflatable objects in 1968. In the 1970s he began designing the interior at nightclubs such as la Main Blene and les Bains-Douches. An important step in his career came in 1982 when French president Francois Mitterand assigned him to decorate a suite in the Elysée palace. (Designboom.com)

Today it is hard to say in what field Starck works since his work today covers any possible area of design. He has been commissioned to design the Ecole Nationale Supérieure des Arts Décoratifs in Paris, the control tower at Bordeaux airport, and a waste recycling plant in Paris. Architecture and interiors like the Maison Baccarat and boutique Jean-Paul Gaultier in Paris or the Eurostar lounge are also the work of Starck. But this man’s work is not only limited to his native France. Dealing with industrial design at Italian manufacturer Alessi was probably the event that brought Starck into each and everyone’s attention as well as to everyone’s home thanks to his simple, playful and clever design for everyday products. But that is not all; Starck has also become an important name in the clothing and luggage business due to his works for well-known companies such as Louis Vuitton, Adidas, Alain Mikli, Puma, Wolford, and Samsonite. To further point out the width of Starck’s work, it is worth mentioning his contribution as a designer of furniture and lamps as well as high-tech products like TV-sets, telephones and similar products for i.e. Thomson and Telefunken. As if this was not enough, Starck is also the man behind a collection of bathroom appliances, vehicles manufactured by Aprilia, a Ford concept car, streetlights, watches, buss stops, cutlery, railings, a computer mouse, hotel interiors, pasta, toothbrushes, restaurants and much more (Cooper, Starck.com).

With this in mind, it is not hard to see why he once called himself "a Japanese architect, an
American art director, a German industrial designer, a French artistic director, an Italian furniture designer" (Alessi.com). His great talent used in so many different ways has awarded him plentiful: designer of the year, the Oscar for Design, Officier des Arts et des Lettres, Grand Prix National de la Création industrielle and the Honor Award of the American Institute of Architects to mention a few. It is clear that Philippe Starck is not only a well recognized designer, his name has also become a strong brand that can create value in a variety of forms.

Cooper (Starck.com) sums up his work with the following: “Always and everywhere, he seems to understand better than any other our dreams, our desires, our needs, and our responsibility to the future, as well the overriding need to respect his fellow citizens by making his work a political and a civic act.”

This problem of brand personality dilution does not only exist on the individual consumer level. As stated, each new product and each new activity enables new interpretations of brand personality traits. Each level of interpretation results in the risk of having different individuals doing different interpretations. Due to different interpretations of personality, each individual will have a different image of the brand (Franzen & Bouwman 2001). If these images are considerably diverged, the brand owner will have a hard time to manage a clear and homogenous identity. An example here being the brand Philippe Starck that represents a family of products ranging from sofas to waste recycling plants. One consumer might perceive this brand as highly innovative as another one sees it as friendly. This diversion is caused by the multiple interpretations that are made possible by each new product and its activities in each new context.

Brand personality enables “good” extensions as the extended product is born with an existing, in the market accepted brand personality. If the extended product on the other hand develops a personality that differs from the core brand personality, caused by an unclear a heterogeneous identity, the total brand personality in the mind of the individual consumer as well as among different consumers will be diluted. Hence, the brand owner consequently loose image control. To conclude, personality is a factor that can dilute the brand, but it can also when being single and unified enhance brand equity through strengthening the brand image in category extensions.
6.2 Level of Abstraction

As we referred to Grime et al. (2002) in chapter 5.1, if the consumer knowledge is high it may restrict the distance a company can extend their brand. If the customer has a fixed idea of what a certain brand is about, a distant category extension may not be accepted as easily as if the consumer brand notion was vaguer. To clarify, we do not find it positive if the customer’s notion of a brand is vague in general, it is only good if the vague notion concerns the product feature associations. Keller’s (2003) reasoning is similar as he states that a strong product identification might limit a brand’s extendibility into new categories. Nakamoto (in Glynn & Brodie 1998) can be seen as agreeing as well since he states that when conducting category extensions, there is an importance of non-product attributes, and thereby also associations and image. It is more likely that a brand’s image can be extended if the image is more general than product-specific. Park et al. (1991) exemplify the benefits with non-products attributes with prestige brands. These are unified under the same concept category and are more extendable as they share the concept of prestige. A concept like prestige is considerably more abstract than a functional concept and can therefore encompass a larger set of different products that share fewer features. We will in the same way henceforth refer to the level of product feature identification as a level of abstraction. In other words, if the level of abstraction is high, the main associations in the mind of the consumer regarding the brand are such like the brand having a personality, or representing a specific concept such as luxury or outdoor activities. On the other hand, if the level of abstraction is low, the consumer’s associations to the brand are tightly linked to the original product. Figure 10 illustrates the reasoning above by illustrating that we divide brand image into two different parts of product- and concept specific associations even though they cannot be wholly separated.
To remember, there will always be a risk of brand dilution when conducting category extensions as the association seldom are totally abstract. Every extension will always to some extent carry product specific associations that cannot concur with the total image of the brand. The brand Philippe Starck is an example of a brand that has a low level of product feature identification; hence being high in abstraction and the brand’s extendibility is therefore considerable allowing the brand to represent almost any product category.

6.3 Relationship

Since we can attribute the brand with a personality, we can also create a relationship with the brand (Franzen & Bouwman 2001). As consumers come to have relations to brands, these relationships subsequently have strong influence on category extensions. For example, a well-established relationship can offer the customer a sense of security. This sense of security plays an important role when an extended product offering faces the consumer as it reduces insecurity in the purchase decision. A customer faced by an unfamiliar product category will according to Fournier and Yao (1997) buy a product with a brand with which the customer already is involved in a relationship. This behaviour correspond to a practical role in which the customer always returns to the same brand as a consequence of habit or convenience and therefore positively influence an extension.

The reasoning that an extension might not be accepted if a customer has a fixed idea of what a brand is about is related to the guarantee function. Long term, a relationship is not possible if the guarantee function does not work. When the customer expects certain qualities and the extended product delivers other qualities than those expected, the customer is not likely to
accept the extended product. Still the relationship is much dependent on anticipations and expectations of common future events. Such future events may be extended product categories added to the brand family. These events are characterised by a strengthening of the emotional bond in the relationship, given that the events correspond to the expectations (Fournier and Yao 1997). Hence, every new extension might contribute to a stronger relationship if the guarantee function is fulfilled. The relationship plays an important role on a practical level in the form of habit and convenience as mentioned above. It is also important on an emotional level where the consumers identify with brands and use them for self-expression and as links to past memories. Self-expression is in the identity prism model referred to as self-image and is described as the consumer’s picture of herself through her attitudes and the brands she uses.

**Identification Function**

Within the relationship, an identification process will take place where the customer associates herself to the brand. This identification process is to one part external and one part internal. The internal part is where a consumer perceives the brand’s personality and identifies with it on an individual level and develops feelings of affinity towards them (del Rio et al. 2001). The other part of relationships on the emotional level is the social, external identification. Here, the brand also makes it possible to show others who you are and what you stand for, letting the brand reflect the consumer’s identity, stating her position in a social group. (Kapferer 1997, Langer 1997)

Social groups is an aspect of image high in abstraction level. By that we mean that social groups are not formed around specific products. Rather, they are formed around the same values as the created symbolic brand value with its three functions, expressive, social adaptive and impressive (Franzen & Bouwman 2001). The social group identification function is based on the brand's ability to act as a communication instrument. In order for the brand to function as an identification instrument, it will be of help if there is a family of products to carry the identity of the brand. It is easier to identify with a brand than a single product as the brand can carry personality better than a single product that naturally produces associations more closely related to feature aspects. The label self-image in our context, originates from Kapferers’s (1992) identity prism, and is on the internalisation side of the model. Internalisation here concerning the consumer reflecting on the self. The greater the similarity between the brand
image and the consumer's self-image, the better the consumer's appreciation of a brand and the greater her intention to buy it (Graeff 1996 & Hogg et al. 2000 in del Río et al. 2001). In other words, a self-image cannot be product related; hence in order to achieve consistency, the brand should in this context not be product related either. If a brand represents products from a wide spectrum of categories, it is less likely to attain a product specific image. Thus, the brand representing different categories will have the ability to easier be personified and contain the identification function.

**Status**

Through a brand, a consumer can identify herself with a particular group of individuals sharing the same lifestyle as well as differentiate herself from other individuals by avoiding certain brands (Ulrich et al. 2004). Hence, the identification function can either allow the consumer to manifest the desire to be integrated in a social group, or on the contrary, to dissociate her from groups of individuals (Long & Shiffman in del Río et al. 2001). The social identification function also has a positive effect on price premium and the acceptance of brand extension (del Río et al. 2001).

As mentioned above, the identification process is to one part external and one part internal. On the internal level, the customer identifies with the brand’s personality and here, on the external level a customer associates to a brand’s stereotypical consumers (Franzen & Bouwman 2001). The identification process corresponds to the label reflection in the identity prism, represented on the externalisation side of the model. Reflection meaning identification and interaction among other persons. For any extension, stereotypical consumers are important, as they constitute the norm, which the consumer strives to live up to. In the mind of the consumer, the stereotypical consumer has some form of a desirable higher status. The usage of a brand can become a carrier that expresses admiration and prestige, thus becoming a status function (Solomon in del Río et al. 2001). The external part of the identification process also enables people to identify, not only with the stereotypical consumer, but also with all those who strives to achieve this higher status. Thus, we see that brand relationship exists in two dimensions. First there is, as described earlier, a relationship between the consumer and the brand and second, the brand actually enables relationships between people.
In this thesis, we often tend to exemplify category extensions with premium brands. We do that as in a category extension context, the status that follows a premium brand is a variable that enables “good” extensions. The good extendibility is made possible as status is both visible and transferable. It is so because status is a highly abstract concept with low product associations. It is abstract because it is not primarily founded in product features, rather it is a symbol of the individual's power and reflects her social approval (Vigneron & Johnson 1999). Further, a brand can signal status through its exclusivity and the limitation of the offer. Emotional experiences are the last abstract characteristics of status in a brand. Of course, we cannot ignore more product related attributes and technical superiority as a function of status. To remember is that the last characteristic, technical superiority, even if it is less abstract still can be transferable as well.

To conclude, brand relationship, enabled through the brand’s personality is important in the category extension context. The identification function is a factor enabling “good” extensions as it helps the extended product. We argue that is also can contribute to a “very good” extension. If the brand image is highly correlated with the consumer’s self-image, her intention to buy the brand grows. Through category extension, the abstraction level increases and hence the brand image becomes easier to identify with. A category extension can thus increase the ability for the consumer to identify with the brand and thereby enhance brand equity.

Further, status is a factor within the aspect of relationship that facilitates “good” extensions as a brand’s status is easily transferable into extended products, hence helping the extension. It can also be a factor in a “very good” extension. If the extended product enhances the status in the brand image, consequently it will also enhance brand equity.

6.4 Loyalty and Lifestyle

All the aspects of identity influence the image and if a brand owner is successful in brand image control, a strong bond between the consumer and the brand will be established. Thus, a well-managed brand can result in profitable loyal customers. To bear in mind, not all loyal customers are profitable and not all profitable customers are loyal. Even if a loyal customer would be reluctant to switch to another brand, she does not necessarily consume the brand to
any greater extent, hence not generating profit. Loyalty is an aspect of the image that is partly founded within the guarantee function and if the brand can live up to the expectations raised, consumers will trust it and hence the customer can use the brand as a cue for purchase. A key condition concerning loyalty is that the loyalty lies with the brand and not the product (Aaker 1991) and brand loyalty becomes with time less objective as customers do not compare brands’ actual performance (Reast 2005). The function of performance gets substituted by the consumers associations to the brand and the relationship results in a loyalty beyond product performance rationality. Customers can thus continue to purchase a brand even if there are competing brands with superior features, price and convenience (Aaker 1991). Brand loyalty can also be linked to the identification function. A consumer that has a self-image strongly connected to a certain brand could if being disloyal to this brand, see herself as being disloyal to her own self-image.

McKenna (2002) argues that loyalty is rare in today’s society and that there is more to consider than just brands when choosing what to consume. Low loyalty is supposed to be a consequence of a rapidly increasing number of offerings in society, which even results in what he refers to as a decline in social capital, which in its turn has an impact on the way people interacts. As examples, McKenna (2002) refers to a declining general interest in church attendance and non-profit organisation memberships. We agree that the multitude of offerings and commercial information changes society, but on the contrary, we find that it instead can increase loyalty. Based on Fournier and Yao (1997) thoughts on the strengthened brand relationship resembling relationships between people, loyalty is an inevitable issue still present. If there are several offerings for a consumer to consider, making her uncertain, a brand can offer familiarity and therefore this customer will tend to buy this branded product (Forney et al. 2005). Again, the entire aspect spectrum of identity is present since we see loyalty as a product of the brand relationship, status in social groups, and the identification- and guarantee function. Hence, we find that loyalty is present, and that this loyalty enables new forms of interactions between individuals within social groups. Groups created through similar consumption preferences thus maintaining or increasing social capital.

Without a rational product performance connection, and with strong loyalty to a brand, naturally the climate for category extension acceptance is good. Category extensions permits the consumer to simplify purchase decision by choosing products with a brand that they can
associate with their own lifestyle or a lifestyle they aspire to have (Bhat & Reddy 2001). By offering similar abstract associations across several product categories, it is possible to motivate the consumer to engage in a lifestyle related cross-shopping behaviour (Forney et al. 2005). A “good” extension is thus secured if the brand is a lifestyle brand, in other words, the existing brand name is easily accepted on every new product category if it does not completely contradicts the wanted lifestyle of the brand’s consumers. In the same way, the possibility of category extensions with considerable distances between categories is good as long as the extended product carries associations similar to the core brand. This allows the brand owner to extend into categories that are highly diverged on a product feature level. These products, as they are part of a lifestyle concept, are easily accepted by the consumers who represent the specific lifestyle or aspire to live it. Bulgari offering hotels represents an extension that shows that distance can be significant.

We argue that the brand identity can become clearer, more homogenous and more abstract with every new extended product category as the overall identity is liberated from disturbing product specific associations. Therefore, a lifestyle brand strategy is more easily undertaken if a brand owner conducts category extensions since it is difficult to create an appealing lifestyle concept with the brand only representing a single product category. To exemplify; Bulgari can appeal to a luxurious lifestyle better after their category extension into the lodging industry because of their identity becoming less of a jewellery manufacturer and more of a luxury lifestyle provider.

As discussed in chapter three, people use brands to differentiate themselves. Brands are therefore a natural and necessary part of a lifestyle and every brand represents their version of this lifestyle. Every successful extension improves the brand’s identity as well as every extension is contributing to the construction and consistency of the brand concept enabling the lifestyle (Park et al. 1991). Every new product offers the consumer a new possibility to express herself and her lifestyle in the version of the specific brand (Langer 1997). Consequently, the lifestyle becomes clearer and more homogenous as each new product carries similar associations. A consumer that consider herself as a member of a certain lifestyle will have a difficult time changing this specific lifestyle overnight thus becoming dependent of the brands supporting her identity. A consumer can define herself in terms of one or a few brands’ versions of a specific lifestyle, hence becoming even more dependent on
these brands. This dependency on specific brands in order to upkeep a lifestyle subsequently enhances brand equity, enabling “very good” extensions.

6.5 Fit

The following discussion is based on chapter 5.1 and the model by Grime et al. (2002) presented in that chapter. Fit is about acceptance of extended products and we will emphasise on consumers’ perception of the fit. In order to conduct a “good” extension, the extended product needs to fit the brand as the consumer must feel comfortable and accept the concept of the brand on this extended product (Aaker & Keller 1990). Grime et al. (2002) have in their model divided fit into two dimensions which they call Product Category Similarity and Brand Image Similarity.

These expressions correspond to different levels of abstraction. We are of the opinion that an extension with high Product Category Similarity tends to be low in abstraction level. Simply, if the original product and the extended product are provoking similar product associations in the mind of the consumer, the major association to this brand will be product specific, thus low in abstraction. In the same way, an extension low in product category similarity, as a category extension, will result in a less product specific image in the mind of the consumer, hence having a higher level of abstraction. Category extensions are by default low in product category similarity as they would not be category extensions otherwise. If a category extension is to succeed, it needs a high level of Brand Image Similarity, similarities consisting of non-product associations. Non-product associations are according to Sproles (in Forney et al. 2005), gaining in importance when consumers are evaluating products. Category extensions with high Brand Image Similarity are often also high in abstraction, as an extension with this characteristic has no product associations. Fit in category extension is thus concerning the similarity in image between the original- and the extended product we are therefore when regarding fit emphasising on the dimension of Brand Image Similarity. The brand Philippe Starck for example has managed to achieve brand image similarity in all its extensions, hence having fit, despite large extension distances. Even though an extension lacks in fit, we claim it still can be profitable. If the extended product is a good product it can still sell but the reason will not be the mutual brand name. Therefore, this would not be a “good” extension as the extended product not is supported by the existing brand name.
Fit is as stated earlier a matter of the acceptance of category extensions. Quality is one factor considered as being important for this acceptance (Rangaswamy et al. 1993, Ambler & Styles 1997, Grime et al. 2002). With our previous reasoning, the same goes for the guarantee function which we consider being one of the necessary prerequisites for extensions and maybe also for all commerce. A customer that is not receiving the expected performance of the brand will most likely not repurchase it. Several researchers (Park et al. 1991, Pitta & Katsanis 1995) claim that fit is achieved through the transfer of favourable associations from the core brand to the extension. What makes the guarantee function important in the category extension context is that it is transferable and hence helping the consumer to find the extension as suitable in the new category and thereby also accepts it.

Transferability and Distance

Associations that are easily transferable are those that are not founded in product features (Chakravarti et al. 1990, Aaker 1991, Park et al. 1991, Pitta & Katsanis 1995) and are therefore high in abstraction level. In chapter 4.4 we presented a reasoning by Aaker (1991) concerning the core brand suffering from unwanted associations transferred from the extension. The other way around, it is neither good for a brand to carry associations that are easily transferable, if these are associations which are unfavourable for the extended product. If the major association to Wally would be engine performance, such an association is transferable but not wanted when launching skis. If this would be the case, there is no fit in the extension as the brand image similarity is too low. We are though of the opinion that the major association to Wally is not engine performance but rather technical performance, design and luxury, all fitting, and therefore the extension into exclusive skis is successful.

Association transferability is often regarded as positive as it permits category extensions that are of great distance, hence increasing the growth potential in the brand (Bridges in Glynn & Brodie 1998). This growth potential is constituted by the wider base of possible future extensions that can be made due to the higher level of abstraction. As an example, Bulgari is bound by nothing but the concept of luxury when conducting extensions, as Wally on the other hand still is somewhat restricted by the associations of technical performance and design as well as luxury.
Number of products

One of the moderating variables in Grime et al.’s (2002) model presented in chapter 5.1 is called Portfolio Characteristics. This variable concerns the number of product categories represented under the same brand. There is a view that there are benefits with having many products in the portfolio as it is less risky to extend a portfolio than extending a single product brand into a new category (Dacin & Smith 1994, Grime et al. 2002). The reduction of risk is found to be a product of the decreasing need of fit in the extension. We agree with this line of thought that risk can be reduced with every new extended product, though we will take the discussion further. We find that the decreased risk primarily is a matter of lower risk of brand dilution and our reasoning is based on the assumption that there are in the multiple products case more carriers of brand concept associations. As there are several different products, the overall image of the brand will not be product specific due to the differences among the products in a category extension. The abstraction level in the image of the brand will therefore be high as the associations are not product related. The brand Philippe Starck is an illustrative example of a brand that through a multitude of products have achieved a high level of abstraction. Further, the reduced risk is also a matter of extension distance, in other words, a category extension with great distance is less likely to create core brand dilution. Let us exemplify with Bulgari and Wally. If the Bulgari hotels and resort extension fail in that nobody wants to stay there, we find that the possible impact on the core brand and the jewellery sales will still be low. In the Wally case, having the ski launch fail would also have low impact on the core brand, the boats would still sell as good as before and the only risk is therefore losing the investment in the extension. On the other hand, Wally when launching motorboats took a greater risk to dilute the core brand as the distance between sailboats and motorboats is not that great.

To conclude, fit is an aspect of image that primarily is a prerequisite for conducting “good” extensions. Having high transferability of the consumers’ associations to the brand increases the possibilities to conduct future extensions, hence enhancing brand equity. An increased number of products is a foundation for high levels of abstraction and also lowers the risk for dilution, hence being a factor that results in indirect enhancement of the brand’s equity.
6.6 Brand Context Distance

A successful category extension can increase a brand’s visibility and the awareness of it. This awareness enables the brand owner to communicate and strengthen the brand concept. If the level of abstraction in the brand is high, an extension can be of high distance. This distance is the difference between the original and the extended products’ attributes, but it will also represent the distance between every new context the new product enables the brand to act in. With the brand acting in a new context, we mean that the consumer will meet the brand in new and different settings depending on the nature of the product. The acting in this case is describing every contact the consumer will have with the brand, for example through commercials, having friends talk about it, read about it in articles and magazines or actually having it. These brand contexts will therefore all contribute to the total image of the brand perceived by the consumer. With every new category extension, a new brand context will emerge. As the products in a category extension are different, they will consequently end up in different contexts. We have earlier described the distance in the extension emphasising the difference in the extended product and we will now let the distance denote the difference between brand contexts of different products. If there is a distance between the brand contexts, the aggregated perception of the brand will not be product specific and hence be high in abstraction level. Each new brand context will therefore result in product attribute dilution of the perception of the brand. In other words, each category extension will create an overall image of the brand further away from product attributes.

In other words, a wide spread of brand context enables the brand image to be clearer as it is not getting limited by product features. To exemplify, the Bulgari brand is acting in three contexts. These contexts are based on the different business areas jewels, watches and hotels. Each context will send a message that can be more or less abstract. Dependent on the perception, each message can be divided into a product specific part and one brand concept specific part. The brand context of Bulgari Hotels and Resorts results in a message perceived by the consumer as containing one part hotel specific information and one part brand concept specific information, as we see as luxury. The brand context of Bulgari Watches in its turn results in a message containing one part watch specific information but also one part brand concept luxury. Bulgari Jewels’ context results in a message of jewel specific information as well as a message of brand concept luxury. Thus, the aggregated message to the consumer is
three parts brand concept luxury and one part watch, one part hotel, and one part jewels. Given that the brand owner is successful in creating clear and homogenous concept specific information throughout the product range, the proportion of brand concept will be greater in the mind of the consumer and it is likely that the impression of luxury will be the dominant association to the Bulgari brand. A pre-requisite for this example is hence that there is brand image similarity and fit in the extensions. Naturally, if the concept specific information from each context is not consistent the risk of brand image dilution increases.

![Diagram](attachment://image.png)

**Figure 11:** Brand Context Distance and Consumer Perception of Messages

The Bulgari example above corresponds to figure 11 where the consumer perceives messages from a brand’s different contexts. The consumer is exposed to both product specific and brand concept specific information and given that the brand owner is successful in creating a clear and homogenous identity, the brand concept part of the message will be consistent across the brand contexts and the total image of the brand will not be product related, hence being clear and abstract.
Having different brand contexts sending messages will make it easier for the brand owner to address certain lifestyles. Social groups and lifestyles are as mentioned formed around values similar to those of symbolic brand value and not product information. Therefore, if the total message is dominated by brand concept information, its recipients can more easily accept the message. A clear and abstract image can therefore find its way to a lifestyle segment without trouble. Brand context distance will therefore enable the brand to offer something more than just a range of extended products; it can offer the components to a lifestyle. Hence, brand context distance can enhance brand equity through category extensions as it address the lifestyle concept through creating a clear and abstract brand image.

The brand context model implies the benefits of having several product categories representing one brand. Having a brand act in several contexts will increase brand awareness and if there are more carriers that fit the brand concept, the brand image will be high in abstraction level. A high abstraction level benefits the guarantee function, as a strong perceived quality can allow a consumer to neglect actual quality and it enables a single unified brand personality. A single unified brand personality is essential for the brand relationship and the identification process. The brand relationship is closely related to aspects of lifestyle and loyalty, also dependent on high level of abstraction.
7. Conclusions

This chapter contains our conclusion where we answer the purpose of this thesis. Further we present our suggestions to future research and reflect on this study. Our purpose is to identify factors that enhance brand equity through category extension. We have throughout this thesis referred to such an extension as a “very good” extension where the image of the brand is enhanced (Aaker 1991). In the following, we present the factors that enable enhanced equity and we will discuss the relationship between them.

Out of a brand context, a consumer is exposed to both product specific and brand concept specific information. A clear and homogenous identity is created when the brand concept part of the message is consistent across different brand contexts, resulting in an image of the brand that is not product related, but clear and abstract. The brand context model, figure 11, illustrates the benefits of having several different product categories representing the same brand. Brand context distance is enabling the brand to offer components to a lifestyle and is therefore enhancing brand equity through creating a clear and abstract brand image. Since a few brands’ versions of a specific lifestyle can constitute the means by which a consumer defines herself, she can become dependent on these specific brands. The brands become a necessary tool for expressing a lifestyle and a dependency that enhances brand equity emerges.

Through category extensions, the brand becomes visible and acts in several contexts. This increased visibility results in enhanced brand awareness and is, as long as the image is clear and homogenous, therefore a factor of image that enhances brand equity through category extension. If the brand is represented by several product categories, and these carriers fit the brand concept, the result is a brand image high in abstraction level. A high level of abstraction in the consumers’ associations to the brand enhances the transferability, which increases the possibilities to conduct future extensions that enhance brand equity. The lowered risk of brand dilution thanks to several product categories is furthermore a factor that enables indirect enhancement of the brand’s equity.
The guarantee function as strong perceived quality, high in abstraction, can allow a consumer to neglect actual quality. Further, if the extended product lives up to, or even exceeds, the expectations raised on the brand, it will benefit from positive associations and the perceived quality of the brand will be higher. This gives the consumer an increased notion of the brand, as a trustworthy provider of quality and the guarantee function is thus a factor that enhances brand equity. If a brand is denoted as trustworthy, it is perceived as having a personality and if this perception is of a single and unified nature, it will strengthen the brand image and increase the possibility of identification and the identification process consequently enhances the brand equity. A single unified brand personality is also important in the brand relationship as well as for the identification process. The brand relationship is closely related to aspects of lifestyle and loyalty, also dependent on high level of abstraction. We claim that the relationship contributes to “very good” extensions. If the brand image is highly correlated with the consumer’s self-image, there is a strong intention to buy the brand. When the abstraction level increases through category extension, the brand image becomes easier for a consumer to identify with. A category extension can thus increase the correlation between self-image and brand image and thereby enhance brand equity. Further, status is an aspect within the relationship factor that enhances brand equity if the extended product contributes to an enhancement of the status in the brand image.

The factors, all benefiting from having a high level of abstraction, which are enhancing brand equity through category extensions are:

- Brand Context Distance
- Lifestyle
- Brand Awareness
- Fit
- Guarantee Function
- Personality
- Relationship
7.1 Reflection and Further Research

We have in the previous presented the factors we find crucial in order to conduct a brand equity enhancing category extension. Still we find, that no matter how deeply the phenomenon is studied, there is a possibility for a category extension succeeding without following the pattern by us described. The deviating case can never be neglected as the acceptance of a brand and its extension always will occur in the mind of a consumer and the predictability of the outcome can therefore never be certain. Since our chosen field of study concerns to a great extent the mind of the consumer, we are of the opinion that the subject of brands and brand extension can be studied out of other perspectives than ours. We have had a business oriented view throughout this thesis which could be complemented by a behavioural science perspective, whereof other patterns and structures could be found and with conclusions others than ours.

Further studies on the field of category extension lies within the measurement of brand equity. It would be interesting to study whether there ever can be an adequate method of quantifying aspects of extensions into monetary terms. Another interesting aspect of quantifying concerns the brand’s image. As the image is an interpretation on the individual level it would be interesting to investigate how a brand owner could be able to assess the objective, aggregated image of all those who are aware of the brand. Naturally, we would also find it interesting to study each of our identified factors in more depth as they all have great impact on the extension of a brand as well as the interrelationship them between and their dependency on each other. One aspect to study in depth is the level of abstraction as we have reached the conclusion that it is important in the category extension context. To investigate it would be to attempt to find out whether there is a restriction of this phenomenon and if it would be possible for a profitable brand to have no product specific associations at all.

As we stated in the introduction, the phenomenon of category extension is growing. The clearest tendency that we see today is similar to the Bulgari case where fashion houses are entering new product categories, primarily within the lodging industry. It would be interesting to evaluate these cases and let them serve as an empirical base in a future study.
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