

# The Dilemma of Luxury Brand Extensions

## Abstract

The present paper focuses on luxury brand perceptions and their effect on attitude towards brand extensions whilst addressing the moderating role of hedonism. Particularly, the study discusses how hedonism affects the way luxury brand perceptions influence attitude towards upward and downward brand extensions. Two online surveys are used to review consumers' attitude towards upward and downward extensions. Two real brand cases, the brands of Louis Vuitton and Hugo Boss, provide the context for the studies based on the perceived divergence between the marketing approaches of the brands. Louis Vuitton is considered as a more exclusive luxury brand, whereas Hugo Boss is perceived as more open to the masses, universally consumed brand. Study 1 indicates that luxury brand perceptions generate positive attitudes towards upward extensions. Hedonic consumption does not moderate the relationship between luxury brand perceptions and attitude towards upward extensions. Study 2 designates that luxury brand perceptions lead to negative attitudes towards downward extensions. Hedonic motives seem to significantly moderate this relationship. The study discussed significant implications for both academics and practitioners with respect to the role of consumers' personal motives on the effectiveness of mass marketing strategies in the luxury brand sector.

*Keywords: luxury brand, attitude toward the luxury brands, brand extension, hedonism, luxury branding*

## Extended abstract

The present study examines the effect of luxury brand perceptions on attitude towards brand extensions, whilst it takes into consideration the moderating role of hedonism on the above-named relationship. Luxury brands represent the most distinctive examples of branding, combining tangible and intangible characteristics as well as a great variety of values, such as beauty, high prices, aesthetics and quality, status and exclusivity. Luxury brands are often paired with consumers' consumption motives, such as conspicuousness and hedonism. Perceptions towards luxury brands rely on consumers' personal background, experiences and demands. Moreover, luxury brand perceptions significantly affect cognitive, affective and behavioral responses towards luxury branding. Nowadays, that consumers demand more accessible and affordable luxury, companies operating in the luxury brand sector seek for alternative strategies to render their brands less exclusive and more approachable.

Brand extensions seem to have a significant impact on the brand's perceived exclusivity. Upward extensions represent strategies focusing on higher quality and price, whereas downward extensions reflect strategies addressing lower quality and price product alternatives. With respect to the luxury brand sector, brand extensions can leverage a brand's image and introduce new products into new categories. Yet, although brand extensions seem to have an important effect on a brand's profile and image and have accordingly gained considerable attention in the non-luxury brand sector, they seem to be rather neglected in the context of luxury branding.

Luxury brands are mainly prestige oriented, therefore, luxury brand perceptions are widely driven by interpersonal motives, such as conspicuousness and snobbery. Nevertheless, the sense of pleasure that is connected to luxury brand consumption constitutes an important drive of attitudes towards luxury brand strategies, such as brand extensibility. Perceptions of luxury branding influence attitude towards line extension strategies that could affect a brand's

exclusive image. Also, when a luxury brand applies an upward or a downward extension, interpersonal motives seem to shape attitude towards this activity.

Luxury brands are strongly linked to hedonism as their consumption provides consumers with aesthetic and pleasurable experiences. Many luxury brand consumers seek hedonic experiences and high aesthetics and seem not to focus only on interpersonal motives. Considering that luxury brands are interlinked with hedonic and emotional values, it is expected that hedonism would drive the relationship between luxury brand perceptions and attitudes towards extensions that enhance either the exclusivity or the accessibility of the luxury brand.

Even though extant literature has focused on the factors that shape brand perceptions that in turn affect luxury brand strength, no previous research has ever investigated the influence of luxury brand perceptions on responses towards brand extensions. Therefore, the present study, investigates luxury brand perceptions and their impact on consumers' attitudes toward upward and downward brand extensions. Particularly, it suggests that luxury brand perceptions generate more positive attitudes towards upward extensions and less positive attitudes towards downward extensions. Moreover, the study suggests that the hedonic effect will drive the positive relationship between luxury brand perceptions and upward extensions while, on the other hand, it will have a negative effect on the relationship between luxury brand perceptions and downward extensions.

The present paper focuses on two different brand scenarios, addressed in two separate studies. Specifically, it focuses on the context of two distinct luxury brands, Louis Vuitton and Hugo Boss, suggesting that Louis Vuitton holds a more distant, exclusive aesthetic profile and employs upward extensions, whereas Hugo Boss is more prone to mass marketing strategies, such as brand extensions. Through two surveys conducted via Facebook, the present paper underlines a connection between consumers' perceptions towards luxury branding and attitudes towards marketing strategies, such as upward and downward extensions. Moreover, it highlights a moderating effect of hedonism on the relationship between luxury brand perceptions and attitude towards luxury brand extensions. Specifically, Study 1 indicates that positive luxury brand perceptions lead to favorable attitudes towards upward extensions. Yet, hedonism does not seem to have a significant moderating effect on the above-named relationship. This means that upward extensions are conceived as a marketing strategy that boosts the selective profile of luxury brands, but consumers in Study 1 fail to detect the emotional value of Louis Vuitton. Also, it might signify that consumers connect luxury brand consumption more with interpersonal and less with personal motives. Furthermore, Study 2 demonstrates that favorable luxury brand perceptions negatively affect attitudes towards downward extensions, since this strategy opens-up luxury brands to the wider public. Hedonism seems to have a moderating effect on the relationship between luxury brand perceptions and attitude towards downward extensions. Consumers with unfavorable luxury brand perceptions are led to favorable attitudes towards downward extensions, when they are motivated by hedonism. This outcome indicates that consumers in Study 2 are more familiar with Hugo Boss, a brand that is less exclusive due to its wider exposure to the public. As such, it generates higher levels of emotional motives, such as hedonism.

Managerial implications derive from the study's findings as it becomes evident that consumers' luxury brand perceptions affect their attitudes towards brand extensions. Luxury brand managers should take advantage of specific marketing activities in order to maximize their profits and at the same time retain the exclusive profile of their brand. It appears that increased exclusivity might have a negative effect on consumers' emotional connection with the luxury brand. Therefore, managers should focus on personal motives, such as hedonism, that could affect consumers with less favorable luxury brand perceptions who could develop more favorable attitudes towards downward extensions.

## 1. Introduction

Luxury brands incorporate a significant number of characteristics such as timelessness, high aesthetics, prestige, exclusivity, and supreme quality (Chadha & Hiusband, 2006). "Luxury brands are regarded as images in the minds of consumers that comprise associations about a high level of price, quality, aesthetics, rarity, extraordinariness and a high degree of non-functional associations" (Heine, 2012; p.60). In the fashion brand sector there are many examples of luxury brands, with Louis Vuitton, Hugo Boss and Dior being some of the most prominent ones. Many studies discuss the values associated with luxury brands (Fionda & Moore, 2009; Roux, Tafani & Vigneron, 2017; Seo & Buchanan-Oliver, 2015), the motives of luxury brand consumption (Dubois & Duquesne, 1993; Vigneron & Johnson, 2004) and the strategies applied in the luxury brand sector (Eren-Erdogmus, Akgun & Arda, 2018; Parguel, Delecole & Valette-Florence, 2016). The changing profile of consumers and the increasing demand for the "new", accessible luxury (Silverstein & Fiske, 2003), underline a necessity to examine luxury brand perceptions and their impact on consumers' responses towards marketing strategies in the luxury sector.

Conceptualization of luxury depends on subjective dimensions, such as consumers' experience and personal needs (Wiedmann, Hennings & Siebels, 2007; Kapferer & Bastien, 2012). Luxury and luxury brand consumption have gained significant academic interest as multidimensional constructs that satisfy consumers' desires. For instance, Hennings, Wiedmann, Behrens and Klarmann (2013) indicate that luxury brand perceptions have a significant impact on all components of luxury brand strength. Beliefs about luxury brands result in cognitive, affective and behavioral responses to luxury branding. However, even though studies have tried to shed light on the basic drivers of customer brand perceptions that

influence luxury brand strength (Hennings et al., 2013; Roux et al., 2017), no previous study has ever looked into the impact of luxury brand perceptions on responses to brand extensions.

Brand extensions is a widely used marketing strategy with a significant impact on a brand's exclusive or mass profile. A common categorization of brand extensions is between upward: an extension strategy that provides consumers with premium products of higher quality and price (Kotler & Armstrong, 2011); and downward: an extension that seeks to enhance a company's market share, introducing products of lower price and quality. Even though brand extensions are among the most studied phenomena in marketing (Aaker & Keller, 1990; Völckner & Sattler, 2006), luxury brand extensions remain relatively uncharted (Reddy Terblanche, Pitt & Paren, 2009). In fact, studies on brand extensions have focused on non-luxury brands. Yet, brand extensions have become very popular to the business model of most luxury brands, since they provide the opportunity to leverage a luxury brand's image and enter new markets across a range of product categories (Kapferer, 2008). Brand extensions are traditionally used to establish new products by companies wishing to capitalize on their brand name. Luxury brands could benefit of brand extensions to diversify their product portfolio, maximize their profits, reduce risk, and at the same time, maintain their exclusive profile. All in all, the brand is empowered when its unique concept is communicated and shared in a consistent way by a wider audience (Kapferer, 2012). Hence, the present paper scrutinizes luxury brand perceptions and their potential effect on consumers' attitudes toward brand extensions. Specifically, it connotes that luxury brand perceptions lead to more favorable attitudes towards upward extensions and to less favorable attitudes towards downward extensions.

Luxury brands apart from operating as prestige symbols constitute an aesthetic and sensually pleasurable experience that satisfies consumers' need for hedonism (Hirschman & Holbrook, 1982; Dhar & Wertenbroch, 2000). As such, luxury brands aim at pleasing

consumers rather than satisfying needs as in the case of utility products (Berry, 1994). Most consumers on the other hand, define the experience of luxury brand consumption as exceptionally hedonic, appealing to all senses (Dubois, Laurent & Czellar, 2001). Hedonic consumers, search for high aesthetics and sensory pleasure (Vigneron & Johnson, 2004; Hagtvedt & Patrick, 2009), and are not subject to interpersonal influences. Hedonic consumers attribute greater importance to their own feelings, rather than price as a prestige indicator (Dubois & Laurent, 1994). Furthermore, the higher the exclusivity of a luxury, the more it meets consumers' need for multi-sensorial experience (Kapferer & Bastien, 2008; Phau & Prendergast, 2000). Interestingly, previous studies have demonstrated that when consumers are provided with cues inconsistent with the core brand, they might experience brand dilution and indicate negative evaluations of brand extendibility (Buchanan, Simmons & Bickart, 1999). Along a similar vein, the promise of pleasure and hedonism in the luxury brand sector could be a significant driver of brand extension evaluation. Given that luxury brands are associated with emotional needs and pleasure-seeking behavior (Vigneron & Johnson, 1999; Vigneron & Johnson, 2004; Zhang & Kim, 2013), this study anticipates that hedonism will enhance the positive relationship between luxury brand perceptions and upward extensions that promise an uplifting, rewarding experience. Hedonism on the other hand, will have a negative effect on the relationship between luxury brand perceptions and downward extensions as the latter are marketing activities that increase a brand's accessibility and might damage the brand's aesthetic profile, emotional value and sense of luxuriousness (Dubois & Paternault, 1995).

The present paper examines two distinct scenarios (Studies 1 and 2) of upward and downward extensions within the context of two distinct luxury brands, Louis Vuitton and Hugo Boss. Louis Vuitton maintains exclusive highly aesthetic profile, whereas Hugo Boss is a luxury brand open to diversification strategies.

The present study highlights significant research avenues that also act as paths for potential contribution: a) it focuses on brand extensions in the luxury sector, a topic that recently attracted academic interest, b) it advances the body of knowledge on vertical (upward and downward), line extensions seen within the prism of consumers' hedonic experiences, c) it provides and tests a model on the moderating effect of hedonism on the relationship between favorable luxury brand perceptions, and attitudes towards extension strategies, in the context of two distinct luxury brands, an exclusive and a more popular and accessible, d) it analyses the role hedonism as an essential driver of brand extensibility, as the hanging consumer profile indicates a necessity for accessible luxury brands that satisfy consumers' need for pleasure and aesthetic experience (Hagdwdt & Patrick, 2009).

## 2. Literature Review and Research Hypotheses

### *2.1 Consumer-oriented Approach on Defining Luxury Branding*

To date, a significant number of studies have focused on defining luxury branding (Vigneron & Johnson, 2004; Atwal & Williams, 2009; Kapferer & Bastien, 2009; Heine & Phan, 2011; Nelissen & Meijers, 2011; Shukla, 2011; Liu *et al.*, 2012; Shukla & Purani, 2012). Luxury brands are characterized by high standards and quality (Phau & Prendergast, 2000; Shukla & Purani, 2012), are defined by beauty and rarity (Godey *et al.*, 2013) and go beyond the essential to satisfy consumers' desires (Cristini, Kauppinen-Raisanen, Barthod-Prothade & Woodside, 2016). Luxury brands are "images in the minds of consumers that comprise associations about a high level of price, quality, aesthetics, rarity and specialty" (Heine 2010, p.156) and are synonymous to symbolic features, such as excessiveness. Luxury brands are determined by intangible attributes such as uniqueness, scarcity and authenticity. A common predisposition among researchers in luxury branding is that the pursuit of scarce luxury brands satisfies consumers' intrinsic (emotional/ hedonic) and extrinsic (symbolic/

conspicuous) needs (Alexander, 2009; Wiedmann et al.; 2009; Amatulli & Guido 2012; Megehee & Spake, 2012). A strategy commonly applied by luxury brand companies to satisfy consumers' intrinsic and extrinsic needs is that of brand extensions (Aaker, 1991). Based on the type of extension, their experiential motives (i.e. search for pleasure) and their luxury brand perceptions, consumers tend to associate the extension with a strategy that seeks to underline a brand's scarceness or commonness (Vickers & Renand, 2003).

## *2.2 The Effect of Luxury brand perceptions on Attitude toward Luxury Brand Extensions*

Brand extensions (vertical or horizontal) are diversification strategies that signify a brand's willingness to respond to mass consumption (Xie, 2008; Magnoni & Roux, 2012; Hennigs *et al.*, 2013). Brand extensions aim to capitalize on an existing brand name and launch new lines or product categories. Provided that they remain relevant and coherent to the parent brand, brand extensions are popular among marketers because of their acknowledged effectiveness (Aaker & Keller, 1990; Völckner & Satler, 2006). Brand extensions are classified into vertical (upward and downward) and horizontal ones. Vertical or line extensions refer to new products within the same product category, whereas horizontal extensions run into diversified and distinct from the original one sectors. Vertical upward/downward extensions could result in higher/lower priced products and/or lines with adverse levels of accessibility and affordability (Diaz-Bustamante *et al.*, 2016). An upward extension serves as an increase in price and an improvement in quality (Kotler & Armstrong, 2011) and addresses consumer's willingness to pay more. A downward extension aims to increase market share, by providing consumers with lower priced or quality products.

Despite the popularity of brand extensions among practitioners, there seems to be a dispute among academic researchers about their suitability and effectiveness. Defenders highlight the significance of brand extensions in terms of recall, recognition, comprehension

and awareness of the brand (Keller, 2003). Adversaries claim that brand extensions could exert fewer, weaker and diluted associations with the flagship product. A vertical brand extension might lead to negative appraisals of the brand (Dacin & Smith, 1994). This would signify that consumers are unable to detect a relevance or coherence between the extension and the parent brand, with respect to their attributes and benefits (Grime, Diamantopoulos & Smith, 2012).

A brand extension's success however, does not lie only on premium coherent attributes, but also on indications of similar quality (perceived quality), image, heritage and aura with the parent brand. This signifies a transfer of emotions from the parent brand to the extension, underlining the emotional character of the latter. Besides functional and symbolic attributes, product and brand associations focus on emotional benefits stemming from the brand, such as high aesthetics, as well as hedonic and experiential values (Loken & John, 1993; Salinas & Perez, 2009). The functional, emotional and symbolic values of the brands that consumers experience lead to engagement, involvement and increased understanding of the brand's real essence.

In the luxury brand sector though, a prestigious brand might try to keep its myth alive, maintain a distance from its customers and not be fully comprehensible (Kapferer & Bastien, 2009) keeping an exclusive "out-of-reach" profile (Atwal & Williams, 2009). Also, with respect to the core values of luxury brands, Dubois, Laurent and Czellar (2001) mention that consumers perceive six characteristics of luxury: excellent quality, very high price, scarcity and uniqueness, aesthetics and poly-sensuality, ancestral heritage and personal history, and superfluosity. Luxury brands represent artful expressions that satisfy consumers' quest for excellence. Vertical upward extensions with higher priced lines seek to build on exclusivity and detached selective image (Aaker & Keller, 1990). At the same time, consumers' acceptance and positive attitude towards the premium price of luxury brands indicate that the

latter are not subject to rational consumption. Therefore, an upward extension satisfies consumers' need for the extraordinary (Kapferer, 1997) and the unreasonable behavior towards luxury brands enhances the evoked experience (Husic & Cicic, 2009). According to Hennings et al. (2013) favorable luxury brand perceptions positively influence all dimensions of luxury brand strength. Therefore, it is assumed that positive perceptions about core aspects of luxury brands might result in more positive attitudes towards an upward extension, since the latter would enhance the brand's strength. For instance, luxury consumers with positive perceptions of a luxury brand would consider upward extensions to positively influence perceived uniqueness, superior quality, hedonic profile and overall experience of the brand. Thus, it is suggested that:

*H<sub>1</sub>: Consumers' positive perceptions towards luxury brands generate positive attitudes towards upward extensions*

Luxury seems to be redefined, shifting the interest from ostentatious consumption and exclusivity to "popular luxury" (Wiedmann et al., 2007). Companies traditionally try to operate in new markets, increase their sales and market share through the enlargement of their product-portfolios with divergent products and prices. A similar approach in the luxury market could cause an irreversible damage to the eccentric, fashionable brands that need to maintain a distance from their customers and seem more exclusive and inaccessible (Truong, McColl & Kitchen, 2009). Interestingly, Kirmani et al. (1999) demonstrate that the ownership effect occurs in the case of non-prestigious brands for upward and downward extensions, whereas it arises only in upward extensions of prestigious brands. In downward extensions of prestigious brands, the ownership effect dissolves as the owners need to maintain the exclusivity of the brand in their possession. Furthermore, there seems to be a parent brand dilution when the prestigious brand is downward extended. Since luxury is associated with specific, artful, brand cues, such as extraordinariness, premium pricing and exclusive

distribution, managers should prevent their brands from extensions (especially downward) that might weaken their image and aesthetic aura (Silverstein & Fiske, 2003). Furthermore, status-oriented consumers perceive high prices as signals of high quality (Tellis & Garth, 1990) and prestige for luxury brands (Groth & McDaniel, 1993). The less expensive the luxury brand, the less desirable and valuable it becomes in the eyes of consumers (Verhallen & Robben, 1994). As such, luxury brand downward extension will probably collect poor evaluations (Alleres, 1990; Kapferer & Bastien, 2009; Cristini *et al.*, 2016; Diaz-Bustamante *et al.*, 2016). Luxury brand consumers with positive perceptions of a luxury brand form a positive attitude towards brand strength, in terms of cognitive, affective and conative dimensions (Hennings *et al.*, 2013). Therefore, it is expected that consumers with positive perceptions of a luxury brand would consider that a downward extension could negatively affect brand strength in terms of perceived quality, perceived hedonic benefits and overall customer experience. Hence, it is suggested that:

*H<sub>2</sub>: Consumers' positive perceptions towards luxury brands generate negative attitudes towards downward extensions*

### *2.3 Hedonism as a Moderator*

Luxury brands are not unanimously perceived by consumers (Vigneron & Johnson, 2004). Whereas "old luxury" focuses on conspicuous consumption, "new luxury" perceives emotional connection and aesthetic experience as the core aspects of luxury consumption (Hagdwdt & Patrick, 2009). A recent transition from the previously essential concepts of exclusivity, scarcity and uniqueness, to the notions of pleasure, beauty and hedonism signifies a notable change in luxury branding. According to Wiedmann *et al.* (2009) luxury brands exert pleasure and hedonism, while they enhance the quality of life.

Hedonism has traditionally been identified as one of the most significant consumption motives in luxury branding (Vigneron & Johnson, 1999). In other words, one could consume a luxury brand to experience its real essence, its aesthetic and artistic nature. Roux and Floch (1996) note that luxury refers to a lifestyle that is synonymous with pleasure, as luxury brand consumption has shifted from status-related to hedonic. Besides, luxury brands excite and entertain consumers. Nowadays, luxury consumers seek personal gratification rather than to display their social status. Moreover, they seek emotional reward and intrinsic fulfillment and not a mere satisfaction by consuming exclusive, authentic, highly priced luxury brands (Silversten & Fiske, 2005; Chitturi, Raghunathan & Vijay Mahajan, 2008; Lee, Jeon, Li & Park, 2015). Hedonic consumers maintain a low consumption profile as they feel unique and build-up trust with the brand (Kang & Park, 2016). Their values evolve from "having" to "being", thus highlighting the transformational role of luxury (Bendell & Kleanthous, 2007; Zhan & He, 2012). People consume luxury brands, on one hand to be socially active and improve their self-image, while on the other hand, because they are highly involved with the aesthetic perspective of the brand regardless the opinions of others (Wiedmann *et al.*, 2009). Luxury brands aim to introduce consumers to a hedonic experience, that exceeds emotions and embodies a desire for life enrichment (Riley, Lomax & Blunden, 2004; Adams, 2011; Dion & Arnould, 2011; Hudders, 2012; Kim, Ko, Xu & Han, 2012).

Senselessness in luxury brand consumption signifies that any effort to justify the high prices of a luxury brand would mean a drawback to its magic and charm (Luo & Young, 2009). The brand is stripped down to its real dimensions. However, luxury is often related to the concept of artistic creations, the perception of which is enhanced by intrinsic/ hedonic motivations. Along with perceptions towards the brand's exclusivity and rarity, upward extensions might generate positive evaluations and a potential boost of the hedonic effect (Vigneron & Johnson, 1999). An upward extension signifies an additional line into the same

product category, whilst trying to maintain the fit (attributes and affect) and even heighten the essence and the image of an exclusive brand (McInnis & Nakamoto, 1991). For instance, a limited collection would act as a primer in that the waiting list extends for months, leading the average consumer to buy a standard product (not the primer) that represents a scaled-down version of the parent brand (Reddy et al., 2009). Thus, the higher the eclecticism of the upward extension the more favorable attitude is expected, especially when consumers strive to experience pleasure through the actual aura and heritage of the luxury brand (Brodie & Sunde, 1992). In other words, through an upward extension, consumers expect to live a superior experience compared to the one provided by the parent brand and thus develop positive attitudes towards the extension. Hedonism further increases this expectation since the upward extension might mean a more unique aura, a higher quality for the brand, and a more pleasurable experience that might satisfy their need for personal fulfillment. According to this scenario, more favorable attitudes might be elicited towards an upward extension, when consumers try to satisfy their hedonic desires. Hence, it is suggested that:

*H<sub>3</sub>: Hedonism moderates the effect of consumers' positive perception towards luxury brands on their attitude towards an upward extension, in a way that: consumer's positive perception towards luxury brands will have a more positive impact on attitude toward an extension in high rather than low levels of hedonism*

Aaker and Keller (1990) speculate that the deeper the involvement with the product i.e. with luxury brands, the higher the complexity of the extension's evaluation. Consumers are particularly cautious when evaluating an extension of a highly-significant brand (Park et al., 1991). Taking into consideration that luxury brand consumers are motivated by intrinsic, emotional values, a downward extension would imply that negative evaluations would be exerted. This means that emotions associated with an inherently symbolic brand would raise consumers' demands, in order for the brand to maintain its high profile (Bhat & Reddy,

2001). Consumers believe that a downward extension would harm the aesthetic profile and the sense of selectivity and exclusivity traditionally connected with luxury brands and are thus led to unfavorable attitudes towards the extension. This attitude is significantly worse if consumers are driven by hedonism, since they value that the downward extension might provide a less aesthetic experience for the pleasure seekers. Therefore, when a luxury brand aims to be more diversified and accessible, consumers may believe that it strives for profit maximization while it disbands its highly aesthetic and artistic nature (Czellar, 2003). Thus, it is suggested that:

*H<sub>4</sub>: Hedonism moderates the effect of consumers' positive perception towards luxury brands on their attitude towards a downward extension, in a way that: consumers' positive perception of luxury brands will have a more negative impact on their attitude towards a downward extension in high rather than low levels of hedonism.*

### 3. The Context of the Studies

Two surveys with Louis Vuitton and Hugo Boss provide the context cases are used to test the study's hypotheses. Both cases satisfy the preconditions of luxury brands. Cristini *et al.* (2016) posit that luxury brands should satisfy consumers' need for creativity, exclusivity and excellence. Moreover, a luxury brand should gather characteristics, such as strong image, high quality, fashion, store atmosphere and prestige (Zheng, Cao, Dai & Chiu, 2016). Louis Vuitton fulfills the conditions for exclusivity and selectivity through its exclusive lines (Riot, Chamaret & Rigaud, 2013) and the characteristics of excellence, unique style, symbolic value and leading design that people aspire to (Fionda & Moore, 2009) (Table II). "*Louis Vuitton has always tried to counter mass production with short-term, limited edition series. This means that not everyone will own the same bag, and those who do get their hands on a limited-edition bag, get fantastic exclusivity*" ([www.catawiki.com](http://www.catawiki.com)). Louis Vuitton launches

exclusive series and limited collection bags (product primers), that serve as upward extensions, such as City Steamer, the Twist and the Petite Malle from LV 2017 Cruise Collection (a tribute to Brazilian artist Aldemir Martins) and the Multicolor Monogram Canvas & Cherry Canvas (in collaboration with Takashi Murakami-Art) in order to manipulate the paradox of maintaining the exclusive profile while satisfying customers' need for special collections. Louis Vuitton is a luxury brand that abstains from mass marketing practices (Kim *et al.*, 2010) and maintains classy style, high quality and prestige (Kapferer, 2010).

Hugo Boss provides the context for the second study. According to Wiedmann *et al.* (2009), a luxury brand must be of a high standard and create products that appeal to the senses. Hugo Boss hosts higher quality, authentic lines, with distinct style and sexuality. It reflects a disciplined image lacking excessive elements (Diaz-Bustamante *et al.*, 2016). Hugo Boss engages in extension strategies, such as vertical downward extensions (Boss Green, Boss Orange, Boss Red, HUGO), to appeal to a wider audience (Hugo Boss, 2009). The brand covers an extensive product range that consists of classic-modern business wear, elegant evening wear and sportswear, shoes and leather accessories, licensed fragrances, eyewear, watches, children's fashion, home textiles and mobile accessories. Hugo Boss addresses different attitudes and needs, while it ensures that consumers can easily comprehend its aura (Ugochukwu, 2012).

To further support and justify the selection of the Louis Vuitton and Hugo Boss brands as context environments for the study a T-test analysis was performed. Perception towards the exclusive and scarce profile of Louis Vuitton and Hugo Boss were measured by a 4-item (Dubois *et al.*, 2001), five-point Likert scale ranging from "strongly disagree" (1) to "strongly agree" (5) (Table I). T-test analysis is considered appropriate for the purpose of the study as it enables the comparison of the mean values among two independent populations. The analysis

indicated that participants rated significantly higher the case of Louis Vuitton than that of Hugo Boss, based on the extension strategies employed, and specifically with respect to the perceived scarcity of the two brand extensions ( $t_{\text{extensionstrategies\_scarcity}(511)}=33.319$ ,  $p<.001$ ;  $M_{\text{LouisVuittonScarcity}}=3.71$ ,  $SD=.73$ ;  $M_{\text{HugoBossScarcity}}=1.90$ ,  $SD=.53$ ) (Table II).

## 4. Study 1

### 4.1 Methodology

#### 4.1.1 Sample characteristics and Data Collection Process

An online survey to monitor consumers' perception towards luxury brands as well as their attitude towards the exclusive upward extensions of Louis Vuitton was conducted among Greek consumers. Facebook platform was used for the distribution of the questionnaires. Snowball sampling was used as each participant was asked to forward the questionnaire to ten friends. Overall 294 questionnaires were collected (14 invalid, 280 usable). Participants were instructed on the process and the duration of the survey (around 10 minutes) and were reassured about the anonymity of the process. Most respondents (72%), were women aged between 18 and 30 (68%), with a higher education background (36%) and an annual family income between 11,000 and 20,000 € (36%).

#### 4.1.2 Questionnaire Design and Reliability Analysis

Respondents were asked about their familiarity with the brand, their perception of Louis Vuitton's exclusive profile, their hedonic motivation and some basic demographic variables. All measures were adopted from prior studies (Table I). The questionnaire consisted of a 7-item luxury brand perceptions scale (Wiedmann et al., 2009), a 4-item scale for the brand's profile perception (Dubois et al., 2001), a 13-item scale measuring consumer's consumption motives (Wiedmann et al., 2009), a 3-item scale for brand familiarity (Simonin & Ruth, 1998)

and a 3-item scale measuring attitudes towards LV upward extensions (Völckner & Sattler, 2006).

Cronbach's Alpha for internal reliability was measured for all multi-item scales and it satisfied the  $> 0.7$  criterion:  $\alpha=0.747$  for luxury brand perceptions,  $\alpha=0.754$  for hedonism,  $\alpha=0.908$  for upward extensions,  $\alpha=0.710$  for perception towards the brand's profile and  $\alpha=0.794$  for familiarity with the brand.

## *4.2 Results*

Hayes's bootstrapping process provides a reliable estimation of direct and conditional direct effects. A moderation analysis was conducted in PROCESS SPSS (model 1 with 5000 bootstrap samples) with luxury brand perceptions as the independent variable, hedonism as the moderator and attitude toward upward extensions as the dependent variable. According to H1, positive luxury brand perceptions seem to have a significant positive effect on attitude towards upward extensions ( $p=0.001$ ). However, there was no evidence of a moderation effect ( $p=0.89$ ). The moderation index is not statistically significant for attitude toward upward extensions (Index=-.0077 (.56); 95% CI= [-.1179; .1026]). Hence, H3 is rejected (Table III).

## 5. Study 2

### *5.1 Methodology*

#### *5.1.1 Sample and Data Collection Process*

In total, 280 Greek consumers participated in the second study (12 invalid, 268 usable questionnaires). As in Study 1, Facebook was used as a platform for the distribution of the questionnaires (snowball sampling). Participants were instructed on the process, and its duration and were guaranteed about the anonymity of their responses. Women constituted the majority of participants (73%), in the second study. Most of them (74%), were between 18

and 30 years old, with an annual income between 11,000 and 20,000 (43%), and a higher education background (30%).

### *5.1.2 Questionnaire Design and Reliability Analysis*

A similar to Study 1 online questionnaire on Hugo Boss's mass marketing strategies was distributed to monitor consumers' attitude towards downward extensions. Participants were controlled on their familiarity with the brand, their perception of the brand and their hedonic motive. All measures employed in the questionnaire were adopted from prior studies (Table I).

Cronbach's Alpha for internal reliability was measured for all multi-item scales and it satisfied the  $> 0.7$  criterion. The reliability coefficient was  $\alpha=0.777$  for luxury brand perceptions,  $\alpha=0.888$  for hedonism,  $\alpha=0.899$  for downward extensions,  $\alpha=0.824$  for perception towards the brand's scarcity, and  $\alpha=0.768$  for familiarity with the brand.

## *5.2 Results*

Hayes's bootstrapping process provides a reliable estimation of direct and conditional direct effects. A moderation analysis was conducted in PROCESS SPSS (model 1 with 5000 bootstrap samples) with luxury brand perceptions as the independent variable, hedonism as the moderator, and attitude toward downward extensions as the dependent variable. According to H2, positive luxury brand perceptions seem to negatively affect attitude towards upward extensions ( $p=0.004$ ). Furthermore, there also seems to exist a moderation effect ( $p=0.03$ ) of hedonism. Thus, the moderation index is statistically significant for attitude toward downward extensions (Index= .0856 (.0399); 95% CI= [-.1642; -.0071]). Consumers' positive perception of luxury brands has a more negative impact on their attitude towards a downward extension in high ( $b=-0,393$ ,  $SE=0,098$  και  $t=-4,007$ ) rather than in low levels of

hedonism ( $b=-0,267$ ,  $SE=0,151$  και  $t=-1,771$ ). The slope difference tests (Figure 1) further support this observation. The first slope (high hedonism condition) is significantly different from the second slope (low hedonism) ( $t=-2.992$ ,  $p<.003$ ). Hence, H4 is accepted (Table III) (Figure I).

## 6. Conclusions

Luxury brands are defined by properties, such as aesthetics, beauty, status and excellence paired with consumers' consumption motives (i.e. conspicuousness and hedonism) (Vigneron & Johnson, 1999). Being primarily prestige oriented, luxury brand perceptions are largely shaped by interpersonal motives, such as ostentation, conspicuousness and snobbery. Perceptions on luxury branding in turn affect attitude towards line extension strategies that may influence the brand's eclectic and exclusive profile. When a luxury brand applies a line extension, interpersonal consumer motives seem to shape attitude towards this activity. However, to date there is limited evidence on the moderating effect of hedonism on the above relationship. Hagtvedt and Patrick (2009) indicate that the promise of pleasure and hedonism is a significant driver of brand extensibility.

The present paper examines the association between consumers' perceptions towards luxury branding and attitudes towards marketing strategies, such as upward and downward extensions. It also discusses the moderating effect of hedonism on the relationship between luxury brand perceptions and attitude towards brand line extensions. Luxury should not be restricted to status symbols but also extend to aesthetic experiences that satisfy the need for personal gratification and indulgence (hyper-consumption) (Danziger, 2005). The more a luxury brand satisfies the need for exclusivity, the more it meets consumers' need for multi-sensorial experience and self-actualization (Kapferer & Bastien, 2008; Phau & Prendergast, 2000).

The present paper highlights distinct marketing activities through two specific brand contexts (Louis Vuitton and Hugo Boss). Hugo Boss employs brand extensions significantly more than LV that retains an exclusive profile. Particularly, Louis Vuitton usually applies upward extensions, whereas Hugo Boss applies downward extensions, which makes the former seem more exclusive than the latter.

The analysis indicates that luxury brand perceptions generate positive attitudes towards upward extensions. Consumers perceive upward extensions as a strategy that enhances the exclusivity and selectivity of luxury brands. However, hedonism does not seem to have a significant moderating effect on this relationship. Perceptions of luxuriousness are rather subjective and context specific. Consumers' engagement with, and recognition of, the values and availability of luxury brands, play a crucial role to their perceptions (Srinivasan *et al.*, 2014). With respect to the context of the present study, one might assume that consumers are less familiar with the exclusive brand of Louis Vuitton. Thus, they are not able to associate their hedonic personal motives with positive attitude towards an expensive, exclusive and distant (upward) brand extension. Another potential explanation could be that although new luxury defines consumption based on intrinsic elements (hedonic consumption) (Hagdwdt & Patrick, 2009) there is still a considerable number of consumers who are driven by extrinsic rudiments (Truong *et al.*, 2010) and thus fail to realize the deeper, emotional meaning of luxury brand consumption. Increased exposure to social media and other online media signifies consumers may develop a superficial connection to luxury brands (Srinivasan *et al.*, 2014).

Consumers' attitude towards downward extensions seems to be negatively affected by perceptions towards luxury branding, in accordance with the consensus that luxury brands should be exclusive and not addressed to the wider public (Völckner & Sattler, 2006). Moreover, the findings of this paper challenge prior studies that advocate the extensibility of

luxury brands because of their inherent hedonic potential (Hagtwdt & Patrick, 2009). Hedonism seems to have a moderating effect on attitude towards downward extensions, thereby, consumers with negative luxury brand perceptions are led to positive attitudes towards downward extensions, when they are driven by hedonic motives. The second study designates Hugo Boss as a less scarce and more popular brand due to its greater exposure and availability. Hugo Boss's popularity increases consumers' familiarity and association with the brand. This leads to greater emotional value and weaker interpersonal motives for consumers. In accordance with prior research on the hedonic and emotional values of luxury brands (Park *et al.*, 1991; Chang, 2002), this study supports that hedonism has a moderating effect on attitude towards downward extensions. Therefore, companies that apply downward extensions could focus on consumers driven by hedonism.

## 7. Managerial Implications

Managers can benefit from the emotional intrinsic cues associated with their brands and reinforce their relationship with their customer base. Especially in the luxury brand sector, managers should effectively address emotional values and apply appropriate marketing activities. Luxury brands, unlike other product categories, should maintain a distance from their customer base to keep their myth alive. Nevertheless, increased distance and limited accessibility could mean that consumers are unable to emotionally or hedonically connect with the luxury brand. On the contrary, marketing managers should keep in mind that even though a downward extension might lead to negative attitudes, it seems to unveil the hedonic motives of consumers. Therefore, they should exploit marketing activities to balance between maximization of profits, reduced risk, increased brand awareness and retention of the brand's exclusive aura. Consumers with positive luxury brand perceptions are those who shape more favorable attitudes towards upward extensions. As such, marketers should focus on them,

regardless of their need for hedonism. Instead, consumers with less positive luxury brand perceptions form more favorable attitudes towards downward extensions. In those cases, managers should take consumers' hedonism into consideration.

## 8. Limitations and Further Research

The main limitations of the study derive from the fact that it is place and context specific, as it was conducted in Greece and focused on luxury brand consumers. Moreover, snowball sampling was used to cater for the needs of the study. A more demographically diverse study however, would enhance the generalizability of the findings. Moreover, it would be interesting to focus on the moderating or mediating effect of different personal and interpersonal motives on attitude towards luxury brand expansion strategies. Future research endeavors could also focus on different mass marketing strategies, such as online shops and multiple selling points.

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## APPENDIX

### Tables

*Table I. Questionnaire scales*

Scale
<p><u>Perception towards exclusive, scarce profile of the considered brands (Dubois, Laurent and Czellar (2001))</u></p> <ol style="list-style-type: none"> <li>1. Few people own a Louis Vuitton/ Hugo Boss brand.</li> <li>2. Today, everyone should have access to Louis Vuitton/ Hugo Boss brand.</li> <li>3. Louis Vuitton/ Hugo Boss cannot be mass produced.</li> <li>4. Louis Vuitton/ Hugo Boss cannot be sold in supermarkets.</li> </ol>
<p><u>Luxury brand perceptions- Beliefs about the core benefits of luxury (Wiedmann, Hennigs and Siebels (2009))</u></p> <ol style="list-style-type: none"> <li>1. In my opinion, luxury is really useless,</li> <li>2. In my opinion, luxury is just swanky</li> <li>3. In my opinion, luxury is pleasant</li> <li>4. In my opinion, luxury is old fashioned</li> <li>5. In my opinion, luxury is good</li> <li>6. Luxury products make life more beautiful</li> <li>7. I am not interested in luxury</li> </ol>
<p><u>Hedonism (Wiedmann, Hennigs and Siebels (2009))</u></p> <ol style="list-style-type: none"> <li>1. Purchasing luxury brands can be seen as giving me gifts to celebrate an occasion luxury brands as</li> </ol>

<p>gifts I buy for treating myself,</p> <p>2. When in a bad mood, I may buy luxury brands as self-given gifts for alleviating the emotional burden,</p> <p>3. Reward for hard work or that I feel I have earned or am entitled to is an important motivator for my luxury consumption,</p> <p>4. To me, luxury consumption is a way to reduce stress,</p> <p>5. I enjoy spending money on things that aren't practical,</p> <p>6. I usually buy only the things I need,</p> <p>7. Buying things gives me a lot of pleasure,</p> <p>8. Luxury brands are one of the sources for my own pleasure without regard to the feelings of others,</p> <p>9. I can enjoy luxury brands entirely on my own terms no matter what others may feel about them,</p> <p>10. For me as a luxury consumer, cultural development is an important motivator,</p> <p>11. Purchasing luxury brands provides deeper meaning in my life,</p> <p>12. Self-actualization is an important motivator for my luxury consumption,</p> <p>13. Luxury consumption enhances the quality of my life.</p>
<p><u>Attitude towards upward/ downward extensions (Völckner and Sattler (2006))</u></p> <p>1. In evaluating a new [product category] product, I could trust [brand name],</p> <p>2. [Brand name] is a likeable brand,</p> <p>3. I relate to [brand name].</p>
<p><u>Brand Familiarity (Simonin and Ruth (1998))</u></p> <p>1. This brand is familiar/unfamiliar,</p> <p>2. This brand is recognized/did not recognize,</p> <p>3. I had heard of/had not heard of the brand before</p>

*Table II. T-test*

	df	F	t	p	Means (SD)	
Perception towards Louis Vuitton and Hugo Boss brand profiles					Louis Vuitton	Hugo Boss
Between Groups	511,1	11,093	33,319	,000	3.71 (0.73)	1.90 (0.53)

*Table III. Moderation analysis for Louis Vuitton and Hugo Boss*

	Attitude toward upward extensions			Attitude toward downward extensions		
	<i>b</i>	<i>t</i>	<i>SE</i>	<i>b</i>	<i>t</i>	<i>SE</i>
Luxury brand perceptions	.26**	3.38	.08	.21**	-2.89	.08
Hedonism x Luxury brand perceptions	-.008	-.137	.06	-.086*	-2.146	.07
Moderator				<i>Index</i>	<i>LLCI</i>	<i>ULCI</i>
Hedonism (L.V)				-.0077	(-.1179, .1026)	
Hedonism (Hugo Boss)				-0.0856	(-.1642, -.0071)	

\* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$

## Figures

*Figure I. Slope analysis for attitude towards downward extensions*

