LINE EXTENSION INFLUENCE ON BRAND IMAGE:
A study on the alcoholic beverage market in Brazil
LINE EXTENSION INFLUENCE ON BRAND IMAGE:
A study on the alcoholic beverage market in Brazil

Dissertation presented to Escola de Administração de Empresas de São Paulo of Fundação Getulio Vargas, as a requirement to obtain the title of Master in International Management (MPGI)

Knowledge Field:
Marketing

Advisor: Prof. Luis Henrique Pereira

SÃO PAULO
2014
Cabanes, Sébastien
Line extension influence on brand image: A study on the alcoholic beverage market in Brazil / Sébastien Cabanes – 2014
105 pages

Advisor: Luis Henrique Pereira

Dissertation (mestrado) - Escola de Administração de Empresas de São Paulo.

1. Key Words: alcoholic beverages, brand equity, brand image, line extension. I. Advisor: Luis Henrique Pereira. II. Dissertation (mestrado) – Escola de Administração de Empresas de São Paulo. III. Line extension influence on brand image: A study on the alcoholic beverage market in Brazil
LINE EXTENSION INFLUENCE ON BRAND IMAGE:
A study on the alcoholic beverage market in Brazil

Dissertation presented to Escola de Administração de Empresas de São Paulo of Fundação Getulio Vargas, as a requirement to obtain the title of Master in International Management (MPGI).

Knowledge Field: Marketing

Approval Date

___/___/___

Committee members:

______________________________
Prof. Luis Henrique Pereira (Advisor)
FGV-EAESP

______________________________
Prof.

______________________________
Prof.
ACKNOWLEDGEMENTS

I would like to thank warmly the staff and the professors of Fundação Getulio Vargas in São Paulo, and especially Prof. Luis Henrique Pereira, my master dissertation supervisor, for his very precious help in the process of writing and presenting this work. I would like to thank as well my colleagues from Pernod Ricard for their precious advices, as well as all the Brazilian University students who actively participated to the focus groups.
ABSTRACT

The present study has the objective of understanding the influence of line extensions on the image of vodka brands. The research was performed by organizing various focus groups with vodka consumers in São Paulo. These focus groups allowed exploring and analyzing how the last line extensions of vodka brands have modified the image the consumers had of the brand. Three hypotheses were distinguished as an outcome of the research: (1) The influence of a line extension on brand image depends heavily on the initial image the consumers have of the brand. For a vodka brand with an average or bad image, launching a line extension with a perceived average or bad quality does not modify the brand image. On the contrary, for a vodka brand with a positive initial brand image, launching a line extension with perceived high quality led to a positive change in the brand image. (2) For vodka brands, a vertical line extension recognized as having high authenticity provokes a transfer of attributes from the extended product to the brand. (3) Among Keller’s (1993) dimensions of brand image, non-product related attributes and especially packaging are the one that are the most influenced by line extensions of vodka brands.

Key words: alcoholic beverages, brand equity, brand image, line extension
Este estudo tem o objetivo de entender a influência das extensões de linha sobre a imagem das marcas de vodca. A pesquisa foi baseada na organização de vários focus groups com consumidores de vodca em São Paulo. Estes focus groups possibilitaram explorar e analisar os efeitos que os últimos lançamentos de vodca provocavam sobre a imagem que os consumidores têm da marca. Três hipóteses foram identificadas como resultado da pesquisa.

1. A influência que uma extensão de linha tem sobre a imagem da marca está fortemente relacionada à imagem inicial da marca para os consumidores. Para uma marca de vodca com imagem positiva, o lançamento de uma extensão de linha com alta qualidade percebida pelos consumidores trouxe uma mudança de percepção ainda mais positiva para a imagem da marca. No entanto, para marcas com uma imagem de média a ruim, o lançamento de uma extensão de linha cuja qualidade é percebida também como de média a ruim, não houve mudança para a imagem da marca.

2. Para uma marca com imagem positiva, o lançamento da extensão de linha, dentro de um segmento Premium, transfere os atributos do novo produto para a marca.

3. Entre as dimensões da imagem de uma marca identificadas para Keller (1993), os atributos que não são atributos diretamente relacionados ao produto, especialmente embalagem, são os que estão mais influenciados por extensões de linha de marcas de vodca.

Palavras chaves: bebidas alcoólicas, brand equity, imagem da marca, extensão de linha
LIST OF FIGURES

Figure 1: Keller’s dimensions of Brand knowledge 21
Figure 2: Transfers of brand knowledge 35
Figure 3: Martinez & Pina’s model of the effect of brand extension on brand image 39
Figure 4: Model of brand extension effect on brand image that was used to structure the focus groups 41
Figure 5: Classification of Qualitative Research Procedures 44
Figure 6: Brand image attributes discussed in the focus groups 51
LIST OF TABLES

Table 1: Kapferer’s brand equity model
Table 2: Hypothesis included in Martinez Salinas & Perez (2009)’s model of effect of brand extension on brand image
Table 3: Other hypotheses developed about brand extension’s effect on brand image
Table 4: Qualitative versus quantitative research
Table 5: Differences between exploratory and conclusive research
Table 6: The two perspectives for focus group organization and analysis
Table 7: Extract (A) from the analysis of focus group discussions
Table 8: Extract (B) from the analysis of focus group discussions
Table 9: Extract (C) from the analysis of focus group discussions
# TABLE OF CONTENTS

## 1. INTRODUCTION

1.1 Research problem  
1.2 Objective  

## 2. LITERATURE REVIEW

2.1 Conceptual review from the general concept of brand to the image of a brand for the consumer  
2.1.1 Brand  
2.1.2 Brand equity  
2.1.3 Consumer-based brand equity  
2.1.4 Brand knowledge  
2.1.5 Brand awareness  
2.1.6 Brand image  
2.2 Brand and line extensions  
2.2.1 The advantages of brand and lines extensions for companies  
2.2.2 Horizontal and vertical line extensions  
2.3 The effects of line extensions on product brand image  
2.3.1 Consumer evaluation of line extensions  
2.3.2 The phenomenon of transfer of brand associations between the baseline product and the new product  
2.3.3 Backward effect on brand image of transfers from the new product to the parent brand  

## 3. METHODOLOGY

3.1 An exploratory qualitative research  
3.2 The choice of focus group method  
3.3 The selection of the focus group participants
3.3.1 The choice of University students 46
3.3.2 Sampling procedures 47
3.3.3 Profile of the participants 47
3.4 Structure of the focus groups 48
3.5 Scenario of the focus groups 50
3.6 Preparation for the role of focus group moderator 53
3.7 Methodology of analysis 54
3.7.1 Methodological choices 54
3.7.2 Selection of the sub-themes 56
3.8 Validity of the analysis 58

4. RESULTS 61
4.1 Thematic analysis of the focus group discussions 61
4.1.1 Preliminary analysis: Brand awareness of the vodka brands 61
4.1.2 Theme 1: Image of Absolut, Smirnoff and Orloff 62
before the line extensions
4.1.2.1 Absolut is a brand recognized for its quality 62
4.1.2.2 Absolut has an image mixing tradition and innovation 63
4.1.2.3 Absolut provides a status to the person who drinks it 63
and to the place it is served in
4.1.2.4 Smirnoff is the best cost-benefit for young people 64
4.1.2.5 Smirnoff consumption is associated both to 65
day-to-day events and clubs
4.1.2.6 Smirnoff is better than Orloff 65
4.1.2.7 The price is the main argument for buying Orloff 65
4.1.2.8 Orloff is a mass product with a rather bad image 66
4.1.3 Theme 2: Impressions about the line extensions from 66
Absolut, Smirnoff and Orloff
4.1.3.1 General impressions about the line extensions 66
4.1.3.2 Impressions about Absolut line extensions 67
4.1.3.3 Impressions about Smirnoff line extensions 68
4.1.3.4 Impressions about Orloff line extensions 69
4.1.4 Theme 3: Brand image of Absolut, Smirnoff and Orloff after the extensions 69

5. CONCLUSION 72
5.1 Existence of some modifications of the brand image after the launch of a line extension 72
5.2 Description of the modifications of the brand image after a line extension 72
5.3 Line extension influence on Keller’s components of brand image 74
5.4 Hypotheses on the influence of line extensions on the image of vodka brands 75
5.5 Validation of the hypotheses by industry experts 75

6. CONTRIBUTIONS 77

7. LIMITATIONS OF THE PRESENT RESEARCH 78

8. FUTURE RESEARCH 79

BIBLIOGRAPHY 80

APPENDIX 1: Support document for focus group 92
APPENDIX 2: Consent to participate in focus group 101
APPENDIX 3: Questionnaire about personal data and familiarity with vodka category 102
APPENDIX 4: Reference questions to assess brand image before the extension 103
APPENDIX 5: Reference questions to assess the consumer impressions about the extensions 104
APPENDIX 6: Excel model for thematic analysis of the focus group discussions 105
1. INTRODUCTION

Alcoholic beverage consumption has experienced a significant boom in Brazil over the past few years. Alcoholic drinks per capita in Brazil increased from 63L in 2009 to nearly 70L in 2013 (Frent, 2012). Brazil’s socio-economic factors like increase of population and economic growth were cited as drivers for this boom (Frent, 2012). Vodka segment stands up among the segments showing the most significant growth. From 2007 to 2012, vodka category has shown on average 10% growth every year in volume and 24% in value (Smith, 2013). Smith, Woodward and Hermoso (2014) assessed that ‘vodka is rapidly becoming Brazil’s high-energy nightlife icon, particularly in the club scene’ (p.8). The surge of vodka even starts to seriously challenge the domination of cachaça, the local spirit historically favored by Brazilians, with the growing attractiveness of caipiroska vodka-based cocktail over caipirinha, the famous Brazilian cachaça-based cocktail (Smith, Woodward and Hermoso, 2014). The iconic status of some vodka brands and the recent dynamism of the vodka segment in Brazil made vodka an interesting market to analyze about brand image issues. Furthermore, no academic study has been so far led on vodka market. For all these reasons, the vodka segment of Brazilian alcoholic beverage market was chosen as market focus for the present dissertation.

1.1 Research problem

Product line extensions are today a common way of introduction of new products in vodka segment (Smith, Woodward and Hermoso, 2014). A line extension is the launch by a brand of a new product in the same product category as the baseline product, using the brand name in the name of the new product (Chadwick & Clowes, 1998). The brand Absolut was the first vodka brand to launch a vodka product with flavors on the market in 1988 and this launch has progressively sent a trend of flavored products on vodka market. Indeed, the share of flavored vodkas increased from 1.6% to 2.2% of vodka products between 2007 and 2012 in Brazil (Smith, Woodward and Hermoso, 2014). Absolut brand for example introduces on average on or two new products per year, which are variants of the baseline product Absolut Original, with different flavors or different packaging (Pernod Ricard data, 2014). By using the name of a famous brand to launch a new product, brand managers expect the consumers to transfer their positives beliefs from the parent brand to the extension (Pina, Iversen and Martinez, 2010). However, a backward effect can also occur from the extended product to the parent
brand, affecting the image of the brand (Pina, Iversen and Martinez, 2010; Martinez & Pina, 2009). Taking in consideration this backward effect is key for brand managers when launching a line extension. The great challenge for them is to leverage and protect the value of the brand while at the same time taking advantage of this momentum opportunity (Aaker, 1997). The influence that a line extension may have on the image of vodka brands is therefore a critical topic for vodka brands that tend to rely heavily on line extensions to launch new products on the market. Thus, the research problem on which this dissertation was built consisted in understanding how the line extensions launched on vodka market have influenced the image of the brand for the Brazilian consumers. The research question that guided this dissertation is: how do product line extensions have had an influence on the image of vodka brands in Brazil?

1.2 Objective

The objective of this research is to understand the influence of line extensions on the image of vodka brands for consumers. Keller (1993) defined brand image as the’ perceptions about a brand as reflected by the brand associations held in consumer memory’ (p.3). In other words, this dissertation aims at understanding how the consumers’ perceptions of vodka brands have been modified by the recent launches of line extensions.

To fulfill the objective, an exploratory qualitative research involving several focus groups of vodka consumers was made. The discussions among the participants enabled to explore their initial image of three selected vodka brands, their impressions of recent product line extensions of those vodka brands, and their final image of the three vodka brands after the extensions. A thematic analysis of the focus group discussions was led and allowed to raise new hypothesis to help fulfilling the main objective of understanding the influence of line extensions on the image of vodka brands for consumers.
2. LITERATURE REVIEW

2.1 Conceptual review from the general concept of brand to the image of a brand for the consumer

This chapter starts from the concept of brand to progressively zoom on the concept of brand image. Literature on brand image indeed analyzed brand image as a specific component of the equity of a brand.

2.1.1 Brand

In his reference book *The New Strategic Brand Management* (2008), Jean Noel Kapferer emphasized how important brand management has become for companies since the 1980s. The author related that from this decade onwards, management realized that ‘the principal asset of a company was in fact its brand names’ (Kapferer, 2008, p.3). Kapferer illustrated his point by stressing this radical change occurring for companies: ‘Before, in a takeover bid, merger or acquisition, the buyer acquired a pasta manufacturer, a chocolate manufacturer or a producer of microwave ovens or abrasives. Now companies want to buy Buitoni, Rowntree (that is, KitKat, After Eight), Moulinex or Orange. The strength of a company like Heineken is not solely in knowing how to brew beer; it is that people all over the world want to drink’ (p.4).

This shift in valuation perspective is explained by the increasing importance of intangible assets in the value of a firm. Ballow, Burgman and Molnar (2004) underlined that for S&P 500 companies in 1980, traditional accounting assets made on average 80% of market value, and that is amount fell to 25% by 2002. As a result, ‘75% of the value of the companies lies in their brands and other marketing-based intangibles’ (Doyle, 2000, p.19). Indeed, Bick (2009) included brands as one of the four types included in these marketing-based intangibles, composed of marketing knowledge, brands, customer loyalty and strategic relationships. Therefore, brands have turned into a key intangible asset for companies. Kapferer (2008) further enriched this notion of brand as an asset for companies. Defining an asset as ‘an element that is able to produce benefits over a long period of time’ (p.10), he notes that brands have as well the purpose of ‘conditional assets’ (p.10) ‘ because in order to deliver their benefits, their financial value, they need to work in conjunction with other material assets.
such as production facilities’ (p.10). As a matter of fact, ‘there are no brands without products or services to carry them’ (Kapferer, 2008, p.10).

Brands are therefore valuable assets for companies that are distinct from the product but associated to it. De Chernatony and McDonald (1998) divided products into three levels and include the brand at the third level of a product: The first level is the product itself, including the physical and tangible aspects (design, features, packaging etc…). The second level includes the added services (warrantees, after-sale service etc…) and the third level contains the most intangible aspects like the brand name, quality perception, reputation. According to Martinez and Pina (2003), ‘among the intangible aspects of the product, the brand is the most important’ (p.432). Aaker and Joachimstahler (2000) even put the brand at the same level of importance as the product when they cited the brand and the product as the two extremes to choose between while engaging in marketing activities. The marketers should arbitrate between focusing on the brand or focusing on the product itself, and the most common way to handle this kind of questioning is according to Aaker and Joachimstahler (2000) by being somewhere in between on the scale.

The most common definition of brand is the one provided by Kotler (1991) and used as the official definition of brand by the American Marketing Association, which defined a brand as ‘a name, term, design, symbol, or any other feature that identifies one seller’s good or service as distinct from those of other sellers’. Keller (1998) further defined a brand as ‘a set of mental associations, held by the consumer, which adds to the perceived value of a product or service’ (Keller cited in Kapferer, 2008, p.10). According to these two definitions widely found in literature, the simple act of adding a brand name to a product influences the perception one can have of the product and differentiates it from other similar products. This double phenomenon, named by Aaker (2003) the power of the branded differentiator, is now pretty familiar to all of us at a time when brands are have invaded our society and are already fully integrated to our daily lives. Brands can therefore be used as a true competitive tool for companies that seek to use the differentiation of their brand as a factor to enhance their attractively for consumers and hence increasing their sales and profits. Branding has become a top management priority for many companies which increasingly see their brands as their most valuable assets (Keller, 2002). However, given the constant pressures for meeting short-term targets, many managers opt for reductions in long-term investments to achieve short-term goals. The great challenge is then to leverage and protect the value of the brand while at the same time taking advantage of a momentum opportunity (Aaker, 1997). In other words,
marketing managers should ensure that the short-term market actions will develop the long term desirable attitudes of the brand in the mind of consumers, which is the core of brand equity building.

### 2.1.2 Brand equity

The concept of brand equity was defined by Farquhar (1989) as the ‘added value with which a given brand endows a product’ (p.24). In a broadly used definition, Aaker (1991) later defined it as ‘a set of brand assets and liabilities linked to a brand, its name, and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers’ (p.15). Brand equity is seen as a multidimensional concept (Mizik and Jacobson, 2005) and various models have been developed to explain and measure brand equity (Aaker, 1996; Keller, 1998). Feldwick (1996) relates some confusion in literature on the definition of brand equity. Indeed, the literature on brand equity uses the term to refer to various dimensions (Kapferer, 2008). Some authors restrict the use of ‘brand equity’ to the impact the brand causes on consumer mental associations (Keller, 1992). Others mention as well behavior: for instance behavior is included in Aaker’s early measures (1991), which also consider brand loyalty. In his late writings, Aaker (1996) included market share, distribution and price premium in his ten measures of brand equity. Ambler (2003) resumed brand equity in a schematic but strong and holistic formula: brand equity is ‘what is in people’s heads about the brand.’ (p.46). Rust et al. (2005) used an interesting and more elaborated definition: brand equity is ‘the customer’s subjective and intangible assessment of the brand, above and beyond its objectively perceived value’ (p. 24).

Lassar, Mittal and Arun (1995), and latter Kapferer (2008) synthesized the different approaches in literature on brand equity and distinguished two main perspectives used to define the concept of brand equity: the financial-based perspective and customer-based perspective. The financial- based perspective represents the value of the brand to the firm. It measures brand equity by isolating the net additional cash flows created by the brand (Kapferer, 2008). Simon and Sullivan (1993) for instance created such a model to measure the financial value of brands. On the opposite, the consumer-based perspective takes into account the value of the brand to the consumers. Brand value is taken on the market from the mindsets and actions of consumers. The measures rely on brand knowledge structures existing in the minds of consumers, and brand equity can be largely captured by a large array of aspects:

The financial perspective and the consumer-based perspectives are reconciled by Kapferer (2008) in a brand equity model with 3 dimensions: brand assets, brand strength, and brand value.

‘Brand assets are learnt mental associations and affects. They are acquired through time, from direct or vicarious, material or symbolic interactions with the brand. Brand strength is a measure of the present status of the brand: it is mostly behavioral (market share, leadership, loyalty, price premium). Not all of this brand stature is due to the brand assets (...). Brand value is a projection into the future. Brand financial valuation aims to measure the brand’s worth, that is to say, the profits it will create in the future’ (Kapferer, 2008, p.15).

Table 1- Kapferer’s brand equity model

<table>
<thead>
<tr>
<th>From brand assets to brand financial value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Brand assets</strong></td>
</tr>
<tr>
<td>Brand awareness</td>
</tr>
<tr>
<td>Brand reputation (attributes, benefits, competence, know-how, etc.)</td>
</tr>
<tr>
<td>Perceived brand personality</td>
</tr>
<tr>
<td>Perceived brand values</td>
</tr>
<tr>
<td>Reflected customer imagery</td>
</tr>
<tr>
<td>Brand preference or attachment</td>
</tr>
<tr>
<td>Patents and rights</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Kapferer’s note: the arrows represent not a direct but a conditional consequence

2.1.3 Consumer-based brand equity

Coming back to Kapferer’s model (2008), the consumer-based perspective for brand equity covers how brand assets impact the elements brand strength. The other perspective in literature, the financial perspective, would cover how brand strength impacts brand value. The American Marketing Association defined a customer as ‘the actual or prospective purchaser of products or services’. A customer can therefore be distinct from the consumer, which is defined as ‘the ultimate user or consumer of goods, ideas, and services’ (American Marketing Association, 2014). In many articles in literature, the term consumer is used as a wider term to define both consumers and customers. The American Marketing Association indeed notes on
that matter that the term consumer can be also used ‘to imply the buyer or decision maker as well as the ultimate consumer’. Both customers and consumers are at the heart of brand strategies and according to Hoeffler and Keller (2003) ‘the value of a brand – and thus its equity’ must ultimately be derived in the marketplace from the words and actions of consumers’ (p.421). Indeed, customer-based measures underlie brand equity, and any managerial attempt to improve brand strength should start by an analysis of such customer measures (Krishnan, 1996). Along with that observation, studies have tried to measure the equity of established brands from a customer perspective. Swait et al. (1993) determined an Equalization Price measure, while Kamakura and Russell (1993) discussed a Brand Value measure, and Park and Srinivasan (1994) introduced a consumer preference-based measure. Keller (1993) chose to dedicate a study to customer-based brand equity, in an attempt to help marketing managers to better conceptualize, measure and manage this concept. Taking customer-based perspective on brand equity is of practical relevance for marketing managers as it ‘suggests both specific guidelines for marketing strategies and tactics and area where research can be useful in assisting managerial decision making’ (p.2).

Customer-based brand equity is defined by Keller (1993) as ‘the differential effect of brand knowledge on consumer response to the marketing of a brand’ (p.8). The differential effect mentioned refers to a comparison with consumer response to the same marketing of the same product but without the brand name. Consumer response includes perceptions, preferences and behavior triggered by marketing activity. To sum up his point, Keller wrote that ‘a brand is said to have positive (negative) customer-based brand equity if consumers react more (less) favorably to the product, price, promotion, or distribution of the brand than they do to the same marketing mix element when it is attributed to a fictitiously named or unnamed version of the product or service’ (p.8). Keller analyzed that consumer’s strong, favorable and unique brand associations drive their differential perception of the branded product, and thus participate to creating customer-based brand equity. Therefore, Keller’s customer-based brand equity framework can be used to identify the existence of marketing advantages for strong brands (Hoeffler and Keller, 2003). For the company that sells and markets a product, this favorable or unfavorable reaction of the customer is likely to impact business indicators like market share or market leadership, and therefore to impact brand strength, following to the model created by Kapferer (2008). As a result, competitive advantages exist on the market for strong brands: strong brands provide a platform for new products and for licensing, have the resilience to endure crisis situations, show better resistance to competitive attack, and are
valuable to the trade as well as to the firm (Farquhar, 1989). Strong brands are purchased more frequently, have greater loyalty (Fader and Schmittlein, 1993), get higher market share (Srivastava and Shocker, 1991; Smith and Park, 1992).

2.1.4 Brand knowledge

Consumer previous knowledge about the brand is a prerequisite for customer-brand equity. Indeed, according to Keller (1993), ‘understanding the content and structure of brand knowledge is important because they influence what comes to mind when the consumer thinks about a brand’ (p.2). Moreover, brand knowledge is intrinsically linked to marketing activities, as marketing activities can create or affect the dimensions of brand knowledge which in turn influence consumer response to marketing activity (Keller, 2003). Therefore, ‘by creating differential consumer responses and affecting the success of brand building marketing programs, brand knowledge is the source of brand equity’ (Keller, 1993, p.596). To analyze knowledge about brands, authors in literature refered to widely accepted concepts of memory structures, and in particularly the ‘Associative Network Memory Model’. According to this model, memory is made of ‘nodes’ and ‘links’. Nodes are ‘stored information connected by links that vary in strength’ (Keller, 1993). The extent of retrieval in memory is determined by a process of ‘spreading activation’ that goes from node to node (Collins and Loftus, 1975). When external information is being encoded or when internal information is being found from ancient memory, a node becomes a source of activation for other nodes, and activation spreads from this node to other linked nodes. Keller explained that ‘when the activation of a node exceeds some threshold level, the information contained in that node is recalled. Thus, the strength of association between the activated node and all linked nodes determined the extent of this ‘spreading activation’ and the particular information that can be retrieved from memory’ (p.2).

According to this model, Keller defined brand knowledge as ‘consisting of a brand node in memory to which a variety of associations are linked’ (p.3). He defined two dimensions that define brand knowledge: brand awareness and brand image. Brand awareness is defined in terms of brand recall and brand recognition, while brand image is composed of a multitude of associations linked to the brand.
In a letter text, Keller (2003) acknowledged a greater multidimensionality to brand knowledge which is divided into awareness, images, attributes, benefits, thoughts, feelings, attitudes and experiences. With this enriched concept, Keller gave more importance to the personal experience the individual has had in his life with the brand, and defined brand knowledge as the personal meaning about a brand that is stored in consumer memory. This new focus echoed the researches made in literature about the abstract and intangible aspects of brand knowledge which are not related to the physical product. In one of them, Aaker (1997) found 114 possible personality traits for 37 well-known brands and uncovers five dimensions to capture the perceptual space of brands: sincerity, excitement, competence, sophistication, ruggedness. A well-established brand personality can make consumers have stronger emotional ties to the brand and brings greater trust and loyalty (Johnson et al., 2000). For managers, brand personality is a powerful asset that helps to communicate with the consumers about the brand and serves as a basis for promotional efforts (Plummer, 1985). Brand knowledge structures in the minds of consumers offer many opportunities of brand leverage. Keller (2003) noted that ‘any potential encounter with a brand—marketing initiated or not—
has the opportunity to change the mental representation of the brand and the kinds of information that can appear in consumer memory’ (p.597). Associating the brand with another element in the memory of the consumer brings the possibility of a brand transfer using country-of-origin effects (Li and Wyer, 1994), celebrity source effects (McCracken, 1986), co-branding or ingredient brand effects (Park, Jun, and Shocker, 1996), corporate branding effects (Brown and Dacin, 1997).

The literature review is now going to focus on the two components of brand knowledge described by Keller (1993): brand awareness and brand image.

2.1.5 Brand awareness

‘Brand awareness is the first and fundamental attribute of customer brand equity’ as ‘brand awareness precedes the construction of brand equity in the consumer mindset’ (Severy & Choon Ling, 2013, p.127). Indeed, Rossiter and Percy (1987) related brand awareness to the strength of the brand node in memory. This strength is according to them reflected by the ability of the consumers to identify the brand under different conditions. According to Keller (1993), this ability of the consumers to identify a brand can be performed in two ways, which are brand recall and brand recognition. In that respect, Keller made of brand recall and brand recognition the two components of brand awareness. Brand recall is defined as the ability of the consumer to ‘retrieve the brand when given the product category, the needs fulfilled by the category or some other type of probe as a clue’ (Keller, 1993, p.3). Brand recall therefore requires that the consumers identify the brand in their memory. On the other side, brand recognition relates to the consumer’s ability to ‘confirm prior experience to the brand when given the brand as a cue’ (Keller, 1993, p.3). Brand recognition makes the consumers categorize the brand as having seen or heard before. Indeed, both brand recall and brand recognition are linked to the ability of the consumers to identify some connections to the brand in their memory. These connections lead the consumers to the brand in different ways. The process of brand recall leads to the concept of the brand through the different connections linked to the brand in consumer memory. On the other side, the process of brand recognition leads to the brand as an experience though the connections created in consumer memory by a previous exposition to the brand. These two processes create the awareness of the brand for consumers. Farquhar (1989) added the idea of speed in his definition of brand awareness as being how promptly consumers can retrieve a brand name stored in their memory. The strength of the brand node in memory is here defined as its ability to provoke a quick surge of
the brand name out of memory. Farquhar therefore limited awareness to brand recall dimension, but focuses on the speed of the process and not like Keller on the process itself. Another interesting variant of definition for brand awareness is the one introduced by Aaker (1996) which defined brand awareness as the durability of a brand embedded in customer memory. According to this definition, brand awareness can be created and reinforced by ongoing visibility that enhances familiarity and powerful associations to the brand (Keller, 1998).

Keller (1993) stressed three reasons for which brand awareness plays an important role in consumer decisions. First, a high awareness increases the chances that the consumers think of the brand and include it in their consideration set for purchase. This argument was later used by Farquhar (2000) according to whom a brand with a high awareness has a greater chance of getting purchased. Second, brand awareness can affect the choice itself. Petty and Cacioppo (1986) showed with their elaboration likelihood model that brand awareness can be the base of the product choice in some decisions settings characterized by a low-involvement of the consumer. Third, brand awareness is a prerequisite for the creation of a brand image, as a brand image cannot exist if there is not any node existing in memory for the brand.

Tiwari and Roy (2012) stressed the importance of brand awareness by including it as one of the nine parameters composing the strength of a brand. Hoeffler and Keller (2003) limited later brand strength to three parameters including brand awareness, brand knowledge and brand performance. In his analysis of brand equity, Aaker (1991) considered brand awareness as one of the 5 categories of brand assets and liabilities linked to the brand that compose brand equity, along with brand loyalty, perceived quality, brand associations and other proprietary assets.

2.1.6 Brand image

Brand image has been recognized as an important concept in marketing for a long time (Gardner and Levy, 1955). Keller (1993) defined brand image as the’ perceptions about a brand as reflected by the brand associations held in consumer memory’ (p.3). In other words, the connections existing in the minds of consumers create associations linked to the brand, which results in a perception of the brand for each consumer. This perception of the brand is called brand image. Coming back to the Associative Network Memory Model, Keller (1993) named brand associations the nodes that are linked in memory to the brand node and that therefore make the meaning of the brand for consumers. According to him, the components of
brand image are the types of brand associations, but also the favorability, strength and uniqueness of these brand associations. (see Figure 1). In this perspective, consumers evaluate the brand overall (attitude), but also the extent to which the characteristics of the product (attributes) suit to the consumers (benefits). Keller indicated the need for a brand to measure the congruence between these associations, but also the secondary associations about the company (like reputation) the country of origin, the distribution channels (like advertising, service), and events organized by the brand.

In Keller’s (1993) model of brand image, the associations making up the image of the brand refer to both tangible (like price) and intangible attributes (like favorability of brand associations). Furthermore, these associations can be created in the mind of each consumer by both internal and external stimuli (for example user imagery and packaging respectively). Therefore, there is a huge multiplicity of possible brand images created in the minds of consumers. This multiplicity of possible brand images related to each consumer personality and experience urged Roy and Banerjee (2007) to define brand image as consumer’s thoughts and feelings about the brand. According to Reddy, Holak, and Bhat (1994), non-verbal information about brands such as symbols, slogans and logos may be more potent or meaningful than verbal ones. These thoughts and feelings of the consumers towards a brand can result in the creation of a strong brand image that creates superior brand messages for a brand in comparison to its competitors. As a consequence, brand image has a direct influence on consumer behavior (Burmann et al., 2008). For example, Jacoby et al. (1971) found that consumers’ perception of quality and value is influenced by brand image. Getting positive brand evaluations by consumers is considered by Farquhar (1989) as one of the three ways of building a strong brand, along with accessible brand attitudes and consistent brand image. Farquhar (1989) distinguished in his analysis 3 types of brand evaluations: (i) affective responses, which are emotions or feelings towards the brand, (ii) cognitive evaluations, which are the beliefs about the brand, and (iii) behavioral intentions, which are the habits towards the brand.

Indeed, due to the critical role played by brand image on consumer behavior towards the brand, marketing activity plays an active role. Keller (1993) justified this role when he argued that the brand associations are more or less strong in the consumer’s memory depending on the amount of information supplied and the process with which the information was provided to the consumer. Brands thrive through the relationships they form with customers (De Chernatony, 2001). As a matter of fact, one of the main challenges for marketing teams is
what Aaker (1996) called the ‘brand image trap’. Aaker (1996) made then a distinction between brand identity and brand image, and argued that there needs to be a clear distinction about the two. Aaker and Joachimstahler (2000) defined brand identity as a set of brand associations that the brand strategist aspires to create or maintain. Brand identity is therefore defined as what the company attends to transmit to the market, It has to consider various aspects like the desired positioning and personality (de Chernatony, 1999). Along with communication mechanisms, brand identity creates associations in the consumer’s mind resulting in brand image (Kapferer 1997). Brand image is therefore created by the perceived associations by the consumers about the brand on the market. As a result, the identity of the brand represents the associations that the company attempts to communicate to the market, regardless of the fact that in the end they translate into truly perceived associations (image). (Martinez & Pina, 2003). The analysis of the congruence between brand identity and brand image is a key point for companies in the definition of their brand strategy (Van Rekom 1997). Aaker and Joachimstahler (2000) stressed that a strong brand should have a rich, clear brand identity. According to de Chernatony (2001), a useful conceptualization of brand equity is the ‘identity prism’ model created by Kapferer (1997), which explains the main differences between competing brands. Kapferer’s prism includes six dimensions, which are brand personality, brand culture, brand-consumer relationships, reflection, physique and self-image. According to Aaker (1997), brand personality reflects the human characteristics associated with a brand. Kapferer (1997) described brands as being a cluster of values. According to him, a brand comes from a unique culture characterized by values which are seen as fundamental principles regulating brand behavior (Kapferer, 1997).

Company strategy of brand positioning takes a great importance in the building of the image of the brand. Perceptions of the brand are likely to vary among different segments of consumers (Draganska & Dipak, 2005). Park and Arinivasan (1994) emphasized as well the importance of product positioning when they argued that brand image is closely related to the uniqueness of a particular product classification. Therefore, when the company choses a particular product segment to launch a new product, the image of the segment in the consumer’s eyes will strongly contribute to building the image of the product. Keller (1993) asserted that the favorability of a consumer attitude towards a brand depends on how the benefits and attributes of the brand satisfy its target market. On that point, Garcia Rodrigues and Bergantinos (2001) warned that the attributes highlighted by the manufacturer as advantages for the product might have negative connotations and vary according to consumer
typology. Brand image has been analyzed as being directly related to the product category within the brand in marketed. Low and Lamb (2000) created a protocol for measuring brand image on the base of the product category. The many studies that have attempted to measure brand image this way (Gwinner and Eaton, 1999; Hogg et al, 2000; Faicloth et al 2001) have considered both the physical attributes of the product, but also the functional, emotional and self-expressive benefits (Vazquez et al, 2002). Furthermore Park, Jaworski, MacInnis (1986) underlined that the positioning of a symbolic brand strengthens the building of a strong image and as well the brand’s associations with a group membership or the consumer’s self-identification. Lassar et al. (1995) analyzed the image dimension of a brand as the social image, defined as ‘the consumer’s perception of the esteem in which the consumer’s social group holds the brand’ (p.13). Lasser et al. included this image dimension in the scale they developed to measure consumer based brand equity. Plummer (1984) even defined image as the set of human characteristics associated with the typical user of a brand. A brand allows consumers to reflect externally something about themselves to their peers by owning a branded item (de Chernatony, 2001), but also internally to their self-image.

Porter and Claycomb (1997) and Gwinner and Eaton (1999) respectively pointed out the relevance of retail setting and event sponsorship in the building of brand image. Gwinner and Eaton (1997) highlighted two main reasons for a firm to enter into sponsorship arrangements: increasing brand awareness and changing brand image. Brand activities are an active, contributing partner in the relationship that exists between the person and the brand (Fournier, 1998). Aaker (1996) stated that brand image has been associated in literature with the metaphor of a brand as a person, using personality traits that can be those of a real person. Lau and Phau (2007) relate two key reasons why consumers enjoy symbolic meanings associated with the brands having distinct personalities: (i) Such brands allow consumers to portray the ‘self’ that they want to reveal (ii) Such brands allow consumers to develop personal relationships with the brand.

To sum up this chapter on brand image, is can be referred to Garcia Rodriguez and Bergantinos (2001) who listed that that the main aspects that can influence the image are the benefits of the product, the packaging, the distribution channel, the communication, the name of the brand and the symbol and slogan. All these aspects establish many associations with the brand. For example, a brand name represents a collection of concepts which consumers learn to associate with a particular product.
2.2 Brand and line extensions

Brand extension is by far the widest used technique for introducing new products on the market. It is indeed estimated that eight out of ten new products on the market are an extension of an existing brand (Oursouf et al., 1992). As a matter of fact, one of the most valuable resources of a company lies in its historic presence on the marketplace, which built along time impressions and beliefs about their brands to the consumers. (Smith and Park, 1992). To make the most of this valuable resource, companies tend to use the name of their existing brands for the new products they launch on the market. In addition to that, the current trends in society with the multiplication of consumer segments urge as well the companies to create new products to capture the demand coming from these new consumer segments (Kai – Lung, 2004). A distinction is made by some researchers between brand extensions and line extensions. A line extension is used by companies to enter a new market segment in the same product class, for example Pepsi with the introduction of Pepsi Light, whereas a brand extension relates to the use of an existing brand name to introduce products in a product segment which is new to the company (Chadwick & Clowes, 1998) for example the move of Yamaha, originally a manufacturer of motorbikes, into branded hi-fi equipment. However, this distinction is not made by all authors. Martinez and Pina (2003) noted that ‘in general, brand extensions and line extensions are distinguished from each other, although certain confusion can be found in the literature. (...) Both of these strategic alternatives tend to be included under the generic name of brand extensions’ (p.435). Line extensions can therefore be considered as a specific case of brand extensions, when the product class of the new product happens to be the same as the existing product. This is the logic that was followed in this dissertation, which allowed using the literature about brand extension on the specific case of line extension which is the focus of the present research.

2.2.1 The advantages of brand and lines extensions for companies

Both line extensions and brand extensions are performed to allow companies to leverage their products’ brand equity. According to Farquhar (1989), companies have three ways of leveraging their products ’brand equity: (i) borrowing a product’s brand equity, which is applicable in the case of line extensions (Pepsi Light benefits from Pepsi’s existing brand equity) (ii) extending brand equity, which occurs in the case of brand extensions (Yamaha hi-fi equipment benefits from the existing brand equity of Yamaha motorbikes) and (iii) buying brand equity, when a company purchases a brand to benefit from its existing equity.
The goal of companies in performing brand extension is to capitalize on the positive customer perceptions on the core product, which used to be linked exclusively to the brand in the consumers’ mind (Kapferer, 2008). This is based on the assumption that companies assume that consumers will accept better the new products launched under known symbols (Martinez and Pina, 2003). However, the relationship between brand extension and brand equity as two-sided: brand extension success or failure has an impact on the parent brand which can enhance or damage brand equity (Viot, 2011). Gurhan-Canli and Maheswaran (1998) showed that positive benefits are transmitted to the parent brand in the case where the new product is similar to the parent brand, and Milberg et al.,(1997) demonstrated it is not the case when it is dissimilar. It is interesting to note that new products that are similar to the baseline product but that presents incongruent and negative information is likely to dilute parent brand equity (Gurhan-Canli and Maheswaran, 1998). As a matter of fact, introduction of line extension is a risky move in case the extension is not successful. Wernerfelt (1988) analyzed that parent brands attaching the brand name to the new product use their current equity as a ‘bond’ to show that they are behind the extended products. As a result, high equity brands are more at risk than low equity brands. But on the other side, high equity brands add legitimacy and credibility to innovation claims associated to the new product (Aaker, 2007) and the new product benefits from strong performance associations with the high equity parent brand (Broniarczyk and Gershoff, 2003). Sinapuelas and Sisodoya (2010) deduced from that statement that high equity brand’s innovations are more valued by consumers that those of lower equity brands. Overall, Reddy, Holak, and Bhat (1994) found that line extensions of strong brands are more successful than extensions of weak brands.

Companies performing line or brand extensions also count on other significant synergies. According to Aaker and Keller (1990), synergies occur when the new product launched is able to leverage a company’s current resources. These resources may be tangible like the company’s distribution channels, or intangible like the company’s know-how. The company’s ability to use these resources is considered as critical to new product success (Kapferer, 2008). Moreover, the probability of these synergies arising depends on how similar the new product is to the company’s current products (Teece, 1980). Aaker and Keller (1990) argued that brand extension benefit from both ‘supply-side’ and ‘demand-side’ synergy effects of similarity, which tends to increase their market share and advertising performance versus what individual brands might be able to do. The ‘cost-side’ synergies are based on synergies of costs and know-how, resulting in the reduction of introductory marketing expenses and
enhancing the prospects of success by favoring retailer and consumer acceptance of the extended product (Smith and Park, 1992). On the ‘demand-side’ synergy effect, introducing a new product in the existing product segment allows the company to further capitalize on their current and accessible customers. According to Wernerfelt (1988), consumers tend to rely strongly on elements such as the brand name to assess the quality of experience goods, which are characterized by Aaker and Keller (1990) as products whose attributes must be assessed through trial by consumers (by opposition to search goods whose attributes can be assessed visually). As a result, the preexisting identity of the parent brand should prove very valuable for experience goods (Aaker and Keller, 1990).

Moreover, companies use brand extension strategies to increase the strength of the brand on some brand strength parameters described on Kapferer’s model of brand equity (2008). About market share, Smith and Park (1992) demonstrated that brand extensions tend to capture more market share than individual brands. However, authors in literature seem to be preoccupied by potential cannibalization effects, with the risk of products ‘eating’ each other market shares. (Aaker, 2003; Reddy & Holak, 1994; Kai – Lung, 2004). The company indeed runs the risk of having the consumers being forced to choose between the extension and the baseline product due to their similar elements (Preyas 2001), resulting in cannibalization of the own company sales and profits (Ramdas and Sawhney, 2001). On market leadership, researchers seem to be assessing that brand extension are positive for companies. With innovative line extensions, the parent brand develops a point of difference from its competitors (Keller, 1998). Furthermore, Ramdas & Sawhney (2001) stated that extensions should lead to an improve stance in the competitive pressure. Moreover, line extension expand the brand market coverage, renew consumer interest in the brand and provide variety (Aaker, 1996; Keller, 1998). On market penetration, Chen and Liu (2004) noted a risk of declining penetration for the brand that develops extensions since consumers will be inclined to use different brands for different purposes, instead of a unique brand. Sargent (1996) developed a theory that claims that a strong market penetration of the baseline product is likely to have a negative effect on the market penetration of the new introduced product. To support this point, he showed that the amount of money a consumer is willing to spend on a brand declines with every product bought from the brand. However, on the contrary, a more commonly assumed statement that says that the more a consumer is exposed to the brand, the more is his attitude towards the brand turns positive (Dacin and Smith, 1994). On loyalty rate, Briggs (2006) stated that loyalty rates can be affected positively or negatively by an
extension according to the performance of both the product extension and the baseline product. According to him, loyalty is aimed at products only and therefore loyalty towards the baseline product cannot be transferred to the new extended product. On the contrary, Gilbert & Hewlett (2003) asserted in their study that loyalty is likely to be transferred over products lines inside the umbrella of the brand. Furthermore, innovations are meant to increase the product’s attractiveness, thereby enhancing the value proposition of the brand to the consumers and resulting in an increase of the loyalty of the existing customers (Aaker, 2007).

However, launching a brand extension tends to be risky for companies. According to Volckner and Sattler (2006), the failure rate of brand extension reaches 80%. Moreover, line extensions are likely to harm intangible parts of the brand (Martinez & Pina, 2003), a wide selection of line extensions confuses consumers (Quelch and Kenny, 1994) and make the brand less focused and more difficult to communicate (Aaker, 1996). Consumers can even turn skeptical of extensions that they perceive as being too far from the firm’s historic domain of expertise (Aaker and Keller 1990; Boush and Loken 1991).

### 2.2.2 Horizontal and vertical line extensions

There are two forms of line extensions: horizontal and vertical. The horizontal line extension is the more common one and consists of an extension of the baseline product, modified in some way but still in the same price range. Vertical line extensions are an expansion of the current product range that aims at targeting consumers with other qualitative preferences with products with a different pricing position than the baseline product. (DelVecchio & Smith, 2005). DelVecchio & Smith (2005) described horizontal line extensions as an attempt to expand sales into the existing product segment for the company. Many researchers (Aaker 2003, Draganska & Dipak, 2005) criticized horizontal line extensions for resulting in the cannibalization of the baseline product. On the opposite, vertical line extensions attempt to reach new customer segments, by adding or subtracting features to the baseline product and thus reaching a new price level, above or under the price level of the baseline product. The change in quality and price operated in a vertical line extension aims at changing the perception of the brand for the consumer, which may as well create dissonance in the brand equity. Making the choice between an horizontal and a vertical line extension when launching a new product is an important step for a company. Randall et al. (1999) stated the dilemma companies can face: in order to maximize brand equity, it is better to offer high quality products; but in order to maximize profits it is necessary to have a high brand equity to get
High margins but also to look for high volumes obtained more easily with lower-priced items. A brand could look for a higher status by adding quality and therefore price, but also look for higher sales and market share by introducing a less qualitative and cheaper item on the market. Another option is to stay in the existing segment and capitalize on their current customer base. In brand management, other alternatives can be considered like (i) repositioning the brand into a new targeted segment, (ii) using the parent brand as a sub-driver in launching a product with its own name but still using the parent name to reinforce its equity, (iii) incorporate the extension as a co-driver, where both of the product groups are meant to contribute to the enhancement of the brand equity (Aaker 1997).

2.3 The effects of line extensions on product brand image

This dissertation focused on a specific consequence of line extensions, which is the influence a line extension has on the image of the brand. As explained, many components of brand equity might be affected by a line extension like for example the brand strength aspects described in Kapferer’s (2008) model and that companies desire to improve when they decide to launch an extension. The present research focused on the brand asset parts, and brand image is the specific component of brand equity that this dissertation is going to deal with. Brand image refers to ‘perceptions about a brand as reflected by the brand associations held in consumer memory’ (Keller, 1993, p.3) and therefore includes the brand reputation, brand personality, brand values and customer imagery brand assets elements described in Kapferer’s (2008) model.

Martinez, Polo & de Chernatony (2008) made a difference between product brand image and general brand image. Product brand image is linked to the attributes of the product sold, whereas general brand image refers to an image of the brand disconnected from the product and that therefore can cover different product categories in which the product may be present. This distinction makes a lot of sense in the case the brand has introduced brand extensions in various categories. However, as the present research focused on line extensions only, which is a specific case of brand extension, ‘brand image’ was considered as including both general brand image and product brand image.
2.3.1 Consumer evaluation of line extensions

Consumer evaluation of product line extension is the topic of the majority of academic research led on brand image in the context of brand extension (Aaker and Keller, 1992, Aaker and Keller, 1990 etc.). Consumer evaluations of brand extensions are of particular interest for this dissertation as these evaluations are likely to affect the post-extension image of the brand, which is the focus of this research (Lane & Jacobson, 1997; Loken & John, 1993).

According to Aaker and Keller (1992), consumer evaluations of the new product are based on two criterions: (i) the perception they have of the original brand (ii) the evaluated fit between the core brand and the proposed extension. Riley et al (2014) assess that the higher the fit, the more positive will be the consumers’ evaluations of the extension.

(i) The perception consumers have of the original brand depends on their knowledge of the core brands. Aaker and Keller (1992) distinguish this perception between the specific beliefs and attributes of the brand existing in consumer memory and the overall attitude they have towards the brand.

(ii) According to Aaker and Keller (1992), the evaluated fit between the new product and the parent brand depends on 3 criterions: (1) The salience and accessibility of the brand associations in the context of the extension, which depends on the strength of the brand in consumer’s memory and the retrieval cues provided to the consumer to provoke the actualization of the connections to the brand in the consumer memory. (2) The relevance of the consumer perception of the parent brand in the extension context. (3) How favorable these associations are in the extension context.

Fit is indeed a widely found criterion in literature about evaluation of brand extension. According to Spiggle et al. (2012), two perspectives of fit exist in literature: fit as similarity and fit as relevance. In the analysis made by Aaker and Keller (1992), fit as similarity is already described in criterion (2) and the criterions (1) and (3) can easily be included in the ‘brand relevance’ category.

There are many ways the consumers can assess the concept of similarity (Loken and Ward, 1990). Overall, consumers positively evaluate brand extensions when they perceive a similarity between the parent brand and the extension (Aaker and Keller 1990; Boush and Loken, 1991). In a line extension context, the similarity comes from the applicability of the parent brand’s associations with the new product’s associations (Herr, Farquhar, and Fazio,
Aaker and Keller (1992) judged that a useful way of assessing similarity is to analyze the attributes shared by the parent brand and the new product class of the extension. These associations of attributes can be concrete, which means involving tangible product characteristics, or abstract, which means including intangible aspects like the typical product users or usage situations (Park, Milberg, and Lawson, 1990). As a result of this comparison, the new and old products can be seen as substitutes, complements, or also as products involving common manufacturing methods and expertise (Aaker and Keller, 1990). Coming back to the Associative Network Memory Model, Herr, Farquhar and Fazio (1990) noted that in the case of parent brand with a dominant position in the market, the brand node in memory is automatically activated, which provides an advantage to brand extensions if the category of the extension is similar to the parent brand category.

The perspective defining fit as relevance assess that consumers see parent brand associations as relevant to the extension when the associations of benefits of the product are pertinent to the extension category (Spiggle et al., 2012). Riley et al (2014) distinguished between two types of relevance for the fit: (i) the category fit, which is the similarity of the new product between the existing ones in the new category (ii) the image fit, which is the similarity of the new product image with the parent brand image. Fit as relevance is particularly used in the case of brand extension or vertical line extension, where the new category is different from the initial ones.

Spiggle et al. (2012) introduced in their study the concept of ‘brand extension authenticity’ (BEA) which they define as a ‘complement to fit’ (p.968). Spiggle et al. (2012) defined brand extension authenticity as ‘a consumer’s sense that a brand extension is a legitimate, culturally consistent extension of the parent brand’ (p.968). They distinguished BEA from the mainstream views of fit as relevance and similarity, arguing that BEA introduces a sociocultural dimension. They assumed that the dominant approach in brand extension research defines brands as ‘cognitive categories formed by a self-neutral network of associations’ (p. 980), which means that the associations are not linked to the personality of the consumer and to their personal identification with the parent brand, but only to the structure of the connections in their memory. They argued that BEA allowed defining brands as ‘cultural categories that can generate strong connections with consumers and shape how they respond to the evolution of a brand, especially its extension’ (p.980). They defined four criterions of BEA in the case of a brand extension. An extension is defined as authentic if:
(1) It maintains brand standards and style
(2) It honors brand’s heritage
(3) It preserves brand essence
(4) It avoids brand exploitation

Taking these 4 criterions in consideration when evaluating the brand extension, they argued that an extension with a poor fit is less likely to be rejected by consumers than an extension with a poor authenticity. Indeed, brands are today under continuous social influences that risk to denature the brand. The various interactions of consumers on brand community platforms tend to co-create brand meanings (Fourrier, Solomon, and Englis, 2009). Authenticity is defined according to the consumer individual experience with the brand, but also according to the perceptions of others. Authenticity is therefore both a personal and social construction, and is a key criterion of coherence between the items of the same brand.

Consumer innovativeness is an important individual characteristic of consumers that has been related to the success of a brand extension (Volckner & Sattler, 2006). Consumers that are more innovative are more likely to accept new product feature are their perception of the new product will be less related to the perceived fit and authenticity between this new product and the parent brand (Czellar, 2003). Another moderating factor on the consumer evaluation of brand extension has been stressed by Pina, Iversen & Martinez (2010), and is about the country of origin on the consumer. In their study, they analyze the effect of brand extension on parent brand image in comparing between consumers from Spain and Norway. They found that the country of origin of the consumers has a moderating effect on the variables impacting brand image, especially on the perceived fit and the consumer evaluation of the extension product. A similar study has been led UK and Spain by Martinez, Polo and de Chernatony (2007) who stressed the difference of the result obtained in the two countries.

2.3.2 The phenomenon of transfer of brand associations between the baseline product and the new product

The notion of transfer has already been mentioned in the chapter on brand knowledge when talking about the use of a personality or event sponsorship for a brand, as well as how the brand could benefit from a transfer of associations with an event or a personality. This transfer was explained by Keller (2003) who presented a model of transfer of brand knowledge explaining how a brand can use another entity, like a person or an event, to get benefits on its proper associations. Using this model together with Keller’s model (1993), it
can be observed that attributes, benefits, images, thoughts, feelings, attitudes and experiences are all included into what Keller described as ‘brand image’. The transfer between a brand, for example the parent brand, and another entity, for example the new product, involves therefore a transfer between the knowledge about the one and the knowledge about the other, which implies transfer of image as brand image is part of brand knowledge (Keller, 1993). This model can be therefore considered as a detailed model to illustrate the transfer of the components of brand image between the parent brand and the new extended product.

Indeed, the main idea behind brand extensions is that the image of the parent brand be transferred to the new extended product through a reciprocal transfer of associations including thoughts and emotions (Czellar, 2003; Keller 1993). Transfer effects indeed happen in two directions, referred in literature as the forward effect and the backward effect (Balachander & Ghose, 2003). Pina, Iversen and Martinez (2010) described the two effects as follows:

---

Figure 2 - Transfers of brand knowledge
Source: Keller, 2003, p.599
- The forward effect refers to the transfer of positive beliefs and/or affects from the parent brand to the extension
- The backward effect from the extended product to the parent brand. The backward effect is also called ‘feedback effect’ in literature

They came back to the associative network theory to explain these effects. They defined brand image as an independent node in consumers’ memory. This node stands for the meaning of the brand in the memory. Pina, Iversen and Martinez (2010) analyzed that the association of the parent brand with a new product requires an updating or adaptation of the established cognitive structure of the parent brand, but also of the extended category. They noted that ‘by integrating parent-brand associations (beliefs and affect) into the evaluation of the new extension, the attitude towards the extension and subsequent feedback effects are formed’. According to them, what helps to explain the updating and adaptation process is the degree of perceived fit.

**2.3.3 Backward effect on brand image of transfers from the new product to the parent brand**

Pina, Iversen, & Martinez (2010) related that several authors, like Loken & John (1993) and Sheinin (2000) considered that feedback effect on parent brand is as important as a positive attitude towards the extension for the success of the new product. Indeed, the most important negative effect of brand extensions is that it can dilute the associations that compose the brand image (John, Loken & Joiner, 1998). According to Keller and Machado (2006), the effects of an extension on consumer knowledge of the brand (and thus on brand image) depends on 4 factors:

1. How clear are the associations of benefits or attributes in the context of the extension
2. How relevant are these associations and benefits in the new category
3. How consistent the extension is with the parent brand associations
4. How strong are the existing associations in the consumer memory about the brand

Loken and John (1993) described the two main perspectives exist in literature about the result of the transfer of beliefs and attributes between the extended products and the parent brand:

- The ‘bookkeeping model’ argues that beliefs about brands change incrementally when new information is received (Weber and Crocker, 1983). According to this model,
when a product extension presents a new attribute which is inconsistent with the brand, the beliefs about the brand are slightly modified and include this new piece of information about the brand.

- The ‘typicality-based model’ states that when a product extension presents a new attribute which is inconsistent with the brand, the consumers are likely to perceive the new product as untypical of the brand, and thus less likely to process backward transfer of beliefs from the new product to the parent brand (Rothbart and Lewis, 1988).

Loken and John (1993) explained that the bookkeeping model is more likely to be true for novice consumers who have less existing stored information in their memory and have a better capacity to store new information about the brand. Czellar (2003) indeed stated that it is more difficult to alter the mental structures of expert consumers, who have more elaborate knowledge structures about the brand. Romeo (1991) even went further, telling that the knowledge structures of expert consumers are likely to block any negative new information about the brand, which makes them more likely to generate favorable changes about the brand image.

Various models exist to explain the effect of brand extensions on brand image. The one the present study focused on is the one developed by Martinez and Pina (2009). The two tables below present the hypothesis that structure Martinez and Pina (2009)’s model (Table 2) and then the model itself (Figure 3)
Table 2 – Hypothesis included in Martinez Salinas & Perez (2009)’s model of effect of brand extension on brand image

<table>
<thead>
<tr>
<th>Hypothesis developed by Martinez &amp; Pina (2009)</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a. The effect of high-fit extensions on <strong>brand image</strong> is positive only when the attitude to the extension is favorable.</td>
</tr>
<tr>
<td>H1b. The effect of low-fit extensions on <strong>brand image</strong> is negative when the attitude to the extension is both favorable and unfavorable</td>
</tr>
<tr>
<td>H2. <strong>Initial brand image</strong> has a positive direct influence on brand-extension <strong>attitude</strong>.</td>
</tr>
<tr>
<td>H3. <strong>Initial brand image</strong> has a positive direct influence on perceived <strong>category fit</strong>.</td>
</tr>
<tr>
<td>H4. <strong>Initial brand image</strong> has a positive direct influence on perceived <strong>image fit</strong>.</td>
</tr>
<tr>
<td>H5. The higher the perceived <strong>category fit</strong> is, the more favorable the <strong>attitude</strong> to the extension.</td>
</tr>
<tr>
<td>H6. The higher the perceived <strong>image fit</strong> is, the more favorable the <strong>attitude</strong> to the extension.</td>
</tr>
<tr>
<td>H7. <strong>Initial brand image</strong> has a positive direct influence on <strong>final brand image</strong>.</td>
</tr>
<tr>
<td>H8. Extension <strong>attitude</strong> has a positive direct influence on <strong>final brand image</strong>.</td>
</tr>
<tr>
<td>H9a. The effect of perceived category <strong>fit</strong> on extension <strong>attitude</strong> is weaker when consumer <strong>innovativeness</strong> is high than when innovativeness is low.</td>
</tr>
<tr>
<td>H9b. The effect of perceived image <strong>fit</strong> on extension <strong>attitude</strong> is weaker when consumer innovativeness is high than when <strong>innovativeness</strong> is low</td>
</tr>
</tbody>
</table>

Source: Martinez & Pina (2009)

These hypotheses are resumed in the model described in Figure 3 below:
Similar models have been used to test the effect of brand extension to parent brand image by Pina, Iversen, and Martinez, (2010) and Martinez, Polo & de Chernatony (2008). These two studies added in their models interesting variables which are the product familiarity, the product quality, and the country of origin of the consumers.

The hypotheses they formulated and which are not included to Martinez & Pina’s model are presented in Table 3 below:
Table 3 - Other hypotheses developed about brand extension’s effect on brand image

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis</td>
<td>Consumers’ <strong>familiarity</strong> with the brand has a positive effect on the <strong>brand image before the extension</strong></td>
<td>The effect of perceived <strong>category fit</strong> on extension attitude depends on the <strong>cultural orientation in the country</strong> where the brand extension is launched</td>
</tr>
<tr>
<td></td>
<td>Consumers’ <strong>familiarity</strong> with the brand has a positive effect on their <strong>attitude</strong> towards the extension.</td>
<td>The effect of perceived <strong>image fit</strong> on extension attitude depends on the <strong>cultural orientation in the country</strong> where the brand extension is launched</td>
</tr>
<tr>
<td></td>
<td>Consumers’ perceptions of <strong>brand quality</strong> have a positive effect on their <strong>attitude</strong> towards the extension.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Brand image before</strong> an extension has a positive effect on perceived <strong>brand quality</strong></td>
<td></td>
</tr>
</tbody>
</table>

Sources: Martinez, Polo and de Chernatony (2008); Pina, Iversen, and Martinez (2010).

These hypotheses were added to Martinez & Pina (2009)’s model in the model on Figure 4 below that was used to structure the focus groups:
Figure 4 - Model of brand extension effect on brand image that was used to structure the focus groups (in *italics* the dimensions that were added to Martinez Salinas & Perez (2009)’s model)

Sources: Martinez & Pina (2009); Martinez, Polo & de Chernatony (2008); Pina, Iversen, & Martinez (2010)
3. METHODOLOGY

3.1 An exploratory qualitative research

Poggenpoel, Myburgh and Van Der Linde (2001) stated that the purpose of any research should determine the strategy that the researcher follows. The main objective of this research is to understand the influence that line extensions may have on the image of vodka brands for consumers. To fulfill the research objective, two kinds of research exist: qualitative and quantitative research (Malhotra, 1999), described in Table 4 below:

Table 4 - Qualitative versus quantitative research

<table>
<thead>
<tr>
<th>Method</th>
<th>Qualitative Research</th>
<th>Quantitative Research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective</td>
<td>To gain a qualitative understanding if the underlying reasons and motivations</td>
<td>To quantify the data and generalize the results from the sample to the population of interest</td>
</tr>
<tr>
<td>Sample</td>
<td>Small number of non-representative cases</td>
<td>Large number of representative cases</td>
</tr>
<tr>
<td>Data collection</td>
<td>Unstructured</td>
<td>Structured</td>
</tr>
<tr>
<td>Outcome</td>
<td>Develop an initial understanding</td>
<td>Recommend a final course of action</td>
</tr>
</tbody>
</table>

Malhotra, 1999, p.148

Both the objective and the outcome of each research methods described in Table 4 indicated that a qualitative research was more adapted to this dissertation’s objective of understanding the unexplored phenomenon of line extension influence on brand image of vodka products. In a broad definition of qualitative research, Bauman and Adair (1992) assessed that qualitative research methods aim at investigating human behavior and its meanings, but also the impact of the sociocultural context on that behavior. In a more focused perspective, qualitative research provides a preview of the attitude, perception, opinion, behavior and consumer habits (Hashim, Resurreccion, and McWatters, 1996). Moretti et al. (2011) stressed that the advantage of qualitative research is the richness of the data collected by the researcher. Qualitative research ‘seeks to capture what people’s lives, experiences and interactions mean to them in their own terms’ (Quinn Patton, 1986, p. 187). As qualitative inquiry are a
prerequisite for quantitative inquiry in the scientific method (Poggenpoel, Myburgh and Van Der Linde, 2001), the present research will hopefully lead to new researches that would be explored in a quantitative way.

The choice of a qualitative research method induced the choice of an exploratory research design. A research design is defined as a framework that structures a marketing research project. (Malhotra, 1999). Malhotra (1999) distinguished two types of research designs, the ‘exploratory’ one and the ‘conclusive’ one, described in Table 5 below:

Table 5 - Differences between exploratory and conclusive research

<table>
<thead>
<tr>
<th>Design</th>
<th>Exploratory</th>
<th>Conclusive</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective</strong></td>
<td>To provide insights and understanding Discovery of ideas and insights</td>
<td>To test specific hypotheses and examine relationships</td>
</tr>
<tr>
<td><strong>Characteristics</strong></td>
<td>Information needed is defined only loosely</td>
<td>Information needed is clearly defined</td>
</tr>
<tr>
<td></td>
<td>Research process is flexible and unstructured</td>
<td>Research process is formal and structured</td>
</tr>
<tr>
<td></td>
<td>Analysis of primary data is mostly qualitative</td>
<td>Data analysis is mostly quantitative</td>
</tr>
<tr>
<td><strong>Findings / Results</strong></td>
<td>Tentative</td>
<td>Conclusive</td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>Generally followed by further exploratory or conclusive research</td>
<td>Findings used as outputs into decision making</td>
</tr>
</tbody>
</table>

Source: Malhotra, 1999, p.84

The objective of exploratory research design described in Table 5, as well the qualitative nature of data collected in exploratory research clearly indicated that the exploratory research design was the most adapted to the main objective of the research (understanding the influence of line extensions on the image of vodka brands for consumers), and to the three specific objectives of the dissertation (exploring whether the launch of line extensions modified consumers’ perceptions of vodka brands, how line extensions modified consumers’ perceptions of vodka brands, analyzing how the consumer’s perceptions of vodka brands were modified).
3.2 The choice of focus group method

Malhotra (1999) distinguished between two types of research procedures for qualitative researches: a ‘direct’ and an ‘indirect’ approach. In a direct approach, the purpose of the project is shared to the participants or is obvious from the questions asked. On the contrary, on an indirect approach, the true purpose of the project is hidden and projective techniques are used to infer associations to the respondents (Malhotra, 1999).

An indirect approach could have been interesting for this dissertation to explore the existing associations linked to the brand node in the consumer’s minds (Keller, 1993). The depth interview method would have been interesting as well due to the resulting personal views expressed about the brand during the interview. However, to better meet the qualitative research expectations of this research, the focus group method was chosen.

Figure 5 - Classification of Qualitative Research Procedures
Source: Malhotra, 1999, p.149

Focus groups are interesting for this research because this method is useful to provide information about new topics, generate new hypotheses and better explain the attitudes, beliefs, and experiences of a defined population (Dawson, Manderson and Tallo, 1993; Krueger, 1994). Focus group is one of the qualitative research methods most used (Calder, 1977; Casey and Krueger, 1994), based on group dynamics, where several participants debate during one or two hours over previously elaborated themes in discussions guided by a
Focus group method offered as well other specific advantages for the research. First, focus groups are considered as an efficient method for examining in depth consumer-product interactions (Morgan and Krueger, 1998), which is the core of the present study. Second, focus groups are well-suited for a Master dissertation research as it can produce information quicker and at lesser cost, are easier to administer and utilize a more natural form of communication than other qualitative data collection techniques (Dawson, Manderson, and Tallo, 1993; Krueger, 1994). Third, focus groups allow recreating group behaviors which are of particular interest for the present study as alcoholic beverages tend to be strongly associated with social group identities. The participants are brought together in the focus group because they are identified as having a common ‘lifestyle circumstance or condition’ (p. 24) that creates a focus for the collective meeting (Parker and Tritter, 2006). As Seal, Bogart and Ehrhardt (1998) put it, ‘focus groups are often posited to lie between naturalistic observation and individual interviews. That is, the potential for spontaneous group interaction and dialogue in focus groups can approximate behavior observed in natural settings, whereas the use of a moderator to guide the focus group discussion in accordance with predetermined topics approximates individual interviews’ (p. 253). What makes the choice of focus groups particularly valuable for the present research in comparison to individual interviews is also the fact that the impressions about the image of the brand is a topic that is really personal and that is rarely discussed in groups. Organizing focus groups on this topic therefore made the participants think together about their personal impressions, and thus elaborating a common reflection that had a potential to raise findings that hopefully will have the potential to be generalized at a larger scale.
3.3 The selection of the focus group participants

3.3.1 The choice of University students

It was decided to recruit the focus groups participants among University students in São Paulo. This choice brought several significant advantages to the present research.

The first tremendous advantage of University students is that they are part of the consumer target of vodka brands. Young people from 18 to 24 years account for 27% of all vodka consumers in Brazil and São Paulo has the highest penetration rate for vodka products (29%, vs. 18% on average in Brazil) (Noronha and Souza, 2013). Furthermore, the social class that consumes the most vodka products in class AB, the wealthiest social class in Brazil (4,806 BRL of average monthly income) (Noronha and Souza, 2013). Students who participated to the focus group sessions were all part of the class AB, and therefore are assumed to have relatively high purchasing power and frequent the main nightclubs and bars where vodka brands expand all their marketing know-how. It was therefore assumed that this segment of population has a high exposure to vodka brand and are familiar with these products.

The second significant advantage brought by University students is the adequacy of their age with focus group method. Costa, Hayley and Miller (2014) related that according to Peterson-Sweeney (2005), focus group methodology is ‘ideally suited to studying the perspectives of youth’ (p. 184). Young people mentioned in Costa, Hayley and Miller’s (2014) research are aged until 15 years old and the students who participated to the focus groups had an average age of 18.8 years old. Therefore, it was judged reasonable to extend their observations to the students who participated to the focus groups for the present research. Young participants experience anxiety about being interviewed, but this anxiety vanishes with the focus group setting (Costa, Hayley, and Miller, 2014). Furthermore, it was observed during the focus groups that the students showed a lot of enthusiasm and spontaneity in discussing about the vodka topic which is fully associated to their party memories.

The third main advantage of organizing focus groups with University students is the homogeneity of the groups formed. Homogeneity of groups allows the participants to be more natural and not deviate from their usual behavior. Including friendship groups is even encouraged for helping young people to relax and encourage the discussion (Amos et al., 2004).
3.3.2 Sampling procedures

Participants were recruited through messages posted on the Facebook groups of students from the main Business Schools of São Paulo inviting them to join the focus group sessions. The voluntaries were then selected according to their declared familiarity about vodka products. Only those who declared having a high familiarity with vodka products were invited to take part to a focus group session. A free vodka bottle was offered to each participant as a gift to provide an incentive for participation.

3.3.3 Profile of the participants

22 Brazilian University students participated to four focus groups that were organized between the 18th and the 29th of September 2014 in a place hired by the researcher for this purpose in São Paulo. The choice of recruiting only Brazilian was made to neutralize the variable ‘country of origin’ that can influence the post-extension image of the brand (Figure 4). Neutralizing this variable was judged important as the positioning and the marketing efforts of a brand can vary significantly from one country to another and therefore introduce a bias to all the other parameters. The number of focus groups was stopped at four according to the criterion mentioned by a study about focus group methodology (Monographs of the Society for Research in Child Development, 2012) that stated that ‘focus group sessions should continue to be conducted until information provided by the sessions appears redundant and additional data collection no longer generated new understandings or information’ (p.33). As the third and fourth focus groups organized brought very few additional information compared with the first two ones, it was decided that the fourth focus group would be the last one.

The participants were aged between 18 and 21 years old, and were composed of 59% of women and 41% of men. All of them are business students and live in São Paulo, including 81% who grew up in São Paulo. Their experience of vodka drinking was on average of 3.6 years and their average drinking frequency of vodka of 1.2 times per week. Most of them declared drinking, going to nightclubs and playing sports as their favorite hobbies. The main cited reason for participating to the focus group sessions were that the participants found the topic interesting. Concerning the buying habits of the consumers, 41% of them declare to prefer buying new products than buying the products they already know, which shows a high consumer innovativeness attitude among the focus group participants. Consumer innovativeness is an important individual characteristic of consumers that has been related to
the success of a brand extension (Volckner & Sattler, 2006). During the focus group sessions, the participants showed a real interest for the subject and all of them were spontaneously willing to share actively their point of view.

3.4 Structure of the focus groups

According to Ryan et al. (2014) scholars distinguish between two orientations for focus groups: (1) the individualist social perspective and (2) the social constructionist perspective. The differences between these two orientations were summarized in Table 6 below:

Table 6 - The two perspectives for focus group organization and analysis

<table>
<thead>
<tr>
<th>Type</th>
<th>Individualist social perspective</th>
<th>Social constructionist perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belief about the concept of opinion</td>
<td>Opinions are stable personal dispositions or constructs</td>
<td>Opinions are socially shared knowledge or tacit knowledge that is generated, maintained, and changed through social participation</td>
</tr>
<tr>
<td>Information obtained from focus groups</td>
<td>Insights are derived from opinions based on a person’s thoughts and reasoning</td>
<td>Insights are constructed from shared ideas, opinions, beliefs, experiences, and actions.</td>
</tr>
<tr>
<td>Role of participants</td>
<td>Participants interact to explore the prevailing range of opinions, beliefs, or individual preferences regarding a program or policy</td>
<td>Participants interact to explore opinions, beliefs, and understandings about a program or policy within a group dynamic through a form of collective sensemaking</td>
</tr>
<tr>
<td>Role of moderator</td>
<td>(1) Designs the structure of group interaction, how it will be standardized and managed during the focus group to stimulate and facilitate participants' own thinking and reasoning in interaction with one another. (2) Extracts relevant information through standardized, directive questions. (3) Filters out what he or she considers to be irrelevant information</td>
<td>(1) Ensures a free-flowing structure by allowing participants to activate and even build collective experiences and memories about their social world. (2) Uses flexible structure protocols composed of a few open-ended questions. (3) Allows participants to “take over” or “own” the focus group interview direction and process.</td>
</tr>
<tr>
<td>Analysis of the information</td>
<td>Data analysis focuses on verbal content, with little attention paid to analyzing participant interactions and how knowledge might be socially constructed</td>
<td>Data analysis focuses of both what participants say (content) and how participants talk: who said what, in what context, and when.</td>
</tr>
</tbody>
</table>

Ryan et al. (2014) stated that in practice, focus groups are most of the time a mixture of these two types, getting closer to one or the other to varying degrees. They advised answering to the following points when designing the structure of the focus group. The chosen orientations for this research are explained after each point below:

1. Explain what is the purpose of the focus group (gathering basic information, theory building, empowering stakeholder participants, etc.)

The purpose of the focus groups was to identify potential changes in the brand image caused by launch of a product line extension, as well as the drivers of these changes. Information gathered included consumer perceptions about three vodka brands (Absolut, Smirnoff and Orloff), their impressions about line extensions recently launched by these three brands, and finally their perception of the brand image of those three brands after the extension products were launched.

2. Assess what capacities (e.g., evaluator skills) and resources (human and financial) are available

Were available for this research the skills and resources of the researcher in charge of the study (a Double Degree HEC – FGV student in business). The researcher could also count on the precious help and advices about vodka products from marketing colleagues at Pernod Ricard, the beverage company the researcher is working for.

3. Specify what type(s) of information are to be obtained (personal opinions, collective experience, etc.)

For this research, it was decided to collect both personal opinions and collective experiences about the vodka brands due to the assumed mixture of individual and social components in the making of opinions about vodka. Therefore, the researcher collected both insights derived from opinions based on a person’s thoughts and reasoning, and insights constructed from shared ideas, opinions, beliefs, experiences, and actions (see ‘information obtained from focus groups’ described in Table 6).

4. Describe the role of participant interaction

The role of the participants interaction is in-between the roles described in the two perspectives. All participants are expected to express their individual preferences, but also to
try to conciliate it with the impressions shared by the others. Ideally, the group could be able to give a collective view at the end of the dialogue.

5. Describe how the focus group will be structured

The structure of the focus groups is described in the ‘scenario of the focus groups’ part of this paper.

6. Define the moderator’s stance in relationship to the participants (e.g., objective, empathic)

According to Farnsworth and Boon (2010), it is up to the researcher to decide how tightly the discussions should be controlled. The moderator’s role in the focus groups followed more the individualist social perspective, consisting in designing a structure for the focus group, stimulating participant’s interaction, extracting relevant information and filtering irrelevant information. This choice was made because the focus of the present research (the influence of a line extension on the brand image) has been described in literature as the result of many parameters. It was therefore interesting to use these parameters to guide the discussions. Getting rigorous insights on given parameters require a structure of a more rigid form for the focus group. However, as personal experiences are important when talking about alcoholic beverages, the participants were temporarily allowed to interrupt the planned flow of the focus group to tell about their experiences and comment on others’ experiences. Furthermore, the moderator made sure not to interrupt too much the flow of the discussions with specific questions that are not directly linked with the flow of the discussion occurring between the participants.

7. Determine how focus group data will be analyzed and reported

The way the focus group data will be analyzed and reported is described in the ‘methodology of analysis’ part of this paper.

3.5 Scenario of the focus groups

The discussions were centered on three major vodka brands: Absolut, Smirnoff and Orloff. These three brands are part of the main actors of the vodka segment in São Paulo: on vodka segment, 65% of volume sales and 80% of value sales are made by Absolut, Smirnoff and Orloff in São Paulo (Pernod Ricard internal data, 2014). Another important reason for this choice is that these three brands are owned by the two worldwide hegemonic multinationals on beverage market who use very sophisticated marketing methods: Diageo and Pernod.
Ricard (respectively #1 and #2 companies in value on vodka market in the world (Smith, Woodward and Hermoso, 2014), which increases the probability of the focus group participants having been exposed to these brands. Students needed to have declared a high familiarity with vodka products to be allowed to participate to the groups.

All the attributes composing brand image that are mentioned in Keller’s model (Figure 1) were discussed for the three brands during the focus groups, except of the price, the strength of each association and the uniqueness of each associations. These attributes are shown on Figure 6. No information about price was given to the focus group participants in order to avoid that the students systematically compare separately Absolut (Premium segment) on one side, and Smirnoff and Orloff (Standard segment) on the other side. Moreover, the students did not taste the products during the focus groups and were not exposed to advertising videos of the products.

Figure 6 – Brand image attributes discussed in the focus group
Source: Keller, 1993, p.7
Note: the studied attributes are indicated in a red square
The scenario for the focus group was guided by Martinez and Pina (2009)’s model of the effect of brand extension on the brand image (Figure 3). To structure the scenario of the focus groups, the three main parameters of this model were used, which are (1) the brand image after the extensions (2) the attitude of the consumers towards the extensions, and (3) the brand image after the extensions. The questions asked in academic literature were collected to explore each of these three parameters, but also the other parameters mentioned in the model on Figure 4, except the ‘country of origin’ because all participants are Brazilians. Those questions were included in the questionnaires (APPENDIX 4 and 5) that helped animate and guide the focus group discussions. The use of this questionnaire inspired from literature helped to make sure that no critical point has been omitted during the discussion, and also still offered space for new themes to arise during the conversation. It allowed making the most of the time to center the discussions around what has already been analyzed as being critical drivers of line extension effect on product brand image. However, these questions were only used to guide the discussions and all of them were not systematically asked in all the groups. The interest of using a focus group method is to provoke a discussion and the moderator consequently let the participants exchange ideas on the different topics, intervening only when the discussion ended, when the discussion went too far from the topic, or to move to the next topic when the group was running out of time. Due to the timing constraints the students had and to ensure an equal timing for all focus groups, the duration of each focus group was limited to one hour.

All students were asked to sign an agreement file (APPENDIX 2) before the focus group started, ensuring anonymity of the discussions and respect of opinions of each participants. All focus groups discussions were recorded.

The focus groups were organized in five steps as described below:

**Step 1 (10 minutes):** The students were gathered in the same room. After being installed comfortably around a table with drinks and food, they were invited to fill in a questionnaire to collect personal background data about their socio demographic profile and their knowledge of vodka products. (APPENDIX 3)

**Step 2 (15 minutes)** The students began discussing about the image they have of the brands Absolut, Orloff and Smirnoff. No support material was shown to them in order to avoid bias when they express their perception of the image of the brands. Furthermore, at this stage, the participants only know that they are going to discuss about vodka products. The purpose of
the present research, which is analyzing line extension influence on product brand image, would be mentioned to them later in order to avoid that they jump immediately to this point when they describe their image of the three brands. APPENDIX 4 shows the questions that served to guide the discussions. The discussions were centered on the questions, but all questions were not systematically asked and the participants were allowed to freely talk about the personal experiences they had with the brands.

**Step 3 (5 minutes)** Support material (APPENDIX 1) was provided to the participants, introducing to them the most recent line extensions realized by Absolut, Smirnoff and Orloff. According to Donoghue (2010) projective stimuli are often used by focus-group moderators to enhance focus-group discussions. All the bottles of the new products were put on the table and each student received a written document (APPENDIX 1) with pictures and descriptions of the new products.

**Step 4 (20 minutes).** Students were invited to discuss about their evaluation of these line extensions and the evaluated fit with the parent brands, with the help of the questions listed in APPENDIX 5. Those questions are questions that have been asked in literature to explore each of the topics. All those questions aimed at guiding the discussions, but the purpose was not to systematically ask them all as a moderator would do in separate interviews. The moderator let the discussions get started after one question is asked, makes sure that all participants express their views on the topic, and only asks another question when the topic has been used or when the discussions start on a topic which is not linked to the theme of this research.

**Step 5 (10 minutes):** Students were invited to have a final discussion about the perceived image of the brand after the extension. Each group was asked to provide a common conclusion on the topic.

**3.6 Preparation for the role of focus group moderator**

Before leading the focus group sessions, the researcher studied many articles from academic literature about the use of focus groups, especially *Focus Group Interviewing* (Casey and Krueger, 1994) and *A manual for the use of focus groups* (Dawson, Manderson and Tallo, 1993). In addition to the review of academic articles, the researcher collected many practical advices for leading focus group sessions on the websites of several reference business
schools. These advices included tips for room organization, timing management, selection of the type of questions asked, attitude to adopt in order to keep everyone involved and to handle focus group dynamics. During the preparation of the role of focus group moderator, the researcher also collected many feedbacks from people who had significant experience in organizing focus group sessions, especially marketing consumer insights professionals from Pernod Ricard.

3.7 Methodology of analysis

3.7.1 Methodological choices

Massey (2011) identified three forms of qualitative analysis associated with focus groups: (i) grounded theory, (ii) phenomenological approaches (iii), thematic analysis. The following paragraphs explain why a thematic analysis was chosen in this study.

(i) In grounded theory method, the analysis of the data of one focus group shapes the questions posed in the next one (Massey, 2011). The goal of grounded theory method is to generate innovative theoretical frameworks that emerge from the data. Massey (2011) stated that grounded theory method ‘rarely appears in evaluation oriented focus groups’ (p. 22). This can be explained by two reasons: first, grounded theory assumes that hypotheses will arise from data collection (Massey, 2011), which might not always be the case in focus groups; second because grounded theory is the ‘more intense’ data analysis method for focus groups (Carey, 1995, p. 126) and researchers following grounded analysis tend to fail to follow ‘a consistent qualitative methodology either in organization or analysis’ (Massey, 2011, p.22). This focus group method is not appropriated for the present research, both because of the uncertainty of the emergence of hypotheses after focus groups and because of the researchers’ inexperienced skills in organization of focus groups.

(ii) In phenomenological approach, the members of the focus group are active participants in discovering meaning and relevance of what they say (Massey, 2011). This method of focus group appears ‘unfrequently’ and evaluators using this method ‘are often engaged in descriptive analysis of programs or policies or hypothesis testing’ (Massey, 2011, p.22), which is not the case of the present study that focused on the modifications of the image of the brand after line extensions. Furthermore, the analyses involve accepting and backing all the hypothesis of phenomenology, which is not the purpose of the present research. Therefore, this method was not the one that was followed in the present research.
The thematic analysis method is the one that was used in the present research. This method is the ‘common alternative for the analysis of evaluation oriented focus groups’ (Massey, 2011, p.22). This type of analysis is used when the purpose of the study is to understand the underlying themes or the impacts associated with a program (Massey, 2011). The analysis of the focus group involves grouping comments under common themes or selecting interesting quotes (Wiggins, 2004). To perform thematic analysis, many authors used various techniques of coding by cutting and pasting, both manual and computerized. (Reiskin, 1992). This type of analysis is helpful as the social context of the focus groups is meant to help participants identifying meanings out of their past and current life experiences (Hollander, 2004).

The chosen analysis method includes both deductive and inductive analysis, which are the distinguish two options for researchers for analyzing thematically the focus group discussions (Moretti et al., 2011).

i) Inductive content analysis consists in establishing the themes from the text of focus group interactions that occurred (Moretti et al., 2011). This approach is to be preferred when existing theory or literature on a phenomenon is limited (Hsieh and Shannon, 2005).

ii) Deductive content analysis consists in defining the main themes before the focus group, and then trying to find the occurrence of those themes in the interactions of the focus groups. (Moretti et al., 2011). This approach is preferred when the purpose is to validate or extend a framework or a theory (Hsieh and Shannon, 2005).

The thematic analysis was conducted in deductive way because the main themes of interest of the focus groups had been decided before that the focus groups effectively happened. Three main themes of interest that were selected were the three themes that structure Martinez and Pina (2009)’s model of the effect of brand extension on brand image: (1) the brand image before the extensions, (2) the attitude of the consumers towards the extensions, and (3) the brand image after the extensions. For each of these themes, the moderator led the discussions by orientating the consumers’ discussions using questions asked in literature to explore each of these themes (APPENDIX 4 and APPENDIX 5). As the present research did not intend to validate a framework or some theoretical hypothesis, but more to explore the thoughts of the participants about the topic of the present research, a deductive analysis was not appropriated to analyze the discussions that happened. Consequently, an inductive analysis method was adopted to analyze the content inside each of the three themes. This means that the key sub-
themes inside each theme were identified by analyzing the dialogues occurring during the focus groups, independently from what had been planned to discuss about in the roadmap described in APPENDIX 4 and APPENDIX 5.

To conclude, the analysis followed both a deductive and an inductive method, which is a common practice for focus group data analysis in alcoholic beverages sector (Pernod Ricard internal data, 2014). It is deductive because the focus groups and the analysis were structured around three main themes chosen before the groups were organized. The use of these three themes allowed making the most of the past academic research about brand extension effect on brand equity. It is also inductive because the key sub-themes were identified inside each theme by using the script of the recorded discussion and not by imposing some sub-themes chosen before the focus groups happened. This way of operating allowed to use existing literature to build a chronological and dynamic scenario consisting in (i) collecting the thoughts of the participants about the image of the brands, (ii) introducing to them the latest line extensions (iii) collecting the thoughts about those line extensions (iv) concluding about the potential influence of these extensions on the image of the brands. This scenario proved to stimulate the share of opinions during the focus groups by its chronological and dynamic nature. It also allowed analyzing each theme by using the richness of the dialogues to define the sub-themes.

3.7.2 Selection of the sub-themes

All focus groups discussions were recorded and then manually transcribed in an Excel file (APPENDIX 6). For each quote, the corresponding theme, mentioned brand and number of focus groups were indicated. Then, sub-themes were attributed to each quote. The most relevant sub-themes for each theme were then defined using the four following criterions:

(1) The relevance of the sub-theme to the research purpose of the present research

Example: The sub-theme corresponding to the quote below (the visibility of the line extensions in nightclubs) is an interesting topic in a merchandizing perspective, but is not very relevant as an insight for the theme ‘impressions about the line extensions’.
Table 7 – Extract (A) from the analysis of focus group discussions

<table>
<thead>
<tr>
<th># of focus group</th>
<th>Theme</th>
<th>Sub theme</th>
<th>Mentionned brand</th>
<th>Quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Impressions about the line extensions</td>
<td>Visibility of the line extensions in nightclubs</td>
<td>None</td>
<td>These extensions are not very visible in clubs. When I go to a party, I do not really look at what kind of vodka the barman puts in my drink. I would not know if this is a new vodka or not</td>
</tr>
</tbody>
</table>

(2) The vocabulary used by the participants to stress this argument or insight as an important one.

Example: For the quote below, the participant stressed that his argument is important by using the words ‘a lot’ and ‘strongly’. The corresponding sub-theme is therefore considered to have some importance.

Table 8 – Extract (B) from the analysis of focus group discussions

<table>
<thead>
<tr>
<th># of focus group</th>
<th>Theme</th>
<th>Sub theme</th>
<th>Mentionned brand</th>
<th>Quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Brand image after the extensions</td>
<td>Brand image of Absolut is improved after the extensions</td>
<td>Absolut</td>
<td>I think the heritage of the brand is reinforced a lot with the extensions because each new product remind strongly of the traditionnal aspects of the Absolut brand</td>
</tr>
</tbody>
</table>

(3) The relative occurrence of the sub-theme compared with other ones.

Example: The sub-theme ‘Smirnoff is the best cost-benefit for young people’ has come up many times in the focus group discussions (below some examples of quotes). The numerous occurrence of this theme showed that this is an important one
Table 9 – Extract (C) from the analysis of focus group discussions

<table>
<thead>
<tr>
<th># of focus group</th>
<th>Theme</th>
<th>Sub theme</th>
<th>Mentioned brand</th>
<th>Quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Brand image before the extensions</td>
<td>Smirnoff is the best cost-benefit for young people</td>
<td>Smirnoff</td>
<td>All young people drink Smirnoff because it is good and cheap</td>
</tr>
<tr>
<td>4</td>
<td>Brand image before the extensions</td>
<td>Smirnoff is the best cost-benefit for young people</td>
<td>Smirnoff</td>
<td>Smirnoff is the best vodka with an accessible price</td>
</tr>
<tr>
<td>3</td>
<td>Brand image before the extensions</td>
<td>Smirnoff is the best cost-benefit for young people</td>
<td>Smirnoff</td>
<td>It has an image of quality and accessibility, the best cost-benefit</td>
</tr>
</tbody>
</table>

(4) The existence of a consensus in the group on the statement

This criterion was used for the “Theme 3” about the brand image of Absolut, Smirnoff and Orloff after the extension. The participants were asked to find a common position about their image of the three brands after the extensions.

3.8 Validity of the analysis

According to Hsieh and Shannon (2005), the scientific validity of a thematic qualitative analysis is ensured by the use of a coding system of the themes raised in the focus groups. This method ‘allows researchers to interpret subjective data in a scientific manner’ (Moretti et al., p.420). The chosen codes in this dissertation are the sub-themes that were identified for each quote as explained in the previous chapter.

The four criterions that were used to identify the sub-themes are common in focus group analysis and have been previously used in literature and in practice in the analysis of focus group discussion:
(1) The relevance of the sub-theme to the research purpose of the present research

Massey (2011) stated that once the themes have been identified, the researchers should come back to the purpose of their research to conclude and determine the ones that are the more relevant.

(2) The vocabulary used by the participants to stress this argument or insight as an important one

The study about focus group methodology from Monographs of the Society for Research in Child Development (2012) judged that ‘in focus groups, an important goal is to search for meaning in participants’ responses, rather than to quantify their responses’ (p. 29), and stated that the researchers should pay a careful attention to the words used by the participants.

(3) The relative occurrence of the sub-theme compared with other ones.

Morgan (1997) stated that the search for meaning was often operated through descriptive counting, which consists in listing and counting how often various topics are discussed in the different focus groups. Webb and Kevern (2001) noted that some researchers quantified qualitative data by counting frequencies of occurrences of words, phrases or themes (Stewart and Shamdasani, 1990). Following this counting, the main themes and words were meant to represent the shared beliefs generated in the focus groups. Webb and Kevern (2001) warned that quantification should only be used when all respondents (in the case of individual interviews) or groups (in the case of focus groups) have been asked the same question. Otherwise the results of counts are merely serendipitous and ‘will generally not be meaningful’ (Carey, 1995, p. 492). To ensure the validity of the results, we therefore used the same topics of discussion for all the groups, described in APPENDIX 4 and APPENDIX 5.

(4) The existence of a consensus in the group on the statement

Macleod Clark et al's (1996) analyzed that ‘focus groups are different from other methods of data collection, and it is important to maintain a sense of the whole group within the analysis’ (p. 150), and recommended that the common consensus that seemed to be reached by the participants was identified at the end of each focus group. Moreover, consumer insights professionals from Pernod Ricard who helped the researcher in the preparation of focus
groups mentioned that having the group find a common consensus is key for the understanding of the discussed topic.

Concerning the validity of the results of the focus groups, Seal, Bogart, and Ehrhardt (1998) related that according to Dawson et al. (1993) and Krueger (1994), focus group method cannot determine quantitative frequency distributions of beliefs and attitude within a population. Indeed, the choice of a qualitative study implied that a generabilization of the results cannot be inferred by the results of the study. Maxwell (2005) judged that ‘external generability is often not a crucial issue for qualitative studies’ (p.115). External generability refers to the generability of the results beyond that setting of the group (Maxwell, 2005). According to Maxwell (2005), external validity cannot be ensured by a qualitative research, but ‘this does not mean that qualitative studies are never generalizable beyond the setting or informants studied’ (Maxwell, 2005, p. 115). Therefore, the findings of this research cannot be as such generalized to all Brazilians, or even to a social class of Brazilian population.

The results of this thematic analysis are described in the following chapter. The main significant quotes from the discussions were highlighted and put in perspective with was has been described in the literature review.
4. RESULTS

4.1 Thematic analysis of the focus group discussions

4.1.1 Preliminary analysis: Brand awareness of the vodka brands

At the beginning of the focus group, a written questionnaire was given to the participants. (APPENDIX 3). The objective of this questionnaire is to collect personal data about the participants. These personal data helped to put in perspective the obtained results. The brand awareness that the participants have of Absolut, Smirnoff and Orloff was estimated using brand recall and brand recognition components of brand awareness described by Keller (1993).

The brand recall component was tested in the APPENDIX 3 by asking to the participants to write the five first vodka brands that came to their mind, in the order of apparition. The results show that all of the participants quoted Absolut among the 5 first vodka brands coming to their mind, including more than half of them mentioning Absolut as the first one. All the participants mentioned Smirnoff and Orloff among the 5 first vodka brands coming to their mind.

Brand recognition question showed that all of participants mentioned knowing the brands Absolut, Smirnoff and Orloff.

Therefore, it could be concluded that the focus group participants have a very high brand awareness of Absolut, Smirnoff and Orloff, both on brand recall and brand recognition components. As brand awareness is a prerequisite for the construction of a brand image (Keller, 1993), these results showed that the participants of the focus groups had in their mind an existing brand image of the three studied vodka brands before the discussions started. The selection of these participants was consequently adapted to the present research, as some modifications of the perceptions the consumers have of a brand can be observed only if there are preexisting associations in the mind of the consumers.
4.1.2 Theme 1: Image of Absolut, Smirnoff and Orloff before the line extensions

It was described in the literature review that Keller (1998) defined a brand as ‘a set of mental associations, held by the consumer, which adds to the perceived value of a product or service’ (Keller cited in Kapferer, 2008, p.10). These associations build for the product a brand equity, defined by Amber (2003) as ‘what is in people’s heads about the brands’ (p.46). The focus groups allowed exploring what the participants associate with the three brands, and more specifically the image component of brand equity for these three brands. Keller (1993) defined brand image as the ‘perceptions about a brand as reflected by the brand associations held in consumer memory’ (p.3).

Absolut, Smirnoff and Orloff had very distinct brand image for the participants, although Smirnoff and Orloff are in the same product segment and are almost sold at the same price.

The main sub-themes mentioned about Absolut image in all the groups are the following:

4.1.2.1 Absolut is a brand recognized for its quality

According to all focus group participants, Absolut products are associated with quality. Focus groups participants often referred to quality attributes to describe their image of Absolut brand: ‘Everybody knows that Absolut is a good thing’ // ‘Absolut offers the security that the product will be good’. The image of quality associated to the brand is so strong that it does not necessarily have a link with past product experience. One participant confessed that ‘even if (he does) not perceive a difference of taste between Absolut and the others, (he sees) Absolut as the best’. These quotes illustrate the strength of Absolut brand by showing that the brand name is truly an asset for Absolut products in the sense of Kapferer (2008), who defined an asset as ‘an element that is able to produce benefits over a long period of time’ (p.10).

Recognized quality of Absolut products associate the product to positive party memories in the consumer’s minds: ‘Absolut means to me that the party will be good. When there are Absolut products in a party, everybody is happy.’ // ‘I won’t get a hangover the day after’. The quality of Absolut made this brand the one with the highest recognized quality among the three brands presented in the focus groups. ‘For me, Absolut is clearly the best, then Smirnoff, then Orloff’. // ‘Everybody prefers to drink an Absolut than a Smirnoff’
4.1.2.2 Absolut has an image mixing tradition and innovation

The participants associated Absolut both with tradition and innovation. These associations are intangible ones, illustrating Keller’s (1993) analysis of brand image as containing both tangible (like quality) and intangible parts. An interesting dialogue about the tradition and innovation attributes of Absolut occurred in the second focus group that was organized:

‘Luisa (19 years old): - Absolut gives the image of something both traditional and new. I have the impression that they have been on the market forever, and that they always create something new

Marcelo (20 years old): - I think that’s because it’s has always been part of their history to create always a new bottle

Luisa (19 years old): - New flavors, not new bottles. The shape of the bottle has always remained the same and now everybody knows it’

The fact that the bottle remains the same was described in this dialogue as an element of tradition, while the design of the new products changes, which is an element of innovation. In another focus group, Absolut was described as ‘a sophisticated vodka, traditional but forever’.

This mixture of tradition and innovation seems to attract a very large segment of product consumers. Even if the majority of participants have the image of a product for ‘young people’, one participant had this reaction that collected the approbation of all the others: ‘I think that is really cool for Absolut is that it goes well with all ages and times. People of 30 and 40 years old love Absolut as well. It is not a thing that has an age. It is always good. I think that is because of that that it has a traditional image: everybody likes it’

4.1.2.3 Absolut provides a status to the person who drinks it and to the place it is served in

‘The first word that comes to my mind when I think of Absolut is status’ confessed one participant. The status conferred by the consumption of Absolut is both a status linked to high purchasing power, but also to an attracted lifestyle: ‘Absolut, it’s a lifestyle of agitated trendy nightlife. It makes the consumer feel fashionable. When I buy Absolut, I try to get the lifestyle associated with it’ /‘People who consume Absolut are cool people, with a high level’ /‘Absolut gives an image of status, it’s a beverage bought by people with more money, which has modern bottles and modern ads’. Absolut therefore fully fulfills the role of self-
identification for the consumers analyzed by Park, Jaworski and MacInnis (1986). Absolut seems to have a strong social image, defined by Lassar et al. (1995) as ‘the consumer’s perception of the esteem in which the consumer’s social group holds the brand’. The quote ‘Absolut is symbolic, it’s sold in the best clubs, it’s fancy’ illustrated as well the critical role of sponsorship arrangements in the building of brand image: to provide to Absolut an image of status, marketing managers of Absolut decide to include it only in clubs seen as the ‘bests’. This strategy aims at provoking transfers of brand knowledge described in Figure 2 in the literature review. The marketing managers hope that the associations made in the consumer mind about the ‘other entity’, which are here the best nightclubs, will be transferred to Absolut brand.

The status associated to Absolut bottle make it a good present for people the consumers want to please: ‘Absolut is the base of the most expensive vodkas, it’s a Premium accessible’ //‘With Absolut, you buy a special product to feel as a special person’ //‘When I am invited to the birthday of my best friend, I come with an Absolut. If I go to a normal warm-up party, I bring a Smirnoff’ // ‘For my 18th birthday, I received a bottle of Absolut. It’s a product for special occasions. It’s a product with a very beautiful bottle, with beautiful drawings, that you consume with close friends’

The main sub-themes mentioned about Smirnoff image in all the groups are the following:

4.1.2.4 Smirnoff is the best cost-benefit for young people

All groups mentioned the good ratio quality/cost as the argument for consumption of Smirnoff:

‘Smirnoff is the best vodka with an accessible price. A lot of people buy it because they want to get drunk without spending a lot of money. This vodka is not that bad and is quite cheap’. // ‘All young people drink Smirnoff because it’s good and cheap’ //‘I don’t like Smirnoff, but it is cheap’ // ‘Smirnoff is more for young people without a lot of money and who want to save money’// ‘Students at FGV have enough money to buy an Absolut but we buy a lot of Smirnoff because it is cheaper’ // ‘It’s a known brand that all my friends drink: it’s has an image of quality and accessibility, the best cost-benefit’. These feedbacks strongly back Keller (1993)’s statement that the favorability of a consumer attitude towards a brand depends on how the benefits and attributes of the brand satisfy its target market. Young people seem to value a lot Smirnoff brand for that.
4.1.2.5 Smirnoff consumption is associated both to day-to-day events and clubs

The participants mentioned many diverse places to describe where they drink Smirnoff. Some participants associated Smirnoff more with events organized during the day, thus opposing the brand to Absolut. ‘Smirnoff is the product that goes with chilling events: I don’t imagine myself drinking Absolut on the beach or at a barbecue, I imagine myself with a Smirnoff. I associate Absolut with dark fancy clubs. ‘For me Smirnoff is a drink for day events’’

However, the majority of the participants drink Smirnoff for warm-up parties before going to a nightclub: ‘People organize warm-up parties with friends with Smirnoff’, or inside the nightclub: ‘Smirnoff is for me really the drink consumed in a good party’.

4.1.2.6 Smirnoff is better than Orloff

Participants were all unanimous on that point. The perceived difference has been expressed about quality, but also about reputation. ‘Smirnoff is much better than Orloff’ ‘The difference between Orloff and Smirnoff are both the reputation and the price. Smirnoff has a better reputation, and the fact that it is a bit more expensive than Orloff gives a better opinion about the product quality’. Smirnoff is seen by some as a product of good quality: ‘It is not the best vodka when speaking of quality, but it is a good one’, while some others see it as a vodka of bad quality in the depreciating formula ‘Smirnoff is less worse than Orloff’.

Moreover, Smirnoff logo and bottle design have been mentioned as arguments to explain Smirnoff perceived better image than Orloff: ‘The bottle of Smirnoff is more chic than Orloff and appeal more to me: the design, the logo’, which confirms Reddy, Holak and Bhat (1994)’s analysis that non-verbal information about brands such as symbols, slogans and logo may be more potent or meaningful than verbal ones. Only one participant in all the focus groups said that Orloff and Smirnoff were about the same and that he would choose one or the other ‘according to the vodka availabilities in the store at the moment’

The main sub-themes mentioned about Orloff image in all the groups are the following:

4.1.2.7 The price is the main argument for buying Orloff

Orloff is seen as ‘the best of the worst vodkas’ and ‘its advantage is clearly the price’. A participant even turned the price into a factor of quality in the interesting formula ‘it is good because it is cheap’. This formula leads to thinks that some consumers think only of price when the buy vodka.
4.1.2.8 Orloff is a mass product with a rather bad image

Orloff’s bad image was explained by its low price: ‘Everybody say that this vodka is bad because it is cheap’, by its simple design: ‘There is only 1 color on the bottle, black, without any charm. At least you remember the red of Smirnoff’, and by its perceived recent history: ‘Orloff is not a product with an history, I think it is a really recent one. It’s a fake Russian’.

Because of this bad image and of a perceived low price, consumers tend to buy Orloff for mass events: ‘For a warm up party with a lot of people, I buy an Orloff’. Orloff has even been associated to drinking initiation events: ‘I used to drink a lot of Orloff when I was 15 and I was initiated to drinking’. In a metaphorical comparison with Absolut, a participant shared: ‘I think of Orloff as a mass product, whereas when I think of Absolut, I think of a craftsman, sitting and drawing on the bottle’.

4.1.3 Theme 2: Impressions about the line extensions from Absolut, Smirnoff and Orloff

4.1.3.1 General impressions about the line extensions

The consumers of the focus groups unanimously enjoyed the creation of the new extended products launched by Absolut, Smirnoff and Orloff. As the focus group participants have proved to have a very high awareness of those three brands by the answers they provided to the questions of APPENDIX 4, the fact that the consumers spontaneously expressed a reaction to the launch of the new products can be linked to an automatic activation of the brand node in the memory of the consumers described by Herr, Farquhar and Fazio (1990). The main reason for this favorable reaction was the curiosity towards new flavors and new design ‘I didn’t know all those new products existed and I really want to buy them to try’ ‘I’m really interested in buying the 'Absolut taste of Karnival' because of the drawing in the designed bottles’. Another mentioned reason is the fact that innovation is often linked to product improvement. ‘Innovation means improvement to me’ confessed a participant. A participant from another focus group made a statement of the same kind and shared that ‘the launch of a new product means to me that the company does not simply care about producing, but tries to improve its products’.
4.1.3.2 Impressions about Absolut line extensions

The six presented line extensions from Absolut are the one that favorably impressed the most. The design of the new products attracted a lot the participants: ‘The design of the new bottles of Absolut is really fantastic and really make me feel like buying the bottle to start to collection them. I know a couple of people who collection Absolut bottles because of their design’ shared a participant. The bottle of Absolut Karnival was the one the participants commented the most because of the sophistication of the drawings on it.

About the flavors, all groups mentioned a desire to try the new products because of the trust they have about trying a new product from Absolut: ‘A new product from Absolut is certainly a good product; I feel that I do not take any risk buying it. // ‘Absolut could launch everything I would trust it and try it’. These feedbacks confirmed Jacoby et al. (1971)’s analysis that brand image influences consumer’s perception of quality and value. Absolut seems to have succeeded in leveraging its brand equity by performing its line extensions: the new products seem to have borrowed Absolut brand equity (Farquhar, 1989). The trust shown by the participants towards Absolut new products appears to validate Aaker (2007) result that high equity brands add legitimacy and credibility to innovation claims associated to a new product. Furthermore, the participants of the focus groups assessed their impressions of the extensions by only looking at the bottle and did not taste the vodkas. This expressed trust towards the new Absolut products on the single basis of the brand name goes in favor of Wernerfelt (1988)’s analysis that consumers tend to rely strongly on elements such as the brand name to assess the quality of experience goods.

This trust towards Absolut provides to Absolut an advantage over other brands and allows Absolut more flexibility for its innovations: ‘If Orloff launched a new product ‘lemon from Persia’, everybody would laugh. Absolut can launch such a product’. In addition to this flexibility, Absolut can rely on a product communication which seems superior to its competitors: ‘I feel Absolut communicates better about its new products than Orloff and Smirnoff’.

Special comments were made about Absolut Elyx, the luxury vodka launched by Absolut. Most of the participants had the impression of a product from a new category. ‘It must be something really different if the company decided to change the design of the famous Absolut bottle! It is really the first Absolut bottle that I see with a bottle from a different shape’. The other point shared in several focus groups is the fact that the participants feel distant from this
new product: ‘The bottle looks like a whisky, I think it is consumed by older people’, followed by a more metaphorical ‘Elyx has the face of my father, the regular Absolut has my face’. In spite of this personal distance felt by the consumers, the authenticity of the product has been felt as strong, taking into consideration the four criterions mentioned by Spiggle et al. (2012): Absolut Elyx maintained brand standard and style and honored brand’s heritage: ‘This shows the traditional aspect of Absolut’, preserved brand essence and avoided brand exploitation: Even if this product is different from the other Absolut bottles, I feel like the brand needed to show that they can make as well a luxury product, like they can make all you can imagine about innovative packaging and flavors’.

4.1.3.3 Impressions about Smirnoff line extensions

The reactions about the flavored vodkas created by Smirnoff were very mixed, but mainly negative. While some participants were enthusiastic about the new products that will ‘fit well with some cocktails’, and that represent a ‘cool initiative’, the majority was not comfortable with this launches. This discomfort is primarily caused by the fact that the consumers are not used to see product innovations of this kind from Smirnoff. ‘Smirnoff does not launch a lot of new products, so it seems weird and strange to me’. // ‘It seems like they are trying to copy Absolut. I would only be ready to try flavored vodka from Absolut, I trust them more and would take less risk’. These comments translate a poor perceived fit between the extensions and the baseline product. Aaker and Keller (1992) considered fit and the consumer perceptions of the original brands as the two criterions for consumer evaluation of new products. Riley et al. (2014) assessed that the higher the fit, the more positive will be the consumer’s evaluations of the extension. In the case of Smirnoff, this analysis seems to be true: the poor perceived fit seemed to provoke a negative evaluation of the extension. Coming back to the two categories of criterions for fit presented by Spiggle et a. (2012), which are the fit as similarity and the fit as relevance, it seems to be the fit as relevance that caused the consumers to perceive a poor fit in the case of Smirnoff. No comments have been made about a perceived dissimilarity between the baseline product and the new products.

The other evoked reason is the mistrust towards flavored vodkas: ‘I think the raspberry/cranberry ones don’t have the same quality as the normal vodkas’// ‘I don’t see any value added in buying flavored vodka. I prefer buying a standard one that will please everyone and can be mixed with everything’.
About Smirnoff, many participants commented on the ‘Smirnoff Ice’ product, which is a ‘ready-to-drink’ vodka cocktail with a low alcohol rate (5%). This format was said to allow to ‘attract consumers who do not really like the taste of vodka’. Few comments were made about the product Smirnoff Ice Green Apple.

4.1.3.4 Impressions about Orloff line extensions

The three new Orloff products were mostly judged negatively by the groups. The main argument put forward was a perceived dissonance in the image. ‘These new colors have nothing to see with the style of the brand. The main product is black and white with a very masculine and Russian appearance, and here they put some light colors on the black bottle!’.

In the case of Orloff, there seemed to be both a poor fit as similarity and a poor fit as relevance (Spiggle et al., 2012). Additionally, this extension was the first one launched by the brand Orloff known by the participants: ‘Before this focus group I already knew that Absolut had lots of different products and I knew that Smirnoff had Smirnoff Ice, but I have never seen anything else than the black original bottle from Orloff’. Like for Smirnoff, the feedback that they are ‘copying’ Absolut came up in all groups. Absolut leadership in innovative flavors product development appears to have created a point of difference with the competition, as analyzed by Keller (1998).

4.1.4 Theme 3: Brand image of Absolut, Smirnoff and Orloff after the extensions

The influence of the brand image was the final point discussed during the focus groups. The moderators asked for each group to reach a consensus to conclude about the potential change of brand image caused by the line extensions.

About Absolut, all groups reached the same conclusion: the launch of new products benefited to Absolut image. The new product launches maintained and strengthened Absolut image of innovative brand: ‘It would be even strange if they stopped creating new products’ confessed a participant. The sophisticated design of the new products launched strengthened the image of sophistication of the brand. The launch of Absolut Elyx, luxury vodka with higher quality, increased even more the quality aspect of Absolut brand image: ‘If they are able to make a vodka of this quality, their know-how gives credit to all the products of their brand’. This quote seems to validate Park and Arinivasan (1994)’s analysis of brand positioning stating
that brand image is closely related to the segment classification of the products. In the case of Elyx, a transfer of an association of ‘upper quality’ seems (like described in Figure 2 of the literature review) seems to have happened from Absolut Elyx to Absolut brands, in spite of the distance shown by some participants towards this new product.

About Smirnoff and Orloff, the conclusions of the groups diverged. Three groups assessed that the product launches did not modify their perceptions of the brands, and one group that it did. This feedback can be put in perspective using Loken and John (1993)’s two perspectives about the transfer of beliefs and attributes between the parent brand and the extended products: the ‘bookkeeping model’ and the ‘typicality-based model’. As explained in the literature review, the ‘bookkeeping model’ argues that when a product extension presents a new attribute which is inconsistent to the brand, the beliefs about the brand are modified and incorporate this new attribute. On the contrary the ‘typicality-based model’ argues that the beliefs about a brand are not modified if a new attribute are inconsistent with the brand. The results of the focus groups cannot help to go for one model or the other. However, Loken and John (1993) analyzed that the bookkeeping model is more likely to be true for novice consumers who have less existing stored information in their memory. In other words, Loken and John (1993) stated that novice consumers tend to modify their images of the brands and incorporate new elements of new products in this image. The results tend to show the contrary, with young consumers having a very fixed image of the brands as their image of Smirnoff and Orloff was not altered in spite of the new elements brought by the line extensions of these brands. However, even if the focus group participants are young (between 18 and 21 years old), they can hardly be considered as novice drinkers as they have been drinking vodka at a frequency of 1.2 times per week for 3.6 years on average, which can question the applicability of Loken and John (1993)’s findings to the results of the participants of the organized focus groups.

According to focus group participants, the argument backing the conclusion that the product launches had no influence on the image of the brands is that the products are perceived as far from the core products of the brand. ‘For me these innovations with flavors are linked to Absolut. I wouldn’t change my image of Smirnoff or Orloff because they try to copy Absolut’ // ‘It’s strange to make these new vodkas, but if doesn’t make me think differently of the brands Smirnoff and Orloff which I associate to the core product’. This argument goes in favor of Milberg et al (1997)’s study that demonstrated that positive benefits are not transmitted to the parent brand in the case where the new product is not similar to the parent
brand. Another argument mentioned to explain the absence of modification of the parent brand image is because the image of the brand is already bad ‘*I feel that Orloff vodkas are bad vodkas, so if they create new flavored vodkas it creates other bad vodkas for me, nothing changes*’.

One of these three groups nuanced its conclusion by adopting an interesting approach: They stepped back and assessed that they had a bad impression of the new products from Smirnoff and Orloff because the ‘*reference for (them) is Absolut, so I makes (them) think that what cheaper brands do is less interesting*’. // ‘*For (them), Orloff has a face of a cheap product. But maybe for a consumer from a lower social class who cannot have access to Absolut, these new vodkas with flavors are going to be super interesting and made him a tremendous impression about the brand*’. This group concluded that for them the launched product made no modification of the perception they had of the brands, but that they believe it would do among consumers from another segment.

The group concluding that there were a positive change on Smirnoff and Orloff images puts forwards the dynamism that creates these launches: ‘*This launches are less common for Orloff and Smirnoff than for Absolut, but show that the brands are alive and create new things! It’s very important for vodka brands that I associate with high energy*. ‘*I think that companies need to create different products to show that the brand is modern. It is good to young public interested in modernity*’.
5. CONCLUSION

5.1 Existence of some modifications of the brand image after the launch of a line extension

The launch of line extensions is operated by brand managers in order to provoke an increase of the value of the brand. As demonstrated in the literature review, (2.2.1 the advantages of brand and line extensions for companies), a line extension aims at affecting positively the relevant parameters of brand strength and brand asset mentioned in Kapferer’s (2008) brand equity model described in Table 1, and by doing so at increasing the value of the brand. The influence of a line extension on brand strength parameters was not studied in this dissertation and would certainly be translated into an improvement of market share, growth rate, price premium, and other parameters described in Table 1. Concerning the influence of brand assets, this dissertation focused specifically on the influence on brand image, which refers to ‘perceptions about a brand as reflected by the brand associations held in consumer memory’ (Keller, 1993, p.3) and therefore includes various brand asset elements described in Kapferer’s (2008) model (the brand reputation, brand personality, brand values and customer imagery brand assets). To explore whether the launch of line extensions modified the perceptions the consumers had of a vodka brands, some focus groups of vodka consumers were organized. The discussions were led with São Paulo consumers about three representative vodka brands that account for 80% of value sales of vodka in São Paulo: Absolut, Smirnoff, and Orloff (Pernod Ricard internal data, 2014). The focus groups revealed that the line extensions modified consumers’ brand image in the case of Absolut, but had left the brand image unchanged in the case of Smirnoff and Orloff.

Therefore, it was observed that the launch of line extensions could modify or not the consumers’ image of vodka brands

5.2 Description of the modifications of the brand image after the line extensions

The modifications a line extension can introduce on the brand image are related to a change in the associations that compose the brand image in the consumer’s mind (John, Loken & Joiner, 1998). This change of associations is operated by a transfer of associations from the extended product to the baseline product as described in Figure 2. Loken and John (1993) described that the two main perspectives in literature about the transfer of associations between the
extended products and the parent brand. According to the ‘bookkeeping model’, associations about brands change incrementally when new information is received (Weber and Crocker, 1983). On the contrary, the ‘typicality-based model’ states that there is no transfer is the new product is judged as being untypical of the brand. From the focus group discussions, the only of the three analyzed brands which experienced a change in its image is Absolut. The Absolut brand experienced a strengthening of two of its existing attributes: innovation and sophistication. Moreover, the sophistication attribute was enriched by attributes of authenticity transferred to the brand by the launch of the vertical line extension Absolut Elyx. This result validated the ‘bookkeeping’ model as the new products have reinforced the existing associations of the brand and enriched the image of the brand with new associations. Moreover, the absence of modification of Smirnoff and Orloff brand images was due to the fact that the new extended products were judged untypical of the brand, and therefore the ‘bookkeeping’ model was also validated.

The discussions of the focus groups allowed distinguishing some key drivers to explain the changes in brand image of vodka products after a line extension:

(1) The perceived high quality of the new products launched, associated with a positive perception of the brand before the launch resulted in a positive change in the brand image. This result was observed in the focus groups for Absolut brand. On the model described in Figure 4, the factors ‘quality’ and ‘brand image before’ were underlined as key drivers influencing ‘brand image after’.

(2) The match between the expectations the consumers had about the brand and the new products launched gave more strength to the associations that the consumers already had in their mind about the brand. Coming back to the Associative Network Memory Model described by Keller (1993), it can be inferred that in the mind of the consumers, the link between the brand node and the existing elements associated to the brand was activated and strengthened by the fact that the consumers perceive again these associations in the new product launched. In the focus groups for example, the innovativeness in flavors and design offered by the new Absolut products echoed in the consumers’ minds to what the consumers already perceived as a core value of the brand, which is innovation. On the model described on Figure 4, the factor ‘image fit’ and ‘familiarity’ were underlined as key drivers influencing ‘brand image after’.
(3) A vertical line extension recognized as having a high authenticity with the baseline product caused transfers of associations of authenticity between this new product from a more Premium segment towards the brand. This result was observed in the case of the launch of Absolut Elyx.

What explained that some vodka brands kept the same image are the following drivers:

(1) The perceived bad or average quality of the new products launched, associated with a bad or average perception of the brand before the launch resulted in no modification on the brand image

(2) The consumers judged the new products launched as having a poor fit with the baseline product. Thus, the new products were not associated in the mind of the consumers to the brands. Consequently, the impression that these new products made in the consumer mind did not affect the overall image of the brand. The factor ‘image fit’ is here again stressed as a key driver of ‘brand image after’ in the model described in Figure 4.

5.3 Line extension influence on Keller’s components of brand image

The focus groups allowed distinguishing that line extensions had a different influence on the different components of Keller’s model (Figure 6).

About brand attributes, it was observed that non-product related brand attributes had a greater influence on the brand image of the vodka brands than product attributes. Indeed, the largest majority of the participants have already tried the new products with flavors, but motivated their conclusion about the influence of the line extensions on the brand on the basis of the packaging, and the environment and kind of people that are associated in their mind with the brands (usage imagery and user imagery).

About benefits, functional benefits were poorly commented. This is due to the fact that product-related brand attributes were poorly commented as well. Regarding the experiential and symbolic benefits, the results depended on the brand. For Smirnoff and Orloff, the influence of the line extensions on the experiential and symbolic benefits was not mentioned as important. For the participants, the experience of drinking a Smirnoff or an Orloff at home, in a bar or in a club is not influenced by the launch of the new products. The symbolic of Orloff has been reported to have been affected slightly as the new colorful products were
perceived as being in contradiction with the masculine image of the brand. On the contrary, experiential and symbolic benefits have been vastly commented for Absolut because of the sophistication of the packaging of the new bottles. The new products have reinforced the innovative and traditional benefits of Absolut, which reinforces the experience of drinking an Absolut outside and the symbolic aspects associated to it.

The attitude towards the brand and the favorability of the brand associations have become even more favorable in the case of Absolut, and remained the same in the case of Orloff and Smirnoff.

5.4 Hypotheses on the influence of line extensions on the image of vodka brands

The following hypotheses could be considered as outputs of the present research and are meant to be tested and enriched by future research:

(1) The influence of a line extension on brand image depends heavily on the initial image the consumers have of the brand. For a vodka brand with an average or bad image, launching a line extension with a perceived average or bad quality does not modify the brand image. On the contrary, for a vodka brand with a positive initial brand image, launching a line extension with perceived high quality led to a positive change in the brand image

(2) For vodka brands, a vertical line extension recognized as having high authenticity provokes a transfer of attributes from the extended product to the brand

(3) Among Keller’s (1993) dimensions of brand image, non-product related attributes and especially packaging are the one that are the most influenced by line extensions of vodka brands

5.5 Validation of the hypotheses by industry experts

The present research was been presented to two Pernod Ricard brand managers on vodka brands. They validated the three hypotheses and made the following commentaries, which can constitute other hypotheses for future research:
According to them, the launch of a vodka with a bad perceived quality can be without effect on the brand image on the short term, but is actually damaging the image of the brand on the long term.

A vertical line extension aims definitely at provoking transfers of attributes towards the parent brand. The brand manager on Absolut brand confessed that this was an objective of the launch of the luxury vodka Absolut Elyx.

Among Keller’s (1993), dimensions of brand image, packaging is indeed very important for the brand image as it is the ‘ambassador’ of the product in the sales place. However, it was mentioned that a main challenge for vodka brands when launching a new product is to create a successful launching event and to create partnership with bars and nightclubs that are in line with the desired image of the brand. The brand manager stated that ‘the ambassador of the product is the packaging, but also the place where the brand in served and the memories consumers keep in mind of events sponsored by the brand’. This comment echoes Gwinner and Eaton (1999)’s study on the building of brand image through image transfer with event sponsorship was indeed analyzed.
6. CONTRIBUTIONS

The present dissertation is the unique academic study led so far about line extension influence on brand image of vodka brands. It brought and analyzed very concrete consumer insights in the attempt to pave the way for future marketing research on vodka brands or line extension influence on brand image. The literature review of this dissertation was built in order to be a reference roadmap for further researches on line extension influence on brand image or other components of brand equity. More specifically, the present literature review synthetized and organized the main contributions of academic literature on:

(i) How the concept of brand image was built in academic literature, starting from the wider concept of brand and zooming progressively to the concepts of brand equity (a component of brand), then consumer-based brand equity (a component of brand equity), then brand knowledge (a component of consumer-based brand equity) and finally brand image (a component of brand knowledge).

(ii) The roles and consequences of line extensions for companies

(iii) The influence of line extension on brand image

The three hypotheses distinguished as an outcome of the present research are meant to be tested by other researches.

This dissertation was also built with the desire to provide academic knowledge to brand managers on alcoholic beverages, especially on vodka products. This dissertation was sent to the marketing team of Pernod Ricard who offered precious advices and support to this research, especially in the organization of the focus groups.
7. LIMITATIONS OF THE PRESENT RESEARCH

The methodological choices made for this research can be a limitation which is linked to the focus group method. Ryan et al. (2014) note that ‘the variations in how to carry out a focus group are as many as the uses’ (p. 328). The methodological choices that were made, both in the organization of the focus groups and in the analysis introduce an inevitable bias to the research.

The high consumer innovativeness among participants (41% of participants who prefer buying new products than buying the products they already know) can also be considered as a bias for the study, as well as the high proportion of women among participants (59%), whereas vodka drinkers are composed by 36% of women in Brazil (Noronha and Souza, 2013).

The city of origin of the consumers and the chosen brands induce a bias as well. This bias was mentioned to the researcher by executives from Pernod Ricard while collecting recommendations from them to lead efficiently the focus group sessions. To illustrate this bias, executives mentioned that São Paulo is a weak territory for Orloff brand recognition, which is much higher in Minas Gerais for example.
8. FUTURE RESEARCH

The present research focused on a very specific aspect of line extension influence on brand equity, which is the influence on brand image. The literature review mentioned many other components of brand equity that may be analyzed in future researches, especially the components of the ‘brand strength’ component of brand equity described in Kapferer’s (2008) model. Preyas (2001) indeed noted on that point that companies launching line extensions run the risk of having the consumers being forced to choose between the baseline product and the extensions. This cannibalization can be an interesting impact of line extension to study.

Another valuable future research could be made on the brand identity of vodka brands in the context of line extension. As mentioned in the literature review, brand identity as a set of brand associations that the brand strategist aspires to create or maintain (Aaker and Joachimstahler, 2000). Brand identity represents the associations that the company attempts to communicate to the market, while brand image refers to the associations perceived by the consumer (Martinez & Pina, 2003). Such a study could cast light on divergences of perceptions between the consumers and the company, which Aaker (1996) referred as ‘brand image trap’. The analysis of the congruence between brand identity and brand image is considered as a key point for companies in the definition of their brand strategy (Van Rekom 1997).

As the present study aimed at exploring the phenomenon of line extension influence on brand image on a category (vodka) on which this phenomenon that has not been studied before, it would be desirable that other studies use the findings of the present research or other outputs of the focus groups to test them using qualitative or quantitative methods. It would be interesting as well to lead the same study on vodka with consumers with another profile (with another social background, older people…) or with consumers from other countries, or using another alcoholic product like whisky.
BIBLIOGRAPHY


Briggs, C. (2006). Retail marketing: love is all you need to win over customers. *Media, 12*


82


Farnsworth, J., & Boon, B. (2010). Analysing group dynamics within the focus group. *Qualitative Research, 10*, 605–662


Pernod Ricard internal data, 2014


Focus group September 2014

*How do product line extensions have had an influence on the image of vodka brands in Brazil?*

**Studied vodka brands**

Sources: company website, Facebook page of the brand
APPENDIX 1: Support document for focus group (2/9)

Sources: company website, Facebook page of the brand
Baseline products

Sources: company website, Facebook page of the brand
APPENDIX 1: Support document for focus group (4/9)

<table>
<thead>
<tr>
<th>Brand</th>
<th>Baseline product</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABSOLUT</td>
<td><img src="image1" alt="Baseline product" /></td>
</tr>
<tr>
<td>SPIRITOFF</td>
<td><img src="image2" alt="Baseline product" /></td>
</tr>
<tr>
<td>ORLOFF</td>
<td><img src="image3" alt="Baseline product" /></td>
</tr>
</tbody>
</table>

Recent line extensions

Sources: company website, Facebook page of the brand
APPENDIX 1: Support document for focus group (5/9)

Sources: company website, Facebook page of the brand
APPENDIX 1 : Support document for focus group (6/9)

Sources: company website, Facebook page of the brand
APPENDIX 1: Support document for focus group (7/9)

Sources: company website, Facebook page of the brand
APPENDIX 1: Support document for focus group (8/9)

New vodka with green apple, cranberry and citrus flavors

November 2012:
Orloff Bold: Green Apple, Cranberry and Citrus

UM É POUCO, DOIS É BOM, TRÊS É DEMAIS! NO!
BEBA COM MODERACAO SE BEBER NÃO É UMA OPÇÃO.

New vodka with green apple, cranberry and vanilla flavors

January 2013:
Flavors: Green Apple, Cranberry and Vanilla

Sources: company website, Facebook page of the brand
APPENDIX 1: Support document for focus group (9/9)

January 2013: Smirnoff Ice Green Apple

New vodka ice with green apple flavor

Sources: company website, Facebook page of the brand
APPENDIX 2: Consent to participate in focus group

You have been invited to participate to a focus group organized for a Master dissertation research.

The purpose of the group is to understand how product line extensions have had an influence on product brand image on Brazilian alcoholic beverage market. The information collected in the focus group will be included and analyzed in the Master dissertation presented in November 2014 at FGV by Sebastien Cabanes.

You can choose whether or not to participate in the focus group and stop at any time. Although the focus group will be tape recorded, your responses will remain anonymous and no names will be mentioned in the report.

There are no right or wrong answers to the focus group questions. We want to hear many different viewpoints and would like to hear from everyone. We hope you can be honest even when your responses may not be in agreement with the rest of the group. In respect for each other, we ask that only one individual speak at a time in the group and that responses made by all participants be kept confidential.

I understand this information and agree to participate fully under the conditions stated above:

Signed:____________________________________________
Date:___________________
APPENDIX 3: Questionnaire about personal data and familiarity with vodka category

Personal data
Name:
Age:
Program of studies at FGV:
City of origin:
City of residence:
Why have you decided to take part to this focus group?

Experience with vodka products
- Could you please cite 5 vodka brands that come into your mind ?(cite by order of importance)

- For how long have you been drinking vodka?

- How would you assess your familiarity with vodka products?

- How many times a week do you consume vodka products?

Consumer innovativeness (Martinez & Pina, 2009)
Are you in general more interested in:

1) Buying new or

2) Knowing well about a product?

Why?
**APPENDIX 4**: Reference questions to assess brand image before the extension

What do you find interesting in this brand? (Martinez & Pina, 2003)

Do you think this brand has personality? What kind of symbolic and emotional benefits does it provide to the buyer? (Martinez & Pina, 2003)

What kind of persons consume the brand? (Martinez & Pina, 2003)

Do you think this brand a rich history? (Martinez & Pina, 2003)

Do you think the products from this brand have high quality? (Martinez & Pina, 2009)

Is there a reason to buy the brand instead of others? Why? What does this brand have that other brands in the sector don’t? (Martinez & Pina, 2009)
APPENDIX 5: Reference questions to assess the consumer impressions about the extensions

**General attitude about the extensions**

Could you indicate how favorable you are towards the new products? (Martinez, Polo & de Chernatony, 2008)

Do you perceive the new product as a product of quality? (Martinez & Pina, 2009)

Do you feel these extensions are a good thing for the brand?

Do these extensions give **you** a better image of the brand?

Are the benefits of the new products relevant for you?

**Perceived fit of the extensions**

**Image fit**

Do you think extensions in vodka segment are in conformity/ consistent with the image of the brand? (Martinez, Polo & de Chernatony, 2008)

**Category fit**

How similar or dissimilar are the "new products" to the products normally offered by the brand? (Martinez, Polo & de Chernatony, 2008)

**Authenticity of the extensions**

Do you feel the extensions maintain the brand standards and style? (Spiggle, & al., 2012).

Do you feel the extensions honors brand heritage? (Spiggle, & al., 2012).

Do you feel the extension preserves the essence of the brand? (consistency with the image you had of the brand? Are some key associations you had about the brand missing in this new product?) (Spiggle, & al., 2012).

Do you feel this extension exploits the brand? (product created only for profit by the company? Or a natural move for the company to strengthen the brand?) (Spiggle, & al., 2012).
APPENDIX 6: Excel model for thematic analysis of the focus group discussions

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td># focus group</td>
<td>Theme</td>
<td>Sub-theme</td>
<td>Mentioned Brand</td>
<td>Quote</td>
<td></td>
</tr>
</tbody>
</table>
