Prêt-à-Manger: The danger of extending luxury fashion brands into F&B ventures

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Abstract

Why are luxury fashion brands expanding into dining? What do consumers really want from these brands? And what can be damaged? These are just some of the questions that this current report addresses to obtain a comprehensive understanding of the consumers' behavior towards luxury brand extensions, including feelings, preferences, innermost thoughts, and decisions.

This thesis explores the impact of luxury fashion brands extending into F&B (food and beverage) ventures, in comparison with downward fashion extensions. It further explores how different store formats (permanent location or pop-up store) may impact consumer perceptions of those extensions and their impact on the parent brand. Through two experimental studies, we find that consumers have more difficulty observing a link between the F&B experience and the parent brand, compared to a new fashion line that is more affordable yet closely aligned to the brand's core business. In addition, the present research offers managers, retailers, and researchers the benefits of extending a brand through a pop-up store format. Particularly showing that this store format can reduce the negative impact of more affordable brand extensions due to its aura of ephemerality and rarity.

Our study is theoretically and practically relevant, contributing to the literature on luxury brands extending into affordable 'luxury', and providing marketing managers and retailers with significant inputs on the importance of maintaining the luxury essence, as well as how they can boost that essence when faced with this type of extensions.

Keywords: Luxury, F&B, Fashion, Brand Extension, Horizontal Extension, Vertical Downward Extension, Store Format, Pop-Up, Consumer Acceptance, Perceived Hedonism, Perceived Brand Value, Perceived Exclusivity, Psychological Distance

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Resumo

Porque é que as marcas de moda de luxo estão-se a expandir para o sector gastronómico? O que é que os consumidores realmente desejam destas marcas? E o que pode ser danificado? São apenas algumas das questões que o presente relatório aborda para obter uma compreensão abrangente do comportamento dos consumidores em relação às extensões de marcas de luxo, incluindo sentimentos, preferências, pensamentos mais profundos e decisões.

Esta tese explora o impacto das extensões das marcas de luxo ao sector gastronómico, bem como a uma extensão vertical descendente, considerando diferentes formatos de loja disponíveis e, consequentemente, analisando as perceções dos consumidores e o impacto na marca-mãe. Através de dois estudos experimentais, descobrimos que os consumidores têm mais dificuldade em observar uma ligação entre a experiência de F&B e a marca-mãe, em comparação com uma nova linha de moda que é mais acessível, mas estreitamente alinhada com o *core* da marca. Além disso, a presente investigação oferece aos gestores, retalhistas e investigadores os benefícios de estender uma marca através de um formato *pop-up*. Mostrando particularmente que este formato de loja pode reduzir o impacto negativo destas extensões devido à sua aura de efemeridade e raridade.

O nosso estudo contribui para a literatura existente relativamente a marcas de luxo que se estendem para 'luxo' mais acessível e fornece, a gestores e retalhistas, informações relevantes sobre a importância de manter a essência do luxo, bem como o que podem fazer para impulsionar essa essência quando confrontados com este tipo de extensões.

Palavras-chave: Luxo, F&B, Moda, Extensão de Marca, Extensão Horizontal, Extensão Vertical Descendente, Formato de Loja, Pop-Up, Aceitação do Consumidor, Hedonismo Percebido, Valor Percebido da Marca, Exclusividade Percebida, Distância Psicológica

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1. Introduction

In a luxury lifestyle era, luxury fashion brands are feeling the need to extend their brand universes, deepen customer touchpoints, and find new avenues of growth. Bain & Company and *Fondazione Altagamma* (2023) report that the global luxury market is expected to reach €1.5 trillion in 2023, representing an 8-10% increase over 2022, setting a new milestone for the industry and demonstrating its unrivaled strength. Spending on experiences has rebounded to historic highs, driven by an increase in social interactions and travel (Bain & Company, 2023).

Given the current setting, the adoption of brand extensions has become an essential component of most luxury brands' business models. Many traditional luxury companies, such as Louis Vuitton and Chanel, have extended beyond their primary business into other traditional luxury sectors, like watches and jewelry (Albrecht et al., 2013). Some companies, such as Dior and Prada, have even ventured into atypical lifestyle sectors to investigate new business opportunities, like fine dining (Chen, Kim, & Schuckert, 2023).

Nevertheless, a key difference between nonluxury and luxury brand extensions is the difficulty that luxury companies have in preserving their dream formula – having high awareness and being highly desired yet remaining scarce and inaccessible – which is what draws customers to buy from them (Dubois & Paternault, 1995; Turunen, 2017).

Thus, over-diffusion and incompatible brand extensions may quickly compromise the dream (Dubois & Paternault, 1995; Kapferer & Bastien, 2012). Once a well-known and recognized brand, Pierre Cardin is one example of the negative consequences of expanding too far outside the core. When the brand began to appear on extremely incongruous goods like baseball caps, the margins collapsed (Albrecht et al. 2013).

The acceptance of a brand extension depends not just on luxurious and coherent features, but also on signs of similar quality, image, heritage, and similar aura to the parent brand. This highlights the emotional nature of the extension by denoting a transfer of emotions from the parent brand (Margariti, Boutsouki, & Hatzithomas, 2019).

Due to the emotional nature of the extension, the store format may also have a positive influence on preserving the dream formula, such as the pop-up store format, a temporary space that encourages consumer engagement with brands and creates a sense of urgency and exclusivity (Taube & Warnaby, 2017) when facing a horizontal extension, a new category diversified and distinct from the original sector, such as fine dining (Margariti, Boutsouki, & Hatzithomas, 2019), or a vertical downward brand extension in fashion, offering consumers lower-priced or lower-quality products and/or line (Aaker & Keller, 1990, Armstrong, et al., 2014; Margariti, Boutsouki, & Hatzithomas, 2019).

Additionally, relatively few studies, from the consumers' perception, have examined the extendibility of luxury fashion brands into lifestyle categories, such as fine dining, a more affordable 'luxury' to everyone. Only a study from 2023 addressed the factors that motivate consumers' intention to revisit an F&B (food and beverage) venture, but not the damage that can occur to the brand (Chen, Kim, & Schuckert, 2023).

The purpose of the current study is to assess the differences between F&B extensions and downward luxury fashion extensions, mainly on consumer acceptance and perceived brand value. Also, we will explore the extent to which store format – Pop-Up Format and Permanent Location – and type of extension – F&B and Fashion – influence the dream formula.

Thus, the research questions for this study are the following:

Can the perceived exclusivity of luxury fashion brands be damaged when expanding into F&B? How might this damage perceived brand value?

What conditions mitigate this potential negative impact? Why?

2. Literature Review

2.1. The Luxury Concept

At first, luxury was a privilege reserved for a niche of those who could afford it. Luxury has existed since the beginning of human civilization. Consequently, the development of luxury over centuries and civilizations has been studied by specialists. The increasing desire for luxury around the globe today has drawn the attention of academics from various fields, as luxury is reaching far beyond the elite class (Kapferer & Valette-Florence, 2016).

According to Turunen (2017), "The word 'luxury' refers to something inherently unattainable, just one step ahead and unreachable". To nurture the dream, luxury is about having high awareness and being highly desired yet remaining scarce and inaccessible (Dubois & Paternault, 1995; Turunen, 2017).

However, the concept of luxury seems to be gaining more shades and meanings, confusing its real meaning (Kapferer & Bastien, 2012). Luxury is about products that are beyond exceptional, emotional, meticulously crafted, hedonic, and the result of heritage. Also, it is the opposite of mass and affordability (Kapferer & Valette-Florence, 2016). For example, if Marc Jacobs sells boots for 28$, even if his products are usually seen as luxury, these are actually accessible designer products, not luxury products. So, the concept of luxury is empty if it is easily accessible (Kapferer & Bastien, 2012).

With very few exceptions, luxury brands have been forced to give up on the ingredient rarity as a prerequisite for luxury to grow. Instead, they have implemented "abundant rarity" strategies, which are defined by artificial rarity techniques, such as limited editions and capsule collections, ensuring perceived exclusivity and uniqueness rather than actual exclusivity (Kapferer, 2012).

There is conflict over what defines a luxury brand (Miller & Mills, 2012). Although most academic literature links to Fionda & Moore (2009), “From a product perspective, luxury brands are frequently defined in terms of their excellent quality, high transaction value, distinctiveness, exclusivity and craftsmanship.”. Also, other researchers agree with the previously given attributes and add that luxury brands are defined by services and products that offer unique symbolic and emotional/hedonistic value (Tynan, McKechnie, & Chhuon, 2010).

2.2. Luxury Industry

According to Bain & Company (2023), following a significant recession in 2020 due to the COVID-19 pandemic, the market recovered to €1.15 trillion in 2021 and astonished everyone by rising 19%-21% in 2022. Moreover, it is expected that this expansion should continue in the medium-term future for the personal luxury goods sector and is expected annual growth rates of 5% to 7% till 2030. There are four levers for these projected results: the ever-growing Chinese consumers, the mainland China overcoming America and Europe, the younger generations (Generations Y, Z, and Alpha) growing purchasing power, and the online becoming the leading sales channel (D’Arpizio et al., 2023).

Since the 1970s, the luxury industry has been one of the fastest-growing industries. It is composed of the following 9 sectors: personal luxury goods (including clothing, footwear, leather goods, watches, and jewelry), automotive, luxury hospitality, fine wines and spirits, gourmet food and fine dining, high-end furniture and housewares, fine art, private aviation and yachts, and luxury cruises (Donzé, Pouillard, & Roberts, 2022).

In recent years, luxury brands and high-end fashion, such as Dior, Prada, Gucci, Hermès, and Armani, are expanding into F&B (food and beverage) to find new avenues of growth, but also to extend customer touchpoints and build greater brand affinity (Chen, Kim, & Schuckert, 2023). Moreover, consumers expect more engaging and memorable shopping experiences. Thus, luxury fashion brands can entice them with experiential elements such as restaurants and cafés (Atwal & Williams, 2009; Chen, Kim, & Schuckert, 2023).

When it comes to product diversification, the hospitality industry, particularly F&B, tends to be the sector to which luxury fashion brands most relate. In fact, fashion and hospitality are two types of commodities consumed by a population segment motivated to pursue creative lifestyles (Chen, Kim, & Schuckert, 2023).

Geographically, luxury fashion-brand F&B ventures are mostly found in Europe and Asia (Chen, Kim, & Schuckert, 2023), such as Monsieur Dior (by Dior) in Paris, Gucci Osteria (by Gucci) in Florence, Tokyo and Seoul, and Torre (by Prada) in Milan.

2.3. Luxury Brand Extensions

When launching new lines or product categories, brand extensions are one of the most common marketing techniques for maximizing positive impressions of the parent brand (Aaker & Keller, 1990; Völckner & Sattler, 2006).

Previous research has shown various success factors that influence positively a brand extension, including the parent brand's characteristics, the relationship between the parent brand and the extension product, the extension category's characteristics, consumer differences, and the marketing and communication strategies (Völckner & Sattler, 2006). For example, high-quality parent brands with a prestige image, such as luxury brands (Hansen & Wänke, 2011; Monga & John, 2010; Wang & Liu, 2020) or a broad brand breadth (Boush & Loken, 1991) are usually more effective in introducing extension products.

There are two types of brand extensions, horizontal and vertical extensions. The horizontal extensions refer to extending the brand into a new category diversified and distinct from the original sector (Margariti, Boutsouki, & Hatzithomas, 2019). Such extensions refer to a new product category, usually with a similar quality/price level to the parent brand (Boisvert &

Ashill, 2018). On the other hand, vertical extensions refer to new products within the same product category, such as a new line (Margariti, Boutsouki, & Hatzithomas, 2019). Inside the vertical extensions, we can find downward brand extensions that are executed to gain market share by offering consumers lower-priced or lower-quality products and/or lines; but we can also find upward brand extensions that are characterized by an increase of price and quality of products and/or lines, confronting the willingness of the consumer to pay more, which seek to build on exclusivity (Aaker & Keller, 1990, Armstrong, et al., 2014; Margariti, Boutsouki, & Hatzithomas, 2019). Consequently, it is possible to observe luxury brands implement more vertical upward brand extensions and horizontal brand extensions since consumers' attitudes toward vertical downward brand extensions are mainly negatively affected by the lack of exclusivity attributes (Ahn, Park, & Hyun, 2018; Völckner & Sattler, 2006).

Furthermore, some researchers argue that mainly vertical downward brand extensions may have fewer, weaker, and diluted associations with the original product and, therefore, poor brand evaluations (Margariti, Boutsouki, & Hatzithomas, 2019). This would imply that consumers fail to identify a link or coherence between the extension and the parent brand in terms of attributes and benefits (Grime, Diamantopoulos, & Smith, 2012).

2.3.1. Motivational Drivers of Luxury Fashion Brands extending into F&B Ventures

Previous studies confirm a prestige-seeking consumer behavior (Vigneron & Johnson, 1999), where consumers have five main motivations to consume luxury brands, which are: perceived conspicuousness, consumption to show off; perceived uniqueness, consumption with the need of being and looking rare, exclusive, and unique; perceived quality, consumption of products that offer superior qualities and performance than non-luxury; perceived extended self, consumption to categorize or set oneself apart from a group of significant others or to incorporate symbolic meaning into one's identity; and perceived hedonism, consumption seeking pleasure and personal gains from the purchase and use of goods evaluated for their inherently pleasing characteristics and subjective emotional benefits (Vigneron & Johnson, 2004).

Other studies also demonstrate that people are likely to express their social status to show that they are better than others (Han et al., 2010). As a result, conspicuous consumption (spending on unnecessary products) shows how much wealthier some people are than others, which establishes their social status (Veblen, 2017). Also, people are more likely to feel happy when they spend their money on life experiences (Van Boven, & Gilovich, 2003). Consequently, it is possible to observe an increasing number of luxury fashion brands expanding into new experiences, such as fine dining, a horizontal extension. Not only due to the previously mentioned reasons but also because brands want to extend their brand universes, deepen customer touchpoints, and find new avenues of growth (Chen, Kim, & Schuckert, 2023).

Additionally, according to Chen, Kim, & Schuckert (2023), "(…) when looking at the factors that affect consumers' intention to revisit a luxury fashion brand restaurant or café, buyers' sense of materialism, perceived brand image and quality have positive influences.". However, the research shows that this type of venture is aimed at consumers who love a specific brand but can only afford an F&B dining experience rather than other luxury goods (e.g., handbag) (Chen, Kim, & Schuckert, 2023).

2.3.2. Downward Fashion Brand Extensions vs. F&B Brand Extensions

Prior research shows that the acceptance of a brand extension depends on three dimensions: perceived fit, consumer's assessment of the link between the parent brand and the extension; perceived quality, consumer's assessment of the superiority or excellence of a product; and perceived difficulty, consumer's assessment about the complicacy of designing or making the extension (Aaker and Keller, 1990). However, previous research also found that perceived difficulty in creating a new product does not play a critical role in the acceptance of a brand extension (Chowdhury, 2007; Milberg et al., 2013). Hence, the perceived difficulty variable will not be given further attention in the present research.

According to Aaker and Keller (1990), the perceived fit has three components: transfer, which refers to the ability of the company to effectively produce the extension; complement, which refers to the ability to which consumers view the extension as complementary to the original products; and substitute, which refers to the ability to which consumers view the extension as alternatives to the original products.

Consequently, considering the perceived fit, prior studies show that higher perceived similarity between the existing and new products results in a stronger transfer of positive or negative associations to the new product (Aaker and Keller, 1990; Chowdhury, 2007; Milberg et al., 2013).

Considering the perceived quality, when a luxury fashion brand is perceived as high quality, the extension is easily accepted. Furthermore, consumers are also likely to rely on the category similarity factor, which leads them to believe that the extension is of higher quality when it is more similar to the parent brand, which is also related to perceived fit (Aaker and Keller, 1990).

Therefore, we considered the following hypotheses:

H1*: Luxury fashion brand extensions of the same category as the parent brand will more easily fit the parent brand than brand extensions of a different category, like F&B ventures.*

H2: *Luxury fashion brand extensions of the same category as the parent brand are perceived as having a more similar quality to the parent brand than a brand extension of a dissimilar category, like F&B ventures.*

2.3.2.1. Pop-Up Store Format as a solution to mitigate a possible negative impact

To maximize a positive consumer experience, creating superior brand experiences is becoming one of the central objectives of luxury. Thus, luxury fashion brands need to come up with innovative concepts to improve consumer interactions with the brand extension and connect with new audiences without losing their value to their existing consumers (Klein, et al., 2016) when extending into the F&B sector, for example. Consequently, pop-up store formats are gaining popularity as an experiential marketing technique in luxury due to their temporary, promotional, and hedonic characteristics (Taube & Warnaby, 2017).

Moreover, when considering the acceptance of an extension, it has been suggested that the perceived hedonism of the brand extension will have an impact on it, as there is an increasing desire among consumers to seek out products that offer emotional benefits (Hagtvedt & Patrick, 2009). Thus, luxury products are typically seen as hedonic since they are directly associated with affective, emotional, and multisensory experiences (tastes, sounds, scents, tactile impressions, and visual images) of aesthetic/sensual pleasure, fantasy, and fun. (Chen, Kim, & Schuckert, 2023; Dhar & Wertenbroch, 2000; Hirschman & Holbrook, 1982).

In terms of luxury brand extensions, the perceived hedonism of a brand also allows it to be transported easily across different product categories, such as the F&B category. However, it also requires the brand to be carefully and strategically managed, in a way that the core of the brand is not diluted through inconsistent brand cues (Hagtvedt & Patrick, 2009).

In addition, when a brand is available in a pop-up format, it offers higher hedonic value, characterized by its pleasure-seeking and experiential orientation. Three elements contribute to the hedonic value - the element of surprise, the entertainment nature, and the element of fun – bringing a total sensory experience (Taube & Warnaby, 2017).

Therefore, we considered the following hypothesis:

H3: *Brand extensions will lead to higher perceived hedonism in a pop-up store format than in a permanent store format.*

2.3.2.1.1. Impact on the perceived brand value and on the dream formula

The perceived value of a brand is usually identified as customer-based brand equity (Keller, 1993). Moreover, it is defined as a set of assets that are associated with a brand's name and/or symbol, which provides value to the company or its consumers (Aaker, 2009).

Customer-based brand equity includes 4 dimensions: perceived quality (previously defined for consumer acceptance), brand loyalty, brand awareness, and brand image (Yoo & Donthu, 2001).

For luxury brands, previous research indicates that perceived quality, brand loyalty, and brand image positively influence the intention to visit luxury restaurants (Kim & Kim, 2005; Chen, Kim, & Schuckert, 2023). In addition, brand awareness does not seem to play a critical role as a brand equity driver for this type of extension (Chen, Kim, & Schuckert, 2023; Kim & Kim, 2004). Due to that reason, the brand awareness variable will not be given further attention in the present research.

Consequently, brand loyalty refers to the propensity to have a strong brand commitment, as demonstrated by the desire to purchase the brand as one's first option (Buil, De Chernatony, & Martinez, 2008; Yoo & Donthu, 2001). Moreover, consumers who are loyal to the brand easily accept and consume their favorite luxury fashion brand extending into vertical downward and horizontal brand extensions. However, it is also possible to observe that this type of F&B venture from a luxury fashion brand is easily accepted by those who love the brand but can only afford the dining experience (Chen, Kim, & Schuckert, 2023).

In terms of brand image, it refers to the collection of brand-related associations that consumers are able to recall (Keller, 1993). Thus, the brand image consists of three dimensions of brand associations: their favorability, strength, and distinctiveness (Kim & Kim, 2005). So, when we think about a specific luxury brand, we may associate it with its heritage, expensiveness, suitability for high class, excessiveness, and exclusiveness, for example (Kim, Kim, & An, 2003). For this reason, these brand associations should be maintained when a luxury brand decides to extend into a new category/line, aiming not to dilute the luxury dream equation (Turunen, 2017).

Moreover, when extending a brand, the pop-up format may boost brand image in newer markets by building customer excitement, as long it is consistent with the overall luxury brand image (Taube & Warnaby, 2017).

Therefore, we considered the following hypothesis:

H4: *Luxury fashion brands extending into a downward fashion extension or into an F&B extension generate a more positive brand image when available in a pop-up format than in a permanent location.*

Considering brand image, luxury is about having high awareness and being highly desired yet remaining scarce and inaccessible (Turunen, 2017). Thus, perceived exclusivity is one of the main brand associations that should be maintained when extending into a downward fashion extension or into an F&B extension.

Previous research has demonstrated that customers' perceptions of luxuriousness are significantly influenced by exclusivity. Hence, the sense of exclusivity depends on the manipulation of product or service accessibility to guarantee that only certain individuals can access it (Wang, Sung, & Phau, 2022). For example, when a product is easily affordable, like an F&B extension, compared to the luxury fashion parent brand, the concept of exclusivity may be diluted (Kapferer & Bastien, 2012), as well as the resultant desirability (dream) (Kapferer & Valette-Florence, 2016).

Furthermore, consumers feel the need for uniqueness when they purchase or experience luxury, as humans feel the desire to differentiate themselves from others (Le Monkhouse, Barnes, & Stephan, 2012; Tian, Bearden, & Hunter, 2001; Vigneron & Johnson, 2004), that is directly dependent on the perceived exclusivity and scarce of the product/service.

Consequently, with the dilemma of ever-growing luxury brands, these brands are adopting “abundant rarity” strategies (Kapferer, 2012), as mentioned previously, characterized by feelings of exclusivity through artificial rarity tactics (e.g. limited editions).

This shows there are different ways to manipulate perceived exclusivity. Prior studies show that both pop-up and permanent location store formats in the luxury context create a "surprise effect" by showcasing the brand's exclusivity through unique products and in-store experience. Yet, consumers easily desire to be a part of the experience if they believe it is scarce and ephemeral, which is a characteristic of the pop-up format (Taube & Warnaby, 2017).

Therefore, we considered the following hypotheses:

H5: *Luxury fashion brands extending into a downward fashion extension leads to higher perceived exclusivity compared to F&B extensions.*

H6: *Luxury fashion brands extending through a pop-up store format leads to higher perceived exclusivity compared to a permanent store format.*

Moreover, the perceived exclusivity depends on psychological factors, such as psychological distance – the subjective sense of being near or far from a stimulus, whether temporally, spatially, socially, or hypothetically (Alaoui, Valette-Florence, & Cova, 2022). As purchasing luxury is quite exclusive, limited, the majority of consumers cannot afford it, and often hypothetical, in consequence, luxury goods are usually perceived as psychologically distant (Hansen & Wänke, 2011).

According to Hansen & Wänke (2011), "(..) large psychological distance contributes to consumers' perceptions of a product as luxurious." Moreover, large psychological distance is directly associated with an abstract mental representation (Hansen & Wänke, 2011; Liberman, Trope, & Stephan, 2007)

Hence, it is fundamental to maintain that distance and abstractness when expanding into a new category or line that is easily accessible, such as in terms of space, time, hypothetically or socially (Hansen & Wänke, 2011). Due to that reason, the pop-up format may bring a positive impact by nurturing the time and space dimensions. However, the F&B extension may have a negative impact due to its higher affordability (Kapferer & Bastien, 2012) and decreasing social and hypothetical distance of luxury (Hansen & Wänke, 2011).

Therefore, we considered the following hypothesis:

H7: *Luxury fashion brands extending into a downward fashion extension leads to a larger psychological distance towards the consumer compared to F&B ventures, and that distance is even higher when in a pop-up format.*

After the previously mentioned hypotheses have been tested, it can be expected that the quantitative research will demonstrate differences between the acceptance and perceived brand value of F&B extensions and downward fashion extensions, considering the psychological elements and associations that the concept of luxury stimulates. Besides, an impact of the store format is predicted, with a significant preference for pop-up store formats for its hedonic and exclusive characteristics, when compared to a permanent boutique or restaurant.

3. Study 1

The purpose of this first study was to understand the Consumer Acceptance of three luxury fashion brands - Dior, Prada, and Gucci - entering the F&B sector, as well as extending into a downward direction in Fashion, and test that acceptance in different store formats (Pop-Up vs. Permanent) too. Furthermore, choosing which brand has a higher aversion to the F&B extension to analyze in our Study 2.

3.1. Methodology

3.1.1. Participants

Forty-seven participants voluntarily participated in this study, participants were recruited through social networks and personal connections, and asked to fill out an online survey developed with Qualtrics. After deleting all blank submissions and unsubmitted surveys, the study ended with a total of 40 valid answers (67,5% females and 32,5% males). 70% of participants were Gen Z (born between 1999 and 2005), a growing segment of luxury consumers (D'Arpizio et al., 2023). Additionally, only 4 participants of the sample never bought a luxury product from a luxury fashion brand.

3.1.2. Materials

<u>Independent Variables</u>

Participants were presented with three luxury brands – Dior, Prada and Gucci. Each brand was presented with a small description. Participants were then asked to consider different brand extensions for each luxury brand that varied in Extension Sector (F&B vs. Fashion) and Store

Format (Pop-Up vs. Permanent) in a within-subjects design. Moreover, these variables were adjusted using text and visuals to entice participants' imagination.

For each brand, we provided two scenarios for each Extension Sector (F&B vs. Fashion) with a description, including where it was available, concept and know-how, and prices of the products from the official brands' websites. Also, we provided an image of one item from the extension (See Figure 1).

Figure 1 - Example of images provided of the Dior Fashion Extension and Dior F&B Extension (Permanent Store Format)

Moreover, considering the two scenarios of the same Extension Sector (F&B vs. Fashion), one was presented as a pop-up store format, and the other as a permanent location. Also, we provided a description of the year of the collection (Fashion) or the launching/durability (F&B), as well as one image of the store format for each scenario (See Figure 2).

Figure 2 - Example of images provided of the Dior in a Permanent Location Format and Dior in a Pop-Up Format (Fashion Sector)

Hence, we had the following 4 scenarios for Dior, Prada, and Gucci: Fashion Extension in a Permanent Location, Fashion Extension in a Pop-Up Format, F&B Extension in a Permanent Location, and F&B Extension in a Pop-Up Format (See Appendix 1).

<u>Dependent Variables</u>

The first study evaluated two dependent variables: Luxury Representativeness and Consumer Acceptance.

To measure Luxury Representativeness, we asked participants to rate each brand on the extent to which the brand represented a luxury fashion brand on a scale from 1 (not at all) to 7 (totally): "To what extent do these brands, from your point of view, represent a luxury fashion brand?".

Consumer acceptance was measured in three dimensions – Perceived Quality, Likelihood of Trying, and Perceived Fit.

To measure Perceived Quality of the parent brand, we used a scale previously tested by Aaker & Keller (1990) and Chowdhury (2007) that asked participants to rate each brand on the following features: "The perceived overall quality of the brand", on a scale of 1 (very low) to 7 (very high); "The reliability of the brand", on a scale of 1 (not reliable at all) to 7 (totally reliable); and "The trustworthiness of the brand", on a scale of 1 (not trustworthy at all) to 7 (totally trustworthy).

To measure Perceived Quality of the brand extension and the Likelihood of Trying the brand extension, we used a scale previously tested by Aaker & Keller (1990) and Chowdhury (2007). Therefore, the participants were asked to rate the following statements: "The perceived overall quality of the brand extension", on a scale of 1 (inferior) to 7 (superior); and "The likelihood of trying the experience", on a scale of 1 (not likely at all) to 7 (totally likely).

To measure Perceived Fit of the brand extension, we used a scale previously tested by Milberg et al. (2013). Participants were asked to rate the following statements: "The perceived overall fit of the brand extension", on a scale of 1 (very low fit) to 7 (very high fit); and "The perceived overall sense of the brand extension", on a scale of 1 (makes little sense) to 7 (makes a lot of sense).

Lastly, Perceived Fit of the extension sector was measured in three components – transferability, complementarity, and substitutability (Aaker & Keller, 1990; Chowdhury, 2007). Thus, participants were asked to rate: "The usefulness of the manufacturing skills and resources in the original product for developing, refining and making the new product", on a scale of 1 (not useful at all) to 7 (totally useful); "The complementarity of the original and extension products in use", on a scale of 1 (not complementary at all) to 7 (totally complementary); and "The substitutability of the original and extension products in use", on a scale of 1 (not substitutable at all) to 7 (totally substitutable).

3.1.3. Procedure

Participants were introduced to the study and explained that their answers were anonymous and would only be used for academic research about Consumer Behavior in the Luxury Industry.

In order to identify patterns of luxury consumption, the study began by asking, "Have you ever bought something from a luxury fashion brand? (Excluding perfumes/cosmetics)"; what type of products/experiences participants have bought (if the first question was answered “yes”) or if they ever desired to buy a luxury good (in case they had never bought).

Participants were then asked to rate the extent to which each brand – Dior, Prada, and Gucci – represented a luxury fashion brand.

Next, this study evaluated the dependent variable Consumer Acceptance. So, each brand – Dior, Prada, and Gucci - was assessed in separate blocks.

First, participants were asked about the Perceived Quality of the parent brand, specifically, the overall quality, reliability, and trustworthiness. Considering an introduction of the parent brand, that included: its creator, date and city of creation, and brand’s identity (See Appendix 1).

Afterwards, participants were asked to consider four brand extensions orthogonally varying in their Format (Pop-Up vs. Permanent) and Sector (F&B vs. Fashion). For each brand extension, participants rated their acceptance: Perceived Quality, the Likelihood of Trying and Perceived Fit of the extension of each of the 4 brand extension scenarios.

At the end of these blocks, we also asked about the Perceived Fit of each Sector (F&B vs. Fashion) of the extension, considering the three components of transferability, substitutability, and complementarity, as suggested by Aaker & Keller (1990) and Chowdhury (2007).

Finally, a request for demographic data, including gender, age, occupation, and monthly household income, was made to the participants.

3.1.4. Design

This study used a within-subjects design: 3 (Brand: Dior vs. Prada vs. Gucci) x 2 (Type of Extension: Fashion vs. F&B) x 2 (Store Format: Pop-Up vs. Permanent), where every participant was exposed to every experimental setting.

3.2. Data Analysis and Results

3.2.1. Reliability and validity of the measures

Cronbach's Alpha analysis was produced when the variable/construct contained more than 2 items, and Pearson's Correlation coefficient was used as a measure of reliability in two-item constructs (Eisinga, Grotenhuis, & Pelzer, 2013). Cronbach's alpha ranged from .831 to .917, above the usual minimal criteria of .700 (Bonett & Wright, 2015) (See Appendix 2).

3.2.2. Results

We started by assessing the Luxury Representativeness of the three brands – Dior, Prada, and Gucci - as luxury fashion brands. Hence, we noticed through repeated measures ANOVA that all brands were considered luxury fashion brands on a 7-point rating scale. See Table 1 for descriptive statistics.

The ANOVA comparing the three brands further revealed a main effect of Brand (F (2, 38) = 6.179, p = .003), indicating that Gucci was less representative of a luxury fashion brand than Dior (t (39) = 3.139, p = .003) and Prada (t (39) = 2.479, p = .018), but no significant differences were found between Dior and Prada (t (39) = 1.28, p = .210).

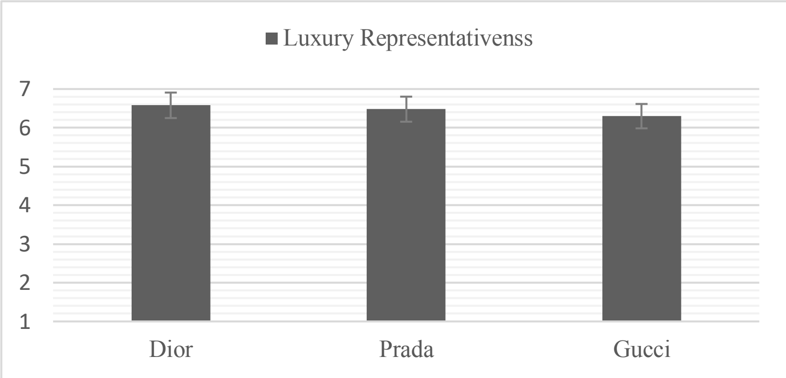
Table 1 - Descriptive Statistics - Representativeness as a luxury fashion brand

Brand	Mean	Std. Deviation	N
Dior	6,58	1,059	40
Prada	6,48	1,012	40
Gucci	6,30	1,018	40

Table 2 - Test of within-subjects effects - Representativeness as a luxury fashion brand

Source	F	P-value
Brand	6,179	,003

Figure 3 - Estimated Marginal Means - Representativeness as a luxury fashion brand



Next, we tested the Consumer Acceptance (DV) of Dior, Prada, and Gucci extending into a downward fashion line and into an F&B category, through the Perceived Quality dimension regarding the parent brands; the Perceived Quality and Fit dimensions towards the Type of Extension (Fashion vs. F&B) considering the Store Format (Pop-up vs. Permanent); and the Perceived Fit dimension towards the Extension Sector (Fashion vs. F&B). Therefore, we conducted a series of repeated measures ANOVA.

Firstly, we analyzed Perceived Quality regarding the parent brands (3 levels - Dior, Prada, and Gucci). Thus, an ANOVA revealed marginally significant differences between brands (F (2, 38) = 2.769, p = .081). However, considering a scale from 1 to 7, all brands are perceived as high quality, which also contributes to the perceived luxuriousness. See Table 3 for descriptive statistics.

Through a paired samples t-test, we could analyze that only brand Dior (M = 6.37, SD = .715) is perceived with higher quality than Gucci (M = 6.07, SD = .931) (t (39) = 2.068; p = .045), but no differences were found between Dior and Prada (t (39) = 1.445, p = .157) and between Prada and Gucci (t (39) = 1.197, p = .238).

Table 3 - Descriptive Statistics – Perceived Quality of the parent brand

	Perceived Quality	Mean	Std. Deviation	N
Dior	Perceived Quality	6,37	,715	40
Prada	Perceived Quality	6,23	,744	40
Gucci	Perceived Quality	6,07	,931	40

Table 4 - Test of within-subjects effects - Perceived Quality of the parent brand

Source	F	P-value
Brands	2,769	,081

Figure 4 - Estimated Marginal Means – Perceived Quality of the parent brand

Relating directly to our Independent Variables, Type of Extension (Fashion vs. F&B) x Store Format (Pop-up vs. Permanent), we created a composite of the three brands – Dior, Prada, and Gucci – to simplify inferences considering the IV, Store Format. Moreover, the composite can be supported by the previous results, showing the high perceived quality of the parent brands (M_{Dior} = 6.37, SD_{Dior} = .715; M_{Prada} = 6.23, SD_{Prada} = .744; M_{Gucci} = 6.07, SD_{Gucci} = .931) with almost no significant effect (F (2, 38) = 2.769, p = .081).

Following this logic, we started by assessing Consumer Acceptance regarding the Type of Extension (Fashion vs. F&B) and Store Format (Pop-up vs. Permanent) with a series of 2 x 2 repeated measures ANOVA on the perceived quality of the extension, likelihood of trying the extension product/service, and perceived fit of the extension.

For the Perceived Quality of the extension, the ANOVA revealed only a significant interaction effect between Type of Extension and Store Format (F (1, 39) = 4.432, p = .042). Thus, it is possible to observe that consumers perceive the fashion extension as having superior quality in a permanent location (M = 5.23, SD = 1.470) than in a pop-up format (M = 5.09, SD = 1.426), supported by a paired samples t-test (t (39) = 2.597, p = .013). On the other hand, no significant difference in quality exists for the F&B extension in the two Store Formats (t (39) = -.443, p = .660).

Table 5 - Descriptive Statistics – Perceived Quality of the Type of Extension in different Store Formats

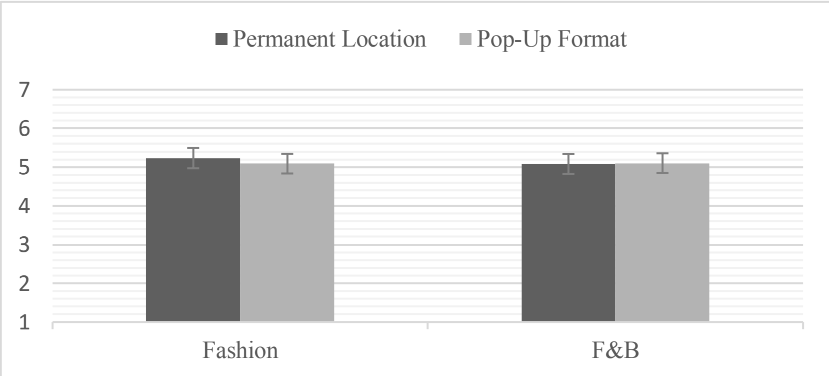
	Store Format	Mean	Std. Deviation	N
Fashion	Permanent	5,23	1,470	40
	Pop-Up	5,09	1,426	40

F&B	Permanent	5,08	1,447	40
	Pop-Up	5,10	1,441	40

Table 6 - Test of within-subjects effects - Perceived Quality of the Type of Extension in different Store Formats

Source	F	P-value
Type of Extension	1,447	,232
Store Format	2,246	,142
Type of Extension*Store Format	4,432	,042

Figure 5 - Estimated Marginal Means - Perceived Quality of the Type of Extension in different Store Formats



Next, we conducted the test for the Likelihood of Trying the extension, which revealed a significant main effect of the Type of Extension (F (1, 39) = 7.665, p = .009) indicating that participants are less likely to try the fashion extension (M = 4.75, SD = 1.145) than the F&B extension (M = 4.99, SD = 1.264). This effect may occur because the F&B extension is more affordable than the fashion extension. Therefore, more people can try the restaurant experience. We also found a significant main effect of the Store Format F (1, 39) = 6.058, p = .018). Hence, we can observe that consumers are more likely to visit the pop-up format (M = 4.95, SD = 1.283) than the permanent location (M = 4.78, SD = 1.101).

Table 7 - Descriptive Statistics – Likelihood of Trying the Extensions in different Store Formats

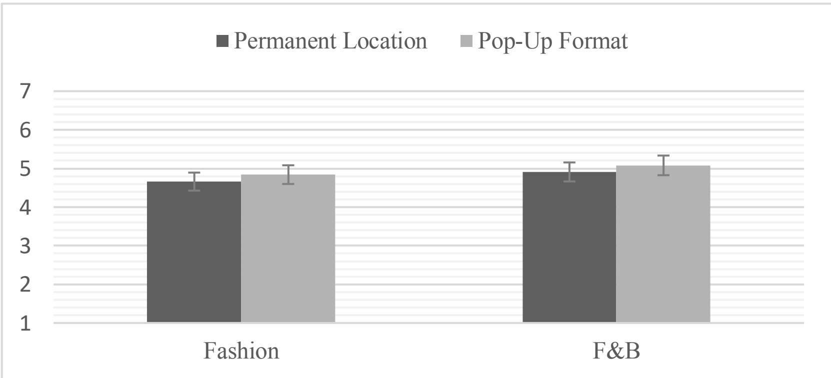
	Store Format	Mean	Std. Deviation	N
Fashion	Permanent	4,66	1,108	40
	Pop-Up	4,84	1,279	40

F&B	Permanent	4,91	1,224	40
	Pop-Up	5,08	1,334	40

Table 8 - Test of within-subjects effects - Likelihood of Trying the Extensions in different Store Formats

Source	F	P-value
Type of Extension	7,665	,009
Store Format	6,058	,018
Type of Extension*Store Format	,023	,881

Figure 6 - Estimated Marginal Means - Likelihood of Trying the Extensions in different Store Formats



After, we conducted the test for the Perceived Fit of the extension, which revealed no evidence of a significant effect on Type of Extension (F (1, 39) = .019, p = .892), as well as no significant interaction between Type of Extension and Store Format (F (1, 39) = 1.016, p = .320). However, we verified a significant main effect of Store Format (F (1, 39) = 8.073, p = .007), where the pop-up (M = 5.44, SD = .757) is perceived with a higher fit than the permanent location (M = 5.28, SD = .652).

Table 9 - Descriptive Statistics – Perceived Fit of the Type of Extension in different Store Formats

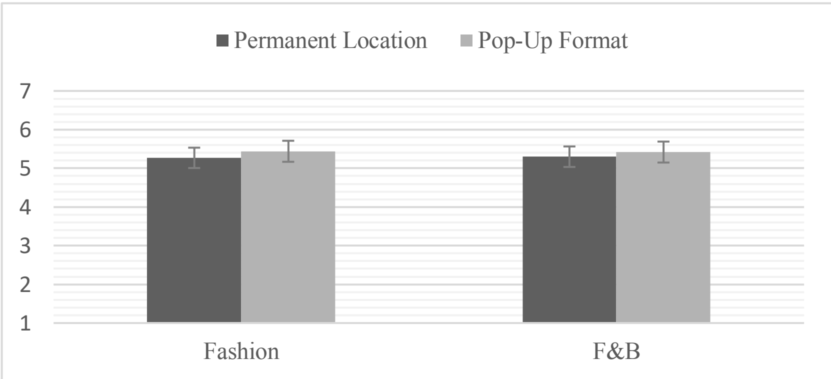
	Store Format	Mean	Std. Deviation	N
Fashion	Permanent	5,27	,553	40
	Pop-Up	5,44	,760	40
F&B	Permanent	5,30	,824	40

	Pop-Up	5,42	,807	40

Table 10 - Test of within-subjects effects - Perceived Fit of the Type of Extension in different Store Formats

Source	F	P-value
Type of Extension	,019	,892
Store Format	8,073	,007
Type of Extension*Store Format	1,016	,320

Figure 7 - Estimated Marginal Means - Perceived Fit of the Type of Extension in different Store Formats



In summary, we observed that the fashion extension in a permanent location, the boutique where products from the parent brand can be found, is perceived as higher quality compared to the fashion extension in a pop-up format. This may occur due to the similarity factor (Aaker and Keller, 1990), by being present in the same environment as the parent brand. On the other hand, no differences in perceived quality between the F&B in a permanent location and in a pop-up were observed.

We also found that consumers are more likely to try the F&B extension, which can occur due to its affordability. Moreover, consumers are more likely to try the pop-up store formats and perceive them as a higher fit for these extensions, which can occur due to their ephemeral, exclusive, promotional, and hedonic characteristics (Taube & Warnaby, 2017).

For further analysis of the three brands, see Appendix 3.

4. Study 2

In a more controlled experiment, the second research was designed to evaluate participants' attitudes and perceptions regarding Dior's two Types of Extensions (Fashion vs. F&B) in two different Store Formats (Pop-Up vs. Permanent).

4.1. Methodology

4.1.1. Participants

Three hundred and forty-five participants recruited through social networks and personal connections voluntarily participated in this study. After deleting all blank submissions and unsubmitted surveys, the study ended with a total of 253 valid answers (56,9% females, 42,3% males, and one participant did not disclose their gender identity). The sample was diversified in terms of generations, with 31.6% of the participants between 18 and 24 years, 25.7% between 35 and 50 years, and 29.2% with more than 50 years.

4.1.2. Materials

Independent Variables

In this study, we manipulated the same two independent variables as the previous study, each with two levels — Extension Sector (F&B vs. Fashion) and Store Format (Pop-Up vs. Permanent). In between-subjects designs, each participant responds to the dependent variables in one of five real scenarios regarding the brand Dior, as it was the brand with a higher aversion to the F&B extension (See Appendix 3). Also, one of those scenarios was the brand Dior (Christian Dior Couture) itself without considering any extension to understand how consumers may react differently to these independent variables.

Before displaying one of the five scenarios, we presented the brand, using a description of the brand itself. Then, randomly the participant was assigned to one of the following scenarios of the brand: the brand Dior itself without considering any extension; the study 1 Dior Fashion Extension in a Permanent Location, the study 1 Dior Fashion Extension in a Pop-Up Format, the study 1 Dior F&B Extension in a Permanent Location, or the study 1 Dior F&B Extension in a Pop-Up Format.

We provided two scenarios for each Extension Sector (F&B vs. Fashion) and one scenario for the brand Dior itself without considering any extension, using a description of where it was available, concept and know-how, and we did not present the prices this time to evaluate consumers' price perception. Also, we provided an image of one product in the extension scenarios and two products in the parent brand collection scenario, similar to the previous Figure 1.

In addition, considering the two scenarios of the same Extension Sector (F&B vs. Fashion), one was presented as a pop-up store format, and the other as a permanent location. Also, we provided a description of the year of the collection (Fashion) or the launching/durability (F&B), as well as one image of the store format for each scenario, as in previous Figure 2 (excluding in the scenario of the brand Dior itself without considering any extension (Parent Brand), that only provided a description the year of the collection and suggested availability in the two store formats) (See Appendix 4).

<u>Dependent Variables</u>

The second study evaluated the following dependent variables: Attitudes towards the Brand/ Extension, Perceived Price, Consumer Acceptance (Perceived Quality and Perceived Fit), Consumer-Based Brand Equity (Brand Loyalty and Brand Image), Perceived Hedonism, Psychological Distance, and Perceived Exclusivity. Unless stated differently, the range of all scales outlined below was 1 (strongly disagree) to 7 (strongly agree).

To measure Attitudes Towards the Brand/Extension presented, we directly asked participants to rate the following statements: "I would like to try the [Christian Dior Couture or Extension Name]", "I would be happy if I could have access to [Christian Dior Couture or Extension Name]", "I would associate positive emotions with using [Christian Dior Couture or Extension Name]".

To measure Perceived Price, we asked participants the range of how much they think, on average, the products from the specific scenario would be: (1) less than 100, (2) 101€ - 500€, (3) 501€ - 1 000€, (4) 1 001€ - 3 000€, and (5) more than 3 000€).

To measure Consumer Acceptance, we used a scale adapted from Aaker & Keller (1999) and Milberg et al. (2013**).** Therefore, the participants were asked to rate the following statements about Perceived Quality and Fit: "The perceived overall quality of [Christian Dior Couture or Extension Name]", on a scale 1 (inferior) to 7 (superior), "The perceived overall fit of [Christian

Dior Couture or Extension Name]", on a scale 1 (very low fit) to 7 (very high fit) and "The perceived overall sense of [Christian Dior Couture or Extension Name]", on a scale 1 (makes little sense) to 7 (makes a lot of sense).

To measure Consumer-Based Brand Equity, we adopted a scale from a study by Yoo & Donthu (2001) for the Brand Loyalty construct, and a scale from a study by Kim, Kim, & An (2003) for the Brand Image construct. Analyzing the impact on Dior's perceived brand value after exposure to the extension/non-extension condition. Consequently, respondents were asked to rate the following statements about Brand Loyalty: "I consider myself to be loyal to Dior", "Dior would be my first choice when considering a [product category]", "I will not [buy from or go to] other [product category] if [Christian Dior Couture or Extension Name] is available". On the other hand, respondents were asked to rate the following statements about Brand Image: "It is luxurious", "It is expensive", "It is suitable for high class", "It has a long history", "It has a differentiated image from other brands", and "I become special".

To measure Perceived Hedonism, we used a 7-point bipolar ranging from useful – enjoyable, not fun – fun, dull – exciting, not delightful – delightful, not thrilling – thrilling, unenjoyable – enjoyable, previously used by Hagtvedt & Patrick (2009), and by Voss, Spangenberg, & Grohmann (2003).

To measure Psychological Distance, we used a scale previously tested by Darke et al. (2019) guidelines using a 7-point Likert scale. Thus, the participants were asked to rate the following statements: "When you think about [Christian Dior Couture or Extension Name] and its characteristics, how physically close are you to the company?", on a scale 1 (very close) to 7 (very distant); "When you think about the physical features of [Christian Dior Couture or Extension Name], how abstract are they in your mind?", on a scale 1 (very concrete) to 7 (very abstract); "When you consider [Christian Dior Couture or Extension Name] and its features, how tangible are the attributes of the company in your mind? Tangibility is the extent to which you can sense (e.g., see, touch, hear, taste, or smell) the object of interest", on a scale 1 (very tangible) to 7 (very intangible); and "When you think about the physical features of [Christian Dior Couture or Extension Name], how real do they seem in your mind?", on a scale 1 (very real) to 7 (very hypothetical).

Lastly, Perceived Exclusivity was adapted from Kapferer & Valette-Florence (2016), and from Margariti, Boutsouki & Hatzithomas, (2019). Thus, if the exclusivity perception was maintained on the four extension scenarios and Participants were asked to rate the following statements: “The brand uses noble and rare ingredients”, “Can not be found everywhere, selective distribution”, “It is produced in small series, not in mass”, “Its stores are very select with a real atmosphere”, “For me, the brand still keeps its exclusive character”, and “Few people own the products/experience given”. In addition, we first gave participants an explanation to consumers of what luxury means according to Dubois & Paternault (1995) and Turunen (2017), so they could reflect on it while rating the Perceived Exclusivity statements.

4.1.3. Procedure

The objective of the questionnaire was explained in the introduction, which also emphasized that the answers were anonymous and would only be used for research purposes regarding the Master's Thesis in Marketing and Hedonic Experiences from Católica Lisbon School of Business and Economics, to acquire insights over Consumer Behavior in the Luxury Industry.

Then, a block with a small introduction about the parent brand Christian Dior Couture was displayed.

After this block, participants were randomly assigned to one of the five scenarios - the brand Dior itself without considering any extension, the Dior Fashion Extension in a Permanent Location, the Dior Fashion Extension in a Pop-Up Format, the Dior F&B Extension in a Permanent Location, or the Dior F&B Extension in a Pop-Up Format (See Appendix 4).

For each scenario, respondents were exposed to the Dependent Variables described before - Attitudes towards the Brand/Extension, Perceived Price, Consumer Acceptance (Perceived Quality and Perceived Fit), Consumer-Based Brand Equity (Brand Loyalty and Brand Image), Perceived Hedonism, and Psychological Distance – in the same order as presented on the Materials section.

Also, the Perceived Exclusivity could be found in a separate block from the previous dependent variables, after the scenario was displayed.

At the end of the survey, a request for demographic data, including gender, age, occupation, and monthly household income, was made to the participants.

4.1.4. Design

This study used a between-subjects design: 2 (Type of Extension: Fashion vs. F&B) x 2 (Store Format: Pop-Up vs. Permanent), plus a Control Group (the brand Dior without considering an extension), where each participant was exposed to only one experimental setting.

4.2. Data Analysis and Results

4.2.1. Reliability and validity of the measures

Similarly to Study 1, Cronbach's Alpha analysis was produced when the variable/construct contained more than 2 items. While the Pearson's Correlation coefficient was applied as a measure of reliability towards two item scales (Eisinga, Grotenhuis, & Pelzer, 2013). Thus, Cronbach's Alpha ranged from ,726 to ,981, above the usual minimal criteria of ,700 (Bonett & Wright, 2015) (See Appendix 5).

4.2.2. Results

First, we examined the Attitudes towards the brand. For this and following dependent variables, we proceeded by exploring potential differences between the brand extensions conditions (type and format) and then comparing the different extensions to the control parent brand.

A Univariate ANOVA did not reveal a significant main effect of Type of Extension (F (1, 252) = 1.024, p = .313), or Store Format (F (1, 252) = .136, p = .713). Similarly, no significant interaction of Type of Extension and Store Format (F (1, 252) = .003, p = .959) was found.

A series of independent t-tests found no significant difference between the parent brand new collection (Control) and each extension ($t_{ControlVS.FashionPermanent}$ (96) = .826, $p_{ControlVS.FashionPermanent}$ = .411; $t_{ControlVS.FashionPopUp}$ (98) = .637, $p_{ControlVS.FashionPopUp}$ = .526; $t_{ControlVS.F\&BPermanent}$ (102) = .259, $p_{ControlVS.F\&BPermanent}$ = .797; $t_{ControlVS.F\&BPopUp}$ (99) = -.019, $p_{ControlVS.F\&BPopUp}$ = .985). Additionally, considering the scale range from 1 to 7, we can assume that participants have similarly overall positive attitudes towards the parent brand and the extensions. See Table 11 for descriptives.

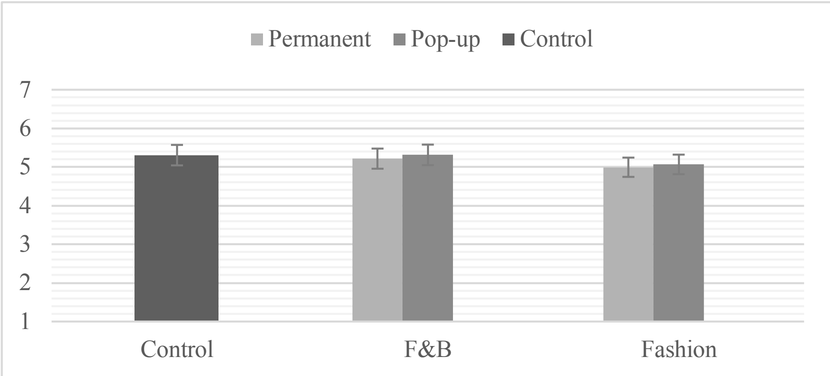
Table 11 - Descriptives Statistics - Attitudes toward the Brand/ Extension

	Store Format	Mean	Std. Deviation	N
Control	N/A	5,31	2,126	50
Fashion	Permanent	4,99	1,578	48
	Pop-Up	5,07	1,606	50
F&B	Permanent	5,22	1,400	54
	Pop-Up	5,31	1,476	51

Table 12 - Test Between-Subjects Effects - Attitudes toward the Brand/ Extension

Source	F	P-value
Type of Extension	1,024	,313
Store Format	,136	,713
Type of Extension*Store Format	,003	,959

Figure 8 - Estimated Marginal Means - Attitudes toward the Brand/ Extension



Next, we examined the average range of Perceived Price of the products from the brand. Through a Univariate ANOVA, we found only a significant effect of Type of Extension (F (1, 252) = 134.032, $p < .001$), as expected. Thus, considering the ranges (1) less than 100, (2) 101€ - 500€, (3) 501€ - 1 000€, (4) 1 001€ - 3 000€, and (5) more than 3 000€, we can observe that respondents perceive the F&B extension (M = 1.98, SD = .990) less expensive than the fashion extension (M = 3.56, SD = .897).

Through a series of independent t-tests, we found a significant difference between the means of the parent brand new collection (Control) and the extensions ($t_{ControlVS.FashionPermanent}$ (96) = 2.354, $p_{ControlVS.FashionPermanent}$ = .021; $t_{ControlVS.FashionPopUp}$ (98) = 2.985, $p_{ControlVS.FashionPopUp}$ = .004; $t_{ControlVS.F\&BPermanent}$ (102) = 9.233, $p_{ControlVS.F\&BPermanent} < .001$; $t_{ControlVS.F\&BPopUp}$ (99) = 11.621, $p_{ControlVS.F\&BPopUp} < .001$). So, we can observe that the extensions are perceived as more affordable than the parent brand.

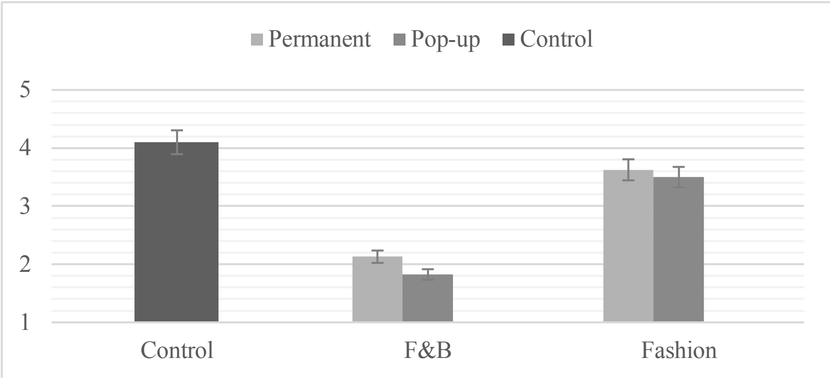
Table 13 - Descriptives Statistics – Perceived Price

	Store Format	Mean	Std. Deviation	N
Control	N/A	4,10	1,093	50
Fashion	Permanent	3,6	,890	48
	Pop-Up	3,50	,909	50
F&B	Permanent	2,13	1,082	54
	Pop-Up	1,82	,865	51

Table 14 - Test Between-Subjects Effects – Perceived Price

Source	F	P-value
Type of Extension	134,032	<.001
Store Format	2,476	,117
Type of Extension*Store Format	,437	,509

Figure 9 - Estimated Marginal Means – Perceived Price



Following Study 1 and the data analysis, we tested all the hypotheses.

Therefore, we analyzed the Perceived Fit of the parent brand collection and the extensions. Through a Univariate ANOVA, we verified that the Perceived Fit was significantly higher (F (1, 252) = 7.655; p = .006) for fashion Extensions (M = 5.21; SD = 1.121) than for F&B Extensions (M = 4.70; SD = 1.390), contrary to study 1 that found no significant evidence. Furthermore, we found that the Perceived Fit was marginally higher (F (1, 252) = 3.345; p = .069) for pop-up (M = 5.12; SD = 1.165) than for permanent (M = 4.77; SD = 1.385), which is also supported by the first study.

Through a series of independent t-tests, we found that the parent brand new collection (Control) has a significantly higher fit than all the extensions ($t_{ControlVS.FashionPermanent}$ (96) = 2.297 , $p_{ControlVS.FashionPermanent}$ = .024; $t_{ControlVS.FashionPopUp}$ (98) = 2.263, $p_{ControlVS.FashionPopUp}$ = .026; $t_{ControlVS.F\&BPermanent}$ (102) = 4.981, $p_{ControlVS.F\&BPermanent}$ = <.001; $t_{ControlVS.F\&BPopUp}$ (99) = 2.924, $p_{ControlVS.F\&BPopUp}$ = .004). Consequently, the extensions do not fit as well as the usual collection from the parent brand (M = 5.78; SD = 1.352). However, the fashion extension has a better fit with the parent brand than the F&B extension, considering the Univariate ANOVA. Consequently, H1 (*Luxury fashion brand extensions of the same category as the parent brand will more easily fit the parent brand than brand extensions of a different category, like F&B ventures*) cannot be rejected. See Table 15 for descriptives.

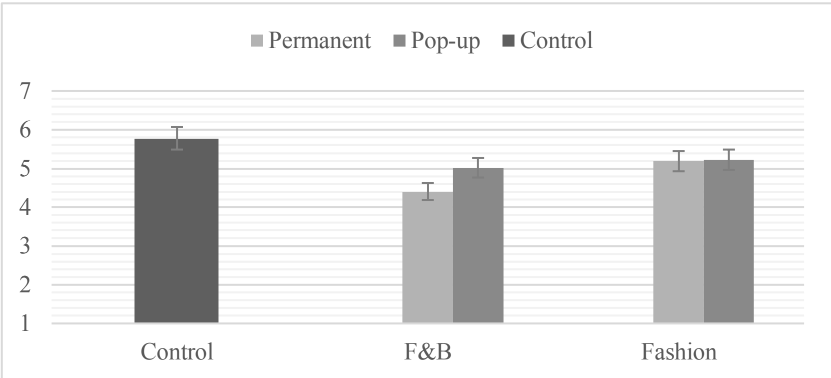
Table 15 - Descriptives Statistics – Consumer Acceptance: Perceived Fit Dimension

	Store Format	Mean	Std. Deviation	N
Control	N/A	5,78	1,352	50
Fashion	Permanent	5,19	1,192	48
	Pop-Up	5,23	1,060	50
F&B	Permanent	4,41	1,451	54
	Pop-Up	5,02	1,261	51

Table 16 - Test Between-Subjects Effects – Consumer Acceptance: Perceived Fit Dimension

Source	F	P-value
Type of Extension	7,655	,006
Store Format	3,345	,069
Type of Extension*Store Format	2,533	,113

Figure 10 - Estimated Marginal Means – Consumer Acceptance: Perceived Fit Dimension



Next, we examined the Perceived Quality of the parent brand collection and the extensions. Thus, through a Univariate ANOVA, we did not find a significant main effect of Type of Extension (F (1, 252) = .235, p = .628), or Store Format (F (1, 252) = 1.516, p = .219), as well as no significant interaction of Type of Extension and Store Format (F (1, 252) = .004, p = .949), contrary to study 1.

Through a series of independent t-tests, we found significantly higher perceived quality for the parent brand new collection (Control) than for the extensions ($t_{ControlVS.FashionPermanent}$ (96) = 3.879, $p_{ControlVS.FashionPermanent}$ = <.001; $t_{ControlVS.FashionPopUp}$ (98) = 3.216, $p_{ControlVS.FashionPopUp}$ = .002; $t_{ControlVS.F\&BPermanent}$ (102) = 3.877, $p_{ControlVS.F\&BPermanent}$ < .001; $t_{ControlVS.F\&BPopUp}$ (99) = 2.775, $p_{ControlVS.F\&BPopUp}$ = .007). The parent brand (M = 6.02, SD = 1.317) is thus perceived to have a higher quality than all extensions, but no differences between the different extensions were found. The data fails to support H2 (*Luxury fashion brand extensions of the same category* *as the parent brand are perceived as having a more similar quality to the parent brand than a brand extension of a dissimilar category, like F&B ventures*) due to no evidence of significant perceived similar quality when extending into the fashion category. See Table 17 for descriptives.

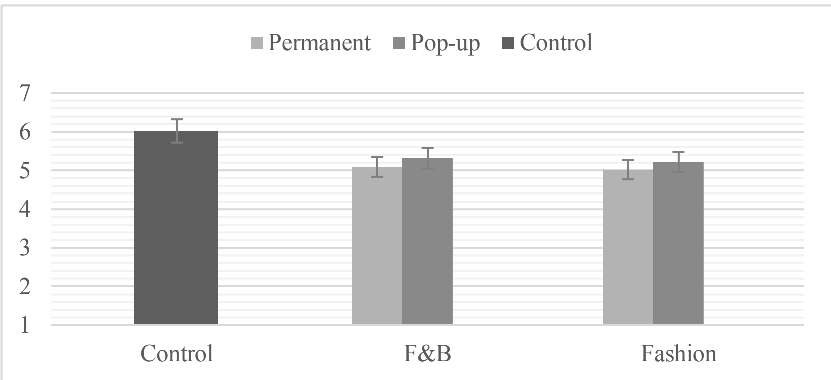
Table 17 - Descriptives Statistics – Consumer Acceptance: Perceived Quality Dimension

	Store Format	Mean	Std. Deviation	N
Control	N/A	6,02	1,317	50
Fashion	Permanent	5,02	1,229	48
	Pop-Up	5,22	1,166	50
F&B	Permanent	5,09	1,120	54
	Pop-Up	5,31	1,241	51

Table 18 - Test Between-Subjects Effects – Consumer Acceptance: Perceived Quality Dimension

Source	F	P-value
Type of Extension	,235	,628
Store Format	1,516	,219
Type of Extension*Store Format	,004	,949

Figure 11 - Estimated Marginal Means – Consumer Acceptance: Perceived Quality Dimension



Next, we examined the Perceived Hedonism of the brand. By conducting a Univariate ANOVA, we tested H3 (*Brand extensions will lead to higher perceived hedonism in a pop-up store format than in a permanent store format*). The ANOVA did not reveal a significant main effect of Type of Extension (F (1, 252) = .814, p = .368), Store Format (F (1, 252) = 1.924, p = .167), as well as no significant interaction of Type of Extension and Store Format (F (1, 252) = 1.402, p =

.237). However, it is important to note that the ANOVA almost revealed a significant effect of Store Format, going in the predicted direction of H3.

Also, through a series of independent t-tests, we found no significant difference between the means of the parent brand collection (Control) and the extensions ($t_{ControlVS.FashionPermanent}$ (96) = 1.632, $p_{ControlVS.FashionPermanent}$ = .106; $t_{ControlVS.FashionPopUp}$ (98) = .127, $p_{ControlVS.FashionPopUp}$ = .900; $t_{ControlVS.F\&BPermanent}$ (102) = .472, $p_{ControlVS.F\&BPermanent}$ = .638; $t_{ControlVS.F\&BPopUp}$ (99) = .316, $p_{ControlVS.F\&BPopUp}$ = .753). Considering a scale from 1 to 7, we can consider that participants similarly perceived the five scenarios as hedonic. See Table 19 for descriptives.

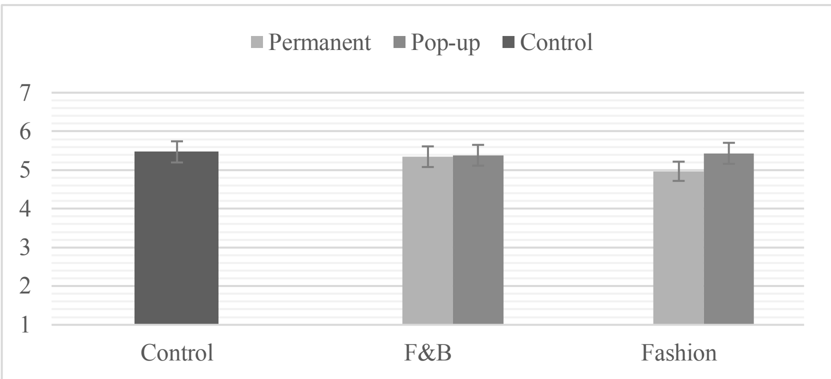
Table 19 - Descriptives Statistics – Perceived Hedonism

	Store Format	Mean	Std. Deviation	N
Control	N/A	5,47	1,635	50
Fashion	Permanent	4,97	1,391	48
	Pop-Up	5,43	1,234	50
F&B	Permanent	5,35	,995	54
	Pop-Up	5,38	1,106	51

Table 20 - Test Between-Subjects Effects – Perceived Hedonism

Source	F	P-value
Type of Extension	,814	,368
Store Format	1,924	,167
Type of Extension*Store Format	1,402	,237

Figure 12 - Estimated Marginal Means – Perceived Hedonism



Analyzing the Perceived Brand Value (Customer-Based Brand Equity), considering the Brand Loyalty dimension, we verified that our sample is not composed of loyal consumers of Dior, considering a scale from 1 to 7. See Table 21 for descriptives.

However, the Univariate ANOVA revealed a significant main effect of Type of Extension (F (1, 252) = 12.162; p < .001). We can notice that the fashion Extension (M = 3.18; SD = 1.663) can easily be a first option than the F&B Extension (M = 2.38; SD = 1.617), considering other sportswear brands/restaurants.

Moreover, through a series of independent t-tests, we found a significantly higher brand value for the control than for the F&B extensions ($t_{ControlVS.F\&BPermanent}$ (102) = 4.310, $p_{ControlVS.F\&BPermanent}$ < .001; $t_{ControlVS.F\&BPopUp}$ (99) = 2.868, $p_{ControlVS.F\&BPopUp}$ = .005) but no differences between the control and fashion extensions were found ($t_{ControlVS.FashionPermanent}$ (96) = 1.564, $p_{ControlVS.FashionPermanent}$ = .121; $t_{ControlVS.FashionPopUp}$ (98) = .425, $p_{ControlVS.FashionPopUp}$ = .762). This shows that consumers can easily choose to buy a product from the parent brand or from the same product category (fashion) rather than from the F&B extension.

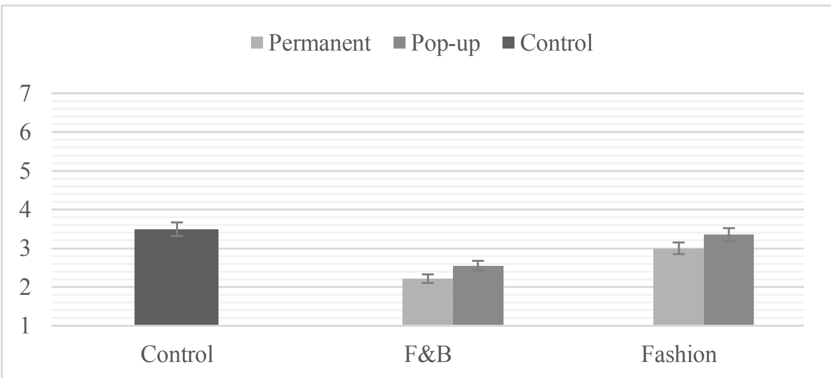
Table 21 - Descriptives Statistics – Customer-Based Brand Equity: Brand Loyalty

	Store Format	Mean	Std. Deviation	N
Control	N/A	3,49	1,546	50
Fashion	Permanent	3,00	1,576	48
	Pop-Up	3,35	1,741	50
F&B	Permanent	2,22	1,475	54
	Pop-Up	2,55	1,754	51

Table 22 - Test Between-Subjects Effects – Customer-Based Brand Equity: Brand Loyalty

Source	F	P-value
Type of Extension	12,162	<,001
Store Format	2,271	,133
Type of Extension*Store Format	,002	,964

Figure 13 - Estimated Marginal Means – Customer-Based Brand Equity: Brand Loyalty



Pursuing with Perceived Brand Value (Customer-Based Brand Equity), considering the Brand Image dimension, we found that it is significantly more positive (F (1, 252) = 5.025; p = .026) for fashion extensions (M = 5.63; SD = .801) than for F&B extensions (M = 5.36; SD = .789), as well as significantly more positive (F (1, 252) = 4.916; p = .028) for pop-up (M = 5.63; SD = .782) than for permanent formats (M = 5.36; SD = .806), projected in H4 (*Luxury fashion brands extending into a downward fashion extension or into an F&B extension generate a more positive brand image when available in a pop-up format than in a permanent location*).

Through a series of independent t-tests, we found a significantly higher brand image for the control than for the extensions, except for the fashion extension in a pop-up format ($t_{ControlVS.FashionPermanent}$ (96) = 2.148, $p_{ControlVS.FashionPermanent}$ = .034; $t_{ControlVS.FashionPopUp}$ (98) = 1.204, $p_{ControlVS.FashionPopUp}$ = .232; $t_{ControlVS.F\&BPermanent}$ (102) = 4.154, $p_{ControlVS.F\&BPermanent}$ = <.001; $t_{ControlVS.F\&BPopUp}$ (99) = 2.247, $p_{ControlVS.F\&BPopUp}$ = .027). This shows that the Brand Image of the parent brand can be damaged more easily in the F&B venture, as well as when the extension is available in a permanent format. See Table 23 for descriptives.

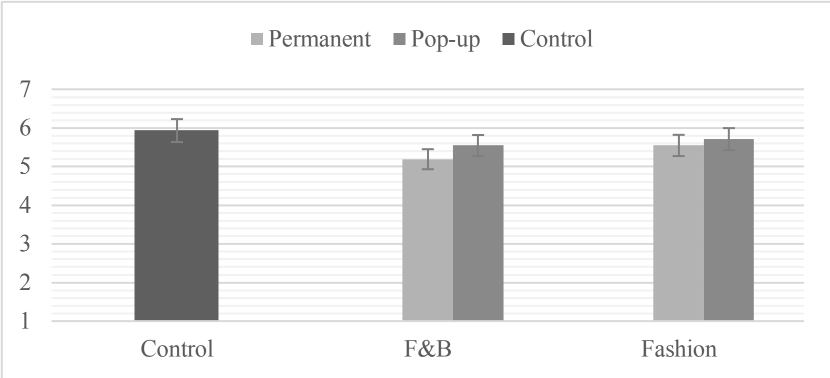
Table 23 - Descriptives Statistics – Customer-Based Brand Equity: Brand Image

	Store Format	Mean	Std. Deviation	N
Control	N/A	5,93	1,001	50
Fashion	Permanent	5,55	,748	48
	Pop-Up	5,71	,848	50
F&B	Permanent	5,19	,825	54
	Pop-Up	5,55	,711	51

Table 24 - Test Between-Subjects Effects – Customer-Based Brand Equity: Brand Image

Source	F	P-value
Type of Extension	5,025	,026
Store Format	4,916	,028
Type of Extension*Store Format	,702	,403

Figure 14 - Estimated Marginal Means – Customer-Based Brand Equity: Brand Image



Consequently, we analyzed the Perceived Exclusivity of the brand. As postulated by H5 (*Luxury fashion brands extending into a downward fashion extension leads to higher perceived exclusivity compared to F&B extensions*), by conducting a Univariate ANOVA, we verified that the Perceived Exclusivity was significantly higher (F (1, 252) = 6.537; p = .011) for fashion (M = 5.61; SD = .778) than for F&B (M = 5.27; SD = .857). Additionally, as projected in H6 (*Luxury fashion brands extending through a pop-up store format leads to higher perceived exclusivity compared to a permanent store format*), we also found that the Perceived Exclusivity was significantly higher (F (1, 252) = 4.222; p = .041) for pop-up (M = 5.57; SD = .835) than for permanent (M = 5.30; SD = .816).

Following a series of independent t-tests, we only found a significant difference between the means of the parent brand new collection (Control) and F&B extension in a permanent location ($t_{ControlVS.FashionPermanent}$ (96) = .760, $p_{ControlVS.FashionPermanent}$ = .449; $t_{ControlVS.FashionPopUp}$ (98) = -.432, $p_{ControlVS.FashionPopUp}$ = .666; $t_{ControlVS.F\&BPermanent}$ (102) = 2.423 , $p_{ControlVS.F\&BPermanent}$ = .017; $t_{ControlVS.F\&BPopUp}$ (99) = 1.052, $p_{ControlVS.F\&BPopUp}$ = .295). Thus, we can observe that most of the extensions are perceived with similar exclusivity to the parent brand, however, for an F&B extension in a permanent format this perception can be diluted. See Table 25 for descriptives.

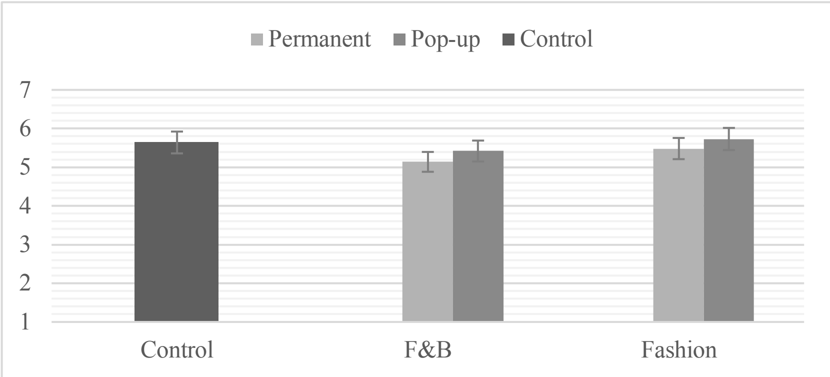
Table 25 - Descriptives Statistics – Perceived Exclusivity

	Store Format	Mean	Std. Deviation	N
Control	N/A	5,64	1,236	50
Fashion	Permanent	5,48	,743	48
	Pop-Up	5,73	,798	50
F&B	Permanent	5,14	,850	54
	Pop-Up	5,42	,849	51

Table 26 - Test Between-Subjects Effects – Perceived Exclusivity

Source	F	P-value
Type of Extension	6,537	,011
Store Format	4,222	,041
Type of Extension*Store Format	,016	,901

Figure 15 - Estimated Marginal Means – Perceived Exclusivity



Then, we analyzed the Psychological Distance of the brand. Through a Univariate ANOVA, we found no evidence of a significant main effect of Type of Extension (F (1, 252) = 1.197, p = .275), or Store Format (F (1, 252) = .877, p = .350), as well as no significant interaction of Type of Extension with Store Format (F (1, 252) = .002, p = .964).

Finally, through a series of independent t-tests, we found a significantly higher perceived psychological distance for the parent brand new collection (Control) than for the F&B extensions ($t_{ControlVS.F\&BPermanent}$ (102) = 2.763, $p_{ControlVS.F\&BPermanent}$ = .007; $t_{ControlVS.F\&BPopUp}$ (99) = 1.884, $p_{ControlVS.F\&BPopUp}$ = .062). For the fashion extension the difference is also significant for the permanent extension, though marginally, but it is non-significant for the pop-up format ($t_{ControlVS.FashionPermanent}$ (96) = 1.737, $p_{ControlVS.FashionPermanent}$ = .086; $t_{ControlVS.FashionPopUp}$ (98) = 1.131, $p_{ControlVS.FashionPopUp}$ = .261). Consequently, we can observe that participants consider the parent brand (M = 5.15; SD = 1.459) more psychologically distant than most of the extensions, except for the fashion extension in a pop-up format. For this reason, we cannot totally refute the proposed H7 (*Luxury fashion brands extending into a downward fashion extension leads to a larger psychological distance towards the consumer compared to F&B ventures, and that distance is even higher when in a pop-up format*). See Table 27 for descriptives.

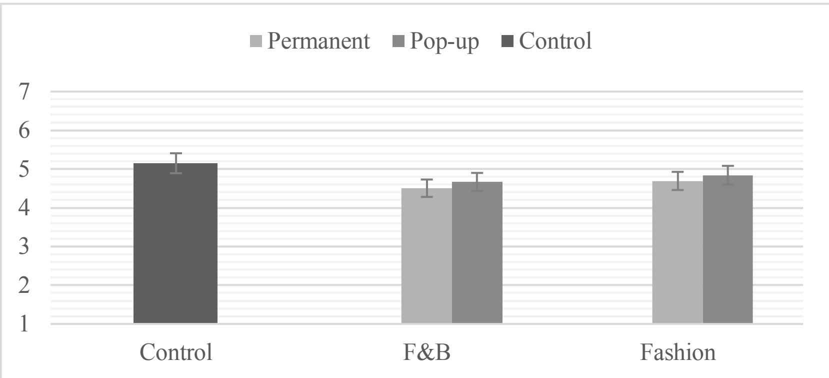
Table 27 - Descriptives Statistics – Psychological Distance

	Store Format	Mean	Std. Deviation	N
Control	N/A	5,15	1,459	50
Fashion	Permanent	4,69	1,116	48
	Pop-Up	4,84	1,276	50
F&B	Permanent	4,50	,869	54
	Pop-Up	4,67	1,096	51

Table 28 - Test Between-Subjects Effects – Psychological Distance

Source	F	P-value
Type of Extension	1,197	,275
Store Format	,877	,350
Type of Extension*Store Format	,002	,964

Figure 16 - Estimated Marginal Means – Psychological Distance



5. Discussion

The two studies provided valuable data by investigating the contrasts of a luxury fashion brand expanding into a downward fashion extension and into an F&B extension. Moreover, we can notice an impact on the perception of the brand extension influenced by the chosen store format (pop-up vs. permanent).

The first study offered a more comprehensive understanding of how different brands and scenarios of luxury extensions are accepted. By testing three luxury fashion brands – Dior, Prada, and Gucci – the study revealed that Dior was the parent brand perceived as having a higher quality. Although, it was the brand with a higher aversion to the F&B venture.

Considering the three brands, we found that the Perceived Quality of the fashion extension in a permanent location, the boutique where products from the parent brand can be found, was superior compared to the fashion extension in a pop-up format. This may occur due to the similarity factor (Aaker and Keller, 1990), by being present in the same environment as the parent brand.

Furthermore, we noticed in this study that consumers are more likely to try F&B ventures, however, this may occur due to affordability, which can damage the exclusivity of the brand, as it is easier to have access to it when compared to a luxury fashion good (Chen, Kim, & Schuckert, 2023, Kapferer & Valette-Florence, 2016). Also, we discovered that consumers are more likely to try the pop-up store formats, possibly due to their limited time and the sense of urgency created in consumers' minds (Taube & Warnaby, 2017).

Moreover, the Perceived Fit of the extension was significantly higher for the pop-up store format, in this first study that considered the three luxury brands. A potential reason might be the exclusive sensory experience evoked by this store format relating to a luxurious image (Kim, Kim, & An, 2003; Taube & Warnaby, 2017). By decomposing Perceived Fit into its three components – transferability, complementarity, and substitutability – we verified that the fashion extension is easily transferable, but the F&B extension is seen as a substitute for the parent brand. Through this data, we can understand that participants perceive these brands with superior *savoir-faire* to effectively produce fashion extensions and, in contrast, view the F&B extensions as an alternative to the parent brand, possibly when consumers cannot afford its core business (Chen, Kim, & Schuckert, 2023).

Moving on to the second study, continuing with the acceptance of the extensions but now considering only the brand Dior. Regarding Perceived Quality, we did not find superior quality for the fashion extension in a permanent format compared to a pop-up format, like in Study 1. We analyzed only a significant difference between the parent brand – Christian Dior Couture – and the four extensions – Fashion Permanent, Fashion Pop-up, F&B Permanent, and F&B Pop-Up. Showing a superior quality of the parent brand when compared to the extensions. In addition, in terms of Perceived Fit, we verified higher fit through pop-ups, as supported by Study 1, and we found a higher fit in fashion extensions. This last observation may occur due to the similarity with the parent brand (Aaker and Keller, 1990). Nevertheless, we discovered that the extensions did not fit the parent brand as well as the collection presented in the Christian Dior Couture scenario.

A potential reason for these differences between the two studies is that participants have different perceptions towards different brands/extensions (Völckner & Sattler, 2006). For example, considering the composite of three luxury brands applied to Study 1, some participants may associate superior quality or fit with the Dior fashion extension than the Gucci fashion extension because of the type of products displayed, the type of fashion extension (e.g., sportswear vs. sustainable line), etc. Therefore, grouping brands has an impact on the results of the data analysis.

In the second study, participants also showed similar positive Attitudes (happiness, positive emotions, and willingness to try) towards Christian Dior Couture and its extensions. Furthermore, in terms of Perceived Price, we verified a significant difference between the types of extensions, already expected. Thus, consumers perceived the F&B experience as the most affordable but also perceived the fashion extension as more affordable than Christian Dior Couture. Which is in fact less expensive.

Regarding Perceived Hedonism, participants similarly perceived the parent brand and the extensions as hedonic, independently of the store format. This shows that all the scenarios provided are based on pleasure, a main characteristic of luxury (Chen, Kim, & Schuckert, 2023).

This study finds that brand equity drivers, namely Brand Loyalty and Brand Image, are significantly influenced by the extensions. Despite our sample not being composed of loyal consumers, we discovered that consumers can easily choose to buy a product from Christian Dior Couture or from Dior Vibe (downward fashion extension), rather than have a Dior F&B experience when considering other brands/options. Moreover, when comparing the Brand Image of the extensions with the parent brand, Christian Dior Couture, we observed that the Brand Image can be damaged more easily in the F&B venture, as well as when the extension is available in a Permanent Format, considering the parent brand as a reference. Thus, characteristics of luxuriousness, expensiveness, suitability for high class, uniqueness, heritage, etc. (Kim, Kim, & An, 2003) are less visible in these extensions. To avoid diluting the luxury dream equation, a luxury company should preserve the parent brand associations (Turunen, 2017).

Consequently, by assessing Perceived Exclusivity, participants perceive most of the extensions with similar exclusivity to the parent brand, however, for an F&B extension in a permanent format this perception is significantly affected. A potential reason might be that this extension is seen as an affordable and accessible 'luxury' by everyone (Kapferer & Bastien, 2012) as supported by the previously stated Perceived Price variable, and at the same time, it lacks signs of scarcity and ephemerality, typical of the pop-up format (Taube & Warnaby, 2017).

In addition to exclusivity, in terms of Psychological Distance, participants consider the parent brand more psychologically distant than most extensions, except for the fashion extension in a pop-up format. Thus, we can conclude that participants perceive the experience of the parent brand and the fashion extension in a pop-up format as more luxurious, abstract, intangible, and hypothetical (Darke, et al., 2016; Hansen & Wänke, 2011).

In summary, the main conclusion from the data gathered is that luxury fashion brands extending into an affordable horizontal extension, such as F&B ventures, may have negative consequences, considering the parent brand as a reference. However, as brands are feeling the need to extend their brand universes, deepen customer touchpoints, and find new avenues of growth through these types of experiential extensions, it is a must to maintain the luxury aura. Hence, the pop-up format appears as a solution to mitigate a potential negative impact when extending into a more affordable extension, by building customer excitement and nurturing a sense of higher fit, luxurious image, and exclusiveness.

6. Theoretical and Managerial Implications

This thesis extends prior research on disparities in consumer behavior when facing a brand extension in different store formats, contributing theoretically to the study of downward fashion extensions (vertical downward extensions) and F&B extensions (horizontal extensions), in the luxury industry.

Complementing previous literature, luxury brand extensions have always been appealing to marketers and luxury companies since they can leverage their brand assets based on their strong brand image. Nevertheless, there are some risks, such as eroding the value of the recognized parent brand. Luxury companies should, consequently, consider brand extensions as an opportunity to extend their brand universes, deepen customer touchpoints, and find new avenues of growth, but they should also be aware of the negative impact.

In this research, introducing an F&B experience may not be well accepted if consumers do not identify a link with the core brand, as it is seen as affordable/accessible, damaging the luxury aura. As a substitute, introducing a new fashion line with a lower yet closer price level to the parent brand is easily accepted, as consumers identified a higher similarity to the parent brand, a higher propensity to purchase when compared to the same product category competitors, a more positive brand image, and a higher sense of exclusivity.

In addition, the present research offers managers, retailers, and researchers the benefits from the experiential, temporal dimension, and promotional emphasis of extending a brand through a pop-up store format. Particularly showing that this store format can reduce the negative impact of brand extensions. We observed that pop-ups are associated with creating a higher fit to the parent brand, a more positive brand image, and a higher sense of exclusivity. Possibly due to its aura of ephemerality and rarity.

Therefore, to achieve a balance between maximizing profits, lowering risk, and maintaining the aura of the brand, marketing managers and retailers should consider the vulnerability of these types of extensions, as they can compromise the brand's dream formula. With this, they should implement strategies, such as the pop-up store format, that evoke a sense of luxury exclusivity in consumers' minds.

7. Limitations and Future Research

This thesis has various limitations that should be noted, just like any other academic work. First of all, online survey methods rely heavily on technological devices that may be out of reach for certain respondents, failing to cover all demographics. It is also important to consider the possibility of increased bias as a result of the survey's inability to limit the submission of duplicate responses and detect potential server errors that could jeopardize the survey's integrity and result in the loss of results (Evans & Mathur, 2018; Nayak & Narayan, 2019).

Furthermore, it is always difficult to control the participants' motivations, honesty, or environment, all of which might affect the results (Evans & Mathur, 2018). To overcome this constraint, a further study with a qualitative approach to collecting data could be carried out. The following possible limitation is the size of the study's samples, as it should be larger to get better and more accurate results. This study must be conducted with a bigger sample size and even more varied participants and luxury-oriented panels to confirm the findings. In addition, most of the sample consisted of Portuguese citizens, which led to cultural bias, since different cultures value different luxury attributes (Seo, Buchanan-Oliver, & Cruz, 2015), for example. Therefore, it would be interesting to do the research again in other countries since cultural differences might result in different barriers and perceptions for this kind of extension.

The third limitation relates to the fact that different fashion goods, namely accessories and clothing, and restaurants/cafés were compared and evaluated. For this reason, it is recommended that more research should be carried out to determine whether the current results are equivalent with other fashion goods and restaurants/cafés.

Moreover, the introduction of feminine handbags/apparel may make it more difficult for the male public to envision themselves in the scenario, just as male accessories/apparel may make it more difficult for the female public. Thus, future research should use non-gendered products. Beyond that, the study can demonstrate a tendency to be biased by individual preferences.

In terms of results, considering Perceived Price as an ordinal measurement, it is incorrect to carry out parametric analyses. So, there is a lack of rigor in the analysis of this variable.

Also, relative to Perceived Quality, our first study considering three luxury fashion brands – Dior, Prada, and Gucci – found an interaction effect between Type of Extension and Store Format, while the second study, considering only the brand Dior, found no evidence of significant interaction between these two variables. Additionally, relative to Perceived Fit, in our first study considering three luxury brands, we did not find a significant effect of type extension, contrary to our second study, considering only Dior.

This shows that the study can be biased by the composite with different brands and/or through their extension characteristics. Moreover, different brands/extension characteristics have different interpretations and acceptance (Völckner & Sattler, 2006). However, Appendix 3 shows the different evaluations of the extensions across the three luxury fashion brands – Dior, Prada, and Gucci – for further analysis. Thus, future research could approach other different luxury brands.

Finally, one question that arises from this research is 'What does the future look like?'. Given Gen Z, a growing segment of luxury buyers, will control most of the luxury industry by 2030, they must be closely monitored since they are the current industry setters (D'Arpizio et al., 2023). Moreover, it is known that they are motivated by the consumption of luxury brands, products, and services in seek of fuller lives and creative lifestyles, as well as of authenticity and self-expression (D'Arpizio et al., 2023; Francis & Hoefel, 2022). Thus, we can observe an increasing tendency of luxury fashion brands to leverage a more customer-centric and multi-touchpoint relationship with their audiences, extending into atypical lifestyle sectors. Future research can focus on analyzing the other extension sectors that are gaining popularity in the luxury industry, namely hospitality and home design, and compare the impact that they can have on perceived brand value, consumer acceptance, and on the dream formula, as they are not as accessible as the F&B ventures.

Also, given that pop-up formats are becoming more and more popular while many luxury brands are still developing F&B extensions, it would be useful to distribute the questionnaire at different times to see if there are any significant differences in the results.

8. Conclusion

In a luxury lifestyle era, this research provides an understanding of the potential risks of extending luxury brands too far outside the core. Luxury fashion companies are expanding into atypical lifestyle sectors to investigate new business opportunities, including F&B, but also extending into downward fashion lines, such as sportswear, executed to gain market share. Yet, these extensions can be considered affordable 'luxury' if compared to the parent brands.

Despite academic research on brand extensions receiving a lot of attention, we can observe that relatively limited studies have focused on the extendibility of luxury brands into horizontal extensions of more affordable ‘luxury’. This is unexpected as there are more specificities that luxury brands need to pay attention to not damage their essence.

Little data is available about the impact of accessing luxury brand extensions in different store formats, namely in pop-up and permanent formats. By filling in important knowledge gaps, this research attempts to provide insight into the social and psychological aspects of luxury that persist and that make brands vulnerable when extending outside their core business. Furthermore, an interesting finding of the study that advances the field’s research is the differences between the attributes of luxury brand extensions in a pop-up context and their absence when in a permanent location.

To sum up, it was predicted that this study, in combination with the previously mentioned inputs, will act as a catalyst for further investigation, therefore enhancing our understanding of the reasons and risks behind the purchase/consumption of luxury brand extensions, whether they are downward fashion extensions or F&B extensions.

9. Appendices

Appendix 1: Questionnaire – Study 1

<u>Introduction</u>

Welcome and thank you for taking part in this study!

Your participation in the study is completely anonymous and voluntary. This study does not gather any information that would enable participant identification.

The current questionnaire is conducted in the scope of a first research of understanding consumers' acceptance toward brand extensions of three luxury fashion brands. Your participation in this questionnaire should take approximately 7 minutes.

By moving forward on this questionnaire, you are agreeing to voluntarily take part in the study.

Thank you for your attention!

In order to see the Portuguese version, please select the language on the right corner at the top of the page. (**Para ver a versão em português, por favor selecione o idioma no canto superior direito**)

---Break---

<u>General Questions</u>

1- Have you ever bought something from a Luxury Fashion Brand? (Excluding perfumes/cosmetics)

- Yes
- No
- I do not remember

2- If you answered yes, could you tell us what you bought?

- Bag
- Shoes
- Clothing

- Watch/Jewelry
- Home design
- Went to a Restaurant / Café from the brand
- Other

3- If you answered no, have you ever desired to buy something from a Luxury Fashion Brand? (Excluding perfumes/cosmetics)

- Yes
- No

---Break---

Representativeness

We would like to understand your perceptions and attitudes toward three renowned luxury brands - **Dior, Prada, and Gucci**. Your input is crucial in helping us gain insights into consumer perceptions about luxury brands extending into new categories. (**If you have never heard about these brands, please do not continue the survey.**)

4- To what extent do these brands, from your point of view, represent a luxury fashion brand?

- Dior (Not at all - 1, Totally - 7)
- Prada (Not at all - 1, Totally - 7)
- Gucci (Not at all - 1, Totally - 7)

---Break---

Participants were directed to all the following 3 blocks, every with the same questions about the brand and respective extensions (note: to simplify the reading, the questions are after the 3 scenarios):

- Brand extension acceptance – Dior
- Brand extension acceptance – Prada
- Brand extension acceptance – Gucci

Brand extension acceptance - Dior

Dior was founded by Christian Dior in 1946 (Paris). "(...) He transformed his dreams into irresistible creations, seeking to break with the somber war years by elevating pure joy. His visionary spirit celebrated and enchanted women the world over. In only ten years, Monsieur Dior revolutionized the conventions of elegance and femininity, designing collections infused with dreams." - LVMH Website | DIOR, 2023

(question 5)

At the Dior 2022 Cruise show in Athens, the Brand unveiled the Dior Vibe collection by the Creative Director, Maria Grazia Chiuri, which combined the world of sports with Dior heritage, the brand's elegance, and craftsmanship.

A Dior Vibe bag, in the image below, costs around 3 900€. An iconic Lady Dior bag costs 5 500€ (small size).

Please consider that you can find this collection in every Dior boutique with a permanent location, like the one below.

(question 6)

To introduce the Dior Vibe collection, the French luxury brand Dior opened a series of pop-up stores (temporary), the only locations where consumers could purchase this collection, like the store in the image below. These Pop-up stores opened in different locations around China, as well as in Hong Kong, Seoul, Taipei, Bangkok, London, Soho, Tokyo and Beverly Hills.

A Dior Vibe bag, in the image below, costs around 3 900€. An iconic Lady Dior bag costs 5 500€ (small size).

(question 6)

In 2022, Dior launched a restaurant in Paris named Monsieur Dior, with a permanent location, that embodies the French art of living, driven by Chef Jean Imbert’s creativity, who combined generosity and refinement with simplicity and elegance. With the help of his devoted partner Antony Clémot, the French chef created a menu that drew inspiration from the Maison's past.

On the menu you can find, for example:

- Tuna au couteau with jalapeño pepper 38€
- Raw citrus langoustines 36€
- Ricotta, courgette & tomato ravioli 29€
- Green vegetable & herb risotto 29€
- White asparagus with hazelnut crust 38€
- Filet with pepper and fries du défilé 49€


(question 6)

From November 10 to January 3, 2023, the House of Dior launched the Dior Café Pop-Up at Harrods, in London. A brand-new, remarkable space devoted to tempting the senses of taste, transformed into a gingerbread winter wonderland for Christmas. Offering the great French classics and culinary specialties with a British touch in a setting fit for a fairy tale, all conceived and executed by Harrods' talented chefs.

On the menu you could find, for example:

- Lobster Thermidor with mixed herb and cress salad, and yuzu vinaigrette
- Salmon and langoustine ravioli, pink grapefruit, basil and caviar sauce
- Roasted chestnut velouté, winter chanterelles, pancetta and black truffle
- Harissa-roasted butternut squash, buffalo burrata, pomegranate, mint and olive oil
- Baba À La Poire: Baba soaked in spiced syrup, poached pear and ginger crème
- A Christmas tree of honey cake with crème anglaise

(Prices are not available online; please consider that they are similar to Restaurant Monsieur Dior above)

(questions 6, 7, and 8)

--Break---

<u>Brand extension acceptance - Prada</u>

Founded by Mario Prada in Milan, with a storied past that dates back to 1913, "Prada has been synonymous with cutting-edge style. Its intellectual universe combines concept, structure, and image through codes that go beyond trends. Its fashion transcends products, translating conceptuality into a universe that has become a benchmark to those who dare to challenge conventions focusing on experimentation." - Group Prada Website | Prada, 2023

(question 5)

In 2020, Prada launched a new collection of clothing and accessories named Prada Re-Nylon Collection, of 100% regenerated nylon, under the leadership of creative director Miuccia Prada. This collection was entirely made from recycled purified plastic gathered from landfills, fishing nets, oceans, and global waste of textile fiber.

A Prada Re-Nylon bucket hat, in the image below, costs around 520€. Other bucket hats, outside the Re-Nylon collection, cost around 1 000€.

Please consider that you can find this collection in every Prada boutique with permanent location, like the one below.


(question 6)

To introduce the Prada Re-Nylon collection, the Italian luxury brand Prada opened a series of pop-up stores (temporary), the only locations where you could purchase this collection, like the store in the image below. These Pop-up stores opened in different locations such as Seoul Shinsegae Gangnam, Selfridges Manchester, Xian SKP, Vancouver Holt Renfrew, Shenzhen Bay MIXC, Bangkok Siam Paragon, and Seoul Hyundai Pangyo.

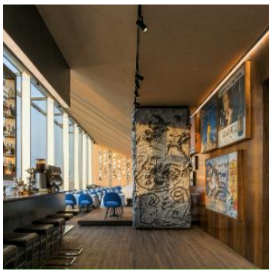
A Prada Re-Nylon bucket hat, in the image below, costs around 520€. Other bucket hats, outside the Re-Nylon collection, cost around 1 000€.


(question 6)

Rem Koolhaas, a prestigious Dutch Architect, created Torre by Prada in 2018, with a permanent location on the sixth floor of the Fondazione Prada building. The Prada's restaurant and bar have a unique atmosphere due to its artwork and design. With its huge windows and terrace, it offers an unmatched view of Milan. Chef Lorenzo Lunghi created a menu that evokes the memory of authentic flavors while contemporarily renewing Italian gastronomic traditions.

On the menu you can find, for example:

- Spaghettone with Cantabrico anchovies, sweet peppers, and almonds 27€
- Calamarata pasta, wild garlic pesto, bottarga, and smoked ricotta 27€
- Herbs agnolotti, butter, fennel, zucchini, and caper leaves 27€
- Risotto with saffron sauce and red prawns 32€
- Calamari with roasted peppers and squid ink ragù 36€
- Veal with mushrooms and spring onions 36€

(question 6)

Prada opened this year the Prada Caffè, at Harrods in London, where the luxury fashion brand is serving breakfast, lunch, dinner, small bites, and aperitivo until the end of 2023 (Pop-Up). An area created to give the brand a fresh perspective and provide clients with an unforgettable and unique experience. Every decision made in the setting, from the décor and menu to the tableware and ambiance, pays homage to Prada's iconic visuals while expressing the brand's language, approach, and unique perspective.

On the menu you can find, for example:

- Avocado toast 10£
- Buffalo mozzarella, tomato, basil croissant 15£
- Raspberry and pistachio tartlet 15£
- Gelato (selection of three flavours) 14.50£
- Gnocchi with basil pesto, green beans, sautéed potatoes Parmesan aged 24 months 26£
- Risotto with saffron and Parmesan aged 24 months 38£

(questions 6, 7, and 8)

---Break---

<u>Brand extension acceptance – Gucci</u>

Founded in Florence by Guccio Gucci in 1921, "Gucci is one of the world's leading luxury brands. Following the House's centenary, Gucci forges ahead continuing to redefine luxury while celebrating creativity, Italian craftsmanship, and innovation. Gucci is part of the global luxury group Kering, which manages renowned Houses in fashion, leather goods, jewelry, and eyewear." - GUCCI Official Website | GUCCI, 2023

(question 5)

In 2021, Gucci introduced its more affordable and youthful collection, named Gucci Off The Grid, under the leadership of creative director Alessandro Michele. Compared to the main Gucci brand, this collection offers a different price range and style, making it more accessible to a wider audience - particularly a younger and more environmentally concerned one.

A Gucci Off The Grid jacket, in the image below, costs around 1 250€. Compared to the Gucci parent brand, the most similar type of jacket costs 2 000€.

Please consider that you can find this collection in every Gucci boutique with a permanent location, like the one below.

(question 6)

To introduce this new collection, Gucci launched a couple of pop-up stores (temporary) across the world, particularly in areas where the luxury brand may not yet have a physical store and the only locations where consumers could purchase this collection, like the store in the image below. Chengdu, Sao Paulo, Taipei, Bangkok, Moscow, Mexico City, and Dubai are some of the target locations.

The Pop-Ups were called "Gucci Pin" and opened for an average of five weeks each. Consider that these Pop-Ups are the only locations where you could find the Gucci Off The Grid collection. A Gucci Off The Grid jacket, in the image below, costs around 1 250€. Compared to the Gucci parent brand, the most similar type of jacket costs 2 000€.


(question 6)

Gucci Osteria is a series of modern Italian eateries that have been growing since 2018, with a variety of unique identities that can be found in four cities (Florence, Beverly Hills, Tokyo, and Seoul), sharing a culinary philosophy with creativity, elegance, humour, and sensuality, by embodying the essence of youth embodied by Gucci and drawing connections between it and Chef Massimo Bottur's philosophy.

On the menu you can find, for example:

- Our Souvenirs (include 7 tasting plates) 170€/pax
- Our New Memories (Include 8 tasting plates) 120€/pax
- Cheese Selection 35€
- From Paestum to Carrara (Mozzarella di bufala, tomato, basil & strawberry dessert) 22€
- Promenade Into the Wood (Peas, wild strawberries & elderflower dessert) 22 €


(question 6)

From the 4th of July until the 6th of August 2023, Gucci met the beautiful French Riviera scenery through a unique partnership between Giardino 25 and the renowned restaurant and bar Ceto (Michelin Star) by Mauro Colagreco, located at the top of The Maybourne Riviera hotel in Roquebrune Cap-Martin.

The menu is unavailable online, but you could find an exclusive offer of tapas and 11 cocktails. Cocktail prices should go around 30€, considering the current prices from bar Ceto.


(questions 6, 7, and 8)

Questions

5- Please consider the following statements about **Perceived Quality** and rate considering your perception of [Brand] (Consumer acceptance; adapted from Aaker & Keller, 1990, and from Chowdhury, 2007)
   - The perceived overall quality of the brand (1- Very low, 7- Very high)
   - The reliability of the brand (1- Not reliable at all, 7- Totally reliable)
   - The trustworthiness of the brand (1- Not trustworthy at all, 7- Totally trustworthy)

6- Please consider the following statements about **Extension Evaluation** and rate considering your perception of the **[Permanent Location or Pop-Up Format]** as well (Consumer acceptance; adapted from Aaker & Keller, 1990, from Chowdhury, 2007, and from Milberg et al., 2013)
   - The perceived overall quality of the brand extension (1- Inferior, 7- Superior)
   - The likelihood of trying the experience (1- Not likely at all, 7- Totally likely)
   - The perceived overall fit of the brand extension (1- Very low fit 7- Very high fit)
   - The perceived overall sense of the brand extension (1- Makes little sense 7- Makes a lot of sense)

7- Please consider the following statements about **Perceived Fit of the [Brand] in Fashion** and rate considering your perception (Consumer acceptance; adapted from Aaker & Keller, 1990, and from Chowdhury, 2007)

- The usefulness of the manufacturing skills and resources in the original product for developing, refining and making the new product (1- Not useful at all, 7- Totally useful)
- The complementarity of the original and extension products in use (1- Not complementary at all, 7- Totally complementary)
- The substitutability of the original and extension products in use (1- Not substitutable at all, 7- Totally substitutable)

8- Please consider the following statements about **Perceived Fit of the [Brand] in Food & Beverage** and rate considering your perception (Consumer acceptance; adapted from Aaker & Keller, 1990, and from Chowdhury, 2007)

- The usefulness of the manufacturing skills and resources in the original product for developing, refining and making the new product/service (1- Not useful at all, 7- Totally useful)
- The complementarity of the original and extension products/service in use (1- Not complementary at all, 7- Totally complementary)
- The substitutability of the original and extension products/service in use (1- Not substitutable at all, 7- Totally substitutable)

--Break--

<u>Demographics</u>

9- What gender do you identify with?

- Male
- Female
- Other
- Prefer not to say

10- What is your age?

- < 18
- 18 - 24

- 25 - 34
- 35 - 50
- > 50

11- What is your current occupation?

- Student
- Student Worker
- Employed
- Self-Employed
- Unemployed
- Other

12- What is your monthly household income after tax deduction?

- Less than 1000€
- 1001€ - 2000€
- 2001€ - 3000€
- 3001€ - 4000€
- 4001€ - 5000€
- More than 5000€

---End---

Appendix 2: Reliability and validity of the measures – Study 1

Variable/Construct	**Number of Items**	**Cronbach's Alpha (more than 2 items) / Pearson's Correlation 2 or fewer items**
Perceived Quality of the brand	*3*	*Dior: ,917; Prada: ,831; Gucci: ,833*
Perceived Fit of the extension	*2*	*Fashion Perm.: ,856; Fashion Pop-Up: ,710; F&B Perm.: 793; F&B Pop-Up: ,757*

Appendix 3: Further Analysis - Comparing the Three Luxury Brands

We analyzed each Brand Extension (Fashion vs. F&B) Acceptance, considering the Store Format (Pop-Up vs. Permanent) of each extension, by conducting 3 Brand x 2 Type of

Extension ANOVA to explore Consumer Acceptance (Perceived Quality of the Extension, Likelihood of Trying the Extension Product/Service, and Perceived Fit of the Extension).

Initially, we conducted the test for the Perceived Quality of the extension in a permanent location, which only revealed a significant effect of the interaction of Brands and the Type of Extension (F (2, 38) = 8.832, p < .001). Thus, through a paired samples t-test, it is possible to observe that consumers perceive the Dior fashion extension as higher quality (M = 5.43, SD = 1.662) than the F&B extension (M = 4.88, SD = 1.436) (t (39) = 3.626, p < .001), the Prada fashion extension as similar quality (M = 5.10, SD = 1.464) to the F&B extension (M = 5.03, SD = 1.441) (t (39) = .650, p = .520), and the Gucci fashion extension of similar quality (M = 5.18, SD = 1.534) to the F&B extension (M = 5.32, SD = 1.575) as well (t (39) = -1.290, p = .205).

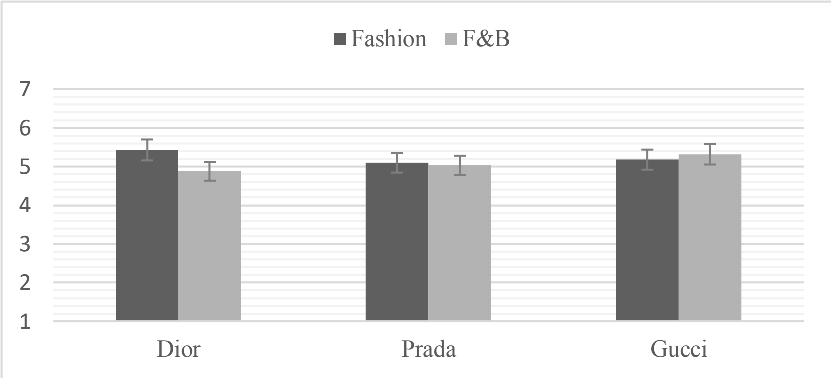
Table 29 - Descriptive Statistics – Perceived Quality of the brand extension (permanent location)

	Extension Sector	Mean	Std. Deviation	N
Dior	Fashion	5,43	1,662	40
	F&B	4,88	1,436	40
Prada	Fashion	5,10	1,464	40
	F&B	5,03	1,441	40
Gucci	Fashion	5,18	1,534	40
	F&B	5,32	1,575	40

Table 30 - Test of within-subjects effects - Perceived Quality of the brand extension (permanent location)

Source	F	P-value
Brands	2,625	,088
Type of Extension	3,592	,065
Brands*Type of Extension	8,832	<,001

Figure 17 - Estimated Marginal Means - Perceived Quality of the brand extension (permanent location)



Then, we conducted the same test for the Perceived Quality of the extension but in a pop-up format, which revealed a significant main effect of the Brands (F (2, 38) = 3.406, p = .038), suggesting that there are overall differences in brand quality across the three levels (Brands). By looking at the table below, it is possible to observe that Gucci offers overall higher quality ($M_{fashion}$ = 5.15, $SD_{fashion}$ = 1.562; $M_{f\&b}$ = 5.28, $SD_{f\&b}$ = 1.536) when in a pop-up format, which is supported by a paired samples t-test, ($t_{DiorVSGucci}$ (39) = -2.211, $p_{DiorVSGucci}$ = .033; $t_{PradaVSGucci}$ (39) = -2.156, $p_{PradaVSGucci}$ = .037).

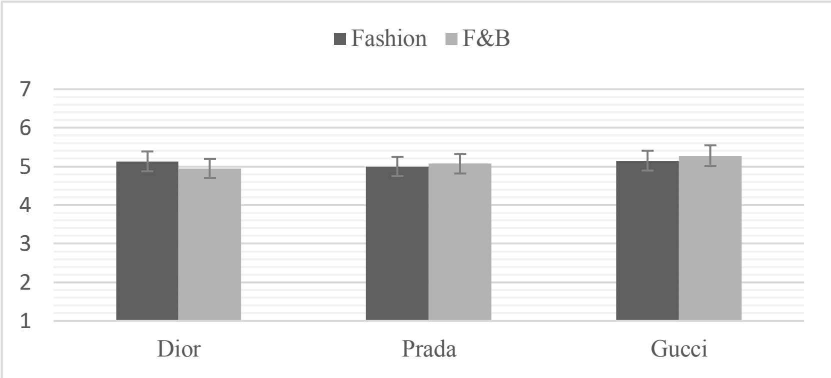
Table 31 - Descriptive Statistics – Perceived Quality of the brand extension (pop-up format)

	Extension Sector	Mean	Std. Deviation	N
Dior	Fashion	5,13	1,522	40
	F&B	4,95	1,484	40
Prada	Fashion	5,00	1,396	40
	F&B	5,07	1,457	40
Gucci	Fashion	5,15	1,562	40
	F&B	5,28	1,536	40

Table 32 - Test of within-subjects effects - Perceived Quality of the brand extension (pop-up format)

Source	F	P-value
Brands	3,406	,038
Type of Extension	,018	,893
Brands* Type of Extension	1,781	,184

Figure 18 - Estimated Marginal Means - Perceived Quality of the brand extension (pop-up format)



Next, we conducted the test for the Likelihood of Trying the products/services of the extension in a permanent location, which revealed a significant main effect of the Type of Extension (F (1, 39) = 4.149, p = .048), indicating overall differences in the Likelihood of Trying the products/services between fashion (M = 4.66, SD = 1.108) and F&B (M = 4.91, SD = 1. 224) brand extensions. Thus, it is possible to observe that consumers are more likely to try the F&B brand extensions. This effect may occur since the F&B extension is more affordable than the fashion extension. Therefore, more people can try the restaurant experience.

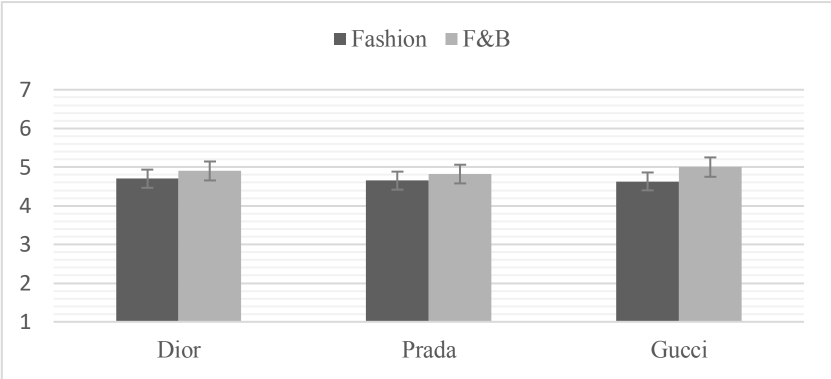
Table 33 - Descriptive Statistics - Likelihood of trying the products/services of the extension (permanent location)

	Extension Sector	Mean	Std. Deviation	N
Dior	Fashion	4,70	1,305	40
	F&B	4,90	1,215	40
Prada	Fashion	4,65	1,145	40
	F&B	4,82	1,279	40
Gucci	Fashion	4,63	1,353	40
	F&B	5,00	1,468	40

Table 34 - Test of within-subjects effects - Likelihood of trying the products/services of the extension (permanent location)

Source	F	P-value
Brands	,241	,786
Type of Extension	4,149	,048
Brands* Type of Extension	,553	,552

Figure 19 - Estimated Marginal Means - Likelihood of trying the products/services of the extension (permanent location)



Consequently, we conducted the test for the Likelihood of Trying the Products/Services of the extension in a pop-up Format, which revealed a significant main effect of the Type of Extension as well (*F* (1, 39) = 8.647, *p* = .005), indicating overall differences in the likelihood of trying the products/services between fashion (*M* = 4.84, *SD* = 1.279) and F&B (*M* = 5.08, *SD* = 1.334) brand extensions. Thus, it is possible to observe that consumers are more likely to try the F&B brand extensions in pop-up formats. Again, this effect may occur since the F&B extension is more affordable than the Fashion extension, consequently, more people can try the restaurant experience.

Table 35 - Descriptive Statistics - Likelihood of trying the products/services of the extension (pop-up format)

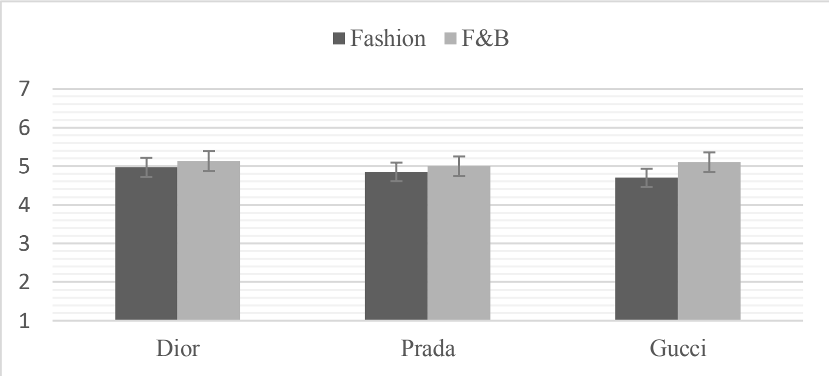
	Extension Sector	Mean	Std. Deviation	N
Dior	Fashion	4,97	1,493	40
	F&B	5,13	1,362	40
Prada	Fashion	4,85	1,388	40
	F&B	5,00	1,359	40
Gucci	Fashion	4,70	1,344	40
	F&B	5,10	1,446	40

Table 36 - Test of within-subjects effects - Likelihood of trying the products/services of the extension (pop-up format)

Source	F	P-value
Brands	1,407	,251
Type of Extension	8,647	,005

Brands* Type of Extension	1,077	,337

Figure 20 - Estimated Marginal Means - Likelihood of trying the products/services of the extension (pop-up format)



In addition, we conducted the test for the Perceived Fit of the brand extensions in a permanent location. We observed a significant effect of Brands (F (2, 38) = 3.434, p = .037), suggesting that there are overall differences in brand fit across the three levels (Brands). Consequently, it is possible to observe that Gucci offers an overall higher fit ($M_{fashion}$ = 5.33, $SD_{fashion}$ = .646; $M_{f\&b}$ = 5.46, $SD_{f\&b}$ = .827) than Dior ($M_{fashion}$ = 5.23, $SD_{fashion}$ = .660; $M_{f\&b}$ = 5.16, $SD_{f\&b}$ = 1.052). This can be supported by a paired samples t-test ($t_{DiorVS.Gucci}$ (39) = -2.406, $p_{DiorVS.Gucci}$ = .021).

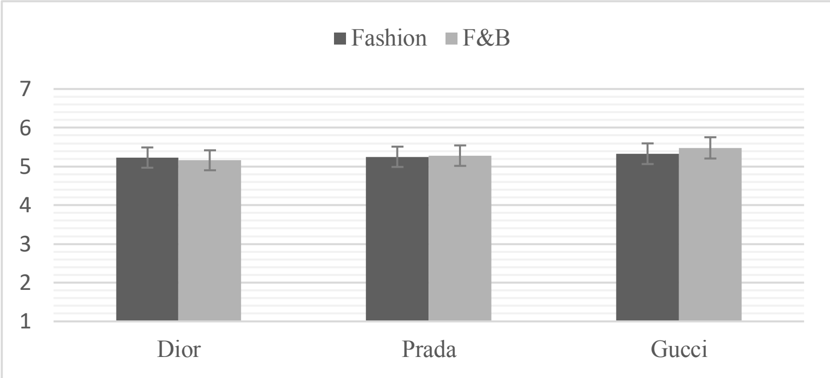
Table 37 - Descriptive Statistics – Perceived Fit of the brand extension (permanent location)

	Extension Sector	Mean	Std. Deviation	N
Dior	Fashion	5,23	,660	40
	F&B	5,16	1,052	40
Prada	Fashion	5,25	,751	40
	F&B	5,28	,869	40
Gucci	Fashion	5,33	,646	40
	F&B	5,46	,827	40

Table 38 - Test of within-subjects effects - Perceived Fit of the brand extension (permanent location)

Source	F	P-value
Brands	3,434	,037
Type of Extension	,165	,687
Brands* Type of Extension	,764	,469

Figure 21 - Estimated Marginal Means - Perceived Fit of the brand extension (permanent location)



Moreover, we conducted the test for the Perceived Fit of the brand extensions in a pop-up format. We noticed a marginally significant main effect of Brands as well (F (2, 38) = 2.537, p = .086), suggesting that there are overall differences in brand fit across the three levels (brands). Therefore, it is possible to observe that Gucci offers an overall higher fit ($M_{fashion}$ = 5.56, $SD_{fashion}$ = .735; $M_{f\&b}$ = 5.51, $SD_{f\&b}$ = .772) than Dior ($M_{fashion}$ = 5.46 , $SD_{fashion}$ = .858; $M_{f\&b}$ = 5.21, $SD_{f\&b}$ = .926), in pop-up formats. This is supported by a paired samples t-test ($t_{DiorVS.Gucci}$ (1,39) = -2.543, $p_{DiorVS.Gucci}$ = .015). We can also observe a significant interaction between the Brands and Type of Extensions F (2, 38) = 5.032, p = .009). This suggests that the difference in Perceived Fit between fashion and F&B is significantly higher for Dior ($M_{fashion}$ = 5.46, $SD_{fashion}$ = .858; $M_{f\&b}$ = 5.21, $SD_{f\&b}$ = .926).

Table 39 - Descriptive Statistics – Perceived Fit of the brand extension (pop-up format)

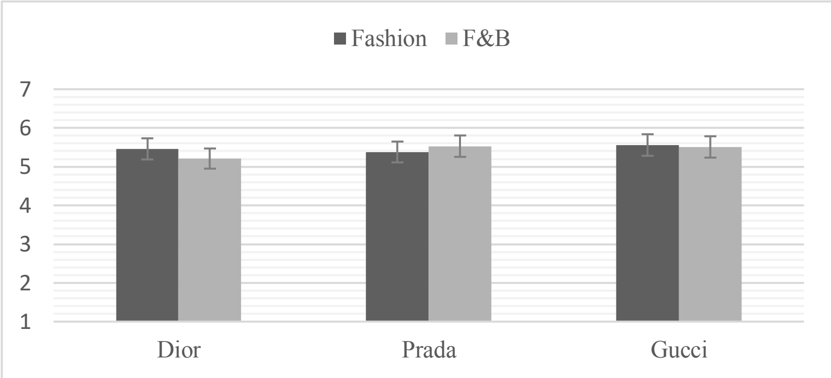
	Extension Sector	Mean	Std. Deviation	N
Dior	Fashion	5,46	,858	40
	F&B	5,21	,926	40
Prada	Fashion	5,38	,972	40
	F&B	5,53	,980	40
Gucci	Fashion	5,56	,735	40
	F&B	5,51	,772	40

Table 40 - Test of within-subjects effects - Perceived Fit of the brand extension (pop-up format)

Source	F	P-value
Brands	2,537	,086

Type of Extension	,609	,440
Brands* Type of Extension	5,032	,009

Figure 22 - Estimated Marginal Means - Perceived Fit of the brand extension (pop-up format)



After analyzing the extendibility of each scenario, we analyzed the Perceived Fit of each Brand (3 levels – Dior, Prada, and Gucci) for each Extension Sector (2 levels - Fashion vs. F&B), not considering the Store Format.

Hence, for the Transferability Dimension, we could analyze a significant main effect of the Type of Extension (F (1, 39) = 57.218, $p < .001$), indicating that there are differences in brand extension transferability between the fashion and F&B sectors. So, it is possible to observe higher perceived transferability (manufacture and resources) in fashion (M_{Dior} = 6.00, SD_{Dior} = .906, M_{Prada} = 5.75, SD_{Prada} = .840, M_{Gucci} = 5.92, SD_{Gucci} = .764) rather than in F&B (M_{Dior} = 4.35, SD_{Dior} = 1.145, M_{Prada} = 4.35, SD_{Prada} = 1.122, M_{Gucci} = 4.53, SD_{Gucci} = 1.109).

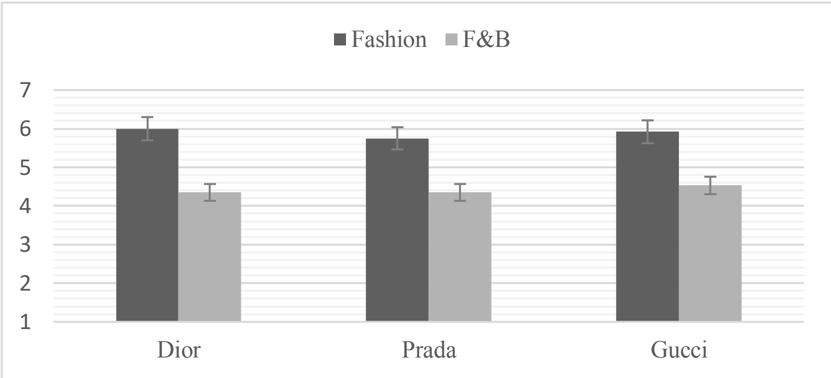
Table 41 - Descriptive Statistics – Perceived Fit (Transferability Dimension) of each extension sector

	Extension Sector	Mean	Std. Deviation	N
Dior	Fashion	6,00	,906	40
	F&B	4,35	1,145	40
Prada	Fashion	5,75	,840	40
	F&B	4,35	1,122	40
Gucci	Fashion	5,92	,764	40
	F&B	4,53	1,109	40

Table 42 - Test of within-subjects effects - Perceived Fit (Transferability Dimension) of each extension sector

Source	F	P-value
Brands	2,053	,135
Type of Extension	57,218	<,001
Brands* Type of Extension	1,696	,190

Figure 23 - Estimated Marginal Means - Perceived Fit (Transferability Dimension) of each extension sector



In addition, for the Complementarity Dimension, we could analyze no evidence of significant effects. However, for the Substitutability Dimension, we found a significant main effect of the Type of Extension (F (1, 39) = 20.171, p < .001), indicating that there are differences in brand extension substitutability between the fashion and F&B sectors, as it is possible to observe lower perceived substitutability in fashion (M_{Dior} = 4.35, SD_{Dior} = 1.331 , M_{Prada} = 4.37, SD_{Prada} = 1.148, M_{Gucci} = 5.2, SD_{Gucci} = .816) rather than in F&B (M_{Dior} = 5.52, SD_{Dior} = .905, M_{Prada} = 5.45, SD_{Prada} = .986, M_{Gucci} = 5.42, SD_{Gucci} = .903).

Table 43 - Descriptive Statistics – Perceived Fit (Complementarity Dimension) of each extension sector

	Extension Sector	Mean	Std. Deviation	N
Dior	Fashion	5,55	,846	40
	F&B	5,52	,905	40
Prada	Fashion	5,42	,903	40
	F&B	5,45	,986	40
Gucci	Fashion	5,2	,816	40
	F&B	5,42	,903	40

Table 44 - Test of within-subjects effects - Perceived Fit (Complementarity Dimension) of each extension sector

Source	F	P-value
Brands	,726	,468
Type of Extension	,117	,734
Brands* Type of Extension	,649	,525

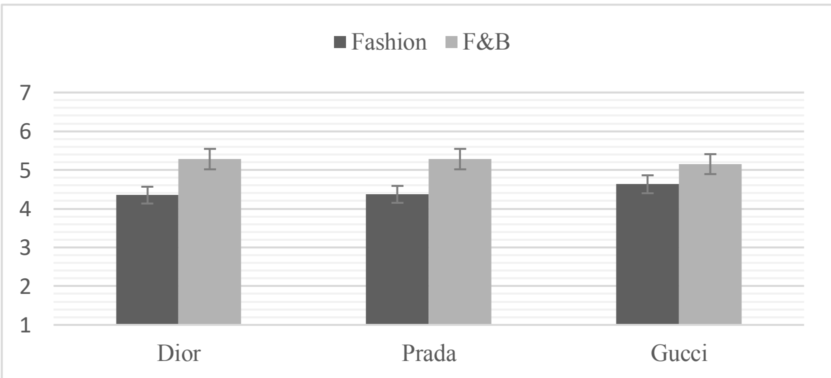
Table 45 - Descriptive Statistics – Perceived Fit (Substitutability Dimension) of each extension sector

	Extension Sector	Mean	Std. Deviation	N
Dior	Fashion	4,35	1,331	40
	F&B	5,28	1,339	40
Prada	Fashion	4,37	1,148	40
	F&B	5,28	1,037	40
Gucci	Fashion	4,63	1,055	40
	F&B	5,15	1,027	40

Table 46 - Test of within-subjects effects - Perceived Fit (Substitutability Dimension) of each extension sector

Source	F	P-value
Brands	,217	,713
Type of Extension	20,171	<,001
Brands* Type of Extension	3,265	,052

Figure 24 - Estimated Marginal Means - Perceived Fit (Substitutability Dimension) of each extension sector



Overall, in terms of Brand Acceptance, we can conclude that the brand with the highest overall acceptance is Gucci, both in terms of Perceived Fit and Perceived Quality. However, for our main study, we want to focus on the brand that is highly perceived as luxury yet not easily accepted in an F&B format, to understand how it may damage the brand, as well as what can be done to mitigate that threat. Consequently, we can notice that the brand most representative of a luxury fashion brand is Dior (M = 6.58, SD = 1.059). Moreover, this was the brand less accepted when extending in F&B, since consumers perceive the Dior fashion extension as higher quality (M = 5.43, SD = 1.662) than the F&B extension (M = 4.88, SD = 1.436), in a permanent location. Also, for Dior, when in a pop-up store, we can observe that the difference in Perceived Fit between fashion and F&B is significantly higher ($M_{fashion}$ = 5.46, $SD_{fashion}$ = .858; $M_{f\&b}$ = 5.21, $SD_{f\&b}$ = .926), where consumers are less accepting of F&B extensions.

Appendix 4: Questionnaire - Study 2

Introduction

Welcome and thank you for taking part in this study!

Your participation in the study is completely anonymous and voluntary. This study does not gather any information that would enable participant identification.

The current questionnaire is conducted in the scope of a last research of understanding consumers' perception toward brand extensions of Dior.

Your participation in this questionnaire should take approximately 5 minutes.

By moving forward on this questionnaire, you are agreeing to voluntarily take part in the study.

Thank you for your attention!

In order to see the Portuguese version, please select the language on the right corner at the top of the page. **(Para ver a versão em português, por favor selecione o idioma no canto superior direito)**

---Break---

The brand – Christian Dior Couture

Christian Dior Couture is an iconic brand and the epitome of luxury and haute couture.

Its creator, Christian Dior, founded the company in 1946 (Paris), and it gained notoriety very quickly for its exquisite craftsmanship, unparalleled attention to detail, and commitment to timeless elegance and feminity, designing collections infused with dreams.

Nowadays, the house continues to influence fashion by expanding the limits of savoir-faire while setting the highest standard for haute couture.

This survey invites respondents to dig into the fascinating world of Christian Dior Couture and express their perceptions towards this respectful Maison.

--Break--

RANDOMIZATION

Participants were directed to only one of the following blocks:

- Dior without considering any type of extension - Control Group
- Dior Fashion Extension in a permanent location
- Dior Fashion Extension in a pop-up format
- Dior F&B Extension in a permanent location
- Dior F&B Extension in a pop-up format

Dior without considering any type of extension - Control Group

At the SS22 Paris Fashion Week, Christian Dior Couture presented the women's ready-to-wear collection. This collection was structured around Maison's heritage, elegance, and craftsmanship, as the current Creative Director, Maria Grazia Chiuri, draws attention to the 1961 Slim Look collection.

Although the collection was seasonable and quantity limited, you could find this prêt-a-porter collection in every Dior Boutique with a permanent location and in some Dior SS22's Pop-Ups (temporary stores).

If necessary, use the images below to help you imagine this collection.

Dior Fashion Extension in a permanent location

At the Dior 2022 Cruise show in Athens, the Christian Dior Couture unveiled the Dior Vibe line by the Creative Director, Maria Grazia Chiuri, a new brand extension that combined the world of sports with Dior heritage, the brand's elegance, and craftsmanship.

Although the collection was seasonable and quantity limited, you could find this sportswear line in every Dior Boutique with a permanent location.

If necessary, use the images below to help you imagine this collection and a permanent Dior Boutique.

Dior Fashion Extension in a pop-up format

At the Dior 2022 Cruise show in Athens, the Christian Dior Couture unveiled the Dior Vibe line by the Creative Director, Maria Grazia Chiuri, a new brand extension that combined the world of sports with Dior heritage, the brand's elegance, and craftsmanship.

To introduce the Dior Vibe collection, the French luxury brand Dior opened a series of pop-up stores (temporary stores), the only locations where consumers could purchase this collection.

If necessary, use the images below to help you imagine this collection and a Dior pop-up store.

Dior F&B Extension in a permanent location

In 2022, Dior launched a restaurant in Paris named Monsieur Dior, with a permanent location, that embodies the French art of living, driven by Chef Jean Imbert's creativity, who combined generosity and refinement with simplicity and elegance. The cuisine is influenced by exclusive Christian Dior Couture collections devoted to the arts of the table, enhancing favorite classic dishes from the brand creator, Monsieur Christian Dior.

On the menu you can find, for example:

- Tuna au couteau with jalapeño pepper
- Raw citrus langoustines
- Ricotta, courgette & tomato ravioli
- Green vegetable & herb risotto
- White asparagus with hazelnut crust
- Filet with pepper and fries du défilé

If necessary, use the images below to help you imagine the permanent restaurant.

Dior F&B Extension in a pop-up format

From November 10 to January 3, 2023, the House of Dior launched the Dior Café Pop-Up at Harrods. A brand-new, remarkable space devoted to tempting the senses of taste, transformed into a gingerbread winter wonderland for Christmas. Offering the great French classics and culinary specialties with a British touch in a setting fit for a fairy tale, all conceived and executed by Harrods' talented chefs.

On the menu you could find, for example:

- Lobster Thermidor with mixed herb and cress salad, and yuzu vinaigrette
- Salmon and langoustine ravioli, pink grapefruit, basil and caviar sauce
- Roasted chestnut velouté, winter chanterelles, pancetta and black truffle
- Harissa-roasted butternut squash, buffalo burrata, pomegranate, mint and olive oil
- Baba À La Poire: Baba soaked in spiced syrup, poached pear and ginger crème
- A Christmas tree of honey cake with crème anglaise

If necessary, use the images below to help you imagine the temporary restaurant.

Questions

1- Please rate the following statements about **[Christian Dior Couture or Extension Name]**.

- I would like to try [Christian Dior Couture or Extension Name] (1 - not at all, 7 - totally)
- I would be happy if I could have access to [Christian Dior Couture or Extension Name] (1 - not at all, 7 - totally)
- I would associate positive emotions with using/consuming in [Christian Dior Couture or Extension Name] (1 - not at all, 7 - totally)

2- How much do you think most of **[Christian Dior Couture or Extension Name + products or dishes]** cost?

- less than 100€
- 101€ - 500€
- 501€ - 1 000€
- 1 001€ - 3 000€
- more than 3 000€

3- Please rate the following statements about **[Christian Dior Couture or Extension Name]**. (Consumer acceptance; adapted from Aaker & Keller, 1990, and from Milberg et al., 2013)

- The perceived overall quality of [Christian Dior Couture or Extension Name] (1- Inferior, 7- Superior)
- The perceived overall fit of [Christian Dior Couture or Extension Name] (1- Very low fit 7- Very high fit)
- The perceived overall sense of [Christian Dior Couture or Extension Name] (1- Makes little sense 7- Makes a lot of sense)

4- Please indicate how much you agree with the following statements about **Dior**. (Consumer-Based Brand Equity: Brand Loyalty, adapted from Yoo & Donthu, 2001)

- I consider myself to be loyal to Dior (1 - strongly disagree, 7 - strongly agree)
- Dior would be my first choice when considering [product category] (1 - strongly disagree, 7 - strongly agree)
- I will not [buy from or go to] other [product category] if [Christian Dior Couture or Extension Name] is available (1 - strongly disagree, 7 - strongly agree)

5- Please indicate how much you agree with the following statements about **Dior**. (Consumer-Based Brand Equity: Brand Image, adapted from Kim, Kim, & An, 2003)

- It is luxurious (1 - strongly disagree, 7 - strongly agree)
- It is expensive (1 - strongly disagree, 7 - strongly agree)
- It is suitable for high class (1 - strongly disagree, 7 - strongly agree)
- It has a long history (1 - strongly disagree, 7 - strongly agree)
- It has a differentiated image from other brands (1 - strongly disagree, 7 - strongly agree)
- I become special (1 - strongly disagree, 7 - strongly agree)

6- For me, purchasing a **[Christian Dior Couture or Extension Name + good or experience]** is: (Perceived Hedonism, adapted from Hagtvedt & Patrick, 2009, and from Voss, Spangenberg, & Grohmann, 2003)

- 1- useful, 7- enjoyable
- 1- not fun, 7- fun
- 1- dull, 7- exciting
- 1- not delightful, 7- delightful
- 1- not thrilling, 7- thrilling
- 1- unenjoyable, 7- enjoyable

7- Please rate the following questions about **[Christian Dior Couture or Extension Name]**. (Psychological Distance, adapted from Darke, et al., 2016)

- When you think about [Christian Dior Couture or Extension Name] and its characteristics, how physically close are you to the company? (1- Very Close, 7- Very Distant)
- When you think about the physical features of [Christian Dior Couture or Extension Name], how abstract are they in your mind? Concrete = Easy to Imagine | Abstract = Difficult to Imagine (1- Very Concrete, 7- Very Abstract)
- When you consider [Christian Dior Couture or Extension Name] and its features, how tangible are the attributes of the company in your mind? Tangibility is the extent to which you can sense (e.g., see, touch, hear, taste, or smell) the object of interest. (1 - Very Tangible, 7- Very Intangible)
- When you think about the physical features of [Christian Dior Couture or Extension Name], how real do they seem in your mind? (1- Very Real, 7- Very Hypothetical)

--Break--

<u>Perceived Exclusivity</u> (note: for each previous scenario)

Perceived Exclusivity

According to Turunen (2017), "The word 'luxury' refers to something inherently unattainable, just one step ahead and unreachable". In order to nurture the dream, luxury is about having high awareness and being highly desired yet remaining scarce and inaccessible (Dubois & Paternault, 1995; Turunen, 2017).

9- **Considering the last chapter**, please indicate how much you agree with the following statements. (Perceived Exclusivity, adapted from Kapferer & Valette-Florence, 2016, and from Margariti, Boutsouki & Hatzithomas, 2019)

- The brand uses noble and rare ingredients (1 - strongly disagree, 7 - strongly agree)
- Can not be found everywhere, selective distribution (1 - strongly disagree, 7 - strongly agree)
- It is produced in small series, not in mass (1 - strongly disagree, 7 - strongly agree)
- Its stores are very select with a real atmosphere (1 - strongly disagree, 7 - strongly agree)
- For me, the brand still keeps its exclusive character (1 - strongly disagree, 7 - strongly agree)
- Few people own the products/experience given in the chapter before (1 - strongly disagree, 7 - strongly agree)

---Break---

Demographics

10- What gender do you identify with?

- Male
- Female
- Other
- Prefer not to say

11- What is your age?

- < 18
- 18 - 24
- 25 - 34
- 35 - 50
- > 50

12- What is your current occupation?

- Student

- Student Worker
- Employed
- Self-Employed
- Unemployed
- Other

13- What is your monthly household income after tax deduction?

- Less than 1000€
- 1001€ - 2000€
- 2001€ - 3000€
- 3001€ - 4000€
- 4001€ - 5000€
- More than 5000€

---End---

Appendix 5: Reliability and validity of the measures – Study 2

Variable/ Construct	Number of items	Cronbach's Alpha (more than 2 items) / Pearson's Correlation 2 or fewer items
Attitudes toward the brand/ extension	*3*	*Christian Dior Couture: ,981; Dior Vibe Permanent: ,934; Dior Vibe Pop-Up: ,934; Monsieur Dior Permanent: ,942; Dior Café Pop-Up: ,942*
Perceived Fit of the extension	*2*	*Christian Dior Couture: ,916; Dior Vibe Permanent: ,805; Dior Vibe Pop-Up: ,822; Monsieur Dior Permanent: ,743; Dior Café Pop-Up: ,851*
Brand Loyalty	*3*	*Christian Dior Couture: ,795; Dior Vibe Permanent: ,838; Dior Vibe Pop-Up: ,869; Monsieur Dior Permanent: ,909; Dior Café Pop-Up: ,902*
Brand Image	*6*	*Christian Dior Couture: ,842; Dior Vibe Permanent: ,842; Dior Vibe Pop-Up: ,785; Monsieur Dior Permanent: ,758; Dior Café Pop-Up: ,726*

Variable/ Construct	Number of items	Cronbach's Alpha (more than 2 items) / Pearson's Correlation 2 or fewer items
Perceived Hedonism	*6*	*Christian Dior Couture: ,951; Dior Vibe Permanent: ,923; Dior Vibe Pop-Up: ,916; Monsieur Dior Permanent: ,899; Dior Café Pop-Up: ,884*
Psychological Distance	*4*	*Christian Dior Couture: ,867; Dior Vibe Permanent: ,736; Dior Vibe Pop-Up: ,865; Monsieur Dior Permanent: ,777; Dior Café Pop-Up: ,771*
Perceived Exclusivity	6	*Christian Dior Couture: ,889; Dior Vibe Permanent: ,735; Dior Vibe Pop-Up: ,839; Monsieur Dior Permanent: ,803; Dior Café Pop-Up: ,847*

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