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A comparison of soft and hard luxury brands expanding into the hospitality industry: the effect of brand extension fit and brand extension authenticity on overall attitude towards the extension

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Abstract

Title: A comparison of soft and hard luxury brands expanding into the hospitality industry: the effect of brand extension fit and brand extension authenticity on overall attitude towards the extension

As luxury brands continuously look for ways to grow their bottom-line, extending into the hospitality industry is a strategy already being pursued by some (Versace, Bulgari). Moreover, since luxury hotels keep driving luxury industry's growth, it can be expected that such strategy will be pursued by other brands. Thus, this study investigates to which extent the type of luxury brand (soft: clothing/fashion and hard: watches/jewelry) influences the attitude toward the hospitality extension through brand extension fit and brand extension authenticity constructs. A study was conducted where the sample was split by two conditions - the soft brand (Chanel) and the hard brand (Rolex) – and by presenting a hypothetical hotel extension of these brands. The results show that the soft brand extension is perceived to be more authentic than the hard one. Fit was perceived as low for both brands but it does not impact the overall attitude, while authenticity does so positively, independently of the brand type. This result is surprising since most research supports fit as a success driver for brand extensions. However, given the lack of studies about luxury brand extensions especially into services, this result may be a groundbreaking point for future research. Additionally, luxury involvement revealed to be positively correlated with attitude for the soft brand extension. The key take-away is that regardless of the type of luxury brand (soft or hard), these brands can expand into hotels as long as the extension is authentic, i.e., respects and maintains all cultural aspects of the parent brand.

Resumo

Título: Uma comparação entre marcas de luxo *soft* e *hard* a expandirem-se para a indústria hoteleira: a influência da semelhança (*fit*) e da autenticidade da extensão na atitude face à mesma

Dado que as marcas de luxo procuram, constantemente, aumentar a rentabilidade, a expansão para a indústria hoteleira é uma estratégia já seguida por algumas (Versace, Bulgari). E como os hotéis de luxo são uma das fontes de crescimento da indústria de luxo, é expectável que a mesma estratégia seja adotada por outras marcas. Assim, esta dissertação investiga até que ponto o tipo de marca de luxo (*soft*: vestuário/moda e *hard*: relojoaria/joalharia) influencia a atitude face à expansão dessas marcas para a indústria hoteleira através dos conceitos de semelhança (*fit*) e de autenticidade da extensão.

Realizou-se um estudo em que a amostra foi dividida em duas condições – marca *soft* (Chanel) e *hard* (Rolex) – e em que se apresentava uma hipotética extensão dessas marcas para um hotel. Os resultados revelam que a extensão da marca *soft* é vista como mais autêntica que a da marca *hard*. A semelhança (*fit*) é vista como reduzida para os dois tipos de marca e não influencia a atitude face à extensão, enquanto a autenticidade da extensão influencia positivamente, independentemente do tipo de marca. Este resultado é surpreendente dada a maioria dos estudos afirmarem que *fit* é o fator crucial para o sucesso das extensões de marca. Mas dada a falta de investigação a extensões de marcas de luxo, sobretudo, em serviços, este resultado pode ser um ponto de avanço para futuras investigações. O envolvimento com luxo também revelou estar positivamente correlacionado com a atitude para a marca de luxo *soft*.

Concluindo: independentemente do tipo de marca de luxo (*soft* ou *hard*), é possível expandir para a indústria hoteleira desde que a extensão seja autêntica, ou seja, respeite e mantenha todos os aspetos culturais da marca mãe.

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Chapter 1. Introduction

Research topic

The use of brand extensions is often pursued as part of the business model of most luxury brands (Albrecht et al. 2013) as it allows the leverage of the brand image – the most important asset of a luxury brand – to enter new product categories (Kapferer 2008). Many traditional hard luxury (e.g., watches and jewelry) and soft luxury (e.g., fashion and clothing) brands have engaged in brand extensions for traditional segments of luxury such as clothing, accessories, cosmetics and fragrances, watches, and jewelry (Kapferer 2008). Nevertheless, recently some of these brands have even started to extend into non-traditional categories, offering services as it is the case of the expansion into hotels under the brand name (e.g. Giorgio Armani, 2010; Bulgari, 2012; Versace, 2012).

Given the aforementioned trend, this study will specifically focus on the expansion of traditional luxury brands (hard and soft) into the hospitality industry.

Brand extension can be defined as the “use of established brand names to enter new product categories” (Keller and Aaker 1992). It has been a popular subject among researchers. Aaker and Keller’s (1990) study was a pioneering work on consumer behavior towards brand extension. Afterwards, other studies followed such as Sunde and Brodie (1993), Nijssen and Hartman (1994) and Bottomley and Doyle (1996). Even though the findings of Aaker and Keller’s (1990) have been widely accepted and diffused, almost all the replications showed different results for the various hypothesis proposed (Chowdhury 2007). Nevertheless, one of the hypothesis got support from all studies, which is the hypothesis that relates to the fit between the core business of the brand and the extension, namely, “The fit between the two involved product classes has a direct positive association with the attitude toward the extension”.

As a matter of fact, brand extension fit has been considered the predominant driver of brand extension success (Albrecht et al. 2013). However, the authenticity of a brand extension relatively to the parent brand is also expected to influence consumers’ perceptions (Spiggle, Nguyen, and Caravella 2012). Brand extension authenticity adds a cultural and consumer relational perspective to brand extensions’ evaluations (Spiggle et al. 2012). This study will use available constructs of these dimensions (brand extension fit and brand extension authenticity) as independent variables to assess their influence on the consumer’s overall attitude toward the extension.

Research problem

This dissertation aims at analyzing the effect of brand extension fit and brand extension authenticity perceptions on overall attitude toward the extension, which regards to the expansion into the hospitality industry of soft luxury brands (fashion, clothing) and hard luxury brands (watches, jewelry). In order to answer the stated research problem, the following questions will be addressed:

1. Which luxury brands (from fashion and watches/jewelry industries) are better known to consumers?

In order to understand which luxury brands consumers are familiar with and that consequently can be used to answer the research problem, a pilot study will be done. The goal is to ask consumers which brands come to their mind (top of mind awareness) when they think of hard luxury brands and soft luxury brands, after a definition of both type of brands is provided.

2. How do consumers perceive soft and hard luxury brands expansion into the hospitality industry in regards to brand extension fit, brand extension authenticity and overall attitude?

Following the choice of the scales used to measure brand extension fit, brand extension authenticity and overall attitude, the means of such scales will be compared depending on the type of brand (soft or hard) to understand how and if their scores differ.

3. What is the effect of brand extension fit and brand extension authenticity on overall attitude toward the extension when the extension is done by a soft luxury brand versus when it is done by a hard luxury brand?

In order to deepen the analysis on the overall attitude toward the hospitality extension, consumers' perceptions of brand extension fit and brand extension authenticity will be used as independent variables. The goal is to evaluate the effect (or lack of it) that these constructs have on overall attitude toward the extension.

4. How do consumer's involvements with luxury brands affect the effect defined in the previous research question?

A luxury involvement variable will be added to the previous model in order to understand if a higher or lower involvement with luxury brands will have any impact on the overall attitude toward the extension for both types of brand.

Academic and Managerial Relevance

At a time when soft luxury brands are moving more and more into hard luxury such as jewelry and watches (Friedman 2012), the distinction between soft and hard luxury brands in the mind of consumers might be becoming blurry. Such fact makes it interesting to study the differences or similarities in consumers' evaluations for both type of brands, especially in the hospitality industry where customers make decisions mainly based on their perceptions of the brand name (JungKook and Morrison 2013). Moreover, according to Dauriz and Tochthermann (2013), the CEO of Harry Winston, Frédéric de Narp, has claimed that soft luxury brands allow a more easily lifestyle extension of the brand than hard luxury brands do, which can be investigated in this study as expansion into hotels falls into lifestyle expansion. In addition, if the extension of these type of brands into non-traditional categories like hotels, reveals to be profitable, it is likely that similar brands consider following the same path. As a matter of fact, the global luxury market was worth over €850 billion in 2014, reflecting a 7% growth which was partially due to luxury hotels sales (up 9%) as luxury hospitality enjoys a growing demand (D'arpizio 2014). Furthermore, market research such as the one by Bellaiche et al. (2012) that indicates a clear change in consumers' preferences "from owning to experiencing a luxury" reinforces that likelihood.

Overall, luxury brands are moving towards offering a broader spectrum of products and services, but brand managers need to be careful and select extensions that "tie back to the core of the brand as consumers should be able to make a seamless mental connection between new categories and the brand's core assortment" (Dauriz and Tochthermann 2013). This dissertation aims at not only explore if consumers perceive that the expansion into the hospitality industry ties back to the core of the brand but also if these perceptions have any influence on their attitude toward the extension.

From an academic point of view, little research has addressed the impact of brand extensions for luxury brands compared to research dedicated to non-luxury brands. Additionally, some researchers have compared luxury brands with non-luxury brands extensions but there is a lack of research when it comes to comparing different types of luxury brands including soft versus hard brand extensions. There is also lack of research when it comes to service brand extensions even though product brand extensions have been widely studied. Lastly, brand extension fit has been the subject of various studies but the impact of brand extension authenticity on consumers' evaluations is a fairly recent subject that has not been widely studied especially in specific industries. This dissertation will apply the brand extension authenticity scale to very symbolic brands, such as those of luxury, expanding into a service (hospitality). The impact of brand

extension authenticity and brand extension fit on the overall attitude toward the hospitality extension will then be determined, adding value to current literature.

Dissertation Structure

This dissertation is composed of five main chapters. The first one aims at providing an overview of the research topic and its relevance as well as presenting the problem statement and the corresponding research questions. The next chapter of this thesis includes an extensive literature review on the main issues related with the research questions previously presented. The third chapter provides a detailed methodology and data collection description. After the collection of data aiming to answer the main research problem, the results will be presented in the fourth chapter. Lastly, chapter five is the one where all major conclusions are presented in addition to recommendations for future research.

Chapter 2. Literature Review

This chapter aims to present an overview of the relevant theory and empirical research required to answer the research problem. It is divided in four main topics. The first one regards the concept of brand equity and its measurement. The second topic regards luxury marketing. This chapter is then followed by the most extensive and relevant one – brand extensions. The last topic is more specific and refers to the two constructs that will be used as independent variables for this study: brand extension fit and brand extension authenticity.

I. Brand equity

Brand equity is the value of a brand (Aaker 1991). Marketers must always make decisions considering the equity of their brand, either because they want to preserve it, leverage it or increase it. This dissertation's central topic – brand extensions – has a direct impact on brand equity. Therefore, it is relevant to understand what the brand equity concept is and how can it be measured.

Brand equity concept

Brand equity can be defined as “the marketing effects uniquely attributable to the brand – for example, when certain outcomes result from the marketing of a product or service because of its brand name that would not occur if the same product or service did not have that name” (Keller 1993).

When the focus is on improving the value of brands through marketing programs, marketers should focus on consumer-based brand equity. According to Keller (1993), this concept illustrates the “differential effect of brand knowledge on consumer response to the marketing of the brand”. A brand has positive (negative) customer-based brand equity if consumers react more (less) favorably to the marketing activities of that brand than they do if the activities were from a different brand.

The differential response of the consumer to marketing can be seen through attitudes, awareness, knowledge and image. On the other hand, one can also talk about brand equity effects at the firm-level which is illustrated through different outcomes, such as price, market share, revenue, and cash flow (Ailawadi, Lehmann, and Neslin 2003). These two constructs (consumer and firm level) are, nevertheless, very interconnected. For instance, according to Starr and Rubinson (1978), when consumers have a strong and favorable attitude towards the brand, they should be more willing to a pay premium price. Additionally, a well-known brand

with a positive brand image can enjoy licensing opportunities or support brand extensions, which provide additional revenue.

Measures of brand equity

There are several reasons that justify the importance of measuring brand equity, such as: 1. to guide marketing strategy and tactical decisions, 2. to assess the extendibility of a brand, 3. to evaluate the effectiveness of marketing decisions, 4. to track the brand's health compared with that of competitors, 5. to assign a value to the brand in financial transactions (MSI 1999).

There are three different measures of brand equity which are: customer mind-set, product market and financial market (Keller and Lehmann 2011, cited in Ailawadi et al. 2003). Customer mind-set has been previously mentioned and refers to the assessment of awareness, attitudes, associations and loyalty of customers relatively to a brand. Several scholars have focused on the study of this type of measurement (e.g. Aaker 1991; Keller 1993). The most common product-market measures include price premium and market shares. These performance measures of a brand in the marketplace should be the tangible benefit of brand equity (Ailawadi et al. 2003). Lastly, financial market measures aim to determine the value of a brand as financial asset and they embrace purchase price at a time a brand is sold as well as cash flow valuation of licensing fees and royalties.

II. Luxury marketing

As this dissertation focuses on traditional luxury brands (soft and hard), this section starts with an overview of what is luxury and what the concept of luxury comprises. A dimension of luxury that is also deserving of highlight is experiential luxury as the hospitality industry is known by its wide range of consumer experiences. Lastly, we take a closer look at the types of luxury consumers that must be taken into account when designing marketing mix components for a given luxury product or service.

Luxury consumption

Luxury is a particularly hard concept to define and scholars have not agreed on a common and simple definition. Additionally, new words connected to luxury keep appearing – *masstige*, *opuluxe*, *premium*, *ultra-premium*, *trading up*, *hyperluxury* (Kapferer and Bastien 2009) – which add complexity to the study of luxury brands. Phau and Prendergast (2000) defined luxury brands in a broadly manner as brands that evoke exclusivity, have a recognizable brand

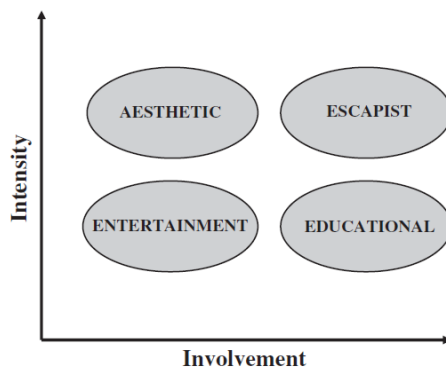
identity, high brand awareness and are perceived as having superior quality. Additionally, for Kapferer and Bastien (2009) luxury is a social phenomenon that demands that, at least, part of the luxury goods are handmade and that the brand provides exclusive services to their consumers - which is a key differentiator from premium brands.

Nevertheless, it is perhaps more interesting to explore what luxury comprises rather than finding a fulfilling definition. A luxury brand is a multidimensional concept and it is unquestionably tied to consumers' perceptions. The reason why luxury is so dependent on consumer's perceptions is because luxury and non-luxury goods are the extremes of a continuum and "where the ordinary ends and luxury starts is a matter of degree as judged by consumers." (Tynan, McKechnie and Chhuon 2010). According to Wiedmann, Hennings and Siebels (2009), consumer's perceptions of the value of luxury can be aggregated in four dimensions: financial, functional, individual and social. The financial dimension refers to monetary aspects while the functional one is about the core product benefits (e.g. quality). The individual dimension regards consumers' personal orientation toward luxury consumption and addresses matters such as hedonism, self-identity and materialism. Lastly, the social dimension of luxury value is the perceived utility of consumers when they possess products or services within their social groups and it relates to concepts such as conspicuousness and prestige value.

Experiential luxury

Pine and Gilmore (1999) described experiential marketing as an experience in which people pay to enjoy remarkable events where the brand engages with the customers in a more personal way than when people simply buy a service. Atwal and Williams (2009) adapted a framework from Pine and Gilmore (1999) to explore the concept of experiential luxury. According to them, traditional marketing tends to view consumers as rational decision-makers who focus on functional features and benefits. On the other hand, in experiential marketing consumers are seen as emotional and with a desire for experiences. This is corroborated by Kapferer and Bastien's (2009) view that in luxury, hedonism is above functionality and for that reason luxury has to be "multi-sensory and experiential".

Figure 1: Framework of experiential luxury



Source: Adapted from Pine and Gilmore (1999) in Atwal and Williams (2009)

In this framework, involvement refers to the level of interactivity between the brand and the consumer. The higher the level is, the more the experience is a co-creation between the two parties. Intensity is about the perception of strength of feelings the customer has towards the interaction. The four experiential zones we can see above are not necessarily mutually exclusive. Entertainment experiences involve a low degree of customer involvement and intensiveness. The educational zone refers to situations in which participants are actively involved but the intensity is still low. There is also the escapist zone involving a high level of both involvement and intensity. These activities are evident within the hospitality sector which, among others, often offers specialized offerings. Lastly, the aesthetic zone refers to activities highly intensive but with a passive involvement.

Most luxury brands are experiential by nature, but the challenge for brand managers is to go from having such experiential offer to marketing it in an experiential manner (Aatwal and Williams 2008).

Luxury consumer

There is not a single way of assessing the various types of the luxury consumer as many factors can be explored depending on the end goal. A highly insightful study is the one by Wiedmann et al. (2009). The study aims at identifying different types of consumers according to the dimensions (financial, functional, individual and social) that influence their perceptions of value and consumption. These key dimensions may be influenced by several value drivers (price value, quality value, prestige value, hedonic value, among others) which are individual value judgements.

The output of this study were four different types of customers. The first type are the ‘materialistics’ who satisfy their personal needs and high quality standards with luxury. Nevertheless, they do not feel the need to impress others neither to belong to certain groups. The second cluster of consumers are the ‘rational functionalists’ who have very high quality standards and set themselves apart by acquiring exclusive luxury products. Like in the previous cluster, indulging themselves is more important than making an impression on others. The ‘extravagant prestige seekers’ prioritize quality of life and pleasure aspects of luxury consumption. Additionally, this is the type of consumer that cares the most about others’ opinions. The fourth type of consumer are the ‘introvert hedonists’ who are the least likely to be interested in luxury consumption and they refuse to use it as a signaling status to others. This study is managerially relevant as the luxury market is not homogeneous and product category and situational characteristics play a significant part. As such, a certain luxury product or service may be a better fit to a certain type of consumer than others. Brand managers and marketers must consider individual differences in associating luxury values with certain products or services and then design appropriate marketing campaigns.

III. Brand extension

Brand extension is the central topic of this thesis whose goal is to explore the role of brand extension fit and brand extension authenticity (brand extension constructs) in the overall attitude toward the studied extension. This topic has been studied extensively; thus it is very broad. For the sake of this dissertation, four main subtopics will be explored. The first one is an introduction to brand extension as a widely used strategy. The second one is an overview of the potential effects of brand equity on brand extension and vice-versa. The third and fourth topics relate to the specificity of the extension here studied: the extension of traditional product luxury brands into services. As such, the third and fourth topics are service brand extensions and luxury brand extensions, respectively.

Brand extension as a strategy

Brand extension – the use of established brand names to enter new product categories (Keller and Aaker 1992) – is a widely used branding strategy (Tauber 1988). One of the main motivators behind such strategy is the fact that the cost of introducing a new brand represents a very high financial risk for companies who would rather use established names to facilitate entering new markets (Aaker and Keller 1990). A well established and strong name can reduce the risk of introducing a product in a new market by providing two benefits. First, the awareness

for the extension is higher because the brand node is already in consumers' memory. Second, consumers may have associations and expectations for the extension on the basis of what they already know about the core brand (Keller 1993). Moreover, Swaminathan, Fox, and Reddy's (2001) study showed that the use of a brand extension strategy can result in induced trial due to brand awareness and brand loyalty among existing users of the parent brand. Other benefits of brand extension strategy are a reduction of distribution costs and/or increase of promotional expenditures' efficiency (Morein 1975; Tauber 1988) and entry barrier reduction (Porter 1980). Overall, this strategy is beneficial because the costs of new product introductions are lower and a new brand does not have to be created which would require a much heavier investment. Also all the above factors put together, lead to the conclusion that there is an increased chance of success compared to the alternative of introducing a new brand in the market.

Brand extension: possible effects on brand equity

Although brand extension is an often pursued strategy (Tauber 1988), the higher the number of products a company manages under an umbrella strategy the higher is the risk of spillover effects and transfer of associations (Sullivan 1990). Park, Milberg and Lawson (1991) make an interesting point that high-prestige brands can be stretched to less similar brand categories than less reputable brands; nonetheless, even high-end brands can be overstretched. On one hand, if something happens to the parent brand that may have an impact on consumers' perceptions of the brand extension – forward effect. On the other hand, brand extension is also able to produce reciprocal effects that can either enhance or diminish the equity of the parent brand (Aaker 1990; Swaminathan et al. 2001) – backward effect.

As far as academic literature goes, there have been mixed results regarding the existence of positive and negative reciprocal effects of brand extensions toward the parent brand. When it comes to positive effects, Keller and Aaker (1992) concluded that positive reciprocal effects exist only if an average-quality brand introduces an extension that is successful. There is also the study from Swaminathan et al. (2001) which demonstrated that there are positive reciprocal effects of extension trial among prior non-loyal users and non-users of the core brand. The study also concludes that these effects are enhanced by a high level of category similarity between parent and extension brands. The latter point is consistent with previous studies indicating that perceived fit, category similarity (Aaker and Keller 1990), and relevance of the parent brand associations in the extension category (Broniarczyk and Alba 1994) moderate cross-category effects.

Furthermore, findings by Swaminathan et al. (2001) also suggest that those reciprocal effects of extension trial can result in market share increase of the parent brand, mainly among prior non-users. According to these authors, parent brand experience has a significant impact on extension trial but not on repeat purchases. This is a powerful insight as it shows that the parent brand can aid the introduction of an extension, but it only goes so far. Unless consumers' are satisfied with the product or service they get, they will not keep purchasing it because of the parent brand.

In regards to negative reciprocal effects, Loken and Roedder-John (1993) found evidence that unsuccessful brand extension leads to the dilution of specific parent brand's attributes. Keller and Aaker (1992), on the other hand, found no negative reciprocal effects in the overall parent brand attitude. Swaminathan et al. (2001) concluded that the trial of an unsuccessful brand extension can have negative effects such as a decrease on the likelihood of purchasing the parent brand. This effect is visible among prior users even when extension and the parent brand are not similar category-wise.

It is important to mention that the previous studies rely on scanner panel data which means that their conclusions, although insightful, only took into consideration mass brands that have mainly goods offering and expand into other categories of tangible goods.

Service Brand Extensions

Since this dissertation aims at understanding what influences the success of traditional soft and hard luxury brands expanding into the services industry (hospitality business), it is crucial to take a closer look at brand extensions in the services industry. In fact, most of the relevant literature regarding brand extensions revolves around good to good extensions. This subsection aims at shedding some light regarding service brand extensions, specifically when a brand that has a predominant goods offering engages in an extension into services.

There are a number of important distinctions between services and goods (Iacobucci 1998). The SHIP acronym represents four distinctive attributes of services (Iacobucci 1998). S stands for simultaneity or inseparability referring to the fact that in services production and consumption are simultaneous. The letter H regards heterogeneity meaning that delivering services with constant quality is hardly achievable. I indicates intangibility of services which cannot be properly evaluated before a purchase. Thus, the choice of the consumer will be influenced mainly by the perceived overall quality of the parent brand (Herbig and Milewicz 1995). At last, the letter P stands for perishability as services cannot be stored or produced ahead of

demand. Also, lack of ownership has been considered as a fifth attribute (Lovelock and Gummesson 2004).

Lei et al. (2004) found that when an extension is more service intensive than the parent's brand, consumers doubt a company's capability of introducing a service that is reliable and has consistent quality. This somewhat contrasts with the work of Pina, Riley and Lomax (2013) that showed that attitude toward the extension is more favorable when service extensions originate from goods' brands than when good extensions originate from service's brands. Despite that, Pina et al.'s (2013) study concluded that service extensions of a brand that mostly offers goods caused more negative spillover effects (reciprocal effects) than in the case of good extensions originating from service brands. Lei et al. (2014) also found evidence that consumer's evaluations toward the parent brand of a more service-intensive extension are less favorable compared to a less service-intensive extension.

Lei et al.'s (2004) work also sustains that perceived similarity can influence the evaluations of the extension by moderating the size of the service intensiveness effect. In practice, this means that a brand should not emphasize the connection between the parent brand and the extension when the parent brand has mainly a goods offering and the extension is service-intensive.

Luxury Brand Extensions

Previous research on brand extensions mainly focuses on the extendibility of non-luxury brands. Nevertheless, several studies have shown that the nature of luxury brands and non-luxury brands lead to fundamental differences that can affect the success of brand extensions. Given that this thesis clearly focuses on luxury brand extensions, it is important to explore those fundamental differences.

A major difference between these luxury and non-luxury brands is in the judgements of fit between parent brand and extension. Given that consumers have different structures of memory associations for luxury brands the perception of fit will be different compared to non-luxury brands (Park, Lawson, and Milberg 1989). Another point of difference lies in the type of benefits that brands are associated with. Functional benefits (related with the provision of quality) are important for both types of brands (Valtin 2005, cited in Albrecht et al.'s 2013). However, luxury brands convey more symbolic, experiential (Vickers and Renand 2003) and intangible benefits (Vigneron and Johnson 1999). Albrecht et al.'s (2013) study concluded that functional value is an important success factor for extensions of luxury and non-luxury brands and not just for the core brand itself. The study showed even that the effect of functional value toward a more positive evaluation of the extension is weaker for luxury brands than for non-

luxury brands. This provides support for the fact that luxury brand extensions must evoke benefits beyond functional value to be successful. Additionally, luxury brands also differ from non-luxury brands in terms of hedonic value (relating to emotional benefits). Even though, Albrecht et al.'s (2013) study did not confirm hedonic value as a success factor of brand extension, there was evidence of its relevance in the context of luxury brands extension compared to non-luxury brand extension. As a matter of fact, Hagtvedt and Patrick (2009) have concluded that luxury brands are more extensible than other brands because of their hedonic potential.

In regards to reciprocal effects of luxury brand extension, studies have shown that negative reciprocal effects toward the parent brand are more likely and more aggressive when it comes to luxury brands (Stankeviciute and Hoffmann 2010) and this risk is related with the fact that these brands have very high consumer-based brand equity (Lye, Venkateswarlu, and Barrett 2001). Reddy et al. (2009) even state that the profitability of a luxury brand decreases when it extends into a non-relatable product category, regardless of the strength of the brand in its core business. Albrecht et al. (2013) findings also show that consumer's evaluations of the extension impact the parent brand's perception for luxury and non-luxury brand, but surprisingly and contrary to previous research, the effect for luxury brands proved to be weaker.

Lastly, when it comes to consumer's acceptability of a brand extension, Park et al. (1989, 1991) concluded that prestige brands are in fact more easily extendible than non-luxury brands when the brand concept is consistently transferred, even if category similarity is low. Furthermore, Reddy et al.' (2009) study claims that within luxury brands some are more symbolic than others, which are more functional (e.g. Louis Vuitton vs. Porsche), and those who are embedded in symbolism are more easily stretchable into non-adjacent categories.

One last difference brand managers must take into consideration is the challenge luxury brands face to maintain the "dream value" that consumers associate to such brands (Dubois and Paternault 1995). This demands a fine balance between accessibility and exclusivity particularly in the context of brand extensions (Keller 2009).

IV. Brand extension constructs

This dissertation will use two brand extension constructs as independent variables to evaluate their impact on overall attitude toward the hotel extension (dependent variable). The first construct is brand extension fit, followed by brand extension authenticity. Given its added value

to the thesis, it is important to review what is known today about the role of fit and authenticity in brand extension.

Brand extension fit

Several scholars over the last few decades have taken upon themselves to study the factors that lead to brand extension success, especially in regards to the fit between the parent brand and the brand extension (e.g. Aaker and Keller 1990; Boush and Loken 1991; Broniarczyk and Alba 1994; Park, Milberg, and Lawson 1991). The aforementioned authors have concluded that product category fit is positively related to attitude towards the extension for good to goods, while others have showed similar results for service to service extensions (Hem, Chernatony, Iversen 2003; Van Rie, Lemmink and Ouwersloot 2001; Van Riel and Ouwersloot 2005). As far as luxury brands go, fit has also been proven to be by far the most important success factor (e.g. Volckner and Sattler 2007; Albrecht et al. 2013).

According to Aaker and Keller (1990), fit refers to the “similarity between the two involved product classes in the formation of brand extension evaluations”. Their study uses three different measures to evaluate fit. Those measures are: complement (the extent to which consumers view two product classes as complements), substitute (the extent to which consumers view two product classes as substitutes) and transfer (the perceived ability of a firm operating in the first product class to make a product in the second product class).

Other researchers have given a more detailed definition of brand extension fit (e.g. Boush and Loken 1991; Broniarczyk and Alba 1994). In their studies, brand extension fit is defined as the perceived similarity (in terms of product category, usage situation) and relevance of parent brand associations (i.e. attributes, benefits) for the category of the extension. Thus, brand extension fit is split into two perspectives, similarity and relevance. Similarity relates to the transfer of the parent’s brand category associations to the extension’s category associations (Herr, Farquhar and Fazio 1996) because of their common features, substitutability or complementarity (Spiggle et al. 2012). While perceived similarity fosters an affect transfer process from the parent brand to the extension, perceived relevance promote consumers’ inferences that brand-specific associations transfer to the extension (Spiggle et al. 2012). These brand-specific associations, which are unique to the brand, may take the form of benefits or even brand constructs. The relevance perspective can be a strategic asset to brand managers if the extension occurs in categories in which consumers can infer that certain brand associations lead to given benefits (Spiggle et al. 2012).

A good fit between the parent brand and the extension is unanimously seen as crucial for the extension to succeed. Moreover, according to Aaker and Keller (1990), a poor fit may not only weaken the transfer of positive associations to the extensions, but it may cause the opposite effect leading to undesirable beliefs and associations.

Brand extension authenticity

Spiggle et al. (2012) introduced a new determinant of brand extension success that complements fit, the brand extension authenticity construct. Brand extension authenticity “represents a consumer’s sense that a brand extension is a legitimate, culturally consistent extension of the parent brand” (Spiggle et al. 2012). It differs from fit because it adds a cultural perspective to consumers’ evaluations.

According to the empirical work of Spiggle et al. (2012), the definition of brand extension authenticity is based on the concept of internal consistency which refers to whether a brand is true to itself and it is able to maintain its essence. This internal consistency may be compromised when brands extend. However, it is possible for consumers to perceive a brand extension as authentic when the uniqueness, originality, heritage, values and essence of the brand are kept intact.

The authors present brand extension authenticity as a construct with four main dimensions: maintaining brand standards and style, honoring brand heritage, preserving brand essence, and avoiding brand exploitation. Maintaining brand standards and style refers to the brand’s consistency of their style and aesthetics. An extension that honors brand heritage is one that connects with the brand origins and evokes cultural associations such as traditional designs. The preservation of the brand essence is reflected through the brand’s own identity that is replicated across the brand’s market portfolio. Lastly, avoidance of brand exploitations relates to whether or not consumers perceive that the brand pursues profit opportunities over the brand’s quality, essence and heritage.

Brand extension authenticity connects the parent brand and the brand extension, whilst brand extension fit connects the parent category with the extension category (Spiggle et al. 2012). Additionally, the fit construct is based on a cognitive perspective in which brands are cognitive categories formed by a network of associations. According to Spiggle et al. (2012), this network of associations is self-neutral, meaning that consumers’ evaluation of the extensions disregard their identification with the parent brand (self-brand connection). On the other hand, brand extension authenticity sees brands as cultural categories which build powerful connections with

consumers in a way that influences how they evaluate a brand's evolution and how they react to the brand's extensions.

Summary

Brand extensions are a commonly used strategy that builds on existing brand equity to enter new product categories. Such extensions may, then, have a positive or negative effect on brand equity (reciprocal effect). Most studies focusing on these topics base their research on product to product extensions for mass brands. However, this dissertation regards luxury brand extensions from a product offering to a service offering. It is clear for scholars that luxury brands are more symbolic, experiential and evoke more emotional benefits than non-luxury brands. On one hand, this makes luxury brands more easily extensible. On the other hand, negative reciprocal effects toward the parent brand are more likely and aggressive for luxury brands. Regarding extensions into services, there are mixed conclusions as to whether consumers' attitudes are more favorable toward a more service intensive extension than the parent brand than toward less service intensive extension. Nevertheless, there is evidence that negative reciprocal effects are more likely when a brand that mainly offers goods expands into services.

Finally, the topic of brand extensions is not complete without its success drivers. Brand extension fit is known to be the most consensual determinant of brand extension success and it can be divided into two dimensions: relevance and similarity of the extension compared to the parent brand. A fairly recent success driver is also brand extension authenticity. It differs from fit because it considers self-brand connections, thus adding a cultural and emotional perspective to consumer's evaluations. This construct is composed of four dimensions: maintaining brand standards and style, honoring brand heritage, preserving brand essence, and avoiding brand exploitation.

Chapter 3. Methodology and Data Collection

This chapter provides a description of the research methods and research instruments used in this dissertation in order to answer the main research problem, outlining its advantages and disadvantages.

I. Research methods

In order to measure consumer's evaluations of soft and hard luxury brands expanding into the hospitality industry and understand how those evaluations (measured by fit and authenticity constructs) impact overall attitude toward the extension, two different studies were performed: a pilot study and a main study. The first study was a pilot study conducted online whose goal was to know which luxury brands (both soft and hard) consumers have in the top of their mind. The brands identified as most well-known ones were then used in the second study as stimuli for soft and luxury brands expanding into hotels. In the main study, which was also conducted online, measurement scales were applied to evaluate what is the influence of brand extension fit and brand extension authenticity on overall attitude toward the extension into hotels.

Online survey method

As previously described, both studies were online questionnaires hosted in Qualtrics platform. Just like with other research methods, an online survey has its advantages and disadvantages. First of all, an online survey is a non-expensive method to gather data. Furthermore, such method allows reaching a large number of people in a short time, as the survey can be easily shared by e-mail and social media. It also allows the participants to take the survey in their natural environment at their own pace, which supports uninhibited responses. Moreover, Qualtrics platform allows for different survey techniques to be used which can be useful, such as the randomization of questions and blocks of questions, used in the main study of this dissertation. The platform also saves the data automatically and results can be effortlessly collected and analyzed. Lastly, the questionnaire can easily be presented in several languages depending on the participant's preference.

As main disadvantage it is important to outline that there is little control over the identity of the participant, speed and accuracy of his/her answers. Respondents have easy access to the Internet at the time of completing the survey and their knowledge on the topic can be enhanced by a search on the Internet that would not have happened otherwise. This is due to the fact that participants tend to overstate or understate their answers depending on the expectations that

they believe others have. There is also no one available to answer any potential doubts or misunderstandings the participants may have during survey completion.

II. Research instruments

As described before, two main research instruments were used: a pilot and a main study. In this section, a detailed description of the procedures used is provided, including, variables chosen and overall flow.

Pilot study

The pilot study was targeted at a convenience sample since the purpose was to grasp general familiarity with soft and luxury brands, as opposed to taking major conclusions about the research problem. The survey was spread and shared through social media channels. Beforehand, the survey has pre-tested with 3 individuals which claimed to have no doubts or misunderstandings during the completion of the questionnaire. The survey was available in two languages, Portuguese and English. There were 93 respondents that started to answer to the survey, but only 61 participants completed it.

The first part of the survey was introductory and informed the participants about the purpose of the survey and how long it would take to complete. The second and last part of the survey was composed of only two questions, similar in nature. The first question (*Q1*) started with a definition of a soft luxury brand (“A soft luxury brand is a luxury brand whose core business consists of fashion or clothing”) and asked respondents to name the first three luxury brands that came to their mind and matched the definition given. The second question (*Q2*) was the same but instead of a soft luxury brand there was a hard luxury brand definition (“A hard luxury brand is a luxury brand whose core business consists of watches and/or jewelry”). See appendix 1 to find the pilot study questionnaire.

This pilot aimed at providing the answer for research question 1: “Which luxury brands (from fashion and watches/jewelry industries) are better known to consumers?”. Results indicated that the soft brand that was mentioned the most was **Chanel**, while the hard brand was **Rolex**. Other brands that were also mentioned frequently can be seen in appendix 2.

Main study

The objective of the main study was to understand how the constructs of brand extension fit and brand extension authenticity, impact the overall attitude toward the extension and if this

relationship changes depending on one's luxury involvement. This study followed a two group design (soft vs hard luxury brand) and was spread through e-mail and social media channels. Similarly to the pilot study, it was pre-tested with 4 people and revised according to their comments. It was also available in two languages, Portuguese and English.

The survey was composed by five main sections, followed by habits and socio demographic variables 'assessment. Participants were randomly allocated to one of the versions of the questionnaire: one focused on a soft luxury brand (Chanel) and the other focused on a hard luxury brand (Rolex). This was done by activating block randomization in Qualtrics and selecting an evenly randomization, meaning that approximately 50% of the respondents should get the soft brand survey and the other 50% the hard brand survey.

1st section: Category/brand involvement and brand knowledge

The first section aimed to assess participants' involvement with luxury brands (category involvement) and then move to the particular case of the brand being tested (Chanel or Rolex). According to Albrecht et al. (2013), "category involvement is of general importance in terms of consumer's attitude toward a brand that expands its core business". Additionally, the study of Swaminathan et al. (2001) highlights the possible effects of brand extensions on brand equity for both users and non-users of the core brand. Besides brand involvement, consumers were also asked about their brand knowledge as this variable has been used as a covariate in a similar study (Spiggle et al. 2012).

In regards to category and brand involvement, a scale was adapted from Steenkamp, Van Heerde and Geyskens (2010) and Zaichkowsky (1986). This 7-point likert scale consisted of two sentences ("Brand is very important to me", "Brand interests me a lot"; 1= strongly disagree, 7= strongly agree). This scale was used both to assess involvement with the brand (Chanel or Rolex, depending on the condition) as to assess involvement with luxury brands. Moreover, in order to evaluate participants' brand knowledge, another 7-point scale was adapted from Dawar (1996). Two questions composed this scale ("how familiar are you with the brand?" and "how knowledgeable are you about the brand?"; 1=not at all, 7=very familiar/very knowledgeable).

2nd section: Stimuli presentation

The second section exposed participants to the stimuli that would guide their answers throughout the survey. Respondents were presented with the headlines of a newspaper which announced that one of the brands (either soft or hard, depending on the condition) was going to

open a new hotel. In order to make it more believable, four hotel pictures were depicted. Since neither Chanel nor Rolex own hotels, the pictures were chosen from other hotels. Chanel's hotel pictures were taken from Ritz hotel in Paris where Coco Chanel lived for several years and where there is actually the Coco Chanel suite and Chanel Spa. Rolex's hotel pictures were taken from a luxury hotel in London in modern architecture - since Rolex brand actively supports modern architecture - and colors similar to the green that Rolex is known for (see appendix 3). The goal was to choose hotel pictures that respected the brand equity of both Chanel and Rolex, as much as possible. After reading the news, participants faced a validation check question: "where will the hotel of the brand be?" being the correct answer Paris for Chanel version and London for Rolex version, which are the cities where the brands were founded. Moreover, the validation check is crucial to ensure that participants read the news and that they had the knowledge needed to answer the questions that followed.

3rd section: Brand extension fit

The third section assessed one of the main independent variables from the study: brand extension fit. Respondents were asked to evaluate the extension they were exposed to through a 7-point likert brand extension fit scale. This scale measured two dimensions: similarity and relevance. The similarity dimension was adapted from Ahluwalia (2008) and Monga and John (2010). It was composed by three sentences ("the extension is similar to the brands' products/services", "the extension into a hotel is consistent with the brand", "it is likely that those who use the brand will be the ones interested in the hotel"). On the other hand, the dimension of relevance consisted of only one sentence ("the benefits I associate with the brand are not relevant in the hospitality industry") and it was adapted from Broniarczyk and Alba (1994).

4th section: Brand extension authenticity

The fourth section assessed the other main independent variable from the study – brand extension authenticity. The pictures of the hotel were shown once again as they were important to apply the brand extension authenticity scale. The 7-point likert scale adapted from Spiggle et al. (2012) aimed at evaluating three dimensions. The first was maintenance of brand standards ("the standards of the brand are contained in the hotel", "the style of the hotel reflects that of the brand", "the hotel appears to reflect the quality I associate with the brand"). The second regarded honoring the brand heritage ("the hotel appears to connect with what I know about the brand's origin"; "there is a link between the hotel and what I know about the brand's legacy").

The third focused on preservation of brand essence (“the hotel matched my image of the brand”; “the hotel preserves what the brand means to me”; “the hotel captures what makes the brand unique”).

5th section: Overall attitude toward the extension

The fifth section was designed to collect information on the dependent variables of the study. Participants were asked about their overall attitude toward the extension they were presented with. The variables used were: behavioral intent, willingness to recommend and appeal of the extension. They were all 7-point scales. Behavioral intent was adapted from Broniarczyk and Alba (1994) and consisted on asking participants how likely they were to do the following: “if I was choosing a luxury hotel, I would consider this one” and “I would likely seek more information about this hotel”; 1= not at all likely, 7=very likely. Appeal of the extension was adapted from Monga and John (2010) and it was shown as a question: “Do you consider this hotel to be appealing?”; 1=“not at all appealing”, 7=“very appealing”. Also, willingness to recommend was portrayed by how likely the respondents were to “recommend this hotel to others who are considering a luxury hotel”; 1= not at all likely, 7=very likely.

Participants were then asked to complete a few questions regarding their luxury brand habits (how much do they spend annually on luxury brands) and overall involvement with hotels (how often do they use hotel, in general and 5 star hotels, in particular). Finally, there were a set of questions about their socio demographic characteristics (e.g. gender, age, occupation and nationality). See appendix 4 for the detailed questionnaire.

Chapter 4. Results' Analysis

This section is dedicated to the results of the main study presented in the previous section. It includes a preliminary analysis where data was cleaned, screened and reliability was checked, but also a more in-depth analysis. In the latter analysis, research questions are answered in accordance to data results.

Main study

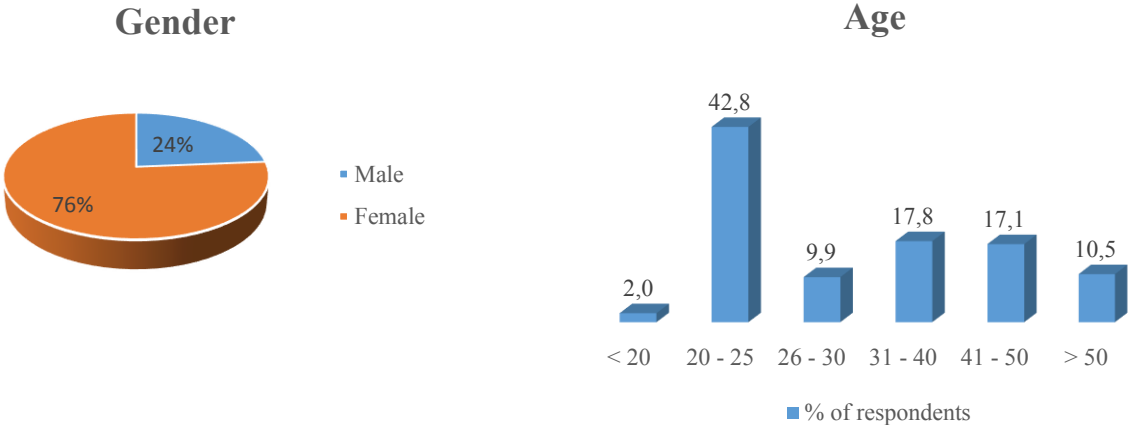
Preliminary analysis

i. Data collection and data cleaning

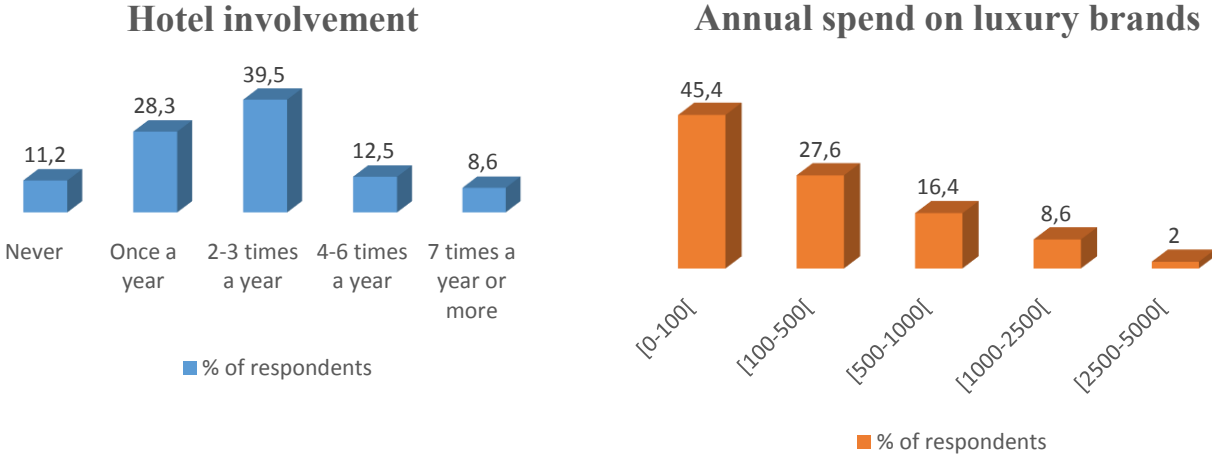
Within the week dedicated for data collection, 252 participants started the questionnaire. Nevertheless, only 174 questionnaires were fully completed or almost completed (>90%, only missing demographic variables). From these, 91 respondents were exposed to Chanel's condition, but only 76 answered correctly to the validation question. Likewise, there were 83 respondents assigned to Rolex's condition and 76 answered correctly to the validation question. As such, the total sample considered was composed by 152 participants, 76 exposed to a soft brand (Chanel) and 76 exposed to a hard brand (Rolex).

ii. Sample characterization

The final sample of the questionnaire consisted of 23.7% male and 76.3% female participants. Regarding age, the majority of the respondents were young adults between 20-25 years old (42.8%), followed by people between 31-40 (17.8%) and 41-50 years old (17.1%). The remaining were respondents over 50 (10.5%), between the age of 25-30 (9.9%) and the youngest who were below 20 years old (2%).



As far as occupation is concerned, 40.1% of the respondents were employed by an entity, 30.3% were students, 14.5% were working students and 8.6% were self-employed. The other participants were unemployed (3.3%), housewife/houseman (2%) or retired (1.3%). Additionally, the large majority of participants were Portuguese (75.7%), followed by Polish (7.9%) and German (3.3%). The rest of respondents were scattered throughout other countries. Regarding the degree of involvement with hotel category almost everyone stays in a hotel at least once a year (88.9%). The most chosen frequency was 2-3 times a year (39,5%), reflecting a medium level of involvement. Lastly, the majority of participants – 73% – spends less than 500€ per year on luxury brands, 16.4% spends between 500€ to 1000€ and the remaining exceeds that value (10.2%).



iii. Data screening

In order to identify potential outliers, the variables were screened for both univariate and multivariate outliers.

Univariate Outliers

The goal of the univariate outliers’ analysis is to identify extreme values for the variables composing the dataset. All single variables which compose the various scales were screened for both the soft luxury brand (Chanel) and the hard luxury brand (Rolex).

The process consisted of converting all the scores of each variable into standardized z-scores. Descriptive statistics were performed and z-scores higher than 3.3 or lower than -3.3 were considered outliers at a 5% significance level. The results show that only one variable (“Rolex is very important to me”) had two outliers with z-scores of 3.37. Looking at the dataset, it can be concluded that these were two respondents who chose score 6 out of 7 in the likert scale.

Their response was kept in the dataset, as this result may be just due to the fact that they are fonder of Rolex than the average person, but their responses are equally valuable.

Multivariate Outliers

The multivariate analysis allows the identification of cases in which there is an uncommon combination of values in two or more variables. As such, for each regression done in the next pages, a multivariate analysis was performed.

The analysis is done by calculating the Mahalanobis distance for each regression. Cases in which Mahalanobis distance variable was higher than the critical value ($p < 0.05$) dependent on the number of predictors (df) of the model, were eliminated so the model could be as accurate as possible.

iv. Data reliability

The majority of scales used in the study were adapted from prior literature. As such, it is important to analyze the scales' reliability in the context of this dissertation. The Cronbach's alpha was then calculated for each scale that had three or more items – Table 1. The same scale was analyzed for those who were exposed to the soft and the hard brand as these will be treated as individual groups throughout the rest of the questionnaire.

All scales with three or more items (brand extension fit, brand extension authenticity and overall attitude) were composed by different dimensions as described in the methodology. Nevertheless, given that for brand extension fit the variables included in the different dimensions (similarity and relevance) were too unrelated, they were considered as separate scales. Since the dimension of relevance only has one variable, the reliability analysis did not apply.

Table 1: Scale's reliability analysis

Scale	Initial # of items	Cronbach's α^*	Cronbach's α if item deleted**	Item deleted	Final # of items
Brand extension fit (similarity dimension) <i>Soft brand</i>	3	0.526	0.638	1	2
Brand extension fit (similarity dimension) <i>Hard brand</i>	3	0.411	0.641	1	2

Brand extension authenticity <i>Soft brand</i>	8	0.926	-	-	8
Brand extension authenticity <i>Hard brand</i>	8	0.917	-	-	8
Overall attitude toward extension <i>Soft brand</i>	4	0.769	-	-	4
Overall attitude toward extension <i>Hard brand</i>	4	0.856	-	-	4

*Cronbach's alpha for the total measure

**Cronbach's alpha after excluding items

As can be seen, two of the scales (“brand extension authenticity” and “overall attitude toward the extension”) have good levels of internal consistency. Except for the soft brand overall attitude toward the extension, they have alpha values greater than 0.8. The overall attitude toward the extension of the soft brand could still be improved by eliminating one item, but for the sake of comparison with the hard brand scale, no item was removed.

However, the scale “brand extension fit (similarity dimension)” shows low levels of internal consistency for both the soft and the hard brand (0.526 and 0.411, respectively). By eliminating one item, the alpha value can be significantly improved. Although still slightly below 0.7, the scale will be used as a two item scale.

For the scales with only two items, a Pearson correlation was calculated to explore the strength and direction (positive or negative) of the relationship between the variables. Results are presented in table 2.

Table 2: Scale's correlation analysis

Scale	Pearson Correlation
Luxury brands involvement <i>Soft Brand</i>	0.745**
Luxury brands involvement <i>Hard Brand</i>	0.768**
Brand involvement <i>Soft Brand</i>	0.832**
Brand involvement <i>Hard Brand</i>	0.914**
Brand knowledge <i>Soft Brand</i>	0.791**
Brand knowledge <i>Hard Brand</i>	0.800**

** Correlation is significant at the 0.01 level

Given the previous reliability and correlation analysis, the scales formerly described will be used from here on as aggregated. It is also important to note that the relevance variable was recoded because it was reversed scored.

v. *The relationship between brand extension fit and brand extension authenticity*

Brand extension fit and brand extension authenticity are the two main independent variables of this study. As reported previously, fit is a widely used measure to evaluate brand extensions, while authenticity is a fairly recent construct. Thus, before moving to more in-depth analysis, it is important to understand what kind of relationship both constructs have to ensure that they indeed measure different things. To do so, a factor analysis using varimax rotation was used. Varimax rotation was chosen because it aids the interpretation of results since each item tends to be associated with mostly one factor. The factor analysis is interpreted through the eigen values and the scree plot. For both types of brands, three factors were found (eigen value > 1 and support by scree plot). The results are similar for both type of brands except regarding one item. In both brands, all variables from brand extension authenticity belong to Factor 1. Regarding brand extension fit, in the soft brand's case the similarity dimension composed Factor 2 and the relevance variable is the only one composing Factor 3. Nevertheless, in the hard brand's case, Factor 2 is composed by similarity variables, except "In my opinion, it is likely that those who use Rolex will be the ones interested in the hotel" which is included in Factor 3 with the relevance variable. In both cases, Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) is high (0.826 for the soft band and 0.837 for the hard brand) and Barlett's Test of Sphericity value is significant ($p < 0.001$). The results can be seen in appendix 5 – Table 3 and 4. Overall, it can be concluded that the two constructs do measure different things and that they both add value to the analysis.

In-depth analysis

i. *Research questions*

As the first research question of this dissertation was answered through the pilot study, this section will focus on the remaining ones.

RQ 2: How do consumers perceive soft and hard luxury brands expansion into the hospitality industry in regards to brand extension fit, brand extension authenticity and overall attitude?

In order to understand if consumer's perceptions of the two main independent constructs being studied differed depending on the type of brand, independent t-tests at a 95% confidence level

were performed. The tests were performed to three variables: brand extension authenticity ($M_{\text{SoftBrand}} = 4.44$, $M_{\text{HardBrand}} = 3.40$, $t(150) = -4.736$, $p < 0.001$), brand extension fit – similarity ($M_{\text{SoftBrand}} = 3.30$, $M_{\text{HardBrand}} = 3.13$, $t(150) = -0.786$, *n.s.*) and brand extension fit – relevance ($M_{\text{SoftBrand}} = 3.91$, $M_{\text{HardBrand}} = 3.97$, $t(150) = 0.217$, *n.s.*). Thus, participants exposed to the different types of brands perceive the hotel extension differently only regarding brand extension authenticity. The soft brand hotel extension is perceived as more authentic than the same hard brand extension.

Additionally, regarding the overall attitude toward the extension, the differences in score of participants exposed to both types of brands is not statistically significant ($M_{\text{SoftBrand}} = 4.55$, $M_{\text{HardBrand}} = 4.20$, $t(150) = -1.428$, *n.s.*), but it is moderately positive ($M > 4$).

RQ 3: What is the effect of brand fit and authenticity on overall attitude toward the extension when the extension is done by a soft luxury brand versus when it is done by a hard luxury brand?

A crucial research question regards the potential impact that the constructs, brand extension fit and brand extension authenticity, have on overall attitude toward the extension. According to the academic literature, it would be expected that brand extension fit, especially the similarity dimension, and brand extension authenticity would have a great impact on the overall attitude toward the extension. The higher the fit the more positive should be the attitude toward the extension. Regarding brand extension authenticity the results of Spiggle et al. (2012) study indicate a similar positive correlation pattern as the one of brand extension fit.

To explore this relationship, a multiple regression was performed. The dependent variable was overall attitude toward the extension and the independent variables were brand extension authenticity, similarity and relevance. The results of the model can be seen in Table 5.

Model I: Overall attitude soft brand/hard brand = $\alpha + \beta_1 * \text{similarity} + \beta_2 * \text{relevance} + \beta_3 * \text{authenticity} + \varepsilon$

Table 5: Impact of main constructs on overall attitude

	Soft Brand Model (β)	Hard Brand Model (β)
Intercept	2.523	2.088
Brand Extension Authenticity	0.531***	0.579***
Similarity	-0.087	-0.038
Relevance	-0.037	-0.058
F-value	8.077***	11.318***
Adjusted R-square	0.228	0.298

N	71	73
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Note: *p<0.05; **p<0.01; ***p<0.001

In both models there is only one construct which is statistically significant – brand extension authenticity ($\beta_{\text{authenticitySoftBrand}}=0.531$, $p<0.001$; $\beta_{\text{authenticityHardBrand}}=0.579$, $p<0.001$). The coefficients are positive as expected, meaning that the more authentic the extension is, the more favorable is the attitude towards it. Surprisingly, neither similarity nor relevance revealed to be significant to neither soft nor hard brand model.

In order to confirm that the type of brand (soft or hard) does not impact the model or the influence of the constructs on the dependent variable, another model was tested. This time instead of testing the model across the two different type of luxury brands (soft vs hard) a new model was developed with a dummy variable (and its respective interactions) including the brand type in one single model (brand type: 0=Hard, 1= Soft) as shown below.

Model II: Overall attitude = $\alpha + \beta_1 \cdot \text{similarity} + \beta_2 \cdot \text{relevance} + \beta_3 \cdot \text{authenticity} + \beta_4 \cdot \text{brand type} + \beta_5 \cdot \text{similarity} \cdot \text{brand type} + \beta_6 \cdot \text{relevance} \cdot \text{brand type} + \beta_7 \cdot \text{authenticity} \cdot \text{brand type} + \varepsilon$

The results of this model revealed that only one independent variable is significant, and as expected, that is brand extension authenticity ($\beta_{\text{authenticity}}=0.673$, $p<0.001$). Thus, the model, which is a confirmation of the previous models, clearly shows that neither brand type nor the interactions between brand type and the constructs help predict overall attitude toward the extension. The details of the model are in appendix 5 – Table 6.

Overall, this allows to conclude that there are no significant differences in the model for soft and hard luxury brands and that in both cases brand extension authenticity is the only influencer on overall attitude toward the hotel expansion.

RQ 4: How does consumer's involvement with luxury brands affect the effect defined in the previous research question?

To better understand the impact that consumers' involvement with luxury brands may have on the previous model I, the variable luxury brands involvement was added and the results are in table 7.

Model III: Overall attitude soft brand/hard brand = $\alpha + \beta_1 \cdot \text{similarity} + \beta_2 \cdot \text{relevance} + \beta_3 \cdot \text{authenticity} + \beta_4 \cdot \text{luxury involvement} + \varepsilon$

Table 7: Impact of main constructs and luxury involvement on overall attitude

	Soft Brand Model (β)	Hard Brand Model (β)
Intercept	2.282	1.700
Brand Extension Authenticity	0.415***	0.569***
Similarity	-0.068	-0.058
Relevance	-0.029	-0.012
Involvement	0.353**	0.100
F-value	10.006***	9.598***
Adjusted R-square	0.340	0.317
N	71	75

Note: * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

The model confirms the same as the other models, that brand extension authenticity is the only positive and significant construct for both brand types ($\beta_{\text{authenticitySoftBrand}}=0.415$, $p < 0.001$; $\beta_{\text{authenticityHardBrand}}=0.569$, $p < 0.001$). However, for this model the difference between soft and hard brand lies in the luxury involvement variable. This variable is positive and significant for the soft luxury brand ($\beta_{\text{involvementSoftBrand}}=0.353$, $p < 0.01$), but it is not significant for the hard luxury brand ($\beta_{\text{involvementHardBrand}}=0.100$, *n.s.*). This means that the degree of involvement with luxury brands does not influence one's attitude toward the hard brand extension, while for the soft brand extension the higher the involvement, the more favorable is the attitude.

Moreover, it can be observed that including involvement with the other constructs increases the variance explained of the prediction models, especially for the soft brand ($R^2_{\text{SoftBrand}}=0.340$; $R^2_{\text{HardBrand}}=0.317$).

To the model were added interactions between luxury involvement and the three main constructs. However, due to high levels of correlation between the variables that included luxury involvement (Pearson Correlation > 0.7 , VIF > 10) which led to multicollinearity problems and counterintuitive results, the model was disregarded.

ii. *Extra analysis*

This section is composed by extra analysis that can add up to the aforementioned conclusions.

What is the influence of brand knowledge and demographic variables on the model?

The overall attitude toward the extension may be dependent on the degree of knowledge of the brand. As such, it can be hypothesized that brand knowledge is a relevant addition to the

previous model. Furthermore, demographic variables were also added to see if they had any impact on the dependent variable. A broader multiple regression was then tested.

Model IV: Overall attitude soft brand/hard brand= $\alpha + \beta_1 * \text{similarity} + \beta_2 * \text{relevance} + \beta_3 * \text{authenticity} + \beta_4 * \text{luxury involvement} + \beta_5 * \text{brand knowledge} + \beta_6 * \text{age} + \beta_7 * \text{gender} + \varepsilon$

The model reinforces the conclusions from the previous models ($\beta_{\text{authenticitySoftBrand}}=0.438$, $p<0.001$; $\beta_{\text{authenticityHardBrand}}=0.570$, $p<0.001$; $\beta_{\text{involvementSoftBrand}}=0.345$, $p<0.01$) and indicates that neither brand knowledge nor the demographic variables (age and gender) impact overall attitude toward the extension. The results of the model can be seen in detail in appendix 5 – Table 8. To this model were also added interactions between brand knowledge and the three main constructs, but they were not significant neither improved the model.

What is the impact of hospitality involvement on overall attitude toward the extension?

Lastly, to evaluate the potential impact of hospitality involvement on attitude toward the extension, depending on each brand the participant was exposed to, a two-way ANOVA was performed: 2 (brand type: soft, hard) * 3 (“hospitality involvement: low, medium, high). Nevertheless, the results show that hospitality involvement does not impact overall attitude ($F(2,146)=1.030$, *n.s.*) neither this result differs by brand ($F(2,146)=0.040$, *n.s.*).

Chapter 5. Conclusions and Future Research

In this final section the main academic conclusions will be stated while connecting to what has been found in existing literature. Furthermore, a few advices will be provided for luxury brand managers who may be facing a future extension into the hospitality industry. Finally, the limitations of this study will be pointed out as well as suggestions for future research.

Academic Implications

The first main question that this study tried to answer is if the extension into the hospitality industry of soft and hard luxury brands ties back to the core of the brand, to explore if consumers are able to make “a seamless mental connection between new categories and the brand’s core assortment” (Dauriz and Tochthermann 2013). The results allow to conclude that for the soft brand, participants perceived the extension as moderately authentic ($M_{\text{SoftBrand}}=4.44$), while for the hard brand they perceive it as having a relatively low degree of authenticity ($M_{\text{HardBrand}}=3.40$). For both types of brands, similarity between the parent brand and the brand extension is relatively low ($M_{\text{SoftBrand}}=3.30$, $M_{\text{HardBrand}}=3.13$) and the relevance of the benefits associated with the brand extension into the hospitality industry is moderately positive, independent of the brand type ($M_{\text{SoftBrand}}=3.91$, $M_{\text{HardBrand}}=3.97$).

As Spiggle et al. (2012) described in their paper, brand extension fit is about connecting the parent category with the extension category while brand extension authenticity relates to the parent brand and its extension. Thus, the results show that the extension into the hospitality industry is not perceived to be highly connected to the core category of neither soft (clothing) nor hard luxury brands (watches, jewelry), which is reflected by the scores of the brand extension fit dimensions. Nevertheless, especially, for the soft brand, the hotel is seen as an authentic step forward considering the history and the overall feeling of the brand. To some extent, these results seem to be in line with the previous review on managerial articles, i.e., that the soft luxury brand extension into a lifestyle category like hotels is seen as a more natural brand move than the same extension made by a hard luxury brand.

Additionally, this study also aimed to analyze to which extent the brand extensions would be well received and accepted. The results indicate that overall attitude toward the extension does not differ depending on the type of luxury brand and for both the attitude is moderately favorable ($M_{\text{SoftBrand}}=4.55$, $M_{\text{HardBrand}}=4.20$). These conclusions are similar to those of Park et al. (1989, 1991) which states that prestige brands can be more easily extensible (than non-luxury brands) as long as the brand concept is consistently transferred independently of the degree of

category similarity. So, in spite of category similarity being rather low for both types of brands, overall attitude is moderately positive.

On the other hand, these results reveal a different side from the study of Lei et al. (2004) where it was concluded that a more service intensive extension compared to the parent's brand, would lead to lack of credibility and trust with consumers. The extension of a soft or hard luxury brand into the hospitality industry is an example of a brand move from good to services, but still consumers' receptivity to it was positive.

Still on the topic of brand extension acceptability, Reddy et al. (2009) argues that luxury brands that are more functional than symbolic are less easily extendible into non-similar categories. It could be said that the soft brand tested – Chanel – is more symbolic than the hard brand – Rolex – which is more functional. Even though, the extension of the more symbolic brand was perceived to be more authentic, there are no differences in the level of overall attitude for neither type of brand. As such, the results of this study do not confirm that an extension of a more symbolic luxury brand is more easily accepted than one by a more functional luxury brand.

Now, that the consumers' perception of the main constructs has been discussed, the focus is on the influence of these constructs (brand extension fit and brand extension authenticity) on the overall attitude toward the extension. Various researchers (e.g. Aaker and Keller 1990; Boush and Loken 1991; Broniarczyk and Alba 1994; Park, Milberg, and Lawson 1991) have concluded in their studies that brand extension fit is a crucial driver of extension success and positively correlated with attitude toward the extension. These results have even been extended to luxury brands (e.g. Albrecht et al. 2013), even though the judgments of fit differ from non-luxury brands to luxury brands (Park et al. 1989). However, the results of this study show that brand extension fit dimensions (similarity and relevance) do not have an impact on the overall attitude for neither type of brand extension. Even though these results are unexpected, the reasons may be due to the fact that, in the past, research has not focused on luxury brands expanding into the services industry. Furthermore, these results may also be related to the extension itself – the hotel industry – which may cause an interest in the extension regardless of it being similar to the brands' core business category.

What the results do show is that brand extension authenticity positively impacts the overall attitude toward the extension for both types of brands. This means that the more authentic the extension of a soft or hard luxury brand is, the more favorable is the attitude toward the extension, which is what was expected considering the study of Spiggle et al. (2012). It can be

concluded that what really matters for luxury brands expanding into the hotel industry (independently if it is a soft or a hard brand) is that the extension is authentic.

It was also hypothesized that the degree of luxury involvement would have an impact on the overall attitude toward the extension. For the soft luxury brand, luxury involvement is positively correlated with overall attitude, i.e. the higher the involvement, the more favorable the attitude. However, for the hard brand, the degree of luxury involvement has no impact on the way consumers react to the extension. This is the most prominent difference between the soft and hard luxury brands and a result that contrasts with Albrecht et al.' (2013) study which only used soft luxury brands and where luxury involvement did not impact the attitude toward the extension.

Moreover, once brand knowledge, age and gender were included in the model, the results showed that neither of these new variables impacted the overall attitude. This a similar result to that of Spiggle et al. (2012) where brand knowledge was introduced as a covariate and it did not influence the attitude dimensions.

Finally, the variable hotel involvement (low, medium and high involvement) is also not a predictor of the attitude toward neither type of brand extension. Nevertheless, researchers such as Albrecht et al. (2013) have had contradictory results in which category involvement played a positive role on the attitude toward the extension.

As can be seen the conclusions of this thesis both confirm and contradict previous results of researchers. This only shows how this topic can be a source of new academic knowledge and how much there is yet to explore, which will be suggested below.

Managerial Implications

The main take-away of this study for brand managers is simple: one can extend a luxury brand into the hospitality industry no matter if it is soft or a hard brand, but one must ensure that the extension mirrors the legacy, the roots, the feelings and all cultural aspects of the brand, i.e. is authentic. This is a crucial point as failure to do so could cause negative reciprocal effects on the parent brand which is more likely to happen when brands that have mainly a good offer expand into services (Pina et al. 2013; Lei et al. 2014) – which is exactly the case here described. The differentiating point between managing a soft or a hard brand opening a hotel is that the level of luxury involvement influences the attitude toward the soft brand extension. As such, brand managers can segment potential consumers and do targeted communication at people

who are highly involved with luxury brands as they are more likely to find the hotel appealing, recommend it and consider using it.

Relevance has not been considered an influence on consumer's attitude but if it had been it could be used as a strategic asset as outlined by Spiggle et al. (2012). Since the hospitality industry is a category in which associations matter (JungKook and Morrison 2013) if consumers had considered that the brands were holders of important benefits to manage a hotel, this could have been used in their communication.

Lastly, a potential expansion into the hospitality industry is a great opportunity for managers to provide a multi-sensory and experiential engagement with the brand and to go further and market it in an experiential manner, which is a challenge for brand managers (Aatwal and Williams 2008). This is particularly important at a time when consumers prefer to experience luxury instead of owning it (Bellaiche et al. 2012)

Limitations and Future Research

This dissertation is a significant step forward in the research for brand extensions especially when it comes to luxury brands. Still, there are some limitations attached to this research.

Firstly, this study only included one brand to represent the soft and the hard luxury brand. This may have skewed the results depending on the sample's preferences, which could have been avoided if more brands were included to represent each brand type (soft and hard).

Secondly, the sample was not as diversified as one could hope for. The majority of the participants was female (76.3%), Portuguese (75.7%) and did not spend a lot of money on luxury brands (73%). Also the total number of participants that were exposed to each brand – 76 – was not very high and the reliability of the results could easily be improved with a bigger and more diversified sample.

Thirdly, there is also the possibility of social desirability bias. Luxury brands are a sensitive topic as they are often associated with superfluous or eccentric consumption only available to the privileged. As such, it has to be considered that people may have a tendency to understate their luxury involvement and spending.

Regarding future research, there is still much to explore. Firstly, a broader study with more examples of soft and hard luxury brands is recommended. On top of adding more brands, the type of extensions should go beyond the hotels and include, for instances, restaurants as another example of service extensions. These different service extensions could then be compared with

product extensions into more unexpected areas, like interior designing , and do a factorial study 2 (type of brand: soft and hard) x 2 (type of extension: product extension and service extension). Moreover, the impact of extensions on brand equity is a recurrent topic in literature. As such, it would also be interesting to take into account the influence that the aforementioned extensions have on the equity of a brand and how does it relate with the evaluation of brand extension fit, brand extension authenticity and overall attitude.

Appendix

1. Pilot study questionnaire

Introduction to the survey

Dear Participant,

I am a Master student from Católica Lisbon School of Business and Economics. This survey is part of my study for my Master Thesis on the topic of Luxury Brands. The survey will take less than one minute to complete.

Please be assured that the information you give will remain anonymous and confidential.

Thank you for your help,

Laura Rufino

Q1

A **soft luxury brand** is a luxury brand whose core business consists of fashion or clothing.

Please name the first 3 luxury brands that come to your mind and that can be considered soft luxury brands.

Q2

A **hard luxury brand** is a luxury brand whose core business consists of watches and/or jewelry.

Please name the first 3 luxury brands that come to your mind and that can be considered hard luxury brands.

2. Most frequently mentioned soft and hard brands in the pilot study

	Brand name	Number of mentions
Soft Luxury Brands	Chanel	21
	Louis Vuitton	19
	Gucci	13
	Prada	12
	Dolce & Gabbana	12
	Armani	11
Hard Luxury Brands	Rolex	43
	Swarovski	14
	Tiffany & Co.	14
	Cartier	9

3. Main study' stimuli

Soft Brand

THE DAILY NEWS

www.dailynews.com THE WORLD'S FAVOURITE NEWSPAPER - Since 1879

CHANEL OPENS HOTEL IN PARIS



The French Fashion House, Chanel, announced its expansion into the hospitality industry in February 2015. Now the brand of Coco Chanel will open the doors of its first hotel on May 1st 2016. The expansion into the hospitality industry is part of a long-term plan to grow the brand's presence in the luxury market.


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Hard Brand

THE DAILY NEWS

www.dailynews.com THE WORLD'S FAVOURITE NEWSPAPER - Since 1879

ROLEX OPENS HOTEL IN LONDON



The luxury watch brand, Rolex, announced its expansion into the hospitality industry in February 2015. Now the brand will open the doors of its first hotel on May 1st 2016. The expansion into the hospitality industry is part of a long-term plan to grow the brand's presence in the luxury market.

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4. Main study questionnaire

Introduction to the survey

Dear Participant,

I am a Master student from Católica Lisbon School of Business and Economics. This survey is part of my study for the Master Thesis on the topic of Luxury Brands. The survey will take about 5 to 10 minutes to complete. It's crucial for me that you finish it.

Please be assured that the information you give will remain anonymous and confidential. You can switch the language of the survey from EN to PT at any time, if you wish.

If you finish the survey you are eligible to win a \$20 giftcard from Amazon. The winner will be chosen through random.org.

Thank you very much for your time,

Laura Rufino

Introduction to the topic

This study aims to assess a specific growth strategy of luxury brands from the consumer's point of view. Please follow to the next page to start the survey.

Section 1

Now, I would like you to give me your honest opinion about luxury brands (for example: Louis Vuitton, Cartier, BMW).

Q1

Please read the following sentences and click in the most appropriate option (1=strongly disagree; 7=strongly agree)

- Luxury brands are very important to me
- Luxury brands interest me a lot

Now, follow some questions about Chanel/Rolex brand.

Q2

Please read the following sentences and click in the most appropriate option (1=strongly disagree; 7=strongly agree)

- Chanel/Rolex is very important to me
- Chanel/Rolex interests me a lot

Q3.1

How familiar are you with Chanel/Rolex?

- 1=Not at all familiar
- 2
- 3
- 4
- 5
- 6
- 7=Very familiar

Q3.2

Please list a few Chanel/Rolex products that you recall.

Q3.3

How knowledgeable are you about Chanel/Rolex brand?

- 1=Not at all knowledgeable
- 2
- 3
- 4
- 5
- 6
- 7=Very knowledgeable

Section 2

Now, I would like to show you some recent news about Chanel/Rolex. Please read it carefully.



Q4

Where will Chanel/Rolex's hotel be?

- London
- Barcelona
- Paris
- Rome

Section 3

You have just read the news about Chanel/Rolex's brand extension into the hotel business. Please keep it in mind for the rest of the survey.

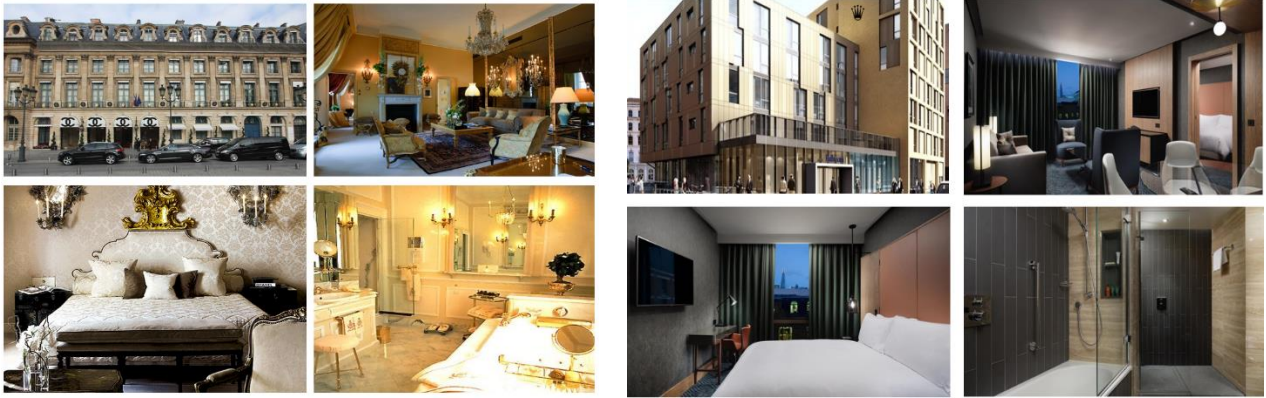
Q5

Please read the following sentences and click in the most appropriate option (1=strongly disagree; 7=strongly agree).

- In my opinion, the hotel is similar to other products or services of Chanel/Rolex
- In my opinion, the expansion into a hotel is consistent with Chanel/Rolex's brand
- In my opinion, it is likely that those who use Chanel/Rolex will be the ones interested in the hotel
- In my opinion, the benefits I associate with Chanel/Rolex are not relevant in the hospitality industry

Section 4

Below you can see once more the pictures of Chanel/Rolex's hotel in case you need them for reference.



Q6

Please read the following sentences and click in the most appropriate option (1=strongly disagree; 7=strongly agree).

- The standards of Chanel/Rolex are apparently contained in the hotel
- The style of the hotel seems to reflect that of Chanel/Rolex's
- The hotel appears to reflect the quality I associate with Chanel/Rolex
- The hotel appears to connect with what I know about Chanel/Rolex's origins
- There is a link between the hotel and what I know about Chanel/Rolex's legacy
- This hotel matches my image of Chanel/Rolex
- The hotel preserves what Chanel/Rolex means to me
- The hotel captures what makes Chanel/Rolex unique to me

Section 5

Q7

Please read the following sentences and select how likely you would be to do the following actions (1=not at all likely; 7=very likely).

- If I was choosing a luxury hotel, I would consider this one
- I would seek more information about this hotel

Q8

Do you consider this hotel to be appealing? Please select the most appropriate choice (1=not at all appealing; 7=very appealing).

- 1=not at all appealing
- 2
- 3
- 4

- 5
- 6
- 7=very appealing

Q9

How like are you to recommend this hotel to others who are considering a luxury hotel? Please select the most appropriate choice (1=not at all likely; 7=very likely).

- 1=not at all likely
- 2
- 3
- 4
- 5
- 6
- 7=very likely

Habits' assessment

Now, I would like to ask you a few questions regarding some of your habits.

Q10

How often do you stay in hotels?

- Never
- Once a year
- 2-3 times a year
- 4-6 times a year
- 7 times a year or more

Q11

Considering the times you stay in hotels, how often do you stay in 5 star hotels?

- Always
- Most of the time
- About half the time
- Sometimes
- Never

Q12

What is, on average, the annual amount you spend on luxury brands (including any luxury products or services) in euros (€)?

- [0-100[
- [100-500[
- [500-1000[
- [1000-2500[
- [2500-5000[
- >5000

Demographic variables' assessment

Finally, I would like to ask you some questions about yourself.

Q13

Please indicate your gender.

- Male
- Female

Q14

How old are you?

- < 20
- 20 - 25
- 26 - 30
- 31 - 40
- 41 - 50
- 50

Q15

What is your current occupation?

- Student
- Working student
- Employed
- Self-employed
- Unemployed

- Housewife/Houseman
- Retired

Q16

Where are you from?

Please select your country below...

5. Results' analysis

Table 3: Factor analysis (brand extension fit and brand extension authenticity) for the soft brand

Item	Factor 1	Factor 2	Factor 3
In my opinion, the hotel is similar to other products or services of Chanel		0.800	
In my opinion, the expansion into a hotel is consistent with Chanel's brand		0.726	
In my opinion, it is likely that those who use Chanel will be the ones interested in the hotel		0.582	
In my opinion, the benefits I associate with Chanel are not relevant in the hospitality industry			0.870
The standards of Chanel are apparently contained in the hotel	0.783		
The style of the hotel seems to reflect that of Chanel's	0.762		
The hotel appears to reflect the quality I associate with Chanel	0.830		
The hotel appears to connect with what I know about Chanel's origins	0.768		
There is a link between the hotel and what I know about Chanel's legacy	0.777		
This hotel matches my image of Chanel	0.888		
The hotel preserves what Chanel means to me	0.829		
The hotel captures what makes Chanel unique to me	0.796		

Table 4: Factor analysis (brand extension fit and brand extension authenticity)for the hard brand

Item	Factor 1	Factor 2	Factor 3
In my opinion, the hotel is similar to other products or services of Rolex		0.835	
In my opinion, the expansion into a hotel is consistent with Rolex's brand		0.832	
In my opinion, it is likely that those who use Rolex will be the ones interested in the hotel			0.714

In my opinion, the benefits I associate with Rolex are not relevant in the hospitality industry			0.801
The standards of Rolex are apparently contained in the hotel	0.843		
The style of the hotel seems to reflect that of Rolex's	0.802		
The hotel appears to reflect the quality I associate with Rolex	0.737		
The hotel appears to connect with what I know about Rolex's origins	0.802		
There is a link between the hotel and what I know about Rolex's legacy	0.843		
This hotel matches my image of Rolex	0.851		
The hotel preserves what Rolex means to me	0.738		
The hotel captures what makes Rolex unique to me	0.729		

Table 6: Impact of main constructs on overall attitude – aggregated model

	Model (β)
Intercept	2.266
Brand Extension Authenticity	0.673*
Similarity	-0.054
Relevance	-0.080
Brand Type Dummy	0.171
BEA * Brand Type Dummy	-0.382
Similarity * Brand Type Dummy	0.061
Relevance * Brand Type Dummy	-0.018
F-value	8.041*
Adjusted R-square	0.258
N	146

Note: * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Table 8: Impact of main constructs, luxury involvement, brand knowledge, age and gender on overall attitude

	Soft Brand Model (β)	Hard Brand Model (β)
Intercept	1.854	1.834
Brand Extension Authenticity	0.438***	0.570***
Similarity	0.020	-0.011
Relevance	-0.097	-0.021
Luxury involvement	0.345**	0.040
Brand knowledge	-0.040	0.017
Age	-0.015	-0.023
Gender	0.069	-0.013
F-value	6.880***	5.004***
Adjusted R-square	0.364	0.283
N	73	72

Note: * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

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