

# EVALUATION OF BRAND EXTENSIONS: THE CASE OF FRAGRANCES

José Antonio Fonseca Figueiredo

[jose.figueiredo@esg.ipsantarem.pt](mailto:jose.figueiredo@esg.ipsantarem.pt)

Escola Superior de Gestão e Tecnologia de Santarém

## **Abstract.**

*Purpose:* To explore the intentions and the influences that determine the consumption of fragrances, inferring about the symbolic meaning of its purchase. Additionally, it tries to evaluate whether fragrances are a success, as an extension of a luxury brand. Fragrances are part of the market of personal luxury goods, which represents the second most important segment of the luxury industry. Luxury brands have been implementing new marketing strategies, such as the use of brand extensions. *Design/methodology/approach:* This study adopts a qualitative approach in the form of in-depth interviews with consumers of fragrances. This involved interviews with 15 regular consumers of fragrances in a luxury fashion store in the region of Lisbon. *Findings:* This research indicates that fragrances are a fundamental product, used in a daily basis, which allows the consumers to show some distinctive personal characteristics. Respondents see the fragrances used as an extension of a luxury brand as a success, particularly to the brand, which could be a sign of an improved level of investments in the future, in this type of strategy, from the owners of the luxury brands. *Originality/value:* An empirical understanding of the importance of extensions in the strategic marketing of luxury brands could be an effective support to luxury brand management.

**Keywords:** luxury branding, brand extensions, fragrances, marketing strategy.

## **1 Introduction**

The overall luxury market represented a value of 850 billion euros in 2014, according to Bain (2014-1), the management consulting company. Globally, in 2014, market enjoyed a growth of 7% for the year, with luxury cars growing 10%, and luxury hospitality growing 9%, representing the best performers among all segments.

The entire luxury industry comprises nine segments in total. The market of personal luxury goods is the second most important segment and it represented a value of 223 billion euros in 2014, with 2% a market growth.

Accessories are the main important category of the market of personal luxury goods. Leather products and shoes are the top performers, in terms of growth, from accessories category. In terms of market size value, leather products, watches, cosmetics, menswear, womenswear and fragrances, are the main important products belonging to the accessories category (Bain, 2014-1).

Consumers all over the world gave more importance to the luxury goods during the last 20 years (the market of personal luxury goods has nearly tripled for the period, according to Bain, 2014-1). But actual size of luxury goods market put us a question related with the real concept linked with luxury. From Kapferer and Bastien (2009-1), we learnt different expressions connected with luxury, like trading-up, new luxury, mass luxury, *masstige*, *opuluxe*, hyper-luxury, luxury fashion, etc. The idea of different levels of luxury, each one representing a different segment or a nuance or another form of luxury, is opposed to the traditional luxury's idea.

The discussion about the luxury concept is limited particularly by two sides: one, from a social standpoint; another, from a marketing management perspective. Luxury is a culture, as referred by Kapferer and Bastien (2009-1), which gives us the starting point from the social side. From the management side, the pressure from the market rises against owners of luxury brands, especially small-owned family firms, because they need capital to invest in marketing activities (Nueno and Quelch, 1998). Otherwise they need to sell the business to companies like LVMH (owner of many brands, like Dior, Guerlain, Loewe, etc.) and Vendome (owner of Montblanc, Dunhill and Cartier).

Traditional luxury brands have started their expansion through brand extensions, particularly into categories such as perfume and accessories businesses (Aaker, 1991). As expressed by Kapferer and Bastien (2009-2), brand extensions allow luxury brands to grow more quickly, without being limited purely by an organic growth. But, for Stankeviciute and Hoffmann (2011), the way a brand extension works for a consumer brand is different than to a luxury brand.

The main aim of this article is to understand the influences surrounding the consumption of fragrances. Additionally, as a second priority, to evaluate if these fragrances are a success as a luxury brand extension. Specific objectives of this article are as follow: i) to understand if fragrances can overcome the challenges connected with the strategy of a luxury brand extension; ii) to verify if a luxury brand can increase the brand image of a fragrance; iii) to identify the main reasons that supports the buying process of a fragrance; iv) to identify which are the main values connected with the consumption of luxury products with a greater impact on the buying process of a certain fragrance.

The article starts by a review of the literature, concerning the wide concept of luxury, but also covering luxury products and luxury brands. Afterwards, it is described the methodology used to evaluate the way consumers use and their attitudes toward fragrances as an extension of luxury brands. The article ends with concluding remarks concerning the view and perception of consumers of fragrances, particularly in relation with luxury brands, and suggestions for future research.

## **2 Literature review**

Luxury is something far from simple and particularly very complex to define. Luxury is a social phenomenon, as referred by Kapferer and Bastien (2009-1). To broaden the situation, Nueno and Quelch (1998), claimed that “the appeal of luxury brands has become global”.

In the first part of the review, it will be evaluated the concept of luxury and related issues, like luxury products and luxury brands. Afterwards, it will be dealt the motivation connected with the consumption of luxury products and the gradual democratization of luxury. Finally, the literature concerning extensions of luxury brands.

## **Concept of luxury**

According to Sekora (1977, p. 23), luxury is “anything unneeded“, which gives us some idea of conspicuousness. For Kapferer and Bastien (2009-1) luxury has the fundamental function of recreating social stratification, particularly in the past, when the rich Bourgeois were not allowed to dress like aristocrats, and in modern days, when someone waits two years for getting a Ferrari.

Kemp (1998) argues about the distinction between luxury and necessity, using the concept of elasticity. If a household spend more in luxury goods, it means the household income is rising. Additionally, purchases of the more dispensable luxuries decline more sharp with price rising (if the price of necessities rise, the quantity purchased declines relatively little).

The complexity and difficulty to get a clear concept of luxury is given by Vigneron and Johnson (2004), when they assume in their framework that personal and interpersonal aspects are included in the context of luxury. From one side, prestige and status will support the personal ego of someone that buys a high priced product, but at the other side, the value of the product needs to be seen also by others beyond the buyer.

Luxury has traditionally been associated with exclusivity, status and quality, according to Atwal and Williams (2009). Modern consumer continues to embrace luxury, as products and services with a higher level of quality and taste.

“Luxury defines beauty; it is art applied to functional items”, according to Kapferer (1997). This author reinforces the idea when he compares luxury with good taste and even considering it, the product of the passion of a creator.

## **Luxury products and luxury brands**

According to Berry (1994), luxury goods are refinements of basic human needs and partially determined by its natural desirability. Nevertheless, luxury delights people, rather than simply trying to alleviate a state of discomfort, as in the case of necessities.

For Mason (1984), the conspicuous consumer can only find some satisfaction from luxury products, when he finds some good reaction from a certain audience, rather than the mere use of the products.

Alleres (1990) has developed a hierarchy of luxury products linked with each socio-economic dimension. Following an idea of an evolution of luxury products, the author assumed that: at the top of the pyramid, the elite consumes inaccessible luxury; at the middle of the pyramid, the professional social class uses an intermediate luxury; and at the bottom level, the middle class uses an accessible luxury.

Vickers and Renand (2003) argue that luxury goods are modifications of a base product. Additionally, these authors concluded that luxury products, as opposed to normal or “non” luxury products, exhibit a distinctive mix of three important dimensions of instrumental performance, such as: functionalism, experimentalism and symbolic interactionism. Every luxury product has a functional aspect related with the needs that motivate the consumer to search this product to solve a specific problem. The experiential symbolism is related with the sensory pleasure and the cognitive stimulation that a luxury product gives to a consumer. Symbolic interactionism is related with the needs of self-enhancement and group membership that someone who buys a luxury product try to collect.

In a different perspective, Heine and Phan (2011) have concluded that consumers have the perception that luxury products have six major characteristics, such as: price, quality, aesthetics, rarity, symbolism and an extraordinary character. Regarding this, it is not necessary that a luxury brand possesses a maximum level of all mentioned characteristics, particularly because consumer’s purchase decision depend on the comparison between expectations that they have concerning a product and the perception of the attributes and the benefits given by the product.

For Keller (2009), luxury brands are one of the purest examples of branding, particularly because the image of luxury brands are a key element of the competitive advantage that creates an enormous level of profits and wealth for many organizations. A clear definition of a luxury brand in comparison with a non-luxury brand does not exist according to Vigneron and Johnson (2014). These authors argue that the perception of what is a luxury brand, and what is not, it is dependent on the context and the people concerned (for example, some goods could be a luxury or a necessity for the same person in different situations).

Nueno and Quelch (1998) put the focus in a different way, when they refer that luxury brands are those whose ratio of functional utility to price is low, and the ratio of intangible and situational utility to price is high. According to these authors, traditional luxury brands share following characteristics, among others: consistent delivery of premium quality across all products in line; a heritage of craftsmanship; a recognizable style or design; a limited production run; and a global reputation.

According to Kapferrer and Bastien (2009-1) a luxury brand is built during a long time period, managing adequately the resources in a specific way, particularly respecting the luxury brand status. For these authors a luxury brand can't start from a launch and it will require a specific luxury strategy, especially trying to pull out from classic principles of marketing connected with consumer goods.

The existence of beauty is not a sufficient ingredient to define a luxury product. Technical excellence is also a needed ingredient to develop and to produce a luxury good. According to Dion and Arnould (2011, p. 504), "a luxury good represents simultaneous aesthetic and technical excellence".

### **Motivations regarding consumption of luxury goods**

The number consumers of luxury in the world has more than tripled over the last 20 years. The luxury market have exploded from 90 million consumers in 1995, to 330 million at the end of 2013 (Bain, 2014-2). According to Christodoulides *et al* (2009), this consumer's growth is largely driven by a change in socio-economic and demographic factors, together with an increase in household income.

More than the utility of a luxury good, a particular branded product gives prestige and status to the user (Grossman and Shapiro, 1988). Many other consumers can find intangible assets in the usage of a luxury product, such as sensory pleasure, aesthetic beauty and even excitement (Hur *et al*, 2014).

Vigneron and Johnson (1999) proposed a framework of luxury-seeking consumer behavior which has included five perceived values, such as: conspicuousness, perceived uniqueness and perceived quality (these three dimensions reflect non-personal perceptions); perceived hedonism and perceived extended self (these two dimensions reflect personal oriented

perceptions). Concerning personal perception, consumption of luxury goods is related with models of hedonic consumption and extended personality (Vickers and Renand, 2003). In a different perspective, luxury is identified in terms of their psychological value, as a status symbol and with an experience that is congruent with a personal self-concept (Fionda and Moore, 2009).

Constructs regarding conspicuousness and status had different perceptions, according to a research developed by O’Cass and McEwen (2004). Young males (between 18 and 25) may place more importance on the conspicuousness of the product usage versus other groups. Additionally, these authors found that self-monitoring influences the desire for status consumption, but not that for conspicuous consumption. They conclude, “people who have different self-monitoring or conspicuous consumption tendencies use products for different reasons” (O’Cass and McEwen, 2004, p. 35).

Segmentation of the luxury market is seen in a different way by many authors. For Dubois *et al* (2005), the luxury market could be divided in three segments: the elitists (people that feels luxury is appropriate for a small elite), the democrats (they believe everyone should be able to have access to luxury products) and the distance segment (they feel far from luxury products, because they don’t be attracted by these products).

Wiedmann *et al* (2009) have proposed four segments, based on a conceptual model with four different types of value connected with luxury products: financial value (price value), functional value (usability, quality and uniqueness value), individual value (self-identity, hedonic and materialistic value) and social value (conspicuousness and prestige value). The first segment are the materialists (they emphasize the hedonic value of luxury products). The second segment are the rational functionalists (they like the quality standard connected with exclusive luxury products). The third segment are the extravagant prestige seekers (they buy a certain luxury brand to impress others, rather than to satisfy themselves). The fourth segment are the introvert hedonists (for them, luxury refers to exclusivity and to products that are not for mass consumption).

### **Democratization of luxury**

The demand of luxury products are increasing, particularly in emerging markets (Hudders *et al*, 2013). The economic improvement worldwide and an increased consumption of luxury goods from lower classes in many countries helped the expansion of luxury products (Truong, 2009).

The democratization of luxury brands could be seen as a process, where brands try to target non-traditional wealthy clients, through new product lines, new brand or product extensions to market their products to middle-class consumers (Vigneron and Johnson, 2004).

A higher level of income from middle classes is bringing them to the experience of new-luxury goods, according to Silverstein and Fiske (2003). The middle class aspires to get products with a better perception of quality, that is what Atwal and Willians (2009, p. 339) called “the luxurification of society”.

Trading-up phenomenon is seen in different ways. From one side, the new-luxury goods are developed by people outside traditional luxury brands, trying to profit from their weaknesses, such as a very expensive price, and taking place in many products and services (Silverstein and Fiske, 2003). In another side, trading-up concept is seen far from luxury, because it doesn't have a sociological dimension, once people tries to treat themselves in a better way by indulging in buying something better and more expensive, but without the social stratification connected with luxury products (Kapferrer and Bastien, 2009-1).

Alleres (1990) proposed the integration of the so-called accessible luxury, targeted to the middle class, in the bottom of the pyramid of the luxury goods products. Silverstein and Fiske (2003) have distinguished three major types of new-luxury goods: accessible superpremium (products with price near the top of their category); old-luxury brand extension (lower priced versions of goods that have traditionally been affordable only by the rich); mass prestige or masstige (products with a higher price versus conventional products, and a lower price versus superpremium and old-luxury goods).

New luxury brands have a superior level of prestige when compared with middle range products, even though they are sold with a small increase of price versus middle range products. This new luxury brands strategy it is called a masstige strategy (Truong *et al*, 2009). The success of a luxury brand is linked with its exclusivity and high price. The

critical factor of success of a masstige strategy is the balance between the prestige differentiation and the price premium, from new luxury products versus middle range products (Truong *et al*, 2009).

### **Extensions of luxury brands**

Brand extensions refers to the launch of new products and services through the usage of an established brand (Keller, 2003). In their strategy of expansion, companies try to reduce risks and to strengthen synergies, when they launch new products and services using these established brands (Albrecht, 2013).

Following the process of democratization of luxury, many traditional luxury brands developed their own masstige strategy, particularly through the creation of a new brand or a product extension. The use of a brand extension strategy has become fundamental in the business model of many luxury brands, allowing them to take profits from one of their main important asset, the brand image (Kapferer, 2008).

According to Jackson (2004), four main categories of luxury goods can be identified: fashion, perfumes and cosmetics, wines and spirits, watches and jewelry. Recently, Chevalier and Mazzalovo (2008) added more categories, such as: luxury automobiles, hotels, tourism, private banking, home furnishing and airlines. Brand extension strategy has started when high fashion brands have started selling perfumes and accessories (Stankeviciute and Hoffmann, 2011). Brands like Louis Vuitton, Prada or Chanel have moved from their core business, opening the way to new brand extensions in fashion, accessories, clothes, fragrances, watches, and jewelry (Kapferer, 2008).

Luxury brands can benefit from brand extensions. Nevertheless, every time a luxury brand creates an extension, launching a new product or a service, it can make some damage to the original brand image, particularly if the qualities of the parent luxury brand are not replicated in the extension, as happened to Mercedes-Benz with its model Class-A (Stankeviciute and Hoffmann 2011).

The masstige strategy can bring some reward to the parent luxury brand, but it could happen the worst, especially in the case “every masstige product, therefore, is a candidate for death in the middle”, as referred by Silverstein and Fiske (2003, p.57). The perception

of the consumer in what concerns the consistency between the brand extension and the parent brand it is the key element to predict a brand extension success (Aaker and Keller, 1990).

Consumers buy luxury brands through their symbolic dimension, such as status, rather than their functionality. As opposite to fast moving consumer goods, that rely basically on the functionality dimension, the marketing strategy of luxury brands and of their extensions should focus on the symbolic component (Riley *et al* 2004).

### **3 Methodology**

The available information regarding the subject of this article is scarce and even poor, which brings us to consider a qualitative methodology, and explicitly to conduct an exploratory research as the most appropriate way to gather additional information in order to understand in a better way the problem concerning this investigation. In qualitative studies, data can be collected through interviews, allowing to find some pattern regarding the phenomena of interest (Sekaran, 2003).

There are three main reasons that supports the implementation of an exploratory study in this specific research. First, the information regarding the influences surrounding the consumption of fragrances is very limited, which brings us to run a preliminary work just before a possible future development into a model. Second, extensive interviews with many people could be a good source of information to better understand the subject of this research. Third, data collected in some qualitative studies, through interviews, are exploratory in nature (Sekaran, 2003).

A qualitative research can be made when we are facing a complex phenomena, and particularly “the nature of what respondents are expected to describe may be difficult to capture with structured questions” (Malhotra and Birks, 2005, p. 135). The usage of depth interviews is a common qualitative research technique, which is an unstructured way of obtaining information, conducted on a one-on-one basis. Through this technique, the interviewer can uncover underlying motivations, beliefs, attitudes, and feelings of the respondent, regarding the subject of the research.

Once the interviewer gained access to a potential respondent, the one should begin by explaining the purpose of the interview, afterwards starting to ask unstructured questions in order to get perceptions and attitudes concerning the consumption of fragrances, especially in what concerns brand extensions.

Every interviewee faced five blocks of questions, regarding these main subjects: 1) "Usage and consumption of fragrances"; 2) "Buying process of fragrances"; 3) "Last purchase of fragrances"; 4) "The influences around the consumption of fragrances"; 5) "Attitudes toward the usage of fragrances as a brand extension". At the end of each interview, every respondent held an exercise, in which they needed to choose one of the presented fragrances and to justify their choice.

### **Preparation of data collection**

This research covers specifically consumers or buyers of fragrances of luxury brands. Therefore, respondents of this research will have following characteristics: usual buyers of fragrances of luxury brands; people with higher/medium income; living in the region of Lisbon.

The selection of the most appropriate location to get a minimum of 15 respondents was established on following criteria: 1) a luxury brand store, which sells fragrances, operating in a prestige location; 2) the selected brand store should have a luxury brand image; 3) it is necessary to have appropriate facilities to accommodate properly respondents.

In order to identify clearly the most adequate store that meets these requirement, it was established the following: one of the top three luxury brand stores in Portugal selling fragrances; the store should be located in one of the most prestigious malls in the region of Lisbon.

Founded in 1969, in Paris, Sephora, the arm of LVMH selective retailing company, is one of the best retail operators of fragrances, and especially of luxury brands (LVMH, 2014). The selected shop operates in the region of Lisbon, in one of the most prestigious mall, Cascaisshopping.

Respondents of this research were selected from the clients of Sephora, starting the process with a short inquiry, in which they have to answer to the following questions: 1) if the

client was a regular buyer of fragrances; 2) brands they buy regularly; 3) if their usual residence is in the region of Lisbon. After finishing this brief inquiry, and if the respondent usually buys fragrances belonging to a luxury brand, the interview will move to the second step. This new step of the interview was conducted in a small room of the shop, in order to get an adequate ambiance that it will allow the possibility to record the entire conversation.

After the selection of the respondent, the second part of the interview has started from a brief information concerning personal data; after that, it was requested the level of usage and type of fragrances normally bought; then, the conversation was focused on the consumer buying process, covering also the frequency of buying to give to other people or even to himself; hereafter, it was requested the memory concerning the last purchase; next, the focus were the influences that the customer brings to a purchase of a certain luxury brand of fragrances; ultimately, the usage and consumption of fragrances as an extension of a luxury brand, particularly in what concerns connectivity between the product and the parent brand.

The interviews were transcribed, and all the information was codified and analyzed, with the help of software MaxQDA 11. The key points developed along the interviews, the frequency of occurrence, the patterns between different answers from respondents and the findings were compared with literature on the subject and the area of investigation.

#### **4 Results and analysis**

A generic profile of the interviewees will be presented, especially connected with their usages of fragrances. Afterwards, it will be analyzed the findings concerning the fragrances' buying process. The next subject, will cover the influences around the consumption of fragrances. Finally, it will be dealt the evaluation of fragrances as an extension of a luxury brand.

##### **Usage and consumption of fragrances**

As seen in Figure 1, interviewees were predominantly female, having a degree and assuming a medium/higher level income. A majority of the respondents had used fragrances belonging to luxury brands and a part of them have consumed also fragrances of

non-luxury brands. Throughout the interview were cited, among others, the following luxury brands, Dior, Chanel, Dolce & Gabbana and Armani. Some respondents reporting using some fragrances belonging to non-luxury brands, such as Hugo Boss and Carolina Herrera.

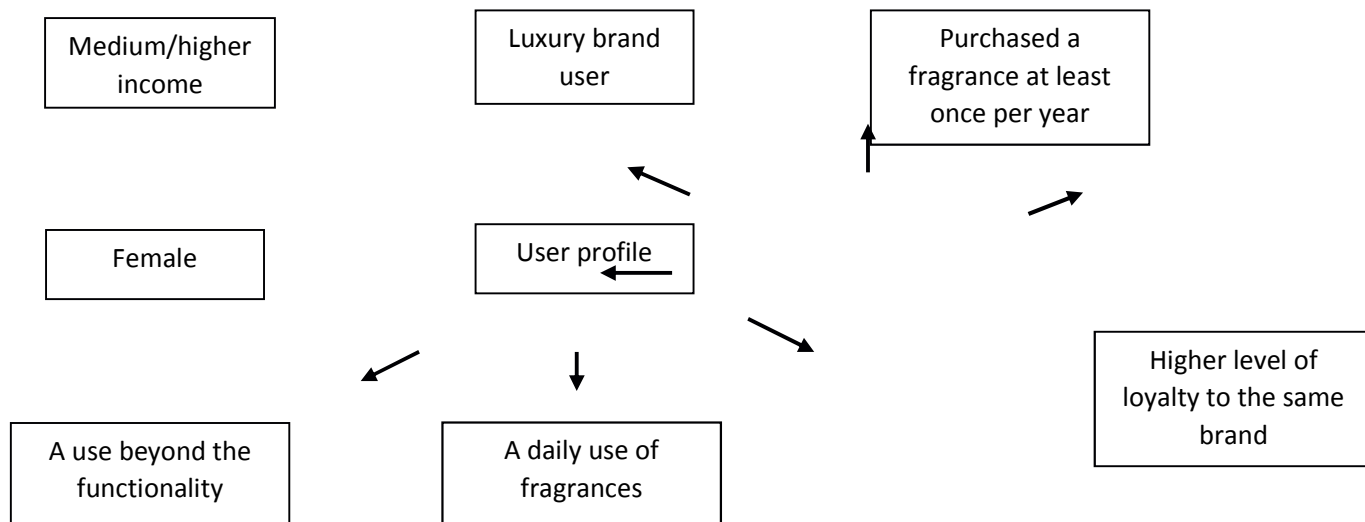


Figure 1: User profile

Concerning the buying frequency, all respondents said they bought fragrances at least once a year, for their own consumption. Two of them bought once per month. One of them mentioned that “I buy once per year, but normally I buy the bigger size format”. Concerning the specific purpose of buying fragrances, all but three respondents usually buys fragrances to give to other people. Christmas it is referred as the normal season to buy fragrances to give to others.

The entire group of respondents did not have a complete loyalty to the consumption of the same brand. But, a great majority of respondents have assumed a higher level of loyalty to the same brand. One of those respondents have mentioned “I usually buy the same fragrances of the brands that I like, because fragrances are part of my identity”. Another interviewee referred a different angle, saying “I usually buy the same brand, because people normally mold themselves to the specific details of a fragrance of a brand”.

The usage of fragrances every day is common for all interviewees, with the exception of one. A respondent says “it’s a habit, I can’t leave home without putting a fragrance”. Another person puts a different tone, “my definition of being well tidy it is related with the usage of fragrances”. Other sentences are as follow: “I’m feeling in a good shape with the perfume, with the aroma”; “I like to feel with a fresh air”; “I like to feel the aroma, to feel the scent and that’s makes me feel good”.

The focus of the usage of fragrances from the interviewee perspective, it goes beyond its functionality, particularly when respondents put the tone on the psychological effect, when they see the fragrance as an element of its own identification, a part of feeling well, and as an element of sensuality.

**Buying process of fragrances**

The most important criterion to select a fragrance, according to the majority of the respondents, it is the durability of the aroma, or the way the fragrance remained fixed in the skin. The aroma could be fresh, strong, floral, fruity or sweet, but each consumer will use the one which fits best with its preference. An interviewee refers this “I like the way the aroma remains in my skin, I like to feel in a good way, even sensual”, another one puts the focus on a single characteristic, a fragrance “with a specific aroma”.

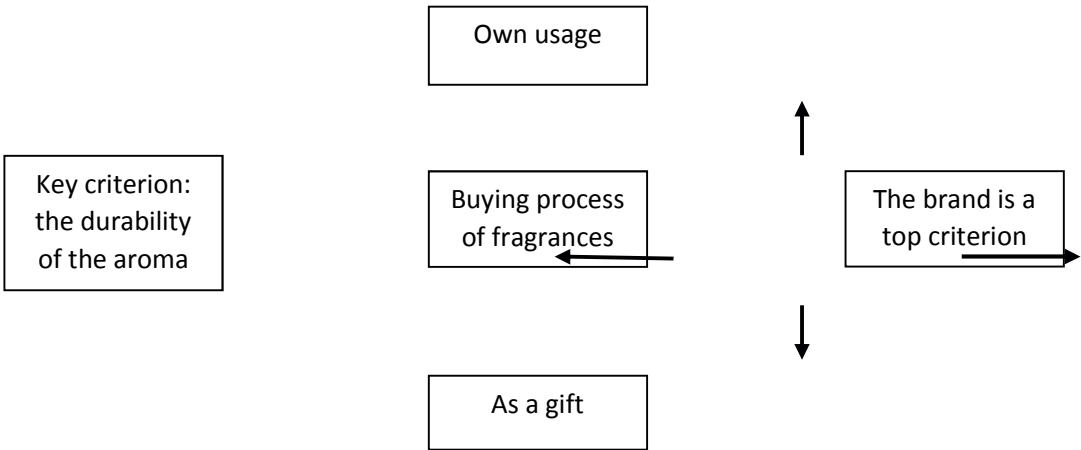


Figure 2: Buying process of fragrances

Other criteria chosen by respondents are typically emotional ones, as expressed by an interviewee, “the criteria that I’m used to buy fragrances, it is connected with my identity and with my experiences from the past”. This type of consumer doesn’t buy a fragrance in a strict relationship with the aroma, but according to the emotions and the sensations related sometimes to some actual experience or from the past.

According with Figure 2, the importance of the brand is considered in a different way, if the consumer is buying for their own usage, or if the main purpose it is to give the fragrance as a gift. Only four respondents have expressed the idea of the brand, as a less important driver of the fragrance’s buying process. One of these interviewees has mentioned their view in this way: “the reason that I like a fragrance, it is not because it is from Yves Saint Laurent or from Dior”.

The entire group of respondents had admitted to consider the brand as a top criterion to choose a fragrance, in the case of buying the product to give to other people. Even the respondents that do not consider the brand as a top priority, in the case of buying the fragrances for themselves, they have expressed a different view in the situation of buying the product for a gift purpose, in this way, “in this case, I will consider the brand”.

### **The influences around the consumption of fragrances**

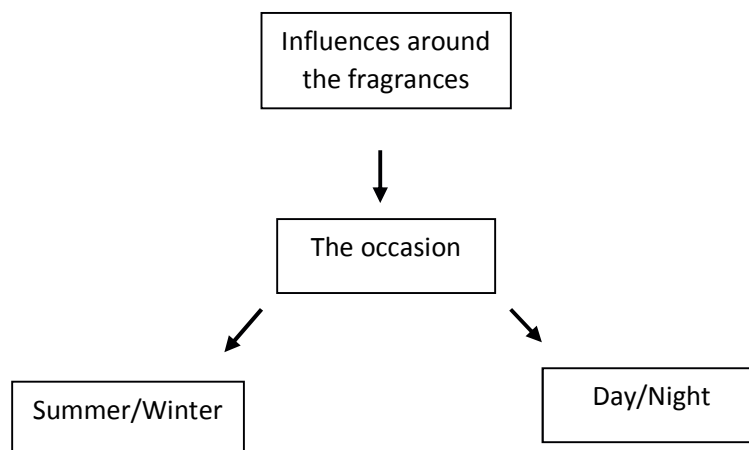


Figure 3: The influences around the consumption of fragrances

As we can see in Figure 3, almost all respondents have assumed that they normally consume fragrances depending on the occasion. The respondents have expressed the idea that they have used different type of fragrances for the winter in comparison with the summer season. The argument it is similar to the split between day and night. One interviewee has referred, “one fragrance it is related with a moment, and when we have a change, for instance, when becomes hotter or colder, or if it is night or day, or when we have a change in our humor, the fragrance will change also”.

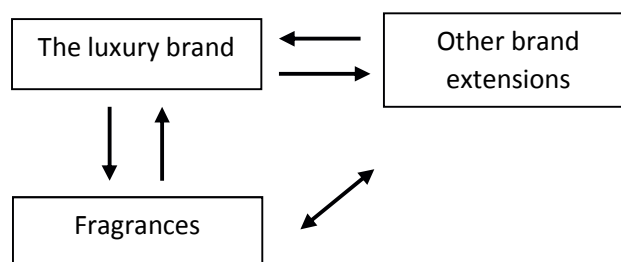
Another interviewee has mentioned a similar approach, “some days, I like to use a smooth aroma, because I’m feeling like a young girl, or in another situation, when I’m wearing something pink, I like to use a floral aroma”. Same idea has been expressed by other respondent, “a special fragrance will be used for a walk out or a special dinner”.

For the majority of respondents, the high price of a luxury brand will not work as a bad influence. For them, a fragrance belonging to a luxury brand, normally has a perception of high quality. This perception is connected with a higher durability of the aroma and its exclusivity. One interviewee has expressed in this way, “the value of a luxury brand is connected with its innovative characteristic”.

The most important attribute for a fragrance belonging to a luxury brand, it is the durability of the aroma, according to the majority of interviewees. Other important attributes for a fragrance are: exclusivity, comfort, elegance and sophistication.

### **The evaluation of fragrances as an extension of a luxury brand**

Only three respondents have assumed that they didn’t bought any other products from the luxury brand, beyond the fragrances. In addition to fragrances, all other respondents bought more brand extensions, like cosmetics, clothes and shoes.



#### Figure 4: The evaluation of fragrances

As we can see in Figure 4, the majority of the interviewees find a fit between the parent brand and the fragrance. For these persons, the pattern of the parent brand exists when they consume the fragrance. One of the interviewees supports this idea when he says “there is a logic when someone buys a fragrance and uses it, he feels the sophistication and elegance of the brand”. Two interviewees have opposed to this idea, particularly because they consider the patterns of the parent brand did not exist in fragrances, especially if there is a comparison with other extensions of the same brand.

The majority of the respondents have considered that brand associations, between parent brand and brand extension, exist in packaging or in the design of the fragrances that they have used. One respondent argues “I think the design of the fragrance respects the history of the brand”. Another one refers “the bottle and the packaging are consistent with the brand”. Others showed a complete delight with the brands, such as “I think the design is cute, it’s definitely Yves Saint Laurent”, and “In the case of Miss Dior, the bottle is so beautiful”.

Some of the respondents have opposed the idea of a clear similarity between the luxury brand and their fragrance extension. One of them argued “I think the bottle and the packaging of the fragrance of Chanel that I use, it is poor, and I think they need to change”. Another respondent repeats the same argument, “Chance, the fragrance of Chanel, has a very simple and unsophisticated bottle, clearly in the opposite side of Chanel, which has normally products with refinement”.

The entire group of respondents has supported the idea that fragrances don’t damaged the image of the luxury brand. Additionally, they share the same argument concerning the positive link between the luxury brand and the fragrances, especially concerning the high quality level.

## **5 Conclusions**

Data collected from this research show that fragrances are used in a daily basis, acting as part of the identity of the consumers. Sometimes, the choice of a fragrance is connected with the season or the emotionality of the consumer. Durability and technical excellence seem to be the most important criteria to choose a fragrance. Nevertheless, the emotions and sensations that consumers got from a fragrance reflect also a fundamental criteria of choice.

Respondents to this research have showed a high level of loyalty to the brands that they are used to buy, particularly in the case of luxury brands. These users normally have a perception of exclusivity and high quality, which supports a regular choice from high income consumers.

The relationship between a luxury brand and their fragrance extension is appropriate according to the views reflected in this research. The characteristics of the parent brand, particularly sophistication and elegance, normally exist in the fragrance extension. A part of the success of fragrances remained connected with the values of luxury brands, especially exclusivity and premium price.

### **Limitations and further research**

This research has limitations, particularly related with its dimension and its focus in the region of Lisbon. A future research can overcome these limitations, particularly considering a bigger sample and covering a larger part of the country. Secondly, investigating other extensions of luxury brands and also evaluating the relationship and influences from the parent brand.

### **Bibliography**

- Aaker, D., Keller, K. (1990), Consumer evaluations of brand extensions, *Journal of Marketing*, Vol.54, January, pp. 27-41.
- Aaker, David A. (1991) *Managing Brand Equity*, The Free Press, New York.
- Albrecht, C. M., Backhaus, C., Gurzki, H. & Woisetschläger, D. M. (2013). Drivers of brand extension success: What really matters for luxury brands. *Psychology & Marketing*, 30(8), 647-659.

- Alleres, D. (1990), "Luxe - Strategies Marketing", *Economica*, Vol. No 1
- Amatulli, C. & Guido, G. (2011). Determinants of purchasing intention for fashion luxury goods in the Italian market: A laddering approach. *Journal of Fashion Marketing and Management: An International Journal*, 15(1), 123-136.
- Bain & Company (2014-1), Luxury Goods Worldwide Market Study Fall-Winter 2014: The rise of the borderless consumer. Available in <http://www.bain.com/publications/articles/luxury-goods-worldwide-market-study-december-2014.aspx>, 9 of October 2015.
- Bain & Company (2014-2), Luxury Goods Worldwide Market Study Winter 2014, Available in <http://www.bain.com/publications/articles/luxury-goods-worldwide-market-study-winter-2014.aspx>, , 9 of October 2015.
- Bellaiche, J. M., Eirinberg Kluz, M., Mei-Pochtler, A., & Wiederin, E. (2012). Luxe redux: Raising the bar for the selling of luxuries. The Boston Consulting Group. Retrieved April 12, 2013, from <http://www.luxesf.com/wp-content/uploads/2012/06/BCG-Luxe-Redux.pdf>
- Berry, C.J. (1994), *The Idea of Luxury: A Conceptual and Historical Investigation*, Cambridge University Press, Cambridge, MA.
- Chevalier, M. and Mazzalovo, G. (2008), *Luxury Brand Management: A World of Privilege*, Wiley & Sons, Singapore.
- Christodoulides, G., Michaelidou, N. & Li, C.H. (2009). Measuring perceived brand luxury: An evaluation of the BLI scale. *Journal of Brand Management*, 16(5), 395-405.
- Dion, D. & Arnould, E. (2011). Retail luxury strategy: assembling charisma through art and magic. *Journal of Retailing*, 87(4), 502-520.
- Dubois, B., Czellar, S. & Laurent, G. (2005) Consumer segments based on attitudes toward luxury: empirical evidence from twenty countries. *Marketing Letters*, 16, 2, pp. 115–128.
- Fionda, A. M. & Moore, C. M. (2009). The anatomy of the luxury fashion brand. *Journal of Brand Management*, 16(5), 347-363.
- GROSSMAN, G. M. , & SHAPIRO, C. (1988) Foreign counterfeiting of status goods . *The Quarterly Journal of Economics*, February, 79-100.
- Hudders, L., Pandelaere, M. & Vyncke, P. (2013). Consumer meaning making: The meaning of luxury brands in a democratised luxury world. *International Journal of Market Research*, (55), 69-90.
- Hur, W. M., Kim, M. & Kim, H. (2014). The role of brand trust in male customers' relationship to luxury brands1. *Psychological reports*, 114(2), 609-624.
- Jackson, T.B. (2004), *International Retail Marketing*, Elsevier Butterworth-Heinemann, Oxford.
- Kapferer, J. N. & Bastien, V. (2009-1), The specificity of luxury management: Turning marketing upside down. *Journal of Brand Management*, 16(5), 311-322.
- Kapferer, J. N. & Bastien, V. (2009-2), *The Luxury Strategy: Break the Rules of Marketing to Build Strong Brands*, Kogan Page Ltd, UK.
- Kapferer, J. N. (2008). *The new strategic brand management: Creating and sustaining brand equity long term*. London: Kogan Page.
- Kapferer, J.-N. (1997) 'Managing luxury brands', *Journal of Brand Management*, Vol. 4, No. 4, pp. 251–260.
- Keller, K. L. (2009). Managing the growth tradeoff: Challenges and opportunities in luxury branding. *Journal of Brand Management*, 16(5), 290-301.

- Keller, Kevin L. (2003), *Strategic Brand Management: Building, Measuring, and Managing Brand Equity*, 2nd ed., Upper Saddle River, NJ: Prentice Hall.
- Kemp, S. (1998), Perceiving luxury and necessity, *Journal of Economic Psychology*, Vol. 19, pp. 591 – 606.
- LVMH (2014). Annual Report. [http://r.lvmh-static.com/uploads/2015/04/lvmh\\_ra2014\\_gb.pdf](http://r.lvmh-static.com/uploads/2015/04/lvmh_ra2014_gb.pdf), retrieved November, 4, 2015.
- Malhotra, K. N. & Birks, D. F. (2005). *Marketing Research: An Applied Approach*, 2° Ed. European: Prentice-Hall.
- Mason, R. (1984), Conspicuous consumption: A literature review, *European Journal of Marketing* 18 (3), pp. 26 – 39.
- Nueno, J. L. & Quelch, J. A. (1998), The mass marketing of luxury. *Business Horizons*, 41(6), 61-68.
- O'Cass, Aron, McEwen, Emily (2004), Exploring consumer status and conspicuous consumption. *Journal of Consumer Behaviour*, Vol. 4, n° 1, pp. 25–39.
- Phau, I. and Prendergast, G. (2000) 'Consuming luxury brands: The relevance of the 'rarity principle''', *Journal of Brand Management*, Vol. 8, No. 2, pp. 122–138
- Riley, F. D. O., Lomax, W. & Blunden, A. (2004). Dove vs. Dior: Extending the brand extension decision-making process from mass to luxury. *Australasian Marketing Journal*, 12(3), 40-55.
- Sekaran, Uma (2003), *Research Methods for business – A skill building approach*, John Wiley & Sons, 4<sup>th</sup> edition.
- Sekora John (1977), *Luxury: the concept in Western thought, Eden to Smollett*, The Johns Hopkins University Press, Baltimore, USA.
- Silverstein, M. J. & Fiske, N. (2003). Luxury for the masses. *Harvard Business Review*, 81(4), 48-57.
- Stankeviciute, R & Hoffmann, J. (2011), The slippery slope of brand expansion. *Marketing Management*, 20, 26-31.
- Truong, Y., McColl, R. & Kitchen, P. J. (2009). New luxury brand positioning and the emergence of Masstige brands. *Journal of Brand Management*, 16(5), 375-382.
- Tynan, C., McKechnie, S. & Chhuon, C. (2010). ,Co-creating value for luxury brands. *Journal of Business Research*, 63(11), 1156-1163.
- Vickers, S. J. & Renand, F. (2003). The marketing of luxury goods: An exploratory study–three conceptual dimensions. *The Marketing Review*, 3(4), 459-478.
- Vigneron, F. and Johnson, L. W. (1999) A review and a conceptual framework of prestige-seeking consumer behavior. *Academy of Marketing Science Review* 3 (1) : 15 .
- Vigneron, F. & Johnson, L. W. (2004). Measuring perceptions of brand luxury. *The Journal of Brand Management*, 11(6), 484-506.
- Wiedmann, K., Hennigs, N. & Siebels, A. (2009) Value-based segmentation of luxury consumption behavior. *Psychology and Marketing*, 26, 7, pp. 625–651.