



# MEMOIRE DE RECHERCHE

2013/2014

NOM et PRENOM de l'auteur: AGUIAR LOUREIRO, Filipa

## SUJET DU MEMOIRE

**The Implications On Customer Brand Perceptions  
Of Merger & Acquisition Activity  
In The Luxury Industry**

NOM DU DIRECTEUR DE RECHERCHE: TRAN, Véronique

La diffusion de ce recueil  
est strictement réservée à  
ESCP Europe.

**CONFIDENTIEL**

Non

Oui

## **Abstract:**

The growing tendency of luxury brands to concentrate within multibrand conglomerates, in contrast with the increasing customer demand for brand identity and unique experiences, leads to a growing interest on understanding how customers react to the integration of several luxury brands under the same corporate parent. The present study intends to decipher existent and post integration brand perceptions through the measurement of customer-based brand equity (CBBE) and four of its most consensual dimensions in literature: Brand Awareness, Brand Associations, Perceived Quality and Brand Loyalty. The analysis focused on three brands belonging to Louis Vuitton Moët Hennessy: Louis Vuitton, Céline and Fendi, given their distinct levels of brand familiarity. An online survey was distributed and results were analyzed through regression estimations and a median difference analysis. A positive relation was found between brand equity dimensions and the overall construct. However, the use of more targeted dimensions could have further benefited the analysis. Moreover, it was possible to conclude that overall prior brand perceptions affect the evaluations of the integration, despite the only significant effect of the evaluations on overall post perceptions being negative, which indicates that customer awareness about the corporate parenting may be hazardous for the brands. Finally, it is also concluded that the magnitude of perception's changes varies for different levels of brand familiarity, both positively and negatively.

**Key Words:** Luxury, Brands, Customer perceptions, Brand Equity, Mergers and Acquisitions.

## Résumé:

La tendance croissante des marques de luxe se à concentrer dans les conglomérats multimarques, en contraste avec l'exigence croissante des clients envers l'identité de la marque et l'expérience unique, rend de plus en plus pertinente la question de comprendre comment les clients réagissent à l'intégration de plusieurs marques de luxe sous la même société mère.

La présente étude vise à déchiffrer les perceptions existantes et posters à l'intégration par la mesure de la base – capital-client de la marque (CBBE) et quatre de ses dimensions les plus consensuelles dans la littérature : notoriété de la marque, associations de marque, qualité perçue et fidélité à la marque. L'analyse a été portée sur trois marques appartenant à Louis Vuitton Moët Hennessy: Louis Vuitton, Céline et Fendi, compte tenu de leurs niveaux distincts de connaissance de la marque. Un sondage en ligne a été distribué et les résultats ont été analysés par des estimations de régression et d'analyse de comparaison de médianes. Bien qu'une relation positive a été trouvée entre les dimensions marque de capitaux propres et la construction en général, l'utilisation de dimensions plus ciblées aurait pu bénéficier de l'analyse. En outre, même s'il était possible de conclure que la perception de la marque globale antérieure affecte les évaluations de l'intégration des marques, le seul effet significatif des évaluations sur la perception de soumettre l'ensemble était négatif, ce qui indique que la sensibilisation des clients au sujet de la parentalité d'entreprise peut être dangereuse pour les marques. Enfin, on peut également conclure que l'ampleur des changements de perception varie selon les niveaux de connaissance de la marque, positivement et négativement à la fois.

Mots clés: Luxe, Marques, Les Perceptions des Clients, Valeur de la Marque, Fusions et Acquisitions.

*Dissertation submitted in partial fulfillment of requirements for the Double Master Degree in Business, at ESCP Europe – Paris and Universidade Católica – Lisbon  
ESCP EUROPE (e123366); UCP-CLSBE (152112037)*

## **Acknowledgements:**

I would like to start by thanking my parents and grandparents for all their unconditional love and support. Thank you for always believing in me and for making me want to be the best version of myself.

I would also like to thank for the guidance of my tutor, Professor Véronique Tran, who has always helped me to successfully overcome my obstacles throughout this process. Thank you for all your patience and constant encouragement.

Moreover, my research would not have been as strong without the contribution of Professor Paulo Sousa. Thank you for the wonderful help with the SUR model estimation in R and all the advice you have given me.

Finally, I would like to thank my boyfriend and friends for their support and encouragement. This has been a truly enriching and enjoyable experience.

# TABLE OF CONTENTS

---

<b>1</b>	<b>INTRODUCTION</b>	<b>7</b>
<b>2</b>	<b>LITERATURE REVIEW &amp; HYPOTHESES</b>	<b>10</b>
2.1	LUXURY BRANDS: A DEFINITION	10
2.2	MERGERS AND ACQUISITIONS: SOME FACTS	11
2.2.1	MARKETING AND CUSTOMER IMPLICATIONS OF MERGERS AND ACQUISITIONS	11
2.2.2	THE POST ACQUISITION PHASE: GROWING LUXURY BRANDS WITHIN CONGLOMERATES	12
2.3	BRAND EQUITY	17
2.3.1	CUSTOMER-BASED BRAND EQUITY: 5 DIMENSIONS MODEL	18
2.3.2	CBBE AND LUXURY BRANDS: THREE DIMENSIONS	22
2.4	SPILLOVER EFFECTS OF CBBE IN THE CASE OF HORIZONTAL INTEGRATIONS	25
2.4.1	INFORMATION INTEGRATION, ATTITUDE ACCESSIBILITY AND CONTEXT EFFECT	25
2.4.2	EVALUATION OF HORIZONTAL INTEGRATION AND ITS IMPACT ON BRAND ATTITUDES	25
2.4.3	IMPACT OF BRAND AWARENESS	26
2.4.4	EFFECTS OF PREVIOUS EVALUATIONS ON POST EXPOSURE BRAND EVALUATIONS	26
2.4.5	EFFECTS OF THE HORIZONTAL INTEGRATION ON POST EXPOSURE BRAND EVALUATION	27
2.4.6	ANTECEDENTS OF PERCEPTIONS TOWARDS THE HORIZONTAL INTEGRATION	29
2.4.7	EFFECTS OF PRODUCT AND BRAND FIT ON THE EVALUATION OF THE HORIZONTAL INTEGRATION	30
<b>3</b>	<b>THEORETICAL FRAMEWORK</b>	<b>32</b>
<b>4</b>	<b>METHODOLOGY</b>	<b>33</b>
4.1	DESIGN	34
4.2	MEASURES AND PROCEDURES	35
4.3	PRETEST	38
4.4	SAMPLE	39
<b>5</b>	<b>RESULTS</b>	<b>40</b>
5.1	MISSING DATA	40
5.2	RELIABILITY ANALYSIS	40
5.3	DESCRIPTIVE STATISTICS	42
5.4	NORMALITY TESTS	46
5.5	MEDIATION ANALYSIS	47
5.6	SEEMINGLY UNRELATED REGRESSIONS	49
5.7	MEDIAN DIFFERENCE ANALYSIS	54
5.8	RESULTS SUMMARY	57
<b>6</b>	<b>DISCUSSION</b>	<b>58</b>
<b>7</b>	<b>MANAGERIAL IMPLICATIONS</b>	<b>61</b>
7.1	UNAWARENESS ABOUT CORPORATE PARENT AMONG CUSTOMERS	62
7.2	THE RISK OF LOSING BRAND EQUITY	62
7.3	BRAND ASSOCIATIONS AS THE PILLAR OF BRAND EQUITY	63
<b>8</b>	<b>LIMITATIONS &amp; FUTURE RESEARCH</b>	<b>64</b>

<b>9</b>	<b>CONCLUSIONS</b>	<b>67</b>
<b>10</b>	<b>BIBLIOGRAPHY</b>	<b>69</b>
<b>11</b>	<b>APPENDIX</b>	<b>75</b>
11.1	APPENDIX 1: ONLINE SURVEY	75
11.2	APPENDIX 2: NORMALITY TEST	78
11.3	APPENDIX 3: R OUPUTS	79
11.4	APPENDIX 4: SEPARATE ESTIMATION OF SUR REGRESSIONS	80
11.5	APPENDIX 5: HOMOCESDASTICITY ANALYSIS	82
11.6	APPENDIX 6: SYMMETRY ASSUMPTION	84

## **LIST OF FIGURES**

---

FIGURE 1: TYPES OF SYNERGIES	13
FIGURE 2: CUSTOMER-BASED BRAND EQUITY DIMENSIONS	18
FIGURE 3: LUXURY BRAND VALUE	23
FIGURE 4: THEORETICAL FRAMEWORK	32
FIGURE 5: MEDIATION	47

## **LIST OF TABLES**

---

TABLE 1: CBBE STATEMENTS AND REFERENCES	36
TABLE 2: INTEGRATION STATEMENTS AND REFERENCES	38
TABLE 3: CRONBACH'S ALPHAS AND ITEM-TOTAL CORRELATION	41
TABLE 4: VARIABLES DESCRIPTIVE STATISTICS	44
TABLE 5: CORRELATION MATRICES	45
TABLE 6: PREACHER AND HAYES' MEDIATION OUTPUT	48
TABLE 7: SUR OUTPUT	51
TABLE 8: LIKELIHOOD RATIO TEST WITH INTERCEPT	51
TABLE 9: LOUIS VUITTON REGRESSION OUTPUT	53
TABLE 10: FENDI REGRESSION OUTPUT	53
TABLE 11: WILCOXON TEST	55

## 1 INTRODUCTION

---

The luxury industry is a striving market in a global scenario that is still dominated by uncertainty. During the past five years, there has been an average annual global growth of 11% (Bain & Co. & Altagamma, 2013), and a growth of 7% is expected annually, at least until 2015 (Xerfi Global, 2013). Even though this growth is mainly attributed to the rising number of high net growth individuals (HNWI) in emerging markets (Hodgson, 2013) and the constant power increase of these economies (Capgemini & Management, 2013), the strategic internal moves of the companies that dominate the industry also play an important role. Apart from the decision to continue expanding in international markets through retail, franchising, exclusive department stores or online presence, luxury companies place a strong emphasis on value creation through the brand or brands they represent, as well as on how to manage growth in a market that requires high investments to maintain the high quality standards and experiences that customers demand from luxury products and services.

The growing competition in this industry is not only motivated by the new players that are constantly arising within product segments and geographic markets, but also from the market power of the bigger players in the industry. For instance, Louis Vuitton Moët Hennessy (LVMH), Richemont, Kering and Prada Group all belong to the top ten of the most powerful luxury companies (Xerfi, Global, 2013). In fact, the luxury industry is ultimately becoming a “game of giants”, in which the only way to grow is either to join a conglomerate or to go public.

Moreover, luxury conglomerates are not only the companies with the largest economic power and financial resources, but they also possess some of the most valuable and successful brands in the market (Xerfi Global, 2013). Conglomerates have then the opportunity to build a sustainable portfolio, in which the most valuable brands act as cash cows, financing the investments of the group (e.g., Gucci is responsible for almost 60% of the total revenues of the Kering group; Cartier and Van Cleef & Arpels combined sales represent over 50% of the revenues of Richemont (Xerfi Global, 2013)), while the smaller ones are either stars or question marks that still need guidance and resources to grow, but that may ultimately become the next market leaders. Although conglomerates act as corporate parents and control the corporate strategy of the group, individual brands still maintain control over the business and creative strategy, namely through independent CEOs and creative designers (Ijaouane & Kapferer, 2012). This is one of the top concerns of conglomerates, since

shareholders and investors are particularly sensitive to the idea that the culture of the individual brands may be in jeopardy.

In a market that is dominated by the symbolic and experiential value of its brands, three main priorities arise: to offer superior customer experience, to have flawless retail management and to offer people excellence (Bain & Co. & Altagamma, 2013). The luxury industry is now a market where customer culture is the new profit model (Luxury Institute, 2013) and so, it never was so important to preserve and leverage on the identity of a luxury brand and its history, in order to best correspond to customers' expectations (Luxury Institute, 2010).

Combining both realities - of an increasing concentration in the market on one side, and the need to preserve the identity and culture of a brand on the other – a managerial discussion arises on how conglomerates should manage their brand portfolio image in order to better help their individual brands to maximize their value next to customers, and ultimately, whether the brands could benefit from customers being aware about the brands belonging to the same group.

---

RESEARCH QUESTION:

WHAT ARE SPILLOVER EFFECTS OF HORIZONTAL INTEGRATIONS  
WITHIN A LUXURY CONGLOMERATE ON THE PERCEPTIONS AND  
ATTITUDES OF CUSTOMERS?

---

Therefore, this work aims to further contribute to the existing knowledge on the marketing implications of mergers and acquisitions, both by trying to understand how customer brand perceptions are built and change when exposed to new information, as well as by focusing on the industry that most relies on the distinctiveness of products and services to create brand value, the luxury industry.

The study was composed of the following structure: firstly, past literature on how mergers and acquisitions impact brands and customers was explored, as well as how these activities are conducted in the luxury industry. Afterwards, there was an analysis on what are the general dimensions influencing customer perceptions and attitudes towards a brand, i.e. the dimensions of brand equity. The following step was to understand how those dimensions translate into the specificities of luxury brands, concluding with several hypotheses on how

initial customer perceptions towards each brand and their integration in a luxury conglomerate might be related to “renewed” customer brand perceptions and attitudes.

To be able to validate the theoretical model proposed, an online survey was distributed and its results were analyzed through both statistical and econometrical analyses. The findings and major managerial implications of the outcomes are discussed in the later sections of the study.

## 2 LITERATURE REVIEW & HYPOTHESES

---

### 2.1 LUXURY BRANDS: A DEFINITION

---

The word luxury descends from the Latin *luxus*, meaning “*excess, extravagance*” and “*vicious indulgence*”. It is also related to the old French *luxurie*, which stands for “*lasciviousness, sinful self-indulgence*”. Its current meaning, more associated with the idea of escaping the struggles of the quotidian life (Simpson, Weiner, & Proffitt, 1997), arose later, during the seventeenth century.

The concept of a luxury brand is, in fact, a controversial one, with only a very few concrete examples of its definition established in literature (Ervynck, Van Neer, & Hüster-Plogmann, 2003). The same applies to luxury itself. There are authors who see them as means for social segmentation (Veblen, 1994), favoring the wealthy and the powerful (e.g., “*the concept of luxury is one of the oldest, most pervasive negative principles for organizing society Western history has known*” (Sekora, 1977)). Others define luxury as an outlet from monotony, even though that would only be ephemeral (e.g., “*products and services that are considered luxury in one generation become a common staple in the next*” (Twitchell, 2002)).

The first conceptualization of luxury in literature was under the authorship of Adam Smith, who linked luxury with the notion of rarity (either material scarcity or high price), through a four-category segmentation of products: *necessary* (to survive), *basic* (for standard growth and prosperity of individuals and communities), *affluence* (not essential for growth and prosperity) and *luxury* (with limited supply, difficult to find and/or very expensive) (A. Smith, 1776). While some authors have based further definitions on Smith’s notion (Dubois & Paternault, 1995), others have identified a distinct set of possible key attributes of luxury brands: quality, beauty, sensuality, exclusivity, high price and uniqueness (Kapferer, 1997).

Nevertheless, it is not satisfactory to limit the concept of luxury to its material dimension. Luxury products are valuable beyond their physical features and attributes. They are also exposed to both social and individual dimensions, whose value may also vary through time (P. Berthon, Pitt, Parent, & Berthon, 2009). Under the individual dimension, a product luxury may vary deeply between individuals, given their personal tastes and needs. Likewise, the social dimension concerns what society perceives, at a given moment, as symbols of status, power or wealth.

After a brief introduction of the concept of luxury and how its notions varied through time, this manuscript will now focus on the field of Mergers and Acquisitions and its marketing implications, later centering on how that phenomenon currently impacts the world of luxury.

## 2.2 MERGERS AND ACQUISITIONS: SOME FACTS

---

Horizontal integrations, mainly through Mergers and Acquisitions (M&A), have been a major business strategy when it comes to the luxury industry. (Krishnan & Park, 2002).

Furthermore, it is not surprising that when considering alternative growth strategies, companies often choose to acquire existing brands, namely through M&A, rather than building one, given the high associated costs and elevated failure rates. For instance, the approximate cost of introducing a new brand in the market reaches \$100 million (Ourusoff, 1992), with a failure rate of about 50% (Crawford, 1983). Nevertheless, even though buying a brand may be less costly, M&A are also organizational strategies with high associated failure rates, reaching between 60-80% (Marks & Mirvis, 2001; Tetenbaum, 1999).

Low success rates are, indeed, common in M&A, especially in Mergers, and several reasons may underlie such phenomenon. For instance, pre-merger overestimation of revenue and cost synergies, agentic motives and hubris are often the motivators of M&A failures. Furthermore, there is the growing certainty that value creation through M&A deals occurs not before, but only across and after the integration process (Haspeslangh & Jemison, 1991, pp. 129), creating a rising interest in post-deal integration in research literature (e.g., Larsson & Finkelstein, 1999; Shrivastava, 1986).

As a result, one must be aware that even though M&A are increasing popular growth strategies across several markets, they involve a series of risks and its outcomes can be easily hazardous for the companies involved. Therefore, it becomes increasingly relevant to understand how companies can be impacted by these activities and what can be done to maximize the realization of value.

---

### 2.2.1 Marketing and Customer Implications of Mergers and Acquisitions

---

Research on the marketing implications of M&A deals and subsequent integration processes is still very scarce, despite the already existing literature on the importance of this

dimension. For instance, Hulland, Capron, & Business (1997) firstly showed that firm performance after M&A is significantly affected by the reallocation of marketing resources. Additionally, Bekier & Shelton (2002) have explored the substantial risk of customer loss through M&A deals. Customer loss risk is often founded on the management tendency to focus on internal issues during the integration phase, likely leading to customer-relationship neglect (Hitt & Hoskisson, 1990) and consequent service quality decline (Urban & Pratt, 2000). On the customer side, the decrease on service quality frequently leads to a reassessment of the relationship with the companies involved, especially in merger cases, resulting in possible restraint and defection (Chakrabarti, 1990; Reichheld & Henske, 1991).

More recently, Homburg & Bucerious (2005) have further investigated the effects on M&A performance of postmerger integration (speed and extent) within marketing, through the analysis of some moderator variables (e.g., magnitude of cost savings and market-related performance). Their findings reinforced the importance of customer orientation and strong market-position building in order to achieve positive M&A performance.

This study further explores the marketing implications of M&A deals, studying how these transactions and post integration decision-making may further affect customers and their relationship with the brands involved.

---

## 2.2.2 The Post Acquisition Phase: Growing Luxury Brands Within Conglomerates

---

As previously mentioned, M&A activity may, in fact, negatively impact the performance of the companies or brands involved, if not managed properly. In the case of luxury conglomerates, the likelihood of such impacts is even greater, since luxury brands depend highly on their symbolic dimension to create value. Therefore, whenever shifts occur in the ownership structure, stakeholders are much more prone to question the future sustainability of the brand's authenticity and inherited culture (Ijaouane & Kapferer, 2012).

This means that, whenever deciding to expand the brand portfolio, acquiring companies or groups must have a very clear idea on how to create value through and within the acquired brands, after the transaction is concluded.

In the specific case of conglomerates, two major sources of value creation arise: corporate effect and synergy appropriation (Ijaouane & Kapferer, 2012). The corporate effect, related to value creation at the corporate level, integrates both the vertical relationships between the corporate center and the several businesses, as well as the horizontal

relationships among them (Müller-Stewens & Knoll, 2008). Synergies, in turn, refer to the excess in revenue resulting from the combination of both companies, rather than operating individually.

Müller-Stewens & Knoll (2008) have defined a theoretical framework of possible sources of synergies, which included operative synergies, market power synergies, financial synergies and corporate management synergies.

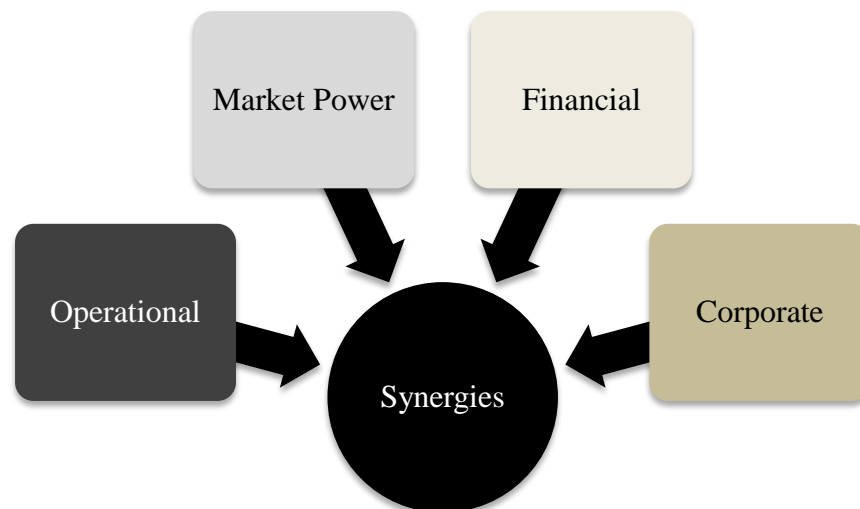


FIGURE 1: TYPES OF SYNERGIES

### **A) Operative Synergies**

Operative synergies, although existent and relevant to the corporate effect, are not as important for the luxury industry as they are in other consumer industries. These synergies may be subdivided in two main categories: efficiency and growth synergies.

Efficiency synergies derive from economies of scope, through the pooling of two main types of common resources: production and support activities related resources (Ijaouane & Kapferer, 2012). However, as previously mentioned, maintaining an unique brand identity and integrity next to customers is a major concern for luxury brands, which makes the pooling of production resources complex, if not unviable. Nevertheless, there are some examples of production resource pooling in the luxury industry, for some product categories (e.g., leather purchasing, watches manufacturing and sourcing and R&D in fragrances).

Support activities related synergies are based on cost reduction in activities that are not central to the luxury product, therefore being much more simple to realize (Ijaouane & Kapferer, 2012). There are two main categories of support functions: *centralized support functions*, impacting the whole brand and operated as shared centralized services, except for activities such as real estate (store development), IT and ERP, regional marketing, media buying and human resources, as well as some back-office operations; and *regional support functions*, which influence the brand in a specific area and operated as support platforms, including activities such as logistics, warehousing, human resources, IT and media buying.

Growth synergies often comprise the transfer of know-how by, for instance, allowing brands to expand their product portfolio and exchanging market trends, as well as facilitating the expansion to new markets, due to the existing knowledge and shareholder relations within those locations. The access to scarce resources is another driver of growth synergies, including raw materials (e.g., precious stones and fabrics) and specific technology, components or products (Ijaouane & Kapferer, 2012).

Synergies arising from joint development platforms are not relevant in the luxury industry, since these products are the result of “*creativity and affection*” rather than “*innovation and perfection*” (Kapferer & Bastien, 2009). Regarding soft synergy opportunities (e.g., cross-selling, lead-sharing), as well as joint marketing activities (e.g., joint image campaigns and joint customer-loyalty programs) these synergies are also not significant, since sales and merchandising teams operate autonomously and given that these brands share unique relationships with their customers (Ijaouane & Kapferer, 2012). However, it is possible to find some examples of after-sales resources pooling within some conglomerates (Ijaouane & Kapferer, 2012).

Finally, creation and distribution are kept separate, since these are two key activities in order to sustain each brand identity and exclusivity (Ijaouane & Kapferer, 2012).

## **B) Market Power Synergies**

Market power synergies are particularly difficult to concretize in the luxury industry, and there are several reasons behind this. First, national anti-trust laws are often an easy legal impediment to the growth of a conglomerate’s market-share (Müller-Stewens & Knoll, 2008). Competition in the luxury industry is another factor, since luxury brands and conglomerates are not as aggressive towards each other as in other industries. Furthermore,

luxury conglomerates do not usually rush into using newly acquired brands to leverage their “market share”, since focusing on creating a strong and sustainable brand identity for each of its brands, is really the vital source of the conglomerate’s power (Ijaouane & Kapferer, 2012).

### **C) Financial Synergies**

Financial synergies can be found within all luxury conglomerates (Ijaouane & Kapferer, 2012). While belonging to a conglomerate, brands benefit from easier access to financial resources, both through the budget negotiated between each brand and the corporate level, and from the facilitated access to credit lines, given the much more diversified and larger risk profile of the conglomerate. Furthermore, conglomerates usually maintain high liquidity, namely through cash, only raising debt to manage leverage levels or to reward shareholders, which provides a safety net for the individual brands.

Currency hedging is another of the financial benefits of belonging to a conglomerate, allowing each brand to solely concentrate on their operations, without the risk of being significantly affected by currency fluctuations.

Finally, there is the opportunity to optimize the legal structure, through the joint integration of local legal affiliates with the legal units of the parent company, as well as other legal systems.

### **D) Corporate Management Synergies**

Corporate management synergies are considered of “prime importance” in the luxury industry (Ijaouane & Kapferer, 2012). These synergies are based on corporate capabilities, corporate initiatives, corporate planning, and control and corporate development.

Several opportunities emerge for corporate management synergies in this industry (Ijaouane & Kapferer, 2012). Corporate parents usually benefit from expertise in distribution, licensing and marketing intelligence. Moreover, they are experienced with luxury brands, having particular and proficient knowledge on how to brand and manage new acquired brands, which is why most times they show the ability to turn declining brands into successful ones.

Finally, they are able to create value through talent management within the conglomerate, creating exciting career paths for their employees, which helps to attract and retain talent, making conglomerates set apart from most family-owned firms. This happens not only at the bottom, but also at the executive level, both by stimulating top managers to share their knowledge, and by strategically employing them across the conglomerate, in order to best leverage their exceptional skills (Ijaouane & Kapferer, 2012).

### **Overall Implications**

Value creation through synergies in the luxury industry is much more complex than in other consumer industries, given the necessity to protect the identity of each of the conglomerate's brands (Ijaouane & Kapferer, 2012). There is a managerial imperative not to harm these assets and therefore, each synergy is carefully conducted and realized.

In fact, there is little potential for any synergy that might involve contact with the end customer. However, production synergies seem to be breaching the rules, as production operations are no longer fully autonomous for some brands. Only customer's perceptions might dictate if these synergies will continue to be viable or not (Ijaouane & Kapferer, 2012).

The balance between value creation through synergies and brand autonomy is another point of concern for Ijaouane & Kapferer (2012). If on one had, the transfer or share of resources within business branches may benefit smaller brands, maintaining the identity, culture and strategy of each *Maison*, with its own CEO and creative designer is also where the symbolic capital of each brand lays. Therefore, increasing synergies may not necessarily mean improving the brands, especially when impacting the minds of the customers.

Nevertheless, talent management synergies are undeniably a long-term opportunity for conglomerates, as human capital and knowledge management portrait two of the best tools to value and competitive advantage creation.

After exploring the several types of synergies developed within luxury conglomerates and concluding on the particular sensitiveness of customers towards the resource sharing and direct interaction of luxury brands, this study will now focus on understanding how customer brand perceptions are built, to later formulate hypotheses on how existing perceptions might be affected by new information about the horizontal integration of two brands.

## 2.3 BRANDEQUITY

---

A product can be defined as “*something that offers a functional benefit*”, whereas a brand comprises “*a name, symbol design or mark that enhances the value of a product beyond its functional value*” (Farquhar, 1989). One can therefore infer that brands add value to a product or service, generally designated as “brand equity” (e.g., Aaker, 1991; 2004; Keller, 1993) and which can be analyzed from several perspectives, namely the ones of the investor, the manufacturer, the retailer or the customer.

In what concerns marketing literature, brand equity has been explored under three main approaches: (1) customers’ brand beliefs and attitudes, and their effects on purchase behavior, (2) product-market-level revenue differential when compared to an unbranded benchmark, (3) financial-market-based estimation of the value of the intangible assets of the company, which may be attributable to owned brands (e.g., Keller & Lehmann, 2006).

Customer-based brand equity (CBBE) and the focus on customer perceptions and behavior will be the central approach of this work, since brand equity may be considered nonexistent to all other stakeholders, if there is no value to customers (Aaker, 2004; Crimmins, 1992; Farquhar, 1989). Additionally, research shows that high brand equity levels positively impact customer preferences and purchase intentions (Cobb-Walgren, Ruble, & Donthu, 1995).

CBBE may be generally described as the customer’s reaction to a brand name (Keller, 1993; Shocker, Srivastava, & Ruekert, 1994), but it is usually analyzed through several dimensions, namely customer brand awareness and image (Berthon et al., 2009; Lane & Jacobson, 1995). In fact, past literature presents various examples of possible CBBE dimensions, but the more consensual model, which is often used as the baseline for further developments, is the Aaker model (Bendixen, Bukasa, & Abratt, 2004; Keller, 1993; H. Kim, Kim, & An, 2003; Motameni & Shahrokhi, 1998; Yoo & Donthu, 2001).

Aaker first defined CBBE in 1991 as “*the value consumers associate with a brand, as reflected in the dimensions of brand awareness, brand associations, perceived quality, brand loyalty and other proprietary assets.*” Following past research, this study considers Aaker’s five-dimension model as the starting point for CBBE measure and analysis and further use Chieng Fayrene and Chai Lee’s Proposed Model (2011) as the main guideline.

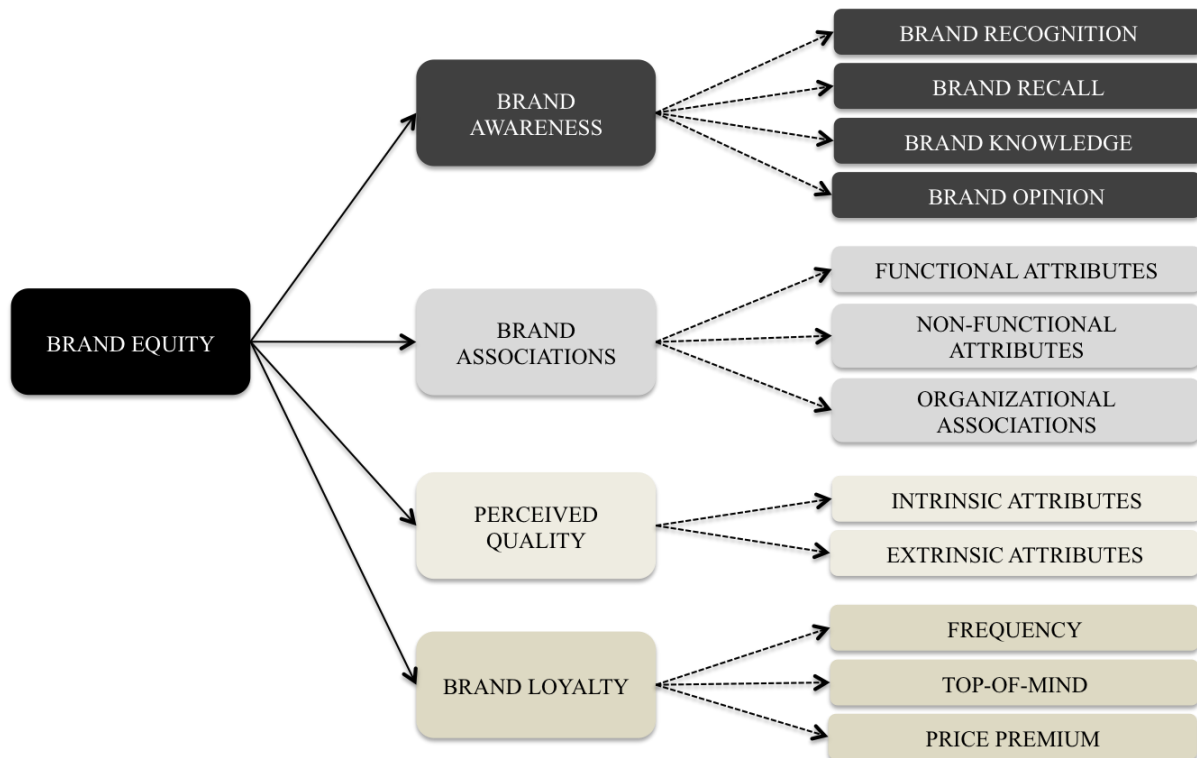


FIGURE 2: CUSTOMER-BASED BRAND EQUITY DIMENSIONS

### A) Brand Awareness

The grand majority of the existing brand equity models agree on the importance of brand awareness (Aaker, 1991; Kapferer, 1992; Keller, 2003, Agarwal & Rao, 1996; Mackay, 2001; Na, Marshall, & Keller, 1999). Awareness may be defined as “*the customers’ ability to recall and recognize the brand name, logo, symbol, and so forth to certain associations in memory*” (Keller, 2003, pp. 76). Moreover, Aaker (1996) has further identified some higher levels of awareness, namely, top-of-mind, brand dominance, brand knowledge and brand opinion.

Recognition and recall, the two concepts more closely associated with Brand Awareness, may present relative importance depending on the novelty of the brand under analysis (Aaker, 1996). While for newer brands, recognition would be the most important variable, well-known brands are rather sensitive to brand recall and top-of-mind. In order to

capitalize on brand recall, brands can further use brand knowledge and brand opinion, as these are more complex levels of awareness.

Furthermore, brand awareness appears as a necessary condition for brand associations, i.e., in order to be able to establish associations towards the brand, the consumer must first be aware of it (Aaker, 1996; Washburn & Plank, 2002). For instance, brand knowledge, which is developed through awareness, is considered to aggregate all the brand associations linked to the brand (Keller, 1993).

## **B) Brand Associations**

Being the most acknowledged dimension of brand equity (Aaker, 1992), brand associations symbolize the root of purchasing behavior and brand loyalty (Aaker, 1991, pp. 109).

Brand associations comprehend all the brand-related thoughts, feelings, perceptions, images, experiences, beliefs, attitudes and anything linked in memory to a brand. (Kotler & Keller, 2006, pp. 188). Distinct categories of associations have already been identified within past literature (Biel, 1992; T. J. Brown & Dacin, 1997; Farquhar & Herr, 1993), from which this work outlines Chen's (2001) segmentation between product and organizational associations.

### **a) Product Associations**

Product associations may be subdivided in functional and non-functional associations (Chen, 2001). The first category is related to the tangible attributes of a product, i.e. its functional features (De Chernatony & McWilliam, 1989; Hankinson & Cowking, 1993; Keller, 1993). The link between brand equity and functional associations has already been shown, since customers link the performance of a product's functional attributes to its brand (Lassar, Mittal, & Sharma, 1995; Pitta & Katsanis, 1995), impacting their perception of the value added by the brand and, therefore, their CBBE.

Non-functional attributes, on the other hand, are related to intangible features, such as symbolic attributes (Aaker, 1991; Farquhar & Herr, 1993; Keller, 1993; C. W. Park, Jaworski, & MacInnis, 1986), which include social approval, personal expression or self-esteem (De Chernatony & McWilliam, 1989; Hankinson & Cowking, 1993; Keller, 1993;

Pitta & Katsanis, 1995). Following past research, this category will be further sub-segmented in social image, perceived value, trustworthiness and differentiation.

### *1. Social Image*

Social image can be defined as the customer's evaluation and esteem perception of the social group in which the brand is held. The concept involves both the associations and thoughts that the consumer does towards the typical user of the brand and what he thinks are the thoughts and associations of other towards the typical user (H.-M. Lee, Lee, & Wu, 2011). Past research has shown that when considering the image dimension, social image is a particularly strong contributor to brand equity (Lassar et al., 1995).

### *2. Perceived Value*

Perceived value can be described as the customer's perceived brand utility in comparison to its costs, i.e. the balance between what is considered to be received and the efforts made to receive it (Lassar et al., 1995). Therefore, purchase and brand choice decisions will be affected by the customer's perception of the equilibrium between the price and all product utilities (Lassar et al., 1995). As a result, consumers with higher value perceptions will lead to higher CBBE and be willing to pay a higher price premium.

### *3. Trustworthiness*

Trustworthiness of a product is considered to be an important contributor to the assessment of a brand's strengths and therefore, a key variable for brand equity models (Lassar et al., 1995; Martin & Brown, 1991). It can be described as the customer's confidence towards a company, its communications and the alignment of its interests with the customer's (Lassar et al., 1995). High trusted brands are usually associated with high brand value.

### *4. Differentiation or distinctiveness*

By differentiating products, brands enable customers to better handle and retrieve information (Hoyer & Brown, 1990), being therefore considered a key-underlying element of CBBE (Leuthesser, 1988). On the other hand, a distinctive brand positioning is also indispensable for the brand success, since it allows for customers to clearly distinct a brand from its competitors (Kapferer, 1992; Ries, Trout, Sabin, & Hamerling, 1986). Similarly to former variables, differentiation and distinctiveness lead to higher CBBE, which in turn results in a higher customer price premium.

## b) Organizational Associations

Organizational associations can be divided into *corporate ability associations*, linked to production and delivery expertise, and *corporate social responsibility associations* (Chen, 2001). This study, however, solely focuses on the former.

Besides the brand, consumers usually bear in their minds the organization to which they belong (Aaker, 1996). This association, brand-as-organization, is particularly significant among brands with similar features, when the organization is visible or when there is a corporate brand.

## C) Perceived Quality

Perceived quality is perceived to be more powerful than a mere brand association variable (Di Benedetto & Calantone, 1994; Keller, 1993), being therefore considered a separate CBBE dimension (Aaker, 1991; Feldwick, 1996; Kapferer, 1992; Martin & Brown, 1991).

Distinct from objective quality, perceived quality relates to the customer's overall perception of excellence or superiority of a product (Zeithaml, 1988, pp. 3 and 4). Objective quality is not necessarily associated with brand equity (Anselmsson & Johansson, 2007), since customers are not able to make complete judgments of the objective quality of a product - its nature dimensions, processes and quality controls – using overall quality attributes as quality measures (Acebrón & Dopico, 2000; Olson & Jacoby, 1972; Ophuis & Van Trijp, 1995; Zeithaml, 1988). Since perceptions are known to affect quality judgments (Boulding, Kalra, & Staelin, 1993), it is important to understand which are the key attributes impacting CBBE.

Perceived quality may be further divided in intrinsic and extrinsic attributes (Steenkamp, 1997; Zeithaml, 1988). While intrinsic attributes concern the product physical features (e.g., colour, flavor, form and appearance), extrinsic attributes include everything else relating to the product (e.g., brand name, store, packaging, communications, and quality stamp) (Bernués, Olaizola, & Corcoran, 2003). However, since the range of attributes depends on the product category, quality attributes are difficult to generalize (Anselmsson & Johansson, 2007; Olson & Jacoby, 1972).

## D) Brand Loyalty

Brand Loyalty is defined as the customer attachment to a brand (Aaker, 1991, pp. 39), being a core dimension of CBBE. However, loyalty may present several layers (Gremler & Brown, 1999), for instance behavioral and cognitive loyalty.

While behavioral loyalty relates to the number of repeat purchases (Keller, 1999) or the commitment to future purchases with the brand as a first choice (Oliver, 1997; 1999), cognitive loyalty concerns coming up first in the consumer's mind, being deeply related to the highest level of brand awareness (top-of-mind). A customer with cognitive loyalty towards a brand will show a higher predisposition to repeat purchases, showing higher behavioral loyalty (Keller, 1999).

Furthermore, brand loyalty is closely related to brand price (Chaudhuri & Holbrook, 2001). In fact, price premium, the amount a customer is willing to pay for a brand in comparison to other with similar benefits, can be consider the elementary denominator of loyalty (Aaker, 1996).

---

### 2.3.2 CBBE and Luxury Brands: Three Dimensions

---

In order to fully comprehend luxury brands and the source of their value, it is also crucial to understand the dynamics between the key actors involved: people, products and brands (Berthon et al., 2009). Through the “three worlds” theory suggested by (Popper, 1979) - (1) *physical*, relating to objects, states and systems; (2) *emotional*, concerning emotions, perceptions and thoughts; and (3) *cultural*, involving, for instance, science, language and literature - it is possible to establish a link to the worlds of luxury brands and therefore fully capture the relationships previously mentioned.

Under the sphere of luxury brands, the adaptation to Popper's proposed worlds would be (1) *objective* (material): products and services; (2) *subjective* (individual): customer's thoughts, needs, emotions and perceptions; (3) *collective* (social): collective narratives, knowledge, symbols and images.

When analyzing these three dimensions, there seems to be a clear reference or similitude to the concept of customer based brand equity and its several dimensions. Furthermore, when looking at Keller's definition of brand equity - “*the personal value and*

meaning that consumers attach to the brand's product attributes (e.g., functional, symbolic, or experiential consequences from the brand's purchase or consumption)" (Keller, 2003) – the connection between the two concepts appears to be evident.

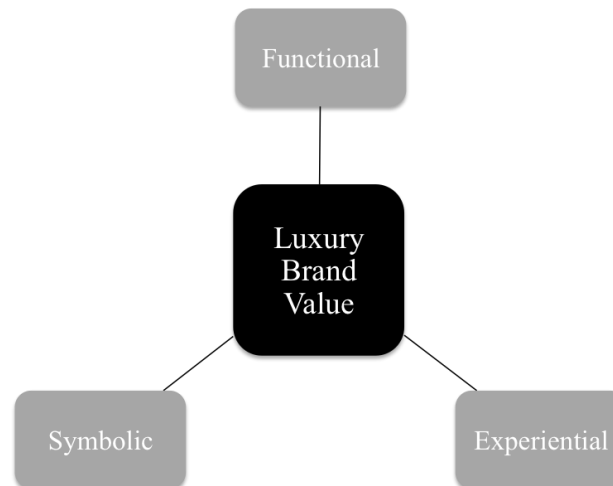


FIGURE 3: LUXURY BRAND VALUE

#### **A) Functional**

It is possible to establish a link between the functional dimension of brand equity (both through brand associations and perceived quality) and the material world of luxury (Ervynck et al., 2003). The two have an emphasis on the physical features of the products and services associated to the brand, rather focusing on what the product “*does*” than what it “*means*” to the customer (e.g., the original outstanding practicality of Dior clothes, the endurance of Louis Vuitton trunks, or the accuracy of James Purdey guns).

#### **B) Experiential**

The experiential dimension of brand equity (integrated in brand associations and perceived quality) is relatable to the individual, subjective world. This is the realm of personal and hedonic value attributed to the brand, the core of luxury (Holbrook & Hirschman, 1982; Holbrook & Schindler, 1994). Moreover, for some, under this dimension, brand value is “*idiosyncratic and mercurial*” (Berthon et al., 2009; Stigler & Becker, 1977), meaning that what might be of extreme value for some, may have no value for others. Nevertheless, brand experience – sensations, feelings cognitions and behavioral responses evoked by brand-related stimuli and communicated through brand design and identity,

packaging, communications and environments (Brakus, Schmitt, & Zarantonello, 2009) - has been increasingly explored by marketing researchers (Holbrook, 2000; Schmitt, 1999; 2003; Schmitt & Simonson, 1997), given the impact of customers perception in brand equity and performance.

### **C) Symbolic**

There is a connection between the symbolic dimension (which once again can be translated into brand associations) and the social collective world related to luxury brands (Bearden & Etzel, 1982; Bourdieu, 1984; Veblen, 1994). Symbolism is closely related to the narratives, myths and dream worlds evoked by luxury brands and it can be subdivided in two scopes: the value luxury brands signals to others and the value of that signal to the self (e.g., Gucci clothing might communicate wealth to the people who wear them, and them as a group might signal edginess and *au-courant* taste to others) (Belk, Bahn, & Mayer, 1982; Gergen, 1991). Moreover, as mentioned in the brand associations' dimension, these non-functional and non-product associations are especially important for socially visible, "*bagde*" products (Aaker, 2003; 1996; 2004; Aaker & Joachimsthaler, 2000; Keller, 1993; 1999).

As a final remark, it is important to mention that all three dimensions are contextual, in the sense that functional, experiential and symbolic value may change overtime. Product features may eventually underperform; the brand imagery may become outdated or lose its connection to its customers; and customers' tastes may evolve in such ways that the customer may no longer desire the brand (Berthon et al., 2009).

That said, the concept of customer-based brand equity as well as the dimensions proposed to analyze it (awareness, associations, perceived quality and loyalty) seem to be in line with the characteristics and value drivers of luxury brands. Therefore, CBBE dimensions are expected to be good predictors of how customers perceive and act towards luxury brands:

---

H<sub>1</sub>: BRAND AWARENESS, BRAND ASSOCIATIONS, PERCEIVED QUALITY  
AND BRAND LOYALTY ARE POSITIVELY RELATED TO THE OVERALL  
BRAND EQUITY OF LUXURY BRANDS

---

---

## 2.4 SPILLOVER EFFECTS OF CBBE IN THE CASE OF HORIZONTAL INTEGRATIONS

---

---

### 2.4.1 Information Integration, Attitude Accessibility and Context Effect

---

Following Simonin and Ruth's paper on the spillover effect of brand attitudes in the context of brand alliances (Simonin & Ruth, 1998), this study also uses the information integration theory and attitude accessibility as a framework to understand how customers react to horizontal integrations of luxury brands. Under the information integration theory, as people receive, interpret, evaluate and integrate new, stimulus information, previous beliefs and attitudes are modified and new ones are formed (Anderson, 1981). Likewise, the more relevant or accessible a brand attitude, i.e., the stronger brand associations, perceived quality and loyalty are for a given customer, the more likely that attitude will be used to decode new brand cues (Fazio, 1986; 1989), therefore biasing the processing of information (Fazio & Williams, 1986; Houston & Fazio, 1989). Context effects will further influence customers' judgment or perceptions of a product or service, therefore existing a link between information processing and the personal and environmental contexts within this process is done.

In the context of horizontal integration of luxury brands, the presence of two or more brands in the same conglomerate affects the context of each of them, which might lead to changes in the affect and beliefs of customers regarding the individual brands and their products. At the same time, previous established customer attitudes towards the brands might impact their evaluations of the integration. Nevertheless, as luxury brands base their worth more heavily on experiential and symbolic value than other brands, these impacts might show different results from other types of brands. As a result, this work focuses on the harmonization between previous literature on CBBE, how its dimensions might be affected in the presence of horizontal integration, and how those effects are expected to translate into the domain of luxury brands.

---

### 2.4.2 Evaluation of Horizontal Integration and Its Impact on Brand Attitudes

---

When trying to assess the favorableness of customer attitudes (i.e. customer brand associations, perceived quality and loyalty) towards the integration of a new brand in a conglomerate, this study uses the proposed variables of Simonin & Ruth (1998) as guidance: preexisting attitudes towards the brands, perceived fit of the products and perceived fit of the brands. Although these dimensions were used in the context of brand alliances and not brand integration within a group, those are expected to still be adequate, since in the minds of the

customers, the exposure to the horizontal integration leads them to perceive the participating brands as cooperating entities (the base assumption of the authors), even if not on production related activities (Ijaouane & Kapferer, 2012; Müller-Stewens & Knoll, 2008).

---

### 2.4.3 Impact of Brand Awareness

---

Brand awareness is known to affect both the processing of information related to the brand and brand evaluations (Alba & Hutchinson, 1987; Fazio, 1986; 1989; Johnson & Russo, 1984; Ratneshwar, Shocker, & Stewart, 1987). While for familiar brands, brand experiences and associations are varied and well established (Bettman & Sujan, 1987), for somewhat unfamiliar ones, prior brand attitudes may still be fragile, both in terms of consistency and accessibility (Fazio, 1986; 1989).

Translating this theory into the context of the present analysis, it means that the brand awareness level of each of the brands involved will asymmetrically impact the evaluation of the integration and its effects on post exposure customer brand perception (see Joreskog & Sorbom, 1988; MacKenzie & Spreng, 1992). This is an important aspect of the present research, since several of the formulated hypotheses will be affected by the asymmetry of brand awareness.

---

### 2.4.4 Effects of Previous Evaluations on Post Exposure Brand Evaluations

---

A new brand integration in a multi-business conglomerate may lead to new perceptions and associations to both the previous existing brands in the conglomerate and the newly added brand, since the contexts of both entities were changed through the integration, i.e., the conglomerate will now be representing and managing more brands, and the previous individual brand will now be sharing the same corporate brand as the other conglomerate's brands, while losing control over the corporate strategy.

Nevertheless, brand associations and experiences are considered stable psychological constructs (Fishbein & Ajzen, 1975), which suggests that previous brand attitudes will be highly consistent with post exposure attitudes towards the same brand (Simonin & Ruth, 1998). Given that this work uses specific CBBE dimensions in order to measure brand attitudes, this means that Brand Associations, Perceived Quality and Brand Loyalty are expected to be strongly established within the minds of the customer, not showing great volatility throughout the evaluations. As a result, positive previous evaluations towards each

brand are expected to lead to positive post exposure evaluations, while negative post exposure evaluations are expected from previous negative ones.

---

H<sub>2</sub>: PRIOR CBBE IS POSITIVELY RELATED TO POST EXPOSURE CBBE  
TOWARDS THE SAME BRAND.

---

Moreover, familiarity is expected to have an influence in the relationship between pre and post brand associations and experiences. While for low-awareness brands, the effect of pre-integration attitudes on post-integration ones is expected to be small, since prior brand associations are weakly established; for brands with high-awareness, the effects will be much larger (Simonin & Ruth, 1998).

---

H<sub>2A</sub>: FOR LOWER (HIGHER) LEVELS OF BRAND AWARENESS, THE  
EFFECT OF THE PRE-INTEGRATION CBBE ON THE POST-INTEGRATION  
ONE WILL BE SMALLER (LARGER).

---

---

#### 2.4.5 Effects of the horizontal integration on post exposure brand evaluation

---

The horizontal integration can be perceived as a brand portfolio extension, since the conglomerate will, in fact, add a new brand to its already existing brand portfolio under its corporate brand. In the context of brand extensions, past literature shows that brand extensions might lead to two possible outcomes: either the extension dilutes past brand perceptions or it enhances them. Dilution is usually associated with poor brand extensions, i.e. adding products that do not fit the brand or do not fit the product segment in which the brand operates, since they impact negatively previous customer perceptions of the core brand (Loken & John, 1993; Sullivan, 1990). Similarly, “*brand ‘enhancement’ rather than brand ‘dilution’ takes place when extensions are perceived positively*” (Loken & John, 1993, pp. 82-83). When translating this into the context of a brand portfolio extension within a luxury conglomerate, it means that the addition of a new brand into the portfolio, is expected to lead to brand dilution in the case of a poor evaluation of the brand extension and brand enhancement in the case of a strong one.

This suggests that both brands might be negatively or positively affected by the horizontal integration, depending on the new brand associations that result from the

integration. More favorably perceived integrations will lead to more positive post exposure evaluations of the brands while less favorably perceived ones will be leading to more negative posterior evaluations (Simonin & Ruth, 1998). Therefore, it is expected that:

---

H<sub>3</sub>: CUSTOMER EVALUATIONS OF THE HORIZONTAL INTEGRATION ARE POSITIVELY RELATED TO POST EXPOSURE CUSTOMER-BASED BRAND EQUITY.

---

Conversely, one must also take into consideration the asymmetric impact that the horizontal integration will have on brands with different brand awareness. Given that brand associations towards low-awareness brands are expected not to be fully established (Fazio, 1986; 1989), the associations arising from the horizontal integration will add new, relevant brand affects and perceptions to the existing ones (Broniarczyk & Alba, 1994). Therefore, the spillover impact of the horizontal integration on low-awareness brands is expected to be significantly strong (Simonin & Ruth, 1998). Under the same logic, high-awareness brands, with solid brand associations, will be more resistant to change (Simonin & Ruth, 1998). Therefore:

---

H<sub>3A</sub>: FOR LOWER (HIGHER) LEVELS OF BRAND AWARENESS, THE EFFECT OF THE HORIZONTAL INTEGRATION ON POST CBBE WILL BE LARGER (SMALLER).

---

Existing literature on luxury alerts, however, to the fact that “*in contrast to FMCG (fast moving consumer goods) brands (Kapferer, 2012), the brand equity of luxury brands depends on their high symbolic power. Whenever a change of ownership takes place, there is a risk that stakeholders will lose confidence in the sustained authenticity and inherited culture of the brand*” (Ijaouane & Kapferer, 2012). This means that there is a natural tendency of customers to perceive horizontal integrations as being hazardous to the “uniqueness” of the brands involved. Consequently, brands with higher levels of brand awareness, which have stronger established brand associations and experiences and therefore, strong symbolic value, will be more heavily impacted by the possible loss of “uniqueness”, than other brands for which customers have still not developed such a high symbolic value.

Therefore, the opposite hypothesis can also be designed:

---

H<sub>3B</sub>: FOR LOWER (HIGHER) LEVELS OF BRAND AWARENESS, THE EFFECT OF THE HORIZONTAL INTEGRATION ON POST CBBE WILL BE SMALLER (HIGHER).

---

---

#### 2.4.6 Antecedents of perceptions towards the horizontal integration

---

Existing associations and experiences towards each brand are expected to directly influence evaluations of the horizontal integration, and similar effects can be found in brand extension literature (e.g., Aaker & Keller, 1990). It is shown in Gaeth, Levin, Chakraborty, & Levin (1990) that, whenever a new product with previous strong and positive associations is added to a bundle, there is an enhancement of the overall bundle evaluation, which is consistent with the information integration and attitude accessibility theories previously presented in Simonin & Ruth (1998). In the context of brand portfolio extension, it means that whenever there were previous positive and strong Brand Associations, Perceived Quality and Brand Loyalty towards the brands involved, the evaluation of the horizontal integration is also expected to present a positive evaluation. Therefore, it is expected that favorable (unfavorable) antecedent brand associations and experiences will lead to favorable (unfavorable) associations and experiences towards the horizontal integration.

---

H<sub>4A</sub>: PRIOR CBBE IS POSITIVELY RELATED TO CUSTOMER EVALUATIONS OF THE HORIZONTAL INTEGRATION.

---

However, since this study is focusing on luxury brands, one must be aware that these brands are particularly sensitive to their high dependence on symbolic value, which leads to the strong possibility that customers might perceive the integration as being hazardous for the brands, jeopardizing their uniqueness and brand identity, even though they are both positively evaluated in the mind of the customer (Ijaouane & Kapferer, 2012). Therefore:

---

H<sub>4B</sub>: PRIOR CBBE IS NEGATIVELY RELATED TO CUSTOMER EVALUATIONS OF THE HORIZONTAL INTEGRATION.

---

---

## 2.4.7 Effects of product and brand fit on the evaluation of the horizontal integration

---

The customer perceived compatibility of two product categories, or “product fit”, is another key variable to understand how customers respond to the horizontal integration. Literature in brand extension shows that brand attitudes have a close relationship with the customer brand extension evaluation, leading to favorable brand attitudes not to be transmitted to the brand extension, in the case of adverse product category “fit” (Aaker & Keller, 1990; Dacin & Smith, 1994; C. W. Park, Milberg, & Lawson, 1991). Fit relates to the similarity of the product categories between the existing brand and its extension (C. W. Park et al., 1991), as well as the transferability of corporate skills in producing the new products (Aaker & Keller, 1990). Moreover, *“a poor fit... may actually stimulate undesirable beliefs and associations”* (Aaker & Keller, 1990, pp.30). Within the particular context of this work, this means that when customers perceive the product portfolio of the brands involved as being incompatible, not only might their previous positive brand evaluations not translate into the evaluation of the integration but might even further lead to negative post exposure evaluations:

---

H<sub>5</sub>: PRODUCT FIT IS POSITIVELY RELATED TO THE EVALUATION OF  
THE HORIZONTAL INTEGRATION.

---

The brand image of each of the brands involved, defined as brand perceptions that reflect inner customer brand associations (Keller, 1993), is another relevant variable to consider when analyzing collaborative relationships (Varadarajan, 1986; Young & Greyser, 1983). In contexts such as horizontal integrations, where both acquiring and acquired brands are present in a new joint context, previous brand evaluations will be questioned, as well as prior brand associations (Broniarczyk & Alba, 1994). In the case of brand image inconsistency between the brands, customers will enter in a causal or attributional search, questioning the reasoning behind the integration, and ultimately leading to unfavorable beliefs and judgments towards the transaction (Aaker & Keller, 1990; Folkes, 1988). This direct relationship is applicable to both specific brand fit evaluations (e.g., through attributes or performance level) and more abstract ones. As result, when customers perceive brands as being a “*fit*” or “*cohesive*”, there will be more favorable evaluations of the horizontal

integration, than in the cases when they are perceived as not being a “*match*” (Simonin & Ruth, 1998):

---

H<sub>6</sub>: BRAND FIT IS POSITIVELY RELATED TO ATTITUDES TOWARDS THE  
HORIZONTAL INTEGRATION.

---

Moreover, when a brand presents low awareness, it is difficult to evaluate the brand fit, since brand associations are still weakly established. As we have seen before, brand awareness precedes brand associations (Aaker, 1996; Washburn & Plank, 2002), and it is not until the customer develops brand knowledge that it is able to form solid brand associations (Keller, 1993). As a result, when in the presence of a low-awareness brand, the customer judgments of brand fit will weakly affect the perceptions of the horizontal integration (Simonin & Ruth, 1998):

---

H<sub>6A</sub>: WHEN LOWER (HIGHER) BRAND FAMILIARITY IS PRESENT, THE  
EFFECT OF BRAND FIT ON THE HORIZONTAL INTEGRATION WILL BE  
SMALLER (LARGER).

---

### 3 THEORETICAL FRAMEWORK

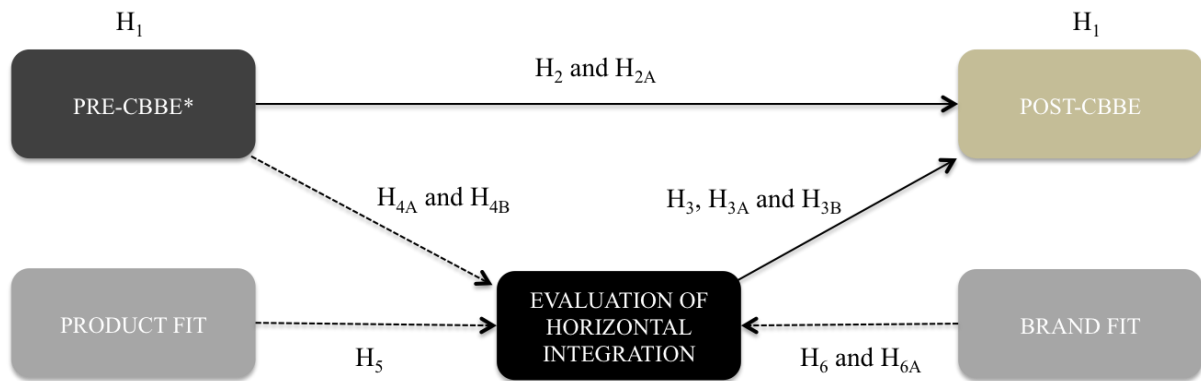


FIGURE 4: THEORETICAL FRAMEWORK

As previously mentioned, the study of the marketing and specially customer implications of the integration of two companies, via merger or acquisition, is still underexplored, with a wide range of future research opportunities untapped. The present study intends to further contribute to the understanding of the responses of customers to these types of events, focusing on horizontal integrations of luxury brands. Using as basis the past literature on the reasoning behind merger and acquisition activity in the industry, as well as how customer perceptions of luxury brands are structured and might be affected by new information related to the brands involved, a theoretical model of six major hypothesis was developed. The model first intends to demonstrate that the proposed dimensions of CBBE do, in fact, positively relate to the overall evaluation of brand equity ( $H_1$ ). The model then stipulates that previous customer perceptions, which are translated into customer-based brand equity (CBBE), have a positive relation to posterior perceptions ( $H_2$ ). Moreover, the customer perception of the integration also presents either a positive relation with the posterior customer perceptions of the brands involved ( $H_3$ ). On the other hand, the relation between prior perceptions and the evaluation of the integration may either be positive ( $H_{4A}$ ) or negative ( $H_{4B}$ ). Furthermore, the model hypothesizes that both product fit ( $H_5$ ) and brand fit ( $H_6$ ) have a positive relation with the evaluation of the horizontal integration. Finally, it is taken into account the asymmetric impact that different levels of brand awareness of the brands involved have on the several hypothesis ( $H_{2A}$ ) ( $H_{3A}$  and  $H_{3B}$ ) ( $H_{6A}$ ).

## 4 METHODOLOGY

---

The theoretical model here presented is based on the analysis of brands that are integrated into the same group. It becomes therefore interesting to center the analysis on a real case study of luxury brands that belong to the same group and explore how customers react to the information of the integration of the brands. Even though luxury conglomerates publicly announce the acquisition of new brands, the fact is that the general public is very often unaware of current or even past acquisitions. This research leverages on that “unawareness” and exposes luxury brand followers, not necessarily actual customers, to the fact that some rather well known luxury brands belong to the same group. The research did not confine its target to mere actual customers, since purchase experiences are not necessary to the existence of customer-based brand equity (Raggio & Leone, 2007). Moreover, given the time constraints of the analysis and the available resources of the researcher, a broader target significantly facilitated the collection of data.

In order to make the study more robust, not two but three brands were analyzed, with diverging brand awareness profiles. One of the brands would be the “champion” of brand awareness, while the other two would have lower levels of brand awareness. As previously mentioned, brand awareness precedes all the other brand equity dimensions and it would be interesting to analyze whether there is an asymmetry of effects in brands with different brand awareness and if that asymmetry is consistent across brands.

Louis Vuitton Moët Hennessy was the group from which the brands were chosen. As it is the strongest and oldest luxury conglomerate in the market, it is interesting to analyze if and how their brands’ brand equity would be affected, if customers had a stronger awareness of the activity of the group. Regarding the brands chosen, Louis Vuitton was selected as the “champion” of brand awareness, while Céline and Fendi would portrait the brands with relatively lower brand awareness. Louis Vuitton has been a globally appreciated brand for several years and is currently the top global luxury brand (Xerfi Global, 2013), while Fendi is one of the most valuable Italian brands within LVMH’s fashion and leather goods portfolio, and Céline has just reached the spotlight under the guidance of the new creative designer, Phoebe Philo (Cochrane, 2014), after many decades of attempting to revamp of the brand. Therefore, all three brands present distinctive profiles, which ultimately motivated their inclusion in the study.

Furthermore, the analysis would solely focus on women, since the customer base of fashion luxury brands is still majorly composed by women, and affluent women are in control of the major part of the global household spending (Shea, 2013).

#### 4.1 DESIGN

---

Following the proposed research question and the several hypotheses designed, a quantitative experiment was conducted. In order to assess customer perceptions preceding and following the exposure to the information about the horizontal integration, as well as the customer evaluations of the integration itself, a questionnaire was designed and distributed online (*Appendix I*).

Qualtrics was the online platform used to create the survey, which offers a wide range of question formats, as well as allows for a quick transfer of the data gathered into a SPSS database, the software used to further analyze the results. The use of the Internet as a diffusion vehicle was based on the several advantages it offers in terms of reach, time and costs of collection, as well as the guarantee of a much comfortable and relatively less “biased” environment for the respondent (Wright, 2005). Online surveys allow respondents to anonymously, voluntarily and independently choose if, when, where and how they are going to answer the questionnaire (Wright, 2005), which positively impacts the level of honesty in responses.

The questionnaire was sent both via social media (e.g., Facebook) and email. While the use of platforms such as Facebook allowed for a much wider range of respondents in terms of nationality, the use of email enabled the access to a broader age range, through the diffusion of the questionnaire within some companies. Having a wide range of profiles within age, nationality and occupation was indeed, relevant to the present study, since the ideal scenario would be to obtain results that are transversal among those dimensions. Nevertheless, the Internet also presented some downfalls, since it does not allow the inquirer to have full control over the profile of the respondents (Dillman, 2000; Wright, 2005). In fact, even though it was explicitly stated, *a priori*, that the survey was solely addressing women who had interest in fashion luxury brands, there was no complete guarantee that all respondents would fully fit the criteria.

The data collected has been aggregated and statistically analyzed, and the results will be explored in the following sections.

## 4.2 MEASURES AND PROCEDURES

---

The first part of the questionnaire was composed of an introductory text in which were presented the aim of the research and the several steps of the survey. Respondents were initially informed that the survey would be focusing on specific fashion luxury brands, but the brand names were not divulged until the second part of the questionnaire. In order to assess to what extent respondents were familiar with the industry, a question was asked about their interest on fashion luxury brands. Even though the ideal profile would be to have respondents with deep knowledge about the brands involved - given that high levels of brand awareness allow for stronger and more complex brand associations, and consequently, stronger CBBE (Aaker, 1996; Keller, 1993; Washburn & Plank, 2002)- it was pertinent to evaluate whether that ideal profile was indeed met. Finally, a question about the three top-of-mind fashion luxury brands was asked, in order to complement the evaluation of the brand awareness asymmetry of the brands chosen for the analysis.

The second question aimed at assessing whether the respondents were customers of the brands analyzed. Even though past purchase experiences increase the strength of the customer evaluations of the different dimensions of CBBE, a respondent does not need to be an active customer to have his own evaluation of Brand Equity. As previously mentioned, CBBE starts with basic awareness and grows into brand associations and experiences, which ultimately may involve the purchase experience. Therefore, assessing the existence of past purchases is relevant, but not limitative to the study.

The second part of the questionnaire aimed at assessing the existing or prior customer-based brand equity (CBBE) evaluations of the respondents, concerning each of the brands under analysis. This section was composed of two main questions.

The first question comprised a set of fifteen statements, which addressed all the four dimensions of CBBE, as well as the overall evaluation of brand equity. In order to minimize the likelihood of the respondents identifying the factors being analyzing, the statements were randomly assorted. The respondents had to rate whether they agreed or disagreed with each statement, using a Likert scale with “Strongly Disagree” (1) and “Strongly Agree” (7) as bottom and upper limits. To increase the reliability of the format, the scale was based on the scales of past studies aimed at assessing CBBE evaluations. Furthermore, given that the strength of brand associations, as well as of the remaining brand equity dimensions, depend on the level of awareness of the brands involved, a “N/A” option was included, for the use of

TABLE 1: CBBE STATEMENTS AND REFERENCES

<i>Statement</i>	<i>Reference</i>
<b>Brand Awareness</b>	
I am familiar with the brand.	(Mackay, 2001; Tong & Hawley, 2009)
Some characteristics of the brand come to my mind quickly.	(Tong & Hawley, 2009)
<b>Brand Associations</b>	
I respect and admire people who wear the brand.	(Tong & Hawley, 2009) (Hanzaee et al., 2012)
Wearing the brand makes me feel more confident around others.	(Hanzaee, Teimourpour, & Teimourpour, 2012)
I consider the value for money of the brand to be fair.	(Mackay, 2001); (Hanzaee et al., 2012)
I like and trust the company the company behind the brand's products.	(Tong & Hawley, 2009)
The brand has a very unique image, compared to competition.	(Tong & Hawley, 2009)
I consider the brand to have expertise in producing and delivering its products.	(Tong & Hawley, 2009)
<b>Perceived Quality</b>	
Products from the brand offer excellent features.	(Tong & Hawley, 2009) (Hanzaee et al., 2012)
I associate the brand name with quality.	(Mackay, 2001)
The brand has strong design and identity.	(Kayaman & Arasli, 2007)
<b>Brand Loyalty</b>	
The brand is my first choice for luxury products of its segment.	(Kayaman & Arasli, 2007; Tong & Hawley, 2009)
I would love to recommend the brand to my friends.	(Kayaman & Arasli, 2007; Tong & Hawley, 2009)
<b>Overall Brand Equity</b>	
What the brand sells is more than a product to me.	(Tong & Hawley, 2009) (Hanzaee et al., 2012)
Even if another brand has the same features, I would prefer this one.	(Tong & Hawley, 2009) (Hanzaee et al., 2012)

respondents who presented low awareness of any of the brands and that, therefore, were possibly unable to rate some of statements. The “N/A” option was placed before “1” in the Likert scale.

The statements used to assess CBBE were also derived from previous CBBE evaluation studies (*Table 1*), which increased the reliability of both the questionnaire and the results. Even though some of the research papers in which they were originally used were not addressing luxury brands, literature shows that general dimensions of CBBE fit luxury brands and therefore, general questions that assess CBBE can also be applied in the particular context of the brands under analysis.

The third section of the questionnaire was divided in three main parts. The first part was composed of a statement that aimed at presenting the “horizontal integration”. Respondents were informed that the brands they had been analyzing all belonged to the same group – Louis Vuitton Moët Hennessy (LVMH) – and that that integration may involve several types of synergies, based on the article of Ijaoune and Kapferer (2008). Participants were then asked about their awareness regarding the coexistence of the brands (paired in twos) within the same group. This question helped to assess the true impact of the “exposure” to the integration, since respondents that were previously aware would be much less likely to show any changes in their perceptions.

Lastly, the third part of the third section aimed at evaluating the integrations, in pairs, of the three brands within the same group (*Table 2*). A set of six statements regarding the overall evaluation, the brand fit and the product fit were again randomly assorted and evaluated through the same Likert scale used in the second section. The statements used were designed by the author, based on the literature review of Simonin and Ruth (2008), which fundamentals the basic framework of the study.

To evaluate the post exposure CBBE, a fourth section was created, in which the same statements used in section two were asked, excluding the ones evaluating Brand Awareness, since it is assumed that the new information was not going to impact the extent to which respondents were familiar with or could recall specific characteristics of the brands involved. The statements were again randomly assorted and the Likert scale remained the same. It is important to refer that it was not possible for respondents to go back in the questionnaire at any time, so that previous responses could not be tampered.

Finally, some questions about the demographics and occupation of the respondents were asked. Sex was not a necessary question, since the survey was solely addressing women.

TABLE 2: INTEGRATION STATEMENTS AND REFERENCES

<i>Statement</i>	<i>Reference</i>
<b>Evaluation of the Horizontal Integration</b>	
I perceive the presence of these two brands in the same group as being positive for them.	(Simonin & Ruth, 1998)
I believe that the brands are stronger together and I continue to see them as unique.	(Simonin & Ruth, 1998)
<b>Brand Fit</b>	
I believe there is a good brand fit between the two brands.	(Simonin & Ruth, 1998)
I see both brands as belonging to the same universe.	(Simonin & Ruth, 1998)
<b>Product Fit</b>	
I believe there is a good product fit between the two brands.	(Simonin & Ruth, 1998)
These companies could benefit from sharing their know-how.	(Aaker & Keller, 1990; Simonin & Ruth, 1998)

### 4.3 PRETEST

In order to evaluate the quality of the questionnaire, a pretest was conducted. The online survey was first distributed to 10 females, with different nationalities, occupations and age ranges. Since the questionnaire format was rather long, given the necessity to evaluate three brands and to repeat the process, respondents were asked to record the time needed to complete the whole activity. Furthermore, they were also asked to comment on the structure of the questionnaire and its content, as well as if there was any notice of misspelling or ambiguity. Although no spelling errors or misleading information were found, some comments were made on the structure and length of the questionnaire, which led to some minor readjustments on the format. Respondents took between 5 and 9 minutes to complete the questionnaire, which was considered rather acceptable.

#### 4.4 SAMPLE

---

Given the available network of the researcher at the time of the survey distribution and the high number of desired responses, a convenience-snowballing sample of female individuals was triggered. Both Facebook messages and e-mails were used to diffuse the survey link and participants were encouraged to further share the link with their female connections. The survey was online for a period of two weeks.

A total of 306 survey responses were initiated, from which only 153 were fully completed, corresponding to a dropout rate of 50%. These results were indeed expected, due to the format of the questionnaire (Brent, 2011). Using GPower software, a minimum of 74 responses were recommended to estimate a linear multiple regression, whereas only 47 responses were necessary to conduct a mean difference analysis between paired samples, with an estimation error of 5%. The sample size achieved was, therefore, considered adequate to further perform statistical and econometrical analysis.

As previously mentioned, heterogeneity in terms of nationality, age and occupation were desirable and expected, since the analysis does not focus on a specific customer profile. Even though a certain level of heterogeneity was indeed achieved at all levels, the effects of the snowballing sampling, as well as the bias present in the connections of the researcher led to a higher presence of young, Portuguese students within the sample. In fact, 97 respondents out of 153 were Portuguese, meaning that approximately two thirds of the respondents were shared the nationality of the researcher. Nevertheless, the remaining 36,6% were composed of females from a wide variety of countries such as the USA, Canada, Argentina, Mexico, Australia, Taiwan, Italy, France or Sweden, which counterbalances the weight of the Portuguese respondents. Regarding age distribution, 60,8% of respondents fitted in the category of “15-25” years old, while the remaining 39,2% were evenly distributed between the ranges of “25-35” and “35-60”, a result of the effort to spread the survey inside companies. Moreover, 49% of respondent fitted into the “Student” category, followed by “Workers” and “Working Students”, which accounted for 37,3% and 12,4%, respectively. The remaining 1,3% were “Currently Unemployed”, which could not be considered as representative. Finally, regarding the interest or knowledge of respondents about fashion luxury brands, two thirds of respondents presented either a strong or very strong interest in the topic, from which 25,5% are “very passionate about fashion brands”, results that are somewhat consistent with the ideal sample profile.

## 5 RESULTS

---

The primary data collected was aggregated and analyzed mainly using SPSS Statistics. The only exception was the use of R to compute Seemingly Unrelated Regressions (SUR), a functionality that SPSS does not currently cover. The procedures used, as well as the main findings, will be explored in the following section.

### 5.1 MISSING DATA

---

The inclusion of the “N/A” option in the questionnaire intended to best fit the brand knowledge of some participants. However, this specific option does not contribute to the measurement of the items under analysis. There is no quantifiable input to the evaluation of brand equity of the brands. Therefore, all the items for which participants answered with “N/A” were classified as “missing data” and excluded from the analysis.

### 5.2 RELIABILITY ANALYSIS

---

The theoretical framework explored in this research study is heavily based on frameworks and factors whose validity and reliability were already tested in past studies within similar research topics. Given that both the dimensions of brand equity, the spillover effects of brand alliances and the scales used in the questionnaire had already been tested in past research, there was no need to conduct a factor analysis. Nevertheless, since these frameworks and scales were being used in a slightly different context, there was the need to verify the internal consistency of the factors used. To assess the interrelatedness of each factor’s items, a Chronbach’s alpha analysis was conducted.

The Chronbach’s alpha analysis (*Table 3*) led to some interesting results. Even though the majority of the factors for each brand can be considered as acceptable for further exploratory research, there is a discrepancy on the number of accepted factors between prior and posterior brand equity dimensions, as well as a general rejection of the product and brand fit factors across all brands. Results show that, while for Céline, all factors are acceptable ( $\alpha > 0,6$ ) (George, n.d.) apart from Product Fit ( $\alpha = 0,238$ ); Louis Vuitton presented unacceptable alphas for Brand Awareness ( $\alpha = 0,496$ ), Perceived Quality ( $\alpha = 0,567$ ), Overall Brand Equity ( $\alpha = 0,559$ ) and Product Fit ( $\alpha = 0,557$ ); and Fendi failed at interrelatedness within Brand Loyalty ( $\alpha = 0,541$ ), Overall Brand Equity ( $\alpha = 0,481$ ), Brand Fit ( $\alpha = 0,468$ ) and Product Fit ( $\alpha = 0,456$ ). The remaining factors of each brand presented sufficient internal reliability, so that the items chosen for each factor were indeed



measuring the same underlying dimension.

All the factors for which the Chronbach's alpha assumed a value below 0,6 could not be considered as reliable and were, therefore, excluded from further analysis (George, n.d.). Even though these factors had been validated in previous research and that both the items and the scale were derived from past studies, Chronbach's alphas are sensitive to both the dimension of the sample and the number of items used, which might explain the results obtained (Cortina, 1993). Nevertheless, the factors will not be considered, since the items used are not likely to be measuring the same factors. As a result, Céline was the only brand to be fully explored. Moreover, it was decided to completely exclude the Brand Fit and Product Fit factors across all brands, which disables the validation of H<sub>5</sub>, H<sub>6</sub>, H<sub>6A</sub>. The decision to exclude Brand Fit arose from the fact that, even though Fendi is the only brand for which the alpha is lower than 0,6, all the other brands presented alphas below 0,7, which can be considered "questionable" or even "unacceptable" by some authors (e.g., Nunnally, 2010)). Comparisons across brands will still be made between factors that were found to be commonly reliable to the brands being compared.

To further understand the internal consistency of the factors, a correlation analysis was also conducted between each item and the sum of the items for the same factor. When looking at the Pearson correlation between each item and the sum of the items that composed the factor (Item-Total Correlation), it is clear that the majority of the items present correlation coefficients steadily above 0,3, which is the usual minimum required. The only exceptions were the items for Product Fit regarding the pairing of Louis Vuitton & Fendi (0,135) and Céline and Fendi (0,295), which further reinforces the results of the Chronbach's Alpha analysis and the decision to exclude the factor from the study.

### 5.3 DESCRIPTIVE STATISTICS

---

The main purpose of using three different brands in this research work was to eliminate the possibility that the comparison of just two particular brands could be affected by the levels of brand awareness of the brands chosen. The introduction of a third brand has, therefore, overcome that limitation. Thus, Louis Vuitton, Céline and Fendi were not only chosen because they belong to the same holding group, but because of their brand familiarity asymmetry. While Louis Vuitton was expected to register much higher brand familiarity than the other two brands, Fendi and Céline were expected to present similar levels, given that they both have a much smaller dimension. Results showed that, in fact, while the average

brand familiarity of Louis Vuitton was of 6,19 (out of 7), the average brand familiarity of Céline and Fendi was of 4,41 and 4,43, respectively, which confirms the initial expectations. It is important to note that this analysis was based solely on one of the items of brand awareness and not the factor, since brand awareness was not considered a reliable factor for Louis Vuitton.

The analysis of past purchasing experiences of each brand further confirms the initial brand awareness expectations. While approximately 36% of the respondents had already purchased a Louis Vuitton item, only 16,3% had purchased an item from Céline and an even lower percentage (11,8%) of respondents were customers of Fendi. Moreover, it was also relevant to analyze purchase experiences across brands: 18 out of the 25 (72%) actual customers of Céline were also the participants with past purchases at Louis Vuitton and 13 out of the 18 (72,2%) of Fendi customers were also customers at Louis Vuitton. Therefore, there is a clear trend of cross-brand purchase experience, with Louis Vuitton at the center.

Regarding the awareness about the integrations, results showed that 26,1% of respondents were aware of the joint presence of Céline and Louis Vuitton in the same group, 19,6% were aware of the integration between Louis Vuitton and Fendi and only 9,8% were aware of the integration of Céline and Fendi. Furthermore, 13 out of the 30 (43,3%) participants that were aware about Louis Vuitton and Fendi and 13 out of the 15 (86,7%) that were aware about Céline and Fendi were also aware about Louis Vuitton and Céline. Therefore, from the results, it is possible to conclude that the majority of respondents were unaware of the horizontal integration of the brands, which indicates that the “new information” treatment could, in fact, be analyzed within the sample gathered.

From the analysis of *Table 4*, it is possible to draw some general comments about the variables included in the theoretical framework and how they vary across brands. First of all, the majority of the variables present both a mean and a median higher than 4 (“Neither Agree or Disagree”), which means that the majority of the evaluations were positive. Regarding the mean, there were three exceptions, but all the three were still very close to 4, which reinforces the overall “positive” evaluation of the brands. Looking more closely into the brands involved, Louis Vuitton presented the strongest brand associations among the three brands both in prior and post CBBE evaluations (AS\_LV and PAS\_LV), which confirms its position as the “champion”. Louis Vuitton also dominated in post-perceived quality. In turn, Céline led in dimensions like perceived quality and both evaluations of brand loyalty. Céline and Louis Vuitton both presented similar scores for the dimension of brand awareness and

post overall brand equity, in terms of mean, median and standard deviation. Fendi, on the other hand, was not superior in any of the dimensions analyzed.

TABLE 4: VARIABLES DESCRIPTIVE STATISTICS

	<i>Variable</i>	<i>Mean</i>	<i>Median</i>	<i>St. Dev.</i>	<i>Mean Diff.</i>	<i>Mean Diff. (%)</i>
Louis Vuitton	<i>AS_LV</i>	4,882	5,167	1,244		
	<i>LO_LV</i>	3,958	4,000	1,587		
	<i>PAS_LV</i>	4,743	4,750	1,148	-0,139	-0,028
	<i>PPQ_LV</i>	5,729	5,500	1,080		
	<i>PLO_LV</i>	4,122	4,000	1,603	0,164	0,041
	<i>POBE_LV</i>	4,533	4,500	1,504		
Céline	<i>AW_C</i>	4,897	5,000	1,773		
	<i>AS_C</i>	4,575	4,500	1,376		
	<i>PQ_C</i>	4,746	4,667	1,277		
	<i>LO_C</i>	4,201	4,000	1,478		
	<i>OBE_C</i>	4,836	5,000	1,639		
	<i>PAS_C</i>	4,699	4,833	1,335	0,125	0,027
	<i>PPQ_C</i>	5,089	5,500	1,546	0,343	0,072
	<i>PLO_C</i>	4,533	4,500	1,723	0,332	0,079
	<i>POBE_C</i>	4,551	4,500	1,667	-0,285	-0,059
Fendi	<i>AW_F</i>	4,542	4,500	1,604		
	<i>AS_F</i>	4,109	4,167	1,080		
	<i>PQ_F</i>	4,562	5,000	1,274		
	<i>PAS_F</i>	4,410	4,400	1,198	0,301	0,073
	<i>PPQ_F</i>	4,734	5,000	1,243	0,171	0,038
	<i>PLO_F</i>	3,776	4,000	1,488		
	<i>POBE_F</i>	3,972	4,000	1,555		
EHI	<i>EHI_LVC</i>	4,238	4,000	1,518		
	<i>EHI_LVF</i>	4,089	4,000	1,490		
	<i>EHI_CF</i>	4,388	4,500	1,367		

Regarding the evolution between prior and posterior brand evaluations, results show that the majority of the evolutions were positive, except for the evolution of brand associations in Louis Vuitton (-0,1389) and the overall brand equity valuation in Céline (-0,285). This suggests that both  $H_{3A}$  and  $H_{3B}$  may be supported throughout the analysis. Furthermore, when comparing the sizes of the evolutions, Céline and Fendi generally present larger evolutions (%) than Louis Vuitton, while being more or less similar among one another. This further supports  $H_{3A}$ .

Finally, when comparing the evaluations made of each “pair” of brands, the pair with the highest mean and median was Céline and Fendi ( $Me=4,3879$ ;  $Md=4,5$ ), followed by Louis

Vuitton and Céline ( $Me=4,2383$ ;  $Md=4$ ) and Louis Vuitton and Fendi ( $Me=4,0888$ ;  $Md=4$ ). Moreover, the volatility of the evaluations is lower for the pairings with the higher evaluations. This means that participants were usually more receptive to the pairings that involved the lowest joint score of “awareness” i.e., participants would give higher scores to pairings that involved brands with lower awareness.

The analysis of the correlation matrix of each brand (*Table 5*) can be used as base evidence of the direction of the relation between the several factors. Across the matrices of all brands, it is clear that not only are correlations positively significant among the different brand equity dimensions prior to and post exposure, but there is also a positive and significant correlation between the dimensions of prior and post moments, which suggests the confirmation of the hypotheses proposed. The only exception to the cross-panel positive correlation pattern is the

TABLE 5: CORRELATION MATRICES

	<i>AS_LV</i>	<i>LO_LV</i>	<i>PAS_LV</i>	<i>PPQ_LV</i>	<i>PLO_LV</i>	<i>POBE_LV</i>	<i>EHI_LVC</i>	<i>EHI_LVF</i>
<i>AS_LV</i>	1							
<i>LO_LV</i>	,603**	1						
<i>PAS_LV</i>	,759**	,627**	1					
<i>PPQ_LV</i>	,591**	,505**	,646**	1				
<i>PLO_LV</i>	,755**	,580**	,699**	,510**	1			
<i>POBE_LV</i>	,750**	,565**	,705**	,445**	,742**	1		
<i>EHI_LVC</i>	,134	,345**	,307**	,290**	,139	,097	1	
<i>EHI_LVF</i>	,112	,182*	,237**	,268**	,173*	,081	,644**	1

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

	<i>AW_C</i>	<i>AS_C</i>	<i>PQ_C</i>	<i>LO_C</i>	<i>OBE_C</i>	<i>PAS_C</i>	<i>PPQ_C</i>	<i>PLO_C</i>	<i>POBE_C</i>	<i>EHI_LVC</i>	<i>EHI_CF</i>
<i>AW_C</i>	1										
<i>AS_C</i>	,752**	1									
<i>PQ_C</i>	,761**	,819**	1								
<i>LO_C</i>	,632**	,697**	,644**	1							
<i>OBE_C</i>	,755**	,875**	,763**	,607**	1						
<i>PAS_C</i>	,597**	,775**	,712**	,671**	,765**	1					
<i>PPQ_C</i>	,718**	,764**	,671**	,556**	,829**	,773**	1				
<i>PLO_C</i>	,681**	,792**	,707**	,729**	,760**	,847**	,764**	1			
<i>POBE_C</i>	,673**	,848**	,726**	,655**	,830**	,847**	,734**	,870**	1		
<i>EHI_LVC</i>	,112	,089	,062	,317**	,087	,236**	,264**	,145	-,001	1	
<i>EHI_CF</i>	,117	,294**	,242**	,404**	,262**	,386**	,337**	,280**	,242**	,527**	1

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

	<i>AW_F</i>	<i>AS_F</i>	<i>PQ_F</i>	<i>PAS_F</i>	<i>PPQ_F</i>	<i>PLO_F</i>	<i>POBE_F</i>	<i>EHI_LVF</i>	<i>EHI_CF</i>
<i>AW_F</i>	1								
<i>AS_F</i>	,560**	1							
<i>PQ_F</i>	,485**	,712**	1						
<i>PAS_F</i>	,420**	,700**	,702**	1					
<i>PPQ_F</i>	,454**	,673**	,699**	,732**	1				
<i>PLO_F</i>	,416**	,678**	,570**	,782**	,650**	1			
<i>POBE_F</i>	,313**	,665**	,548**	,786**	,578**	,781**	1		
<i>EHI_LVF</i>	,105	,272**	,169	,283**	,390**	,298**	,241**	1	
<i>EHI_CF</i>	,077	,256**	,278**	,431**	,478**	,315**	,250**	,599**	1

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

correlation between the factors corresponding to the evaluations of horizontal integrations and the several dimensions of brand equity in the two moments analyzed.

On the other hand, the variables measuring the evaluations of the horizontal integrations presented mixed results within and across pairings. While some of the pairings were positively and significantly related to most prior and posterior brand equity dimensions (e.g., *EHI\_CF* in Fendi's matrix), others have positive but mostly not significant correlations (e.g., *EHI\_LVC* in Louis Vuitton's matrix). Moreover, there is also the case of negative, but not significant correlations (e.g., *EHI\_LVC* x *POBE\_C*). These results, although not harmonious, are in line with the uncertainty present in the hypothesis formulation section.

In order to better understand the relations between the different variables and how those relations are affected by brand awareness asymmetry, both regressions and median difference analysis were conducted.

## 5.4 NORMALITY TESTS

Since the majority of the tests performed include assumptions about the normality of the sample distribution, normality tests were conducted. The Shapiro-Wilk test, which is provided by SPSS statistics, was the test used to assess the normality of all the variables included in the research. The results showed that, for all three brands, all variables did not follow a normal distribution (95% confidence) (*Appendix 2*), which had further implications on the type of regressions and statistics tests used.

## 5.5 MEDIATION ANALYSIS

Following the proposed theoretical model, it was not only important to show that the horizontal integration of the brands had an effect on post CBBE evaluations ( $H_3$ ), but also that prior CBBE evaluations would have a direct relation to post CBBE evaluations ( $H_2$ ) and that prior CBBE constructs would also influence the evaluations of the horizontal integration ( $H_{4A}$ ).

From the several connections between the variables involved, it becomes relevant to analyze whether a mediation model can be used to simultaneously evaluate the three connections proposed. Mediation models are used to estimate the relationship between a dependent variable (outcome variable), an independent variable (causal variable) and a mediator variable that might affect the relationship between them (Baron & Kenny, 1986). The mediator is therefore used to “clarify the nature of the relationship between the independent and dependent variables” (Baron & Kenny, 1986).

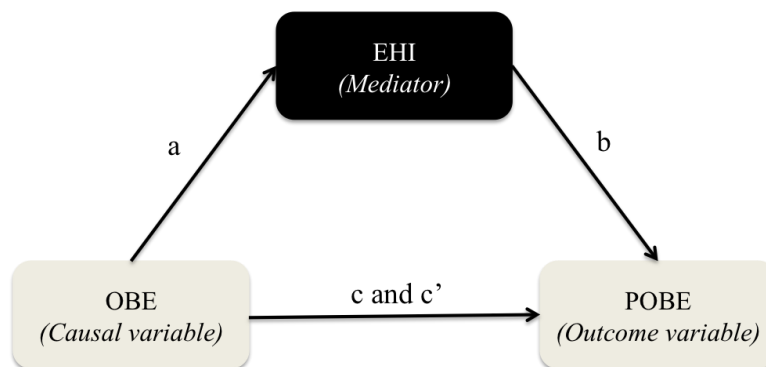


FIGURE 5: MEDIATION

In order for mediation to be established, four conditions would have to be satisfied, according to (Baron & Kenny, 1986; James & Brett, 1984; Judd & Kenny, 1981):

1. *The causal variable is correlated with the outcome (path c).*

This stipulates that there is an effect that can be mediated and would be estimated through a regression in which the causal variable was a predictor of the outcome.

2. *The causal variable is correlated with the mediator (path a).*

This would be estimated with the mediator as an outcome variable.

3. *The mediator affects the outcome variable (path b).*

This would be estimated through a regression in which both the causal variable and the mediator would be predictors of the outcome variable.

4. If there is complete mediation, the effect of the causal variable on the outcome through the mediator (path *c'*) should be reduced to zero.

The same equation would be used to estimate (3.) and (4.).

If all four conditions were met, complete mediation would be in place. However, if step (4.) was not satisfied, only partial mediation would be established. A non-parametric method was used to estimate the mediation model, Preacher & Hayes' bootstrap method (Table 6), with 5000 resamples. This test has been increasingly used, since it allows the evaluation of the total effect of mediation ( $c=c'+ab$ ), which includes not only the direct effect ( $c'$ ), but also the indirect one ( $ab$ ), which is contemporarily referred to as the best measure of the amount of mediation or the "true effect" (Kenny, 2014).

TABLE 6: PREACHER AND HAYES' MEDIATION OUTPUT

	<i>Coefficient</i>	<i>Stand.Error</i>	<i>t-statistics</i>	<i>p-value</i>
IV To Mediators ( <i>a paths</i> )				
<i>EHI_CF</i>	0,2084	0,0764	2,7277	0,0074
Direct Effects of Mediators on DV ( <i>b paths</i> )				
<i>EHI_CF</i>	0,0504	0,0672	0,7498	0,4550
Total Effect of IV on DV ( <i>c path</i> )				
<i>OBE_C</i>	0,8484	0,0545	15,5883	0,0000
Direct Effect of IV on DV ( <i>c' path</i> )				
<i>OBE_C</i>	0,8389	0,0564	14,8835	0,000

DV = POBE\_C; IV = OBE\_C; MEDS = EHI\_CF; Sample size: 115

Model Summary for DV Model					
<i>R-squared</i>	<i>Adj. R-sq.</i>	<i>F</i>	<i>df1</i>	<i>df2</i>	<i>p-value</i>
0,6842	0,6785	121,3080	2,0000	112,0000	0,0000

Bootstrap Results for Indirect Effects				
Indirect Effects of IV on DV through Proposed Mediators ( <i>ab paths</i> )				
	<i>Data</i>	<i>Boot</i>	<i>Bias</i>	<i>SE</i>
<i>Total</i>	0,0105	0,0109	0,0004	0,0147
<i>EHI_CF</i>	0,0105	0,0109	0,0004	0,0147
Bias Corrected Confidence Intervals				
	<i>Lower</i>	<i>Upper</i>		
<i>Total</i>	-0,0110	0,0511		
<i>EHI_CF</i>	-0,0110	0,0511		

Level of Confidence for Confidence Intervals: 95%  
Number of Bootstrap Resamples: 5000

Taking into consideration the necessary conditions for mediation and the outcomes of the descriptive analysis section, in the case of Céline, only one of the integration variables, EHI\_CF, was significantly correlated to both the causal and the outcome variables (OBE\_C and POBE\_C). This means that only the integration with Fendi could be considered a valid candidate to test for mediation.

Results showed that the relation between the outcome (POBE\_C) and the causal variables (OBE\_C) was indeed significant and positive ( $\beta = 0,8494, t = 15,5883$ ), as was the relationship between the causal variable (OBE\_C) and the mediator (EHI\_CF) ( $\beta = 0,2084, t = 2,7277$ ). However, the proposed mediator did not have a significant effect on dependent variable (POBE) ( $\beta = 0,0504, t = 0,7498$ ), which means that mediation was not established, even though the coefficient of path c' was slightly smaller than the one of path c. Furthermore, the indirect mediation effect also failed to be significant, which reinforces the direct effect results. These outcomes provide evidence that both H<sub>2</sub> and H<sub>4A</sub> could be supported, while H<sub>3</sub> would be rejected.

Regarding the remaining brands, since OBE was not a reliable factor for neither of them, the mediation model could not be estimated, neither could be tested the single relation between prior CBBE and the evaluations of integrations involving the brands.

## 5.6 SEEMINGLY UNRELATED REGRESSIONS

---

After analyzing the dynamics between prior and posterior CBBE evaluations, the next step of the research would be test the relationship between the dimensions of brand equity and the overall evaluation of brand equity, for both moments. In order to evaluate the explanatory power of the integration variables (EHI\_LVC and EHI\_CF) outside of the scope of mediation, they were also incorporated in the regression predicting post exposure evaluations. These two regressions would, therefore, not only help understanding if the dimensions of brand equity used would significantly explain overall CBBE for both moments, but also if the horizontal integration would be, in fact, an explanatory variable of post CBBE, under this context. The two regressions designed are presented below:

$$OBE_i = \alpha + \beta_1 AW_i + \beta_2 AS_i + \beta_3 PQ_i + \beta_4 LO_i + e_{i1}$$

$$POBE_i = \rho + \gamma_1 AW_i + \gamma_2 PAS_i + \gamma_3 PPQ_i + \gamma_4 PLO_i + \gamma_5 EHI_{ij} + \gamma_6 EHI_{ik} + e_{i2}$$

When looking at the OLS regressions, one can easily notice that both dependent variables share a “conceptual relationship” among them, since they both derive from the evaluations of the same sample, towards the same brands, even though they are different and are associated to distinct linear regressions. Under this context, there is also the possibility that both regressions can be related through the correlation of their error terms. If the error terms are indeed correlated, it means there is endogeneity and that more efficient estimators will be obtained if they are jointly estimated, using a Seemingly Unrelated Regressions model (SUR) (Zellner, 1962). Regarding the issue of non-normality, Srivastava & Maekawa (1995) show that the estimators and errors obtained through the SUR model are not significantly affected by the non-normality of the distributions, when in the presence of a fairly large sample, which encourages the use of this model in the context of the present research.

Once again, Céline was the only brand that could be reliably analyzed, since the other two brands, Louis Vuitton and Fendi, had dimensions of prior CBBE evaluations that were associated with Cronbach’s alphas lower than 0,6 (including overall brand equity (OBE)), which in turn excludes both brands from the SUR estimation. However, in order to establish a comparison, the second regression was computed for those brands, through a single linear regression.

The estimation of the SUR model (with R software) showed that there was, indeed, a significant correlation between the two errors (McElroy’s  $R^2$  of 0,768), which supports the theory that the regressions should be jointly estimated (*Table 7*). Regarding the estimators obtained, results showed that only brand awareness (AW\_C) ( $\beta = 0,211, p = 0,002$ ) and brand associations (AS\_C) ( $\beta = 0,789, p = 0,000$ ) could significantly explain prior overall brand equity (OBE\_C). Regarding the post exposure regression, brand awareness (AW\_C) ( $\beta = 0,115, p = 0,026$ ), post brand associations (PAS\_C) ( $\beta = 0,549, p = 0,00$ ) were again significant independent variables, as well as brand loyalty (PLO\_C) ( $\beta = 0,412, p = 0,000$ ) and the evaluation of the integration between Céline and Louis Vuitton (EHI\_LVC) ( $\beta = -0,152, p = 0,001$ ), which is consistent with the results obtained with separate OLS estimations (*Appendix 3 and 4*). However, under the SUR model, post loyalty was only significant when perceived quality was excluded from the model. Moreover, since the intercept of both regressions was not significant, the regressions were computed a third time (*Appendix 3*), not including the constant term. Results did not show any change in the significance of the coefficients.

TABLE 7: SUR OUTPUT

System	<i>N</i>	<i>df</i>	<i>SSR</i>	<i>det. R. Cov.</i>	<i>OLS-R2</i>	<i>McElroy - R2</i>	
Fit	226	218	123,198	0,290	0,797	0,768	
	<i>N</i>	<i>df</i>	<i>SSR</i>	<i>MSE</i>	<i>RMSE</i>	<i>R2</i>	<i>Adj. R2</i>
<i>Eq. 1</i>	113	110	72,459	0,659	0,812	0,755	0,751
<i>Eq. 2</i>	113	108	50,739	0,470	0,685	0,836	0,830
<i>OBE_C</i>	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-value</i>	<i>p-value</i>			
<i>(Intercept)</i>	0,184	0,265	0,695	0,489			
<i>AW_C</i>	0,211	0,067	3,175	0,002	**		
<i>AS_C</i>	0,789	0,086	9,191	0,000	***		
<i>POBE_C</i>	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-value</i>	<i>p-value</i>			
<i>(Intercept)</i>	0,175	0,285	0,614	0,540			
<i>AW_C</i>	0,115	0,051	2,263	0,026	*		
<i>PAS_C</i>	0,549	0,102	5,366	0,000	***		
<i>PLO_C</i>	0,412	0,085	4,843	0,000	***		
<i>EHI_LVC</i>	-0,152	0,044	-3,489	0,001	***		

To test the similarity of the coefficients obtained through OLS and SUR estimations, the Likelihood Ratio Test was computed (*Table 8* and *Appendix 3*). Results showed that both with ( $Chisq = 0,7129$ ;  $p = 0,7002$ ) or without ( $Chisq = 0,5053$ ;  $p = 0,7768$ ) the intercept variable, the coefficients of both models did not show a significant difference, which indicates that the OLS coefficients may also be considered acceptable.

TABLE 8: LIKELIHOOD RATIO TEST WITH INTERCEPT

<i>Model</i>	<i>Df</i>	<i>LogLik</i>	<i>Df</i>	<i>Chisq</i>	<i>Pr(&gt;Chisq)</i>
1	9	-246,94			
2	11	-246,59	2	0,7129	0,7002

It is possible to conclude from the observation of results that, both brand awareness and brand associations are the dimensions of brand equity that better explain the overall brand equity evaluations of customers in both moments, while brand loyalty is only significant when explaining post CBBE. Even though not all dimensions were significant, this analysis still provides evidence to support  $H_1$ , since once significant, the relations are positive.

The fact that only one of the variables related to the evaluation of the horizontal integration is significantly explaining post CBBE sends mixed messages, since it is not possible to affirm that integrations, *per se*, influence brand equity evaluations. However, in the case that it is significant, the impact of the evaluation of the integration is negative, which means that the post overall brand equity evaluations of Céline are negatively impacted by the integration of Céline with Louis Vuitton. This rejects what was suggested in H<sub>3</sub>.

As previously mentioned, the second regression was computed for the two other brands. Both Louis Vuitton (*Table 9*) and Fendi (*Table 10*) presented some similarities to Céline, since both post brand associations (PAS) ( $\beta = 0,587, p = 0,000$ ;  $\beta = 0,582, p = 0,000$ ) and post brand loyalty (PLO) ( $\beta = 0,420, p = 0,000$ ;  $\beta = 0,460, p = 0,000$ ) significantly explained post overall brand equity (POBE). However, brand awareness (AW) was not significant in the case of Fendi ( $\beta = -0,068, p = 0,228$ ) and had been excluded from the analysis in the case of Louis Vuitton. It is interesting to notice that, for all three brands, brand associations had a larger explanatory than brand loyalty in explaining post overall brand equity, which indeed reinforces the theory that brand associations precede brand loyalty and brand associations (Aaker, 1996; Washburn & Plank, 2002). Furthermore, this also has a managerial impact, since managers of the brands analyzed should acknowledge the importance of stimulating and strengthening customers' brand associations when trying to increase the overall value of the brand. Regarding the effect of the horizontal integrations, none of the integrations had a significant impact for none of the brands, which further contributes to the rejection of H<sub>3</sub>.

It is important to mention that even though it is not referred during the previous analysis, all regressions presented overall significance (F statistics;  $p < 0,05$ ) and had good estimates of the R squared ( $R^2 > 0,640$ ), which are necessary conditions to the validation of the models being analyzed (Lomax & Hahs-Vaughn, 2007; Steel & Torrie, 1960). The missing results are compiled in *Appendix 4*.

Moreover, collinearity and homoscedasticity were also tested for all four regressions. These are two important criteria for assessing the quality of the regressions and their estimators. For instance, constant variance is one of the necessary conditions to obtain best linear unbiased estimators (BLUE) (Gauss-Markov Theory). However, autocorrelation of the errors, another of the necessary conditions, was not tested since the Durbin-Watson test is only applicable to time series data.

TABLE 9: LOUIS VUITTON REGRESSION OUTPUT

<i>Model</i>	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>			<i>Tolerance</i>	<i>VIF</i>
<i>(Constant)</i>	,331	,500		,663	,509		
<i>PAS_LV</i>	,587	,123	,441	4,785	,000	,364	2,745
<i>PPQ_LV</i>	-,002	,105	-,001	-,016	,987	,592	1,688
<i>PLO_LV</i>	,420	,080	,437	5,246	,000	,446	2,243
<i>EHI_LVC</i>	,020	,078	,019	,256	,799	,549	1,820
<i>EHI_LVF</i>	-,106	,073	-,107	-1,459	,147	,581	1,721

<i>Model</i>	<i>R</i>	<i>R Square</i>	<i>Adjusted R Square</i>	<i>Std. Error of the Estimate</i>
1	,802 <sup>a</sup>	,644	,628	,93528

<i>Model</i>	<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
Regression	181,602	5	36,320	41,521	,000 <sup>b</sup>
Residual	100,596	115	,875		
Total	282,198	120			

a. Dependent Variable: POBE\_LV b. Predictors: (Constant), EHI\_LVF, PLO\_LV, PPQ\_LV, EHI\_LVC, PAS\_LV

TABLE 10: FENDI REGRESSION OUTPUT

<i>Model</i>	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>			<i>Tolerance</i>	<i>VIF</i>
<i>(Constant)</i>	,245	,394		,623	,534		
<i>AW_F</i>	-,068	,056	-,072	-1,213	,228	,778	1,285
<i>PAS_F</i>	,582	,129	,461	4,525	,000	,262	3,822
<i>PPQ_F</i>	,068	,104	,055	,657	,513	,386	2,593
<i>PLO_F</i>	,460	,090	,456	5,085	,000	,337	2,970
<i>EHI_LVF</i>	-,009	,067	-,009	-,139	,890	,612	1,635
<i>EHI_CF</i>	-,125	,081	-,109	-1,549	,124	,549	1,821

<i>Model</i>	<i>R</i>	<i>R Square</i>	<i>Adjusted R Square</i>	<i>Std. Error of the Estimate</i>
1	,841 <sup>a</sup>	,707	,691	,84737

<i>Model</i>	<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
Regression	187,373	6	31,229	43,492	,000 <sup>b</sup>
Residual	77,548	108	,718		
Total	264,922	114			

a. Dependent Variable: POBE\_F b. Predictors: (Constant), EHI\_CF, AW\_F, PLO\_F, EHI\_LVF, PPQ\_F, PAS\_F

Collinearity was a concern for variables that presented VIF values noticeably exceeding 5. The only two variables that exceeded 5 were PAS\_C (VIF = 5,211) and PLO\_C (VIF = 5,202), but the excess was not significant enough to be corrected.

Homoscedasticity was evaluated graphically, via the computation of a linear “fit” model to the residuals. Homoscedasticity can be expected from linear “fits” that are horizontal and aligned with the value 0. As observable in the illustrations included in *Appendix 5*, all four regressions can be considered to present errors with constant variance, being the homoscedasticity condition satisfied.

## 5.7 MEDIAN DIFFERENCE ANALYSIS

---

To better understand how prior and post CBBE dimensions vary in between moments, i.e., in order to evaluate if there was a significant change of brand perceptions after the exposure to the integration information, as well as how those variations differ among brands, a median difference analysis was conducted, in substitution of a parametric mean difference t-test.

Until now, there is only circumstantial evidence to believe that the information about the integration of the brands is affecting brand equity perceptions (solely the case of EHI\_LVC). However, those results can derive from the choice of items used to evaluate the variable, and not from the effect itself. This reasoning is further explored in the discussion section. Moreover, mediation results are equally sensitive to the choice of mediator, which further supports the analysis of median differences. Median difference analysis evaluates the significance of the difference of the medians of the variables involved, which in the presence of significant differences, would mean that “something” was inducing a change of the perceptions from one moment to the other. However, this analysis does not give as strong results as the regression analysis previously performed, since it does not prove that significant changes were motivated by the exposure to information about the integrations.

Once again, a non-parametric test was used to conduct the analysis. The Wilcoxon test (*Table 11*) was chosen as it is considered a strong substitute of mean difference t-tests in the presence of dependent samples (Lowry, 2014). The test has as one of its assumptions the symmetry of the distribution of the differences. Symmetry was graphically verified and all distributions present rather symmetric boxplots (*Appendix 6*). The Wilcoxon tests were then performed with a confidence level of 95%. It was decided to consider all the dimensions in the analysis, since even if they may not significantly explain overall brand equity, that may

derive from the fact that some associations and experiences are still not fully established in the minds of the participants, and so it was still interesting to observe whether there were significant changes from one moment to the other.

Starting with Céline, the only brand for which the full analysis could be performed, results showed that apart from brand associations ( $Z = -1,137$ ,  $p = 0,256$ ), all the other dimensions presented significant median differences, which means that those dimensions significantly changed from one moment to the other. Moreover, although perceived quality and brand loyalty presented positive evolutions from prior to post moments, overall brand equity showed a negative evolution, which is consistent with the results from the regression analysis and further suggests the existence of another factor (brand equity dimension) that is triggering that negative evolution, but that is not being analyzed.

TABLE 11: WILCOXON TEST

	<i>PAS_C - AS_C</i>	<i>PPQ_C - PQ_C</i>	<i>PLO_C - LO_C</i>	<i>POBE_C - OBE_C</i>
Z	-1,137 <sup>c</sup>	-3,976 <sup>c</sup>	-3,570 <sup>c</sup>	-3,844 <sup>b</sup>
Sig. (2-tailed)	,256	,000	,000	,000

	<i>PAS_LV - AS_LV</i>	<i>PLO_LV - LO_LV</i>
Z	-3,109 <sup>b</sup>	-2,874 <sup>c</sup>
Sig. (2-tailed)	,002	,004

	<i>PAS_F - AS_F</i>	<i>PPQ_F - PQ_F</i>
Z	-2,938 <sup>c</sup>	-2,216 <sup>c</sup>
Sig. (2-tailed)	,003	,027

- a. Wilcoxon Signed Ranks Test
- b. Based on negative ranks.
- c. Based on positive ranks

The same analysis for Louis Vuitton showed that both brand associations and brand loyalty presented significant changes between moments ( $Z = -3,109$ ,  $p = 0,002$ ;  $Z = -2,874$ ,  $p = 0,004$ ). However, while associations had a negative evolution, brand loyalty showed the opposite trend, which means that although the perceptions of the characteristics of the brand deteriorated, loyalty was stimulated.

Moreover, results for Fendi showed that both brand associations and perceived quality had positive significant changes ( $Z = -2,938$ ,  $p = 0,003$ ;  $Z = -2,216$ ,  $p = 0,027$ ) from one moment to the other, which suggests that both the new information strengthens the evaluations of both the characteristics of the brand and its intrinsic and extrinsic quality.

It is also important to mention that, contrary to Céline, the evolution of overall brand equity could not be tested for Louis Vuitton and Fendi, which does not allow to conclude if the general construct evolved in the same or opposite direction of its components and if, similarly to Céline, results showed that a relevant brand equity dimension was probably not being analyzed.

Given the theoretical framework proposed, it is also relevant to compare the size of each significant evolution among brands. For the purpose of comparing the brands, the analysis focused on the mean difference values of *Table 4*, since the Wilcoxon test output did not allow for such comparisons. Furthermore, the median difference test was only used as a non-parametric alternative to the parametric mean difference analysis. Starting with brand associations, while both Louis Vuitton and Fendi presented significant yet opposite evolutions, the impact of the evolution was bigger for Fendi (+7,31%), than for Louis Vuitton (-2,85%). Regarding perceived quality, while both Céline and Fendi presented significant positive changes, the size of the evolution was higher for Céline (+7,22%) than Fendi (+3,75%). Finally, brand loyalty also evolved positively for both Louis Vuitton and Céline, and once again, the brand with the lowest brand familiarity score, Céline, had a much larger change (+7,90%) than the brand with the highest familiarity score, Louis Vuitton (4,13%). All of the previously stated results corroborate  $H_{3A}$ .

However, since brand associations did not change significantly within Céline, while they did for both Fendi and Louis Vuitton, there is also evidence that corroborates the hypothesis that brands with higher brand familiarity present larger effects than low-familiarity ones ( $H_{3B}$ ).

## 5.8 RESULTS SUMMARY

<i>Hypothesis</i>	<i>Test Results</i>
H <sub>1</sub> : Brand Awareness, Brand Associations, Perceived Quality and Brand Loyalty are positively related to the Overall Brand Equity of Luxury Brands	<b>Supported</b> Correlations were positive and significant for all brands.
H <sub>2</sub> : Prior CBBE is positively related to post exposure CBBE towards the same brand.	<b>Supported</b> ( $\beta = 0,8494, p = 0,0000$ )
H <sub>2A</sub> : For lower (higher) levels of brand awareness, the effect of the pre-integration CBBE on the post-integration one will be smaller (larger).	Not tested due to the lack of reliability of some factors.
H <sub>3</sub> : Customer evaluations of the horizontal integration are positively related to post exposure customer-based brand equity.	Not Supported
H <sub>3A</sub> : For lower (higher) levels of brand awareness, the effect of the horizontal integration on post CBBE will be larger (smaller).	<b>Supported</b> Mean differences were larger for brands with lower brand awareness
H <sub>3B</sub> : For lower (higher) levels of brand awareness, the effect of the horizontal integration on post CBBE will be smaller (higher).	<b>Supported</b> The median difference of brand associations was significant for Louis Vuitton, but not for Céline
H <sub>4A</sub> : Prior CBBE is positively related to customer evaluations of the horizontal integration.	<b>Supported</b> ( $\beta = 0,2084, p = 0,0074$ )
H <sub>4B</sub> : Prior CBBE is negatively related to customer evaluations of the horizontal integration.	Not Supported
H <sub>5</sub> : Product fit is positively related to the evaluation of the horizontal integration.	Not tested due to the lack of reliability of some factors.
H <sub>6</sub> : Brand fit is positively related to the evaluation of the horizontal integration.	Not tested due to the lack of reliability of some factors.
H <sub>6A</sub> : When lower (higher) brand familiarity is present, the effect of brand fit on the horizontal integration will be smaller (larger).	Not tested due to the lack of reliability of some factors.

## 6 DISCUSSION

---

Throughout the results section, evidence was presented that ultimately led to the support or not of the proposed hypotheses within the theoretical model. As observable in the results summary table, there are cases of hypotheses that could only be partially supported, given that the associated analyses could only be performed for one brand; there are cases in which all brands provide evidence to support the hypotheses; others where no evidence was found; and finally, there are cases for which an analysis could not even be conducted, given the lack of reliability of some of the associated factors. Nevertheless, it is important to confront these findings with what was exposed in the literature review, and try to develop some explanatory reasons for the cases in which results were not in accordance with past outcomes.

Starting with the expected positive relation between brand equity dimensions and overall brand equity, the correlation analysis could be considered enough to support the hypothesis. However, when exploring the results of the regression analysis, it was concluded that for all brands, only some dimensions were significantly explaining the evaluations of overall brand equity. Even though the explanatory power of regression estimators is more powerful than correlation, the fact is that some dimensions may only have explanatory power once they are fully established in the minds of the consumers, which does not mean that there is no connection between those dimensions and the overall evaluation. Moreover, there are cases in past studies in which some of these dimensions were also not significant (e.g., Tong & Hawley, 2009), which could derive from the industry, the sample, or the fact that other brand equity dimensions could be a better fit. Finally, and most importantly, when the dimensions were found to be significant, they all presented positive coefficients. As a result, there was enough evidence to support  $H_1$ .

The relation between prior and post overall brand equity valuations ( $H_2$ ) could only be tested for Céline, due to the lack of reliability of the factors measuring prior overall brand equity in the other two brands. Moreover, since the new information regarding the horizontal integration of the brands involved was expected to affect that the relation between prior and post CBBE constructs, its significance was estimated in the context of a mediation model. Even though mediation could only be tested for one of the pairings (EHI\_CF), prior overall brand equity evaluations were found to be a significant predictor of post overall evaluations, which corroborates findings of Simonin and Ruth (2008), even though the researchers were

only focusing on brand attitudes and not the complete valuation of customer-base brand equity. Regarding the other two brands, although the relation could not be tested, correlation coefficients show that there is positive significant correlation between all the dimensions of brand equity across and within both moments. Considering that dimensions are positively related among each other and towards the overall construct, one could infer that a positive relation is also expected from the overall evaluation of brand equity between moments.

Since Céline was the only brand for which estimator coefficients were obtained across both moments of the analysis, no comparison could be established and so,  $H_{2A}$  could not be further explored. Even though a median analysis was conducted and that analysis indicates whether there are significant changes within the variables between moments, the effect of prior on post brand equity dimensions could not be distinguished from the global effect, and so, the outcomes of the median analysis are not reliable enough to establish conclusions about  $H_{2A}$ .

The non-reliability of some factors measuring brand equity dimensions is probably deriving either from the reduced number of items used or the size of the sample (George, 2009). As previously mentioned, the items used were retrieved from past research papers on the topic of brand equity, and so their validation had already been proven.

Mixed evidence was found regarding the relation between the evaluations of the integrations and the post evaluations of brand equity ( $H_3$ ). The analysis of the correlation matrix associated with each brand revealed that there were both cases of positive and negative (although not significant) correlations between the integration variables and the post brand equity dimensions. On the other hand, the descriptive analysis showed that the evaluations of the pairings were rather positive, since all of them presented means and medians above 4 (“Neither Agree or Disagree”). Moreover, the estimation of the seemingly unrelated regressions model showed that there was a significant negative relation between the evaluation of the pairing of Louis Vuitton and Céline (EHI\_LVC) and the post overall brand equity valuation of Céline (POBE\_C), evidence that was again supported by the median difference analysis between prior and post overall brand equity of Céline.

These results may seem contradictory, since a negative relation would only be expected from negative pairing evaluations (Loken & John, 1993). However, given the profile of luxury brands and their high dependence on symbolic value (Ijaouane & Kapferer, 2012), it is not unusual that even if the average participant is able to identify possible benefiting

synergies between the brands involved in the pairing, that will still reflect negatively on the individual evaluations of the brands, being perceived as less “unique” (Ijaouane & Kapferer, 2012). That is particularly evident in the case of Louis Vuitton, where a significant negative change (-2,85%) was recorded between prior and post brand associations, which are considered the most stable constructs. Finally, the estimation of regressions for Fendi and Louis Vuitton did not show significant coefficients for the integration variables as predictors of post overall brand equity, which further supports the rejection of H<sub>3</sub>.

H<sub>3A</sub> and H<sub>3B</sub> both made predictions on the same relation, although with opposite directions. Evidence was found to support both hypotheses. While in the case of H<sub>3A</sub>, which stipulated that the effect of the integration would be larger for lower levels of brand awareness, was supported by the comparison of significant median differences of brand equity dimensions across brands, the opposite relation was only found once, in the case of brand associations between Louis Vuitton and Céline. The median difference of brand associations for Céline was not significant, while the opposite happened to Louis Vuitton. This means that the logics of Simonin and Ruth (2008) and Ijaouane and Kapferer (2012) were both supported by the collected data and that, in fact, the effect of horizontal integrations in the luxury industry may affect brands with high or low brand awareness in both opposite ways.

The use of the outcomes of median differences in this context may be, however, criticized, since the regression analysis did not show a significant relationship between the integration variables and post overall brand equity evaluations, except for one single case, EHI\_LVC, and that the median difference analysis does not guarantee that the change was triggered by the exposure to the new information. Nevertheless, since nothing else was presented in the questionnaire and that there were probably no environmental changes affecting participants during the response process, one can expect that the change in perceptions could only be generated by the exposure to the new information and that, therefore, the non-significance of the associated variable derives from the choice of items or the size of the sample. Moreover, since the majority of participants was not an actual customer of the different brands, customer-based brand equity was not as high and steady as it could be (Keller, 1993).

H<sub>4A</sub> and H<sub>4B</sub> were again opposite hypothesis on the same subject. While H<sub>4A</sub> stipulated that prior CBBE constructs would be positive related to the evaluations of the integrations, H<sub>4B</sub> set the exact opposite, based on the high sensitivity associated with the symbolic value of

luxury brands (Ijaouane & Kapferer, 2012). Evidence showed that only the former could be supported, given the results of the mediation analysis for C line. Furthermore, when looking at the correlation matrices of the three brands, one observes that when correlation between prior CBBE dimensions is significant, it is positive, which further corroborates the support of H<sub>4A</sub> and establishes that previous perceptions have a positive relation with the evaluation of the new information.

Finally, the last three hypotheses were not possible to be evaluated given the lack of reliability of the factors involved. Once again, it is expected that the lack of reliability derived from the reduced number of items and the sample size. Nevertheless, it can be estimated that the two first hypotheses would be supported by evidence, since the means and medians of the items that composed the factors were equal to or above four, meaning that positive evaluations were made of both the Brand Fit and the Product Fit of the different pairings. However, the pairing of Louis Vuitton and Fendi presented, once again, the lowest average on Brand Fit evaluations, which is once again compatible with the idea that consumers react in a less positive way to the interaction of brands with higher symbolic power. No conclusions could be drawn regarding the size of the effects among pairings.

## **7 MANAGERIAL IMPLICATIONS**

---

The choice of this research topic derived from the growing reality of mergers and acquisitions in the field of luxury, and that some of industry's most successful companies are, in fact, multi-brand conglomerates. Additionally, luxury conglomerates usually benefit from an easier access to financial resources, which allows them to take advantage of individual promising brands that can no longer finance their own growth. Therefore, conglomerates are able to continuously increase their value by helping these brands to survive and even blossom in the market.

However, it is also widely known that, while diverse, conglomerates are usually sustained by the success of their major brands. This means that the success of conglomerates and the maintenance of their access to financial resources strongly depend on the performance of their top brands.

Focusing on the particular case of the LVMH group, brands like Louis Vuitton (ranked 1<sup>st</sup> in the top luxury brands of 2013), remain as the pillars of the group. Therefore, it becomes increasingly important to understand how new additions to the group and, particularly, to the

same product category of Louis Vuitton, affect their customer perceptions of the brand, which, in turn, may affect their performance. If customers perceive the other brands that belong to the group as hazardous to the symbolic value of Louis Vuitton, purchase intents might be diminished and then, the brand might financially suffer, as well as the group. On the other hand, when looking at brands that are now starting to strive in the market under a new creative direction, such as Céline, their association with Louis Vuitton might also create confusion in the minds of the consumers, limiting their growth. As a result, this study intended to contribute to a better understand on how customers react to the usually unknown reality of mergers and acquisition in the luxury world.

Throughout the results and the discussion sections, there are several conclusions that may significantly impact the conglomerate behind the brands analyzed, LVMH.

## 7.1 UNAWARENESS ABOUT CORPORATE PARENT AMONG CUSTOMERS

---

First of all, evidence was found that supports the idea that actual or aspirational customers of luxury brands are usually unaware of their corporate parenting. The majority of the respondents was not aware of neither of the brands belonging to the same group, even though there were cases in which participants were aware of the whole reality. This means that despite the public announcements of new brand additions to the group and their joint annual report, the majority of customers is still not aware of the corporate relationship.

It is also important to take into consideration that the majority of participants considered themselves as moderately or deeply interested in luxury fashion brands, which further reinforces the idea that even though customers may aspire to become customers of a brand, they are usually not aware of its background. One can then wonder whether customer perceptions of some luxury brands would significantly change if they were, in fact, aware of the conglomerate that owns them. The following section tries to answer that question.

## 7.2 THE RISK OF LOSING BRAND EQUITY

---

Evidence showed that, in the sole case in which the effect was significant, the case of Céline, the exposure to the new information deteriorated previous customer overall perceptions of the brand. Furthermore, median difference analysis showed that the brand associations of Louis Vuitton were also negatively impacted throughout the questionnaire, which reinforces the idea that customer-based brand equity is, at least, partially negatively affected by the exposure to the corporate structure of the brands. On the other hand, median

difference analysis also showed that the majority of the changes within brand equity dimensions was positive, namely for Céline. The fact that the majority of the dimensions presented a positive and significant evolution shows that, under the scope of this research, better-informed actual or aspirational customers would have stronger brand associations, perceived quality and brand loyalty towards Céline, but still, their overall evaluation of the brand would be worse. One possible explanation may be that the news of the integration is impacting a dimension of brand equity that is not being analyzed in the study, namely one that specializes on capturing the symbolic value of the brand. This means that no guarantees about the effect of the awareness about the corporate structure can be given, apart than the fact that negative effects cannot be disregarded and that, therefore, it can be hazardous for the brand value that customers are aware of their corporate parenting. As the threat is, indeed real, it is still not advisable that conglomerates try to stimulate an integrated image of their individual brands.

When comparing the strength of the effects among brands, it was concluded that lower awareness brands are usually more deeply affected by the news than higher awareness ones, even though there was a case that showed the opposite trend. Even though this shows that smaller brands within the conglomerate may “profit” or “suffer” more from the awareness of customers of the corporate parenting, the risk that these news would negatively impact the performance of the higher awareness brands would probably cause deeper financial damages that could not be covered by the gains of the others. This means that, while a brand like Fendi could benefit from customers knowing its parent company, there is a risk that Louis Vuitton would suffer from the same event and its loss would probably have a much larger effect on the results of the group than the gains from Fendi.

### 7.3 BRAND ASSOCIATIONS AS THE PILLAR OF BRAND EQUITY

---

Moreover, it was observed, for all three brands, that brand associations were the constructs that most explained the value of overall brand equity, which means that customer perceptions of these brands are dominated by the functional, non-functional and organizational associations that customers make towards the brands (Chen, 2001). Managers should then focus on stimulating and strengthening these associations, which will motivate loyalty and purchase intent. In fact, these results reinforce the idea that luxury brands should further focus on customer experience as a profit model, since a more exclusive environment and service will stimulate positive associations and that will solidify overall customer-based

brand equity.

As a result, this research provides evidence that supports the idea that customers should remain mostly unaware of the corporate parenting of luxury brands, since there is a risk that customer-based brand equity could be weakened if awareness was stimulated. Moreover, companies seem to be already aware of this risk, since there is a real concern with the amount of information that is shared about possible cooperation that involves customer activities and sharing of resources (operational synergies) among brands of the same conglomerate, as well as the decision to keep creativity and brand strategy independent among brands.

## **8 LIMITATIONS & FUTURE RESEARCH**

---

The results of this study were, to some extent, different from what was concluded in past studies of a similar kind, which generates opportunities for future research. On the other hand, the methodology, the data sample and the results presented some limitations that must be addressed.

First of all, this study solely focused on the analysis of a singular luxury conglomerate, which can be considered either very restricting or very targeted. Under the scope of the present analysis and given the time and resources restrictions of the researcher, focusing on a single conglomerate was the optimal alternative, since it allowed for some variety in terms of brands, but still offered the chance to have more coherent and realistic set of conclusions. However, it would be interesting to analyze how the same study would result within a broader brand and conglomerate scope, namely not only focusing on horizontal integrations, but also vertical integrations.

Moreover, it would have been ideal to have the time to test prior and post CBBE in different moments of time and with a stronger depth, similarly to what was done in the study of Simonin and Ruth (2008). Unfortunately, there were neither the time nor the resources to perform such a rich study. In-depth interviews with some participants and executives would also be interesting suggestions of methodologies to incorporate in future similar studies.

A comment should also be made about the choice of target of respondents. Ideally, respondents ought to be experienced consumers of the brands, in order to guarantee that fully established brand equity constructs were present within the minds of customers. The fact that a broad range of respondents was allowed in the study made it possible for participants with a very low awareness of the some of the brands to complete the questionnaire. That meant that

the “N/A” was used a quite large number of times, which in turn led to the exclusion of those particular observations from the analysis. This constitutes a very relevant limitation.

It would also have been interesting if the analysis was performed within different groups regarding nationality, age and occupation. Even though there is an overall conversion of perceptions towards brands among different cultures, there can still be found some significant differences in research studies and so, it would be fascinating to know how results would vary within different cultures.

Furthermore, despite the fact that the dropout rate was quite high (50%), that derived from the fact that the questionnaire was quite extensive and demanding from what is desirable in an online survey. Even though the researcher was aware that the format was not ideal, the Internet was still the better channel to capture a greater number of responses while providing the best conditions for the quality and honesty of responses.

An additional limitation related to the questionnaire was the absence of multi-language questionnaire options. The survey was distributed only in English, which was not the primary language of the majority of participants. Although having the questionnaire back-translated in several languages would have been the ideal option, that was not possible to accomplish given the context of the research. Moreover, there is the possibility of Scalar Inequivalence, since groups from different countries may rate questions in a distinct way.

The dimensions of brand equity included in the study were selected based on solid literature that compiled the most consensual brand equity dimensions explored so far. The validity of those dimensions or their meaning were never questioned. Moreover, there are previous cases in literature of dimensions that were found not significant at explaining overall brand equity (e.g., Tong & Hawley, 2009). However, given the fact that there was a clear focus on luxury brands, it would have been interesting to include some dimensions that were designed based on the specificities of these brands and that would, therefore, better capture their CBBE evaluations. Moreover, unlike the study of Simonin and Ruth (2008), which solely focused on one dimension of brand equity, brand attitudes (can be both related to brand associations and brand loyalty), the present study decided to integrate the overall construct of brand equity and not only parts of it, which was intended to better understand the effects of the new information. Although this allowed for a richer analysis, a more targeted choice of the dimensions could also provide a more consistent set of results.

Another concern was the fact that the pretest phase could have included a control group, in order to first test the strength of the factors. That would have allowed to test if significant relations could be found. The limited time available to conduct the research, and the fact that a considerable number of respondents could probably only be achieved once in such a short amount of time, led to the decision of not conducting such a detailed pretest phase. However, future studies could be better aware of the importance of this step and how detecting unreliable factors and controlling for them could have crucial impacts on the following steps of the analysis.

The fact that a significant number of factors was not considered reliable was one of the major drawbacks of the study, since it not only excluded entire variables from the analysis, but it also made it impossible to perform some analysis within some of the brands and therefore, to establish comparisons. This was extremely limiting, since both conclusions and the support of the hypotheses was sometimes, only circumstantial and could not be reinforced by identical conclusions from other brands. This could probably have been avoided by the introduction of a larger number of items within factors or a larger sample.

Moreover, even though the sample gathered was larger than the minimum required by GPower software for the type of analysis that was going to be conducted, the large number of variables being analyzed would benefit from a larger sample. An example of that is the fact that normality could not be found for the majority of the variables, which is partially influenced by the dimension of the sample.

As a result from the non-normality of the distributions of the majority of the variables, the choice of tests to be performed had to be adjusted. Only non-parametric tests could be conducted and, even though, the robustness of the non-parametric tests used in the study has already been proven, it still is considered limiting to have non-normal distributions under certain contexts, e.g., the SUR model estimation. Moreover, even though normality is not a necessary condition to obtain BLUE estimators, normally distributed variables and errors have a better chance of fulfilling the necessary criteria (Berlin, 2014).

Finally, regarding the estimation of regressions, in the context of mediation, the Preacher & Hayes bootstrapping method, the only that has been developed for SPSS, did not allow for the analysis of the errors of the regressions involved, which may portrait a limitation. However, collinearity was not expected, since two of the three regressions had only one predictor and the correlation between EHI\_CF and OBE\_C was rather low, even if

significant. Testing the autocorrelation of the errors is also considered not to make sense in the context of a questionnaire, since observations do not succeed in time, but from respondent to respondent. Therefore, only the lack of constant variance would have had been a problem.

## **9 CONCLUSIONS**

---

The use of mergers and acquisitions as a growth strategy has been a growing trend in the luxury industry during the last few decades, but the marketing implications of these activities were still not sufficiently explored, which makes the study in this research work an important contribution to literature. The aim of the study was to assess whether and how the perceptions of actual and aspirational luxury customers towards some of the most influential luxury brands were affected by news that they belonged to the same holding group, LVMH.

Even though it is well known that LVMH and similar others are public traded companies who constantly share information about their transactions and strategic moves, it is also known, and was shown in the results of this research, that customers and followers of luxury brands are often not aware of the reality of mergers and acquisitions in this industry. Therefore, there was the opportunity to leverage on this dissociation and try to explore whether conglomerates should make an effort to reverse the trends, i.e., if the individual brands of conglomerates would benefit from customers knowing they share the same corporate parent.

Several past studies were taken into account when formulating hypotheses. For instance, on one side, there were the findings of Ijaouane and Kapferer (2012), which demonstrated how the sensitiveness to the symbolic value of luxury brands translated into the type of synergies conglomerates develop. On the other, there was the study of Simonin and Ruth (2008) that focused on how customer perceptions of brands changed in a context of brand collaboration and which found that, in fact, perceptions would influence and be influenced positively by customer perceptions about the alliance. Therefore, it became interesting to recreate Simonin and Ruth's study in the context of horizontal integration of luxury brands, taking into account their specificities and all the dimensions that could measure customer perceptions about a brand, customer-based brand equity (CBBE).

The results of this study showed that, in fact, brand equity dimensions can be relevant at measuring luxury customers' perceptions. It was also shown that these constructs are significantly related in time and that they may significantly explain how customers will

evaluate the integration of the brands. However, it was not possible to conclude that the evaluations of the integrations would positively explain the change in perceptions, even though a significant change was recorded for almost every construct across all three brands analyzed. Ultimately, it was possible to conclude that different levels of brand familiarity influence the impact that the new information will have on perceptions, even though there were cases of larger and smaller effects for both types of brands.

Finally, it was concluded that even though some constructs of brand equity presented a positive and significant response to the information, there were some for which the impact was significantly negative, which presents a concern for conglomerates. For instance, Louis Vuitton saw its brand associations deteriorated, the most relevant dimension at explaining overall brand equity, which may demotivate some customers from purchasing the brand again, even though brand loyalty showed a positive evolution. This shows that brands within conglomerates should definitely further develop themselves as individuals and preserve their identities. Furthermore, it reinforces the need to focus on positive customer experience, through the strengthening of brand associations and therefore, overall brand equity.

Conglomerates will not stop growing in the near future, whether horizontally or vertically, nationally or globally, through off or online retail. Nevertheless, it is increasingly important to know how to preserve the value of each brand and how to help it develop itself, without creating confusion in the minds of customers.

## 10 BIBLIOGRAPHY

---

- Aaker, D. (1992). *Building Strong Brands*. Hillsdale, NJ: Lawrence Erlbaum Associates.
- Aaker, D. (2003). The power of the branded differentiator. *Sloan Management Review*, 45(1), 83–87.
- Aaker, D. A. (1991). *Managing Brand Equity*. New York: Free Press.
- Aaker, D. A. (1996). Measuring brand equity across products and markets. *California Management Review*, 38(Spring), 102–120.
- Aaker, D. A. (2004). Leveraging the corporate brand. *California Management Review*.
- Aaker, D. A., & Joachimsthaler, E. (2000). *The Brand Relationship Spectrum* (Vol. 42, pp. 8–23). California Management Review.
- Aaker, D. A., & Keller, K. L. (1990). Consumer Evaluations of Brand Extensions. *Journal of Marketing*, 54(1), 27–41.
- Acebrón, L. B., & Dopico, D. C. (2000). The importance of intrinsic and extrinsic cues to expected and experienced quality: an empirical application for beef. *Food quality and Preference*, 11(3), 229–238.
- Agarwal, M. K., & Rao, V. R. (1996). *An empirical comparison of consumer-based measures of brand equity* (Vol. 7, pp. 237–247). Marketing Letters.
- Alba, J. W., & Hutchinson, J. W. (1987). Dimensions of Consumer Expertise. *Journal of consumer research*, 13(4), 411–454.
- Anderson, N. H. (1981). Foundations of information integration theory. *Academic Press*.
- Anselmsson, J., & Johansson, U. (2007). Understanding price premium for grocery products: a conceptual model of customer-based brand equity. *Journal of Product & Brand Management* 16(6), 401–414.
- Baron, R. M., & Kenny, D. A. (1986). The moderator–mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations. *Journal of Personality and Social Psychology* (51), 1173–1182.
- Bearden, W. O., & Etzel, M. J. (1982). Reference Group Influence on Product and Brand Purchase Decisions. *Journal of Consumer Research*, 9(2), 183–194.
- Bekier, M. M., & Shelton, M. J. (2002). Keeping your sales force after the merger. *The McKinsey Quarterly*, 4, 106–115.
- Belk, R. W., Bahn, K. D., & Mayer, R. N. (1982). Developmental Recognition of Consumption Symbolism. *Journal of Consumer Research*, 9(1), 4–17.
- Bendixen, M., Bukasa, K. A., & Abratt, R. (2004). Brand equity in the business-to-business market. *Industrial Marketing Management*, 33(5), 371–380.
- Berlin, H.-U. Z. (2014). 2.4.1 Finite Sample Properties of the OLS and ML Estimates of, 1–15. Retrieved from [http://sfb649.wiwi.huberlin.de/fedc\\_homepage/xplore/tutorials/xegbohtmlnode14.html](http://sfb649.wiwi.huberlin.de/fedc_homepage/xplore/tutorials/xegbohtmlnode14.html)
- Bernués, A., Olaizola, A., & Corcoran, K. (2003). Extrinsic attributes of red meat as indicators of quality in Europe: an application for market segmentation. *Food quality and Preference*, 14(4), 25–40.
- Berthon, P., Pitt, L., Parent, M., & Berthon, J.-P. (2009). Aesthetics and Ephemerality: Observing and Preserving the Luxury Brand. *California Management Review*, 52(1), 45–66.
- Bettman, J. R., & Sujan, M. (1987). Effects of Framing on Evaluation of Comparable and Noncomparable Alternatives by Expert and Novice Consumers. *Journal of Consumer Research*, 14(2), 141–154.
- Biel, A. L. (1992). How brand image drives brand equity. *Journal of Advertising Research*, 9.
- Boulding, W., Kalra, A., & Staelin, R. (1993). A dynamic process model of service quality: From expectations to behavioral intentions. *Journal of Marketing Research*,

- 30(February), 7–27.
- Bourdieu, P. (1984). *Distinction: A social critique of the judgement of taste*. Harvard University Press.
- Brakus, J. J., Schmitt, B. H., & Zarantonello, L. (2009). Brand Experience: What Is It? How Is It Measured? Does It Affect Loyalty? *Journal of Marketing*, 73(3), 52–68.
- Brent, C. (2011). How Much Time are Respondents Willing to Spend on Your Survey? *Survey Monkey Blog*, 1–9.
- Broniarczyk, S. M., & Alba, J. W. (1994). The Importance of the Brand in Brand Extension. *Journal of Marketing Research*, 31(2), 214–228.
- Brown, T. J., & Dacin, P. A. (1997). The company and the product: corporate associations and consumer product responses. *The Journal of Marketing*, 61(January), 68–84.
- Capgemini, & Management, R. W. (2013). World Wealth Report 2013, 1–48.
- Chakrabarti, A. K. (1990). Organizational factors in post-acquisition performance. *Engineering Management*, 37(4), 259–268.
- Chaudhuri, A., & Holbrook, M. B. (2001). The chain of effects from brand trust and brand affect to brand performance: the role of brand loyalty. *Journal of Marketing*, 65(April), 81–93.
- Chen, A. (2001). Using free association to examine the relationship between the characteristics of brand associations and brand equity. *Journal of Product & Brand Management*, 10(7), 439–451.
- Cobb-Walgreen, C. J., Ruble, C. A., & Donthu, N. (1995). Brand equity, brand preference, and purchase intent. *Journal of advertising*, 24(3), 25–40.
- Cochrane, L. (2014). Paris fashion week: Phoebe Philo subverts the classics for Céline. *The Guardian*, 1–3.
- Company, B., & Altagamma, F. (2013). Worldwide Luxury Markets Monitor, 1–19.
- Cortina, J. M. (1993). What is coefficient alpha? An Examination Of Theory And Applications. *Journal of Applied Psychology*, 78, 96–104.
- Crawford, M. (1983). *New Product Development*. Homewood, IL: Irwin.
- Crimmins, J. C. (1992). Better Measurement And Management Of Brand Value. *Journal of Advertising Research*.
- Dacin, P. A., & Smith, D. C. (1994). The Effect Of Brand Portfolio Characteristics On Consumer Evaluations Of Brand Extensions. *Journal of Marketing Research*, 31(May), 229–242.
- De Chernatony, L., & McWilliam, G. (1989). The Varying Nature Of Brands As Asset. *Internationa Journal of Advertising*, 8, 339–349.
- Di Benedetto, C. A., & Calantone, R. J. (1994). Brand equity as an evolutionary process. *Journal of Brand Management*
- Dillman, D. A. (2000). Mail and Internet surveys: The tailored design method.
- Dubois, B., & Paternault, C. (1995). Observations: Understanding the world of international luxury brands: The “dream formula.” *Journal of Advertising Research*, 35(4), 69–76.
- Ervynck, A. Van Neer, W., & Hüster-Plogmann, H. (2003). Beyond affluence: the zooarchaeology of luxury. *World Archeology*
- Farquhar, P. H. (1989). Managing brand equity. *Marketing research*, 1(3), 24–33.
- Farquhar, P. H., & Herr, P. M. (1993). The dual structure of brand associations. ... *strong brands*.
- Fazio, R. H. (1986). How do attitudes guide behavior. ... *and cognition: Foundations of social behavior*.
- Fazio, R. H. (1989). On the Power and Functionality of Attitudes. *Attitude Structure and Function*.
- Fazio, R. H., & Williams, C. J. (1986). Attitude accessibility as a moderator of the attitude–

- perception and attitude–behavior relations: An investigation of the 1984 presidential election. *Journal of Personality and Social Psychology* 51(September), 505–514.
- Feldwick, P. (1996). What is brand equity anyway and how do you measure it. *Journal of the Market Research* 38, 85–104.
- Fishbein, M., & Ajzen, I. (1975). Belief, attitude, intention and behavior: An introduction to theory and research. *Addison Wesley*.
- Folkes, V. S. (1988). Recent Attribution Research in Consumer Behavior: A Review and New Directions. *Journal of consumer research*, 14(4), 548–565.
- Gaeth, G. J., Levin, I. P., Chakraborty, G., & Levin, A. M. (1990). Consumer evaluation of multi-product bundles: An information integration analysis. *Marketing letters*, 2(1), 47–57.
- George, D. (2009). *SPSS for Windows Step by Step: A Simple Study Guide and Reference, 17.0 Update, 10/e*. Pearson Education India.
- Gergen, K. (1991). *The Saturated Self*. New York, NY: Basic Books.
- Global, X. (2013). *Luxury Companies - World*. Global Markets and Competition.
- Gremler, D. D., & Brown, S. W. (1999). The loyalty ripple effect: appreciating the full value of customers. *International Journal of Service Industry Management* 10(3), 271–293.
- Hankinson, G., & Cowking, P. (1993). Branding in action: cases and strategies for profitable brand management. *The Journal of Brand Management*, 3(1), 43–50.
- Hanzaee, K. H., Teimourpour, B., & Teimourpour, B. (2012). Segmenting Consumers Based on Luxury Value Perceptions. *Middle-East Journal of Scientific Research*, 12(11), 1445–1453.
- Haspeslangh, P. C., & Jemison, D. B. (1991). *Managing Acquisitions*. Free Press.
- Hitt, M. A., & Hoskisson, R. E. (1990). Mergers and acquisitions and managerial commitment to innovation in M-form firms. *Strategic Management Journal* 11(4), 29–48.
- Hodgson, A. (2013). Top 5 Markets with the Best Potential for Luxury Goods BRIC and Mexico Offer Strong Growth in High income Populations. (Euromonitor, Ed.), 1–3.
- Holbrook, M. B. (2000). The millennial consumer in the texts of our times: Experience and entertainment. *Journal of Macromarketing*, 20(2).
- Holbrook, M. B., & Hirschman, E. C. (1982). The Experiential Aspects of Consumption: Consumer Fantasies, Feelings, and Fun. *Journal of Consumer Research*, 9(2), 132–140.
- Holbrook, M. B., & Schindler, R. M. (1994). Age, Sex, and Attitude toward the past as Predictors of Consumers' Aesthetic Tastes for Cultural Products. *Journal of Marketing Research*, 31(3), 412–422.
- Homburg, C., & Bucerious, M. (2005). A Marketing Perspective on Mergers and Acquisitions: How Marketing Integration Affects Postmerger Performance. *Journal of Marketing*, 69(1), 95–113.
- Houston, D. A., & Fazio, R. H. (1989). Biased processing as a function of attitude accessibility: Making objective judgments subjectively. *Social cognition*, 7(Spring), 51–66.
- Hoyer, W. D., & Brown, S. P. (1990). Effects of brand awareness on choice for a common, repeat-purchase product. *Journal of consumer research*, 17(September), 141–148.
- Hulland, J. S., Capron, L., & Business, R. I. S. O. (1997). *Redeployment of Brands, Sales Forces, and General Marketing Management Expertise Following Horizontal Acquisitions*. London : Richard Ivey School of Business, University of Western Ontario.
- Ijaouane, V., & Kapferer, J.-N. (2012). Developing Luxury Brands Within Luxury Groups–Synergies Without Dilution? *Marketing Review St. Gallen*, 29(1), 24–29.
- James, L. R., & Brett, J. M. (1984). Mediators, moderators, and tests for mediation. *Journal of Applied Psychology*, 69, 307–321.

- Johnson, E. J., & Russo, J. E. (1984). Product Familiarity and Learning New Information. *Journal of Consumer Research*, 11(1), 542–550.
- Joreskog, K. G., & Sorbom, D. (1988). LISREL VII: A Guide to the Program and Application. SPSS.
- Judd, C. M., & Kenny, D. A. (1981). Process analysis estimating mediation in treatment evaluations. *Evaluation review*, 5, 602–619.
- Kapferer, J. N. (1997). Managing luxury brands. *Journal of brand management*, 4(4), 251–269.
- Kapferer, J. N., & Bastien, V. (2009). The luxury strategy. *Kogan Page*.
- Kapferer, J.-N. (1992). *Strategic Brand Management*. London and New York: Kogan Page Publishers.
- Kayaman, R., & Arasli, H. (2007). Customer based brand equity: evidence from the hotel industry. *Managing Service Quality*, 17(1), 92–109.
- Keller, K. L. (1993). Conceptualizing, measuring, and managing customer-based brand equity. *The Journal of Marketing*, 57(1), 1–22.
- Keller, K. L. (1999). Managing Brands for the long run: Brand reinforcement and revitalization strategies. *California Management Review*, 41(3), 102–124.
- Keller, K. L. (2003). Brand Synthesis: The Multidimensionality of Brand Knowledge. *Journal of consumer research*, 29(4), 595–600.
- Keller, K. L., & Lehmann, D. R. (2006). Brands and branding: Research findings and future priorities. *Marketing Science*, 25(6), 740–759.
- Kenny, D. A. (2014). Mediation, 1–21. Retrieved from <http://davidakenny.net/cm/mediate.htm>
- Kim, H., Kim, W. G., & An, J. A. (2003). The effect of consumer-based brand equity on firms' financial performance. *Journal of consumer marketing*, 20(4), 335–351.
- Kotler, P., & Keller, K. (2006). Marketing Management 12th Edition. *Prentice Hall*.
- Krishnan, H. A., & Park, D. (2002). The impact of work force reduction on subsequent performance in major mergers and acquisitions: an exploratory study. *Journal of business research*, 55(4), 285–292.
- Lane, V., & Jacobson, R. (1995). Stock market reactions to brand extension announcements: The effects of brand attitude and... *Journal of Marketing*, 59(1).
- Larsson, R., & Finkelstein, S. (1999). Integrating strategic, organizational, and human resource perspectives on mergers and acquisitions: A case survey of synergy realization. *Organization Science*, 10(1), 11–26.
- Lassar, W., Mittal, B., & Sharma, A. (1995). Measuring customer-based brand equity. *Journal of consumer marketing*, 12(4), 11–19.
- Lee, G. C. (2011). Customer-Based Brand Equity: A Literature Review. *Journal of Arts Science & Commerce ISSN*, 2229(4686), 4686.
- Lee, H.-M., Lee, C.-C., & Wu, C.-C. (2011). Brand image strategy affects brand equity after M&A. *European Journal of Marketing*, 45(7/8), 1091–1111.
- Leuthesser, L. (1988). *Defining, Measuring and Managing Brand Equity* (pp. 88–104). Marketing Science Institute.
- Loken, B., & John, D. R. (1993). Diluting Brand Beliefs: When Do Brand Extensions Have a Negative Impact? *Journal of Marketing*, 57(3), 71–84.
- Lomax, R. G., & Hahs-Vaughn, D. L. (2007). *Statistical Concepts*. Routledge.
- Lowry, R. (2014). Wilcoxon Signed-Rank Test. *Concepts and Applications of Inferential Statistics*, 1–6.
- Luxury Institute. (2010). Twelve Rules for the 21, 1–10.
- Luxury Institute. (2013). Wealth and Luxury Trends 2014 and Beyond, 1–5.
- Mackay, M. M. (2001). Evaluation of brand equity measures: further empirical results.

- Journal of Product & Brand Management*, 10(1), 38–51.
- MacKenzie, S. B., & Spreng, R. A. (1992). How does motivation moderate the impact of central and peripheral processing on brand attitudes and intentions? *Journal of consumer research*, 18(March), 519–529.
- Marks, M. L., & Mirvis, P. H. (2001). Making mergers and acquisitions work: Strategic and psychological preparation. *The Academy of Management Executive*, 15(2), 80–92.
- Martin, G. S., & Brown, T. J. (1991). In Search of Brand Equity. *American Marketing Association*, 431–438.
- Motameni, R., & Shahrokhi, M. (1998). Brand equity valuation: a global perspective. *Journal of Product & Brand Management* 7(4), 275–290.
- Müller-Stewens, G., & Knoll, S. (2008). *Cross-Business Synergies*. Springer.
- Na, W. B., Marshall, R., & Keller, K. L. (1999). Measuring brand power: validating a model for optimizing brand equity. *Journal of Product & Brand Management* 8(3), 170–184.
- Nunnally. (2010). *Psychometric Theory 3E*. Tata McGraw-Hill Education.
- Oliver, R. L. (1997). Satisfaction: A behavioral perspective on the consumer. *McGraw-Hill Companies*.
- Oliver, R. L. (1999). Whence consumer loyalty? *Journal of Marketing*, 63(Special Issue), 33–44.
- Olson, J. C., & Jacoby, J. (1972). Cue utilization in the quality perception process: a cognitive model and an empirical test. *Association for Consumer Research*, 167–179.
- Ophuis, P. O., & Van Trijp, H. (1995). Perceived quality: a market driven and consumer oriented approach. *Food quality and Preference*, 6(3), 177–183.
- Ourusoff, A. (1992). What's in a Name? *Financial World*, 161, 32–46.
- Park, C. W., Jaworski, B. J., & MacInnis, D. J. (1986). Strategic Brand Concept-Image Management. *Journal of Marketing*, 50(October), 135–145.
- Park, C. W., Milberg, S., & Lawson, R. (1991). Evaluation of brand extensions: the role of product feature similarity and brand concept consistency. *Journal of Consumer Research*, 18(September), 185–193.
- Pitta, D. A., & Katsanis, L. P. (1995). Understanding brand equity for successful brand extension. *Journal of consumer marketing*, 12(4), 51–64.
- Popper, K. R. (1979). *Objective Knowledge*. Oxford University Press.
- Raggio, R. D., & Leone, R. P. (2007). The theoretical separation of brand equity and brand value: Managerial implications for strategic planning. *Journal of brand management*, 14, 380–395.
- Ratneshwar, S., Shocker, A. D., & Stewart, D. W. (1987). Toward understanding the attraction effect: The implications of product stimulus meaningfulness and familiarity. *Journal of Consumer Research* 13(March), 520–533.
- Reichheld, F. F., & Henske, B. (1991). The only sure method of recouping merger premiums. *Journal of Retail Banking*, 8(2), 9–17.
- Ries, A., Trout, J., Sabin, W., & Hamerling, M. (1986). Positioning: The battle for your mind. *McGraw-Hill Companies*.
- Schmitt, B. H. (1999). *Experiential Marketing*. New York, NY: The Free Press.
- Schmitt, B. H. (2003). *Customer Experience Management*. John Wiley & Sons.
- Schmitt, B., & Simonson, A. (1997). Marketing aesthetics: The strategic management of brands, identity, and image. *The Free Press*.
- Sekora, J. (1977). Luxury: the concept in western thought, Eden to Smollett. *MD: Johns Hopkins University Press*, 2.
- Shea, E. (2013). Luxury Daily » Affluent women control 68pc of household purchases\_ Luxury Institute » Print. *Luxury Institute*, 1–2.
- Shocker, A. D., Srivastava, R. K., & Ruekert, R. W. (1994). Challenges and Opportunities

- Facing Brand. *Journal of Marketing Research*, 31, 149–158.
- Shrivastava, P. (1986). Post-Merger Integration. *Journal of Business Strategy*, 7(1), 65–76.
- Simonin, B. L., & Ruth, J. A. (1998). Is a company known by the company it keeps? Assessing the spillover effects of brand alliances on consumer brand attitudes. *Journal of Marketing Research*, 30–42.
- Simpson, J. A., Weiner, E., & Proffitt, M. (1997). Oxford English dictionary: additions series.
- Smith, A. (1776). *An Inquiry into the Nature and Causes of the Wealth of Nations*.
- Srivastava, V. K., & Maekawa, K. (1995). Efficiency properties of feasible generalized least squares estimators in SURE models under non-normal disturbances. *Journal of Econometrics*, 66(1), 99–121.
- Steel, R. G. D., & Torrie, J. H. (1960). *Principles and Procedures of Statistics, with Special Reference to Biological Sciences [by] Robert G.D. Steel [and] James H. Torrie* (pp. 187–287). McGraw-Hill.
- Steenkamp, J. (1997). Dynamics in consumer behavior with respect to agricultural and food products. *Agricultural Marketing and Consumer Behavior in a Changing World* (pp. 143-188)
- Stigler, G. J., & Becker, G. S. (1977). De Gustibus Non Est Disputandum. *The American Economic Review*, 67(2), 76–90.
- Sullivan, M. (1990). Measuring Image Spillovers in Umbrella-Branded Products. *The Journal of Business*, 63(3), 309–329.
- Tetenbaum, T. J. (1999). Beating the Odds of Mergers and Acquisitions Failure. *Organizational Dynamics*, 28(2), 22–36.
- Tong, X., & Hawley, J. M. (2009). Measuring Customer Based Brand Equity: Empirical Evidence from the Sportswear Market in China. *Journal of Product & Brand Management*, 18(4), 262–271.
- Twitchell, J. B. (2002). *Living It Up*. Columbia University Press.
- Urban, D. J., & Pratt, M. D. (2000). Perceptions of banking services in the wake of bank mergers: an empirical study. *Journal of Services Marketing*, 14(2/3), 118–131.
- Varadarajan, P. R. (1986). Horizontal cooperative sales promotion: a framework for classification and additional perspectives. *The Journal of Marketing*, 50(April), 61–73.
- Veblen, T. (1994). *The Theory of the Leisure Class*. Boston, MA: Houghton Mifflin Harcourt.
- Washburn, J. H., & Plank, R. E. (2002). Measuring brand equity: an evaluation of a consumer-based brand equity scale. *Journal of Marketing Theory and Practice*, 10(1), 46–62.
- Wright, K. B. (2005). ... Internet- based populations: Advantages and disadvantages of online survey research, online questionnaire authoring software packages, and web survey services. *Journal of Computer- Mediated Communication*, 10(3).
- Yoo, B., & Donthu, N. (2001). Developing and validating a multidimensional consumer-based brand equity scale. *Journal of business research*, 52(1), 1–14.
- Young, R. F., & Greyser, S. A. (1983). *Managing Cooperative Advertising*. Lexington, MA: Free Press.
- Zeithaml, V. A. (1988). Consumer perceptions of price, quality, and value: a means-end model and synthesis of evidence. *The Journal of Marketing*, 52(3), 2–22.
- Zellner, A. (1962). An efficient method of estimating seemingly unrelated regressions and tests for aggregation bias. *Journal of the American statistical Association*, 57, 348–368.

# 11 APPENDIX

## 11.1 APPENDIX 1: ONLINE SURVEY

I would like to personally thank you in advance for your help.

I am a student of the Double Degree Master of Science Program between ESCP Europe and Católica-Lisbon School of Business and Economics, being this questionnaire under the scope of my Master Thesis.

The questionnaire is targeted at women who have a fair knowledge about luxury fashion brands.

You will be asked some questions regarding your personal convictions towards some selected brands. Later, you will be asked to reassess some of those convictions, after being presented with some new, stimulus information.

**Note:** Please do not access external information related to the brands, during the extent of the questionnaire.

How deep is your interest or knowledge about fashion brands?

- I am somewhat interested in fashion brands.
- I am curious and I like to know what is trending now.
- I am very passionate about fashion brands.

Please name the first 3 fashion luxury brands that come to your mind:

Brand 1

Brand 2

Brand 3

You will now be asked to focus on 3 specific brands and to convey your perceptions, thoughts and emotions towards each one of them.

Please state to what extent you agree with each statement, according to the following scale:

- 1. Strongly Disagree    2. Disagree    3. Somewhat Disagree    4. Neither Agree or Disagree
- 5. Somewhat Agree    6. Agree    7. Strongly Agree

	LOUIS VUITTON							CÉLINE							FENDI									
	N/A	1	2	3	4	5	6	7	N/A	1	2	3	4	5	6	7	N/A	1	2	3	4	5	6	7
I am familiar with the brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Products from the brand offer excellent features.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Wearing the brand makes me feel more confident around others.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
What the brand sells is more than a product to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I like and trust the company behind the brand's products.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Some characteristics of the brand come to my mind quickly.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The brand has a very unique image, compared to competition.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I consider the brand to have expertise in producing and delivering its products.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I associate the brand name with quality.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I respect and admire people who wear the brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The brand has a strong design and identity.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Even if another brand has the same features, I would prefer this one.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I consider the value for money of the brand to be fair.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would love to recommend the brand to my friends.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The brand is my first choice for luxury products of its segment.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	N/A	1	2	3	4	5	6	7	N/A	1	2	3	4	5	6	7	N/A	1	2	3	4	5	6	7

Have you ever purchase an item of any of the following brands:

	Yes	No
LOUIS VUITTON	<input type="radio"/>	<input type="radio"/>
<b>CÉLINE</b>	<input type="radio"/>	<input type="radio"/>
<b>FENDI</b>	<input type="radio"/>	<input type="radio"/>

All 3 brands you have been analyzing so far belong, in fact, to the same holding group - Louis Vuitton Moët Hennessy (LVMH)

This means that it is likely that they partially share production points, raw materials, corporate resources and talent. They probably also share a common policy for corporate governance.

However, they maintain their creative and distribution independence.

(Based on Ijaouane and Kapferer (2008)).

Were you already aware that the following brands belonged to the same holding group?

	Yes	No
Louis Vuitton and Céline	<input type="radio"/>	<input type="radio"/>
Louis Vuitton and Fendi	<input type="radio"/>	<input type="radio"/>
Céline and Fendi	<input type="radio"/>	<input type="radio"/>

Please state to what extent you agree with each statement, according to the following scale:

1. Strongly Disagree    2. Disagree    3. Somewhat Disagree    4. Neither Agree or Disagree  
 5. Somewhat Agree    6. Agree    7. Strongly Agree

	Louis Vuitton and Céline							Louis Vuitton and Fendi							Céline and Fendi										
	N/A	1	2	3	4	5	6	7	N/A	1	2	3	4	5	6	7	N/A	1	2	3	4	5	6	7	
I believe there is a good brand fit between the two brands.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I perceived the presence of these two brands in the same group as being positive for them.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe there is a good product fit between the two brands.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I see both brands as belonging to the same universe.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe that the brands are stronger together and I continue to see them as unique.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
These companies could benefit from sharing their know-how.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Finally, bearing in mind the previous facts previously presented, you will be asked to answer some questions about the individual brands.

Please state to what extent you agree with each statement, according to the following scale:

1. Strongly Disagree    2. Disagree    3. Somewhat Disagree    4. Neither Agree or Disagree  
 5. Somewhat Agree    6. Agree    7. Strongly Agree

	LOUIS VUITTON							CÉLINE							FENDI										
	N/A	1	2	3	4	5	6	7	N/A	1	2	3	4	5	6	7	N/A	1	2	3	4	5	6	7	
Products from the brand offer excellent features.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I respect and admire people who wear the brand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The brand would be my first choice if I wanted to buy a luxury product from its segment.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I consider the value for money of the brand to be fair.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I like and trust the company behind the brand's products.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The brand has strong design and identity.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Wearing the brand makes me feel more confident around others.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Even if another brand has the same features, I would prefer this one.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The brand has a very unique image, compared to competitors.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I would love to recommend the brand to my friends.

What the brand sells is more than a product to me.

I consider the brand to have expertise in producing and delivering its products.

<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Personal information**

**Nationality:**

**Age:**

- 15-25
- 25-35
- 35-45
- 45-60

**Occupation:**

- Student
- Worker
- Working Student
- Currently Unemployed

**This is the end of the questionnaire.**

**Once again, thank you for your collaboration!**

**Filipa**

## 11.2 APPENDIX 2: NORMALITY TEST

	<b>Variable</b>	<b>Shapiro-Wilk</b>	<b>p-value</b>	<b>Rejection</b>	<b>Distribution</b>
Louis Vuitton	<i>AS_LV</i>	0,97	0,002	H0 rejected	Not normal
	<i>LO_LV</i>	0,966	0,001	H0 rejected	Not normal
	<i>PAS_LV</i>	0,971	0,003	H0 rejected	Not normal
	<i>PPQ_LV</i>	0,872	0	H0 rejected	Not normal
	<i>PLO_LV</i>	0,969	0,002	H0 rejected	Not normal
	<i>POBE_LV</i>	0,951	0	H0 rejected	Not normal
Céline	<i>AW_C</i>	0,911	0	H0 rejected	Not normal
	<i>AS_C</i>	0,977	0,023	H0 rejected	Not normal
	<i>PQ_C</i>	0,965	0,002	H0 rejected	Not normal
	<i>LO_C</i>	0,964	0,002	H0 rejected	Not normal
	<i>OBE_C</i>	0,947	0	H0 rejected	Not normal
	<i>PAS_C</i>	0,971	0,007	H0 rejected	Not normal
	<i>PPQ_C</i>	0,928	0	H0 rejected	Not normal
	<i>PLO_C</i>	0,951	0	H0 rejected	Not normal
	<i>POBE_C</i>	0,954	0	H0 rejected	Not normal
Fendi	<i>AW_F</i>	0,922	0	H0 rejected	Not normal
	<i>AS_F</i>	0,977	0,021	H0 rejected	Not normal
	<i>PQ_F</i>	0,949	0	H0 rejected	Not normal
	<i>PAS_F</i>	0,935	0	H0 rejected	Not normal
	<i>PPQ_F</i>	0,935	0	H0 rejected	Not normal
	<i>PLO_F</i>	0,97	0,005	H0 rejected	Not normal
	<i>POBE_F</i>	0,954	0	H0 rejected	Not normal
EHI	<i>EHI_LVC</i>	0,962	0,001	H0 rejected	Not normal
	<i>EHI_LVF</i>	0,954	0	H0 rejected	Not normal
	<i>EHI_CF</i>	0,93	0	H0 rejected	Not normal

### 11.3 APPENDIX 3: ROUPUT

#### WITH INTERCEPT

OLS	<i>N</i>	<i>df</i>	<i>SSR</i>	<i>det. R. Cov.</i>	<i>OLS-R2</i>	<i>McElroy - R2</i>	
		226	218	122,806	0,291	0,797	0,772
	<i>N</i>	<i>df</i>	<i>SSR</i>	<i>MSE</i>	<i>RMSE</i>	<i>R2</i>	<i>Adj. R2</i>
<i>Eq. 1</i>	113	110	72,179	0,656	0,810	0,756	0,752
<i>Eq. 2</i>	113	108	50,627	0,469	0,685	0,837	0,831
<i>OBE_C</i>	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-value</i>	<i>p-value</i>			
<i>(Intercept)</i>	0,089	0,266	0,335	0,738			
<i>AW_C</i>	0,178	0,067	2,652	0,009	**		
<i>AS_C</i>	0,846	0,087	9,730	0,000	***		
<i>POBE_C</i>	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-value</i>	<i>p-value</i>			
<i>(Intercept)</i>	0,112	0,289	0,388	0,699			
<i>AW_C</i>	0,107	0,051	2,090	0,039	*		
<i>PAS_C</i>	0,595	0,105	5,681	0,000	***		
<i>PLO_C</i>	0,393	0,087	4,496	0,000	***		
<i>EHI_LVC</i>	-0,159	0,045	-3,545	0,001	***		

#### WITHOUT INTERCEPT

SUR	<i>N</i>	<i>df</i>	<i>SSR</i>	<i>det. R. Cov.</i>	<i>OLS-R2</i>	<i>McElroy - R2</i>	
		226	220	123,237	0,286	0,796	0,770
	<i>N</i>	<i>df</i>	<i>SSR</i>	<i>MSE</i>	<i>RMSE</i>	<i>R2</i>	<i>Adj. R2</i>
<i>Eq. 1</i>	113	111	72,451	0,653	0,808	0,755	0,753
<i>Eq. 2</i>	113	109	50,786	0,466	0,683	0,836	0,832
<i>OBE_C</i>	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-value</i>	<i>p-value</i>			
<i>AW_C</i>	0,216	0,066	3,267	0,001	**		
<i>AS_C</i>	0,822	0,072	11,437	0,000	***		
<i>POBE_C</i>	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-value</i>	<i>p-value</i>			
<i>AW_C</i>	0,124	0,049	2,545	0,012	*		
<i>PAS_C</i>	0,577	0,091	6,335	0,000	***		
<i>PLO_C</i>	0,402	0,082	4,891	0,000	***		
<i>EHI_LVC</i>	-0,143	0,039	-3,675	0,000	***		

OLS	<i>N</i>	<i>df</i>	<i>SSR</i>	<i>det. R. Cov.</i>	<i>OLS-R2</i>	<i>McElroy - R2</i>	
		226	220	122,950	0,288	0,797	0,772

	<i>N</i>	<i>df</i>	<i>SSR</i>	<i>MSE</i>	<i>RMSE</i>	<i>R2</i>	<i>Adj. R2</i>
<i>Eq. 1</i>	113	111	72,253	0,651	0,807	0,756	0,754
<i>Eq. 2</i>	113	109	50,697	0,465	0,682	0,836	0,832

<i>OBE_C</i>	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-value</i>	<i>p-value</i>	
<i>AW_C</i>	0,180	0,067	2,702	0,008	**
<i>AS_C</i>	0,862	0,072	11,890	0,000	***

<i>POBE_C</i>	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-value</i>	<i>p-value</i>	
<i>AW_C</i>	0,112	0,049	2,284	0,024	*
<i>PAS_C</i>	0,614	0,093	6,596	0,000	***
<i>PLO_C</i>	0,384	0,084	4,564	0,000	***
<i>EHI_LVC</i>	-0,151	0,040	-3,787	0,000	***

#### LIKELIHOOD RATIO TEST

<i>Model</i>	<i>Df</i>	<i>LogLik</i>	<i>Df</i>	<i>Chisq</i>	<i>Pr(&gt;Chisq)</i>
1	7	-247,25			
2	9	-247	2	0,5053	0,7768

#### 11.4 APPENDIX 4: CÉLINE OLS REGRESSIONS

<i>Model</i>	Unstandardized Coefficients		Standardized Coefficients	<i>t</i>	<i>Sig.</i>	Collinearity Statistics	
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>			<i>Tolerance</i>	<i>VIF</i>
<i>(Constant)</i>	,148	,260		,571	,569		
<i>AW_C</i>	,168	,068	,185	2,484	,014	,353	2,836
<i>AS_C</i>	,848	,114	,730	7,420	,000	,202	4,950
<i>PQ_C</i>	,015	,105	,012	,139	,890	,255	3,929
<i>LO_C</i>	-,032	,069	-,030	-,468	,640	,484	2,064

<i>Model</i>	<i>R</i>	<i>R Square</i>	<i>Adjusted R Square</i>	<i>Std. Error of the Estimate</i>
1	,872 <sup>a</sup>	,760	,752	,81539

<i>Model</i>	<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
Regression	258,689	4	64,672	97,272	,000 <sup>b</sup>
Residual	81,778	123	,665		
Total	340,467	127			

a. Dependent Variable: OBE\_C

b. Predictors: (Constant), LO\_C, AW\_C, PQ\_C, AS\_C

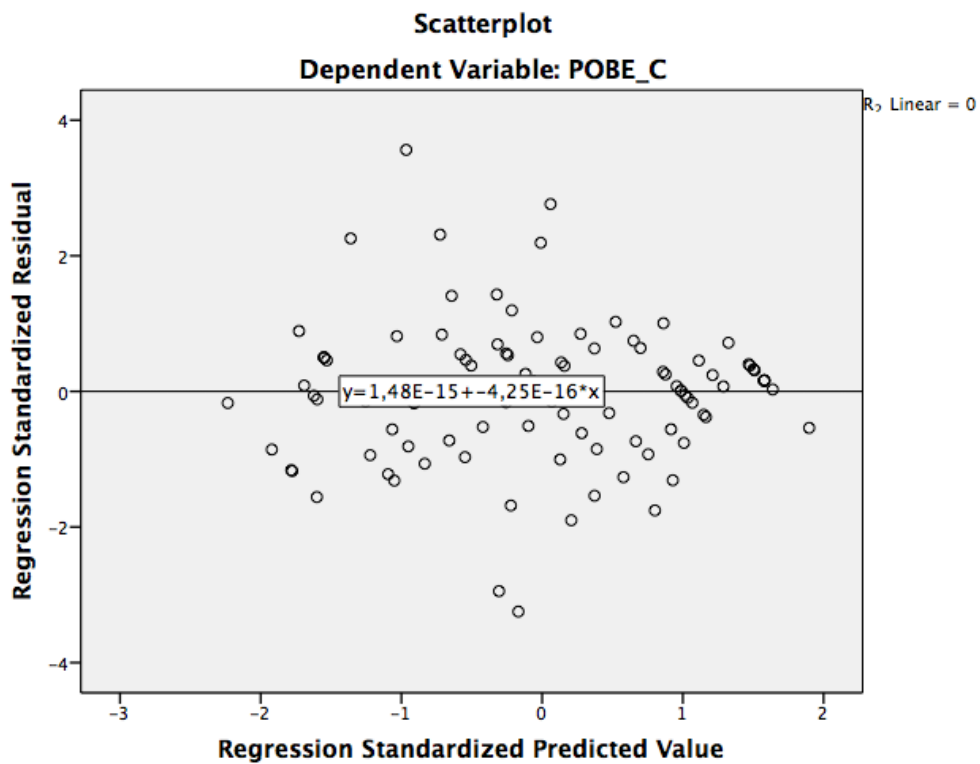
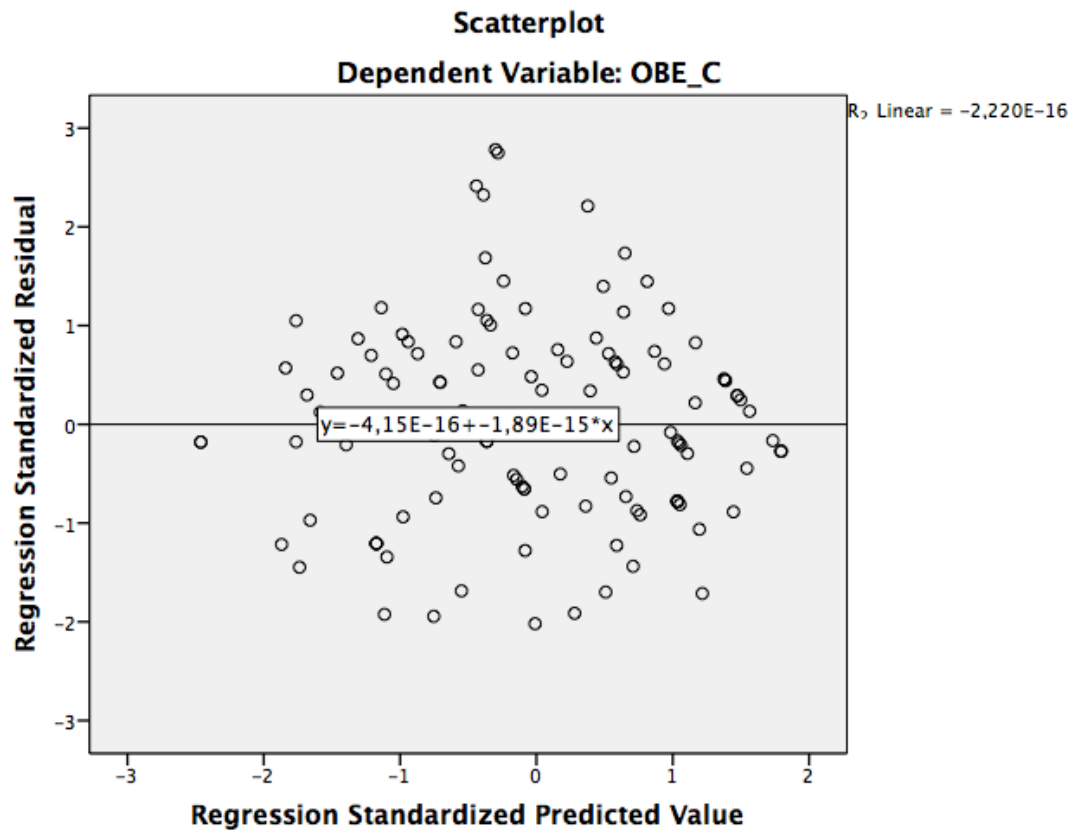
<i>Model</i>	Unstandardized Coefficients		Standardized Coefficients	<i>t</i>	<i>Sig.</i>	Collinearity Statistics	
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>			<i>Tolerance</i>	<i>VIF</i>
<i>(Constant)</i>	-,003	,304		-,010	,992		
<i>AW_C</i>	,115	,054	,125	2,110	,037	,440	2,273
<i>PAS_C</i>	,551	,113	,438	4,891	,000	,192	5,211
<i>PPQ_C</i>	,086	,080	,080	1,079	,283	,282	3,541
<i>PLO_C</i>	,344	,087	,354	3,959	,000	,192	5,202
<i>EHI_LVC</i>	-,195	,052	-,176	-3,760	,000	,702	1,424
<i>EHI_CF</i>	,049	,059	,040	,830	,408	,653	1,530

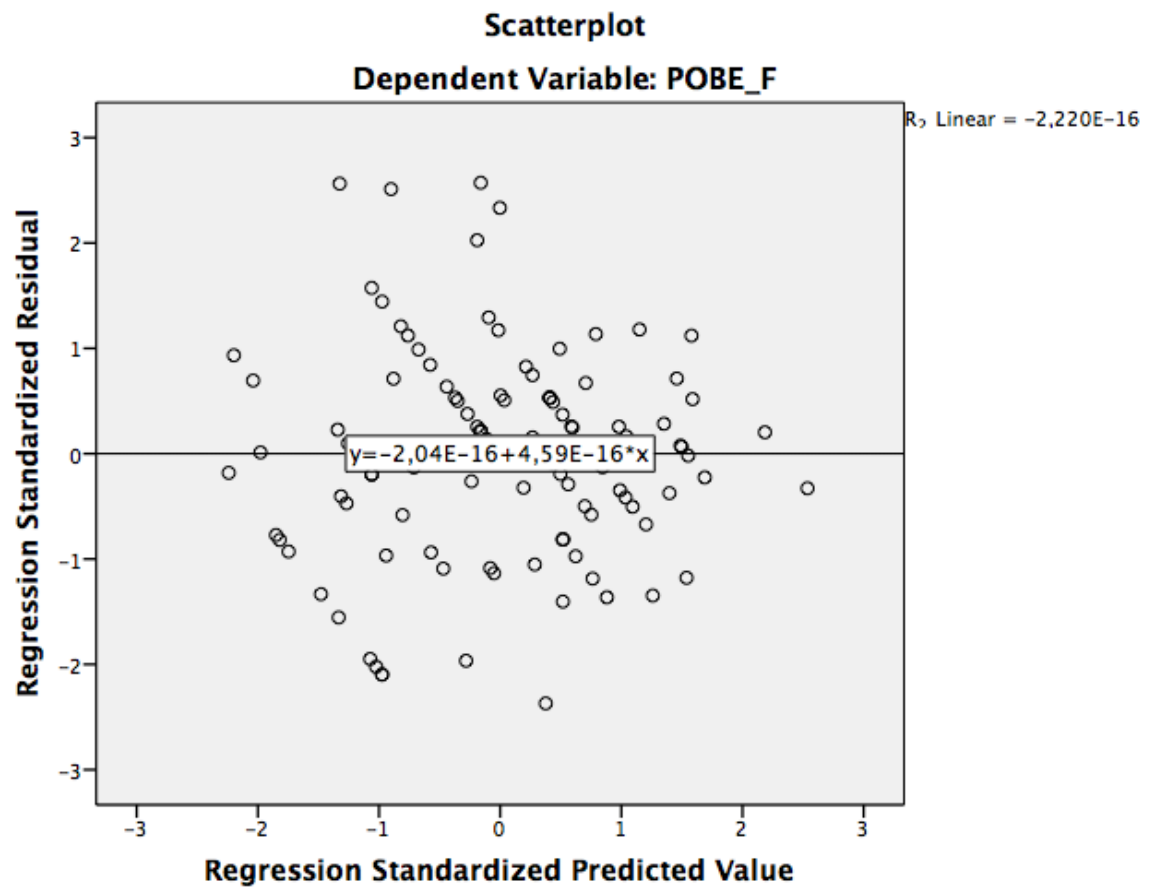
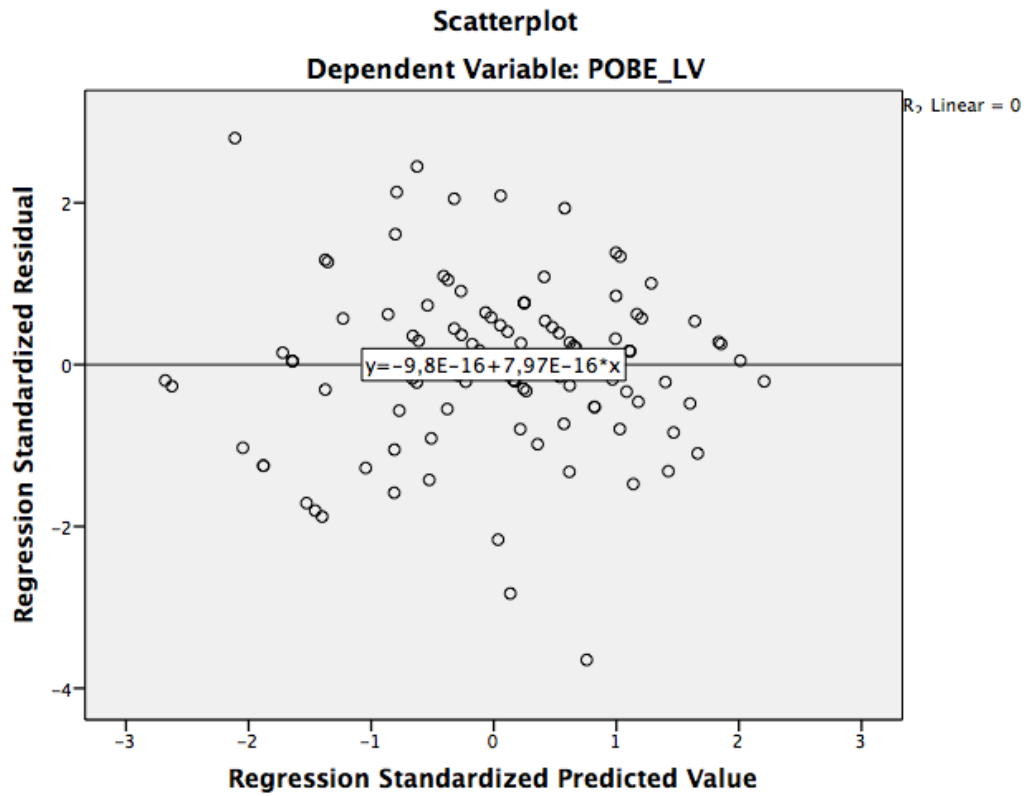
<i>Model</i>	<i>R</i>	<i>R Square</i>	<i>Adjusted R Square</i>	<i>Std. Error of the Estimate</i>
1	,914 <sup>a</sup>	,835	,826	,69122

<i>Model</i>	<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
	Regression	258,877	6	43,146	90,304 ,000 <sup>b</sup>
	Residual	51,123	107	,478	
	Total	310,000	113		

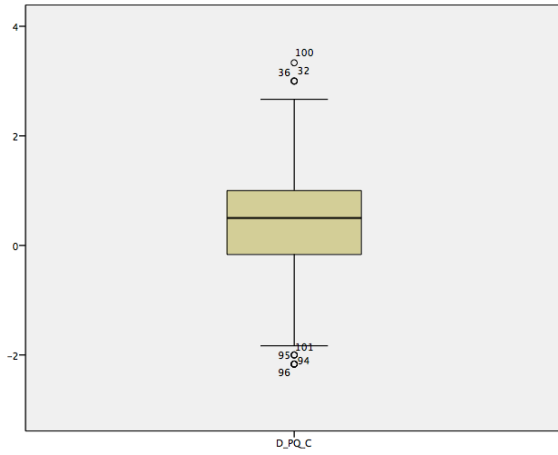
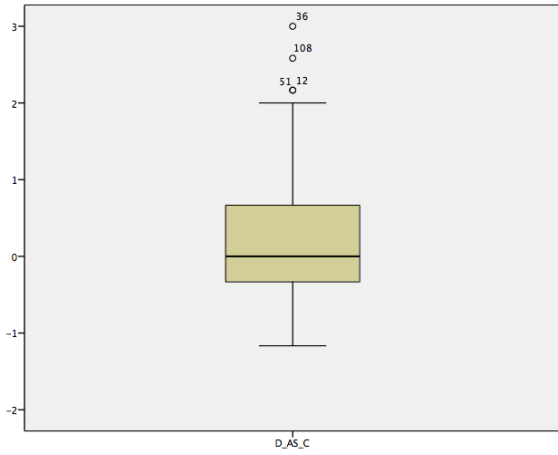
a. Dependent Variable: POBE\_C

b. Predictors: (Constant), EHI\_CF, AW\_C, EHI\_LVC, PAS\_C, PPQ\_C, PLO\_C

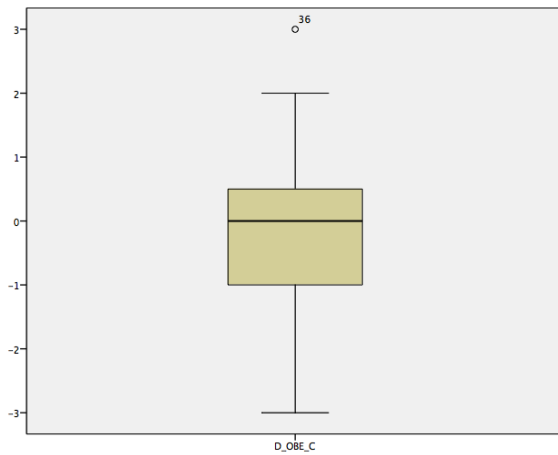
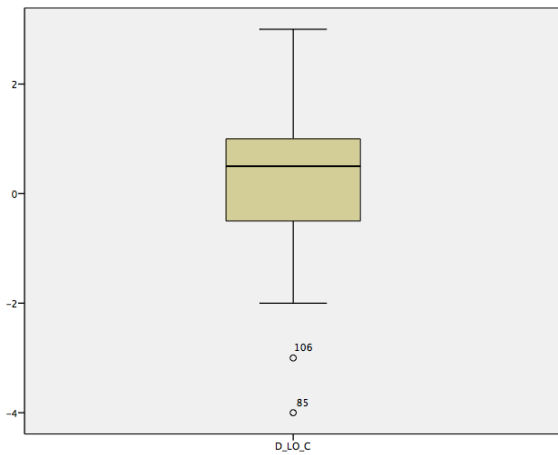




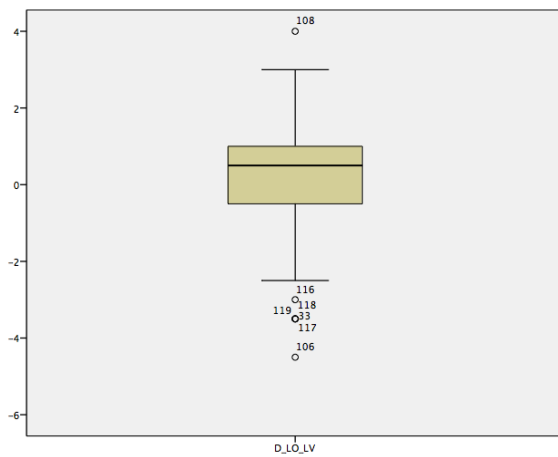
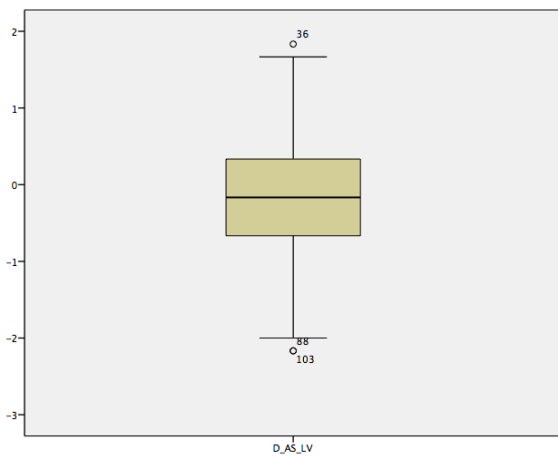
PAS-AS & PPQ-PQ Céline



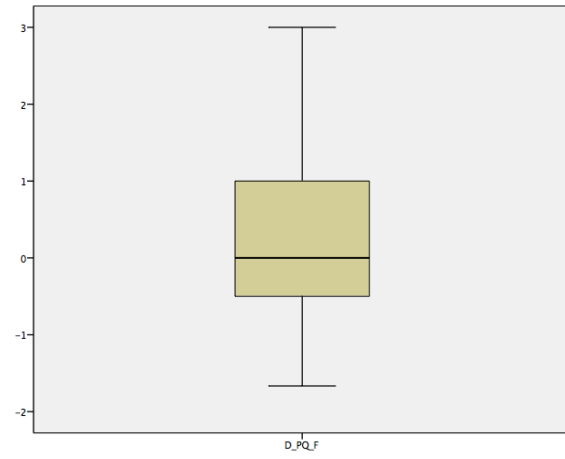
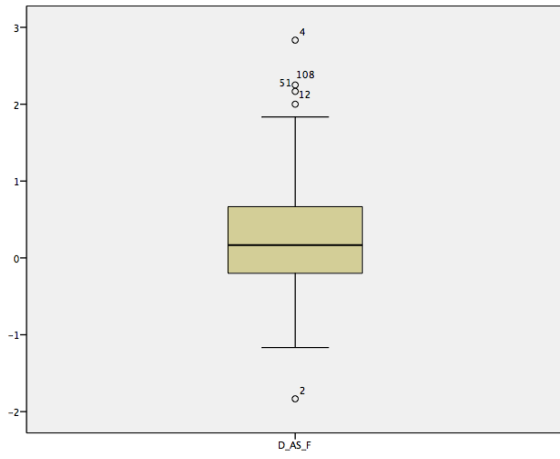
PLO-LO & POBE-OBE Céline



PAS-AS & PLO-LO Louis Vuitton



# PAS-AS & PPQ-PQ Fendi



# Affidavit

## ESCP Europe

I, the undersigned, do hereby state that I have not plagiarised the paper enclosed and that I am the only author of all sentences within this text. Any sentence included which was written by another author was placed within quotation marks, with explicit indication of its source. I am aware that by contravening the stated ESCP Europe rules on plagiarism, I break the recognised academic principles and I expose myself to sanctions upon which the disciplinary committee will decide.

I also confirm this work has not previously been submitted during studies prior to ESCP Europe. If this work has been written during studies conducted in parallel to my time at ESCP Europe, I must state it.

I accept full responsibility for the content of this paper.

*Filipa Aguiar Loureiro*  
.....

Filipa Aguiar Loureiro

10<sup>th</sup> May 2014