Evaluation of Brand Extensions

-Exploring Factors Affecting Purchase and Recommendation Willingness of Brand Extensions

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ABSTRACT
Brand extensions are becoming a considerably more relevant and appropriate strategy for companies to use. Several brands have adopted this as an effort in maximizing the success of the parent brand. This thesis will contribute with examinations on effects of various independent factors on the purchase and recommendation willingness of consumers. These independent factors include perceived quality, brand trust, brand loyalty of the parent brand, as well as brand concept consistency of the extension, considering gender differences. We found a gap in prior research concerning this area, thus our decision and intention was to provide additional theoretical contributions on studies concerning brand extensions. Our final choice of company to perform this study on was H&M, due to the fact that it is a well established brand with both female and males consumers, which would allow us to examine possible gender differences. We came up with two potential brand extensions of H&M and examined the consumer’s perceptions and evaluations of them. We formulated a research question that has served as a guide throughout this study:

How does perceived quality, brand trust, brand loyalty and brand concept consistency affect the purchase and recommendation willingness of the brand extension, taking into consideration gender differences?

We decided to utilize a quantitative data collection method and thereby created an online survey for participants to answer. The population we were interesting in gathering data from consisted of women, men, teenagers and children since this is the target market of H&M. We used a statistical analysis program, which provided us with various test such as significance test, Cronbach’s alpha and two regression analyses for each extension.

Moreover, from these tests, we found results that indicated an effect of particular factors on the purchase and recommendation willingness of consumer. In the H&M Café brand extension, results indicated that the perceived quality of the extension has significant effect on the consumer’s decision-making process. Likewise, H&M Hair Salon brand extension had similar results regarding the perceived quality of the brand extension and its importance on the purchase and willingness to recommend of consumers. Another factor that had effect on the H&M Hair Salon and the future success of the brand extension, was the aspect of brand concept consistency.

From these findings we could also contribute with additional practical implications, for managers in general as well as for the specific case of H&M. Our findings indicated that no matter which one of the extension that was to be established, it is vital to maintain the perceived quality of the brand extension so that it fulfills the same requirements as for the parent brand. Our recommendation would therefore be for companies to consider this factor in their ideas for future extensions and implement it to its core values and beliefs.
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1. INTRODUCTION

In this chapter, we will motivate our choice of subject, provide relevant information about the choice parent brand as well discuss the problem background and appropriate prior research that has been performed on parent brands and extensions. Furthermore, this chapter will conclude with our research question as well as a statement of the purpose of this thesis.

1.1 Choice of Subject

“You walk in, grab what you need, pay and walk out. How hard can it be? It does not have to take forever.” – Per Staffansson, 2013

The functional shopper mentality and especially our fathers’ hunter-like behaviors while shopping served as a source of inspiration and represent the launching pad for this thesis that concerns brand extension. We concluded that if they could buy everything in one single store, they probably would. However, high quality products and getting the value for money is also a key aspect in their shopping routines. This is consistent with the findings of Dittmar and her co-authors (2004, p. 424) who states that although functional aspects of shopping are important to women, they are even more important to men, since they attach great value to the efficiency of shopping. Their study also shows that men are more focused on the rational benefits of the goods, such as good value for money and usefulness.

Our conversation raised many questions, not only regarding gender differences in shopping behavior, but also what variables affect the attitude towards the brand extension such as brand value, perceived quality, and concept consistency. During recent years, companies have increasingly expanded their brands, which means that new products are being introduced in the market under an existing brand (Tauber, 1981, p. 38). This made us wonder whether or not this change is perceived as positive and if the view of the brand changes for the better or worse.

We are bachelor students currently studying marketing at the International Business Program at Umeå University and have during our years at Umeå University gained a lot of knowledge and insight in different economic areas. What so far has, interested us the most is the subject of marketing and its influence and effect is has on people, therefore we have decided to conduct this study with a marketing perspective. Our interest in branding originates from the overall interest in different ways companies market themselves through their brand, but also how strong brands are developed and recognizable on a large market. Additional to branding, a common interest of us has been on the effect of brand extensions, and what is required from parent brand in order to make them successful. We decided to perform research on a market that is of our interest. We feel that this will contribute to an emotional attachment to our research as well as provide us with information that we can integrate into our own lives.
1.2 Choice of Parent Brand

H&M started out in 1947 Sweden as just Hennes. Its founder Erling Persson later acquired a hunting and fishing equipment store called Mauritz. The combining of the two into H&M was naturally accompanied by a brand extension from not only women’s clothing but men and children’s clothing as well. In the proceeding years, H&M expanded from the neighboring Scandinavian countries into a multinational fashion superpower. In 1998, they established an online presence capturing a larger market with greater sales opportunities through e-commerce. Today, H&M Hennes & Mauritz AB is comprised of six different brands - H&M, COS, Monki, Weekday, Cheap Monday and Other Stories (H&M, 2013). The group has approximately 2800 stores worldwide and in 2012, they had a turnover including VAT worth SEK 141 million, and the company is constantly expanding (H&M, 2013). They show no signs of stagnating growth. H&M plans to increase their store base by an annual 10-15%. Of course this expansion will advance in line with their founding principles of emphasized quality, sustainability and high profitability.

H&M’s business concept is to provide its consumers with an unbeatable value when it comes to fashion and quality and is driven by seven important core values within the company. These values are to keep it simple, being straightforward and open minded, constantly improving, maintaining an entrepreneurial spirit, being cost conscious, value teamwork, have belief in people. The core values serves as a base to every decision and action taking within the company and is one of the key factors to their success (H&M, 2013).

H&M’s designers work hard to create a large fashion selection for a variety of groups on the market, women, men, teenagers, and children. The collections consist of everything from dazzling party collections to essential basic products and there is something for everyone. H&M’s central issue within all of its collections is the quality of their products, and they work very hard to ensure that the goods are produced with the least possible environmental impact and under good working condition. Moreover, H&M does not only provide clothes for their consumers, but also a variety of collections of shoes, accessories, make-up, as well as their own collections of home textile products which suitable is called H&M Home, and is constantly developing new products lines (H&M, 2013).

Our choice of performing research on the brand of H&M’s originated from an assumption that it is a well-known and recognized brand throughout a large group of people. H&M furthermore already has practiced the strategy of brand extensions in their past when they expanded to for example accessories, makeup, sportswear, and their customer most likely are used to this approach and more tolerate (H&M, 2013). As mentioned before H&M not only directs their products towards women, but also men, thereby allowing us to measure possible gender differences when it comes to attitudes affecting the brand extensions. H&M additionally also provides clothes at an affordable price, making it a larger possibility that a bigger group of people in fact have some experience with this brand, thus they already have made up certain emotions and opinions about it.
1.3 Problem Background & Previous Research

Although, brand extension strategies have been used for a very long period of time and therefore is a highly researched area, there are still further interesting research possibilities to perform within this subject (Kim et al., 1988, p. 211). The main idea of brand extensions is to increase companies’ market shares using an already established brand, this enables them to catch a significant larger segment with a smaller cost (Aaker & Keller, 1990, p. 27).

In previous research, the authors concluded that brand extension is one of the most heavily-researched and influential areas within marketing. Most of the research performed studies the relationship between the parent brand and brand extension (Keller & Lehmann, 2006; Park et al., 1991; Aaker & Keller, 1990). Additionally, the research focused on the bases of fit between the brand and its extension as well as other factors that might affect the future success of the brand extension (Aaker & Keller, 1990, p. 27-28). Moreover, there has been a lot of research that studied the possibility of a failed brand extension and what the consequences of the failure would be (Keller & Lehmann, 2006, p. 748).

This thesis will focus on carefully chosen amount of factors that influence brand extensions final outcome and its future success. Although a lot of research has been done on variables capturing perception about the parent brand and evaluations of potential extensions, it is still a necessity to include them when measuring the success of a brand extension. Prior research has studied the relationship between shopping behaviors of individuals through e-commerce and the differences between females and males in how they prioritize (Dittmar et al., 2004). By utilizing this factor in our study we can most likely see how the different values of consumers affect their shopping behaviors and perception of the parent brand. Additionally, when studying the perception of a parent brand there are various amounts of related variables that should be included. We have decided on performing research on the effects of perceived quality, brand trust and loyalty of H&M.

The perceived quality of a parent brand has a large impact on the possible sales a company can achieve, and is therefore considered a cornerstone to any strong brand (Farquhar, 1989, p. 8). It is therefore important to study how this particular variable affects the overall brand and thereby also its future success. Another factor widely discussed throughout previous research is the importance of trust in the brand, and as with other factors, studies has been conducted on brand trust’s and its possible effects. Stated in Morgan & Hunt (1994, p. 23) brand trust arises from the confidence of consumers in the overall reliability and integrity of the brand. Areas such as psychology, sociology, and economics have been some of the few that has been given the concept of trust a great deal of attention (Delgado-Ballester & Munuera-Alemán, 2005, p. 188).

Previous studies furthermore bring up the importance of loyalty, as well as the impact on the perceived quality and repurchase intention, thus illustrating the vitality of it being included in the research (Bloemer & Kasper, 1995, p. 311; Anderson & Sullivan, 1993, p. 125). Furthermore, referring to the importance of brand trust described above, prior research also bring up the relationship between brand trust and brand loyalty (Delgado-Ballester & Munuera-Alemán, 2001). Since the development of strong consumer loyalty
have proven to be a crucial need to survive in the corporate world (Lai, 1995), we have decided to include this factor in our analysis to gain further understanding of consumers behavior and evaluations on the brand extensions.

In addition to factors affecting the perception about the parent brand, the evaluation of potential brand extension variables that could influence the extensions potential success is also of importance to include. One of these is the consistency of a brand, which is thought of as one of the major determinants of a successful brand extension. Previous research brings up favorable results from brand extensions that are created when there is a high level of brand concept consistency (Park et al., 1991, p. 191-192).

Furthermore, other researchers have examined the effects of brand concept on customer attitudes towards the extension and the parent brand (Thorbjørnsen, 2005, p. 250). According to prior studies, it is important to keep the brand concept consistent over different product lines and categories (Aaker & Keller, 1990, p. 38-39). Findings from previous research conducted by Aaker and Keller (1990, p. 29) furthermore show that a good perceived quality of the parent brand contributes to positive emotions towards the brand extension and vice versa. The same researchers studied the possible effect of how the consumers perceive not only the quality of the brand extension but also how the extension affects how consumers evaluate the parent brand prior to this decision (Aaker & Keller, 1990, p. 38-39). Research performed by Aaker and Keller (1992) studied a brand with different extensions and the reactions and evaluations of these. In our research we will examine the effects of two possible and so far non-existing extensions for an already established brand, where we also study the perceptions and attitudes of the consumers towards H&M. This will allow us to see how tolerant the customers of H&M are towards new concepts and product lines. Purchase intentions and recommendation willingness is also a factor that has also been investigated throughout different research and should be concluded in the research. Stated in prior research they provide the companies with a forecast of future sales opportunities as well as allow them to think ahead of their consumers (Ewing, 2000, p. 120).

Furthermore, we could find gaps in the current research that require additional attention. One of these gaps included the issues of gender differences. The aspect of gender differences has been widely discussed before, and as stated in Dittmar et al. (2004) that men and women differ in their attitudes towards online shopping and shopping in conventional environments. However, we could find a possible gap in the research performed on gender differences regarding brand extensions and how the individuals values possibly influences the success of the brand extension. Due to evidence in previous research, we suspect differences in the female and male emotions and perceptions towards the brand. Gender is therefore a vital factor to take into consideration. By performing this analysis we will be able to discover if there are any noteworthy findings on the differences between how male and female customers are willing to purchase and recommend the different extensions.

We are aiming to contribute with new findings to research on brand extensions since we will consider specific factors and gender differences and thus be able to provide new insights and results.
1.4 Research Question

How do perceptions of the parent brand and evaluations of potential extensions affect the purchase and recommendation willingness, taking gender differences into consideration?

1.5 Purpose

The purpose of this thesis is to examine the perceptual effects of the parent brand with factors such as perceived quality of the parent brand, brand trust, and brand loyalty. The study also aims to evaluate what kind affects different variables including brand concept consistency and perceived quality of the brand extensions have on purchase and recommendation willingness. Throughout this thesis we will take gender differences into consideration.
2. SCIENTIFIC METHOD

This chapter includes a discussion about our previous experience and knowledge, both theoretical as well as practical. Furthermore, we will critically discuss the implications of our pre-understanding and how it might have an effect on the research. The chapter will continue with description and explanation of the scientific approach that complements and creates proper pre-conditions for us to carry out this research. More precisely what orientations we will take in the fields of theory, epistemology and ontology. Furthermore, this chapter concludes with choice of theories and source criticism.

2.1 Pre-understanding

In terms of pre-understandings, both of us hold theoretical and practical knowledge in the area of marketing. As previously mentioned, we are bachelor students in the International Business Program at Umeå University. Evidently, our studies have consisted of a wide array of business courses, which brings about a noteworthy basic theoretical understanding. For instance, we have been taking various marketing courses, which might influence the way we think about companies and their marketing strategies.

Different studies highlight the importance of objectivism (Graziano & Raulin, 2010, p. 82; Bryman & Bell, 2011, p. 33). Although, we strive to be completely objective we realize that our academic background will to some extent influence the way we think, our choice of theories and our research. Consequently, we might subconsciously exclude other possible and important theories not introduced to us before. We have to bear in mind that in our previous working experiences, stores have introduced new product lines as well as new products therefore we both have experienced brand extensions. Furthermore, because we are consumers ourselves we have also perceived brand extension from the viewpoint of the customers as well.

The company we chose to analyze and utilize serves a basis for our study is H&M. Both of us have previous knowledge and experiences with the company thus we have perceptions about the factors we have chosen. People in our surrounding have also had experience and built their opinions about H&M along with their brand and products. Due to this fact, it might be a risk that our research will be influenced by the customers’ viewpoint. Although, our pre-understandings could serve as an advantage rather than a disadvantage, since we see our case from both a customer's viewpoint as well as from researchers. In addition, we have chosen to investigate our research question with an online survey, which is created in a manner where it is hard for us to be biased and influence the respondents in any way.

We do not believe that our previous knowledge in this matter will have a negative impact on our thesis, but we find that on the contrary it will raise the overall quality of it. Although our theoretical and practical pre-understandings most likely will affect our thesis study to some extent, our goal is to be objective throughout the paper. Therefore, we will continuously reflect upon our arguments critically as well as gain as much knowledge on the subject as possible to get a broad perspective with insights from many different aspects.
2.2 Research Philosophy

Prior to presenting a research strategy we have to consider the epistemological and ontological issues as well as the relationship between theory and research (Bryman & Bell, 2011, p. 4). According to Saunders et al. (2009, p. 108) the research philosophy can be illustrated by using the model of a research onion and this onion represents different choices such as philosophies, approaches, techniques and methods that a researcher can implement. The first layer of the research onion concerns research philosophy and includes epistemological and ontological stances. The term research philosophy focuses on the development of knowledge and the nature of that knowledge and the chosen philosophy will affect what we do as well as how we understand our research (Saunders et al., 2012, p. 127-128). There are two views to consider when conducting a research - these two views are ontology, perception of reality and epistemology, how the knowledge of this reality is acquired (Bryman & Bell, 2011, p. 15; 20).

According to Saunders et al. (2012) ontology captures the nature of reality and there are two different aspects of it, either subjectivism or objectivism (Saunders et al., 2012, p. 130-131). Both Bryman and Bell (2011, p. 21) as well as Saunders et al. (2012, p. 131) define objectivism as when social phenomena or entities and their meanings exists and is external as well as independent of social actors. On the other end of ontology antithetical to objectivism we find subjectivism. This aspect is concerned with entities that are created from the perceptions and the actions that follow of those social actors responsible for their creation (Saunders et al., 2012, p. 131-132). The opposing view of objectivity is constructionism that views reality as being constructed by social actors that is in constant state of revision (Bryman & Bell, 2011, p. 22).

The first layer of the research onion additionally to ontology included the philosophical approach of epistemology. In simple terms, epistemology is the philosophy of knowledge and apprehends what is considered acceptable knowledge and how we come to know this knowledge and there are three epistemological stances: positivism, realism and interpretivism (Saunders et. al, 2012, p. 132-137; Bryman & Bell, 2011, p. 15-20).

If a researcher's stance is positivistic, the observer is an external part of the study that should not affect the outcome. (Saunders et. al, 2012, p. 134-135) Moreover, the research methods are highly structured in order to facilitate replication (Saunders et al., 2012, p. 134-135). Although positivism is difficult to define precisely, Bryman and Bell (2011 p. 15) also advocate that there are five principles that are common elements for the positivistic researcher. These principles entail that research can be conducted in both an inductive as well as a deductive manner and that the research must be value-free (Bryman & Bell, 2011, p. 15-16). The principle of phenomenalism clarifies that only knowledge confirmed by the sense can be considered as knowledge (Bryman & Bell, 2011, p. 15-16). Additionally, there must be a clear distinction between normative and scientific statements (Bryman & Bell, 2011, p. 15-16). The concept of realism differs from positivism since it implies that objects exist regardless of our knowledge of their existence (Saunders et al., 2012, p. 136). Direct realism implements a ‘what you see is what you get’-approach whilst critical realism argues that our senses can deceive us and that what we experience are sensations (Saunders et al., 2012, p. 136). The third and last stance is interpretivism, which Bryman and Bell (2011, p. 715) define as ‘an epistemological position that requires the social scientist to grasp the subjective
meaning of social action.’ Interpretivists view knowledge as created in the interaction with the surroundings, also Saunders et al. (2012, p. 137) emphasize the importance of understanding humans in their role as social actors.

Another important aspect to consider is axiology, which specifies the role of values of the researcher. Under a positivistic philosophy the researcher is objective, whereas under the realistic stance the values are biased by the perception of the world (Saunders et al., 2009, p. 109). At the other end, under the interpretivistic approach, the researcher is subjective and thereby a part of the study (Saunders et al., 2009, p. 109).

Considering the philosophical aspects, when constructing a research, we take the ontological stance of objectivism for this research, since we seek to maintain value-free judgments and look at relationship between variables. We have found a gap in the research and want to test whether there is a relationship between brand trust, brand loyalty, brand concept consistency, perceived quality, consumer value and the perception of the brand extension. In addition, we want to analyze if there is a difference in the perception of brand extensions between genders. We are thereby striving to examine “if” rather than answering the question “why?” and examine our sample without interfering in their response sets, hence not interfering with our own values. Consequently, subjectivism is not appropriate for our quantitative research.

Considering epistemology, we will undertake a positivistic approach since we desire to generalize and make assumptions in a structured fashion. Originating from previous research and in existing theories, and thereby equals some of the key principles of positivism namely, phenomenalism and deductivism. Hence our research matches the positivism rather than realism and interpretivism. As mentioned earlier we also strive to be emotionally unbiased, which is another key aspect of positivism (Bryman & Bell, 2011, p. 15; Saunders et al., 2012, p. 134-135).

2.3 Research Approach

The second layer of the research onion is concerned with how the researchers approach their study, and there are three different approaches to consider. Bryman and Bell, (2011, p. 11-12) explains that the inductive approach is applied when theory is an outcome of a study whereas the deductive approach is guided by theory (see Figure 1). Saunders et al. (2012, p. 145-146) also suggests that deduction possesses several important characteristics such as:

- Structured methodology - in order to facilitate replication and ensure reliability
- Operationalised - enables the facts to be measured
- Reductionism - problems are often better comprehensible if the elements are simplified
- Generalisation - sample must be carefully selected and of sufficient size
In addition to Bryman and Bell’s (2011 p. 11-12) explanation of inductive and deductive approach, Saunders et al. adds yet another approach, namely abduction (Saunders et al., 2012, p. 147-148). When data are used to explore phenomenon, recognize and categorize patterns to generate new or existing theory, the researchers are moving back and forth between inductivism as well as deductivism and thereby implementing an abductive approach (Saunders et al., 2012, p. 147-148).

![Diagram](Image)

*Figure 1 – The Process of Deduction (Bryman & Bell, 2011, p. 11)*

Based on our epistemological and ontological stances, we position our research as deductive, meaning that our research is originating from the theory. This could contribute to deductive studies in some occasions producing unexpected findings and should always be deliberated beforehand (Bryman & Bell, 2011, p. 12). Hence, it is vital to derive logical conclusions from certain statements as well as general thoughts. We have, as previously discussed, chosen a quantitative strategy. A quantitative strategy is normally followed by a deductive approach with a positivistic epistemological direction and an objective ontological orientation (Bryman & Bell, 2011) hence it will be appropriate for our research.

**2.4 Choice of Theories**

In order to help us test and analyze our conceptual model, we have utilized previous research on the various areas of interest. By doing this we will gain different perspectives on how our choice of factors affected the success of a brand extension for researchers in the past.

One major aspect of our theoretical framework is to provide a clear and understandable clarification of what the meanings of the different concept are. As well as provide our own contribution of additional research and findings. It is therefore important for us to make sure that the structure of the framework is clear. We start by introducing the overall concept of branding, and why it exists. There are a lot of existing research that contributes with different definitions for branding, such as the one provided by Milewics et al. (1994, p. 39); “the use of brands to provide customers with a symbolic
meaning assisting the customers when it comes to his or hers decision making process”. We believe that including this in the framework provides the reader with a brighter understanding on what this concept actually stands for.

Additionally, we will continue by introducing the concept of brand extensions, and its primarily use for increasing its market shares. Stated by Aaker and Keller, brand extensions main purpose is to utilize a parent brand that already possesses specific association for the customer when establishing themselves on new product markets (Aaker & Keller, 1990, p.27). Following the introduction of this concept we will be able to explain the reasons to why companies use this strategy and the consequences of it. Providing the reader with a more detailed description and a deeper understanding on the issue of brand extensions. This is one of the concepts we want to highlight the most in our study, since it is the major part of our research.

Furthermore we will provide descriptions on five other factors that we find has a large effect on the success of the brand extension. We considered it most important to include the these factors in our theoretical framework since it will provide the reader with an insight as to how companies constantly need to manage and maintain their established market brand. These factors include, brand concept consistency of a brand, the importance of an established brand trust, consumer values, the perceived quality of the brand and loyalty of the consumers. We have also chosen to include a image of our conceptual model for additional clarification, as well as to be used as a guide for our study.

2.5 Choice of Theoretical Sources

In our theoretical framework, we have provided contributions from many different sources of information, such as books, scientific articles and certain appropriate web pages. Thus, we have both utilized original sources as well as secondary sources to obtain the best possible material for our thesis. We decided on using Google Scholar as our source for finding and downloading reliable articles, which are applicable for our research. We used keywords such as: branding, brand extension, brand concept consistency, brand trust, consumer values, perceived quality, loyalty and gender differences to find the articles needed. There was a supply of both original articles on these subjects as well as secondary articles that referred back to the research of interest.

Since some of the information located in the secondary sources referred back to original articles, we attempted to acquire the original source of this research. Although stated in previous research that the access of primary literature are becoming easier to locate, due to the existence of Internet (Saunders et al., 2012, p. 89), we still found some of the articles that were hard to acquire and thus we had to utilize certain secondary sources in some parts of the theoretical framework (Saunders et al., 2012, p. 89). Furthermore, we found particular occasions when the secondary source in fact had a more clear explanation and when that was the case we referred back to this article instead of the original source.
3. THEORETICAL FRAME OF REFERENCE

This chapter includes the literature review we believe is relevant for answering our research question. Our theoretical framework is based on the theories of brand extensions and other conceptual models important for understanding this research topic. The chapter will end with a proposed conceptual framework.

3.1 Consumer Value

Consumer evaluations are shaped by offers they get receive and thus base their purchase decisions on. Consumers will buy products from the company that offers the highest consumer value (Kotler et al., 2002, p. 392). Hence, it comes as no surprise that the art of developing strong consumer value have proven to be a necessity and a strategic need in order to survive in the corporate world. Many researchers even believe that it is one of the company's most fundamental assets (Lai, 1995, p. 381). There is no limit to how much a company should spend to maintain and to retain customers. However, companies are willing to pay a high price for potential customers since they hope to convert them into profitable and reappearing customers (Kotler et al., 2004, p. 474-475).

However, in order for an individual to be a continuant customer they have to be pleased and gain satisfaction from the purchased product as well as the shopping experience itself. A customer may experience various degrees of satisfaction. If a product does not meet the customer's requirements, the customer is most likely unsatisfied, but on the other hand, when the product matches the customer's expectations, the customer is satisfied (Kotler et al., 2002, p. 394). However, since customer value is a level of return for customer costs, it is not proven that greater customer value equals to greater customer satisfaction (Lai, 1995, p. 387).

Day (1990, p. 142) addresses the issues in analyzing customer value and proposes that it can be expressed in a value equation where customer's perceived benefits minus customer's perceived costs equals perceived customer value. Holbrook (1999, p. 9) however, defines consumer value slightly differently as “an interactive relativistic preference experience”. He explains that consumer value is the evaluation of some object by some subject, where the object is a manufactured good or a service and the subject is the consumer.

Holbrook (1999, p. 5) describes consumer value to be of interactive fashion that entails an interaction between some subject and some object. Additionally, Holbrook (1999, p.6) claims consumer value to be relativistic. This relativism is further specified to be comparative, personal and situational. Value is comparative in the sense that an object can only be evaluated if it is comparable with another object by the same individual (Holbrook. 1999 p.6). Demographic characteristics have also been found to influence an individual’s purchase intention and behaviors in a number of different contexts include gender and age (Matzler et al. 2006 p. 80). For example, women are more involved in purchasing activities in comparison to men (Slama & Tashlian, 1985, p. 79). These suggestions are also supported by a study conducted by Dittmar, Long and Meek (2004, p. 437), who claim that women are found to have stronger emotional commitment than men.
Consumer value is not only personal but also varies depending on time and place or, in other words the circumstances surrounding it (Holbrook, 1999, p. 6-8). A consumer might prefer the same product more in a different situation, which will of course affect the individuals’ value judgment (Holbrook, 1999, p. 6-8).

Furthermore, consumer value as being preferential in the sense that it embodies a preference judgment. The general concept of preference embraces a wide variety of value-related terms such as affect, attitude, evaluation, opinion, and etcetera (Holbrook, 1999, p. 8-9). Lastly, the consumer is affected by the shopping experience per se, and not only in the product purchased or the feeling obtained from it. Therefore, Holbrook claims experience also to be a contributing factor for the total effect of consumer value. (Holbrook, 1999, p. 8-9)

Lai (1995, p. 386) has proposed a model originating from the works of Day’s, ‘Market Driven Strategy’ (1990), where he includes cognitive traits, demographics, perceived logistic benefits, perceived product benefits and perceived costs to evaluate consumer value (see Figure 2). The cognitive traits include factors such as personality, attitude, knowledge and experience, personal value and consumption schemata (Lai, 1995, p. 386). Demographics include age, education, income and wealth as well as time resources. Perceived logistic benefits considers purchase convenience, buying pleasure, variety of choice ordering time, availability of parts and supplies, warranties and after-sale service and other consumption supporting features about the product (Lai, 1995, p. 386). Perceived costs deal with monetary costs, risks, human energy costs and time costs when purchasing, consuming and maintaining products and other costs that are subject to consumers' perception (Lai, 1995, p. 386).
Perceived products benefits might need further explanation since the typology deals with eight generic product benefits: functional, social, affective, epistemic, aesthetic, hedonic, situational, and holistic (Lai, 1995, p. 383). It is important to keep in mind that a product or a service may offer multiple benefits.

Functional benefits are intended benefits that manufacturers design into a product and that the user may experience through usage (Lai, 1995, p. 383). When discussing the perception of what a product is associated with in terms of status or social class, social scientists are often referring to the social benefits (Lai, 1995, p. 383). While the affective benefits consist of the feelings that are acquired from the product, the epistemic benefits are generated from a product's ability to satisfy curiosity, meet a desire for knowledge or other types of value pursuits (Lai, 1995, p. 383).
Aesthetic benefits are usually subjective and indicate the product’s ability to meet the characteristics and personal expression of the consumer (Holbrook, 1999, p. 7). The acquisition to meet a consumer’s need of satisfaction and enjoyment is called hedonic benefits whereas the situational values, as Holbrook also confirms (1999, p. 7), concerns circumstantial factors and are dependent on situational factors such as time and place of a particular consumption occasion. Finally, there are possible benefits attainable from different factors of a product constellation, these being the complementarity, coherence, compatibility, and consistency. The combination of these factors will, as a whole, refer to the holistic benefits derived from using a product (Lai, 1995, p. 383-384).

By summing up and analyzing the result of all these different factors, a company can use these intangible measures to gain insight of their consumers’ consumption behaviors and how their products play a part. This way companies can use customer value as an effective way and strategic approach to achieve innovation, enhance their current customer value as well as obtaining greater marketing penetration and sustainability (Lai, 1995, p. 387).

3.2 Brands and Branding

“A brand is not a product. It is the product’s essence, it’s meaning, and its direction, and it defines its identity in time and space.” (Kapferer, 1992, p. 11).

As described by Kapferer (1992, p. 11) a brand is not a just product, instead it portrays the essence and meaning of the product, assuring it a particular identity in the future. Brands are one of the vital parts of the success of a business, if they are appealing consumer will choose that brand over its competitors and thereby translate into a valuable assets (Murphy, 1998, p. 4). When performing research in this area of interest, it is important to distinguish between a product; “something that offers a functional benefit” (Farquhar, 1989, p. 7) and a brand; “a name, symbol, design or mark that enhances the value of a product beyond its functional purpose” (Farquhar, 1989, p. 7). These are two totally different concepts within the business environment and it is important to understand what they indicate and what their purposes are (Farquhar, 1989, p.7). Previous research defines a brand as a “promise a company makes to the consumer, of what the product is going to deliver.” (Campbell, 2002, p. 3). Organizations that accomplish in building themselves a strong brand name and reputation gain a large competitive advantage against their competitors and a priceless connection with its customers (Campbell, 2002, p. 4; Milewicz & Herbig, 1994, p. 39). And when a company finally has reached the level of a master brand, the brand is so dominant in the customer’s mind that it actually owns a particular value (Farquhar et al., 1992, p. 33).

“The primary purpose of brands and brand names is to provide to the customer a symbolic meaning which assist the user in the recognition and decision making process” (Milewicz & Herbig, 1994, p. 39). This means that brands provide a sense of security for customers, however there are still several challenges facing the brand. When building brands there are three principal activities that needs to take place: the brand need to develop certain associations with customers, ensure that these associations are
accessible in the consumers minds and differentiate their brand from others. This will be the first necessity when establishing a brand on a new market (Farquhar et al., 1992, p. 33). The brand is to emphasize uniqueness when it comes to the potential profit of difference that the brand can offer, this uniqueness should also be easy for customers to understand and remember (Farquhar et al., 1992 p. 38). Furthermore is the importance of a good brand name, it provides the company with the ability to communicate a message to their consumers but also function as a piece of legal property that helps protecting it from competitive attacks (Murphy, 1998, p. 7). A good brand name sets forth multiple different profitable factors. The recognition and familiarity of a knowable brand name could provide a significant trust for the consumer, and this will contribute to him/her perceiving it more comfortable buying a product from a company that they already have connections to (Campbell, 2002, p. 4).

Additionally, it is simply not enough for an organization to build themselves a brand. Making sure that the values and trust for the brand are maintained is just as important for future success; this is where the concept of branding comes in. Branding is a concept that exists everywhere and although we come across different brands several times a day, there are only a few of them we remember (Murphy, 1998, p.4). Why is that and what is it that leads a certain brand to success? Different strategies of branding have been around for centuries, and they have a vital meaning for the world of business (Farquhar, 1989, p. 7).

Trying to define branding thus provides a challenge since there is such a variety in the definitions stated in previous studies. Stated by Murphy (1998, p. 4) brand consist of the product itself, the packaging, the brand name, the promotion, the advertising and the overall presentation, and all of these factors have to blend in into a unique final branding strategy making theirs the desirable and requested one over the others. It is simply not enough for an organization to build themselves a brand, reassuring that the values and trust for the brand are maintained is just as important for future success. The concept of branding furthermore evolved in the eighteenth century, the purpose was to strengthen the relationship between the brand name and a product (Farquhar, 1989, p.7). By utilizing the strategy of differentiating and thereby reaching consumers, companies could ensure that the product would remain memorable in the minds of the consumers (Farquhar, 1989, p.7). Branding strategies are constantly developing and reaching higher levels, and in the nineteenth century, brands became even more usable when the company wanted to enhance a product's perceived value (Farquhar, 1989, p.7). Even at this point of time, branding strategies are found to have new meanings for companies and their success. The fact is that organizations offering the same products and quality at the same price as the competitor will have a hard time in convincing consumers to choose theirs for purchase (Murphy, 1998, p.6).

There is a constant need for the companies to control the distribution of information they want to communicate as a message to customers, but at the same time revealing as little as possible of the information, which is meant to remain a secret, provides a challenge for them in the long run (Clifton, 2009, p. 221). Interesting to know is that strong branding arises when companies are able to think ahead of the consumers, this will allow the company to anticipate the desires of the consumers and shape their values and beliefs around it (Murphy, 1998, p. 6). Furthermore, reputation is stimulated by an ability of the company to constantly perform an activity in the similar matter, contributing to positive attitudes (Milewicz & Herbig, 1994, p.40). The reward of a
good reputation is nonetheless vitality for the brand image, by ensuring perfect performance of their products companies are able to win over a large extent of the market share and increase their sales (Milewicz & Herbig, 1994, p. 40). Repeated false signals will eventually destroy the company’s reputation, not just of one product, but all the members of the brand family (Milewicz & Herbig, 1994, p. 36). A brand that does not pay attention to these manners of interest not only risk destroying its reputation, but also allows other competing brands to seize the opportunity handed to them and win over the consumer (Milewicz & Herbig, 1994, p. 41).

3.3 Factors Affecting Consumer Perceptions About the Brand

3.3.1 Perceived Quality

Perceived quality is “the consumer’s judgment about the superiority or excellence of a product” (Zeithaml, 1988, p. 3). This factor provides the consumer with the possibility of deciding and performing comparisons across products, brands, and services and thereby also promoting competition between the organizations. Perceived quality of a brand is the cornerstone of any strong brand, due to the fact that it contributes to larger sales and increased trust (Farquhar, 1989, p. 8). One of the primary parts of perceived quality is the brand as well as the its products’ reputation, this means that the products of today should remain similar to those of yesterday, and that the quality should remain constant throughout the product lines (Garvin, 1987, p. 107).

![Figure 3 - The Perceived Quality Component (Zeithaml, 1988, p. 4)](image)

The perceived quality can furthermore be identified by specific attributes for that particular product category (see Figure 3). One example stated in previous research is about orange juice and apple juice, where presence of pulp indicates a higher quality in
orange juice but the opposite for the apple juice (Zeithaml, 1988, p. 7). A factor that indicates high quality in one product might imply the opposite for another product, it is therefore important to discover and utilize the attributes unique to that brand. It is stated in previous studies that products consist of an array of cues that serve as surrogate indicators of quality (Zeithaml, 1988, p. 7). The cues are divided into two different groups called extrinsic and intrinsic cues and research has been performed on the attributes and their possible effect on the perception of the brand quality (Richardson et al., 1994, p 29). The theory of cue utilization arises from the need of an attractive framework whereby organizations can assess and compare consumer’s perceptions of store brand quality (Richardson et al, 1994, p. 29).

Explained by Zeithaml (1988, p. 8), extrinsic cues are product related but not part of the physical product itself. Examples of these are for instance difference in price, brand names, and level of advertising, the cues are not specific for a certain products, and can thereby be used to describe the quality of multiple products (Zeithaml, 1988, p. 8). Intrinsic cues on the other hand takes into concern the physical composition of the product, as for example flavor, color and texture (Zeithaml, 1988, p. 6). It has additionally been shown that consumers have a tendency to rely more on intrinsic than extrinsic cues when it comes to inferring the quality (Szybillo et al., 1974, p.77).

Past research have additionally been conducted on the effects of cues such as price and brand image on the perceived quality of a brand and its products (Jacoby et al, 1971, p. 578). Jacoby et al. (1971, p. 578) found that brand image have a tendency to affect the perception relatively more than the price. The study illustrated this by explaining that if the brand had a strong positive image, the perceived quality would be considered the same (Jacoby et al., 1971, p. 578). However, there are still several additional cues that could possibly affect consumer’s view of the quality of a certain brand, these include the effect of price, composition characteristics, advertising and additionally packaging, brand manufacturer, word-of-mouth reports and past purchase experience (Jacoby et al., 1971, p. 570).

### 3.3.2 Brand Trust

Trust has been given a great deal of attention from scholars in several disciplines such as psychology, sociology, economics, management and marketing (Delgado-Ballester & Munuera-Alemán, 2005, p. 188). The concept of trust has also been defined in various ways. Rotter (1967, p. 651) for instance defines trust as “a generalized expectancy held by an individual that the word of another can be relied on” whilst (McAllister, 1995, p. 25) defines the concept as “the extent to which a person is confident in, and willing to act on the basis of the words, actions, decisions of others”. Further, Morgan and Hunt (1994, p. 23) state that trust exists “when one party has confidence in an exchange partner’s reliability and integrity”. Chaudhuri and Holbrook (2001, p. 82) define brand trust as “the willingness of the average consumer to rely on the ability of the brand to perform its stated function”. The same authors also states that although lots of research has been done, the role that brand trust and brand affect play in the creation of brand loyalty as a determinant of brand equity outcomes has not been explicitly considered (Chadhuri & Holbrook, 2001, p. 90).
Consumers’ previous experience, for example, trial and usage has an explicit effect on the perception of a brand, since experiences is a part of the learning process and generates feelings and emotions. Interaction through advertisement and word of mouth is also a major contributor to how consumers recognize brand trust. Thus, it is important to consider both direct as well as indirect factors when dealing with brand trust (Delgado-Ballester & Munuera-Alemán, 2005, p. 188).

The model developed by Reast (2005, p. 5-6) also suggests that brand trust is based on indirect and direct effect and is a two dimensional symbiosis where conative and cognitive correlates with each other and generates brand trust (see Figure 4). The credibility-based component studies if a subject is truthful, fair-minded, and sincere as well as if it shows concern. It also studies competence, expert status, confidence and finally reputation. The performance-satisfaction-based component includes personal experience, usage history, fulfilment of expectations, quality consistency, peoples experience, quality level and dependability of the subject. Reast’s research (2005, p. 6) also finds that brands with higher levels of trust tended to have significantly higher brand line-extension ratings. However, Chaudhuri and Holbrook (2001, p. 90) conclude in their research that it is important to keep in mind that different product categories characteristics influence brand trust and brand differently.

**BRAND TRUST**

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<thead>
<tr>
<th>Credibility-based Trust Correlates</th>
<th>Performance-Satisfaction-based Trust Correlates</th>
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<td>[Cognitive]</td>
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<tr>
<td>Truthful</td>
<td>Personal Experience</td>
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<td>Fair-minded</td>
<td>Usage History</td>
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<tr>
<td>Sincere</td>
<td>Fulfils Expectations</td>
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<tr>
<td>Shows Concern</td>
<td>Quality Consistency</td>
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<tr>
<td>Similar values</td>
<td>Peoples Experience</td>
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<tr>
<td>Gives Confidence</td>
<td>Quality Level</td>
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<td>Competence</td>
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<td>Expert Status</td>
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<td>Reputation</td>
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*Figure 4 - Two Component Model of Brand Trust Correlates (Reast, 2005, p. 5)*

Zboja and Voorhees (2006, p. 386) claims that without consumer trust in the brand, the chances of them returning for a repurchase might be terminated. Conversely, if a company succeeds in the challenge and gain trust from the consumer, this can result in benefits such as additional purchases of customers thus brand trust is an important aspect to consider in order to generate success.
3.3.3 Loyalty

When building strong brands, the heart and center of the companies marketing plans should always be directed towards consumer brand loyalty (Fournier & Yao, 1997, p. 451). Nowadays, in this highly competitive market where the differentiation of products are limited and unpredictable events are constantly increasing, one of the most important competitive advantages a brand can possess is its loyal consumers (Fournier & Yao, 1997, p. 451).

Brand loyalty works as an entry barrier to competitors and allows the company to respond to possible threats. It also contributes to less sensitive customers when it comes to marketing efforts of the competitors, since they already are loyal to one particular brand and thereby provide this brand with greater sales revenue and overall larger profits (Delgado-Ballester & Munuera-Alemán, 2001, p.1238).

As stated in previous research, brand loyalty is one of the ways the consumer expresses his/her satisfaction with the performance of the product or service received (Bloemer & Kasper, 1995, p. 311-312). The “utilization of brand loyalty not only assures companies steady revenues but also lowers their overall effort needed into advertising and marketing” (Hem & Iversen, 2003, p. 73). Brand loyalty is essentially a relational phenomenon, which describes a preferential behavior of consumers towards one or more alternatives over other competing alternatives (Jacoby & Kyner, 1973, p. 2). The whole concept of brand loyalty has a tendency to work as an acceptance-rejection function. Thus the consumer not only selects a certain brand over the other, but also selects out other competing brands, all in the same procedure. (Jacoby & Kyner, 1973, p. 2)

Additionally, previous research defines brand loyalty as a commitment to a certain brand (Loureiro et al., 2012, p. 16). The idea of commitment is defined as “an enduring desire to maintain a valued relationship” (Loureiro et al., 2012, p. 16). When a consumer has a desire to continue the relationship with a particular brand, and not only chooses that brand over others but also recommends it to others through word-of-mouth that person can be regarded a committed consumer being loyal towards the brand (Loureiro et al., 2012, p. 17).

There has been a lot of research focusing on the area of satisfaction of the consumers and its possible link to brand loyalty. The studies such as Andersson and Sullivan (1993, p. 140-141), investigated the antecedents and consequences of consumer satisfaction and discovered that satisfaction did not only have an impact on the perceived quality, but also the consumers repurchase intention (Andersson & Sullivan, 1993, p. 140-141). Additionally overall satisfaction has a meaningful role in determining the purchase intention, where satisfaction and purchase intention of consumers were found to increase as the loyalty towards a brand increases (Labarbera & Mazursky, 1983, p. 402-403).

Later on additional studies performed on the brand loyalty relationship to the concept of love (Loureiro, 2012, p. 24). Loyalty intentions are less influenced by the actual trust of the brand, and more affected by the actual commitment or brand love feeling towards the brand (Loureiro, 2012, p. 24). Stated in previous studies, one of the major contributions to loyalty arises from a build up of love towards the brand (Loureiro,
This is a profitable factor for companies since it forms strong connections between the consumers and the brand, which could be used for the company’s advantage in the future (Hem & Iversen, 2003, p. 73). The studies performed on brand loyalty and brand extensions found that high affective relationships towards the parent brand might benefit the extension by providing it with reductions in the extension evaluation (Hem & Iversen, 2003). Creating loyal behavior intention for the parent brand will furthermore contribute to the brand reaching positive evaluations for its extension, and if the parent brand image is strong enough it might possibly lead to the development of positive emotions towards the extension (Hem & Iversen, 2003, p. 77).

3.4 Brand Extension

Brand extensions has been used for a long time, mostly due to the fact that there is a strong confidence in that they create awareness and quality associations for the organizations, as well as lowers the product risks for consumers. This contributes to a strong brand positioning communication towards the consumers and furthermore increased sales (Taylor & Bearden, 2002, p. 131; Aaker & Keller, 1990, p. 27).

The meaning of brand extensions can be explained by utilizing an example of when organizations use an already established and knowable brand name called parent brand, when entering new product markets (Aaker & Keller, 1990 p.27). Stated in one of the original studies, “a parent brand is an established brand that dominates the consumer’s mind to such a degree that the brand owns specific associations” (Aaker & Keller, 1990, p. 28). This means that there is a probability of an established opinion about the brand and the consumers therefore also associate the same thoughts and feelings towards the new extension (Keller & Aaker, 1992, p. 37).

The focus on brand extension in previous studies has been mainly on the relationship of the parent brand and the extended product and on its positive versus negative results. (Park et al., 1991, p. 185-193; Aaker & Keller, 1990, p. 27-41) The strategy of brand extension has as mentioned before been around for a long time, and is a preferable strategy when organizations want to strengthen and increase their sales as well as their market shares. The extensions provide additional benefits for the organization as well as lowers the overall risk of failure in the way consumers respond to it (Tauber, 1981, p. 38). Tauber (1998, p. 27) furthermore explains brand extension as “using a brand in one category to introduce products in a totally different category” and thereby increase the sales for the parent brand.

The utilization of this strategy has a tendency to lead to a larger possibility of success when it comes to gaining retailers and consumer acceptance over the product and thereby retrieving a successful growth (Keller & Aaker, 1992, p. 35-36). Additionally, there are several beneficial and less beneficial results from utilizing extension strategies. Brand extensions are normally built on the equity gained from the parent brand, making it easier for the extension to enter the market. Brand equity in this case is the added value that the brand endows to the new product extension, contributing to a greater possibility of success (Farquhar, 1989, p. 7).

The easiest way to explain why brand extensions are one of the major strategies for organizations to use is to describe them as a concept used to facilitate entry into new
product areas. It promotes trial and enables the product to capture a larger initial market share than would be possible if the same product was introduced using a new brand (Aaker & Keller, 1990, p. 27; Tauber, 1981, p. 37). As results has shown that the choice of brand strategy can play a significant role when it comes to the success of a new product, although, it is important to remember to not view the brand extension strategy as a guarantee for product success (Smith & Park, 1992, p. 309).

Previous research indicates that the success of the brand extension mainly depends on whether or not the parent brand associations transfer to the extension (Aaker & Keller, 1990, p. 28). This simply refers to the possibility of transferring the parent brand features to the extended brand, and making sure this extension provides the customer with the equal benefits as the parent brand does (Aaker & Keller, 1990, p. 28).

When expanding, an already established brand name that is well known is an advantageous asset since it facilitates user acceptance of the new products as a following the parent brand's reputation (Milewicz & Herbig, 1994, p. 39-40). This is one of the reasons as to why the concept of family branding exists, which means that the organization places the same brand name on all the products in the product line. This is where the concept of brand franchise extension was discovered, thus when “a large group of firms entering new markets under the already existing brand name” (Milewicz & Herbig, 1994, p. 39-40).

Brand extensions are generally divided into two different forms, that being vertical and horizontal brand extension (Kim et al., 2001, p. 211-212). A vertical brand extension involves “introducing a similar brand in the same category, however, usually at a different price and quality” (Kim et al., 2001, p. 211). In a vertical brand extension situation, a second brand name or a description is usually introduced alongside the parent brand name, in order to demonstrate the connection between them two (Kim et al., 2001, 211-212). This strategy can be used in various markets, but one good example is in the automobile market, where new models of different quality, looks and prices are offered constantly. This extension strategy is often characterized as either becoming a step-up or a step-down from the parent brand (Kim et al., 2001, 211-212).

The concept of step-down extension following an introduction of a brand extension is when the extension has for example a lower price and lower quality level than the parent brand. Furthermore, a step-up extension arises when the brand extension is at a higher quality and price point than the parent brand (Kim & Lavack, 1996, p. 25). However, it is important to keep in mind is that there has been evidence in previous research proving that regardless of whether the vertical extension is a step-up extension or a step-down extension, the impact on the parent brand image might be negative (Dacin & Smith, 1994 p. 239-241). Which means there is a possibility of an arising risk following the utilization of this strategy. Studies have been done on the possible effects of a step-down vertical extension and there is three found ways that the parent brand could suffer great loss from as a consequence of a brand extension. These three were, cannibalization of the core brand’s sale, diminishing prestige of parent brand and negative feedback from the parent brands customers. (Kim & Lavack, 1996, p. 27) Furthermore, stated in Kirmani et al. (1999, p. 89) there is supporting research showing that customers who are already current owners generally have a more favorable response to the brand extension. Owners perceive upward and downward stretches of non-prestige brands as positive, as well as upward stretches of prestige brand. Although,
there was evidence showing a negative effect of a downward stretch of prestige brands, this was due to the fact that current owners still desired to maintain the brand exclusivity (Keller & Lehmann, 2006, p. 749).

A lot of times the organizations take on something called distancing techniques in order to increase or decrease the perceived separation between the parent brand and the brand extension, in this way indicate either a closer or a more distant relationship between the parent brand and its extension (Kim et al., 2001, p. 213). One example would be The Marriott Hotel, where distancing techniques were used to illustrate a step-down, by naming the extension Courtyard Inn by Marriott it was intended to attract a less upscale target audience (Kim et al., 2001, p. 213).

A horizontal brand extension is accordingly “the application of an existing brand name to a new product introduction, either in a similar product class or in a product category completely new to the firm” (Kim et al., 2001, p. 211). Within horizontal brand extensions, there is normally no need for distancing techniques. Mainly due to the fact that the whole idea of a horizontal brand extension is to position it close to the parent brand and utilize the parent brands built up equity and established reputation (Park et al., 1991, p. 186).

Horizontal brand extension consists of two sub concepts, that being line extension as well as category extension. In line extension, the parent brand creates a new product that targets a new market group within a product category that is currently served by the parent brand (Blichfeldt, 2005, p. 183). The result of this strategy could be a change in form, size, flavor, or application for the brand (Farquhar, 1989, p. 10). Line extension is considered as the more safe choice when extending, since it still continues extending within an existing product category (Blichfeldt, 2005, p. 183).

Category extension refers to the case in which the parent brand enters a product category, which is different from that of the parent brand (Farquhar, 1989, p. 10). A profitable outcome of a category extension is that it provides immediate name recognition, as well as transfers the same benefits to the extension as with parent brand. It furthermore lowers the cost for the introduction of a new brand extension and allows the extended brand to use already existing distribution channels (Farquhar, 1989, p. 10). There are multiple factors to take into account when striving to reach full success from a brand extension. The two major ones are fit and leverage (Aaker & Keller, 1990. p. 27-28). How well is the extension connected to the parent brand and is there a successful transfer between the two. Failing in this process may have severe consequences since it can affect the consumer’s attitudes towards even the parent brand in a negative way (Aaker & Keller, 1990. p. 27-28). The leverage of a strong brand contributes to a reduction in the risk of introducing a product in a new market, by providing consumers familiarity and knowledge about an already established brand will lead to a more secure feeling (Tauber, 1988, p. 28). The new extension must also be comparable or preferable superior to other products within the same category (Farquhar, 1989, p. 10).

Additionally, Tauber (1988, p. 28) brings up the importance of fit between the parent brand and extension meaning “consumers accepts the new product as logical for that brand and has a positive attitude towards it”. When it comes to introducing a new products, the consumer must perceived the extension as consistent to the parent brand, if this is not the case it will lead to a negative result following the extension. One example
of this is when Harley Davidson motorcycle brand extended the brand to white wine coolers, Scooter Juice (Farquhar, 1989, p. 10). As stated in prior research, the more shared attributes there is between the extension and the parent brand, the more likely it is that the consumers are to perceive the quality of the extension as similar to the parent brand quality (Keller & Aaker, 1992, p. 36).

There have been findings illustrating that consumers not always favor and accept the extension of a brand, an example can be when producing a higher quality or lower quality products that does not fit the original brands intentions (Aaker & Keller, 1990, 28-29). The negative effects following the brand extension in oppose to strengthening the brand and its profits are always a possible risk for organizations utilizing this strategy. Previous research furthermore brings up dilution as a potential effect of brand extension, where the image of the brand extension is different from that of the parent brand as well as the possibility of product failure for the company, resulting in a negative effect on the reputation (Farquhar, 1989, p. 10). These are just examples of what the negative aspect following brand extension could be (Farquhar, 1989, p. 10). Therefore, failing in portraying the organizations visions and goals in the extended product line may have severe consequences in how the consumer feels about the parent brand.

3.5 Factors Affecting Customer Evaluation of Brand extension.

3.5.1 Perceived Quality of Brand Extension

The perceived quality of a brand is a variable that has been considered in various brand extension studies; the main idea is that the beliefs and attitudes regarding the parent brand will be transmitted to the extension (Aaker & Keller, 1990, p. 29). Moreover, the power of reputation strives from the fact that the quality of the extension products should remain similar to that of the already established goods within the organization (Garvin, 1987, p. 107). Quality perception is one of the consumers’ evaluation factors towards brand extension, this means that the perceived quality decides upon the possible fit and future success of the brand extension (Aaker & Keller, 1990, p. 28-29).

According to the categorization theory, underlying facts state that in theory consumers would transfer the quality perception of the parent brand to the extension, meaning, the evaluation of the brand extension would rely mostly on the perceived quality of the parent brand and it is therefore a vitality for a company to maintain this quality assessment (Sujan, 1985, p. 31). Additionally to what was mentioned about particular product attributes in the perceived quality of the parent brand section, it is furthermore also an important factor for the success of the brand extension. Stated in previous research, the more shared attributes there exist between the parent brand and its extension, the more likely the consumers are to infer that the quality of the extension is similar to the quality of the parent brand (Keller & Aaker, 1992, p. 36).

Maintaining a strong quality perception should be a vital concern of the brands, since it provides them with the advantage of using the same advertising techniques as well as specializing and selling products desired by their consumers. The possibility of building and creating positive brand evaluations arising from strong quality products are huge
and will allow the organization future brand equity for years to come and is therefore one of their greatest assets obtainable (Farquhar, 1989, p. 10).

A brand also needs to consider the possible effect following extensions, such as for example a vertical brand extension thus either a step-down or step-up extension. This will most likely have severe consequences on the quality of the brand. Introducing a step-down brand with a large difference in quality levels between the parent brand and the extension can and possibly will create dilution of the parent brand image (Farquhar, 1989, p. 10). At the same time introducing a step-up diminishes the perceived quality and the status of the parent brand (Chung et al., 1996, p. 26). Results from previous studies suggest that if a company wishes to protect its brand image in an extension strategy, it should strive to be perceived as having higher quality than its competitive brands and to encourage product trials (Martinez et al., 2004, p. 47). Even though an extension could be a profitable choice for an organization, it comes with many risks, such as these cues possible effect on consumer’s perception of the brand quality.

3.5.2 Brand Concept Consistency of Brand Extension

“Brand concepts consistency is considered one of the key determinants of brand extension success” (Thorbjørnsen, 2005, p. 250). Previous research has described this concept as a long-term investment, performed by companies to allow them to grow stronger (Park et al., 1986, p. 144). If maintained and nurtured correctly, this concept can create desirable long-run competitive advantages for the company. Once a brand concept is established on the market, the concept consistency should be preserved and developed throughout the brand’s life (Park et al., 1986, p. 144). Following this statement it is very important for the respective company to consider and reflect over its capabilities, how much resources it has in its possession, what are its products offerings and does it suit the overall brand image. Stated in previous research a brand concept is a company is selected brand adapted for settling the needs of consumers, the products in this case owns particular consumer values, thereby allowing it to differentiate itself towards offers from other competing brands within the same products category (Park et al., 1986, p. 136; Park et al., 1991, p. 186). A good common brand concept will furthermore eventually lead to a greater perceived overall fit between the parent brand and its extension, which should be in the future interest of the company to achieve (Park et al., 1991, p. 187).

Brand concepts are brand-unique abstract meanings of a products such as for example high status, luxurious, that arise from a particular configuration of product features such as expensive looking designs, high prices or limited amount available for sale (Park et al., 1991, p. 186). Companies utilizing brand concept management and offering an expanded variety of products will most likely be perceived as a reliable and trustworthy brand (Park et al., 1986, p. 136). The general goal with a strong brand concept is to strengthen and support the brand image, allowing the companies to stretch the concept from its original meaning to other products lines (Park et al., 1986, p. 143). It is essential to recognize the importance of brand concept consistency when evaluating a brand extension, additionally explained the purpose of concept consistency is the concept of brand schema cohesiveness (Park et al., 1991, p. 186). The main determinant of consistency between the parent brand and the extension product largely depends on
possibility of the extension to accommodate the parent brand-name concept, moreover its overall values and beliefs (Park et al., 1991, p. 186).

Park et al. (1991, p. 186) brings up the separation of brands into function-oriented brand concepts and prestige-brand concepts. “A function-oriented brand has their further uniqueness stemming from the product performance, whilst prestige-oriented brands primarily is consumers’ expressions of self-concepts or images” (Park et al., 1991, p. 186). Such as for instance Rolex, which is considered being a prestige brand (Thorbjørnsen, 2005, p. 253).

The studies also found that concept consistency may have a greater effect on the prestige brands than on the functional brand, and that they have a tendency to be stored together under superordinate concept categories such as luxury, status, expensive etc (Park et al., 1991, p. 192). For functional brands this is not the case, their names are usually stored under their own separated product class categories along with the brand concept (Park et al., 1991, p. 192). This is a profitable outcome for the prestige brands since it allows them the ability to be more diverse, makes them more accessible and provides them with the possibility of extending to additional product classes if desired (Park et al., 1991, p. 192).

3.5.3 Purchase and Recommendation Willingness of Brand Extensions

There has been prior research performed on various issues of purchase intention and willingness to recommend of the consumers. By measuring the purchase intentions firms can forecast products’ potential sales and thereby gain beneficial knowledge of future actions. (Ewing, 2000, p. 120) Stated in previous studies, the future purchase intentions are based on previous experiences with the brand, additionally the expectations on the relationship as well as the benefits being provided from that brand in comparison to the competitors, among others. (Olaru et al., 2008, p. 556). Additionally, Dawes et al. (1991, p. 197) bring up word of mouth as an effect following a successful evaluation. This means that the customer not only consider returning for further purchases, but also talks about the company and brand to other potential customer thus generating a free marketing strategy. The company goal generally is to create a high level of consumer retention for the most profitable target segments for that particular firm. This is established through increased satisfaction and value for the consumers, which could lead to positive influence on their performance financially (Bolton et al., 2000, p. 95).

3.6 Gender Differences in Shopping Behavior

There are, of course, biological explanations on how men and women differ such as chromosomes, hormones, and emotions. Thus, the social explanations concerning gender differences stem from children seeking validation and identification by corresponding to the standards of behavior motivation and feelings they assumes fit with their own gender (Putrevu, 2001, p. 1-2). Significantly more attention is getting directed towards gender issues of the society. Previous studies have been conducted on various aspects of this factor, such as gender differences in pay, the different types of gender roles existing as well as gender differences in preferences. (Blau & Kahn, 2000;
Fischer & Arnold, 1990; Croson & Gneezy, 2009) Stated in Mitchell and Walsh (2004, p. 331) men and women prefer different products and have various ways of acquiring these. Additionally, men and women have been shown to evaluate advertisements differently, thus identifying gender as a factor that would influence the way consumers behave and absorb information (Putrevu, 2001, p. 9).

Research findings indicate that women are naturally more risk averse than men, meaning that women tend to back away from unfamiliar situations while men are more likely to do the opposite (Croson & Gneezy, 2009, p. 448). Although, Croson et al. (2009, p. 463) also adds that some of the results might be contradictory with reasons being due to the female sensitivity of social cues, affecting the way they reply to various studies. Furthermore, social preferences of women are different to those of men and concluded that women are essentially more sensitive to social cues. (Croson & Gneezy, 2009, p. 468) Additionally, they state that women have a tendency to experience stronger emotions than men, whilst men are more often overconfident of their success in situations where women are not. Which will lead to an improved performance when competition increases (Croson & Gneeze, 2009, p. 452). Furthermore explained in previous research, men tend to have a more trusting behavior than women (Croson & Gneezy, 2009, p. 455).

There are some differences between genders when it comes to shopping behavior (see Figure 5). In conventional buying women associates shopping with leisure and a social experience (Dittmar et al., 2004, p. 424). Emotional as well as social– experiential factors are more important than functional concerns to women and men tend to have negative attitudes toward buying and see it as work that they want to accomplish with minimum input of time and effort (Dittmar et al., 2004, p. 424). Women are more prone to buy goods that are related to their identity and atmosphere has a large effect on women in conventional buying, whilst it hardly affects the emotional involvement of men (Dittmar et al., 2004, p. 424). However, whilst emotional motives are nearly absent, functional motives are abundant for men (Dittmar et al., 2004, p. 424). It is important to take note that these differences are only applicable as a generalization in conventional buying. This because these are few distinct behavioral disparities when it comes to online-shopping (Dittmar et al., 2004, p. 423-425).

![Figure 5 – Gender Differences in Conventional Buying Motivations (Dittmar et al., 2004, p. 437)](image)
In our research we aim to investigate the effect of factors such as perceived quality, brand trust, brand loyalty and brand concept consistency. Thus, our research question is formulated:

“How does perceived quality, brand trust, brand loyalty and brand concept consistency affect the purchase and recommendation willingness of the brand extension, taking into consideration gender differences?”

Our research question will be further tested through these five hypotheses:

H1: Brand loyalty of the parent brand has a positive effect on purchase and recommendation willingness of an extension.

H2: Brand trust of the parent brand has a positive effect on purchase and recommendation willingness of an extension.

H3: Perceived quality of the parent brand has a positive effect on purchase and recommendation willingness of an extension.

H4: Brand concept consistency of the extensions has a positive effect on purchase and recommendation willingness of an extension.

H5: Perceived quality of the extensions has a positive effect on the purchase and recommendation willingness of an extension.

To be able to answer our research question and fulfill the purpose of this study, we will test these effects by executing our conceptual model. These variables have been chosen, since they have been proven in previous research to have a considerable effect on the perception of parent brands and their accompanied extensions. For instance, Fournier and Yao (1997, p. 451) states that the heart and center of the companies marketing plans should always be directed towards consumer brand loyalty since in a competitive market, one of the most important competitive advantages a brand can possess is its loyal consumers. Delgado-Ballester and Munuera-Alemán (2001, p. 1240) state that trust is a key variable in the development of a sustainable long-term relationship with a brand whilst Farquhar (1989, p. 8) suggests that perceived quality of a brand is the crucial of any strong brand, since it contributes to larger sales and increased trust. Furthermore, the brand concept is also an important factor for the success of an extension (Thorbjørnsen, 2005, p. 250), and a consistent concept should be in the interest of the company strive for (Park et al., 1991, p. 187). In addition, Lai (1995, p. 381) suggests that consumer value is a crucial aspect to consider and maybe even a company’s most fundamental asset. In the proposed conceptual model (see Figure 6) we have included all constructs that will be tested in this thesis.

Our analysis will examine the differences between genders when it comes to shopping behavior. We expect to see differences in perceptions between different genders due to evidence in previous research that indicated an overall difference in the shopping behaviors of men and women (Dittmar, 2004, p. 440-443). After, we will measure different constructs concerning the perception of the parent brand H&M. Our questionnaire includes questions concerning the perceived quality of H&M’s products, consumer loyalty as well as the brand trust the consumers possess towards H&M. This will allow us to measure the perception of H&M and compare it across the male and female respondents.
As the model implies, we will explore the possible links between loyalty, brand trust and perceived quality as well as brand concept consistency and how it affects consumer purchase and willingness to recommend the brand extension - the H&M Café and the H&M Hair Salon. We expect that if the respondents have positive perceptions about the parent brand this will result in beneficial attributes of our fictitious brand extensions. In prior research, men and women proved to differ in their shopping behaviors, and it has been proved to value factors such as identity, emotions, economic, social-behavior and efficiency differently (Dittmar, 2004, p. 440). Therefore, we expect a similar outcome in our research.

In summary, we believe that the aspects of shopping behavior along with the perceptions of H&M will have an indirect effect on the two fictitious brand extensions we have conceptualized. Different genders might have different perceptions about the parent brand and evaluations of potential brand extensions.

![Figure 6 – Proposed Conceptual Model](image-url)
4. PRACTICAL METHODOLOGY

The methodology chapter will explain the reasoning behind our research method. This chapter includes how we have collected our data, our choice sample group, as well as a detailed description of the construction of our quantitative survey.

4.1 Data Collection Method

Quantitative research methods are constructed to draw conclusions and testing theories in an objective manner (Bryman & Bell, 2011, p. 26-27). When quantifying data we can generalize and measure the incidence of views and opinions from the outcome of surveys conducted by a large sample group (Bryman & Bell, 2011, p. 26-27). The advantage with this data collection method is its low level of bias due to the limited involvement of the researchers during the process. Critics claim that quantitative methods often fail to consider the social world (Bryman & Bell, 2011, p. 167). According to Bryman and Bell “quantitative research tends to bring out a static picture of social life, whereas qualitative research is more processual” (Bryman & Bell, 2011, p. 637). Though the term ‘static’ usually shed with a negative light, it is in fact valuable when trying to overcome regularities. The identification of these regularities enables the analysis process to continue (Bryman & Bell, 2011, p. 637).

However, our decision to conduct a quantitative research, using surveys, stems from our desire to generalize and make assumptions in a structured fashion to get an overall perception concerning brand extension. Saunders et al. (2009, p. 108) describes the content of the fourth layer of the research onion that researchers can chose to either facilitate a mono-, multiple- or mixed method. The first method is data collected with one data collecting technique, whereas the second multiple-method is, as the name suggests the researcher can make use of more than one technique but restricted to either quantitative or qualitative research (Saunders et al., 2009, p. 151). The latter mix both quantitative and qualitative research techniques (Saunders et al., 2009, p. 151). We have decided to practice the mono-method by constructing a survey. By utilizing the survey method, which is relatively easy to facilitate, there is a possibility gather information from a large sample at a low cost and analyze the results in various ways (Shiu et al., 2009, p. 227). Some disadvantages are though that we cannot ask respondents to elaborate on some issues and we cannot collect additional data (Bryman & Bell, 2007, p. 242-243).

Additionally, due to time restraints we have decided to conduct a cross sectional study, and examine our results at a certain point in time that can be found in the fifth layer of the research onion (Saunders et al., 2009, p. 108). This research design will allow us to draw conclusions and analyze the results of the variations amongst several variables at one point in time and would therefore be timelier for our study. Bryman and Bell (2011, p. 53-54) suggests that if the researcher is interested in the variation and intent to examine quantitative data on many cases at one point in time with one or several variables, the researcher should choose a cross-sectional design.

As mentioned above, we decided to collect data using a self-administered survey method. This data would be primary data collected with a purpose of answering our research question and further serve as a basis for the analysis and conclusion. Shiu et al.
(2009, p. 45) defines primary data as “Firsthand raw data and structures which have yet to receive any type of meaningful interpretation”. Our decision of using primary data is based on arguments that secondary data i.e. “historical data structures of variables previously collected for some research problem or opportunity situation other than the current situation.” (Shiu et al., 2009, p. 45), would not be sufficient for our purpose. Secondary data can be both too research specific as well as time-consuming and would therefore not be appropriate. Furthermore, after receiving the result from this data collection we used predictive analytics software called IBM SPSS Statistic data editor, version 20. This provided us with various different tools that were used when analyzing the collected data.

4.2 Survey Construction

Our survey construction is based on the data collection method and the purpose of our research, and is the third layer of the previous mentioned research onion (Saunders et al., 2009, p. 118). According to Saunders et al., (2012, p. 420) the characteristics of the respondents, as well as other factors such as the size, type and number of questions influences the choice of questionnaire. But furthermore are the types of resources that are available to the researchers, for example if there is any existing time constraint, financial implications concerning the data collection and the availability of participants (Saunders et al., 2012, p. 422). The questionnaire is constructed in a structured manner with closed questions. When it comes to closed questions “the respondent is given a limited choice of possible answers” (Bryman & Bell, 2011, p. 204). This means that the participant is provided with two or more possible answers and allows him or her to select one or in some cases more than one of the answer alternatives which they find suitable (Bryman & Bell, 2011, p. 204). According to previous studies it makes it easier for the researchers to process the answers collected as well as simplifies the analyzing procedure and nonetheless the comparisons between the different variables (Bryman & Bell, 2011, p. 250). Furthermore, it will reduce the potential variability between the answers since there will be a limited amount of answer alternatives available (Bryman & Bell, 2011, p. 250). We believe the effort involved when answering a survey place a large role of the number of participants contributing. By restricting ourselves to short questions with already established alternatives in the questionnaire, will lead to more people participating. We provided the respondents with an introduction letter with the purpose of creating a general image of our intentions with this research, as well as clarifying the importance that the participants had at least one shopping experience with H&M. In addition we wanted to clarify that their participants were anonymous and voluntary.

The two different extensions that we decided to test our hypotheses on were an H&M Café and an H&M Hair Salon. In our questionnaire we asked the participants to first imagine that H&M would launch a new Café as an extension to their current concept. The Café would be located in a calm area connected to the store. At H&M Café the potential customers could chose to buy coffee and pastries cheaply from a limited assortment ‘on-the-go’ or have their coffee at the H&M-Home decorated Café. The H&M Hair Salon would be located in a separate studio and would not be connected to the store. At the salon customers can choose to get their hair cut, colored and styled for a low price. These two extensions were chosen due to H&M’s goal is to grow and increase the number of stores by 10–15 percent per year (H&M, 2013). We believe that
these extensions could be likely extensions for the company to implement. However, we consider it to be more probable that H&M would adapt to our proposed Café extension since the consumer might have a bigger acceptance of a Café rather than a Hair Salon. It is indeed cheaper to buy and try new coffee and pastries alternatives and most likely does not require as much trust as if to go to a new Hair Salon. Furthermore, this would be a good opportunity for H&M to advertise their H&M Home product line through the Café extension.

We have chosen to utilize category questions as well as rating questions in our questionnaire. The category questions will allow us to ask questions such as the sex, age, and education level of the respondents (Saunders et al., 2012, p. 434). Category questions will furthermore enable us to collect data on the attitudes and behaviors of the participants, however it will be vital for us to ensure a logical order of the questionnaire and cover all the possible responses (Saunders et al., 2012, p. 434). Our rating questions will thus provide us with opinions and feelings of the respondents. This is why we chose to utilize the likert-style rating on our questions for simplicity, meaning that we will ask questions such as whether he or she strongly agree or strongly disagree with the following statement on a 6-point rating scale (Saunders et al., 2012, p. 436).

While constructing this survey it was important for us to make it comprehensive with the purpose of our research and the theories mentioned in our theoretical framework. Moreover make sure that the answers we would receive would provide us with the data needed for a final conclusion. We went back and looked at former studies that had conducted and analyzed the variables we were interested in performing additional research on. By modifying question that has already been used in previous researches we will be able to increase the reliability of our research.

The survey was designed and pretested on a pilot group, making sure that the questions were clear and relevant. Due to the fact that we utilized closed questions in our questionnaire, there could be issues such as the questions being misleading and possibly misunderstood, by pretesting these questions we were able to discover these problems beforehand and make further corrections. The pilot group was selected by convenience, although we made sure that the group had some major characteristics relevant to our sample group. According to Bryman and Bell (2011, p. 262) it is important to make sure that respondent’s interest is kept throughout the survey. Our goal was to ensure question-understandability and reduce data loss by keeping the survey well structured and interesting. It is beneficial to pretest when performing a self-completion survey since the respondents will answer the question without the presence of an interviewer. (Bryman & Bell, 2011, p. 262) And will thereby not be able to consult the researchers about certain confusions in the questions asked.

We created an online survey on Google docs where we had the opportunity to enter all our questions directly to the program. After discovering a structure appropriate for our survey that would be easy to understand, we received an Internet link to send out to possible participants. By using the social network such as Facebook, we were able to send out the survey to a large amount of individuals. We furthermore had the ability to place our survey in a group founded with the purpose of collecting participants for various surveys, and this group consisted of students from Umeå University. In order to collect as much data as possible we sent out two reminders to increase the amount of respondents and finally reach our desirable number of participants. The reminders
resulted in increased responses as illustrated by the last two peaks in the graph below (see Figure 7).

![Figure 7 – Number of Daily Responses](image)

### 4.3 Sampling Technique

In order for us to locate any empirical findings and generate relevant information for our conclusions, we had to decide on a population of interest that would provide us with the sufficient data needed. Population is defined as the “universe of units from which the sample is to be selected” (Bryman & Bell, 2011 p. 176) where sample further is described as the segment selected from the population which the research will be conducted on (Bryman & Bell, 2011, p). Our population consisted of a wide variety of respondents, both male and female participants were to contribute, thus allowing us to compare if there are any existing gender differences in our research evaluation. Furthermore, we also made sure to cover all the possible ages, by providing the respondents with options such as 20 or younger all the way to 31 or older.

The choice of population that we considered appropriate mostly strived from the fact that the brand of H&M targets various different segments; men, women, teenagers and children throughout their products lines. We therefore had to include a more diverse level of participants in our study, thereby receive an overall picture of the total attitudes and behaviors over a large group of respondents. Stated in Bryman and Bell (2011, p.187) there is not any straightforward recommendation when it comes to the size of the sample, it largely depends on the number of considerations. Our desire of course to get as many responses as possible for the purpose of gaining as much reliable data as possible, but at the end, to our advantage, we succeeded in retrieving 110 responses for utilization in the analysis part.

We used one of the major sampling techniques when retrieving the analytical data for our research. This technique is called convenience sampling (Shiu et al., 2009, p. 480) and the sample was chosen simply because it was available to us and easily accessible. Shiu et al. (2009, p. 480) defines convenience sampling as “A non-probability sampling technique in which samples are drawn as the convenience of the researcher.” Due to time constraints we had to receive fairly large population to answer our surveys in a short amount of time, and this was one of the advantages with posting the survey on
social networks we could reach a large audience fast and efficient. The issues with this technique is that it provides the researchers with difficulties in defining the population, however, we did not consider this a problem for us since H&M actually target all kinds of segments on the market (Bryman & Bell, 2011, p. 190)

4.4 Access

Shui et al. (2009, p. 64) states that the second most important step in the research process is to assess measurement issues and scales that determines how much raw data can be extracted and also how much information that can be obtained from it. Furthermore, the accessibility of this raw data will depend of our target population (Saunders et al., 2009, p. 169). Since H&M targets various different segments; men, women, teenagers and children throughout their products lines we decided to apply convenience sampling. We posted our survey on the social media site Facebook thus we targeted people in our surrounding, and mostly men and women in the ages between 18-30. Posting a survey on Facebook is convenient for the respondents and us since, we allow them to answer whenever want as well as it is cost- and time-saving for us as researchers (Shiu et al., 2009, p. 480-481). In total we received 110 answers, where all of them were fully completed. We had a completion rate of 100% since we constructed the survey in a manner that required an answer, in order for the respondents to move on to the next part of the survey. We sent out reminders to the respondents in order to increase the response rate, which was quite successful and resulted in additional answers as soon as the reminder had been sent out (see Figure 7).

4.5 Data Analysis

4.5.1 Cronbach’s Alpha

By computing the Cronbach’s alpha test we will be able to test the reliability of our research. This allows us to test the consistency of questionnaire responses towards set of questions we used when collecting the data needed to measure the study of interest. As stated in previous research Cronbach’s alpha “essentially calculates the average of all possible split-half reliability coefficients” (Bryman & Bell, 2011, p. 159). The values are located between 0 and 1 if the result consist of a value of 0.7 or above it indicates that the questions are relevant for the purpose of the measurement and should be used (Saunders et al., 2012, p. 430).

4.5.2 Descriptive Statistics

Measuring descriptive statistics allowed us to compare the variables in more detail, thus we decided in conducting measurements on the mean, standard deviation and Pearson correlation of each variable. When calculating the mean of the data, all items are included and then divided by the number of observations (Saunders et al., 2012, p. 504). By utilizing this way of measuring different constructs we receive an average value of
the total responses available to us (Moore & McCabe, 1999, p. 41). Additionally, providing a standard deviation measurement data will offer us additional information for our analysis. The “standard deviation measures the spread about the mean and should be used only when the mean is chosen as the measure of center” (Moore & McCabe, 1999, p. 51). This will allow us to discover if the data variance around their means is high or low and help us in our study (Saunders et al., 2012 p. 504). Also, Pearson correlation allows us to perform research on the relationship of the constructs (Bryman & Bell, 2011, p. 347). The preferable outcome would be to obtain a result close to 1 since this indicates a strong relationship between the variables. If the data suggest a correlation of 0 it implies that there is a non-existing relationship between them and -1 proposes a negative relationship (Bryman & Bell 2011, p. 347). In order to make the results easier to understand and accessible for the reader when it comes to recognizing important parts of the data analysis, we will portray appropriate results in graphs for simplicity (Saunders et al., 2012, p. 612). This will be particularly true when comparing behavior and attitudinal attributes.

4.5.3 Regression Analysis

We used a bivariate regression analysis to test our conceptual model by calculating its overall co-efficiency. “A simple linear regression assumes that the mean of the response variable y depends on the explanatory variable x” (Moore & McCabe, 1999, p. 712). Furthermore, regression is defined as; “the process of calculating co-efficiency of determination and regression equation using one independent variable” (Saunders et al., 2012, p. 523). However, since our research consists of more than a single independent variable influencing the dependent variable we will use a multiple regression analysis. This analysis enables us to investigate the significance of particular variables and their impacts on the consumer’s purchase and willingness of extensions.

Therefore, our choice of dependent factor for the multiple regression analysis is consumer’s purchase and willingness towards the company extension of interest, which is either H&M Café or H&M Hair Salon. By measuring the effect of factors such as the perceived quality, brand trust and loyalty of the parent brand, furthermore the brand concept consistency and perceived quality of the extension products, we will be able to notice the possible effects the constructs will have on the purchase and willingness. Thus we will regard perceived quality of the parent brand, brand trust, brand loyalty, brand concept consistency and perceived quality of the extension as our independent factors.

By using regression analysis as a measurement we will receive important values that we use to our advantage. One of these are the R-square value, which is defined as; “the square of the correlation, R-square, is the fraction of the variation in the values of y that is expected by the least-squares regression of y on x” (Moore & McCabe, 1999 p. 144). Stated in previous research R-square is there to provide an indication of how successful the regression was in explaining the response (Moore & McCabe, 1999 p. 144). Therefore, for example, an R-square value of 0.9888 suggests that the independent variables was 98.88 % accurate in explaining the variance in the dependable variable (Moore & McCabe, 1999, p. 144). In addition to R-square, a regression analysis also provides an adjusted R-square, this measurement takes the sample size as well as the amount of independent factors included, and thereby delivers a reduced R-square (Shiu
Furthermore, in the regression analysis a beta test is performed in order to measure the independent variables and their influence on the dependent variable, and should range from 0 to 1 (Shiu et al., 2009, p. 584). A positive beta value suggests a positive relationship whereas a negative beta suggests a negative relationship (Shiu et al., 2009, p. 584). To examine if the differences between genders we performed an ANOVA analysis, that determines if there is a statistical difference between the means (Shiu et al., 2009, p. 592). Also included in the variance analysis is an F-test that is used to evaluate the mean differences between groups in ANOVA (Shiu et al., 2009, p. 593).

4.6 Ethical Issues

It is vital to constantly keep in mind the ethical issue involved when conducting business research or any research for that matter (Bryman & Bell, 2011, p. 122). It is largely emphasizes to ensure the accuracy and ethnicity of research performed that demands the contribution of individuals for additional data, thus value the importance of honesty and openness when it comes to the interaction between the researchers and the participants (Bryman & Bell, 2011, p. 141).

There are four areas of ethical issues that are relevant to consider when performing and writing business research. These include harm to participants, lack of informed consent, invasion of privacy and deception (Bryman & Bell, 2011, p. 128). Harm to participant has a significant wide meaning, it can be everything from physical harm, harm to the participant self-esteem but also exposing them to perform stressful activities (Bryman & Bell, 2011, p. 122). We will therefore make sure to not to put too much pressure on the individuals participation, they will be able to contribute but on their own initiative.

We feel this will lead to a more beneficial outcome for us, due to the fact that the participants included essentially wanted to participate and thereby also answers the questions more thoroughly. It is furthermore important to maintain the confidentiality of the participants and make sure that they will be able to be anonymous throughout the whole process (Bryman & Bell, 2011, p. 123). We have created our questionnaires with this aspect taken into consideration. We therefore decided to only ask for the participant’s sex, age and education level. This secures their personal information and provides them with the knowledge that they can answer the survey completely anonymously. Lack of informed consent can also contribute to unethical dilemmas, this is the case when researchers leave out important information required for the participants to make a decision as to whether or not they want to be involved in the study (Bryman & Bell, 2011, p. 133).

We believe that our survey is structured in a way that ensures fully informed participants, we were extremely cautious with including all the information acquired by the participants in our brief informational description of our purpose. It stated that individuals wanting to participate needed to have at least one purchase opportunity at H&M, and gave a concise description as to what our purpose with this survey was. In our opinion this provides them with a trustworthy and reliable image of our questionnaire. There is also the issues of invasion of privacy, this means that the researchers at no time what so ever can intrude on the privacy and confidentiality of the
participant. Proving the importance of maintaining and supporting the values of the participants (Bryman & Bell, 2011, p.136). By making sure that our respondents can answer our questionnaire without disrupting the secrecy and anonymity of them, we can make sure to act in an ethical manner and not violate their integrity.

Furthermore, there is also the issue of deception, when researchers state faulty information and reasons for their research. This illustrates misleading and deceiving intentions of the researchers (Bryman & Bell, 2011, p.136). We furthermore believe that we have given sufficient amount of attention in reassuring the information accuracy of our research.
5. EMPIRICAL FINDINGS

The empirical findings chapter will emphasize on the findings generated from our quantitative research. This chapter includes the results from our collected data, divided into three subchapters, such as Demographics, Cronbach’s Alpha & Descriptive Statistics and lastly Correlation.

5.1 Demographics

To be able to get a better view and gain a better general perception of whom our respondents were, we asked them certain demographic questions. For instance, out of all the 110 respondents that chose to participate in our survey, the majority 58%, of them were women and 42% were men (see Figure 8). Further, most of the respondents 67%, were in the age span 21-26 years old, followed by the age span 26-30 years that 14.5% of the respondents appertained to (see Figure 9). The majority (52%) had completed at least an upper secondary education, and additionally 41% had a bachelor’s degree. 14% of our sample had completed a master’s degree. The results from questions regarding age and level of education were somewhat expected since our survey was posted in the social network Facebook in various student groups and were the age and level of education is rather similar. However, the results from gender and was harder to predict, although the results from did not come as a surprise.

![Figure 8 – Percentage of Male and Female Respondents](image)

![Figure 9 – Age Distribution Amongst Respondents](image)
We also wanted to examine our samples frequency of shopping. 94 out of the 110 respondents went shopping at least once every other month. Only 16 of the respondents went shopping once every six months or less (see Figure 10).

![Shopping Frequency](image)

*Figure 10 – Shopping Frequency Distribution*

### 5.2 Cronbach’s Alpha & Descriptive Statistics

As previously mentioned, Cronbach’s alpha test the reliability of applied scales i.e. if we measure what we intended to (Saunders et al., 2009, p. 374). The result from the Cronbach’s alpha test indicates that all our constructs besides one were reliable. The efficiency-, social-experimental-, emotional-, and the identity issues were all reliable. This was true even for quality, brand trust, and loyalty of the parent brand, as well as the purchase and recommendation willingness, perceived quality, and brand concept consistency of both the café extension and the hair salon extension (see Table 1). These constructs had Cronbach’s alpha coefficients higher than 0.7 and are therefore considered efficient and reliable (Bryman & Bell, 2012, p. 159). However, one of these constructs, the economic issues had an alpha that was lower than 0.7 and is therefore considered inefficient. We decided to use one item for measuring the economic issues in order to not produce faulty findings and thereby make wrong conclusions about the outcome of our research.
### Descriptive Statistics

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Cronbach’s Alpha</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Issues</td>
<td>one item</td>
<td>4,301</td>
<td>0,926</td>
</tr>
<tr>
<td>Efficiency Issues</td>
<td>.800</td>
<td>4,146</td>
<td>1,288</td>
</tr>
<tr>
<td>Social-Experimental Issues</td>
<td>.744</td>
<td>4,023</td>
<td>1,345</td>
</tr>
<tr>
<td>Emotional Issues</td>
<td>.927</td>
<td>3,596</td>
<td>1,233</td>
</tr>
<tr>
<td>Identity Issues</td>
<td>.748</td>
<td>3,501</td>
<td>1,149</td>
</tr>
<tr>
<td>Quality Parent Brand</td>
<td>.847</td>
<td>3,449</td>
<td>0,991</td>
</tr>
<tr>
<td>Brand Trust Parent Brand</td>
<td>.817</td>
<td>3,924</td>
<td>1,095</td>
</tr>
<tr>
<td>Loyalty Parent Brand</td>
<td>.914</td>
<td>3,918</td>
<td>0,996</td>
</tr>
<tr>
<td>Purchase and Recommendation Willingness Café Extension</td>
<td>.909</td>
<td>2,832</td>
<td>1,240</td>
</tr>
<tr>
<td>Brand Concept Consistency Café Extension</td>
<td>.913</td>
<td>3,102</td>
<td>1,259</td>
</tr>
<tr>
<td>Perceived Quality Café Extension</td>
<td>.903</td>
<td>3,405</td>
<td>0,948</td>
</tr>
<tr>
<td>Purchase and Recommendation Willingness Hair Salon Extension</td>
<td>.962</td>
<td>2,736</td>
<td>1,301</td>
</tr>
<tr>
<td>Brand Concept Consistency Hair Salon Extension</td>
<td>.947</td>
<td>3,039</td>
<td>1,250</td>
</tr>
<tr>
<td>Perceived Quality Hair Salon Extension</td>
<td>.951</td>
<td>3,225</td>
<td>1,079</td>
</tr>
</tbody>
</table>

*Table 1 – Descriptive Statistics, Cronbach’s Alpha*

After measuring the Cronbach’s alpha for each construct and dealing with those that were not considered reliable, we calculated descriptive statistics. The statistical items utilized were mean, standard deviation and Pearson correlation. The mean represents the average value when all the items have been added up and divided by the number of items (Saunders et al., 2001, p. 504). As table 1 shows, our mean middle point was 3 and almost all of our variables were above this point. The only constructs that had a mean value below 3, was the purchase and willingness to recommend for both extensions (see Table 1). Additionally, we examined the distribution around the mean by looking at the standard deviation (David et al., 1999, p. 51).

### 5.3 Correlations

Pearson correlation measures the relationships of the variables (Bryman & Bell, 2011, p. 347) and as the table shows, relationships between all of our constructs proved to be statistically significant at a 0.01 level besides three (see Table 2). Two of these three were still significant on a 0.05 and one was not significant at either of these levels. The significant correlations vary with values from 0.308 up to 0.787. The lowest correlation with a significance level of neither 0.01 nor 0.05 was the relationship between brand concept consistency of the café extension and quality of the parent brand. This indicated that there was no noteworthy relationship between these to variables. Although some of the coefficient revealed a low value, all of our variables still proved to have a positive relationship.
Correlations of Café Extension

<table>
<thead>
<tr>
<th>Constructs</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Quality Parent Brand</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Trust Parent Brand</td>
<td>.726**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loyalty Parent Brand</td>
<td>.773**</td>
<td>.787**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Concept Consistency</td>
<td>0.152</td>
<td>.235*</td>
<td>.205*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cafe Extension</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Quality Cafe Extension</td>
<td>.371**</td>
<td>.391**</td>
<td>.447**</td>
<td>.676**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase and Recommendation</td>
<td>.308**</td>
<td>.350**</td>
<td>.345**</td>
<td>.528**</td>
<td>.761**</td>
<td></td>
</tr>
<tr>
<td>Willingness Cafe Extension</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Table 2 – Pearson Correlation Café Extension

We noticed a distinctive difference between the two extensions and the results from the correlations. While the factors measuring evaluations of the H&M Café extension proved to have a relatively strong relationship with other variables, the H&M Hair Salon indicated a weaker relationship (see Table 3). Brand trust and loyalty had a positive relationship with quality of the parent brand at significance level of 0.01. The perceived quality and purchase and recommendation willingness of the Hair Salon extension had a relatively strong and positive relationship with brand concept consistency. In addition, purchase and recommendation willingness has a significant correlation with perceived quality at the 0.01 level. At the 0.05 level perceived quality and loyalty of the parent brand showed a positive relationship. Furthermore as shown in table 3, the other values were close to 0 and indicated an almost weak relationship.

Correlations of Hair Salon Extension

<table>
<thead>
<tr>
<th>Constructs</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Quality Parent Brand</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Trust Parent Brand</td>
<td>.726**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loyalty Parent Brand</td>
<td>.773**</td>
<td>.787**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Concept Consistency</td>
<td>0.070</td>
<td>0.112</td>
<td>0.097</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hair Salon Extension</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Quality Hair Salon</td>
<td>0.148</td>
<td>0.149</td>
<td>.195*</td>
<td>.760**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extension</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase and Recommendation</td>
<td>0.138</td>
<td>0.113</td>
<td>0.166</td>
<td>.699**</td>
<td>.752**</td>
<td></td>
</tr>
<tr>
<td>Willingness Hair Salon Extension</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Table 3 – Pearson Correlation Hair Salon Extension
6. ANALYSIS

This chapter aims to analyze and discuss our findings from our empirical findings in relation to our theoretical framework. We will first analyze findings of consumer values and second the perceptions of the parent brand. Further, we will examine the results from our regression analysis for each brand extension.

6.1 Consumer Value

In the analysis of shopping behavior of the respondent, the factors that served the highest level of importance proved to be economic and efficiency (see Figure 11). Their average value was 4.30 and 4.25 respectively. The third most important factor was the social-experimental aspects of shopping, followed by emotional and identity factors. However in the ANOVA table we can see that only the factors concerning emotional and efficiency are significant (see Table 4). These are therefore the two aspects we can use to support previous research and our hypothesis.

![Image: Figure 11 – Mean Shopping Values]

When analyzing these values from a gender perspective, we find results that indicate similarities with conclusions made by Dittrar et al. (2004, p. 440). That is, men tend to be appreciating of efficiency factors as well as economic factors (see Figure 12). Conversely, women ranked economic aspects of shopping the highest, followed by emotional and efficiency values.
## ANOVA

<table>
<thead>
<tr>
<th>Shopping Values</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotional</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>39,812</td>
<td>1</td>
<td>39,812</td>
<td>34,142</td>
<td>.010</td>
</tr>
<tr>
<td>Within Groups</td>
<td>125,936</td>
<td>108</td>
<td>1,166</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>165,748</td>
<td>109</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>2,090</td>
<td>1</td>
<td>2,090</td>
<td>1,591</td>
<td>.210</td>
</tr>
<tr>
<td>Within Groups</td>
<td>141,855</td>
<td>108</td>
<td>1,313</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>143,944</td>
<td>109</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>13,643</td>
<td>1</td>
<td>13,643</td>
<td>8,821</td>
<td>.010</td>
</tr>
<tr>
<td>Within Groups</td>
<td>167,030</td>
<td>108</td>
<td>1,547</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>180,673</td>
<td>109</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>,438</td>
<td>1</td>
<td>,438</td>
<td>1,240</td>
<td>.240</td>
</tr>
<tr>
<td>Within Groups</td>
<td>196,756</td>
<td>108</td>
<td>1,822</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>197,193</td>
<td>109</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>,892</td>
<td>1</td>
<td>,892</td>
<td>1,040</td>
<td>.310</td>
</tr>
<tr>
<td>Within Groups</td>
<td>92,652</td>
<td>108</td>
<td>,858</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>93,544</td>
<td>109</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Table 4 – ANOVA Shopping Values*

*Figure 12 – Gender Differences in Mean Shopping Values*
6.2 Perceptions of the Parent Brand

Questions related to attributes of the parent brand were rated on a six-point scale that measured perceived quality, brand trust and loyalty. The construct that received the highest mean value was brand trust, with a value of 3.924 (see Figure 13). Brand trust was closely followed by loyalty with a mean value of 3.918. Furthermore, perceived quality had a mean value of 3.449 indicating that the respondents had a higher perception of trust and loyalty rather than perceived quality of their products.

![Figure 13 – Perceptions of Parent Brand](image)

We decided to divide the constructs of perception of parent brand into female and male perceptions. By doing this we can examine if there are any significant differences on how the different genders perceive H&M. All three constructs, perceived quality, brand trust and loyalty received an average value that was higher than the midpoint value 3 (see Figure 14). The female responses generated a slightly higher average on loyalty factors 3.937 whereas the male respondents produced a loyalty value of 3.894. The questions regarding brand trust and perceived quality resulted in somewhat higher averages from the male respondents. Here, brand trust of H&M got a value of 4.014 and perceived quality 3.597. The women in the survey generated outcomes concerning brand trust and perceived quality of 3.857 and 3.352 respectively. The results from the ANOVA analysis show that there is no significant difference between genders in how they perceive H&M when it comes to brand trust, loyalty and perceived quality (see Table 5).
Figure 14 – Gender Differences, Perceptions of Parent Brand
By conducting a multiple regression analysis we measured the relationship between the dependent and the independent variables. Our model received an R square value of .586, which means that our independent variables were accountable for 58.6% of the variance in purchase and recommendation willingness of the H&M Café extension (see Table 6). The ANOVA analysis indicates that the regression model for the H&M Café extension is significant at a probability level of 0.01 (see Table 7). As previously mentioned, beta analyses whether or not and to what extent the independent variables influences the dependent variable (Shiu et al., 2009, p. 584). In our first regression concerning the H&M Café extension, we find that only one factor has a significant
effect on purchase and recommendation willingness. Perceived quality was proved to have the biggest influence on purchase and recommendation willingness since it has a beta value of .739 (see Table 8). We also conducted an ANOVA analysis to evaluate differences in evaluations regarding the H&M Café extension between different genders. However, these results did not have any statistical significance (see Table 5).

**Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.765*</td>
<td>.586</td>
<td>.566</td>
<td>.817</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Perceived Quality Café, Perceived Quality Parent Brand, Brand Concept Consistency Café, Brand Trust Parent Brand, Loyalty Parent Brand

**Table 6 – Model Summary Café Extension**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>98,196</td>
<td>5</td>
<td>19,639</td>
<td>29,413</td>
<td>.010b</td>
</tr>
<tr>
<td>Residual</td>
<td>69,443</td>
<td>104</td>
<td>.668</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>167,639</td>
<td>109</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Purchase and Recommendation Willingness Café Extension  
b. Predictors: (Constant), Perceived Quality Café, Perceived Quality Parent Brand, Brand Concept Consistency Café, Brand Trust Parent Brand, Loyalty Parent Brand

**Table 7 – ANOVA Café Extension**

<table>
<thead>
<tr>
<th>Model Café Extension</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>-0.653</td>
<td>0.362</td>
<td>-1.801</td>
<td>0.075</td>
</tr>
<tr>
<td>Quality Parent Brand</td>
<td>0.025</td>
<td>0.131</td>
<td>0.194</td>
<td>0.847</td>
</tr>
<tr>
<td>Brand Trust Parent Brand</td>
<td>0.136</td>
<td>0.123</td>
<td>1.109</td>
<td>0.271</td>
</tr>
<tr>
<td>Loyalty Parent Brand</td>
<td>0.002</td>
<td>0.149</td>
<td>-0.828</td>
<td>0.409</td>
</tr>
<tr>
<td>Brand Concept Consistency Café Extension</td>
<td>0.017</td>
<td>0.086</td>
<td>0.203</td>
<td>0.839</td>
</tr>
<tr>
<td>Perceived Quality Café Extension</td>
<td>0.967</td>
<td>0.124</td>
<td>7.775</td>
<td>0.010</td>
</tr>
</tbody>
</table>

**Table 8 – Regression Café Extension**
Our second regression model included results from data on the H&M Hair Salon extension. The regression show an R square of 0.608, this means that 60.8% of the variation in purchase and recommendation willingness of the H&M Hair Salon can be explained from the independent factors that consist of quality, brand trust and loyalty of parent brand, as well as perceived quality of the extension and brand concept consistency (see Table 9). This value is slightly higher than the results from the Café extension. The ANOVA analysis indicates that the regression model for the Hair Salon extension is significant at a probability level of 0.01 (see Table 10). The beta values indicate that the factor that has significant positive effect on purchase and recommendation willingness of the extension is the perceived quality of the hair salon extension with a beta value of 0.505 (see Table 11). Also in this regression we conducted an ANOVA analysis to evaluate differences in evaluations regarding the H&M Hair Salon extension between different genders, but these results did not have any statistical significance (see Table 5).

### Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.780*</td>
<td>0.608</td>
<td>0.589</td>
<td>0.834</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Perceived Quality Hair Salon, Perceived Quality Parent Brand, Brand Concept Consistency Hair Salon, Brand Trust Parent Brand, Loyalty Parent Brand

### ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>112,089</td>
<td>5</td>
<td>22,418</td>
<td>32,262</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>72,266</td>
<td>104</td>
<td>.695</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>184,355</td>
<td>109</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Purchase and Recommendation Willingness Hair Salon
b. Predictors: (Constant), Perceived Quality Hair Salon, Perceived Quality Parent Brand, Brand Concept Consistency Hair Salon, Brand Trust Parent Brand, Loyalty Parent Brand

Table 9 – Model Summary Hair Salon Extension

Table 10 – ANOVA Hair Salon Extension
<table>
<thead>
<tr>
<th>Model Hair Salon Extension</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>-0.385</td>
<td>0.381</td>
<td>1</td>
<td>-1.013</td>
</tr>
<tr>
<td>Quality Parent Brand</td>
<td>0.074</td>
<td>0.133</td>
<td>0.056</td>
<td>0.553</td>
</tr>
<tr>
<td>Brand Trust Parent Brand</td>
<td>-0.105</td>
<td>0.125</td>
<td>-0.088</td>
<td>-0.84</td>
</tr>
<tr>
<td>Loyalty Parent Brand</td>
<td>0.082</td>
<td>0.149</td>
<td>0.063</td>
<td>0.548</td>
</tr>
<tr>
<td>Perceived Quality Hair Salon Extension</td>
<td>0.608</td>
<td>0.116</td>
<td>0.505</td>
<td>5.226</td>
</tr>
<tr>
<td>Brand Concept Consistency</td>
<td>0.328</td>
<td>0.099</td>
<td>0.315</td>
<td>3.308</td>
</tr>
</tbody>
</table>

*Table 11 – Regression Hair Salon Extension*
7. DISCUSSION

In this part of the thesis we will discuss and evaluate the proposed extensions considering the empirical findings and analysis in relation to our hypotheses. Further, we will consider the different aspects of gender differences as a concluding part of this chapter.

7.1 Evaluation of Potential Extensions

Based on the results from the first regression analysis regarding the H&M Café extension, we can conclude that only one of the factors had a positive effect on purchase and recommendation willingness (see Figure 15). The fit of this regression model was acceptable with an R-square value of 0.586. Therefore, we know that our independent variables accounts for 58.6% of the variance in purchase and willingness to recommend. The independent variables were responsible for more than half of the changes in the dependent variable and we therefore argue that the model is acceptable even though there might be other factors that generate effect. However, it is important to take note that we can expect that there are other attributes that might affect purchase willingness as well as recommendation willingness.

![Figure 15 – Effect on Conceptual Model, H&M Café Extension](image)

Figure 15 – Effect on Conceptual Model, H&M Café Extension
The results from the second regression analysis concerned proposed extension of a H&M Hair Salon. The multiple regression show an R square of 0.608, hence 60.8% of the variation in purchase and recommendation willingness were be explained by the independent factors that consist of quality, brand trust and loyalty of parent brand, as well as perceived quality of the extension and brand concept consistency (see Table 11). Similarly with the first regression model, the independent variables were responsible for more than half of the changes in the dependent variable although the second regression model received a moderately higher value and we can determine that two of the factors had a positive effect on purchase and recommendation willingness namely brand concept consistency and perceived quality of the extension (see Figure 16). We therefore argue that the model is acceptable even though thus even in this case it is important to take note that we can expect that there are other factors than the one we have examined that might affect purchase willingness as well as recommendation willingness.

![Figure 16 – Effect on Conceptual Model, H&M Hair Salon Extension](image)

### 7.2 Regression 1 – H&M Café Extension

Our first hypothesis concerns the parent brand and states “H1: Brand loyalty of the parent brand has positive effect on purchase and recommendation willingness.” Previous studies have indicated that loyalty has an effect on purchase and recommendation willingness in the sense that when customers are loyal this generates greater sales revenue as well as recommendations through word of mouth (Delgado-Ballester & Munuera-Alemán, 2001, p. 1238; Loureiro et al., 2012, p. 17). The result
from the Cronbach’s alpha test indicates that our construct were reliable (see Table 1), however our regression model could not support our hypothesis, hence the statistical data generated from our research could not support the findings from previous research regarding loyalty. We could not support our hypothesis that findings at this stage showed a positive relationship between loyalty of parent brand and purchase and recommendation willingness.

The second anticipates that trust of the parent brand has a positive effect on our dependent variable thus our second hypothesis complies “H2: Brand trust of the parent brand has positive effect on purchase and recommendation willingness.” James and Voorhees (2006, p. 386) claim that unless a retailer can succeed in generating trust, the consumers might not return for repurchase. We could not support the findings from previous research that brand trust has a positive effect on retention and recommendation from customers when it comes to the H&M Café extension. Our findings did not prove to statistically significant at a 0.01 level and therefore our findings cannot support the second hypothesis.

Previous research has suggested that perceived quality is the cornerstone of any strong brand and that it contributes to larger sales (Farquhar, 1989, p. 8). Due to this suggestions we developed a hypothesis that suggested that; ”H3: Perceived quality of the parent brand has positive effect on purchase and recommendation willingness.”. The findings from the multiple regression that included the perceived quality of the parent brand attribute did not prove to be statistically significant at a satisfactory level. This resulted that our findings could not support Farquhar’s proposals (1989, p. 8).

Our fourth hypothesis is directed towards the proposed extension H&M Café and states “H4: Brand concept consistency of the extensions have positive effect on purchase and recommendation willingness.”. The suggestion of a positive effect from brand concept consistency is based on previous research conducted by Park et al. (1991, p. 191-192). Park along with colleagues brings up the favorable results from brand extensions that are created when there is a high level of brand concept consistency (Park et al., 1991, 191-192). This led us to an assumption that brand concept consistency of the brand extensions will have a favorable effect on the whether or not their possible customers are willing to recommend and make purchases. The Cronbach’s alpha test indicates that our brand concept consistency construct were reliable (see Table 1). Nevertheless, our regression model could not support our hypothesis since the statistical data generated from our research could not support the findings from previous research.

Our fifth and final hypothesis concerns perceived quality of our H&M Café extension. We assumed that this factor would have a positive effect on our dependent variable. Our Cronbach’s alpha indicates that our construct was reliable since it amounted to a value of 0.913 (see Table 1). As previously mentioned, beta analyses whether or not and to what extent the independent variables influences the dependent variable (Shiu et al., 2009, p. 584). We found that perceived quality has the biggest influence on purchase and recommendation willingness since it has a beta value of .739, and this value also proved to be statistically significant at a 0.01 level (see Table 8). These empirical findings can therefore support our hypothesis that states “H5: Perceived quality of the extensions have positive effect on the purchase and recommendation willingness.” as well as Aaker and Keller’s previous outcomes (1990, p. 28-29). Their previous study indicates that quality perception is one of the consumers’ evaluation factors towards
brand extension that decides upon the possible fit and future success of the brand extension (Aaker & Keller, 1990, p. 28-29).

7.3 Regression 2 – H&M Hair Salon Extension

The multiple regression analysis proved not to be supportive of our first hypothesis concerning the H&M Hair Salon extension that suggested a positive relationship between parent brand loyalty and purchase and recommendation willingness. Hence, the statistical data generated from our research could not support the first hypothesis or the findings from previous research regarding loyalty - the findings of Delago-Bellester and Munuera-Alemán or Louerio et al. (2001, p. 1238; 2012, p. 17). As mentioned above we anticipated that trust aspects of the parent brand would have a positive effect on our dependent variable. However, the results from our regression could not support our second hypothesis concerning the H&M Hair Salon extension thus we cannot back up James and Voorhees (2006, p. 386) claims that suggests that unless a retailer can succeed in generating trust, the consumers might not return for repurchase. Furthermore, Farquhar (1989, p. 8) suggested that perceived quality is the cornerstone of any strong brand and that it contributes to larger sales. But due to the fact that the findings from our third hypothesis, "H3: Perceived quality of the parent brand has positive effect on purchase and recommendation willingness.", did not prove to be statistically significant at a 0.01 we could not support Farquhar’s proposals (1989, p. 8). The first three hypotheses were all related to the parent brand and its effects on purchase and recommendation willingness, and all of them did not show sufficient significance level in order for us to support either or own hypothesis or the previous research that had been conducted on the respective fields and these results are somewhat consistent with the findings we previously examined in the H&M Café extension.

The fourth hypothesis “H4: Brand concept consistency of the extensions have positive effect on purchase and recommendation willingness.”. Here we expected of a positive effect from brand concept consistency that is also consistent with the research conducted by Park et al. colleagues who states that in the cases of high level of brand concept consistency favorable outcomes can be generated by the companies (Park et al, 1991). The Cronbach’s alpha test indicates that our brand concept consistency construct was reliable (see Table 1). Along with reliability values follows the beta values of the chosen construct. The ANOVA analysis indicates that the regression model for the Hair Salon extension is significant at a probability level of .01 (see Table 10) and the beta values indicate that the brand concept consistency factor revealed a value of 0.315 at a significance level of 0.010 (see Table 11) and therefore has the second highest influence on purchase and recommendation willingness.

The factor that had the highest beta value of was the perceived quality of our H&M Hair Salon extension and in accordance to the H&M Café extension we assumed that this factor would have a positive effect on our dependent variable. Furthermore, the Cronbach’s alpha was reliable since it amounted to a value of 0.951 (see Table 1). We found that perceived quality has the biggest influence on purchase and recommendation willingness since it has a beta value of .505, and this value also proved to be statistically significant at a 0.01 level (see Table 11). The two constructs brand concept consistency
and perceived quality of the hair salon extension supports our fourth and fifth hypothesis as well as the findings from Park et al. (1991, p. 191-192) as well as Aaker and Keller (1990, p. 28-29).

7.3 Gender Differences

In addition to the general questions we wanted to examine how the results regarding shopping values and the perception of H&M. In the analysis of shopping behavior of the respondents, the factors that served the highest level of importance proved to be economic and efficiency. Their average value was 4.30 and 4.25 respectively. The third most important factor was the social-experimental aspects of shopping, followed by emotional and identity factors.

We will analyze the difference between genders when it comes to shopping behavior. The assumptions that expect women to have a higher emotional connection whilst men value efficiency and value for money, stem from previous research conducted by Dittmar et al (2004, p. 440). Further, Dittmar et al. states that functional aspects of shopping are even more important to men than are important to women. Men attach great value to the efficiency of shopping as well as the rational benefits of the goods, such as good value for money and usefulness (2004, p. 440). We can conclude that the findings from previous research are true even in our examination. With a mean of 4.447 our male respondents value factors of efficiency the most. The economic aspects generated the second highest value. This is also in line with previous research that suggests that men are more focused on the rational benefits of the goods, such as good value for money and usefulness (Dittmar et al. 2004, p. 440).

As previously mentioned, prior research suggests that women tend to value emotional aspects of conventional shopping (Dittmar et al. 2004, p. 440). Our research suggests that women ranked economic aspects of shopping the highest, closely followed by emotional and efficiency values. Indeed, we can support the findings from Dittmar et al. (2004, p. 440) in the sense that women value emotional aspects. However, our findings differed somewhat due to the fact that the female respondents got a higher value on the economical aspects of shopping. In summary, we can conclude that the women in our survey value economic, efficiency as well as emotional values when it comes to conventional shopping.

We also decided to measure the view our respondents had of the parent brand H&M in aspects concerning brand trust, loyalty and perceived quality. Brand trust received the highest mean value, with a value of 3.924 (see Figure 13) and was closely followed by loyalty with a mean value of 3.918. Additionally, perceived quality had a mean value of 3.449 indicating that the respondents had a higher perception of trust and loyalty rather than perceived quality of their products.

When taking gender differences into account, all three constructs, perceived quality, brand trust and loyalty received an average value that was higher than the midpoint value 3 (see Figure 14). The female responses produced a value of 3.937 on the loyalty factors and generated outcomes concerning brand trust and perceived of 3.857 and 3.352 respectively. The male respondents produced a loyalty value of 3.894 whereas brand trust of H&M got a value of 4.014 and perceived quality 3.597. In summary,
female responses generated a slightly higher average on loyalty aspect of the parent brand while the male respondents got a higher value on the two other aspects, brand trust and perceived quality. Although, this indicates that there are no major differences in how the different genders perceive H&M when it comes to brand trust, loyalty and perceived quality we can find previous research that might explain these minor differences. For instance, Croson et al, (2009) suggests that women are naturally more risk averse than men and that men tend to have a more trusting behavior than women. This might explain why the female respondents generated a slightly lower value than the men on aspects on brand trust. However, these results might be incidental since the difference is low. In summary, we can conclude that there are no major differences in how the male and female respondents perceive the parent brand H&M.
8. CONCLUSIONS

In this chapter we will bring up results from our study and furthermore discuss and provide answers to our research question. In addition to this we will also contribute with practical implications, both in general for companies as well as for the specific brand of H&M.

8.1 General Conclusions and Managerial Implications

Our main desire when performing this research was to perform research on the independent factors consumer values, perceived quality, brand trust, brand loyalty and brand concept consistency relationship and effect towards the dependent variable, purchase and recommendation willingness. Additionally, we wanted to examine if there was any significant difference between the genders and how and to what extent their values differed. In order to make it easier for the reader we constructed a conceptual model, for the use of simplifying the purpose of our study. We retrieved data utilizing quantitative surveys and after the sample was sufficiently large enough we analyzed the different variables importance and effect on the dependent variable in a statistical analytics software and thereby received relevant measure terms needed for our analyze. Our study was performed on the customer segments of H&M, which are women, men, teenagers and children. This meant that we could utilize a convenience sample, which was to our advantage due to the fact that we were under a time constraint. Since our population consisted of a variety of segments we had the opportunity to target individuals through social networks. This data collection was a necessity in order us to answer our research question. And the research question we sought to answer was:

How do perceptions of the parent brand and evaluations of potential extensions affect the purchase and recommendation willingness, taking gender differences into consideration?

Although H&M’s business concept states that “Our business concept is to give the customer unbeatable value by offering fashion and quality at the best price.” (H&M, 2013), a low quality is expected since we believe that price and quality often is connected. In our pre understanding it is stated we hold some preconceptions and one of those is the “you get what you pay for”-attitude, which also is a common belief amongst people in our surrounding. This is consistent with the suggestions of Carl Obermiller and Min Ding who proposes that in the absence of other indicators, the price is likely to serve as a cue for quality (1988, p. 304-305; 2010, p. 69). Thus, we believe that H&M’s best price-strategy will have an impact on how the respondents value their quality.

The final analysis provided us with one factor that had significantly more effect and influence on the purchase and recommendation willingness of consumers than the others. This factor was perceived quality of the extension, and was alone the only applicable variable in the regression analysis of the H&M Café extension. Additionally, in the regression analysis of H&M Hair Salon, the major factors affecting the dependent variable were perceived quality of the extension and brand concept consistency. As a result we can conclude that no matter what type of extension H&M were to perform, it should pay severe attention to the perceived quality of the extension. Ensuring this
factor is maintained would according to our research lead to a better perception and evaluation of the extension and more satisfied consumers.

Considering three factors of parent brand, that is perceived quality, brand trust and loyalty, we were able to examine the perceptions of the parent brand. At this moment the perceived quality of H&M got the lowest mean (although its is value still above the midpoint), out of the three constructs regarding perception of the parent brand (see Figure 13). Conversely, the factor that had the biggest impact on purchase and recommendation willingness in our regression analysis was the perceived quality of the extension. Therefore, this might be a crucial aspect for the managers of H&M to take into consideration when investigating the possible success of an extension. However, we also noted that even though perceived quality got the lowest ranking, the two other aspects generated values above midpoint, which suggests that the consumers of H&M are loyal and have trust in the brand.

We also studied the gender differences about the perception of the parent brand, but we could not find a significant difference in their evaluation of H&M. On the other hand, when studying consumer values we discovered a difference in values of women and men. The results indicated that men tend to value economic issues, efficiency issue as well as identity issues more than emotional and social-experimental aspects.

Likewise, women valued economic issues the highest, followed by efficiency issues but differed in how they valued the emotional issues (see Figure 12). They value the emotional issues higher than men, this is highly related to what was stated in prior theory (Dittmar, 2004) and their findings which resulted in evidence of how females tend to be more concerned with emotional issues than men. Additionally, males value the issues of economic, usefulness and functionality (Dittmar, 2004).

When performing this research we gained possibilities of providing managers as well as others interested with suggestions and strategies as to what and how they could utilize certain factors to their advantage. First of all, from our founded knowledge, we can conclude that maintaining the brand by utilizing various managerial strategies would most certainly help the company in their process of building themselves a strong brand on the market, thus establishing themselves as strong competitors against other brands. It is therefore beneficial for the company to consider what types of factors that affects its purchase intentions and overall recommendation willingness the most. This would be a strong asset to obtain since it allows them to spot the most influential factors needed to satisfy their consumers. Modifying the aspect of these factors and incorporating them in the company values and beliefs would provide profitable results for them in the future. In more detail, we can see in this research, for H&M the most significant factors affecting the purchase and willingness of consumers to recommend is the perceived quality of the products. If H&M were to enhance this factor in its company they would be provided with better consumer evaluation of their brand extensions and in the end more tolerate consumers.

8.2 Truth Criteria

It is important to measure the overall quality of any type of business or management research this is achieved by evaluating its critical criteria. One of the factors included as
a criterion is the reliability of the data, and its purpose is to test the consistency of the measured concepts (Bryman & Bell, 2011, p. 41). Bryman and Bell state that this term is especially important to take into concern within a quantitative study. This is due to the fact that it provides the researcher with evidence on whether or not this is a stable measurement (Bryman & Bell, 2011, p. 41). The stability of the results affects the reliability of the research and tells the researchers whether or not this is a profitable concept measurement method (Bryman & Bell, 2011, p. 41).

Due to time constraints we were not able to come up with our own questions and perform various reliability tests on them. However, by using questions from previous research that already has performed reliability tests on the variables we are interested in, our research will be significantly improved. Additionally, we performed a reliability measure called Cronbach’s alpha on each construct, this allowed us to examine whether or not the questions we decided to utilize were relevant for its purpose. All of the constructs besides one showed a high reliability and these were therefore also included further in the analysis part. The one variable that did not have a value above 0.7 was economic values, thus we decided to exclude it by writing “one item” in the Cronbach’s alpha section (see Table 1).

Replication is yet another criterion for evaluating a business and management research, it is used to indicate to what extent the research provided can be replicated by someone else (Bryman & Bell, 2011, p. 41-42). For us it was desirable to have a high level of replication since we hoped that additional research would be performed on this subject. To achieve this we wanted our research to be easy to understand both when it came to the overall procedure as well as the outlay. This will provide the readers with a possibility to better pick up important details within our study.

A furthermore factor to take into concern is the validity of the research. This concerns whether or not the actual measure of a concept, actually measures what it was intended to measure, and thus is not providing any other irrelevant information (Bryman & Bell, 2011, p. 42). There are several factors within validity that can be used in the analysis. These include measurement validity, internal validity, external validity and ecological validity.

Within measurement validity, questions concerning the possibility of if the measurement and to what extent it represent the concepts supposed to be measured (Bryman & Bell, 2011, p. 42). This is highly related to the reliability of the research since the measurement validity relies on the reliability of the measure. We believe that our measurement validity is acceptable for our research and that it measures the factors we additionally wanted to measure and therefore are valid. Additionally, internal validity is concerned with the causal relationship between the dependent variable and independent variables (Bryman & Bell, 2011, p. 42). We believe that our independent variables, perceived quality, brand trust, and loyalty of the parent brand, as well as the perceived quality and brand concept consistency of either of our extensions were accountable for any variance in our dependent variable; purchase and recommendation willingness. There was one independent variable that stood out extra when it came to its influence on the dependent variables; the perceived quality of the extension. This is illustrated in the regression analysis by perceived quality being the only variable in the H&M Cafe extension that is significant. Also, within H&M Hair Salon’s regression
analysis we notice a similar trend, since the significant factors in this case are, again perceived quality and further brand concept consistency of the extension.

External validity is concerned with questions beyond the aspects of the specific research context. This has to do with the vital concern of selecting the appropriate population for the research to be performed on (Bryman & Bell, 2011, p. 43). Due to the fact that we utilized convenience sampling method we were able to capture a large part of the respondents in a short period of time. We therefore believe that our research maintained the external validity and we were provided with a various selection of participants. Both females and males in different age ranges with different education levels allowed us to retrieve data from the market segments of the parent brand we were performing research on, thus we consider our research externally valid. We have on the other hand have to consider the fact that our respondents to a large extent ranged from 21 to 30 and therefore our result to will be mostly applicable to this age span. Last but not least there is the criteria of ecological validity, which test to what extent the findings are applicable to everyday aspects of people's lives (Bryman & Bell, 2011, p. 43). We believe our research support this validity due to the fact that our subject and its main concepts provides significant meanings for the competing brand in the business world, therefore also the consumers of these brands. The world of business is constantly changing, and as extensions are becoming a more common strategy for brands to use, thus we consider this to be a research subject with a high ecological validity and very relevant (Bryman & Bell, 2011, p. 43).

8.3 Limitations & Future Research

One limitation of our study relates to the choice of its context. We performed the study on a retail context, more specifically on the brand of H&M, this way we could focus on one particular brand. This choice has most likely contributed to limited information ascending from our data collection to use for our analysis. Future studies can be conducted in other contexts and thereby advance our results. Additionally, we only performed the study on a limited amount of variables focusing on perceptions of a parent brand, evaluations of its potential extensions and their effects on the purchase and recommendation willingness of these extensions. Future studies could include additional variables, and measure their influence on the consumer evaluations of brand extensions. This could give rise to some fascinating results and provide additional information on factors that are relevant for consumers in their decision-making process. Finally, our decision to perform a cross-sectional study could have limited the possibility to what extent we could map the change in our research, and therefore our recommendation to other researchers would be to conduct a longitudinal study on this area of interest. This type of research will be more cost- and time demanding, although it will most likely provide researchers with new perspectives on the subject of brand extension.
LIST OF REFERENCES


http://about.hm.com/AboutSection/en/About/Facts-About-HM/Brands-and-Collections/HM-Collections.html,

http://about.hm.com/AboutSection/en/About/Facts-About-HM/People-and-History/Our-History.html,

APPENDIX – Questionnaire

Introduction letter

Dear participant,

We are two Swedish students studying International Business at Umeå University. We are writing our bachelor thesis about customers’ perceptions of brand extensions in the retailing context. In our study we will focus on H&M and their extensions to current product lines. It is important that the participants have had at least one shopping experience at H&M.

Your participation in this study is of course voluntarily. However, it is important for the quality of our thesis that all respondents will participate and help us by answering our survey. This survey will take approximately 7 minutes to complete and you will remain anonymous throughout the whole process.

Thank you in advance for your participation!

Sincerely,

Frida Staffansson & Hanna Brännström
frst0042@student.umu.se habr0013@student.umu.se
Your Profile

Gender: *
○ Male
○ Female

Age: *
○ 20 or younger
○ 21-25 years
○ 26-30 years
○ 31 or older

What is your highest completed level of education? *
○ Upper secondary school (Gymnasium)
○ Bachelor Student
○ Master Student
○ Other
Shopping Behavior

How often do you go shopping for wearing apparel such as clothes, shoes or other accessories? *
- More than once a week
- Every other week
- Once a month
- Once every other month
- Once every 6 months
- Once every year or less

I like to compare prices carefully before I buy them *

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It is important to me that the wearing apparel I buy gives me value for money *

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The wearing apparel I buy have to be useful and practical *

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<td>I want shopping to be as fast and efficient as possible</td>
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<td>Saving time while buying wearing apparel is very important to me</td>
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<td>It is important to me that I can buy wearing apparel whenever I choose</td>
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<td>Buying wearing apparel in a retail store (as oppose to an online store)</td>
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<td>avoids hassles</td>
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<td>Strongly disagree: 0 0 0 0 0 0 0 0 Strongly agree: 6 5 4 3 2 1</td>
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<td>I need to see and touch wearing apparel before I buy them</td>
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<td>Strongly disagree: 0 0 0 0 0 0 0 0 Strongly agree: 6 5 4 3 2 1</td>
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<td>The atmosphere of the place where I buy things is important to me</td>
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<td>It is important to me to have contact with people when I make purchases *</td>
<td>1-6</td>
<td>Strongly Agree</td>
<td>Strongly Disagree</td>
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<td>I would not want to buy wearing apparel without trying them on first *</td>
<td>1-6</td>
<td>Strongly Agree</td>
<td>Strongly Disagree</td>
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<tr>
<td>Shopping is fun and exciting *</td>
<td>1-6</td>
<td>Strongly Agree</td>
<td>Strongly Disagree</td>
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<td>I get a real buzz from buying wearing apparel *</td>
<td>1-6</td>
<td>Strongly Agree</td>
<td>Strongly Disagree</td>
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<td>I often buy wearing apparel because it puts me in a better mood *</td>
<td>1-6</td>
<td>Strongly Agree</td>
<td>Strongly Disagree</td>
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<tr>
<td>For me, shopping and buying wearing apparel is an important leisure activity *</td>
<td>1-6</td>
<td>Strongly Agree</td>
<td>Strongly Disagree</td>
<td></td>
<td></td>
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</tbody>
</table>
Compared to other things I could do, buying wearing apparel is truly enjoyable

1  2  3  4  5  6

Strongly disagree 〇  〇  〇  〇  〇  Strongly agree

Buying wearing apparel arouses my emotions and feelings

1  2  3  4  5  6

Strongly disagree 〇  〇  〇  〇  〇  Strongly agree

I like to shop, not because I have to but because I want to

1  2  3  4  5  6

Strongly disagree 〇  〇  〇  〇  〇  Strongly agree

I enjoy browsing and looking at things, even when I do not intend to buy something

1  2  3  4  5  6

Strongly disagree 〇  〇  〇  〇  〇  Strongly agree

I like to buy wearing apparel that impress other people

1  2  3  4  5  6

Strongly disagree 〇  〇  〇  〇  〇  Strongly agree

I buy wearing apparel because they give me “prestige”

1  2  3  4  5  6

Strongly disagree 〇  〇  〇  〇  〇  Strongly agree

I want to buy wearing apparel which make me feel more like the person I want to be

1  2  3  4  5  6

Strongly disagree 〇  〇  〇  〇  〇  Strongly agree
## Perception of H&M

**The quality of most products I buy from H&M are as good as what I have expected**

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<td>![Strongly disagree]</td>
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**I am satisfied with most of the products' quality that I have bought and used from H&M**

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**The quality of the products I purchased has consistently improved over the years**

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**Most products I bought from H&M can be used for long period of time**

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**I get the sense that H&M care about how well their products perform**

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**This brand is reliable and dependable**

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**This brand is trustworthy**

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**The price of H&M’s products is more than fair for what I receive**

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Evaluation of H&M

For the prices you pay for clothing items at H&M, would you say shopping at H&M is a very poor deal/very good deal? *

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Very poor deal  ○ ○ ○ ○ ○ Very good deal

For the time you spent in order to shop at H&M would you say shopping at H&M is highly unreasonable/highly reasonable? *

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Highly unreasonable ○ ○ ○ ○ ○ Highly reasonable

For the effort (transportation, time spent, cost etc) involved in shopping at H&M, would you say shopping at H&M is not at all worthwhile/very worthwhile? *

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Not at all worthwhile ○ ○ ○ ○ ○ Very worthwhile

How would you rate your overall shopping experience at H&M? *

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Extremely poor value ○ ○ ○ ○ ○ Extremely good value

If I got any product for free, I would choose H&M’s products *

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Strongly disagree ○ ○ ○ ○ ○ Strongly agree

I talk to other people about H&M *

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Strongly disagree ○ ○ ○ ○ ○ Strongly agree

I will definitely buy products from H&M again *

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Strongly disagree ○ ○ ○ ○ ○ Strongly agree

I would recommend H&M’s brand to other people *

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Strongly disagree ○ ○ ○ ○ ○ Strongly agree
Extension 1: H&M Café

Imagine that H&M would launch a new Café as an extension to their current concept. The Café would be located in a calm area connected to the store. Here, customers can choose to buy coffee and pastries cheaply from a limited assortment ‘on-the-go’ or have their coffee at the H&M-Home decorated Café.

### H&M Café fits with the image of H&M? *

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Strongly disagree 〇 〇 〇 〇 〇 〇 Strongly agree

### H&M Café is similar to the other products of H&M? *

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Strongly disagree 〇 〇 〇 〇 〇 〇 Strongly agree

### Launching the Café extension is logical for H&M? *

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Strongly disagree 〇 〇 〇 〇 〇 〇 Strongly agree

### Launching the Café extension is appropriate for H&M? *

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Strongly disagree 〇 〇 〇 〇 〇 〇 Strongly agree

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**I believe that the H&M Café will be:** *

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Low quality 〇 〇 〇 〇 〇 High quality

**I believe that the H&M Café will be:** *

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Bad 〇 〇 〇 〇 〇 Good

**I believe that the H&M Café will be:** *

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Inferior 〇 〇 〇 〇 〇 Superior

**I believe that the H&M Café will be:** *

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Worse than most brands 〇 〇 〇 〇 〇 Better than most brands
Considering H&M's products, if you were planning to go to a café, would you go to the H&M Café? *

1 2 3 4 5 6

Strongly disagree ○ ○ ○ ○ ○ ○ Strongly agree

Considering H&M's products, if your friend was looking for a café, would you advise him or her to go to the H&M Café? *

1 2 3 4 5 6

Strongly disagree ○ ○ ○ ○ ○ ○ Strongly agree

**Extension 2: H&M Hair Salon**

Imagine that H&M would launch a new Hair Salon as an extension to their current concept. The H&M Salon would be located in a separate studio and would not be connected to the store. Here, customers can choose to get their hair cut, colored and styled for a low price.

**H&M Hair Salon extension fits with the image of H&M?** *

1 2 3 4 5 6

Strongly disagree ○ ○ ○ ○ ○ ○ Strongly agree

**H&M Hair Salon extension is similar to the other products of H&M?** *

1 2 3 4 5 6

Strongly disagree ○ ○ ○ ○ ○ ○ Strongly agree

**Launching the H&M Hair Salon extension is logical for H&M?** *

1 2 3 4 5 6

Strongly disagree ○ ○ ○ ○ ○ ○ Strongly agree

**Launching the H&M Hair Salon extension is appropriate for H&M?** *

1 2 3 4 5 6

Strongly disagree ○ ○ ○ ○ ○ ○ Strongly agree
I believe that the H&M Hair Salon will be of: *

1 2 3 4 5 6
Low quality ☐ ☐ ☐ ☐ ☐ High quality

I believe that the H&M Hair Salon will be: *

1 2 3 4 5 6
Bad ☐ ☐ ☐ ☐ ☐ ☐ Good

I believe that the H&M Hair Salon will be: *

1 2 3 4 5 6
Inferior ☐ ☐ ☐ ☐ ☐ ☐ Superior

I believe that the H&M Hair Salon will be: *

1 2 3 4 5 6
Worse than most brands ☐ ☐ ☐ ☐ ☐ Better than most brands

Considering H&M's products, if you were planning to go to a hairdresser, would you go to the H&M Hair Salon? *

1 2 3 4 5 6
Strongly disagree ☐ ☐ ☐ ☐ ☐ Strongly agree

Considering H&M's products, if your friend was looking for a hairdresser, would you advise him or her to go to the H&M Hair Salon? *

1 2 3 4 5 6
Strongly disagree ☐ ☐ ☐ ☐ ☐ Strongly agree