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The Feedback Effect of Co-Branding Collaborations on Perceived Brand Luxury and Attitude toward Luxury Fashion Brands

Repercussions of the "Fast-Fashion Co-Branding" Trend

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“Tailoring Couture labels to the high street is tricky.
It can open up a lucrative new market – or kill a brand.”

(Hoesa, 2008, p.50)

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Abstract

The luxury market has grown extensively, and middle-market consumers are buying up. Thus, luxury managers are widening their brand reach and making their labels more affordable. The popular trend of co-branding collaborations between luxury houses and fast-fashion brands can be viewed as a strategic means of providing luxury for the masses. Correspondingly, this master's thesis studies the repercussions of adopting a fast-fashion co-branding collaboration for the luxury designer brand. Since luxury managers can boost turnover by targeting the masses, but worry about diluting their luxury brand name, the study at hand aims to facilitate decision-making by analyzing the feedback effect of the adoption of fast-fashion co-branding collaborations on luxury consumers' attitude and perceived luxury with regard to the luxury fashion brands.

The results demonstrate that a feedback effect on luxury fashion brands does exist. This effect is dependent on the fit between the co-brand and the parent luxury brand, and is moderated by consumers' involvement in luxury fashion and their experience with the core luxury brand. The introduction of a fast-fashion co-branding collaboration is risky for luxury fashion brands, as it dilutes the luxury image of the brand, and managers risk harming their existing consumers' attitude for short-term sales and mid-class consumers who purchase their label at a low price. A more viable strategy for luxury fashion brands is to associate with other luxury brands in order to create a well-fitting co-brand, as this strategy maintains – and even strengthens – consumers' attitude toward the brand as well as the luxurious image of the brand.

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GENERAL INTRODUCTION

Luxury houses – along with many other companies – aim to boost profits, and part of doing so is through growth. However, growth can be a rather touchy topic when firms initially cater to a limited segment of the market, such as the luxury industry (Kapferer & Bastien, 2012).

Traditionally, luxury consumers expect exclusivity and distinction from high-range designer items. Moreover, experience is key, as consumers value the feeling and emotional connection associated with luxury brands. Altogether, traditional luxury consumers expect exclusive products marketed in a climate that provides a high-end experience. They boast service and are inclined to pay a premium rate to experience the feel and look of luxury (Baker, 2006).

The rising wealth of the population has generated a global desire to live better, and as such, this mentality modified luxury consumption and consumer behavior over time. From the 20th century on, the luxury industry has no longer been reserved for the elite, as more of the population has access to this sector than ever before (Christodoulides et al., 2009). Nowadays, more than simply high-income consumers seek and desire luxury. Referred to as the "mainstreaming of affluence" (Walker Smith, 2003, p.52), more and more middle-class consumers are buying up in certain categories that are important to them, and buying down in others as a means of compensation. For instance, consumers may ride a luxurious *Porsche* car and buy low-cost cleaning products at the supermarket. This "democratization of luxury" implies that middle-class consumers have shifted their luxury consumption patterns. They expect the feel and look of luxury at the very best price (Walker Smith, 2003).

As a result of this "democratization" process, the sector has experienced strong growth, accompanied by the proliferation of luxury brands and derived luxury terms. The concept of luxury has shifted, and its frontiers are getting more and more blurred: "traditional luxury houses" such as *Christian Dior* are now in competition with "new luxury brands" such as *Alexander Wang*, and this evolution has led to a broader span of the term "luxury" (Kapferer & Bastien, 2012).

Traditionally, luxury fashion is high-priced, crafted in limited quantities and made of high-quality materials, with special attention to detail. Limited edition collections are also essential when it comes to distinguishing luxury fashion brands from mid-level fashion brands (Baker, 2006; Heine, 2012). But, as the market keeps demanding an expansion of luxury brands, luxury fashion managers need to accommodate this shift and develop new strategies that cater to a diversifying target – a target that now includes middle-market consumers (Silverstein & Fiske, 2003; Kapferer & Bastien, 2012). To remain viable in the current climate, luxury houses have been adopting new strategic moves, including brand extensions and co-branding collaborations. Often, by extending brands into different lines or different product classes, companies can broaden their original target. This is one of many strategies of dealing with the increasing competition, while responding to the rising demand for luxury.

A recent overriding trend in the luxury industry will be discussed in this master's thesis. In the last decade, luxury designer co-branding collaborations with fast-fashion brands have increased in popularity. While luxury brands are sometimes averse to allocating resources in an effort to establish a sub-brand or long-term collaboration with another brand, a one-off collaboration with a fast-fashion brand is an alternative for luxury brands to reach a new target market (Joy et al., 2012; Pennino, 2012; Mosca & Gallo, 2016). Luxury brands as diverse as modern *Alexander Wang* to traditional *Lanvin* have engaged in co-branding collaborations with fast-fashion retailers (Pennino, 2012). One recent example of this type of strategy is the luxury fashion house *Balmain*, which launched a one-off collection in collaboration with the Swedish fast-fashion retailer *Hennes & Mauritz* in November 2015 (H&M, 2016[a]). This form of luxury brand extension strategy allows luxury houses to extend into new segments by partnering with fast-fashion brands (Mosca & Gallo, 2016).

Yet, there is an overarching sense of skepticism toward this approach. As soon as a so-called "luxury" item can be found everywhere, the brand is no longer exclusive and becomes ordinary. Making a luxury brand accessible to the masses – via co-branding, sub-brands, or any other strategic means – may tarnish its attractiveness for luxury consumers (Berthon & al., 2009; Magnoni & Roux, 2011). Luxury consumers purchase brands they identify with, and if the brand evolves, current consumers may leave the brand and opt for a more stable alternative. Therefore, luxury houses face a dilemma when they attempt to expand without jeopardizing their exclusivity and promise of luxury (O'Donnell, 2009).

From an economic perspective, it is vital for luxury managers to identify the point at which a luxury brand is made attainable to so many customers that it can no longer be deemed "luxury" (Dubois & Paternault, 1995). A luxurious brand image is a luxury brand's most valuable asset, and targeting the masses can blur this image (Dereumeaux, 2007). Despite the overall popularity of co-branding collaborations with fast-fashion brands, luxury companies still struggle to realize whether such collaborations tarnish their luxury brand image (Mosca & Gallo, 2016).

In the existing literature, co-branding collaborations between luxury houses and fast-fashion brands have been referred to as a specific type of luxury brand extension (e.g., Shen et al., 2014; Mosca & Gallo, 2016). Therefore, it is interesting to approach this strategy scientifically, from the perspective of the brand extension research. From an academic standpoint, studies on the effects of luxury brand extension strategies toward the parent brands have been discussed extensively, yet their results seem conflicting. While scholars conclude that luxury brands lose their "cachet" when over-diffused (e.g., Dubois & Paternault, 1995; Magnoni & Roux, 2011), others claim that parent brands' equity is not affected – and is even strengthened – when extending downwards (e.g., Keller & Aaker, 1992). In terms of fast-fashion co-branding, studies were carried out with a focus on the effects for fast-fashion brands collaborating with luxury designers (e.g., Mosca & Gallo, 2016). There is, however, a gap in the literature regarding the impact of such collaborations on the luxury partner brands.

The managerial dilemma, inconclusive studies regarding the effects of brand extensions on parent luxury brands as well as the gap in the literature on the effects of fast-fashion co-branding with regard to the luxury parent brand is what compelled the author to write this master's thesis.

1. Research aims and question

When co-branding collaborations take place between luxury brands and fast-fashion brands, luxury firms need to gain a better understanding of the post-extension impacts of this collaboration on luxury consumers attitude and perceptions toward the luxury parent brand before determining whether this strategy is suitable for growth purposes.

Hence, the study at hand focuses on the reciprocal – "feedback" – effects of co-branding collaborations with a fast-fashion brand back on the parent luxury brand. It investigates how consumer attitude and perception of brand luxury with regard to luxury brands change as a result of collaborating with fast-fashion brands.

Thus, this master's thesis formulates the following question:

What is the effect of a co-branding collaboration between a luxury fashion house and a fast-fashion brand on perceived brand luxury and consumer attitude toward the luxury parent brand?

2. Limitations of the question

This master's thesis deals with the way in which co-branding collaborations between luxury and fast-fashion brands impact the luxury parent brand, rather than on how fast-fashion brands cope with such collaborations. Moreover, the paper will not offer research on how this type of strategy is implemented, but strictly in terms of the effects of such collaborations on consumer attitude and perceptions toward the core luxury designer brand. The research will be carried out in Belgium, and thus, conclusions cannot be generalized to all areas.

3. Outline of the research

This thesis is divided into seven sections as follows: general introduction, literature review, conceptual model and hypotheses development, methodology, data analysis, discussion, and conclusion.

The literature review section contains three chapters, starting with an explanation of the concept of luxury brands and a discussion of the importance of brand image for luxury brands. Chapter Two will discuss the fundamentals of brand extension research and the post-extension feedback effect on the parent brand. Subsequently, Chapter Three will shed light on the current state of research with regards to luxury brand extensions, and the importance of maintaining brand concept consistency between an extension and its core luxury brand. This section allows for the elaboration of a conceptual model that will be followed throughout the practical part of the thesis.

The conceptual model and hypotheses development section addresses the general conceptual framework that will be followed to conduct the research, as well as the development of concrete hypotheses based on the existing literature.

The methodology section deals with the data collection process and sample characteristics. The practical part of the thesis consists on a quantitative study that aims at testing the model's hypotheses. It consists on a questionnaire administered on luxury consumers, that aims at comparing changes in consumers' attitude and perceived luxury of a luxury fashion brand depending on whether the brand adopts a fast-fashion co-branding collaboration or a consistent co-branding collaboration with another luxury brand.

The data analysis section presents the analyses that were carried out to test the hypotheses.

The discussion section addresses the different results obtained in the data analysis section.

Finally, the conclusion summarizes the main findings and limitations of the study; it also suggests avenues for further research.

PART 1 – LITERATURE REVIEW

This section elaborates on the outline of the selected literature review. The goal of this literature review is to describe both the previous and current state of information on the research topic (Creswell, 2002). The objective of this literature review is to set the framework for relevant hypotheses in order to answer the main research question: *What is the effect of a co-branding collaboration between a luxury fashion house and a fast-fashion brand on perceived brand luxury and consumer attitude toward the luxury parent brand?*

To ensure a certain standard of research, criteria were applied to provide literature of a certain quality in this review. First, the existing literature was explored in a methodical way. Monographs and articles from flagship marketing journals (e.g., *The Journal of Marketing*, *Journal of Marketing Research*, *Marketing Science*) related to luxury branding, brand extensions and co-branding were researched. Second, articles that were often cited in brand extension and co-branding research were used, as well as luxury-based studies.
This selective literature review is organized as follows: Chapter One starts by explaining the concept of luxury and its subjective nature. Then, luxury branding is discussed and different authors' takes on luxury brands are opposed. Afterward, this chapter discusses the vital importance of brand image for luxury brands, and a core framework that allows for the assessment of consumers' perceptions of the luxurious image of a luxury brand. Chapter One will conclude with a discussion of the different types of luxury consumers.

Chapter Two discusses brand extensions on a global scale and elaborates on the fundamentals of brand extension research. In addition, Chapter Two explores the feedback effects of brand extension strategies back on the parent brand following their introduction. Finally, Chapter Two ends with a discussion of different factors that contribute to this effect.

Chapter Three continues by exposing how brand extension theories apply to luxury brands. First, this chapter explains the origins and evolution of luxury brand extensions. Second, co-branding – and co-branding collaborations between luxury houses and fast-fashion brands in particular – are discussed. Then, the importance of maintaining consistency in the brand concept when extending a luxury brand is highlighted. Chapter Three ends by discussing the different elements that influence the post-extension feedback effect on luxury brands.

CHAPTER 1 – WHAT CONSTITUTES A LUXURY BRAND?

The objective of this section is to lay the foundation for the research and address the topic of luxury brands. First, this section explains the general concept of luxury and raises the corresponding subjectivity problem. Second, a review of the existing luxury brand definitions is analyzed. In the same subsection, the unique characteristics of luxury brands are highlighted. Then, the vital importance of brand image for luxury brands is discussed. Again, in the same subsection, one core framework that facilitates the assessment of consumers' perception of brand luxury will be illustrated. Chapter One ends with a discussion of the different types of luxury clients.

1. Luxury, a subjective concept

Over the years, luxury has become increasingly commonplace – to the extent that its very meaning has been compromised. Its democratization has permitted the trivialization of the term "luxury," and consequently, the term no longer bears the same meaning. Formerly a symbol of inaccessible dreams that were strictly reserved for the elite (Kapferer & Bastien, 2012), nowadays, the concept of *Luxury* is used in everyday language to denote certain products or services, or even a specific lifestyle (Wiedmann et al., 2009).

As a matter of fact, the concept of luxury is not an absolute classification, but a relative group. Indeed, the existing literature refers to countless labels such as "accessible luxury," "true luxury," or "new luxury" while discussing the topic (Heine, 2012; Kapferer & Bastien, 2012). In a sociopolitical context, civilization has veered off into different categories, and more importantly, what some consider luxury is very different for others (Vigneron & Johnson, 1999; Vigneron & Johnson, 2004; Kapferer & Bastien, 2012).

Luxury and basic goods mean different things in different societies. For instance, "what is regarded as a basic car in a developed country may be considered luxury in a developing country" (Christodoulides et al., 2009, p. 397). The perception of a brand's level of luxury varies from person to person and in different contexts. Pushing this vision to the extreme, water is viewed as either a basic necessity or a luxury good depending on external conditions (Kemp, 1998). This subjectivity problem that looms over the term "luxury" accounts for why there are as many views of luxury as there are authors (Kapferer & Bastien, 2012). This makes it difficult to select a clear definition for the luxury sector.

2. Luxury branding

2.1. Defining luxury brands

From a behavioral perspective, authors often use conflicting definitions when they refer to luxury brands. Mosca and Gallo (2016) define luxury brands as "the sum of feelings and perceptions people have when in contact with a particular company and its products" (p. 245). Meanwhile, Phau and Prendergast (2000) define luxury brands as brands that induce exclusivity, have a renowned brand identity, benefit from a high level of brand awareness and perceived quality and maintain a high volume of sales and consumer loyalty. Parrott et al. (2015) added that a luxury brand lives in consumers' minds, and that the brand's success or failure depends on the brand's position from the consumer's perspective.

Because definitions of the concept of luxury raise points from different perspectives, Kapferer and Bastien (2012) highlighted that most definitions of luxury brands shared six common criteria. First, luxury brands involve a *highly qualitative hedonistic experience*. Second, the *price* significantly surpasses what the luxury brand's mere functional value advises. Third, the brand has a certain *heritage, unique know-how* and *culture*. In terms of luxury fashion, this criterion refers to craftsmanship, as well as a recognizable design that embodies the heritage of the luxury house (Fionda & Moore, 2009). Fourth, *distribution is controlled and the brand is accessible in limited quantities*. In fashion, for instance, this criterion is maintained through the launch of limited editions, and by promoting the scarcity of certain items, ensuring they are coveted and rare (Fionda & Moore, 2009). Fifth, the brand is offered with *personalized additional services*. Sixth, the brand *symbolizes a social marker* and *allows the customer to feel special*, with feelings of privilege. For its completeness, the definition of Kapferer and Bastien (2012) is the one selected for this master's thesis.

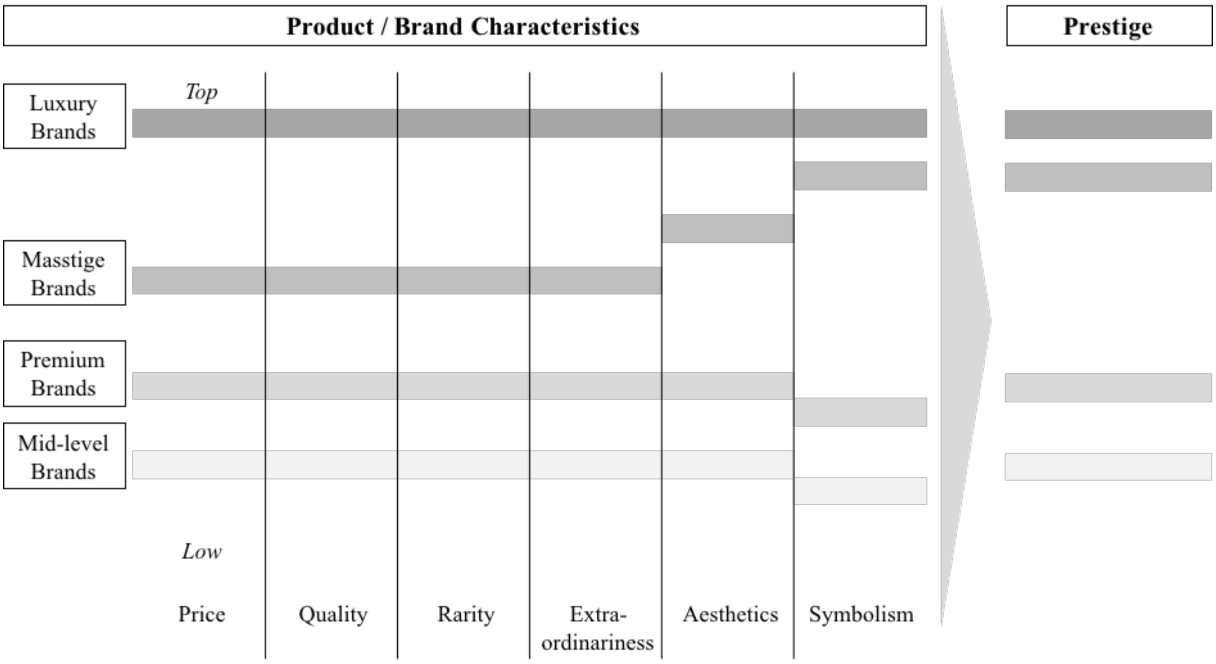
2.2. Categorizing luxury brands

In the early 20th century, clear boundaries between luxury and non-luxury brands existed. Nowadays, the concept of luxury is entirely different: Both excessive usage of the term and new marketing strategies have blurred the boundaries. This complexity has led to the emergence of different luxury brand categories. While authors such as Kapferer and Bastien (2009), or Corbellini and Saviolo (2014) categorize luxury brands by their product attributes, other authors like Silverstein and Fiske (2003), Truong et al. (2009) or Heine (2012) categorize luxury brands by their brand characteristics. This thesis will follow Turunen's (2015) view of luxury brands. In fact, Turunen supports that "a luxury branded product is more than a set of physical attributes; not all rare, expensive and handmade designer products are regarded as luxury goods, in spite of their high quality" (p.123). All in all, symbolic aspects are an integral part of luxury brands, reaching well beyond their tangible attributes.

In line with Turunen's (2015) view, Heine (2012) categorized luxury brands in the premium segment based on their constitutive characteristics – namely, *price, quality, rarity, extraordinariness, aesthetics* and *symbolism*. Through his research, he qualified three types of brands as prestigious: *premium brands, masstige brands* and *luxury brands.* While premium brands rank lower on these different attributes, luxury brands rank the highest. Masstige brands refer to a new type of brand that conveys the idea of prestige to the masses. Although ranking close to premium brands on such characteristics as price, quality, rarity and extraordinariness, this brand category focuses on aesthetics and ranks close to luxury brands in terms of symbolism. Typical masstige brands include *Godiva, Starbucks* and *Victoria's Secret* (Silverstein & Fiske, 2003). Truong et al. (2009) argue that masstige brands stand out from mid-level brands with their degree of perceived prestige, and from luxury brands with their prices. In fact, the authors identified that the prices of luxury fashion brands were roughly three times higher than the prices of masstige brands. In turn, the prices of masstige brands are roughly twice as much as the prices of mid-range brands. In terms of prestige perception, there is a small gap between masstige and luxury brands, for the latter is perceived as being notably more prestigious than premium brands.

Figure 1 demonstrates that premium brands rate higher on the different constitutive characteristics that make up a luxury brand than mid-level brands, but still well below luxury brands. Overall, masstige brands rate close to premium brands on certain characteristics, while rating close to luxury brands on others.

Figure 1: Luxury vs. Masstige vs. Premium vs. Mid-level Brands (Heine, 2012, p. 67)



3. Luxury, image and perceptions

3.1. Brand image, a central concept in the luxury sphere

Keller (1993) defines brand image as "the set of perceptions about a brand as reflected by brand associations held in consumer memory" (p.3). It is important to mention that "a brand does not necessarily correspond to an objective reality" (Lambin & De Moerloose, 2008, p. 289), but rather, to a set of subjective mental representations (Lambin & De Moerloose, 2008).

This subjective dimension is of the utmost importance when the brand is a player in the luxury field. The success of a luxury brand essentially depends on its identity and image in the eyes of consumers (Dereumeaux, 2007). As a matter of fact, luxury brands are not recognized for their utility, but for their quality, rarity and value in terms of social distinction (Dereumeaux, 2007). As a means of offsetting their weak utility value, luxury brands capitalize on a central pillar: their luxury brand image.

3.2. Perceptions of brand luxury

Brands that define themselves as part of the luxury sphere are not all perceived as luxurious (Kapferer & Bastien, 2012). In the literature analysis section, one main framework that allows for the assessment of consumers' perception of brand luxury was depicted. Vigneron and Johnson (2004) set up a theoretical framework consisting of the main dimensions and values shared by luxury brands.

The researchers determined that "the concept of luxury is multidimensional," and that "it can be substantiated through a five-factor model" (Vigneron & Johnson, 2004, p. 500). This "brand luxury multidimensional framework" has been widely used in luxury firms to assess consumers' perception of the luxuriousness of their brand, not to mention a means of positioning their brand along the desired dimensions of luxuriousness.

They highlighted the existence of latent luxury constructs that are directly induced by both personal- and non-personal-oriented perceptions. On the one hand, *personal-oriented perceptions* are divided into two distinct concepts, including *hedonism perception* and *extended-self perception*. While perceived hedonism relates to impressions of personal rewards and fulfillment when consuming a specific brand, extended-self perception relates to consumers' impressions of distinction linked to the consumption of a specific brand. On the other hand, *non-personal-oriented perceptions* are divided into three concepts, including *conspicuousness perception*, *uniqueness perception* and *quality perception*. First, perceived conspicuousness relates to consumers' impression of the power of a specific brand in terms of expressing high social status. Second, uniqueness perception relates to the impression of exclusivity and rarity. Finally, quality perception relates to the feeling of how well a specific brand commits to the level of quality it has promised. In short, the researchers validated a scale (the Brand Luxury Index scale) that assesses consumer perceptions of brand luxury when analyzing specific luxury brands. This scale will be used and discussed in more detail in the empirical part of this research.

4. The luxury clientele

Traditionally, luxury was reserved for the elite, or the "happy few" (Dubois et al., 2005). Consumers were simply categorized based on their accessibility to luxury brands.

Correspondingly, two kinds of luxury consumers existed: the *excluded customer* and the *affluent customer* (Stanley, 1991). While affluent customers had the financial power and desire to make luxury their “art de vivre,” excluded customers had no access to this market (Kapferer & Bastien, 2009). The affluent segment consisted of a combination of the “Old Money” and the “Nouveaux Riches,” those who had always had access to luxury and those who had a more recent access to luxury (Labarbera, 1988).

In the early 1980s, the luxury market changed tremendously and a democratization of luxury appeared. Luxury brands started targeting the middle class by making their brands accessible to a wider segment of the population, which intensified the excluded customer’s desire to acquire luxury items (Dubois & Laurent, 1996). Subsequently, another class of luxury consumers appeared, often referred to as *excursionists*. Kapferer and Bastien (2012) define excursionist luxury consumers as “less wealthy but more advanced in sociocultural terms, and therefore allow themselves to purchase objects from a luxury brand occasionally, motivated by self-indulgence or hedonism […]” (p. 130).

Dupuis and Laurent (1996) categorized these three classes of luxury consumers based on their degree of luxury consumption. In contrast to the excluded customers, who have no access to the luxury market and never buy luxury items, and to affluent customers – those who consistently purchase luxury items and will continue doing so – excursionists’ pursuit of luxury items is occasional. In fact, excursionists do not desire to make the consumption of luxury items their “art de vivre,” but “an exceptional moment that sharply contrasts with their daily lifestyle” (Dupuis & Laurent, 1996, p.471).

In summary, Chapter One has provided an overview of the main topics of interest with regard to luxury brands. First, this chapter has revealed that the concept of luxury has become rather ambiguous, which complicates the process of defining luxury brands. Second, different definitions of luxury brands were discussed, and Kapferer and Bastien’s (2012) definition was investigated in great detail with regard to luxury fashion. Third, prestige brands were categorized based on their constitutive characteristics. Then, the importance of brand image for luxury brands was highlighted, and a widely adopted framework to assess consumers’ perceived brand luxury was discussed. Finally, the different segments of luxury clientele were exposed.

CHAPTER 2 – BRAND EXTENSIONS IN GENERAL

Unstable environments, dynamic markets, intense competition, and high costs to enter new markets leave firms with no choice but to implement nontraditional, groundbreaking branding strategies in order to use their existing brand equity (Desay & Keller, 2002). This chapter sheds light on the phenomenon of brand extension in general. First, the chapter discusses horizontal and vertical brand extensions. Second, it covers the fundamentals of brand extension research by addressing the categorization theory, which is a fundamental theory used to analyze the effects of brand extensions. Third, this chapter discusses emanating direct and feedback effects when adopting brand extension strategies. Fourth, feedback effects are described in depth, and evidence of both positive and negative feedback effects are exposed. This chapter culminates by discussing those salient elements that influence the magnitude of feedback effects back on the parent brand.

1. Horizontal versus vertical brand extensions

Companies often utilize their established brand name to facilitate their entry into new markets. This can be done through two different means: *horizontal brand extensions* (also known as *category extensions*) and *vertical brand extensions* (also known as *line extensions*). In the case of horizontal brand extensions, companies utilize their existing brand name to enter a new product class (e.g., *Giorgio Armani*'s launch of *Armani Hotel*). In the case of vertical brand extensions, companies utilize their existing brand name to enter a new market segment within an unchanged product class (e.g., *Giorgio Armani*'s launch of *Armani Jeans*) (Aaker & Keller, 1990).

The main premise of extension strategies is to reach a new customer segment that was previously not on the radar of the original brand (Kapferer & Bastien, 2012). Brand extension strategies allow brands to leverage their investment in brand equity through the conception of new products that share the same brand name (Riley et al., 2012). In addition, brand extensions are attractive to firms, as they allow companies to utilize the image of an existing brand and reduce the risk of unfamiliarity. Costs can also be significantly decreased as a result of brand extensions (e.g., marketing expenditures or research). However, it is important to note that an extension can create damaging associations, which can be difficult for companies to overcome (Aaker & Keller, 1990).

Again, vertical brand extensions consist of a brand being introduced in the same product category, but at a different price or level of quality (Kotler & Keller, 2012). Vertical line extensions are considered less risky and more attractive to managers. One advantage, for example, is that the new brand can learn quickly and easily from its parent brand, as the parent brand already has experience in the category (Pitta & Prevel Katsanis, 1995). A brand can be vertically extended in two ways: *upward* (new product with higher levels of price and quality) or *downward* (new product with lower levels of price and quality) (Pitta & Prevel Katsanis, 1995; Kotler & Keller, 2012).

2. The fundamentals of brand extension research: Categorization Theory

Brand extension researchers tend to rely on *Categorization Theory* (also known as *Schema Theory*) as their fundamental theory when examining the effects of brand extensions (e.g., Park et al., 1991; Milberg et al., 1997; Riley et al., 2012).

In fact, as consumers are constantly exposed to thousands of products, they tend to classify products into subcategories. This process occurs by way of brand associations or images consumers have from their knowledge and past experience (Boush & Loken 1991). As brands represent a category relating to a variety of products, categorization theory assumes that the introduction of new information on an extension in an existing category is appraised by its cohesion with consumers' existing knowledge of that category (Milberg et al., 1997).

Consequently, former research has revealed that consumers' *perceived fit* of the new brand extension with its parent brand influences evaluations of both the extensions and the parent brand (Völckner & Sattler, 2006; Aaker & Keller, 1990).

2.1. The position of perceived fit in brand extension research

Research has shown that consumers' perceived fit between an extension and the core brand is a significant consideration when brands attempt to introduce an extension (e.g., Aaker & Keller, 1990; Boush & Loken, 1991; Gürhan-Canli & Maheswaran, 1998; Grime et al., 2002; Riley et al., 2012). However, consumers seem to evaluate the fit on the basis of different dimensions.

In general, consumers evaluate perceived fit in terms of *product feature similarity* (e.g., Aaker & Keller, 1990; Milberg et al., 1997; Gürhan-Canli & Maheswaran, 1998; Swaminathan et al., 2001), and *brand concept consistency* (e.g.: Park et al., 1991; Gürhan-Canli & Maheswaran, 1998; Grime et al., 2002; Riley et al., 2012). In fact, when identifying the fit of an extension and its core brand, consumers not only consider product-level feature similarities, but also the consistency between the parent brand concept and its extension (Park et al., 1991).

Brand concept consistency refers to the extension's ability to sustain the brand concept and the correct brand concept associations (Park et al., 1991). Brand concept consistency differs from the similarity dimension, as it "considers how a brand image affects consumer perceptions of fit rather than how the latter is affected by the similarity of product features, attributes or benefits" (Grime et al., 2002, p. 1,425). Brand concept consistency has been revealed as the most important considerations in consumers' perception of fit for luxury brand extensions (Park et al., 1991). Consequently, it will be explained in more detail in the corresponding subsection.

2.2. The different models of category change

An extension perceived as poorly-fitting with its parent brand contradicts consumers' existing brand attitude and beliefs toward the parent brand. Findings on categorization theory have shown that incongruent information pertaining to a brand extension will result in a variation of consumers' former categories and schemas. Gürhan-Canli and Maheswaran (1998) studied the way in which incongruent information is processed. They provided two *competitive models of category change* in response to incongruent or poorly fitting extensions: the *subtyping* (or *typically-based*) *model* and the *bookkeeping model*.

The *subtyping* (or *typically-based*) *model* argues that poorly-fitting extensions related to incongruent new information are an exception, and that they should be categorized as a subtype of the core brand. Therefore, each of these "subcategories" is made of a different set of beliefs; it is important to note that atypical extensions do not stimulate the dilution of the core brand's former beliefs. Following this theoretical approach, only typical or reasonably typical brand extensions affect the core brand's beliefs, while consumers view atypical brand extensions as a subcategory and do not stipulate their effects on the core brand.

Conversely, the *bookkeeping model* argues that every single piece of information received by the brand extension, regardless of fit, stipulates category change. In other words, both consistent and inconsistent new brands and their relative information will be taken into account, changing consumers' core brand beliefs as a result. Congruent information will provoke brand enhancement, while incongruent information will provoke brand dilution.

For example, the *Dove* skincare brand is associated with mildness and quality. To illustrate the two models of category change exposed ahead, imagine that *Dove* introduces a new product line that is perceived as harsh and low-quality. Following the bookkeeping model, consumers' view of *Dove* would be affected by this new information. In contrast, the new product – which deviates from the norm of the brand – would be categorized as a subtype and would not affect *Dove*'s brand beliefs following the subtyping model.

3. Direct versus feedback effect

Since a brand extension attempts to leverage equity among different brands, managers need to acknowledge both the *effects of the parent brand on the evaluation of the extension* and the *feedback effects of the extension on the subsequent evaluation of the parent brand*.

3.1. Direct effect of the parent brand on the evaluation of the extensions

Regarding the *effects of the parent brand on the evaluation of the extension*, most studies on brand extension analyzed consumer evaluation of an extension based on previously rooted parent brand associations. This has been deemed the *direct effect* of the core brand on the evaluation of the extension.

Most researchers have shown that this direct effect depends on perceived fit (e.g., Aaker & Keller, 1990; Boush & Loken, 1991; Riley et al., 2012). For instance, Aaker and Keller (1990) demonstrated that a positive perceived quality view of a parent brand makes customers evaluate the extension in a positive manner when the extension is perceived as "fitting" the core brand.

3.2. Feedback effect of a brand extension back on the parent brand

Although extension evaluations are important when assessing the success of brand extensions, it is extremely important to also consider potential *feedback* (or *reciprocal*) *effects* back on the parent brand. In the context of brand extension research, feedback effects correspond to the repercussions of brand extension strategies back on the parent brand. These feedback effects are either positive (enhancement of the brand) or negative (dilution of the brand) (Park et al., 1993; Riley et al., 2012). Correspondingly, Keller and Sood (2003) addressed the danger of feedback effects by illustrating brand extensions as “double-edge blades” (p.12).

In terms of the literature on feedback effects and core brand enhancement and dilution, various studies focus on one major outcome: the changes in consumers’ evaluation of the core brand (e.g., Park et al., 1993; Lane & Jacobson, 1997; Magnoni & Roux, 2011; Riley et al., 2012). With regard to this master’s thesis, the evaluation is expressed in terms of changes in attitude and perceptions.

No matter the possible feedback effects, empirical studies tend to devalue these effects – especially the risk of harming consequences for the core brand. In fact, some researchers showed minimal support for such effects, and as a result, brands were viewed as resistant to extensions (Keller & Aaker, 1992; Milberg et al., 1997). Keller and Aaker (1992), among others, revealed that bad extensions did not negatively impact the core brand in terms of attitude. In other words, brands were considered immune to attitudinal changes brought by brand extensions.

Lane and Jacobson (1997) discussed prior research that failed to assess feedback effects due to a lack in statistical power. Indeed, they assumed that feedback effects were “smaller in magnitude than the effect of the brand evaluation on the extension evaluation” (p. 262). Thus, feedback effects are expected to be lower than the exposed above “direct effect,” and a greater statistical power is required to reinforce their presence.

4. Evidence of positive feedback effect

Different studies have unveiled situations where brand reinforcement was observed as a result of the adoption of brand extension strategies. Keller and Aaker (1992) found out that an effective brand extension has a positive effect on consumers’ evaluation of an average-quality parent brand, but not on their evaluation of a high-quality parent brand.

Morrin (1999) analyzed the impact of strongly fitting brand extensions on consumers’ evaluation of the parent brand. She distinguished dominant and non-dominant core brands within their individual product categories: A dominant brand is recalled first by consumers in a specific product category, while a non-dominant brand does not come to mind in the same product category. Also, Morrin (1999) revealed that non-dominant brands tend to take advantage of positive brand extensions, as they improve the retrieval of information relating to the core brand and attitude toward the brand post-extension. Dominant brands benefit less from this incremental network activation. In fact, they are claimed as having reached a “ceiling level” (Morrin, 1999, p.518), beyond which complementary activation has little effect.

Gürhan-Canli and Maheswaran (1998) studied the influence of people’s motivation to process brand extension information on the parent brand’s enhancement or dilution. Focusing on positive feedback effects in this subpart, they determined that a positive feedback effect appeared upon the delivery of congruent information on an extension, regardless of consumers’ motivation to process this information.

Additionally, brand extension advertising is shown to have a greater positive feedback spillover effect on the parent brand than parent brand advertising has on itself (Balachander & Ghose, 2003). However, it’s important to note that Balachander and Ghose (2003) studied the effects of extension advertising on core brand purchases alone, rather than on other attributes such as consumers’ general attitude or perceptions.

5. Evidence of negative feedback effect

One of the first authors who discussed the possible negative feedback effect of brand extensions back on the parent brand was Tauber (1981). Tauber claimed that the extension’s major strength, or the exploitation of a pre-established brand name, doubles as its main risk: potential brand dilution. Later on, while Romeo (1991) failed to demonstrate the negative feedback effects of unsuccessful extensions, Keller and Aaker (1992) mentioned the possible weakness of poorly fitting brand extensions to destabilize the core brand.

5.1. Brand dilution as a result of inconsistent attribute information

Prior research has confirmed that attitudes and beliefs toward a brand can be diluted by information relating to the extension, especially when the extension is perceived as a poor fit for the parent brand (John et al., 1998).

When brand attitudes and beliefs are measured after being exposed to attribute information, the bookkeeping model holds true, while when the level of typicality is first measured, the subtyping model holds true (Loken & John, 1993). In short, Loken and John (1993) demonstrated that non-successful brand extensions – those that deliver inconsistent attribute information – dilute the core brand through a reduction of positive attitudes and beliefs about the core brand. John et al. (1998) also found that even when beliefs about the parent brand are diluted, beliefs about the flagship products can remain unchanged. In fact, flagship products[1] have a lower risk of brand dilution in the presence of inconsistent brand extension information.

5.2. Brand dilution in the case of different individual variables

Some scholars showed that feedback effects are dependent on different individual factors. Gürhan-Canli and Maheswaran (1998) revealed that the effect of perceived fit on the evaluation of a core brand was dependent on *consumers' motivation to process information*. While highly motivated individuals process given attribute information extensively when evaluating a brand, poorly motivated individuals only process a subset of the given attributes, which gives greater weight to judgments with certain peripheral cues (Gürhan-Canli & Maheswaran, 1998).

In low-motivation conditions, a core brand's evaluation varies based on the subtyping model. Indeed, high-fit extensions influence more consumers' evaluation of a brand than poor-fitting extensions. Unmotivated subjects consider poor-fitting extensions as subtypes of the core brand – an "exception," if you will – thereby reducing the negative effect on the evaluation of the core brand.

In high-motivation conditions, a core brand's evaluation varies according to the bookkeeping model. Highly motivated subjects process extensions' attribute-related information in detail and do not consider poor-fitting extensions as a subtype of the core brand. They engage in the effortful, piecemeal processing of extension-related information, which results in a schema change. Therefore, the parent brand's evaluation varies based on the information provided for highly motivated subjects (Gürhan-Canli & Maheswaran, 1998).

When taking this factor into account in other studies, authors' mixed findings on positive and negative feedback effects can be questioned. For instance, Keller and Aaker's research (1992) on how brands were considered immune to any attitudinal changes following an extension can

[1] Flagship products: John et al. (1998) define flagship products as a product that customers associate closely with the brand name (e.g.: sport shoes for Nike, credit card for American Express)

be considered as having been carried out in low-motivation conditions, as they tested hypothetical brand extensions and only transferred flawed attribute information. This encourages the subtyping model that may have reduced the likelihood of a significant brand dilution effect in the case of an atypical extension. Unlike Keller and Aaker (1992), Loken and John (1993), as well as Milberg et al. (1997) engaged in experimental methods that encouraged the bookkeeping model and strengthened the processing of attribute information. In their experiment, Loken and John (1993) emphasize the extension attributes and incorporate only those respondents who pay attention to attribute information. In parallel, Milberg et al. (1997) conducted their experiment on existent brands and motivated participants to consider extensions as they were soon launched on the market. These last two studies created highly motivational states that strengthened the appearance of negative feedback effects.

Summarizing the review of brand extension research studied thus far, extensions can generate a feedback effect on the core brand. In turn, this feedback effect can lead to either brand name enhancement (positive feedback effect) or brand name dilution (negative feedback effect). In short, the magnitude of feedback effects varies based on the level of perceived fit between the core brand and the extension. Additionally, consumers' motivation to process the provided extension-related information has an influence on the replication of feedback effects.

CHAPTER 3 – LUXURY BRAND EXTENSIONS

As this thesis focuses on the potential feedback effects of co-branding collaborations between luxury houses and fast-fashion brands, the preliminary insights about feedback effects will now be applied to brands of the luxury segment. This chapter will explore whether the findings from Chapter Two hold true for the specific case of luxury fashion brand extensions. Regrettably, although brand extension strategies have been some of the most studied phenomena in marketing, luxury brands have received only limited coverage in terms of brand extension research (Stegemann, 2006).

1. Brand extensions in the luxury sector, a hot topic but not a new concept

New luxury dimensions and marketing strategies have recently appeared to meet today's modified luxury consumption patterns. Nowadays, a younger, middle-class segment of consumers seek and can afford luxury items, and therefore, the democratization of luxury has evolved (Kapferer & Bastien, 2012). Consequently, Kapferer and Bastien (2009) concluded that traditional luxury marketing has been taken over by the appearance of modern luxury concepts and specific strategies for luxury brands.

Brand extensions in the luxury field are not a new concept. In the late 1960s, luxury fashion houses such as *Pierre Cardin* started to embrace new line extension strategies in response to this rising demand for luxury. These brands opted for the inconvenience of random licensing contracts, and as a result, their brands became linked to a great deal of non-associated products. Later on, some luxury firms realized that this larger brand availability weakened their grasp of prestige and exclusivity, which were a crucial part of their luxury brand image (Moore et al., 2000).

When the luxury market started flourishing in the early 1990s, luxury fashion firms began developing concrete strategies to broaden their brand radar. Luxury designers *Ralph Lauren* and *Armani* are among the numerous houses that extended their brands and introduced new collections featuring lifestyle clothes and accessories that fit their brand image (Kapferer & Bastien, 2012). It started being of common practice for luxury fashion houses to come up with different collections in order to meet different customers' needs. These assortments ranged from *couture* collections (where garments are designed by the designer, made by hand in very limited quantities and target the wealthiest women only), to *ready-to-wear* collections (where garments are designed by a team, retailed under a different brand name and target both men and women of high social status) and *diffusion* brands (where garments have a connection to the luxury house, but with specific advertising, naming and distribution in order to offset the couture and ready-to-wear collections) (Sicard, 2010).

2. Co-branding collaborations

2.1. Co-branding, a specific type of brand extension

While the classical form of brand extension involves the development of a new brand under the same core brand, co-branding joins two brands together for a unique collaboration. Park et al. (1996) define co-branding as "the pairing of two or more branded products in forming a separate, unique product" (Park et al., 1996, p. 454). Co-branding collaborations are popular in many industries, especially in the fashion industry (Mosca & Gallo, 2016).

The main advantage of co-branding is that a product can be "convincingly positioned by virtue of multiple brands" (Kotler & Keller, 2012, p. 345). Viewed as an effective strategy to grow a brand, co-branding allows parent brands to generate sales from their existing customers, while simultaneously gaining access to their partner brand's customer base (Mosca & Gallo, 2016). Indeed, co-branding attracts customers from both parent brands, and it helps to build a new relationship with these customers (Shen et al., 2014). Spethmann and Benezra (1994) point out that co-branding strategies are appealing to both parent brands as a means of tempering the threat from private-label brands and reducing the costs of introducing the co-brand, with the latter being shared.

However, co-branding has its disadvantages. One potential risk of adopting a co-branding collaboration is the lack of control that comes with becoming aligned with a partner brand in consumers' minds. Moreover, consumers' expectations of co-branded items tend to be high, which may lead to negative consequences if the co-brand is unsatisfactory (Kotler & Keller, 2012).

Co-branding collaboration strategies are often viewed as a specific type of brand extension (e.g., Park et al., 1996; Shen et al., 2014; Mosca & Gallo, 2016). As is the case in brand extension literature, research on co-branding collaborations reveals the importance of perceived fit between the parent brands and the new brand (Uggla, 2004). Uggla (2004) argues that the success of co-branding collaborations depends on the perception of fit between the two partner brands, as well as the perception of fit between both partner brands and the new brand. He also claims that incompatible brands can harm one or both collaborating brands. Indeed, parent brands' identity can deteriorate, which leads to confused positioning.

2.2. Fast-fashion co-branding, a recent trend in the luxury industry

As of late, luxury fashion brands have taken to collaborating with fast-fashion brands[2] (Mosca & Gallo, 2016). In this type of luxury co-branding collaboration, fast-fashion brands use luxury designers to create limited, one-off collections that generally sell out in a matter of days (Joy et al., 2012). In the luxury industry, the resulting collections are often referred to as *"capsule collections"* (Pennino, 2012).

An impressive example of luxury co-branding collaborations with fast-fashion brands are the "*capsule collections"* launched by the Swedish fast-fashion retailer *Hennes & Mauritz* (*H&M*) in collaboration with luxury fashion houses. Since its first collaboration with *Chanel* and *Fendi*'s head designer Karl Lagerfeld in 2003, *H&M* has collaborated with 18 other names in the high-fashion industry (H&M, 2016[a]). In fact, while *H&M* previously introduced its capsule collections once a year (e.g., November 2013's collaboration with *Isabel Marant*, November 2014's collaboration with *Alexander Wang*), these collections are now released more frequently than ever (e.g., November 2015's collaboration with *Balmain*; May 2016's collaboration with *Kenzo*) (H&M, 2016[a]; H&M, 2016[b]). All of these luxury fashion designers conceded to design a one-time limited capsule collection, manufactured in large quantities and sold at medium to low prices. The American retailer *Gap* and the Japanese fashion retailer *Uniqlo* are other examples of fast-fashion firms that have collaborated with luxury fashion designers in recent years (e.g., *Gap*'s collaboration with *Stella McCartney* in 2009, and *Uniqlo*'s collaboration with *Lemaire* in 2016) (Pennino, 2012; Luck et al., 2014; Uniqlo, 2016).

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[2] A fast-fashion brand is defined as a brand that provides affordable prices and an extensive range of clothing and accessories that reflect the latest trends (Joy et al., 2012). Examples of fast-fashion brands include Gap, H&M, Zara, Primark, Topshop or Uniqlo (The Economist, 2015).

These alliances benefit both the luxury fashion house and the fast-fashion retailer. Indeed, fast-fashion retailers profit from the notable brand image of the luxury designer, which allows them to stand out from their competition and boost turnover, while the designers gain a new customer segment and boost their turnover and profit. Overall, these collaborations help both brands by attracting media attention and buzz among the public (Mosca & Gallo, 2016).

In the case of collaborations with fast-fashion brands such as *H&M*, luxury houses aim downwards and target the masses. This approach can be seen as a form of masstige strategy (Heine, 2012), as the established luxury fashion house attempts to approach the masses by selling cheap versions of their brand via mass retailers. However, these co-branding collaborations do not entirely fit under this heading, as the co-brand stems from two different brands and the collaboration is only short-term (Joy et al., 2012). Consequently, this type of collaboration can be categorized differently, in another area of growth strategies. In terms of the co-branding theory, we have seen that the collaboration between two brands to create a new and unique product. Again, this approach is usually long-term (Uggla, 2004), while co-branding collaborations between a luxury house and a fast-fashion tend to create a unique, one-off collection (Joy et al., 2012).

3. The role of brand concept consistency in the extension of a luxury brand

3.1. The importance of brand concept consistency in luxury brand extensions

Before discussing the role of brand concept consistency in the extension of a luxury brand, it is of note that the evaluation of a parent brand post-extension is dependent on the perceived fit of the extension and the core brand (Grime et al., 2002). As discussed in Chapter Two, consumers' perception of fit is a function of two factors: product feature similarity and brand concept consistency. In other words, whenever an extension is presented for evaluation, consumers take into account both the similarity of the products' features and the degree of brand concept consistency between the extension and the parent brand (Park et al., 1991).

Nevertheless, literature on brand extensions in the luxury sector has demonstrated the importance of brand concept consistency in terms of the perceived fit of luxury brand extensions (e.g., Park et al, 1991; Riley et al., 2012). Park et al. (1991) pondered the influence of both product feature similarity and brand concept consistency on consumers' perception of fit. In their research, Park et al. (1991) used empirical evidence to show that brand concept consistency has a leading effect on perceptions of fit in the case of luxury brand extensions, whereas this effect is equally influential as feature similarity for functional brand extensions[3].

The fact that product feature similarity is barely considered in the case of luxury brand extensions allows luxury brands to extend their reach much farther than functional brands (Sharp, 1993). These findings imply that luxury brands have a greater potential for extendibility than functional brands, as the luxury concept is easily transferrable across diverse product classes (Park et al., 1991).

3.2. The dangers of brand concept inconsistency

Though the dominance of brand concept consistency over feature similarity in the case of luxury brand extensions suggests an even greater potential for extendibility, it also poses a number of risks. While luxury brand names can extend to a broader spectrum of product classes than functional brand names, it is important to note that the luxury brand concept needs to be maintained for the extension to be perceived as fitting the core brand (Park et al., 1991).

Hence, luxury brands that target the masses through brand extensions might not work, as the luxury concept is not sustained. For example, in the case of a downward luxury brand extension, the sub-brand – whose parent brand associations are of high status and price – might be assessed negatively and dilute the core brand (Pitta & Prevel Katsanis, 1995).

In short, brand concept consistency is crucial to the subject of this master's thesis. In fact, luxury co-branding collaborations with fast-fashion brands are strategies to target the masses by producing downgraded luxury collections (Mosca & Gallo, 2016). Despite sharing the luxury brand name, the co-brand does not have similar distribution channels, is priced well below the luxury parent brand and is less exclusive and of poorer quality. In short, this extension strategy does not convey the high status and luxury concept of the parent brand.

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[3] A functional brand is a brand that is typically bought to justify a customer's functional need such as to shave, to clean clothes, or to relieve a headache. Functional brands rely heavily on price and product features (Jacquin, 2016).

Consequently, luxury co-branding collaborations with fast-fashion brands are considered a poor fit to the luxury parent brand, which can subsequently lead to brand dilution and negative feedback effects on the luxury parent brand.

4. Evidence of negative feedback effect

Luxury consumers do not shop based on price; rather, they value the exclusive experience, design, quality and prestige of luxury items. Therefore, in an effort to broaden their target demographic, attribute changes of luxury fashion brands might create a negative feedback effect on the brand. With regard to purchase intention, for instance, Sullivan (1990) showed that flawed quality between a new product and its core brand ultimately decreased sales.

4.1. The dangers of targeting the masses

Targeting the masses is known in the luxury industry to damage the brand's luxury image more than any other type of extension. Downward extensions have been proven to blur consumers' perceptions of the brand (Kapferer & Bastien, 2012). For example, how can we determine what an *Armani* jacket *is* nowadays? It depends on what line you purchase the jacket from, ranging from the classic *Armani Collezione* to the hyped-cheap *Armani Exchange*. Many traditional luxury fashion brands apprehend brand dilution as a repercussion of the use of masstige strategy, through which luxury brands are sold at approximately twice the price of mid-range products in order to reach the mass market (Truong et al., 2009).

Indeed, luxury firms experience difficulties in their effort to achieve a certain balance between luxury differentiation and reasonable pricing. Silverstein and Fiske (2003) reported the potential dangers of downward extension strategies and conveyed that lower-priced and lower-quality extensions risk getting stuck in an unappealing middle, as they compete with similar products sold at a lower cost.

There is a certain rigidity involved in simultaneously maximizing profit and trying to maintain an image of luxury. Hosea (2008) explains that launching luxury labels for the masses is difficult. Indeed, while it can be very lucrative, it might also harm the image of the luxury brand. Similarly, Moore et al. (2000) claim that the lower the price, and the higher the accessibility of the extensions, the higher the risk of compromising the perception of luxury and allure of the parent brand. In a nutshell, adopting a fast-fashion co-branding collaboration strategy can cause image and brand dilution because the luxury brand can no longer convey the luxury brand concept.

4.2. Relationship between brand awareness and diffusion

When considering how far to extend a brand, luxury managers should keep in mind that their brand name is their most valuable asset. Although the luxury industry is growing endlessly, luxury brands cannot be extended indefinitely (Reddy et al., 2009)

While brand awareness heightens consumers' desire for luxury items, substantial diffusion of the brand lowers this desire (Dubois et al., 1995). Wong & Zaichowsky (1998) found out that the higher the brand awareness, as well as the perceived quality of luxury brands, the higher the brand preference and likelihood that consumers will purchase items from the brand. They also showed that customers rarely purchase luxury brands of which they are not already highly aware. Thus, it is essential that luxury fashion brands maintain positive brand awareness and effectively manage their distribution. Roux (1995) supports this view and explains that luxury brands experience a dilemma while adopting brand extension strategies, specifically when it comes to sparking growth while maintaining their level of diffusion and dream formula.

5. Individual factors moderating the effect of fit on the evaluation of parent brands

5.1. Level of experience with the parent brand

While a brand extension strategy is used as a means of reaching a larger audience, prior consumers may view an extension as incompatible. Indeed, existing consumers have more knowledge of the parent brand, and as such, they have more profound convictions on the brand than non-users of the brand (Swaminathan et al., 2001). In short, this is expected to modify the effects of brand extensions on the evaluation of the parent brand.

This impression of incompatibility that prior consumers of the parent brand might have provokes a greater dilution of the parent brand (Swaminathan et al., 2001). Prior empirical studies on luxury brand extensions have revealed an influence of feedback effects depending on whether the consumer is a prior consumer of the parent brand. In their research on downward line extensions in the luxury sector, Kirmani et al. (1999) revealed that prior brand customers' evaluation of the luxury parent brand decreased more than non-owners'. In line with Kirmani et al.'s (1999) results, Magnoni and Roux (2011) confirmed that core brand attitude toward the core luxury brand – as well as purchase intention for this same brand – decreased for prior brand consumers, whereas these two variables increased for prior non-consumers.

The categorization theory accounts for the role of prior experience in feedback effects (Thorbjørnsen, 2005). When brand experience is low, the extension-related information is stored in another category in the individual's mind, which does not affect the core brand (subtyping model). Nonetheless, when brand experience is high, consumers tend to analyze the extension-related information in more detail. The information is then integrated into the existing category, which modifies it and involves the replication of both positive and negative feedback effects (bookkeeping model) (Kirmani et al., 1999; Magnoni & Roux, 2011).

Prosperous luxury fashion brands tend to strengthen their reputation and brand equity by basing their strategy on current customers. Therefore, a precise segmentation is essential, as the evaluation of the brand is expected to be dependent on customers' experience.

5.2. Level of involvement in the product category

Consumer involvement refers to "the feelings of interest and enthusiasm consumers hold toward product categories" (Goldsmith & Emmert, 1991, p.363). Highly involved consumers are excited and interested in a given product category, while uninvolved consumers view the same product category as dull or boring (Higie & Feick, 1989). According to Tsai (2005), highly involved consumers in fashion consume luxury fashion brands for their hedonic pleasure, self-interest, congruity and quality insurance.

In fashion, clothing is considered a means of self-expression, and consumers' high involvement in luxury fashion is based on the symbolic aspect of clothing (Michaelidou et al., 2006). Moreover, consumers who are highly involved in luxury fashion care for the designer clothes and accessories they consume, as these contribute to their self-image (Moore et al., 2000). Prior research has shown that product involvement tends to be greater for product categories of a higher price, and those that require extensive research before consumers purchase them (e.g., cars) (Goldsmith & Emmert, 1991).

In the context of brand extensions, Nkwocha et al. (2005) showed that consumers who are uninvolved or barely involved in the products sold by the parent brand rely on superficial cues such as brand name or price when evaluating a brand. On the contrary, consumers who are highly involved in products sold by the parent brand reveal a lower emphasis on perceived fit, as they are motivated to seek more information about the brand. This effect is coherent with Zaichkowsky's (1994) research on how high product involvement leads to a greater perception of attribute-related information and a greater commitment to brands.

Individuals with a high level of involvement put more effort into understanding product-related information. It has been proven that highly involved individuals show more motivation to process extension-related information (Baker et al., 2002). Following Gürhan-Canli and Maheswaran's (1998) research discussed in Chapter Two, high involvement should support the bookkeeping model and the replication of both positive and negative feedback effects. In contrast, low involvement should support the subtyping model, which implies that only fitting brand extensions affect the core brand, while poorly fitting extensions are categorized in customers' minds as a subcategory and have minimal effects on the core brand.

Summarizing the review of brand extension in the luxury industry research studied thus far, it was discussed that fast-fashion co-branding collaborations were a worthy means to boost sales and widen a luxury brand's radar. However, evidences of parent brand dilution when over-diffusing a luxury label and targeting the mass were raised. The leading importance of brand concept consistency when adopting a luxury brand extension was highlighted. Indeed, it was priory proven that consumers rely a luxury brand's ability to transfer the luxury brand concept to its extension when assessing the fit between an extension and its core luxury brand. Finally, consumers' involvement in luxury fashion and prior experience with a core luxury brand were pointed to be moderating factors influencing the effect of fit on consumers' evaluation of the parent brand post-extension.

PART 2 – CONCEPTUAL MODEL AND HYPOTHESES DEVELOPMENT

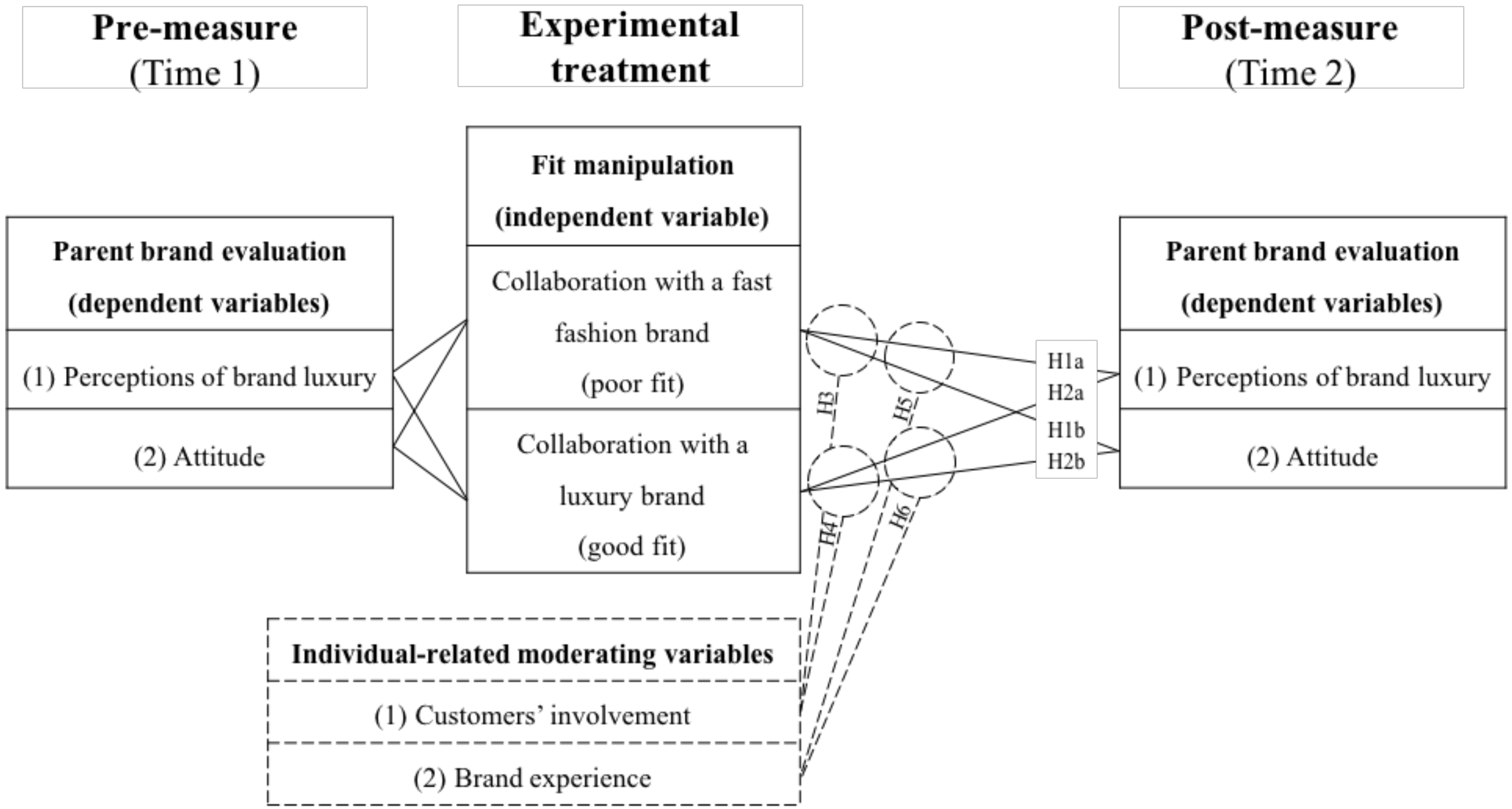
The aforementioned literature on luxury branding, brand extensions in general and in the luxury industry allowed us to develop concrete hypotheses that will be further tested in the empirical part of this thesis. Meanwhile, this section will present the conceptual framework that guides the development of these hypotheses.

1. Conceptual model

As discussed in the literature review, a feedback effect consists of a change in consumers' evaluation as a result of the launch of a brand extension. Since co-branding collaborations are considered a type of brand extension (e.g., Park et al., 1996; Shen et al., 2014; Mosca & Gallo, 2016), it is worth studying whether changes in consumers' evaluation of a brand appear when a luxury brand enters a new co-branding collaboration.

The conceptual model (See Figure 2: Conceptual Framework) presents the different concepts that are taken into consideration to conduct the study. The study at hand focuses on the feedback effect of co-branding collaborations between a luxury fashion house and a fast-fashion brand on two different outcomes (dependent variables): changes in consumer attitude and perception of brand luxury. The effect of a fast-fashion co-branding collaboration (poor-fit) back on the parent luxury brand will be put in comparison with the effect of a co-branding collaboration consistent with the luxury brand concept (good-fit).

Figure 2: Conceptual Framework



1.1. Independent variable

The literature on brand extensions has shown that consumers' perceived fit of an extension and its parent brand directly influences the feedback effect. When adopting a fast-fashion co-branding collaboration, despite sharing the luxury brand name, the co-brand does not have similar distribution channels, is priced well below the luxury parent brand and is less exclusive and of poorer quality. There is brand concept inconsistency between the luxury brand and its co-brand, leaving the author to anticipate that the perception of fit between the luxury brand and the co-brand is low. This research will involve hypothetical luxury co-branding collaboration scenarios involving different levels of fit (independent variables). Hence, changes in attitude and perceived luxury toward a luxury fashion brand adopting a poorly fitting fast-fashion co-branding collaboration will be analyzed against these same conditions, only in the case of a co-branding collaboration with a good fit.

1.2. Dependent variables

1.2.1. Attitude

In social psychology, an attitude can be defined as "a relatively enduring evaluation of an attitude object" (Stangor, 2011, p. 236). It should be noted that definitions of attitude focus on a tripartite vision involving *cognitive*, *affective* and *conative* components (Eagly & Chaiken, 1993). However, while conceptually sound, this tripartite vision of the attitude is hardly applicable in reality, due to the complexity of measuring these three components simultaneously. The study at hand will follow the unidimensional approach of attitude, which involves an affective approach.

Therefore, the definition of attitude proposed by the American Marketing Association (2016) will be retained in this study. According to the AMA (2016), an attitude can be defined as "a person's overall evaluation of a concept; an affective response involving general feelings of liking or favorability."

The selection of this variable aims at determining whether the adoption of either a poor fit or good fit co-branding collaboration changes consumers' attitude toward the parent luxury house.

1.2.2. Perception of brand luxury

A brand's perceived luxuriousness is closely linked to a brand's function of social recognition that contributes to the satisfaction of consumers' esteem need (e.g.: individuals' self-image) (Vigneron & Johnson, 2004). A luxury brand aims at convincing consumers of their high level of luxury, so that these can find a psychologic satisfaction that counterbalances the high prices of luxury brands. Consumers' perceived luxuriousness is of major importance for luxury brands, as their success essentially depends on their brand image in the eyes of consumers (Dereumeaux, 2007).

The last decades have experienced a proliferation of luxury brands that compose the luxury sector (Kapferer & Bastien, 2012). Nonetheless, all luxury brands do not enjoy the same level of perceived luxury. Consumers' perceived luxury of a brand has become a key element, allowing luxury brands to differentiate and position themselves over other brands (Kim & Johnson, 2015).

The choice of this variable aims at determining whether the adoption of either a poor fit or good fit co-branding collaboration changes consumers' perception of the luxury level of the parent luxury brand, and therefore see whether the luxurious image of a brand is either enhanced or diluted as a result of the adoption of such a strategy.

1.3. Moderating variables

To accurately measure the impact of luxury co-branding collaborations on the parent luxury brand, it is crucial to verify the influence of different variables. In this case, customers' experience with the parent luxury brand and their level of involvement in luxury fashion will serve as moderating variables.

2. Hypotheses development

Prior studies have demonstrated the connection between perceived fit and feedback effects in the context of brand extensions. In general, when the new extension is perceived as poorly fitting its parent brand, consumers' post-extension evaluation of the parent brand is negative. Conversely, when the new extension is perceived as strongly fitting its parent brand, consumers' post-extension evaluation is either unchanged or positive (John et al., 1998). In the case of luxury brand extensions, the level of brand concept consistency between the extension and its parent brand is pertinent to consumers' perception of fit between the new extension and the core brand (Grime et al., 2002).

Co-branding collaborations between luxury and fast-fashion brands are strategies introduced to target a wider demographic: the masses. In the case of a co-branding collaboration between a luxury fashion house and a fast-fashion brand, the characteristics of the luxury brand concept differ from those of the co-brand. Based on Kapferer and Bastien's (2012) definition of the luxury brand concept, it can be inferred that there is a certain level of inconsistency between the co-brand and the luxury fashion brand. Indeed, the quality is lower, prices are aligned with the fast-fashion brand and both controlled distribution and the exclusive character of the luxury brand are compromised once the co-brand appears in the fast-fashion brand's stores (Joy et al., 2012; Luck et al., 2014). Targeting the masses through a co-branding collaboration is inconsistent with many consumers' views of luxury fashion brands, which, according to the literature, yields a poor level of perceived fit (Grime et al., 2002; Riley et al., 2012). As the partner brands are largely diffused, consumers' desire is impacted (Dubois et al., 1995). Consequently, it can be expected that customers' evaluation of a core luxury brand will be negatively impacted by fast-fashion co-branding collaborations.

Hence, the following hypothesis can be inferred:

H1 The adoption of a co-branding collaboration between a luxury fashion brand and a fast-fashion brand (poor fit) leads to a **negative feedback effect** on the luxury brand.

H1a *The adoption of a fast-fashion co-branding collaboration between a luxury fashion brand and a fast-fashion brand leads to a negative change in terms of consumers' perceived level of luxury of the luxury brand.*

H1b *The adoption of a fast-fashion co-branding collaboration between a luxury fashion brand and a fast-fashion brand leads to negative changes in terms of consumer attitude toward the luxury brand.*

H2 The adoption of a co-branding collaboration consistent with a luxury fashion brand (good fit) leads to a **neutral or positive feedback effect** on the luxury brand.

H2a *The adoption of a co-branding collaboration consistent with the luxury fashion brand leads to a neutral or positive change in terms of consumers' perceived level of luxury of the luxury brand.*

H2b *The adoption of a co-branding collaboration consistent with the luxury fashion brand leads to a neutral or positive change in terms of consumer attitude toward the luxury brand.*

In fashion, clothing is considered as a means of self-expression, and consumers' high involvement in luxury fashion is based on the symbolic nature of clothing (Michaelidou et al., 2006). Moreover, consumers who are highly involved in luxury fashion truly care for the designer clothes and accessories they consume, as luxury fashion represents part of their self-image (Moore et al., 2000). Therefore, it is essential to study whether consumers' involvement in luxury fashion has a moderating influence on the magnitude of the feedback effect.

Highly involved consumers in a given product category are motivated to process extension-related information related to this product category (Baker et al., 2002). Hence, highly involved consumers in the luxury fashion are expected to support the bookkeeping model and the replication of stronger feedback effects than uninvolved consumers. In contrast, uninvolved customers in luxury fashion support the subtyping model, which implies that only fitting collaborations will impact the core brand.

Therefore, the following two hypotheses can be generated:

H3 In the case of a fast-fashion co-branding collaboration (poor fit), highly involved consumers in luxury fashion experience a **more negative feedback effect** than poorly involved consumers in luxury fashion.

H3a *In the case of a fast-fashion co-branding collaboration (poor fit), highly involved consumers experience a more intense negative change in their perceived level of luxury toward the luxury fashion brand than poorly involved consumers.*

H3b *In the case of a fast-fashion co-branding collaboration (poor fit), highly involved consumers experience a more intense negative change in their attitude toward the luxury fashion brand than poorly involved consumers.*

H4 In the case of a co-branding collaboration consistent with the luxury parent brand (good fit), highly involved consumers in luxury fashion experience a **more positive feedback effect** than poorly involved consumers in luxury fashion.

H4a *In the case of a co-branding collaboration consistent with the luxury parent brand (good fit), highly involved consumers experience a more positive change in their perceived level of luxury toward the luxury fashion brand than poorly involved consumers.*

H4b *In the case of a co-branding collaboration consistent with the luxury parent brand (good fit), highly involved consumers experience a more positive change in their attitude toward the luxury fashion brand than poorly involved consumers.*

As co-branding collaborations between luxury fashion houses and fast-fashion brands do not target existing customers of the brand, but aim to target the masses by making luxury brands affordable, it is important to study whether prior experience with the parent luxury brand has a moderating influence on the magnitude of the feedback effect.

Existing customers of a brand tend to have more profound convictions toward the brand in question than non-customers (Swaminathan et al., 2001). They carefully analyze extension-related information and tend to categorize the information in line with the bookkeeping model. In contrast, non-customers of a brand tend to categorize the extension information received following the subtyping model (Thorbjørnsen, 2005).

Therefore, the following hypotheses and corresponding sub-hypotheses can be generated:

H5 In the case of a fast-fashion co-branding collaboration (poor fit), prior consumers of the luxury parent brand will experience a **more negative feedback effect** than non-consumers.

H5a *In the case of a fast-fashion co-branding collaboration (poor fit), prior consumer of the luxury parent brand will experience a more negative change in terms of perceived level of luxury of the luxury brand than non-consumers.*

H5b *In the case of a fast-fashion co-branding collaboration (poor fit), prior consumer of the luxury parent brand will experience a more negative change in their attitude toward the luxury brand than non-consumers.*

H6 In the case of a co-branding collaboration consistent with the luxury parent brand (good fit), prior consumers will experience a **more positive feedback effect** than prior non-consumers.

H6a *In the case of a consistent co-branding collaboration (good fit), prior consumer of the luxury parent brand will experience a more positive change in terms of perceived level of luxury toward the luxury brand than non-consumers.*

H6b *In the case of a consistent co-branding collaboration (good fit), prior consumer of the luxury parent brand will experience a more positive change in their attitude toward the luxury brand than non-consumers.*

PART 3 – METHODOLOGY

This part of the thesis elaborates on the methodology followed in the research in order to answer our research question and verify the research hypotheses developed in Part Two. Our main study takes an experimental approach in which two co-branding collaborations differing in concept consistency are administered to two distinct groups from the same population. A repeated-measure design is adopted to test the different hypotheses raised beforehand, which allows for the assessment of participants' attitude toward and perceived luxury of a specific brand both before and after their exposure to the experimental treatment.

Before administering our main study, a pretest is carried out to collect two channels of information that will be used in our main study questionnaire: (1) the selection of a stimulus luxury brand and (2) the assessment of consumers' perceived fit between the co-brand and its parent luxury brand in the two different manipulated scenarios that will be used in the experiment.

1. Pretest

We decided to conduct a pretest in order to collect two channels of information that will be used in our main research. First, one luxury brand was selected as a stimulus in the main survey. The chosen brand had to be known by our target population, as attitude and perception will be assessed. Moreover, this brand needed to be considered luxurious by our population to ensure relevant further analysis.

Second, our main research involves an experimental treatment consisting of two distinct scenarios that differ in concept consistency. Therefore, the perceived level of fit of the different scenarios was assessed in this pretest to determine whether our manipulation could be validated.

This pretest was administered to consumers of luxury brands, in accordance with the population selected for our main research. The method used to collect data in this pretest is the same as in the main survey. The sample size is set to 40 people, which is common practice for this type of pretest (e.g., Kim et al., 1998; Riley et al., 2012).

The pretest questionnaire is presented in Appendix 2: Pretest questionnaire (pp. 91-97).

1.1. Selection of a luxury fashion brand

The first part of the pretest consists of gathering information on brand awareness, brand ownership and perception of brand luxury of five different fashion brands classified as luxury brands.

This allows us to select one luxury fashion brand as the stimulus in our main research. First, brand awareness is an important measure in terms of reducing the number of non-exploitable main survey answers. Second, as experience with the luxury brand serves as a moderating variable in our model, it is important to select a brand that is owned by the majority of the sample. Therefore, brand ownership was addressed for the five brands. Finally, information on perception of brand luxury was collected for the five brands. As discussed in Chapter One, the concept of luxury is subjective, and the perception of brand luxury varies depending on both the person questioned and the context (Kemp, 1998). Consequently, it was important to select a brand that luxury consumers perceive as luxurious for our main survey.

1.1.1. Brands pre-selection criteria

The five luxury fashion brands used in the pretest were selected based on the observations of both online and offline stores. This selection was made following different criteria, as suggested by Mosca and Gallo (2016) in their research on luxury brand extensions involving the use of stimuli luxury brands.

The first criterion is the use of brands identified as luxury brands from established databases. In our case, we used the *Interbrand* ranking of the *Best Global Brands of 2015* (Interbrand, 2016) and focused on the luxury sector. In addition, we compared this ranking with the *Jones Lang LaSalle* ranking of the *100 most renowned luxury brands and their presence in Europe's metropolitan centers* (Jones Lang LaSalle, 2011). The second criterion is that the chosen brands needed to be at least two years old. Then, the third criterion is that the chosen brands needed to have a minimum of two flagship stores operating in prestige locations in Belgium. The last criterion is that the chosen luxury brands showed no history of co-branding collaborations with fast-fashion brands; this criterion ensures the objectivity of our main study.

The luxury fashion brands that met these criteria and were selected for the pretest are *Gucci*, *Louis Vuitton*, *Burberry*, *Hugo Boss* and *Hermès*.

1.1.2. Brand selection

First, brand awareness was measured by asking respondents to identify the brands they recognized upon receiving a list of luxury fashion brands (aided brand awareness). The five luxury brands were generally recognized by the 40 pretest respondents. Aided brand awareness of the brands *Gucci*, *Louis Vuitton*, *Burberry* and *Hugo Boss* was 95 percent or higher, while brand awareness of *Hermès* was 90 percent.

Then, brand ownership was assessed by asking respondents whether they owned one or more items from any of the brands listed in the previous pretest question. Our sample resulted in the following ranking in terms of brand ownership: the majority of our sample group owns one or more *Hugo Boss* item (58% own at least one item), followed by *Burberry* (55%), *Louis Vuitton* (43%), *Gucci* (40%) and *Hermès* (13%).

Finally, consumers' perceived level of brand luxury was measured for the different luxury brands recognized by respondents based on Vigneron and Johnson's (2004) BLI scale (See Appendix 1: Scales used for the pretest, p. 89). This scale will also be used to measure perception of brand luxury in the main survey. As this thesis focuses on the extendibility of luxury brands, a brand viewed as luxurious needed to be selected. The five types of luxury perceptions measured through the BLI scale are conspicuousness, uniqueness, quality, hedonism and extended-self perceptions. After collecting the data, mean scores were calculated for each of the brand tested.

Regarding perceptions of brand luxury, *Hermès* would have been the brand we included as the stimulus in our main survey. However, as brand ownership and brand knowledge ranked the lowest at *Hermès* (13%; 90%), the brand was not selected. Accordingly, perception of brand luxury ranked the highest for *Hugo Boss* in terms of brand ownership. Yet, since the brand scored the lowest in all types of perceptions of brand luxury, *Hugo Boss* was not selected for integration in the survey. *Gucci*'s ownership and luxury perceptions scored lower than *Louis Vuitton* and *Burberry*, and consequently, we chose not to select this brand for integration in the main survey either. Finally, as *Burberry* ranked high in all perceptions of brand luxury, and since the brand ranks second in brand ownership (55% of the sample owns at least one *Burberry* item), we decided to choose this brand as the stimulus brand for our main research.

The results of the pretest are presented in Appendix 3: SPSS results for the pretest – Chapter 1 (pp. 98-99).

1.2. Manipulation checks of perceived fit

The main study involves the use of scenarios (See Appendix 5: Manipulation information: The two different scenarios, p. 102) as stimuli discussing the fictional co-branding collaborations of a luxury fashion brand. In the second part of the pretest, manipulation checks of perceived fit were conducted in order to identify whether the two manipulated scenarios are perceived as good or poor fit extensions before including them in the main questionnaire. In the poor fit scenario, a fictional luxury brand introduces a co-branding collaboration with *H&M*, whereas in the good fit scenario, the same brand introduces a new luxury line in collaboration with another luxury brand. A more detailed explanation of the experimental treatment is developed in the stimuli subsection of this thesis. The creation of the different scenarios is explained more in depth in stimuli subsection of this thesis (p. 44).

The 40 pretest participants were randomly assigned to one of our two scenarios, yielding the allocation of 20 subjects per scenario.

To measure perceived fit, we used a 7-point scale (See Appendix 1: Scales used for the pretest, p. 90) developed by Aaker and Keller (1990). The scale consists of three items *("bad/good fit between the company and the extension", "The extension is not at all/very logical for the company"* and *"The extension is not at all/very appropriate for the company"*). In order to ensure the consistency of the scale, we decided to use a frequently used indicator of internal consistency: Cronbach's alpha (= α). For the scale to be considered reliable, the Cronbach's alpha should be above .7 (Pallant, 2005). While using this scale in a study measuring the fit between extensions and their core brands, Aaker and Keller (1992) displayed a Cronbach's alpha of .95, and as such, we can confirm that this scale is reliable for the pretest.

For data analysis, items' scores were averaged to create a single variable "TotalFit," and an *Independent Samples T-test* was run to determine whether there is a significant difference in the mean scores of perceived fit between the good and poor fit scenarios (Pallant, 2005). Finally, the overall scale reliability coefficient α was calculated.

As discussed previously, the scale testing perceived fit consists of three items: fit, logic and appropriateness. At first, we checked for the means of the three different items. As expected, these mostly scored at the lower end of the scale in the lower fit scenarios (M = 1.80, 1.80, 1.65), and at the upper end of the scale in the higher fit scenarios (M = 5.15, 5.55, 5.40).

After that, items' scores were averaged to create a single variable "TotalFit". An independent-samples t-test was conducted to compare the perceived fit scores for low-fit scenarios and high-fit scenarios[4]. The results revealed a substantial difference in the scores between the low-fit scenario (M = 1.75, SD = 0.69) and the high-fit scenario (M = 5.37, SD = 0.71; $t(38) = 16.14$; $p < .001$). The magnitude of the difference in the means between the two scenarios is substantial (eta squared = 0.87). According to Aaker and Keller (1990), the perceived fit scale features good internal consistency, with a Cronbach's alpha of 0.95. In this pretest, the Cronbach's alpha coefficient is equal to 0.98. Therefore, the manipulation can be considered successful, and the scale used in the pretest to measure perceived fit was included in the main study.

The SPSS results for manipulation checks of perceived fit are presented in Appendix 3: Results for the pretest – Chapter 2 (p. 100).

2. Main study

2.1. Population and Sample

The goal of our research is to measure changes in luxury consumers' attitude and perceived luxury with regard to the brand *Burberry*. As a brand's ultimate goal in the event of a co-branding collaboration is to broaden its reach, the study at hand analyzes whether changes appear for consumers of luxury brands. As discussed in the literature review, the luxury clientele is divided into three subgroups: the affluent, the excursionist and the excluded

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[4] Before running the analysis, assumptions underlying the use of the independent-samples t-test needed to be confirmed. Therefore, preliminary assumption testing was completed to verify whether the level of measurement, the independence of observations, the random sampling, the normality of the distribution and the homogeneity of the variance were respected. Overall, no serious violations of these assumptions were remarked.

customers (Dubois & Laurent, 1996). Hence, our population consists of both affluent and excursionist customers.

To reach this population, convenience samples were drawn from the Brussels metropolitan area via the “street-intercept method.” This data collection method involves “on-the-street” interviews that occur in places where the market segment congregates (Kolb, 2008). The Brussels metropolitan area is relevant when it comes to interacting with the consumers of luxury brands, as people in such areas tend to be especially eager to buy luxury brands (Kim & Ko, 2012). This is partially linked to the fact that individuals living in this type of area have high purchasing power (Eurostat, 2016; Dubois & Duquesne, 1993).

This face-to-face “street-intercept method” was chosen for a number of different reasons. First, this method allows the researcher to screen people for appropriateness and interrogate “in-situ,” which gives him or her the means to gain information directly from the population. Additionally, this method allows the researcher to collect a substantial amount of valid responses in a relatively short amount of time[5] (four days), and at a low cost (Gauthy-Sinéchal & Vandercammen, 2011).

In total, 127 people began the questionnaire, but 121 completed the entire survey. Of the total participants, 6 responses were partial and disregarded for future analysis. A complete descriptive analysis of the sample is available in Appendix 4: Descriptive analysis of the sample (p. 101).

The gender dispersion was principally composed of women (73.5% female vs. 26.5% male). Regarding age dispersion, 2.5% of the sample is aged under 18 years old, 24.8% of the sample between 18 and 24, 33.9% between 25 and 34, 24.8% between 35 and 44, 9.1% between 45 and 54 and 4.9% was of 55 years and over. In terms of respondents’ income, 47.1% of our sample represents the upper-income classes (30.6% of respondents earn between 30,000 and 44,999 net euros per year, 14% between 45,000 and 59,999 euros, 1.7% between 60,000 and 74,999 euros and 0.8% earns more than 75,000 euros). Of the remaining participants, 34.7% earn between 15,000 and 29,999 net euros per year. This income group can be considered as

[5] 30 responses were collected on July 20th, 2016 (Wednesday); 33 responses were collected on July 21st, 2016 (Thursday); 40 responses were collected on July 22nd, 2016 (Friday); and 30 responses were collected on July 23rd (Saturday).

representing middle-class earners, as their net income is close to the average Belgian income group (DeMorgen, 2014). Of the remaining participants, 18.2% of respondents earn between 0 and 14,999 euros per year.

2.2. Procedure

A "street-intercept method" is used to collect data, which implies that subjects were approached in the streets of affluent Brussels neighborhoods where most luxury brand stores are located. The data collection process took place at *Avenue de la Toison d'Or*, which is a Brussels street that houses the big names of the luxury industry. In fact, one *Burberry* flagship store is located on this very street, which allowed us to question, in part, people on their way in or out of the store.

After being screened for relevance (e.g., spotted exiting a luxury store, or carrying shopping bags with the names of luxury stores), respondents were intercepted on the street and administered the survey on the spot. The questionnaire was developed with the software www.surveygizmo.com, and the answers were recorded via tactile tablet.

2.3. Questionnaire conception

Subjects completed the questionnaire on the spot. Initially, they were asked questions about their general consumption of luxury items and brand knowledge of *Burberry*. These questions were used as filters, and participants who never purchased luxury brand items or who did not know the brand *Burberry* were directed to the end of the questionnaire.

Then, participants were asked two questions with the aim of collecting precise information on the stimulus brand *Burberry*. Their attitude toward *Burberry* and perception of brand luxury with regard to *Burberry* were assessed. Subsequently, we asked two questions measuring participants' involvement in luxury fashion and experience with *Burberry*, which are the two individual factors that are expected as moderating the effect of fit on the parent brand evaluations.

Afterward, one of our two scenarios exposing specific information on imagined collaboration plans for *Burberry* was randomly allocated to each participant. After the experimental treatment, respondents had to indicate their perception of fit between the co-brand and *Burberry* for manipulation checks. Subsequently, respondents were asked about their attitude and perceptions of brand luxury with regard to *Burberry* a second time. Finally, they were asked a series of demographic questions.

This structure of first assessing consumers' evaluation and exposing complete attribute-related extension information before assessing the effect of the extension on the core brand has proven to facilitate the bookkeeping model, and therefore, the replication of both positive and negative feedback effects (Milberg et al., 1997; Loken & John, 1993).

Before administering the questionnaire, we pretested the questionnaire on ten people in order to identify potential problems (e.g., the misunderstanding of certain terms, or technical problems) related to the questions and format. After noticing some wording and technical problems with regard to the questionnaire, the latter was readjusted and made ready to be administered.

2.4. Stimuli

Subjects were randomly assigned to one of two scenarios discussing fictive co-branding collaborations involving the luxury brand *Burberry*. In each scenario, *Burberry* was claimed to extend its brand by projecting the launch of a new collection of clothes and accessories in collaboration with another brand. These scenarios manipulate the concept consistency between the co-brand and *Burberry*.

Brand concept consistency is manipulated so that scenarios can be perceived as poorly or well fitting collaborations. In fact, as the level of brand concept consistency has been observed to influence consumers' perception of fit for luxury brand extensions, the new collection of clothes and accessories is manipulated so that it is either consistent or inconsistent with the luxury brand concept. We manipulated brand concept consistency by providing subjects with information on tangible characteristics that apply to all luxury fashion brands, and that create a general luxury fashion brand concept. These characteristics include quality, premium pricing, craftsmanship, recognizable design and controlled, limited distribution (Kapferer & Bastien, 2012; Fionda & Moore, 2009). While recognizable design was preserved in both poor and good fit scenarios, the exclusivity, production, quality and price levels were manipulated.

In the poor fit scenario, *Burberry* announces a co-branding collaboration with *H&M* for a lower-priced/quality clothing collection. Co-branding collaborations between luxury fashion houses and fast-fashion brands maintain luxury characteristics such as recognizable design, but they do not maintain characteristics such as quality, craftsmanship, premium pricing or distribution in select stores (Joy et al., 2012; Luck et al., 2014; H&M, 2016b; Mosca & Gallo, 2016). Therefore, in the poor fit scenario, the luxury concept characteristics are exposed as inadequate, in accordance with real-life co-branding collaborations such as *Balmain x H&M* or *Missoni for Target* (H&M, 2016[a]; H&M, 2016[b]; Luck et al., 2014). In the poor fit scenario, the collaboration is marketed under the name "*Burberry x H&M*".

In the good fit scenario, *Burberry* announces the launch of a high-range collection in collaboration with another luxury brand. In this scenario, the characteristics of the luxury concept is maintained at the same level as the luxury parent brand in order to reflect a high level of perceived fit between the luxury parent brand and its extension. For this scenario, we replicated real-life co-branding collaborations between two luxury fashion brands such as *Stephen Sprouse for Louis Vuitton* (L'Express, 2009). In the good fit scenario, the collaboration is marketed under the name "*Eres for Burberry*."

In the construction of our scenarios, we decided to provide complete extension attribute-related information in accordance with Loken and John's (1993) research. Moreover, our introduction sentence exposing the imminence of the collaboration was designed to motivate participants to view extensions as soon as they were launched on the market, in accordance with Milberg et al.'s (1997) research. In short, the aforementioned research showed that administering complete attribute-related information as part of the manipulation (to boost respondents' motivation to care for these attributes) encourages the bookkeeping model. In turn, the bookkeeping model reinforces the processing of information, making respondents create greater associative links between the new brand and its core brand. Consequently, the appearance of both positive and negative feedback effects is encouraged.

The two different scenarios are presented in Appendix 5: Manipulation information: The two different scenarios (p. 102).

2.5. Measurements and scales

In order to develop a relevant questionnaire, we based our choice on the scales of renowned authors priory used in studies on brand extensions and luxury branding strategies. We used 7-point Likert scales for all the scales in the following subsection. We decided to use the widespread 7-point Likert scale for its simplicity, as it is easy to design, understand and analyze (Malhotra, 2011).

In addition to selecting scales that have been developed by renowned authors in the same area of research, another characteristic was considered: the reliability of these scales. A confirmed indicator of reliability is the Cronbach's alpha, which is a coefficient of reliability that measures "the degree to which the items that make up the scale are all measuring the same underlying attribute" (Pallant, 2005, p. 6). A scale is considered reliable when its Cronbach's alpha is greater than 0.7 (Pallant, 2005). Therefore, we strictly selected scales with a Cronbach's alpha of 0.7 or higher.

Furthermore, we used nominal and ordinal scales, which allowed us to identify consumers and classify them with regards to individual characteristics (for instance, the quantity of products consumers have already purchased from Burberry, their age and their yearly income).

A complete overview of the different scales discussed in the following subsection is present in Appendix 6: Scales used for the main survey (pp. 103-104).

2.5.1. Dependent variables

This subsection displays the different scales used to measure the two dependent variables selected in our research: attitude and perception of brand luxury.

- **Scale used to measure attitude**

In the context of our research, one of the dependent variables is the attitude consumers have toward the brand. This dimension was frequently studied in the literature, and as such, there are a great number of scales available to measure it.

Given the length of the questionnaire, and the fact that only the affective definition was retained for attitude, we have decided to use a relatively short scale to measure this dimension. All in all, attitude was measured through a 7-point scale developed by Gürhan-Canli and Maheswaran (1998). They tested their scale in a study assessing the feedback effects of brand extensions, thereby making this scale relevant for our research.

This scale contains three items (*negative*/*positive*, *not at all favorable*/*very favorable*, *bad*/*good*). The "Cronbach's alpha" of this scale is equal to 0.98 (>0.70), making this scale a reliable way to measure attitude.

- **Scale used to measure perception of brand luxury**

As discussed in the literature review, multiple authors listed characteristics that allow consumers to classify products as luxurious (e.g., Heine, 2012; Fionda & Moore, 2009; Vigneron & Johnson, 1999 & 2004). However, few studies have developed concrete scales for gathering the most salient characteristics that allow us to measure the general perception of brand luxury.

Only Vigneron and Johnson (2004) established a scale to gather all the main characteristics of luxury brands, while maintaining a high degree of reliability. This 7-point scale is called the "Brand Luxury Index" (=BLI), and it is based on five key values of luxury: Quality, Extended-self, Hedonism, Conspicuousness and Uniqueness. In short, this scale contains twenty luxury attributes (items) split amongst the latter five values of luxury. It measures perceptions regarding the level of brand luxury. Since the "Cronbach's alpha" of this scale is 0.95 (>0.70), this scale is reliable for our survey.

Nevertheless, we decided to use elements from the adaptation of the BLI developed by Kim and Johnson (2015). Indeed, Kim and Johnson (2015) discussed the inconsistent results reported after using the BLI in several studies. They suggested that the main reason for these inconsistent results was that Vigneron and Johnson (2004) tested their scale on business school students, who understood certain specific concepts that ordinary consumers would struggle to comprehend. Consequently, Kim and Johnson (2015) revised items from the original BLI to make them easier to understand and clearly distinguishable from one another.

However, while the dimensions of Quality, Extended-self and Hedonism adapted by Kim and Johnson (2015) reveal a high Cronbach's alpha (ranging from 0.85 to 0.87), dimensions of Conspicuousness and Uniqueness show a greater Cronbach's alpha in the original BLI (ranging from 0.91 to 0.93). Therefore, while the items measuring Quality, Extended-self and Hedonism will be taken from Kim and Johnson's (2015) adaptation of the scale, the items measuring Conspicuousness and Uniqueness will be taken from the original BLI.

2.5.2. Moderating variables

This subsection displays the different scales and measures used to calculate the individual elements that moderate the feedback effects; namely, consumer involvement in luxury fashion and consumers' experience with the brand.

- **Measuring consumer involvement**

According to several authors, there is no general agreement in the literature on how to measure consumer involvement as a whole (e.g., Laurent & Kapferer, 1985; Zaichkowsky, 1994). Therefore, we have decided to choose a scale developed by Higie and Feick (1989) measuring the level of *enduring involvement*. Enduring involvement is defined as being "intrinsically motivated by the degree to which the product […] is related to the individual's self-image or the pleasure received from thoughts about or the use of the product" (Higie & Feick, 1989, p. 691). Measuring enduring involvement is relevant, as luxury fashion consumption is closely related to self-image, experience and high social status (Moore et al., 2000). Moreover, the scale used to measure enduring involvement has already been used in the fashion product class before (Higie & Feick, 1989). All of these factors reinforce our decision to use this scale.

The 7-point scale developed by Higie and Feick (1989) to measure enduring involvement consists of nine items. The "Cronbach's alpha" of this scale is 0.92 (>0.70), and as such, the scale is reliable for our survey.

- **Measuring consumers' experience with the brand**

Customers' experience with the brand was measured through a nominal scale asking respondents how many products from *Burberry* they owned.

2.5.3. Manipulation check for perceived fit

To measure perceived fit, we used the same 7-point scale developed by Aaker and Keller (1990) that we priory used in the pretest. The scale consists of three items *("bad/good fit between the company and the extension", "The extension is not at all/very logical for the company"* and *"The extension is not at all/very appropriate for the company"*). While using this scale in a study measuring the fit between extensions and their core brands, Aaker and Keller (1990) displayed a Cronbach's alpha of .95, and as such, we can confirm that this scale is reliable for the main survey.

2.5.4. Control variables

Control variables ensure findings are unbiased by adding consistency to the model (Blumberg et al., 2014). To control for confounding results, we included three demographic control variables in our questionnaire. The demographic variables included in the questionnaire are as follows: gender (two categories: male or female), age (recorded as seven categories: under 18; 18-24; 25-34; 35-44; 45-54; 55 and over; I prefer not to say), and annual net income (recorded as seven categories: 0-14,999€; 15,000-29,999€; 30,000-44,999€; 45,000-59,999€; 60,000-74,999€; 75,000 or more; I prefer not to say).

2.6. Hypotheses/questions matrix

Table 1 allows to verify whether each question of the main questionnaire is necessary and sufficient to confirm or reject priory discussed hypotheses. Crosses indicate the connections between questions and the different hypotheses.

The administered questionnaire is presented in Appendix 7: Main study questionnaire (pp. 105-111).

It should be noted that some questions do not directly permit the testing of hypotheses, but still need to be included in the questionnaire for different reasons.

First, questions 1 and 2 serve as filters that allow the reach of the aimed population. Questions 13 to 15 serve as control variables. These variables are not taken into consideration in the initial testing of hypotheses. Indeed, control variables will be used after the testing of hypotheses to verify whether or not the neutralization of their impact changes our initial conclusions. Question 9 allows to check whether the manipulation of fit is deemed successful in our two different scenarios. Finally, questions 16 and 17 gather information on the general administration of the questionnaire (the day when the response was collected and the scenario administered).

Hence, these different questions are not crossed in table 1.

Table 1: Hypotheses/Questions Matrix

Questions \ **Hypotheses**	**H1**	**H2**	**H3**	**H4**	**H5**	**H6**
1-2: Filter questions						
3-5: Perception and attitude pre-measure	X	X	X	X	X	X
6: Experience					X	X
7-8: Involvement			X	X		
Experimental treatment	X	X	X	X	X	X
9: Perceived fit						
10-12: Perception and attitude post-measure	X	X	X	X	X	X
13-15: Demographics						
16-17: Further general information						

PART 4 – ANALYSIS OF RESULTS

After submitting our questionnaire to luxury consumers, we statistically analyzed the collected results using the SPSS software. This section presents the different steps carried in the analysis of our results. First, preliminary operations as well as data preparation were carried out. After that, we checked whether or not the manipulation of perceived fit could be validated. Finally, we started the tackling of our hypotheses.

The results emanating from our analysis are presented in this section of the thesis.

1. Preliminary operations

First of all, we verified the collected data. We noticed that six questionnaires were only partially filled out, so we removed them from the sample and did not take their data into consideration in our analysis.

After that, we converted the collected data into a .sap file and exported the file from www.surveygizmo.com to SPSS. Lines correspond to every questioned subject and columns refer to every variable (every question/sub-question answered). We collected answers from 121 subjects for 74 questions and sub-questions, corresponding to a total of 8,954 observations. Data were translated into codes in order to start with the analysis.

2. Data preparation

The preparation of data precedes the analysis of results. Indeed, although the different constructs included in the main study have already been validated and verified as reliable in the respective studies from which we took them, further analysis of the subscales is still recommended.

Before testing the hypotheses, we conducted six factor analyses as a means of establishing *constructs validity*. A factor analysis allows for the approval of the predefined concept dimensions, and suggests which concepts remain the most appropriate for each dimension (Sekaran & Bougie, 2009). As part of the research, we utilized the *Principal Component Analysis* (PCA) technique, where the original variables are converted into a smaller set of linear combinations (Pallant, 2005).

When performing the analyses, the first step is to evaluate whether the data is suitable for factor analysis. The suitability and feasibility of factor analysis are determined by measuring the *Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO)* and the *Bartlett's Test of Sphericity* (Pallant, 2005). On the one hand, KMO gives the proportion in which the retained variables form a coherent unity and adequately measure a concept. On the other hand, Bartlett's Test examines the null hypothesis by saying that all correlations are equal to zero. In our case, the KMO Measure is greater than 0.7, and Bartlett's Test is significant (Sig. Value < .05) for all the constructs that we intended to analyze initially. Consequently, factor analysis is justified for all of them (Carricano et al., 2008).

After assessing constructs' suitability for factor analysis, we carried out a PCA for the constructs of "perception of brand luxury" (in two distinct measures: pre-measure and post-measure), "attitude" (in two distinct measures: pre-measure and post-measure), "product involvement" and "perceived fit". For each construct, we realized that one factor can be extracted, which is in total accordance with the theoretical model of our research. Indeed, the review of the factor analyses outputs suggested that the variables measured each construct accurately.

We observed the communalities, which represent the proportion of the variance in each variable that can be accounted for by the extracted factor (Institute for Digital Research and Education IDRE, 2016). When the communality of a variable is high, the extracted factor accounts for a big proportion of the variable's variance. In other terms, it means that this particular variable is well reflected by the extracted factor, and hence that the analysis is successful. In our case, the communality for each variable was greater than .5, which means that our variables are well reflected by the factor (Malhotra, 2011). Moreover, "component loadings" were detected. Loadings refer to the correlations of the different variables with the factor (Malhotra, 2011). All our items showed loadings' values at greater than .5, which means that all items can be conserved (Pallant, 2005).

The results emanating from the factor analyses are presented in Appendix 8: SPSS Results – Chapter 1: Data preparation (pp. 112-122).

Afterward, Cronbach's alpha was used to measure *internal consistency reliability*. This test allowed us to detect the extent to which the items used to measure our different constructs are positively correlated (Sekaran & Bougie, 2009). For every construct, the Cronbach's alpha is reported in the table below. In all cases, the prescribed coefficient of inter-item correlation exceeds 0.7, which justifies the internal consistency of our constructs (Pallant, 2005).

Table 2 represents the factors retained from the factor analyses and their respective Cronbach's alpha.

Table 2: Factor Retained in the Factor Analysis and Internal Reliability

Factors retained from the factor analysis	*Cronbach's alpha*
Perception (pre-measure)	**0.97**
Perception (post-measure)	**0.96**
Attitude (pre-measure)	**0.95**
Attitude (post-measure)	**0.97**
Involvement	**0.97**
Perceived fit	**0.98**

Finally, we computed the **arithmetic mean** of the items that determine the value of their underlying constructs (summated scale).

Table 3 represents their descriptive statistics.

Table 3: Descriptive Statistics of the New Variables

	N	*Mean*	*SD*	*Skewness*	*Kurtosis*
Perception (pre-measure)	121	**4.5591**	**1.16660**	**-.866**	**.156**
Perception (post-measure)	121	**4.0331**	**1.45827**	**-.052**	**-.863**
Attitude (pre-measure)	121	**4.6584**	**1.44046**	**-.937**	**.099**
Attitude (post-measure)	121	**4.7546**	**1.31871**	**-.793**	**.105**
Involvement	121	**4.4702**	**1.54938**	**-.683**	**-.668**
Perceived fit	121	**3.9807**	**2.20408**	**-.054**	**-1.667**

Note that for each variable, the skewness and kurtosis coefficients stray from 0, or from the normal distribution. To consider that the variables keep up with the normal distribution, the skewness coefficient needs to be smaller than 1 and the kurtosis coefficient needs to be smaller than 1.5 (Carricano et al., 2008). In our case, all our variables can be considered as normally distributed.

3. Manipulation check

A manipulation check is a measure used to verify whether the manipulation of a variable has had its desired effect on the participants of a survey (Cozby, 2012). We conducted a manipulation check to verify whether our manipulation of brand concept consistency in the different scenarios resulted in the expected outcomes with regard to respondents' perceived fit.

An independent-samples t-test was conducted to check for the manipulation of brand concept consistency. This test allowed us to compare the mean score on a continuous dependent variable for two different groups of subjects (Pallant, 2005). In this analysis, we used the score for perceived fit ($\alpha = 0.98$) as a dependent variable and tested the effect of the two scenarios on this variable. We treated the variable "perceived fit" as continuous, since Likert scales composed of seven values can be considered continuous according to a number of scholars (e.g., Allen & Seaman, 2007). Our alpha level is set at 0.05.

Before running the analysis, assumptions underlying the use of the independent-samples t-test needed to be confirmed. Therefore, preliminary assumption testing was completed to verify whether the level of measurement, the independence of observations, the random sampling, the normality of the distribution and the homogeneity of the variance were respected. Overall, no serious violations of these assumptions were remarked – especially considering the large sample size (Pallant, 2005) and parity in size of the different sample groups (Garson, 2012). In fact, the tested sample for this test consisted of 121 observations, which were distributed fairly between good- and poor-fit scenarios.

The manipulation check of perceived fit is deemed successful when scenario one (manipulated to be perceived as a poorly fitting co-branding collaboration) results in significant lower scores in perceived fit than scenario two (manipulated to be perceived as a well-fitting collaboration). The independent samples t-test demonstrated a statistical significant difference in scores of perceived fit between the group that was administered scenario one and the group that was administered scenario two ($t(119) = -12.73$; $p < .001$). Additionally, this test revealed that the mean scores in perceived fit for the inconsistent scenario ($M = 2.33$; $SD = 1.57$) are smaller than the scores in perceived fit for the consistent scenario ($M = 5.66$; $SD = 1.29$). Consequently, the manipulation of brand concept consistency can be considered successful, as the poor-fit scenario shows considerably lower scores for perceived fit than the good-fit scenario.

The results from this test are presented in Appendix 8: SPSS Results – Chapter 2: Manipulation check for perceived fit (p. 123).

4. Testing of hypotheses

It is imperative to recall that the six hypotheses and their sub-hypotheses aim to assess the impact of adopting co-branding collaborations on changes in perceived luxury and consumer attitude toward a luxury fashion brand. In an attempt to confirm or reject these hypotheses, we proceeded to *mix between-within subjects' analyses of variance* (mixed-design ANOVAs). In theory, a mixed-design ANOVA is used to test for differences between multiple independent groups while subjecting respondents to repeated measures (Pallant, 2005).

But before running any of the analyses carried to test our hypotheses, assumptions underlying the use of intergroup comparison techniques must be confirmed.

At first, the dependent variable needs to be **measured on a continuous scale**. Our study respects this assumption, as 7-point Likert scales were used to measure our dependent variables (Zumbo & Zimmerman, 1993).

Second, we used a **random sampling method** to collect our data, which validated the second assumption related to ANOVAs.

Third, the **criterion of independence of observations** requires that one observation should not be influenced by another. In our case, every subject was questioned independently, and therefore, participants were not influenced by the presence or responses of the other subjects in the group(s).

Furthermore, intergroup comparison techniques require that the sample population is **normally distributed**. In our case, we noticed that our different variables were close to the normal distribution, thereby respecting the assumption of normality.

The final condition that should be respected is the **homogeneity of variance** across all groups. This criterion was respected in the analyses carried out to test our hypotheses. Indeed, the Levene's Test was computed for each ANOVA performed, and the null hypothesis that the error variance of the dependent variable is equal across all groups was mostly rejected.

4.1. Hypotheses One and Two: Testing the feedback effect on perceived luxury

First, a mixed-design ANOVA is chosen to compare scores for perception of brand luxury before and after exposure to the experimental treatment. It also analyzes whether or not the fit influences this change.

When it comes to testing feedback effect in terms of perceived luxury, the different assumptions underlying the use of intergroup comparison techniques need to be confirmed. Ultimately, no serious violation of these assumptions was remarked within the tests discussed in this subsection. The assumption of **homogeneity of variance** was respected in the analyses carried out to test the following hypotheses. Indeed, the Levene's Test was computed for the first ANOVA performed, and the null hypothesis that the error variance of the dependent variable is equal across groups was rejected. Hence, this last assumption is respected.

Based on the confirmed assumptions, a mixed-design ANOVA is conducted using the scores for the perception of brand luxury collected before and after the experimental treatment as within-subjects variables. This reveals whether a change in perceived luxury for *Burberry* appears over time. The fit (poor fit scenario/good fit scenario) is used as between-subjects factors. An alpha level of .05 is set.

As the fit of the co-brand with *Burberry* should influence the feedback effect, the interaction between the fit manipulation (poorly fitting co-branding collaboration/well-fitting co-branding collaboration) and time (before and after measures of perceived luxury) is examined. **This effect is statistically significant** [$F(1, 119) = 60.2$; $p < .001$]. Although these results validate the influence of the fit on changes in consumer perception of brand luxury, they do not reveal much about the magnitude of this effect. Therefore, the effect size statistic partial eta squared was checked. In this case, the eta squared statistic is .11, which Cohen says corresponds to a moderate effect size (in Ellis, 2010).

To verify H1a and H2a, we split the file into good- and poor-fit scenarios and run the same ANOVA again in order to assess **the main effect of time** independently for each group. This allows us to verify whether a change in perceived luxury is significant for both fit scenarios. After correcting the error term[6], it became apparent that the test demonstrates a statistically significant effect of time in both the poor-fit scenario [$F(1, 119) = 77.51$; $p < .001$] and the

[6] For coherence matters, the error term ($e = .756$) of the first ANOVA remains the same for the following tests.

good-fit scenario [F(1, 119) = 4.81; p = .015]. While the effect of time on perceived brand luxury is large when in the case of the poor fit scenario (partial eta squared = .46), the effect of time is minor in the good fit scenario (partial eta squared = .05) (Ellis, 2010).

Inspecting the mean scores of perceived luxury in the poor-fit scenario reveals that subjects' reactions to a fast-fashion co-branding collaboration yield expected outcomes. Respondents experience a substantial negative change in perceived luxury toward *Burberry* following the announcement of the co-brand. In contrast, subjects' reactions to a good-fit co-branding collaboration are positive with regard to perceived luxury. Table 4 shows the mean scores in the perceived brand luxury of *Burberry* in the case of a fast-fashion and good-fit co-branding collaboration.

Table 4: Mean Scores for Perceived Luxury of *Burberry* in the Pre-Measure and Post-Measure for the Poor-Fit and Good-Fit Scenarios

	Fast-fashion co-branding (N=61)		**Good "high" fit co-branding (N=60)**	
	Mean	*SD*	*Mean*	*SD*
Perception (pre-measure)	4.62	1.17	4.50	1.17
Perception (post-measure)	3.23	1.16	4.85	1.27

Hence, **hypothesis H1a is supported** because the adoption of a fast-fashion co-branding collaboration between *Burberry* and *H&M* leads to a negative change in the perceived level of luxury of *Burberry*. Additionally, **H2a is proven** as well, since the adoption of a good-fit co-branding collaboration with another luxury brand yields positive changes in *Burberry's* perceived level of luxury.

Appendix 8: SPSS Results – Chapter 3: Testing of Hypotheses (pp.124-125) presents the SPSS tables emanating from the two ANOVAs carried out to test H1a and H2a.

4.2. Hypotheses One and Two: Testing the feedback effect on consumer attitude

In order to test whether the fit between a co-brand and its parent luxury brand influences feedback effect on general brand attitude, another mixed-design ANOVA is conducted. This analysis compares scores for attitude toward *Burberry* before and after exposure to the experimental treatment. Additionally, this analysis demonstrates whether the fit between the co-brand and its parent luxury brand influences this change.

When it comes to testing feedback effects in terms of attitude, the different assumptions underlying the use of intergroup comparison techniques need to be confirmed. Ultimately, no serious violation of these assumptions was remarked within the tests discussed in this subsection. The assumption of **homogeneity of variance** was respected in the analyses carried out to test the following hypotheses. Indeed, the Levene's Test was computed for the ANOVA performed, and the null hypothesis that the error variance of the dependent variable is equal across groups was consistently rejected. Hence, this last assumption is respected.

A mixed-design ANOVA was conducted using the scores for attitude collected before and after the experimental treatment as within-subjects variables. This demonstrates whether a significant change in attitude toward *Burberry* appears over time. The fit (poor fit/good fit) is used as a between-subjects factor. Meanwhile, an alpha level of .05 is set.

As the level of fit of the co-branding collaboration with *Burberry* should influence the occurrence of feedback effects, the interaction between the fit and time (before and after measures of attitude) was examined. **This effect is statistically significant** [$F(1, 119) = 15.14$; $p < .001$]. Although these results validate the influence of the fit on changes in perception of brand luxury, it does not reveal much about the magnitude of this effect. In this case, the eta squared statistic is 0.11, which Cohen says corresponds to a moderate effect size (in Ellis, 2010).

To verify H1b and H2b, we split the file into good- and poor-fit scenarios and ran the same ANOVA again in order to assess **the main effect of time** independently for the two groups. This allows us to verify whether a change in attitude is statistically significant for each fit scenario. After correcting the error term[7], it became clear that the test demonstrates a statistically significant effect of time in the poor-fit scenario [$F(1, 119) = 4.02$; $p = .024$], as well as in the good-fit scenario [$F(1, 119) = 12.2$; $p < .001$]. While the effect of time on consumer attitude is moderate when in the case of the poor fit scenario (partial eta squared = .07), the effect of time is large in the good fit scenario (partial eta squared = .18) (Ellis, 2010).

[7] For coherence matters, the error term (e = 0,522) of the first ANOVA remains the same for the following tests.

Inspecting the mean scores for attitude in the poor-fit scenario shows that subjects' reaction to a fast-fashion co-branding collaboration resulted in the assumed directions. Respondents experience a slight negative change in their attitude toward *Burberry* after the introduction of the co-brand. In contrast, subjects' reactions to a good-fit co-branding collaboration are positive. Table 5 shows the mean scores in attitude toward Burberry in the case of a fast-fashion and of a good-fit co-branding collaboration.

Table 5: Mean Scores in Attitude Toward *Burberry* in the Pre-Measure and Post-Measure for Poor Fit and Good Fit Scenarios

	Fast-fashion co-branding (N=61)		**Good "high" fit co-branding (N=60)**	
	Mean	*SD*	*Mean*	*SD*
Attitude (pre-measure)	4.74	1.42	4.57	1.47
Attitude (post-measure)	4.48	1.31	5.03	1.27

Hence, **hypothesis H1b is proven** because the adoption of a fast-fashion co-branding collaboration between *Burberry* and *H&M* yields a negative change in terms of attitude toward *Burberry*. In addition, **H2b is proven** because the adoption of a good-fit co-branding collaboration with another luxury brand generates a positive change in terms of attitude toward *Burberry*.

Appendix 8: SPSS Results – Chapter 3: Testing of hypotheses (pp. 126-127) displays the SPSS tables emanating from the two ANOVA carried to test H1b and H2b.

Summarizing these outcomes and taking into account the mean scores, **both H1 and H2 are supported**. With regard to H1, it is evident that the adoption of a fast-fashion co-branding collaboration leads to a substantial negative feedback effect in terms of perceived luxury. There is a statistically significant negative impact on consumer attitude as well, though this impact seems minor. This is confirmed by a small F-ratio [$F(1, 119) = 4.02$; $p = .025$] and a moderate effect size (partial eta squared: 0.07). With regard to H2, it is clear that luxury co-branding collaborations with other luxury brands lead to a statistically significant change both in attitude and perceived level of luxury. However, it should be noted that the effect is only minor with regard to perceived luxury, whereas it is large with regard to attitude.

4.3. Hypotheses Three and Four: The moderating effect of consumer involvement

A mixed-design ANOVA technique is conducted to test these hypotheses. This parametric test demonstrates whether a change in perception of brand luxury and attitude is statistically significant depending on the level of participant involvement in luxury fashion. To separate the sample between involved and uninvolved consumers, a median split on the involvement scores is performed initially. The split results in the allocation of 60 uninvolved subjects and 61 subjects who are highly involved in luxury fashion.

Before running the analysis, assumptions underlying the use of the mixed-design ANOVA need to be confirmed. Therefore, preliminary assumption testing was completed to verify whether the level of measurement, the independence of observations, the random sampling, the normality of the distribution and the homogeneity of variance were respected. Overall, no serious violation of these assumptions was remarked in the tests discussed in this subsection[8], especially considering the large sample size (Pallant, 2005) and the parity in size of the different sample groups mobilized in the analyses (largest/smallest < 1.5) (Stevens, 2012; Garson, 2012). An alpha level of .05 is set.

- ***The moderating effect of consumer involvement on perception of brand luxury***

Scores for the perception of brand luxury in the pre-measure and the post-measure are incorporated as within-subjects variables. Both involvement and fit are incorporated as between-subjects factors. Since involvement is expected to influence the intensity of feedback effects, the three-way interaction between the fit, involvement and time is examined initially. Multivariate tests demonstrate a **three-way interaction between these variables** [$F(1, 117) = 15.94$; $p < .001$]. Partial eta squared (.12) shows a moderate effect size. Therefore, one can conclude that the change in perception of brand luxury varies depending on consumer involvement, and that this effect is dependent on the fit.

[8] The assumption of equality of error variance was violated twice in the different tests carried out to assess the moderating effect of consumer involvement on customers' perception of brand luxury and attitude. However, we do not accept Pallant's (2005) recommendation to impose a more stringent significance level whenever the assumption of equality of error variances is violated, as group sizes are reasonably balanced in all the assessments of H3a and H4a, and an ANOVA is considered relatively robust with large sample sizes (30+) and parity in size in the different groups (largest/smallest ratio < 1.5) (Garson, 2012).

To verify H3a and H4a, we split the file based on fit and run the same ANOVA again in order to assess the interaction between time and involvement independently. After correcting the error term[9], the test demonstrates a **statistically significant interaction in the poor-fit experiment** [$F(1, 117) = 20.9$; $p < .001$]. Partial eta squared (.2) reveals a large effect size. However, the interaction effect between time and involvement is **not statistically significant for the good-fit experiment** [$F(1, 117) = 1.18$; $p = .14$]. Hence, we split the file based on fit and involvement, which allows us to compare the reactions of involved and uninvolved respondents in the poor-fit experiment independently.

Focusing on the poor-fit scenario, the mixed-design ANOVA on the split file demonstrates a statistically **significant effect of time** for both involved [$F(1, 117) = 103.91$; $p < .001$] and uninvolved respondents [$F(1, 117) = 7.56$; $p = 0.005$]. The effect size is large for involved respondents (partial eta squared = .65) as well as for uninvolved respondents (partial eta squared = .2). By inspecting the mean scores for perception of brand luxury in the poor-fit scenario, we can confirm that involved customers react to fast-fashion co-branding in assumed directions. Respondents who are highly involved in luxury fashion experience a substantial negative change in perception of brand luxury toward *Burberry* after the introduction of the co-brand. In contrast, respondents who are uninvolved in luxury fashion reveal a much smaller change following the introduction of the co-brand. Table 6 shows the mean score for involved and uninvolved respondents, both before and after the experimental treatment.

Table 6: Scores in the Perception of Brand Luxury for Involved and Uninvolved Respondents in the Poor Fit Scenario

	High involvement (N=35)		**Low involvement (N=26)**	
	Mean	*SD*	*Mean*	*SD*
Perception (pre-measure)	5.02	0.99	4.08	1.2
Perception (post-measure)	3.06	1.16	3.47	1.14

Consequently, **hypothesis H3a is proven** because consumers highly involved in luxury fashion experience a more intense negative change in perception of brand luxury after the introduction of a fast-fashion co-branding collaboration. However, **hypothesis H4a is not supported** since

[9] For coherence matters, the error term (e = .647) obtained in the first ANOVA remains the same in the following tests for H3a and H4a.

consumers' involvement did not influence the change in perceived brand luxury for *Burberry* from before to after the introduction of a good fit co-branding collaboration.

Appendix 8: SPSS Results – Chapter 3: Testing of hypotheses (pp.128-133) displays the SPSS tables emanating from the two ANOVAs carried to test H3a and H4a.

- ***The moderating effect of consumer involvement on attitude***

The same mixed-design ANOVA is carried out to assess changes in attitude toward *Burberry*. In this case, scores for attitude in the pre-measure and the post-measure are incorporated as within-subjects variables. Both involvement and fit are incorporated as between-subjects factors. Since involvement is assumed to influence the intensity of feedback effects, the three-way interaction between fit, involvement and time was inspected. Multivariate tests demonstrate a **three-way interaction between these variables** [$F(1, 117) = 7.77$; $p = .003$]. Partial eta squared (.06) shows a moderate effect size. Therefore, one can conclude that the change in attitude toward *Burberry* varies depending on consumer involvement, and that this interaction also varies depending on the fit.

To verify H3b and H4b, we split the file based on fit and run the same ANOVA again in order to assess the interaction between time and involvement independently. After correcting the error term[10], it becomes clear that the test demonstrates a **statistically significant interaction in the poor-fit experiment** [$F(1, 117) = 4.47$; $p = .009$; partial eta squared = .08], **and in the good-fit experiment** as well [$F(1, 117) = 3.35$; $p = .02$; partial eta squared = .05]. Hence, we split the file based on fit and involvement, which allows us to compare the reactions of involved and uninvolved respondents to the good- and poor-fit experiments independently.

Focusing first on the poor-fit scenario, the mixed-design ANOVA on the split file demonstrates a statistically **significant effect of time** for subjects involved in luxury fashion [$F(1, 117) = 8.61$; $p < .001$]. The effect size is large (partial eta squared = .41). In contrast, the main effect of time on uninvolved subjects' attitude **is not statistically significant** [$F(1, 117) = .07$; $p = .2$]. Inspecting the mean scores of attitude in the poor-fit scenario reveals that involved customers' reactions to fast-fashion co-branding collaborations resulted in assumed directions.

[10] For coherence matters, the error term ($e = .498$) (obtained when the three variables were taken into account) in the first ANOVA remains the same in the following tests for H3b and H4b.

Respondents who are highly involved in luxury fashion experience a substantial negative change in attitude toward *Burberry* following the introduction of the co-brand. In contrast, respondents who are uninvolved in luxury fashion show a smaller change in attitude after the introduction of the co-brand. Table 7 shows the mean score for both involved and uninvolved respondents, before and after the experimental treatment.

Table 7: Scores in Attitude Toward *Burberry* for Involved and Uninvolved Respondents in the Poor Fit Scenario

	High involvement (N=35)		**Low involvement (N=26)**	
	Mean	*SD*	*Mean*	*SD*
Attitude (pre-measure)	5,03	1,36	4,36	1,43
Attitude (post-measure)	4,53	1,25	4,41	1,42

Consequently, **hypothesis H3b is proven** because highly involved subjects in luxury fashion experience a more intense negative change in attitude following the introduction of a fast-fashion co-branding collaboration, whereas uninvolved customers' attitudes remain consistent.

Now, focusing on the good-fit scenario, there is a **statistically significant effect of time for involved respondents** [$F(1, 117) = 13.93$; $p < .001$]. Partial eta squared (0.3) demonstrates a large effect size. In contrast, there is **no statistically significant** change in attitude toward *Burberry* for uninvolved respondents [$F(1, 117) = 2.21$; $p = .07$]. Inspecting the mean attitude scores in the good-fit scenario shows that highly involved consumers' reactions to good-fit co-branding yield the assumed directions. Respondents who are highly involved in luxury fashion experience a consequent positive change in their attitude toward *Burberry* following the introduction of the co-brand. In contrast, respondents who are uninvolved in luxury fashion show a smaller change in attitude after the introduction of the co-brand. Table 8 shows the mean score for both involved and uninvolved respondents before and after the experimental treatment.

Table 8: Scores Regarding Attitude Toward *Burberry* for Involved and Uninvolved Respondents in the Good Fit Scenario

	High involvement (N=26)		**Low involvement (N=34)**	
	Mean	*SD*	*Mean*	*SD*
Attitude (pre-measure)	5.04	1.39	4.22	1.44
Attitude (post-measure)	5.77	0.85	4.47	1.26

Thus, **hypothesis H4b is proven** because highly involved subjects in luxury fashion experience a more positive change in their attitude toward *Burberry* following the introduction of a good-fit co-branding collaboration, while uninvolved subjects' attitudes remain constant.

Appendix 8: SPSS Results – Chapter 3: Testing of hypotheses (pp.134-139) displays the SPSS tables emanating from the two ANOVAs carried to test H3b and H4b.

4.4. Hypotheses Five and Six: The moderating effect of prior experience

In terms of testing H5 and H6, a mixed-design ANOVA technique is conducted to test these two hypotheses and sub-hypotheses. This parametric test demonstrates whether the change in perception of brand luxury and attitude toward *Burberry* is statistically dependent on whether participants have prior experience with the brand. The brand experience scores are initially divided into two groups. One group consists of non-consumers of a specific luxury brand, while the other consists of existing consumers. 65 non-consumers and 56 existing consumers participated in our questionnaire, which is considered reasonably balanced according to Stevens[11] (2012).

Preliminary assumption testing was completed. Overall, no serious violation of assumptions was identified for any of the tests discussed in this subsection[12], especially considering the large sample size (Pallant, 2005) and parity in size of the different groups that were mobilized in the analyses (Stevens, 2012; Garson, 2012).

- ***The moderating effect of prior experience on perception of brand luxury***

Scores for perception of brand luxury in the pre-measure and the post-measure are incorporated as within-subjects variables. Both experience and fit are incorporated as between-subjects factors. As level of experience with the core brand is assumed to influence the intensity of feedback effects, the three-way interaction between the fit, experience and time was inspected

[11] Stevens (1996) considers two groups balanced whenever the largest group-to-smallest group ratio is less than 1.5. In this case, the ratio is equal to 1.16, which can be considered relatively balanced. It should be noted that all the tests carried out in this subsection involved balanced groups.

[12] The assumption of equality of error variance was violated four times in the tests discussed in this subsection. However, we do not accept Pallant's (2005) recommendation to impose a more stringent significance level whenever the assumption of equality of error variances is violated, as group sizes are reasonably balanced in all the tests carried out to test H5 and H6. Moreover, an ANOVA is considered relatively robust whenever such assumptions are violated (Garson, 2012).

initially. Multivariate tests demonstrate a **three-way interaction between these three variables** [F(1, 117) = 9.7; p < .001]. Partial eta squared (.08) reveals a moderate effect size. Therefore, we can conclude that the change in perception of brand luxury varies based on consumers' experience, and that this change is dependent on the fit of the experiment.

To verify H5a and H6a, we split the file based on fit and run the same ANOVA again in order to assess the interaction between time and experience independently. After correcting the error term[13], the test demonstrates a **statistically significant interaction** in the poor-fit experiment [F(1, 117) = 11.53; p < .001]. Partial eta squared (.12) demonstrates a moderate effect size. However, the interaction effect between time and experience **is not statistically significant** for the good-fit experiment [F(1, 117) = 1.05; p = 0.15]. Hence, we split the file based on fit and experience, which allows us to compare the reactions of *Burberry*'s non-consumers and existing consumers to poor-fit experiment independently.

Focusing on the poor-fit scenario, the mixed-design ANOVA on the split file demonstrates a **statistically significant effect of time** for both existing consumers [F(1, 117) = 77.35; p < .001] and non-consumers [F(1, 117) = 18.61; p < .001]. Correspondingly, the effect size is extremely large for existing consumers (partial eta squared = .68) and large for non-consumers (partial eta squared = .34). Inspecting the mean scores of the perception of brand luxury in the poor-fit scenario shows that existing consumers' reactions to fast-fashion co-branding resulted in the assumed directions. Existing consumers experience an intense negative change in their perception of *Burberry* brand luxury following the introduction of the co-brand. In contrast, non-consumers reveal a less drastic change in attitude after the introduction of the co-brand. Table 9 shows the mean score for both existing consumers and non-consumers before and after the experimental treatment.

Table 9: Scores in the Perception of Brand Luxury for Prior Consumers and Non-Consumers (Poor Fit Experiment)

	Existing consumers (N=29)		**Non-consumers (N=32)**	
	Mean	*SD*	*Mean*	*SD*
Perception (pre-measure)	5.25	0.53	4.05	1.30
Perception (post-measure)	3.32	0.97	3.15	1.31

[13] For coherence matters, the error term (e = .694) obtained in the first ANOVA remains the same for the following tests testing H5a and H6a.

Consequently, **hypothesis H5a is proven** because prior consumers experience a more intense negative change in perception of brand luxury following the introduction of a fast-fashion co-branding collaboration, whereas prior consumers experience a less substantial negative change. However, **hypothesis H6a is not supported** since consumers' experience did not influence the change in perceived brand luxury for *Burberry* from before to after the introduction of a good fit co-branding collaboration.

Appendix 8: SPSS Results – Chapter 3: Testing of hypotheses (pp.140-145) displays the SPSS tables emanating from the two ANOVAs carried to test H5a and H6a.

- ***The moderating effect of prior experience on attitude***

Scores for attitude in the pre-measure and the post-measure are incorporated as within-subjects variables. Both experience and fit are viewed as between-subjects factors. As the level of experience with the core brand is assumed to influence the intensity of the feedback effects, the three-way interaction between the fit, experience and time was examined. Contrary to expectations, three-way interactions between the three variables **is not statistically significant** [$F(1, 117) = 0.40$; $p = .26$]. Moreover, the interaction between time and experience is not statistically significant [$F(1, 117) = 0.45$; $p = .25$]. Therefore, **H5b** and **H6b** are not supported, as there is no attitudinal difference based on whether or not the subject is an existing consumer of *Burberry*.

Appendix 8: SPSS Results – Chapter 3: Testing of hypotheses (pp.146-151) displays the SPSS tables emanating from the two ANOVAs carried to test H5b and H6b.

4.5. The role of control variables

Control variables in scientific experimentation refer to experimental elements which are constant and unchanged throughout the course of the investigation. These variables are not of prior interest to the research but still can potentially influence experimental results. It is important to neutralize their effect in order to add precision in conclusions with regards to the effect of the adopted co-branding collaboration on changes in attitude and perceived luxury toward *Burberry* (Creswell, 2002).

To control for cofounding results the questionnaire included three demographic control variables: namely age, gender and revenues.

In order to explore the differences across groups while controlling the effect of age, gender and revenues, we added theses variables individually as covariates within the different ANOVAs carried to test our different hypotheses and sub-hypotheses. Doing so allowed to correct the error term by neutralizing the potential impact of the covariates on our results. All in all, we realized that adding these variables as covariates did not modify our conclusions. In other terms, hypotheses that were initially supported were still supported and hypotheses that were initially rejected were still rejected.

4.6. Summary of hypotheses

The following table summarizes the different hypotheses that have been supported and rejected by our analysis.

Table 10: Summary of the hypotheses supported (V) and rejected (X) by the analysis

Hypothesis	*Sub hypotheses*	
H1 → V	H1a → V	H1b → V
H2 → V	H2a → V	H2b → V
H3 → V	H3a → V	H3b → V
H4 → V	H4a → X	H4b → V
H5 → V	H5a → V	H5b → X
H6 → X	H6a → X	H6b → X

PART 5 – DISCUSSION

In this section, the research findings are summarized and interpreted. The details surrounding the findings are as follows: First, findings concerning the existence of post-collaboration feedback effect in terms of changes in perceived brand luxury and attitude toward the luxury fashion house are interpreted. Then, existing relationships regarding consumer involvement in luxury fashion and experience with the core luxury brand are discussed.

1. The reality of feedback effects

Our first two hypotheses aimed to determine whether a feedback effect exists when a luxury fashion house enters a co-branding collaboration, and whether this effect is dependent on consumers' perceived fit between the co-brand and its parent luxury fashion brand. The influence of the adoption of a co-branding collaboration with either a fast-fashion brand or another luxury brand was tested on two different outcomes: **the enhancement or dilution of the luxurious image** of the brand in terms of perceived luxury, and **the effects on luxury consumers' general attitude** toward the luxury house.

The results of this study demonstrate that a feedback effect on the luxury fashion brand exists both in terms of perception of brand luxury and customers' attitude toward the luxury house. In addition, the direction of this effect is directly dependent on the co-branding strategy adopted by the luxury house – and hence the fit. Nonetheless, the magnitude of these changes is different when observing perception of brand luxury and attitude separately.

When *Burberry* adopts a co-branding strategy with another luxury brand, the co-brand is perceived as a good fit for the luxury fashion brand *Burberry*. Moreover, when *Burberry* announces the introduction of a co-branding collaboration with another luxury brand, the level of perceived brand luxury – as well as customers' attitude toward the fashion house – are slightly enhanced. Thus, one can conclude that adopting a co-branding collaboration fitting the parent luxury fashion brand sparks a certain positive change in terms of consumers' perceived brand luxury and attitude toward the fashion house.

In contrast, when *Burberry* enters a co-branding collaboration with a fast-fashion brand (in this case, *H&M*), the perceived luxury level of the brand decreases substantially among luxury consumers. This finding is in complete accordance with our expectations – that adopting a co-branding collaboration of poor fit with a fast-fashion brand impacts the luxurious brand image.

Changes in perceived brand luxury can be interpreted in this way: The *Burberry* label can be viewed as of poorer quality and worth the price of the fast-fashion brand, which blurs the label's luxurious brand image. The distribution is less selective, and the exclusive character of *Burberry* is damaged, as the co-brand is found in the stores of the fast-fashion brand (Joy et al., 2012). After the announcement of the fast-fashion co-branding collaboration, luxury consumers perceive *Burberry* as less luxurious than they did previously, which means that the luxurious brand image of the fashion house has been compromised.

With regard to attitudinal changes, luxury consumers' attitudes toward *Burberry* have also been statistically proven to decrease following the announcement of the brand's collaboration with *H&M*. However, an attitude seems more robust to the announcement of a fast-fashion co-branding collaboration, as the difference from before to after the experiment is slight.

A fast-fashion co-branding collaboration with a fast-fashion brand is risky for the brand image of the luxury fashion house, especially since it results in consumers perceiving the luxury brand as less luxurious than before.

2. The moderating effect of consumers' involvement

The level of involvement is assumed to motivate consumers to deeply process provided attribute-related information regarding the collaboration. Therefore, consumers who are involved in luxury fashion are expected to pay more attention to the co-brand information and experience a more intense feedback effect (depending on the adopted co-branding strategy).

The research at hand thoroughly supported this assumption. It has been proven that luxury consumers' level of involvement with luxury fashion has a moderating effect on changes in their perception and attitude toward the luxury house in question.

The thesis at hand demonstrates that when the luxury brand *Burberry* adopts a co-branding collaboration strategy with *H&M*, *Burberry*'s perceived level of luxury decreases for both involved and uninvolved consumers. However, highly involved consumers react more intensely, as their perception of *Burberry* decreases substantially in terms of the brand's perceived level of luxury. Uninvolved consumers' perception is negatively impacted as well, but to a weaker extent. In the case of a co-branding collaboration with another luxury brand, a higher involvement leads to enhanced perception of luxury for *Burberry*. In contrast, uninvolved consumers' perception did not change when *Burberry* entered the collaboration.

With regard to luxury consumers' attitude, changes are also dependent on the level of consumer involvement in luxury fashion. In the case of a co-branding collaboration with *H&M*, highly involved consumers' attitude toward *Burberry* declines significantly, whereas uninvolved customers' attitude remains the same. Looking at the mean scores, it even appears that uninvolved customers' attitude changes in a positive manner, albeit to a very small extent. However, this effect could not be statistically proven, which means that we cannot conclude that a positive change in attitude toward *Burberry* exists among uninvolved consumers. When *Burberry* adopts a co-branding collaboration with another luxury house, highly involved consumers' attitude increases to a large extent, whereas uninvolved consumers' attitude remains unchanged.

These findings support prior conclusions that highly involved consumers in a given product category tend to support the bookkeeping model of category change (Baker et al., 2002).

Consequently, we can conclude that introducing a fast-fashion co-branding collaboration is a risky strategy, as customers who are highly involved in luxury fashion are sensitive to the introduction of these collaborations – especially in terms of perceived level of luxury. However, adopting a well-fitting co-branding collaboration seems yield positive effects, specifically on highly involved customers.

3. The moderating effect of prior experience

Hypotheses Five and Six aimed at demonstrating whether consumers' prior experience with the luxury house had any moderating influence on post-extension changes in terms of perceived brand luxury and attitude toward the fashion house.

Luxury houses adopting fast-fashion co-branding strategies do not aim to target their original customers with this strategy; rather, they aim to reach the masses. Hence, it was questionable whether prior experience with the core luxury brand had any form of moderating influence on changes in perception and attitude toward the brand as a result of a fast-fashion co-branding strategy. Expecting that existing consumers of a luxury brand have more profound convictions toward the brand in question, it was predicted that these individuals would experience a more intense negative feedback effect.

The study at hand demonstrates that existing consumers vs. non-consumers of *Burberry* reacted differently, and that their reaction was not always as expected. When adopting a good fit co-branding collaboration with another fashion brand, the reaction in terms of *Burberry*'s perceived luxury does not vary based on whether consumers have prior experience with the brand.

When adopting a fast-fashion co-branding collaboration with *H&M*, there is a difference in terms of changes in perceived brand luxury depending on whether subjects are existing *Burberry* consumers. It appears that existing consumers reacted intensively following the announcement of a fast-fashion co-branding collaboration with *H&M*, and that their perception of luxury for *Burberry* decreased to a large extent. Hence, existing consumers' perception of luxury are sensitive when a luxury brand they own adopts a fast-fashion co-branding collaboration. In contrast, prior non-consumers of *Burberry* experience a smaller change in terms of their perception of brand luxury.

This supports our assumption that the existing consumers of a luxury house support the bookkeeping model and the deep interpretation of brand-related information, and consequently, the replication of more intense negative feedback effects.

How can we interpret these results? One might consider that existing consumers of the luxury fashion brand feel cheated when they find out that the *Burberry* item(s) they bought at a premium price will soon be available at a lower cost, or at a price in line with the fast-fashion brand. More and more people will have access to the specific design of *Burberry*, which compromises the label's brand image for many consumers.

From a managerial standpoint, focusing on the masses in order to boost sales and gain future clients harms existing consumers' perception of the luxury fashion house. Therefore, it is of the utmost importance for luxury managers to balance the positive and negative risks of adopting a fast-fashion co-branding collaboration. On the one hand, the collaboration will increase sales and allow brands to reach new customers that were previously not on their radar. On the other hand, there is a risk of losing prior customers, as these individuals no longer consider the luxury house as luxurious as they did before the collaboration.

In terms of changes in attitude, consumer attitude does not vary depending on whether subjects are existing consumers of Burberry. Both groups – existing consumers and non-consumers – react negatively to fast-fashion co-branding collaborations in terms of their attitude toward the brand.

4. Summary of the findings

As can be concluded from the research at hand, feedback effects on consumer attitude and perceived brand luxury prevail for luxury fashion brands when these brands adopt co-branding collaborations. These effects are directly dependent on the fit between the co-brand and the parent luxury brand. A luxury fashion brand adopting a good fit co-branding collaboration with another luxury brand is a viable strategy when it comes to widening brand reach, as it strengthens luxury consumers' perceived brand luxury and attitude toward the brand. In contrast, a luxury fashion brand that introduces a poor-fit fast-fashion co-branding collaboration is risky for the luxury house, as it dilutes consumers' perceived brand luxury and compromises their attitude toward the luxury brand.

Additionally, in terms of perceived brand luxury and attitude, this feedback effect is highly dependent on consumers' level of involvement in luxury fashion. The more involved consumers are in luxury fashion, the more intensely they reacted to the introduction of a co-branding collaboration, depending on the fit. While highly involved consumers substantially decrease their attitude toward the parent luxury brand in the poor-fit scenario and substantially increase their attitude in the good-fit scenario, the attitude of uninvolved consumers remain unchanged in both poor- and good-fit scenarios. With regard to perceived luxury, involved consumers negatively change their perception of the luxuriousness of the brand after the introduction of a fast-fashion co-branding collaboration. In the case of a good-fit co-branding collaboration, changes in perceived brand luxury toward the core luxury house are not influenced by consumers' level of involvement.

With regard to consumer experience with the parent luxury house, there is no significant difference in terms of changes in attitude toward the luxury parent brand based on whether consumers are existing customers of the brand. However, in the case of a fast-fashion collaboration, consumer experience has a moderating effect in terms of changes in the perceived luxury of the parent luxury brand. In fact, existing consumers of a luxury brand experience a greater negative change in their perceived luxury of this same luxury brand than in the case of a fast-fashion collaboration. This moderating effect does not appear when the luxury brand adopts a good-fit co-branding collaboration. Thus, consumers' perceived level of brand luxury positively changes regardless of their experience with the brand.

CONCLUSIONS, LIMITATIONS AND FURTHER RESEARCH

The primary objective of this research was to gain a better understanding of the feedback effect toward a luxury fashion brand emanating from the adoption of a fast-fashion co-branding collaboration.

More specifically, and in line with the scant literature on brand extensions and co-branding collaborations, we have analyzed the effect of luxury fashion co-branding collaborations with either a fast-fashion brand or another luxury brand on changes in consumers' perceived brand luxury and attitude toward the luxury parent brand. The conclusions deduced from this research will be subdivided in terms of implications from a theoretical standpoint and from a managerial standpoint. The thesis will end by exposing the limitations of the adopted methodology and ideas for further research.

1. Theoretical implications

The study at hand contributes to the scant literature on the subject of luxury brand extensions and their feedback effect on the parent brand in the case of luxury co-branding collaborations. This master's thesis reveals that the trend of luxury co-branding collaborations with fast-fashion brands dilutes the luxurious brand image of the parent brand and harms consumers' attitude toward the luxury parent brand. A preferred approach to broadening the reach of a luxury brand is through the adoption of a co-branding collaboration that is perceived as fitting the luxury parent brand, since this form of collaboration provokes a positive feedback effect in terms of consumers' perceived luxury and attitude toward the luxury house. These findings are in line with assumptions deduced from the brand extension theory. Moreover, consumers' perception of brand luxury is reinforced when adopting a good-fit co-branding collaboration, and consumers' general attitude increases overall. Therefore, this research demonstrates that a feedback effect on luxury brands exist, and that these are directly dependent on the perceived fit between the co-brand and the parent luxury brand.

As former brand extension research exposed mixed findings on parent brand enhancement and dilution, Gürhan-Canli and Maheswaran (1998) analyzed influencing factors that clarify these mixed findings and identified processing information to influence parent brand evaluations. They exposed how circumstances that boost piecemeal information-processing stimulates provided brand-related information to change evaluations of the parent brand with regard to the bookkeeping model. Hence, to promote the evidence of a feedback effect, a research design was selected to emphasize the information provided on co-branding collaborations, thereby reinforcing the prevalence of the bookkeeping model and a deep processing of collaboration-related characteristics. Consequently, a feedback effect has been demonstrated and poor-fit co-branding collaborations were not subtyped, but changed consumers' evaluation of the luxury parent brand.

In addition, since complete attribute-related information on the co-branding collaborations was provided, it was expected that subjects with a high involvement in luxury fashion and prior experience with the core brand would be more motivated to process the provided brand information and experience a more intense feedback effect than subjects with low involvement and no prior experience. In the case of a fast-fashion co-branding collaboration, consumers' perceived level of luxury with regard to the parent luxury brand tends to be highly compromised when consumers are involved in luxury fashion and when they have prior experience with the brand. However, while consumers' attitude follows expected changes in intensity depending on their level of involvement, prior experience does not influence the intensity of changes in consumer attitude.

From a theoretical standpoint, this research constitutes a conceptual model that measures the effects of co-branding collaborations on consumer attitude and perceived level of luxury of a fashion luxury brand, and could therefore be used again by other researchers and/or managers when analyzing the effects of co-branding collaborations on a specific core luxury brand.

2. Managerial implications

From a managerial perspective, co-branding collaborations between luxury houses and fast-fashion brands are profitable because they allow luxury fashion companies to broaden their reach and retain higher sales. As competition in the luxury market intensifies, luxury managers rely on their ability to expand their label and enter new markets. Therefore, the current flow of fast-fashion co-branding collaborations succeeds at making luxury labels attainable for mid-market customers.

Notwithstanding the opportunity to boost sales and widen the brand's reach, this research reveals a flaw at introducing a fast-fashion co-branding collaboration and adhering to the trend of "luxury for the masses." A post-collaboration negative feedback effect is confirmed and dilutes the image of the core luxury brand in terms of perceived luxury, as well as consumers' general attitude toward the brand. Hence, adopting a fast-fashion co-branding collaboration is a double-edged sword for a luxury house. On the one hand, it boosts the luxury company's turnover and increases profitability in the short-term by appealing to mid-market consumers. However, on the other hand, it tarnishes the luxury house's brand image, as well as luxury consumers' attitudes toward the parent brand. Consequently, the fast-fashion cobranding collaboration harms the parent brand's long-term equity.

However, negative reactions do not apply to all customers to the same magnitude. The more involved consumers are in luxury fashion, the more sensitive their reaction to fast-fashion co-branding collaborations can be – specifically in terms of perceived luxury and attitude toward the luxury house. Consumers who are highly involved in luxury fashion change their perception of the luxurious brand image and their attitude toward the luxury brand to a larger extent than uninvolved consumers.

Fast-fashion co-branding collaborations must be viewed as a bold venture, as fashion houses reach completely different consumers by way of this strategy. In contrast to mid-market consumers, luxury consumers are inclined to pay a premium price in order to obtain luxury attributes such as high quality and exclusivity. This research demonstrates that existing consumers of a luxury house change their perception of the luxurious image of the brand in an intense negative manner after the announcement of a fast-fashion co-branding collaboration. In other words, the luxury house's luxurious image is greatly impacted by existing consumers of the brand. The idea is that prior consumers feel cheated when the luxury items they bought at a premium price are now available for the price of fast-fashion garments.

A negative consequence of fast-fashion co-branding collaborations with luxury brands is that consumers' perceived luxury of a brand are tarnished, regardless their level of involvement in high fashion or experience with the brand.

In summary, adopting a fast-fashion co-branding collaboration jeopardizes the brand image that luxury houses have been building for years. Luxury managers swap their current luxury consumers for customers with lower purchasing power, or those who buy the luxury label at an affordable price. Since luxury houses in particular rely on their current consumers and luxury brand image, managers are highly advised to gauge the situation and ponder whether these important resources should be compromised in order to boost sales and reach lower-income consumers. Following the results of this research, fast-fashion co-branding collaborations are not worthwhile for luxury fashion brands in the long term, as a decrease in perceived brand luxury and general attitude is to be predicted. To increase sales and widen their target, luxury fashion brands ought to adopt a co-branding collaboration that is perceived as fitting the luxury concept, thereby increasing both the luxurious brand image and attitude toward the parent luxury house.

A closing citation reflects the conclusions of this study and provides luxury managers with helpful recommendations in order to understand consumers' evaluation of fast-fashion co-branding collaborations: "Never forget that a luxury brand has history, tradition, and – above all – a story that resonates with its target consumers. Brand extensions that deny this narrative are perilous" (Reddy et al., 2009, p. 195).

3. Limitations and further research

One major limitation is that information regarding complete specific collaborations was provided in the different scenarios, which might have prejudiced the *ecological validity* of the responses. Ecological validity refers to the degree to which observed and recorded behaviors would actually occur in real-life settings (Schmuckler, 2001, p. 420). In other words, it is the scope to which our results can be generalized in the real world. In our research, control was exerted by manipulating luxury attributes in our scenarios, thereby impacting the ecological validity of the study and its ability to generalize. However, Klink and Smith (2001) support that in the marketplace, customers are repeatedly exposed to product information (e.g., extensive exposure to commercials before purchasing a product). Hence, they recommended giving precise attribute-related information when describing and evaluating an extension as a means of enhancing the study's accordance with the real world.

A second limitation is the length of our main questionnaire. We realized when conducting our survey that the questionnaire appeared too long for some respondents, which was not observed when we pretested the questionnaire. In fact, when pretesting the main questionnaire, only technical or word-based adjustments were suggested, without any claim regarding its length. Consequently, some subjects did not reach the end of the questionnaire due to lack of time, or inconvenience. However, we aimed to utilize renowned scales, made of items that are at times numerous but easy to understand, and that were previously validated and deemed reliable.

A third limitation is that the questionnaire was distributed during a period of major sales in Belgium. The samples' ability to represent the target population can therefore be questioned. Conducting the methodology again at another time of the year – a time of year with fewer markdowns – might yield results that are more in line with how luxury consumers react to co-branding collaborations.

Another limitation is that, due to the relatively short time and limited funds provided to conduct the study, only one stimulus brand was tested in the research. Thus, the generalizability of the results of this study can be questioned. Generalizability could be strengthened in forthcoming research, when again focusing on feedback effect of co-branding collaborations on additional luxury fashion brands.

Additionally, the conclusions of the study at hand are established on within-subjects measurements of pre-evaluations and post-evaluations of perception and attitude toward a luxury brand. While this design features the ability to measure changes between a pre-measure and a post-measure, and therefore to prove potential feedback effects, it should be noted that it also increases the likelihood of *demand artifacts*[14] (Marketing Research Associations, 2016). Therefore, respondents may have tried to predict the aim of the study and answered correspondingly. Nonetheless, despite the fact that the study design does not control demand artifacts, participants were not given permission to go backward in the questionnaire and modify their pre-experiment answers. Still, it would be worthwhile to analyze the results of the study in a between-subjects design, which requires that two or more groups of subjects be tested by the different testing factors simultaneously. Hence, the risk of demand artifacts should be inferior.

[14] Demand artifacts: The responses given when respondents attempt to guess the purpose of the questions being asked. Demand artifacts can be the result of experimental conditions (Marketing Research Association, 2016).

Furthermore, other exploratory variables should be investigated. For example, Buil et al. (2009) concluded that the magnitude of feedback effects on brand extensions differed across cultures. Therefore, it would be interesting to analyze the cross-cultural variations in research on co-branding collaborations.

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APPENDICES