JÖNKÖPING UNIVERSITY
International Business School

Brand Extension Process

A Qualitative case study on Husqvarna and H&M

Acknowledgments

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Abstract

Bachelor thesis within Business Administration

Title:	Brand extension process: A Qualitative case study on Husqvarna and H&M
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Background: The role of brands in our everyday lives is becoming more and more significant. In fact, after some time we start to associate them with certain products and services. Meanwhile companies are aware of the fact that strong brand is a valuable asset. They use this asset in order to distinguish themselves among competitors as well as to expand their market share. One way of achieving that is through brand extension which is a strategy to expand a well-known brand into new product categories.

Problem: There is an extensive research that has been done on brand extensions from the perspective of the customers, however, the research on the company side of this phenomenon is relatively small.

Purpose: The purpose of this thesis is to investigate the process of brand extension from the perspective of firms from two different industries in order to fill the gap in the existing literature and expand the knowledge in this area.

Method: Multiple case study with semi-structured interviews with two companies from different industries in Sweden, Husqvarna and H&M, that have already existing well-established brand extension were conducted to collect empirical data on this topic. The analysis of the collected data was performed with the use of existing literature on brand extension.

Conclusions: The study has found that there are two drivers for extending the product offerings into new categories, the demand from the customer and the opportunity to expand the company's market share. Moreover, companies decide to launch their new products under the already existing brand name for two main reasons: to make use of the strong brand image that the customer's have in their minds and to save promotional costs. On the other hand, there are some challenges that the companies meet during the process of brand extension. One of them is creating awareness and demand among the customers. Finding the right supplier is also one of the challenges. There are several ways to deal with them that this study has discovered such as celebrity endorsement and training and education of the parties involved in this process.

Key words: Brand Extension, Brand image, Diversification

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1   Introduction

This section introduces the reader to the topic of this research. The background and the problem of the study are discussed and presented in addition to the purpose and research questions.

1.1   Background

We are exposed to various brands on a daily basis in our lives. After some time we start to associate them with certain products. For instance, Jeep, there is a great chance that the first association a person has in their mind when they hear this name is a car. However it's a fact that the company offers other products such as baby strollers under the same brand name. For a moment, many people might associate certain brands with only particular types of products but as companies create and develop a brand, they usually come to the point where they want to grow and expand their business by offering something new and unusual.

In order to be successful in the market place companies have to distinguish themselves from the competitors, one way of doing that is through the practice of branding where the word brand originates from. According Kapferer (2008) brand can be described as a name which has an influence on buyers by directing people's attention because they encompass elements of saliency, differentiability, intensity and trust. According to Aaker and Keller (1990) brands are the most important asset that a business has. Since the importance and the roles of brands in our everyday lives started to increase some companies began to exploit that asset by employing it in their growth strategies.

One such strategy is the diversification. The term "diversification" is usually associated with a change in the characteristics of the company's product line and/or market (Ansoff, 1957). In other words, diversification is the most radical and demanding out of all expansion strategies. Moreover, there are multiple ways to implement diversification strategy.Horizontal diversification refers to the development of new products or extension of current product lines to realize additional business from current customers (Liu & Hsu, 2011).

In order to perform implementation of horizontal diversification successfully, it is crucial for companies keep in mind such a valuable asset as brand is. Therefore, sometimes companies decide to introduce new products to the market using the same brand names. One of those strategies is brand extension which Keller and Aaker (1992) define as "use of established brand names to enter new product categories or classes" (p. 27). Extending brands beyond the original product category is considered to be beneficial for the companies in general because the expenses such as advertising, trade deals or price promotions for introduction of new products to the market are lower for already known and recognized brand name (Collins-Dodd and Louviere 1999; Tauber 1988). Many companies find this benefit attractive hence, up to 95% of all new product offerings that appear in the market are some form of extension (Lye et al., 2001). Another reason behind this extensive utilization of the extension strategies by the businesses is the belief that they establish and convey strong positioning for the brand, develop and increase the awareness, quality associations and ultimately augment the prospect of trial (Chen and Liu, 2004).

Moreover, since developing new offerings require investment many firms are trying to find ways to decrease the risks and costs that the new product introduction hold by marketing them as a brand extension, that is, by using the name of a well-known brand (Bhat & Reddy, 2001). As using established brand names could save cost to introduce a new product and reduce risk of new product failure (Hem et al., 2003). Moreover, there is a belief from the side of the marketers that brand extensions are evaluated favorably by consumers because they transfer positive attitudes or affect toward the parent brand to its extension (Bhat & Reddy, 2001).

1.2   Problem discussion

Extensive utilization of the brand extension as a tool to implement a diversification strategy from numerous companies in the last decades has grabbed the attention of many scholars. Most of the researchers made an emphasis on the relationship between the parent brand and brand extension (Keller & Lehmann, 2006; Park et al., 1991; Aaker & Keller, 1990). Additionally, other researchers investigate the effects of brand concept on customer attitudes towards the extension and the parent brand

(Thorbjørnsen, 2005) and also on the benefits and the impact of parent the perceived fit between the parent brand and extension (Bhat & Reddy, 2001).

The customer perspective of brand extensions has been studied so extensively, in fact, Czellar (2003) developed an integrative model of consumer behavior toward brand extensions based on a review of published literature between 1987 and 2001. The model puts emphasis on the knowledge and attitude development toward the extensions of the parent brand.

As mentioned above, there is a great deal of research done on the topic of brand extension from the customer side. However, after reviewing the literature on that topic we can say that only few studies have focused on the perspective of the companies. Therefore, some scholars have made a suggestion for further expansion of research on brand extension from a management perspective (Nijssen & Agustin, 2005; Czellar, 2003). In order to develop and increase the knowledge in the research area of brand extension in a broader perspective it is of a high importance to investigate the company side of this strategy.

1.3 Purpose

The research on brand extension concerning the company side is limited. Therefore, the main objective of this thesis is to investigate the process of brand extension from the perspective of firms. This investigation aims at filling a gap in the existing literature by contributing to broaden the knowledge on the entire process of extension of a brand into different product categories and by creating a better understanding of how companies deal with it.

1.4 Research questions

In order to carry out the objective of this paper the following research questions will provide boundary and direction:

1. *What are the main drivers for brand extension?*
2. *What are the reasons behind creating the new product categories under already existing brand name?*

3. What challenges does a company face while extending their brand and possible ways of overcoming them?

2 Frame of Reference

This section will present the theoretical framework that will provide a guideline for this thesis. The topics such as diversification, brand image, and brand extensions and its types along with customer evaluations of brand extensions will be put together in order to give a better understanding of brand extension.

2.1 Diversification

Nowadays every successful business in order to remain profitable has to maintain and increase its market share. As it is described in the Ansoff's matrix there are four types of expansion strategies: product development, market development, market penetration and diversification. Our field of research is focused around the diversification strategy, which requires giving up on existing patterns and finding new approaches and undiscovered methods (Ansoff, 1957). Diversification "calls for a simultaneous departure from the present product line and the present market structure" (Ansoff, 1957, p.114).

2.1.1 Types of diversification

There are three main types of diversification horizontal, vertical and lateral (Brockhoff, 1999). Vertical diversification refers to the moves up or down the supply chain and start with production of components or materials (Ansoff, 1957). Therefore, our research does not touch upon this area. Lateral diversification refers to creation of an absolutely new market for a new product and expand beyond company's core industry (Ansoff, 1957). The most important aspect of this definition for our research is that this type of diversification intends to serve new customer segment and our research is limited to targeting already existing customer segment. Last but not least, horizontal diversification refers to the launching of a new product category in order to realize additional income from existing customers (Liu & Hsu, 2011). This type of diversification is build upon the recognition of the importance of existing resources (Teece, 1982). Therefore, this type of diversification complies with our research field.

2.1.2 Marketing strategies for new product introduction

While applying diversification and expanding its market share, companies often use different marketing strategies such as pull and push strategies.In the next section these two strategies will be explained in detail.

2.1.2.1 Push strategy

According to Bax and Woodhouse (2013) a push strategy is a marketing strategy that companies use in order to "push" products or services through dealers or retailers to end customers. Companies use push strategy in order to create demand among its customers (Bax & Woodhouse, 2013). In order to apply push strategy manufacturer of the product has to offer it to distributors and retailers then it has to reach the end customer (see Figure 1). Push strategy is used in cases when relatively new product is launched and purchase is unplanned (Bax & Woodhouse, 2013).

Figure 1

Push strategy

Manufacturer ➡ Resellers (Wholesalers and retailers) ➡ Consumers

Source: *Push strategy (Bax & Woodhouse, 2013, p. 85)*

2.1.2.2 Pull strategy

A pull strategy deals with direct interaction with end users in order to introduce product to them and "pull" to distributer to buy a product (Bax & Woodhouse, 2013). Bax & Woodhouse (2013), mention that it is possible to apply this strategy under circumstances when brand obtains the loyal customer base that is emotionally attached to the brand.

Figure 2
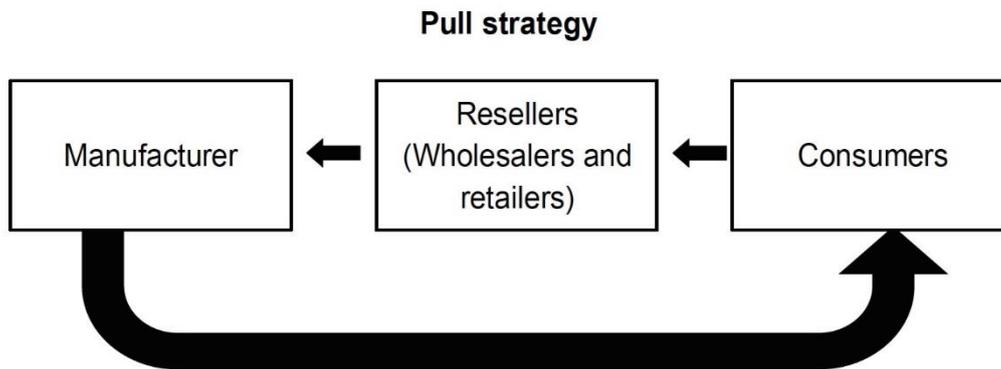
Pull strategy

Source: *Pull strategy (Bax & Woodhouse, 2013, p. 86)*

2.1.3   Advantages and sources of diversification

It is essential to understand possible advantages and drivers behind application of diversification strategies by the companies. First of all, companies often make a decision to implement diversification strategy when they want to increase overall sales and market coverage (Ansoff, 1957). Moreover, diversification is a way to obtain overall power on the marketplace as it gives opportunity to use different mechanisms, such as predatory pricing behavior or the establishment of reciprocal arrangements with suppliers and customers (Caves, 1981; Palich et al., 2000; Scherer, 1980).

The most common approach to implement diversification strategy is to make use of resources that company already retains. Resource-based view (RBV) suggests that a company can use diversification strategy that is dependent on specific set of resources and capabilities that company possesses (Benito-Osorio et al., 2012).

2.2   Brand

By definition brand is "a name, term, sign, symbol, or design, or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors" (Kotler, 1991, p. 442). However, Keller (2003) taking into consideration the above mentioned definition argues that "whenever a marketer creates a new name, logo, or symbol for a new product, he or she has created a brand" (p.3), and he adds an explanation that creating brand is more complex, and for many managers a brand is something that has actually created a certain amount of awareness, reputation and prominence in the market (Keller, 2003). Nowadays, brands

are valuable assets for the companies and managers, because unlike the products and services, it's hard for the competitors to copy customer's trust, attitudes and behavior towards the brand. According to Keller (2003) the thing that differentiates branded and an unbranded good "is the sum of total consumers' perceptions and feelings about the product's attributes and how they perform, about the brand name and what it stands for, and about the company associated with the brand" *(*Keller, 2003, p.4*)*. The firms' profits can be affected positively by distinguishing their offerings in the market on the basis of differences that are perceived through brands.

2.2.1   Brand image and brand associations

Since the early 1950s, brand image has grabbed the attention of many consumer behavior researchers and it has long been recognized as an important concept in marketing (Keller, 1993), as it is the first consumer brand perception that was identified in the marketing literature (Gardner & Levy, 1955). According to Keller (1993) brand image can be defined as perceptions that a brand has, reflected by the brand associations held in consumer's memory. Additionally, Aaker (1991) explains brand image as "—a set of associations, usually organized in some meaningful way" (p. 109). Namely, the brand image is the perceptions of the customers about a given brand.

These perceptions are developed as a result of the associations that are created in the consumer's memory. According to Aaker (1991) brand associations are the category of a brand's assets and liabilities that include anything "linked" in memory to a brand. Brand associations play significant role for marketers because of the fact that these associations are used to "differentiate, position and extend brands, to create positive feelings and attitudes towards brands, and to suggest attributes or benefits of purchasing or using a specific brand" (Low & Lamb, 2000).

Keller (1993) has created a conceptual model in order to help the marketers better understand the customer side of the brand. According to his model, as shown in Figure 3 the brand image emerges from uniqueness, strength, favorability and types of brand associations which customers possess. According to the model there are three types of brand associations: attributes, benefits and attitudes.

Attributes are related to the descriptive features that assist to characterize a brand, for instance, what a consumer thinks the brand is or has and what is involved with its purchase or consumption (Del Rio et al., 2001). Attributes can be segregated into different categories such as product related attributes, non-product related attributes. "Product-related attributes are defined as the ingredients necessary for performing the product function sought by consumers. Non-product related attributes are external aspects of the product that relate to its purchase or consumption" (Keller, 1993, p.4). For example, in the case of Bugatti shoes the product related attributes would be, the unique quality of the leather or the sole, and non-product related attributes would be the price and packaging (gray box). Moreover, Keller (1993) identifies four types of non-product related attributes: information about price, information related to the appearance of a product and packaging, user imagery (i.e., what type of person would use the product or service), and usage imagery (i.e., where and in what kind of situations the product or service would be used).

On the other hand, benefits are the personal value consumers attach to the product or service attributes (Keller, 1993). In other words, benefits are what the users or the consumers think they can get from the utilization of a specific product and service. According to the model there are three types of benefits, these being functional, experiential and symbolic. Functional benefits are related to the benefits that occur from the consumption of a product or a service that create value for the customers. Experiential benefits appertain to the feelings that the product or service evoke while a customer is using it. For instance, driving Mercedes can make customers feel classy and driving Volvo can make them feel safe. Symbolic benefits are linked to underlying needs for social approval or personal expression and outer-directed self-esteem (Keller, 1993). For example, using luxury products such as Louis Vuitton bags and Gucci clothes that are associated with being part of the upper social class.

The final category, are defined as the consumer's overall evaluations of a brand (Wilkie, 1986). According to Keller (1993) brand attitudes play a significant role because they form basis for consumer behavior and brand choice. Although there were different models of brand attitudes that have been proposed, one widely accepted approach is

based on a multi-attribute formulation in which brand attitudes are a function of the associated attributes and benefits that are salient for the brand (Keller, 1993). The model explains attitudes as the sum of all the salient beliefs a consumer holds about a product or service, multiplied by the strength of evaluation of each of those beliefs as good or bad (Pita & Katsanis, 1995).

Figure 3
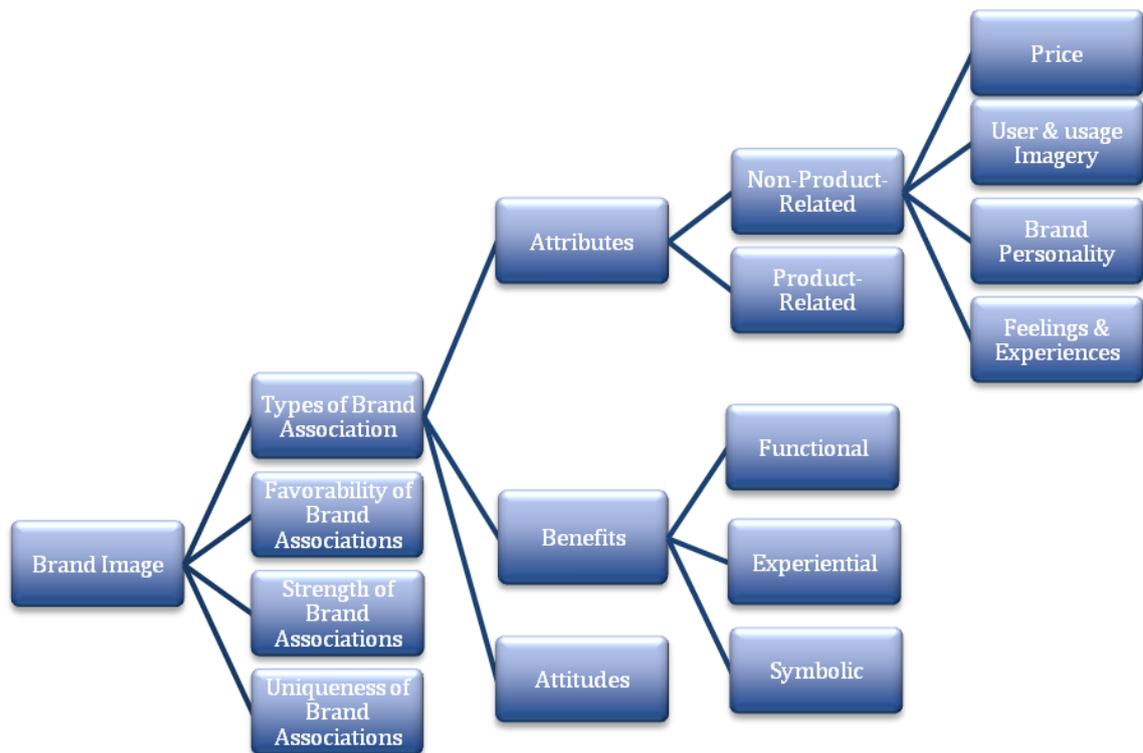
Source: *Brand image structure by Keller (1993). Adjusted by the authors.*

2.3   Brand extension

Great deals of investments are made by companies in order to create and develop a brand. It is a well-known fact that it is a very costly process, but if it is successfully conducted it has a great return for the businesses in a long term. Often, companies have neither financial resources nor time to create a new brand every time they develop new products. In 1990, the cost of introducing a new brand was estimated to be somewhere from $50 million to $100 million (Aaker & Keller, 1990). By 2004, the cost of introducing a new brand had climbed to as high as $200 million (Kotler & Armstrong,

2004). Therefore, instead of creating a new brand name for the new product category, companies utilize more feasible practices such as extending an existing well known and successful brand name into the new product category; in other words, brand extension is used (Doust & Esfahlan, 2011). This approach reduces the risk associated with marketing a new product by allowing customers to rely on established brand associations when evaluating the new product (Aaker & Keller, 1990).

2.3.1   Types of extensions

There are different types of brand extension. Aaker and Keller (1990) make distinction between two types of brand extensions: line and brand extension. Brand extension is defined by Keller and Aaker (1992) as "use of established brand names to enter new product categories or classes" (p. 35), while line extension refers to new product introduced within a certain product line (Arslan & Altuna, 2010). In order to straighten out, line extensions are new (versions of the) products introduced within the same product category (for example, Diet Coke as an extension of Regular Coke), whereas category/brand extensions are introduced in a different category from the existing business (for example, Harley-Davidson offering clothes and accessories)(Pelsmacker et al., 2007).

Furthermore, Pita and Katsanis (1995) distinguish between horizontal and vertical brand extension. Horizontal brand extension occurs when the organization "apply or extend an existing product's name to a new product in the same product class or to a product category new to the company" (Pita & Katsanis, 1995, p.). On the other hand, vertical brand extension is introducing a similar brand to the same product category while being different in prices and quality (Keller & Aaker, 1992). Kim and Lavack (1996) further make distinction between downscale and upscale vertical extensions.Namely, vertical brand extension might take place either by developing a new brand with higher price and higher quality (upscale) or by having lower price with a lower quality (downscale).

Although, there are many different types of brand extension the focus of this thesis will be on the type of brand extension where companies use existing brand names in order to go into new product categories.

2.3.2   Advantages of brand extension

Managed correctly the brand extension strategy creates numerous benefits for the companies. When a new product is combined with an existing brand that gives birth to a brand extension, the existing brand is called a parent/original brand (Liu & Choi, 2009). A parent brand is an established brand that dominates the consumer's mind to such a degree that the brand owns specific associations (Aaker & Keller, 1990). In other words, there is a probability of an established opinion about the brand and the consumers therefore also associate the same thoughts and feelings towards the new extension (Keller & Aaker, 1992). A parent brand can benefit from its extension in several ways: reduced promotional costs (Sullivan, 1992), increase the efficiency of promotional efforts, improve access to distribution channels, and reduce consumers' perceived risk of purchasing a product or service (Keller, 2003), because consumers attempt to relate a brand extension to other products affiliated with the parent brand (Aaker & Keller, 1990; Farquhar et al., 1989).

According to Pita and Katsanis (1995) a great advantage of brand extension is the instant communication of a salient image, because of the fact that a strong parent brand usually holds a well-defined brand image that can contribute to the creation of recognition and many positive brand associations of the new extension. Brand extensions, can also be advantageous for the enhancement of the parent brand image since consumers can make inferences and form expectations as to the likely composition and performance of a new product based on what they already know about the brand itself and the extent to which they feel this information is relevant to the new product (Kim & Sullivan, 1998). These inferences may improve the strength, favorability, and uniqueness of the extension's brand associations (Keller, 2003).

According to Kapferer (2008) the practice of brand extension can help to increase the chances of success of a new product as it reduces the risk perceived by the customer and lower its cost of launching. Hence, familiarity with the parent brand and already existing strong and favorable associations connected with it enhances initial consumer reaction, interest, and trial (Pita & Katsanis, 1995). As it can be seen from Figure 4, the rate of trial, conversion and repeat-purchase, are higher in the cases of brand extension than the development of a new brand for new products. As a result, shown in Figure 5,

the rate of survival longer than four years applies to only 30 per cent of new brands, whereas the rate is over 50 per cent for brand extensions. (Kapferer, 2008)

Figure 4
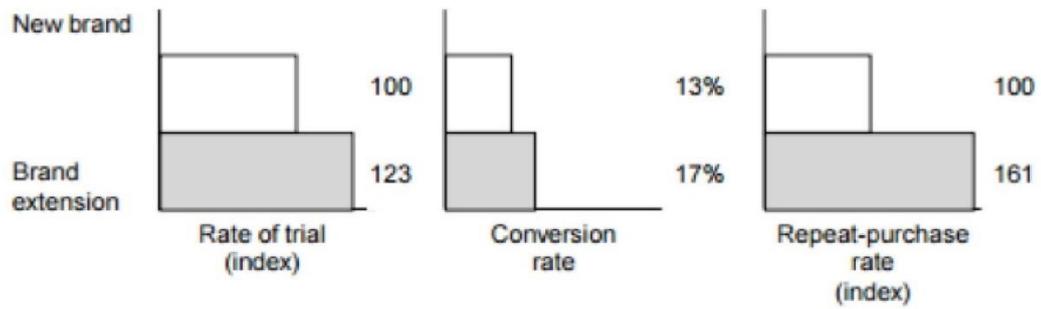
Source: *The impact of brand extension on the consumer adoption process (Kapferer, 2008, p.313)*

Figure 5
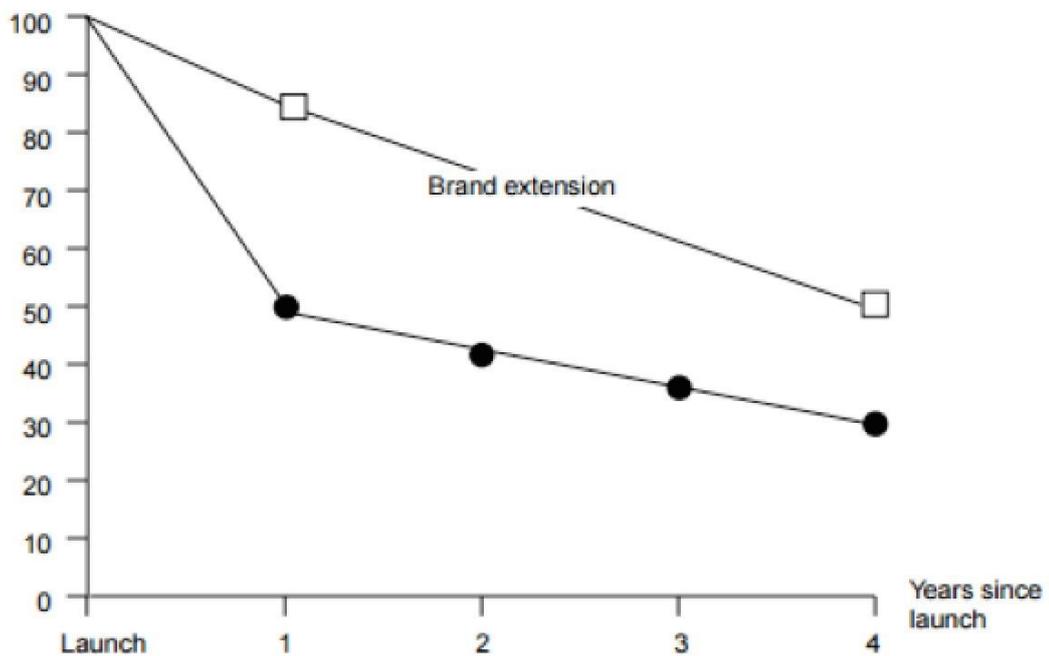
Source: *Rate of success of new brands vs brand extensions (Kapferer, 2008, p.313)*

2.3.3 Disadvantages of brand extension

Although there are many advantages that the brand extensions strategy creates, there are also some disadvantages that are linked to such strategy. While benefiting from parent brand leverage seems appealing for many companies, the failure rate of extensions is high, and can amount to 84% (Tait, 2001). Ries and Trout (1981) claim that if a company makes a not right extension, the damages created on the parent brand associations and image might be costly or even impossible to repair. The study of Loken and John (1993) found empirical support on the claim that unsuccessful extensions could harm the core brand image by by creating undesirable associations.

Another problem that might arise while extending the brand is the cannibalization which Aaker (1990) explains as a situation where the new product is getting a higher sales volume while the sales of the core product of the company decrease. This kind of risk occurs more often in the situations involving close brand extensions (e.g. line extension). The risk of cannibalization is less in brand extensions vs. line extensions because the firm is entering new product categories instead of offering variant within the same product line (Romeo, 1991; Sullivan, 1992; Tauber, 1981).

Just like unsuccessful brand extensions, successful ones can also have a negative effect on the parent brand image as a result of the dilution effect that the new extension will create. This result occurs when consumers start mixing or even lose the original perception of the brand and stop associating the brand with a certain product (Loken & John, 1993). In other words, there is deterioration of the brand image

2.3.4 Customer evaluations of brand extensions

Extensive usage of the brand extension strategy and its execution by the companies, has grabbed the interest of many scholars in the past decades. Therefore a lot of research is done on that topic and special emphasis is put on the customer side: attitudes and evaluations towards brand extensions. For example, Czellar's Basic Model of the Extension Evaluation Process (Figure 6) is one of these researches and it is a practical tool in order to gain a deeper insight on that matter (Czellar, 2003).

According to Czellar's (2003) before the appearance of the brand extension in a given product category, consumers already possessed established attitudes both toward the parent brand and the target extension product category. These attitudes are composed by two components: knowledge and affect. As mentioned previously, brand or category knowledge can be defined in terms of the product-related and non-product-related associations linked to a brand/category in long-term consumer memory (Keller, 1993).

Secondly, the affective component can be described as the feelings associated with a brand name or a product category (Boush & Barbara, 1991; Loken & John, 1993). After the launch of a new extension the evaluation of the consumers is based on their previous attitudes towards the parent brand (Czellar, 2003). In the cases where the consumers don't possess any knowledge or familiarity with the parent brand and its products, the evaluation is solely based on their experience with the extension category (Sheinin, 1998).

On the other hand, if the extension product category is new to the consumer, an attitude toward the extension will be formed only on the basis of her attitude toward the parent brand (Czellar, 2003). In cases where the consumer has familiarity for both with the parent brand and the extension itself, a third effect emerges that is the perception of fit between extension category and the parent brand. After the attitude towards the brand extension is formed, it gives rise to rigorous consumer behavior on the basis of intentions, choice and repeat purchase.

The changes in extension attitude based on the experiences of the customers create reciprocal effects at different stages. For example, the parent brand attitude might be affected by the consumers' attitude toward the new extension attitude in terms of knowledge structure and affect. This reciprocal effect may be moderated by perceived fit. (Czellar, 2003)

Figure 6
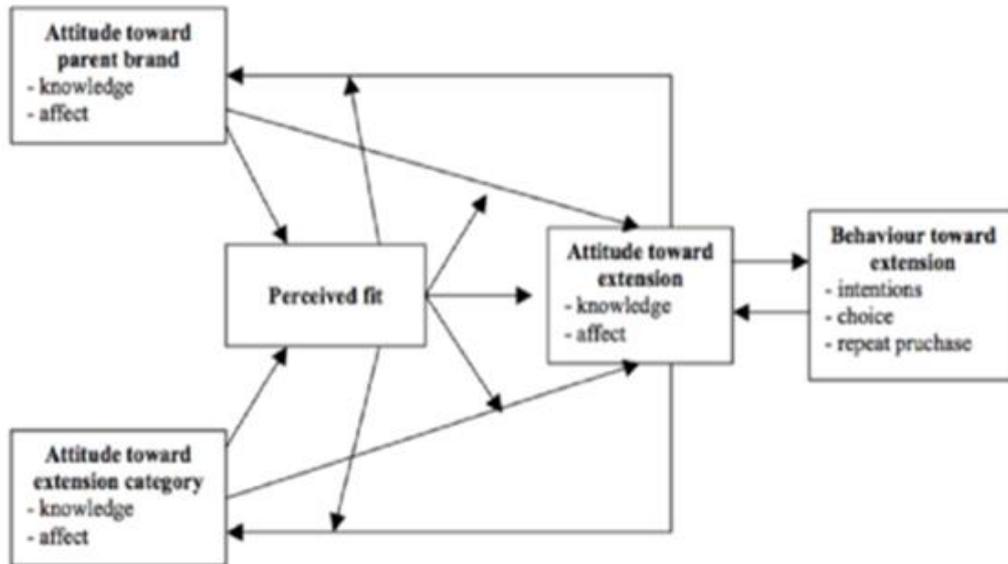
Source: *Basic Model of the Extension Evaluation Process (Czellar, 2003)*

2.4   Summary of the constituted frame of reference

In order to show the interconnections of the chosen theory that constitutes our Frame of reference and make it clear for the reader we have created a model (see Figure 7):

Figure 7
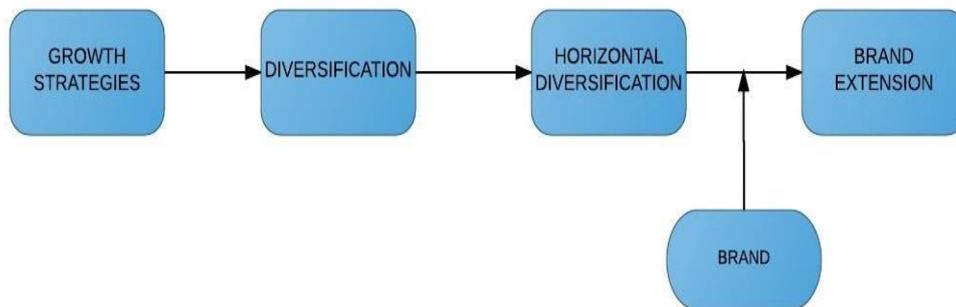
Source: *Summary of Frame of reference (self-designed)*

Our Frame of reference starts with *diversification* which is a type of *expansion/growth strategy* that requires a simultaneous change of the product line along with the market

or industry that the company operates in (Ansoff, 1957). There are three different types of diversification, however our focus will be on one of them called *horizontal diversification*. It involves launching a new product category that differs from the current products that the company offers but might be appealing for the current customers of the organization (Liu & Hsu, 2011).

One suggestion for implementation of a diversification strategy is exploit the already existing resources of the company. One such resource is the *brand*, which according to Aaker and Keller (1990) is the most valuable asset of the company. Therefore, in order to make use of that asset the companies decide to launch a new product under the same brand name, which according to Keller and Aaker (1992) is called *brand extension*.

3   Methodology

This section will present the research methodologies that will guide our study and the reasons for selecting it. Moreover, the methods for data collection and analysis will be discussed.

The figure below represents an outline of the method used for this thesis:

Figure 8
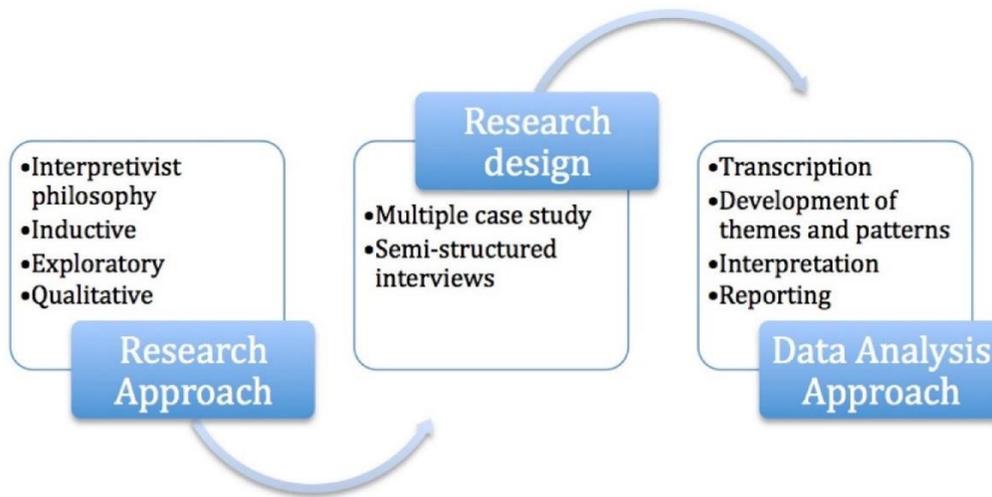
Source: *Outline of the method (Self-designed)*

3.1   Research philosophy

Research philosophy is a crucial part and starting point of our methodology, as researchers conduct their study in line with their values and beliefs. For business and management researchers it is crucial to understand the philosophical background of research methods they apply as it has a significant impact on research findings (Johnson & Clark, 2006). Taking into consideration our research purpose and questions, we decided to choose *intepretivism* theory as our guiding philosophy for a number of reasons that the following paragraphs will elaborate more on.

Braa and Vidgen (1999) created a methodological model which contains several epistemological orientations, in particular, research whose primary goal is to explore

and predict and research which strives to interpret and understand. Braa and Vidgen (1999) refer the first approach to positivism theory and the second to interpretivism theory. Choosing between this two main alternatives, it is essential to remember that our primary goal is to explore brand extension process from the company point of view, which means that we conduct research that deals more with an understanding and interpreting. Therefore, interpretivism theory is more applicable for us.

In order to analyze in detail specific cases, we find it more suitable to use qualitative research, which will be discussed in later sections. Goldkuhl (2012) points out that the difference between positivism and interpretivism is that the interpretivism is more adapted and elaborated research philosophy for a qualitative type of study.

Furthermore, our research findings are closely connected to the environment and the context in which companies operate. According to Saunders, Lewis and Thornhill (2009) "it is crucial to the interpretivist philosophy that the researcher has to adopt an empathetic stance and enter the social world of research subjects and understand their world from their point of view" (p. 116). Moreover, our research is highly dependent on humans, their beliefs, opinions and interpretations. Interpretivism highlights that it is necessary for the researcher to understand the differences of human interpretations as research is conducted among people rather than objects (Saunders et. al, 2009).

As it was mentioned earlier, research philosophy is our starting point and it will guide us though our choice of research approach, purpose and a method in next sections.

3.2   Research approach

There are two main alternatives when it comes to choosing research approach, deductive and inductive. According to Saunders et al. (2009) the *deductive* approach can be defined as an approach which requires the development of a theory or hypothesis and creation of research strategy design in order to test the hypothesis. Whereas, *inductive* approach involves data collection in order to develop a theory through the data analysis (Saunders et al, 2009).

This thesis is conducted in line with *inductive* approach, as it is aligning with the interpretivist theory, which was chosen as a guiding philosophy for this research.

Alvesson and Sandberg (2011) discuss that many qualitative research conducted in area of gap - filling use *inductive* approach. This fact is important in our case as we aim to understand and explore the field of brand extension in company's interpretation, which is not wholly explored area. Moreover, inductive approach involves development of a theory on a basis of empirical data (Saunders et al., 2009). Therefore, this approach is applicable for us as we are going to gather essential data and draw conclusions according to it. One more reason behind our choice of inductive approach is that it is essential for our research to identify the understandings, beliefs and interpretations behind company's decision to extend their brand and developing such understandings is one of the strengths of an inductive approach (Saunders et al., 2009).

3.3   Research purpose

Research purpose is an essential part of our methodology as it clarifies the direction of our research. There are three possible types of the research purpose: exploratory, descriptive and explanatory. We believe that research questions that we aim to answer in this study will result in exploratory types of answers. This is due to the fact that our primary goal is to investigate brand extension process from the company perspective that is investigated moderately in the existing literature. An exploratory sturdy aims to investigate certain topic from new perspectives, identify new insights and explain what is happening (Robson, 2002).

3.4   Research method

According to Bryman (2007) there is a number of factors that influence researchers and one of the most important is the dedication to specific methods. In order to be able to choose the right method for our thesis, it is essential to define existing methods and understand the differences between them. Two main methods, that are used to conduct research, are quantitative and qualitative. One way to differentiate these two methods is to consider numeric and non-numeric data (Saunders et. al, 2009). According to Saunders et al. (2009) quantitative method involves any data collection or data analysis

procedure, which uses numerical data. Data collection in this type of research consists of questionnaire and data analysis procedures that are done through graphs or statistics (Saunders et al., 2009). On the other hand, qualitative study is conducted by using non-numerical data and involves data collection methods such as interviews and data analysis procedures that are done through categorizing data (Saunders et al., 2009).

This thesis is going to be focused on the *qualitative method*. There are several reasons for this choice, and one of the most important is that this method is in line with our chosen philosophy, purpose and *inductive approach*. Moreover, as we concentrate more on researching the process of the brand extension, non- numeric data, such as human interpretations and beliefs, play a significant role for our research. Kalra, Pathak and Jena (2013) claim that qualitative method is utilized in order to gain insight on people's experience, attitude, and behavior and this method allows the participants to share their significant experiences within the field of interest.

It is essential to understand possible drawbacks of chosen method in order to avoid them. As Bryman & Bell (2007) mentioned that qualitative method can be considered to be general approach, meaning that the qualitative findings can become way too far generalized. Secondly, during the data analysis, the interpretations of results might include the presence of subjectivity (Choy, 2014).

To summarise, qualitative method is used for studies that are conducted within a real world case, where context and human interpretations play significant role and therefore this method is chosen to guide our research.

3.5   Research strategy

Research strategy part describes the way in which research will be designed and conducted. In choosing the research strategy we were guided by our research questions, the accessibility of resources and our philosophical understandings (Saunders et al, 2009).

First of all, we took into consideration that our research is conducted using *qualitative method* and one of the research strategy that favors this method is a *case study* (Bryman & Bell, 2007). Moreover, *interpretivism* that we have chosen to be our guiding research

philosophy deals with deeper understanding of context and interpretations of research subject. Therefore, the case study method, which is more suitable when "research questions require an extensive and in - depth description of some social phenomenon", is suitable for us (Yin, 2014, p.4). In other words, we use case study strategy because we aim to investigate a real world case and and understand that contextual conditions are part of this process (Yin & Davis, 2007).

While applying case study strategy, we understand that we have to avoid following non-systematic procedures or allowing equivocal evidence to influence conclusions and judgments (Yin, 2014). This is why we are focusing on multiple cases in order to provide a base for comparison and make our judgments more reliable. Due to the reason that conclusions from multiple case study are often considered more reliable (Herriott & Firestone, 1983) and findings that were identified in two cases will be more trustworthy than a single case conclusion (Yin, 2014). Moreover, the reason for using multiple cases in our research is the need to discover if the findings of the first case present in other cases and to compare these findings (Saunders et al., 2009).

As a method of data collection we find semi – structured interviews the most suitable for our purpose. Interviews are an important source of data as most frequently case studies consist of human beliefs and actions (Yin, 2014).

3.6   Case selection

There are several reasons behind our choice of company selection for the case studies. Our general idea was to focus on a specific location and to conduct research in the context of Swedish companies.

Sweden has a lot of well – developed industries with several big players on the market. For the purpose of reliability of our findings we aim to conduct research on multinational companies that have already established brand extension with specific target market. These companies also possess worldwide experience, which can be relevant in the light of brand extension topic.

The reasons behind choosing outdoor power products industry was its large target market consisting of both consumer and business customers, which provides us with a larger scale of research data. Company that is the leader of this industry in Sweden and

also a key player worldwide is Husqvarna. Their accessories and protective equipment line was chosen to be our research subject as it is an already established brand extension. While conducting interviews we were trying to discover how the company manages its brand extension, how it was created and the reasons behind having it under the same brand name.

In order to have a base of comparison as a second case study we decided to focus on a company from different and not closely related to previous one industry. H&M is one of the key players of fashion industry and has already established brand extension called H&M Home which is focused on home and interior accessories and decorations. While conducting research on our second case we were trying to identify points of parity and difference with our first case.

3.7   Methods for data collection

3.7.1   Literature review

The demonstration of how the data comprising the Frame of reference will be the focus of this section. The topics presented in the Frame of reference consist of the secondary data collected through academic journals, text books and internet sources.

Before proceeding to the academic journals for a more broad understanding, the textbooks were used in the early stage of the research in order to obtain an initial knowledge of the aspects of the topics covered in the Frame of reference section. Additionally, this type of literature was utilized in order to acquire a broader knowledge on various research methods. However, text books were not used broadly used in this study since the information included in them is very trivial.

Therefore, in order to gain a deeper knowledge on the topic of this study the academic articles were utilized. The primary sources for obtaining academic articles were university library's search engine Primo, Google Scholar and Scopus. The articles were acquired through specific search words such as "brand extension", "brand image and brand associations" and "diversification". The academic articles were chosen not only with respect to relevance, but also the quality. Thus, the utilized articles for the research

are highly cited and from peer reviewed journals. However, the relevance of the articles to the topic played the most significant role for the selection criteria. There is an extensive research that is done on the brand extension however most of them are focused on the customer side of it. Hence, not many articles on the precise were found. Nonetheless, the most relevant ones were selected in order to construct the Frame of reference.

3.7.2   Primary data

The main source of primary data that was gathered for our investigation was through interviews. According to Kahn and Cannell (1957) an interview is a purposeful discussion between two or more people and this method of discussion was chosen due to the main objective of this research that intends to gain a deeper knowledge about the interviewee's opinion and point of view.

For our qualitative research we have utilized the semi-structured type of interviewing for this purpose an interview guide with a list of questions was created (see Appendix 1). The reason behind the decision of using this structure of interviews is that it gives flexibility to the researchers to modify their questions according to the flow of discussion as well as a plethora of freedom to the interviewee while answering them (Bryman& Bell, 2007).

Since the main emphasis of this research is put on interviewees' composition and understanding of the events instead of "right" or "wrong", our interview guide served us as a reminder of the significant aspects of the research and helped us ensure a logical flow of the discussion. However, it didn't limit us to ask questions that were not included in the guide which have aroused from interviewee's replies. On the other hand, it doesn't mean that completely different questions were asked in each interview. The main questions in our interview guide were answered by each participant, however according to their expertise and position in the company we had the opportunity to seek more details about particular aspects.

While formulating the script of the interview guide, we chose to begin with general questions about the interviewee, such as their background and experience in the company. Doing this was useful for conceptualizing the answers of the participants (Bryman & Bell, 2007). Moreover, most of the questions were intentionally open-ended

because of the reason that they enabled us and researchers in general to have a meaningful discussion based on the objective thoughts and opinions of the interviewee instead of leading them to the "expected" answer. Nevertheless, we kept in mind that there might be cases of unfamiliarity with the terminology used in our questions, therefore we have created a short introductory presentation, where we included brief information about ourselves, our thesis and explanation of some of the terminology. This way advocated clarification and better understanding from the side of the participants.

Additionally, before taking a further step to conduct actual interviews several test discussions had been arranged with colleagues and friends which were very useful for optimizing our interview questions. Moreover, it also helped us to have a first-hand experience and develop new ideas on what to do and what not to do during the real interviews. It was also beneficial for estimating the time span of the interviews and for examination of the equipment for recording.

We have reached the interviewees through their emails in order to arrange the interviews, as soon as they have agreed to help us we have suggested them face-to-face, phone or video interview. Most of them have preferred a phone interview however there were cases where we conducted face-to-face and a video interview. All of the interviews were digitally recorded with the permission from the participants and the date and time were arranged according to each interviewee's availability. You can find brief information about each of the participants below:

Table 1

Interviewees-Husqvarna	Position	Type of interview	Interview length
Hanna Nordquist	Global brand and marketing manager	Digitally recorded Phone interview	20:17
Johan Milling	Forestry product manager	Digitally recorded Phone interview	39:48
Alexander Fornell	Product portfolio developer	Digitally recorded Skype interview	23:48

Interviewees-H&M	Position	Type of Interview	Interview length
Maria Lindblom	Brand manager- H&M Home	Digitally recorded Phone interview	15:57
Mrs. Ana (granted anonymity upon request)	H&M Home store manager in Stockholm, Sweden	Digitally recorded Face-to-face interview in one of the H&M home stores in Stockholm, Sweden	09:26

3.7.3   Secondary data

Secondary data was gathered in addition to the primary one. It was collected through different means such as websites of the chosen companies, annual reports, newspaper articles and brochures. The purpose of using this kind of method for data collection was (1) to expand our knowledge about the organizations that are subject of our research (2) have a triangulation of the data. This method was auspicious in the process of sampling as well as in the process of creating our list of interview questions because it ameliorated our knowledge and understanding of each organization. Moreover, the information gathered from the secondary sources was utilized to triangulate the collected data from the interviews in order to establish validity of our research. Additionally, since the H&M website provides a great deal of information for the readers we have read all of the annual reports from the time of launching their extension and we have created a table that shows the development of this product line throughout the years (See Appendix 2). All the sources for secondary data collection are included in the appendix and reference list.

3.8   Research Trustworthiness

In order for a research to be trustworthy it is of high importance to keep two aspects in mind: reliability and validity (Eriksson & Kovalainen, 2008).

3.8.1   Reliability

In qualitative research, reliability can be described as consistency (Eriksson& Kovalainen, 2008). In other words, if another person investigates the work, he/she should be able to draw similar conclusions. Three questions might be useful for evaluation: Will the measures yield the same results on other occasions? Will similar observations be reached by other observers? And, is there transparency in how sense was made from the raw data (Easterby-Smith et al., 2008).

According to Robson (2002) there are four threats to reliability, subject or participant error, subject or participant bias, observer error, and observer bias. The table below represents how these threats have been minimized in this study:

Table 2

Threats	Solutions
Observer error might occur when different interviewers ask questions in their own way and therefore different answers from the study participants might be gathered (Saunders et al., 2009).	The interviews were conducted by the same interviewers in order to reduce the observer error.
Observer bias- there is a possibility that observers might face misinterpretation of the participants' answers which can lead to bias (Saunders et al., 2009)	The digital recordings of the interviews served as a useful tool in order to avoid this bias and have the most accurate interpretation of the participant responses.
Participant error- arises when interviewees are examined in unusual situations that affect their normal behavior patterns, resulting in inaccurate responses, situations such as busy period of the working day (Saunders et al., 2009)	The interview date and times were set by the interviewees. Instead of calling them at an available for us time, participant told us when is the most suitable for them time this ensured us that their responses are meticulous.
Participant bias could take place in cases where the interviewees respond to the	This kind of bias can be minimized by ensuring anonymity of the participants

questions in a way that their bosses want, instead of giving their own opinion which might affect the result of the study (Saunders et al., 2009).

(Saunders et al., 2009). Keeping in mind this suggestion, all the participants of our research had the option to remain anonymous if they requested so. According to Saunders et al. (2009), the participant error can be reduced also by interviewing several employees within the same business. Therefore, we conducted interviews with people in different positions in Husqvarna and H&M, in order to get the most reliable results.

3.8.2   Validity

Validity is concerned with ensuring that study measures what it actually intended to measure (Shenton, 2004). Moreover, in order to consider a research as valid, accurate findings together with evidence should be provided. In order to maximize the validity of a qualitative study Shenton (2004) suggests some techniques.

One of them is, developing familiarity with participating organizations, their structure and culture before the real interviews (Shenton, 2004). Before formulating our interview questions and the actual interviews, we have made and extensive research on our participating companies, Husqvarna and H&M. We have checked their annual reports, visited the headquarters and dealer shops of Husqvarna, and visited the H&M home showrooms in Stockholm in order to gain a deeper understanding of the organizations and their extensions. All these actions that have been taken in order to achieve familiarity were also helpful in order to triangulate the data that we have collected later on. Triangulation can be defined as mixing of data and methods in order to obtain information on the same topic from diverse viewpoints (Shenton, 2004). Which according to (Shenton, 2004) is one of the methods for increasing the validity of the research.

All these actions that were taken in order to ensure reliability and validity of this paper, were also useful to increase the credibility, transferability, dependability and

confirmability of our research, which according to Shenton (2004) are major determinants of trustworthiness of qualitative research (Shenton, 2004).

3.9   Method of analyzing data

According to (Lennie, Tacchi, Koirala, Wilmore, & Skuse, 2011) qualitative data analysis can be described as a process of turning written data collected from an interview into findings. One universal formula, recipe or rule for this process is non-existent (Lennie et. al., 2011). Therefore, there are many ways for analyzing qualitative data in a research and choosing an approach might be difficult for students (Wilson, 2010). For our analysis of the data that we have collected we have chosen to adopt Wilson's (2010) four-step approach of qualitative data analysis. These steps include: transcribing the collected data; reading and generating categories, themes, and patterns; interpreting the findings and, finally, reporting the findings.

Wilson (2010) put an emphasis on the importance of transcribing the verbatim data that has been collected from the semi-structured interviews in order to keep the clarity of the participants' answers. Keeping this in mind, all of the electronically recorded semi-structured interviews that have been conducted were transcribed digitally word-for-word. In order to decrease the chance of misinterpretation of information, we have decided to do the transcription ourselves. This decision was very helpful, because it enabled us to eliminate the possible misconceptions and have a better understanding of the overall information.

The second step in our analysis was generating categories and patterns, we have categorized the data between the two selected companies and we have tried to identify the patterns according to interviewees' answers from each organization which are supportive or contradictory to one another. Together with some of the theoretical concepts included in the frame of reference, the categories and patterns that were identified where used in the third step, the interpretation of findings. On this step of data interpretation, it is very essential to look for connections between the cases (Wilson, 2010). Furthermore, it is significant to understand what importance these connections between the categories have, the consistency with previous research, and what the

reasons are for the possible differences and similarities between the cases (Wilson, 2010). These steps are followed while analyzing the data in this thesis.

4   Empirical findings

In the following sections interviews conducted with managers of both cases will be presented. The section is divided into two separate cases. Cases are divided into relevant for our research categories and interviews are combined in accordance to that.

4.1   Husqvarna

4.1.1   Background

Husqvarna Group is a global leading producer of outdoor power products including chainsaws, trimmers and robotic lawn mowers. It is also a leader in producing of watering products, cutting equipment and diamond tools for the construction industry (Husqvarna Group, 2016a).

The company owns several well-known brands and divide them into two groups: core and supporting brands. Core brand category includes Husqvarna and Gardena brands. Whereas, supporting brands include McCULLOCH, Poulan PRO, Jonsered, ZENOAH, DIAMANT BOART, WEEDEATER and Flymo (Husqvarna Group, 2016b).

Seven different brand names that belong to one group can be considered as a relatively large branding system and can be explained by company products and target customer's division.

Company divides its products and target customers into 4 large groups. The largest group is Husqvarna, which takes 49% of group sales. It is followed by Consumer Brands with 27% of Group Sales. The third large group is Gardena as it embraces 13% of Group Sales. The rest 11% of Group Sales holds Construction division (Husqvarna Group, 2016b).

For each division Husqvarna group uses different brands. Two divisions of our particular interest are Husqvarna and Construction divisions, as Husqvarna brand is used primarily in these two areas. Professional forest, park and garden products such as chainsaws, trimmers, robotic lawn mowers and accessories can be found within Husqvarna division. Husqvarna division aims at professional customer segment and

sales of products are mainly done through dealers. Brands that are used for this division are Husqvarna, ZENOAH and JONSERED (Husqvarna Group, 2016c)

The second important division for our research is Construction. Under this division Husqvarna sells to professionals construction products such as cutting equipment and diamond tools for construction works (Husqvarna Group, 2016c). Husqvarna brand is used for infrastructure projects such as road and bridge constructions. The DIAMANT BOART brand is used to market stone cutting products (Husqvarna Group, 2016c). Husqvarna brand is not used under Gardena and Consumer brands divisions and therefore they are out of the scope of our research.

4.1.2   Husqvarna brand extension- protective equipment and clothes

Apart from core products, Husqvarna Group has a product category of protective equipment and clothes. The range includes safety trousers, jackets, helmets, boots and gloves. Customers of both Construction and Husqvarna divisions have a variety of choice between the basic functional safety equipment and clothes up until the specialized products.

By looking at the Husqvarna Construction division website, a potential customer may see that the company mostly makes an accent on safety and comfort of the protective equipment. This particular division ensures that product assortment contains three important elements such as safety, comfort and efficiency in all working conditions. At the same time, Husqvarna division puts an emphasis on quality and durability of the product. Under the product description on its website this division explains that the equipment should retain its quality after usage. Therefore, only high-quality materials are used to produce such protective equipments.

4.1.3   Interviewees' background

In order to gain a deeper insight on the process of brand extension in the case of Husqvarna Group and its protective equipment extension we conducted interviews with three managers from different departments.

The first interviewee, Hanna Nordquist, takes up the position of the Global Brand and Marketing Manager at Husqvarna Group. She has been working for Husqvarna for

several years and nowadays her area of expertise is mainly focused on protective equipment and accessories. The second interviewee, Johan Milling, has been working for Husqvarna Group for already 30 years and now takes the position of Forestry Equipment Manager. Last, but not least, Alexander Fornell is a Product Portfolio Developer at Husqvarna Group and involved within product management and product quality areas.

4.1.4   Drivers of brand extension

Drivers behind the decision to extend Husqvarna brand are one of the central topics that were discussed during the interviews conducted with three Husqvarna managers.

When we asked Hanna about the reasons behind initial extension of a brand into protective equipment category manager mentioned several reasons. Firstly, the need to have such a product category came from regulations that were implemented several years ago for companies working with outdoor cutting equipmeny in the forestry industry. "[…] due to regulation. That is how the product has come alive". Secondly, Husqvarna Group had identified a need among its target customers to have a line of products that would increase level of safety while using company's products. "We talk to our customers, we do a lot of investigation and try to understand what is the need out on the market".

Johan explained that creation of protective equipment product category is closely connected to events that occurred in the forestry industry 30 years ago. At that time forestry workers in Sweden were performing their job primarily by using chainsaws instead of machinery. Husqvarna identified a need for safety equipment in the market as more and more professional forestry companies started to pay attention to safety issues. The reasons behind this interest were connected to the safety regulations that Swedish government implemented for these kinds of companies. "The reason it started with protective clothing was mainly due to regulations". Moreover, since Sweden was one of the first countries that implemented safety regulations for forestry workers, Husqvarna launched its protective equipment brand extension in the country 30 years ago.

Johan clarified that the reasons behind extending Husqvarna brand with its protective equipment line can be considered as both pull and push strategies. "You can say, it was

sort of a combination of push and pull strategies". From the one hand, the chainsaws were becoming faster and lighter and therefore more dangerous in use. More and more accidents occurred in the forests, so workers needed equipment to be protected and efficient. "To prevent these kinds of accidents, the regulations have been implemented". When Swedish governments implemented these standards demand for safety equipment appeared. On the other hand, Husqvarna needed to increase its sales and market share and this is more of a push reason behind brand extension. "So it was a combination, it was a demand from the customers but also something that Husqvarna saw that this is something that we need to create or to implement to the market, increase our sales and earn more profit which is not a secret".

When we first time asked Alexander about safety equipment line he highlighted that safety is important while working with companies' core products and this is why Husqvarna has such an extension. Alexander explained some of the reasons behind launching new product category and put emphasis on cultural and climate differences across the countries of operations. He mentioned that in Scandinavian people are concerned about safety and it is part of their culture. "As we are a Swedish company, self-equipment was initially launched in Sweden". Moreover, according to Alexander Husqvarna used more of a pull strategy, as protective equipment was demanded from the market. However, when it comes to other markets such as Asia, Husqvarna has to push its products into the market. The reason behind it is that people in these regions have different mindset and also work in different conditions in terms of climate. "It's both culture and climate in the region that decide how much is the value of the safety equipment".

4.1.5   Husqvarna brand attributes

During our interview Hanna mentioned that protective equipment and accessories have similar attributes as core products. "We are suppliers of several products, so we need to take that into consideration that we also deliver the quality of the product".

Johan also highlighted that protective equipment and clothes have the same attributes as the core products of Husqvarna. A special attention is given to the quality of the product. "Husqvarna as you say a well-known high quality brand and we couldn't come up with something that was of a low quality".

Alexander commented that "It is very similar how we market our products. If we are producing professional chainsaw, then we need to have professional protective equipment as well". He also compared protective equipment of two brands that belong to Husqvarna Group but serve different customer segments. These two brands are, Husqvarna brand equipment that is primarily meant for professional customers and McCulloch equipment that is sold to mass market. He highlighted that on the mass market prices have different roles comparing to the role they play in professional market. Products that are sold under Husqvarna brand are distributed through dealers and "customers know that they are buying a product for a long term therefore, they are ready to pay much higher price as they wish to get the best". Alexander mentioned that protective equipment is sold in all countries of operations as Husqvarna "try to sell it along with the core product".

4.1.6 Reasons behind extending protective equipment category under Husqvarna brand

As Hanna explained there were several reasons why company used Husqvarna brand name for its protective equipment and accessories line. One of the main reasons was already existing awareness of Husqvarna brand, which means that customers will associate protective equipment with company's core products and its attributes. As Hanna told: "the customer already knows that they are buying a chainsaw from the Husqvarna brand and then they think to get the clothing as well under the same brand name". Second reason was saving companies resources since for the creation of a new brand, the company would need to spend a lot of resources such as time, investments and educate customers about it. "And to get that brand known the company needs to add in a lot of investment to make people to understand what kind of brand that is".

When we asked Johan about the reasons why protective equipment and accessories were created under the Husqvarna brand, Johan told us a story behind this decision. Initially, a neutral brand was used for accessories and protective equipment. The reason behind it was that Husqvarna group has several brands as for example McCulloch in the United States and in order for a new product category to comply with all of them the neutral brand was chosen. However, after some time managers realized that the neural brand required a lot of promotion, while Husqvarna was already a well-known brand with

high degree of awareness among the customers in different markets. Johan explained that "we have to take advantage of the Husqvarna name. So that's why we put Husqvarna name in all our clothing and accessories. It is easier for customers to recognize the new product under the existing brand name."

Alexander assumed that "it's a channel strategy depending on where we use the brand". Since Husqvarna brand is used to primarily target professional customer segment, this brand creates right associations, which are needed for marketing the protective equipment and accessories.

4.1.7   Target market

When it comes to customer segments, Husqvarna targets both professionals and mass customer segments. As Johan highlighted when extension was just created its primary customers were professional forestry companies, but now it also serves mass market such as farmers, gardeners and users of most of Husqvarna core products.

> *We have private people owning some land that use our products, we have farmers that work half a year on the land and then half a year in the winter they work in the forest, we have everything from churches to cities, parks etc. that have trees that have to be taken care of.*

Moreover, Husqvarna has a wide range of protective equipment configurations to serve all customer segments. "So if you look on the products we have today only talking about the protective trousers, I think we have 6 or 7 different versions that have more or less the same protective level".

4.1.8   Challenges of brand extension

When we asked Hanna about challenges that Husqvarna Group faced while expanding its brand into protective equipment product category, she explained that it takes time to inform and educate everyone who is involved in this process about their responsibilities and tasks. "We had to make sure that everyone, employees, dealers, and other people understand in all level what they need to do. We had to make sure everyone understands products and its usage". Hanna also highlighted the importance of relationships with dealers. She explained that dealers have to follow Husqvarna's guidelines on how to

place and market their products. "For the selling part, we educate our dealers through meetings, presentations and explain about our new products that are coming out the next year".

Johan elaborated on this topic more and explained that when it comes to distribution of the protective equipment, Husqvarna applies the same strategy as they use for their core products. Products are sold to dealers and then distributed to the end customers. He mentioned the term "servicing dealer", meaning that the dealers also carry out the service. "In these shops most of the cases they also sell our range of accessories including the protective equipment and clothing and trousers". Some of the large dealers also offer Husqvarna products through their websites, but choice of the distribution is up to dealers. Johan highlighted that it is important for Husqvarna to educate the dealers about products. It is done through several meetings/ conferences per year where new products and their way of usage are explained in order for dealers to understand and meet better the needs of a customer. "So they know when the customer comes in, what they should have".

In connection with Husqvarna current expansion of protective equipment line into the Brazilian market, Johan also mentioned that it is essential to create catalogues and educate dealers about the product.

> *You have to explain that now Husqvarna has protective clothing and it is specially made for Brazilian market within their field, indicate date of release and etc. Essentially we make special ads for the local dealer that he/she can put it in local newspapers or also that he/she can use on his/her own homepage, explain that we have a new product.*

Moreover, Johan mentioned that before the introduction of a new product Husqvarna creates a big conference for each country, which involves trainings and explanations of a new products. "We try to teach them as much as we can so they can go home and show this to their own salespeople and their own dealers to educate them and they do the same to the end users". In total it takes one and a half year to implement a new product into the market.

Alexander also explained that it is of high importance for Husqvarna to make sure that a dealer delivers the accurate and the true information to end-users. He highlighted that

"Every time we advertise our products, we make sure the information is applicable. That is why we have continuous trainings, regular advertisements and meetings with dealers".

4.1.8.1 Creating the demand and cultural differences

Johan told that it can be challenging to adjust product to different markets. Protective equipment extension has a wide product range with different prices for different customer segments. He explained that it is easier to operate in European countries since most of them have similar safety standards. However, when it comes to other countries such as Russia a lot of adjustments in terms of safety requirements and pricing are needed. This is one of the challenges of the brand extension that he mentioned. Going a bit deeper into the topic of markets of operation, Johan explained that differences in cultural background, climate and most importantly safety regulations play an important role. When it comes to European market, it is easier to offer the protective equipment as it is demanded from the customers due to safety regulations. Other countries like North America require a little bit of adjustment to their local standards. First of all, due to lack of regulations companies do not provide their workers with protective equipment and it is a personal responsibility of a worker to buy it or not. Secondly, because of the hot climate and cultural background workers are not used to wear protective equipment and Husqvarna has to push its product to the market and explain why it is useful to have it. "You have to continue working and explaining that chainsaw is a dangerous tool and you should use this type of equipment when you work with chainsaw". Alexander also mentioned that protective equipment is demanded the most in Scandinavia "[...] as this region has a safety culture. And strict safety standards and that's why it is also a good market".

4.1.8.2 Challenges connected to supply chain and logistics

Johan emphasized that "it is very important for a new product to be in line with core product attributes such as high quality in order to to remain the brand association in customers' minds". In connection with that company faced challenges during the production process suppliers have to be chosen very carefully and Johan underlines that "You can't go to every type of factory. You have to find a factory that is strict and has a quality control". It is also hard to organize production in a way that it will convey with a pricing strategy. "We have to take this product on market, sell them and make some

money". Another challenge Johan mentioned is connected to logistics. Most of the products are produced in Vietnam, China, Mexico, Canada and also in Portugal. "We have a long delivery time that takes 3 months to fill up our stocks". The right supplier is one of the main factors for Husqvarna production process. Johan concluded "I guess that sort of a challenge to make sure you have the right supplier, the quality, plan all the ordering, costs and logistic side".

4.1.9 Additional information on how Husqvarna penetrates the market with its new product categories

Johan has noticed two ways of introducing a product to the market. As Husqvarna sells its products through dealers, therefore new products are introduced through dealers' stores and catalogues. "Here in Scandinavia or European countries we offer a big catalogue with everything from the smallest chainsaws to the biggest lawnmowers and in between you have the accessories, including the protective equipment and clothing". In other words, this is the way of introduction of a new product to the existing market.

"But, of course if you have a completely new country you maybe have to start in a different way". First, market research is an essential part of expansion and it includes finding the potential customers, suitable material fitting the weather and protection standards of the local country. Johan highlighted that first study is conducted with an aim to find professional customers and than private ones. When it comes to protective equipment it is important to discover local safety standards. Moreover, company has to adjust to local environment. In case of Brazil it is hard to import there as country has a low level of safety standards. What is more in Brazil governments try to protect local business and therefore "we are setting up the line of protective clothing that is locally produced so it is produced in Brazil". When it comes to product design part, Husqvarna has to take into consideration a lot of factors such as suitable pricing, designs and materials. Before mass production starts, the company has to create samples and test it. Afterwards marketing department works on developing a strategy to introduce offer to the market. "We have to also work with the marketing department. So they know that the new product should be in the catalogue, what page, or the packaging you have to take photos".

4.2   H&M

4.2.1   Background

Hennes & Mauritz (H&M) is a Swedish global fashion retail company that was established in Västerås, Sweden in 1947 by Erling Persson. Today, in 2016, the company operates in 61 markets with 4000 stores and employs more than 132,000 people worldwide (H&M Group, 2016). The main objective of the company is to offer an extensive range of fashionable products with good quality for affordable prices in a sustainable way to its customers.

Therefore, H&M deliberately puts effort into the development of its product offerings and collections in order to provide each customer with something appealing to their taste and need every time they pay a visit to an H&M store. The new products and collections are designed centrally from the headquarters in Stockholm, Sweden by more than 100 designers, buyers and pattern makers. The company offers wide range of products including women's, men's, teenagers' and children's apparel, accessories, cosmetics and footwear. Apart from this, H&M has also extended their offerings into the interior design collection (H&M Group, 2016). Moreover, H&M group owns other six independent brands such as H&M, COS, Monki, Weekday, Cheap Monday and & Other Stories (H&M Group, 2016).

4.2.2   H&M brand extension- H&M Home

H&M home is a brand extension of H&M that was launched in 2009. The collection offers products such as towels, bed linen, curtains and other home textiles, as well as home decoration items made of glass, metal and wood for every room in the home. The company kept the fashion in mind while creating this line. H&M home offers fashion for living through home decor products in both enduring and fashionable patterns and colors that bring about an easy and rapid makeover for each home (H&M Group, 2016).

Today H&M Home is available in 218 H&M stores in 42 markets and online. And the company is planning to expand this line further with around 60 new H&M Home departments this year (H&M Group, 2016).

4.2.3 Interviewees' Background

We have conducted interviews with the brand manager that is responsible for H&M Home and also a store manager in one of the stores where H&M Home product line is displayed. Maria Lindblom is a brand manager and head of H&M Home since 2008 and Mrs. Ana who has been working for H&M and H&M Home for a long time.

4.2.4 Drivers of brand extension

According to Maria the main driver behind the decision of the company to extend their brand into a new product category is the fierce interest from the side of the customers. She thinks that this interest is a result of the increasing concern of people about "interior design and homes in general". The company responded to customers' request with the thought of "we create fashion for people why not to do the same for homes". Furthermore, she also points out that, another reason behind this decision is the "possibility to expand our brand into new product categories which is attractive for the existing as well as new customers".

The store manager also agrees that the idea of extending the products to accessories and decorations for home was initiated by the customers' demand.

> *I could always meet someone who was demanding and asking me why there is no line for home accessories, because you know H&M offers wide range of products, yes it is known for clothes, but we have many other categories, why not to offer something for homes.*

Moreover, she believes that the main reason behind having H&M Home is "meeting and serving the existing customers' needs as much as possible"

4.2.5 Reasons behind extending home accessories and decorations under H&M brand

H&M group consists of six independent brands. According to Maria the motive behind having H&M Home under the same brand name, instead of creating a new one was mainly a strategy to make use of the already existing brand image in customers' minds. "H&M is a very famous brand, when customers purchase something from H&M they already know what to expect and this is one of the reasons for this decision. " Moreover she also mentions that keeping the same target market was one of the other reasons for this decision. "[…] the other brands that you have mentioned that H&M group owns

have different target market. […] with H&M Home we created something close to the initial brand, the products are not targeting different income customers".

Ana is also in the same opinion as the brand manager on the topic of having this extension under the same brand name. She thinks that it is mainly to make use of the strong brand name and image that the company's customers have. "Having the same brand name is kind of a guarantee for the customers and for the company that they will be interested". She also adds that:

> *We have many visitors in our shop everyday, and this products under the same name can be put in the same shop, and customers directly will be interested while visiting H&M store, to see what is in the new home section, if it will be different brand name you cannot put them in the same shop and you cannot guarantee that this new shop with new brand name will have as much customers as usual H&M shop.*

The introduction of the new product extension in 2009 to the target customers has started in without a physical store, but rather online sales through the company's website. Furthermore, there were also catalogue sales in the Nordic countries and the Netherlands, Germany and Austria. "Initially, we launched on our online, hm.com for the first time. Moreover, we included this product range in our catalogues that's been sent out to our customers". By the autumn of 2009, when sales and interest started to increase, the company made a decision to offer these products also in the United Kingdom and the first investment on a physical store was made.

> *In the autumn of 2009, the H&M Home Showroom was launched in Stockholm. It is a 200-square-meter store on the second floor of a regular H&M shop which reminds of a gallery where the interiors collection items are displayed and regular updates and changes to them are made.*

Moreover, both of the interviewees agreed that the extension shares the same attributes as the core products. Maria mentions that "a high fashion level in terms of design, price and quality was kept in mind while launching this product line". The shop manager adds that "H&M Home products are mostly things like towels, curtains, sheets, pillow cases. The fabrics have similar quality and prices doesn't differ from normal H&M prices".

4.2.6   Challenges of brand extension

One of the main challenges for the brand extension according to Maria Lindblom was making customer aware of it. "The awareness is the most challenging for a new brand or product category".

According to Ana the reason behind having H&M Home in only specific stores and locations is the area that the extension requires.

> *H&M home is a quite big extension, there are many products it needs a lot of space in a store like one whole floor, this means the amount of clothes that can be put in a store has to be decreased.*

She also mentions that getting the attention of the customers in to the new products, is the main challenge with any new extension. However, she does her best to follow the instructions from the head office, concerning the display of the new products in the shop.

4.2.7   Ways to deal with challenges

The company has dealt with the challenge of awareness and space in an interesting and innovative way. It is the concept of "magnetic shopping". At the entrance of each H&M home store, customers have an opportunity to pick up a house shaped metal plate. Each product in the range is represented by a miniature magnet with the picture and information about the item and which can also be attached to the metal house (see the Appendix 3). After the customers finish their selection of products they hand in their plate at the checkout, then the real products are brought to them by the shop assistant. "The idea for magnetic shopping came from the way we shop on the internet," says Mrs. Lindblom. This way of shopping has grabbed the attention of many journalists and bloggers. As a result of that, more and more customers were aware and interested in the new bran extension of H&M.

In 2011, one of the alluring collaborations of H&M with the famous designer Donatella Versace was another strategy of the company to increase the awareness and interest of

the customers about the extension. The designer has created a clothing collection which also offered selected home interior items in an Italian style, and grabbed a lot of attention from the customers when it was launched in 300 H&M stores and online.

5   Analysis

This section of the thesis aims at analyzing empirical findings along with the theories introduced in frame of reference

5.1   Drivers for brand extension

While analysing the data gathered from the interviews, we can conclude that the drivers behind extension of the brands can be divided into pull and push factors.

5.1.1   Pull drivers

As it was mentioned previously in the frame of reference section, pull strategy deals with direct interaction with end users in order to introduce a new product and "pull" them to a distributer to buy it (Bax & Woodhouse, 2013). However in our case, pull strategy can be revised as an inspiration of the company by customers and external factors to create a product.

When comparing both of the cases it can be seen there are similarities in terms of pull factors that influenced the drivers of brand extension. The decision to extend their product offerings for both of the companies was initiated by the external factors. In Husqvarna case at the time when safety standards were introduced in Sweden, Husqvarna was supplying forestry companies with professional products and quickly identified the need for protective equipment that appeared in the market. It is also explained that improvement of a core product also played an important role, as customers started to demand a higher level of protection. It was also identified, that the culture is an essential factor, as Scandinavian people are more interested in safety and this factor creates a strong demand for protective equipment in this market. This is how the market pulled the idea of creation of protective equipment line in case of Husqvarna. We can clearly see similarities between two cases as in case of H&M customer interest and demand were also the main drivers of brand extension. It can be said that it was an opportunity for the company to meet the needs of their existing and potential customers as changing perceptions of the people about home style and décor have created this

demand. It can be concluded that for the company it was more of a pull factor that influenced the decision of extending the brand in this category.

5.1.2   Growth driver and push strategy

One of the reasons of expansion for company is the desire to enlarge its markets share and increase sales. When Husqvarna started to expand to overseas markets they discovered that some of them such as Russia and South America can be "problematic" in terms their low safety regulations and different culture of usage of protective equipment. Therefore, Husqvarna has to put a lot of efforts into promotions of their protective equipment in order to create a demand from the side of the customers. According to the previous research a push strategy is a marketing strategy that companies use in order to "push" products to the customers in order to create demand (Bax & Woodhouse, 2013). In other words, this strategy is used in cases when creation of demand requires a lot of promotional efforts. However, there are no base for comparisons for push factors since there is a lack of information from the side of H&M.

5.2   Reasons behind keeping the same brand for a new product

The theory from the frame of reference suggests several reasons for launching new products under the same brand name. These are the following: low introduction and promotional costs (Bhat & Reddy, 2011), high cost of developing a new brand for new products (Aaker & Keller, 1990), and the opportunity to make use of the existing brand image in the customers minds because consumers are more likely to relate a brand extension to other products affiliated with the parent brand (Aaker & Keller, 1990; Farquhar et al., 1989). Additionally, our findings suggest that the first and most important reason for the companies to use their established brand name for their new offerings is the possibility to make use of the existing strong brand image in customer's minds and saving costs in terms of promotion and distribution as a secondary driver. The next sections present more detailed information about that topic.

5.2.1   Brand image and brand associations

Analysing the data collected from both of the companies we can say that the most important reason for having the brand extension under the well-known brand names was the opportunity to exploit the strong brand image and associations that both Husqvarna

and H&M have in their customers' minds. According to Pita and Katsanis (1995) the already existing strong associations of the parent brand enhance the customer willingness to buy and try the new products.

The interviewees from both companies pointed out that keeping the same name for the new product category is guiding their customers through their purchase decision since they already know what to expect from the brand. As mentioned in the frame of reference brand image is formed thanks to the associations and these associations are a result of attributes, benefits and attitudes towards the product or service (Keller, 1993).

Moreover, Pita and Katsanis (1995) mention that well-defined brand image contributes to create a recognition and many positive brand associations of the new extension among the customers. However, our findings suggest that while extending their brands, managers didn't solely rely on the already existing associations to be transferred directly to the new extension instead they have created the new product category to have the same attributes as the core product. Husqvarna mostly focused to keep the product related attributes which is the quality of the material that is used for the products, whereas H&M's focus was on the combination of non-product (price) and product related attributes. Moreover, after the visit that we have paid to the H&M store where the home accessories were displayed we could clearly see that some decoration items share the same patterns and colors as the clothing (see Appendix 4). This is how the company keeps the same associations for its new product category.

5.2.2 Saving costs

Introducing new brands to the market can be very costly for the companies, especially, in terms of promotional activities (Sullivan, 1992). Since creating awareness and demand for a new product with a new brand would require much more resources than doing it for the already existing strong brand with a new product. Moreover, according to Keller (2003) the efficiency of the promotional efforts is higher with a brand extension since it reduces the risk of purchasing a new product or service perceived by the customers. Additionaly, one of the interviewees mentioned that in the very beginning Husqvarna Group used a neutral brand for its new protective equipment line.

However, when the company saw that great deal of investment had to be made for its promotion they have re-launched this product line under the Husqvarna brand.

When it comes to H&M, the managers didn't directly mention that saving costs were their main objective of this extension. However, the store manager clarified that having the extension under the H&M name enables them to display the new product category in the same store. This serves as a guarantee that the extension will reach many people since the H&M stores are visited by numerous customers on a daily basis. Moreover, the opportunity to display the new extension in an already existing store can also be considered as cost- saving since it creates awareness even without any promotion. Additionally, the company doesn't have to lease or buy new stores in attractive locations and hire new people for them.

5.3   Challenges of brand extension

5.3.1   Creating awareness and demand

Even though, one might suggest that companies do not face a challenge to create an awareness and demand, since they launch their products under the well-established and well-known among the customer's brand name. Our findings, suggest, that this challenge is still applicable for brand extension. As mentioned, earlier the brand extension decreases the cost of that challenge, but it doesn't eliminate it completely. In other words, even if the demand for a certain product in the market exists the companies need to create awareness among the customers that the demanded product can be found within their offerings.

As Husqvarna distributes its products through dealers it is essential to make sure that the dealers have complete knowledge and right information about a new product category. Challenges may arise, as dealers are independent companies that are involved in business not only with Husqvarna but also with its competitors. Moreover, dealers have their own ways to market and place product and therefore the message that Husqvarna wants to send to its end customers can be interpreted not correctly. This challenge becomes even more serious in case of creating the demand in overseas

markets such as Asia and South America. In those markets for the reasons that were mentioned earlier, Husqvarna has to push its product to the market through dealers and it makes relationships with them even more important.

Additionally, for H&M creating awareness was the main challenge for their new brand extension. Even though the idea and demand for this range of products came from the customers, H&M had to put effort in order to make them aware that the company responded to their request positively and created home decoration products, which are available in specific locations.

5.3.2 Choosing the right supplier

According to Aaker and Keller (1990) the extended products that lack innovation or very simple to manifacture may experience rejection by the customers. Therefore, even if the demand was existing to a product in the first place if the real product doesn't meet the customer's expectations the demand and interest might be affected negatively. As mentioned earlier, after the stage where the decision is made to keep the same brand name for a new product category, in order to maintain the existing associations with the parent brand, companies are trying to keep the same attributes in terms of price and quality for the new extension. In the case of, Husqvarna, it was challenging to find a right supplier, that has a good quality control and that is convenient in terms of logistics. Since the company didn't have these kind of products before. The companies face the challenge in order not to have one of the negative effects of the brand extension, deterioration of the brand image (Loken & John, 1993). This effect arises when the extension creates new asoosciations in the customer's minds and confuses the current beliefs and feelings about the brand (Ries and Trout, 1981). Therefore, the right supplier is one of the key factors to keep the same associations for the brand extension as for the core product.

5.4 The way of overcoming challenges

5.4.1   Creating awareness and demand

Husqvarna managers mentioned that company has meetings several times a year with dealers in order to inform them about new products and regulations. This action can be considered as a way for creating awareness among the dealers of the company and demand among the customers. Since these meetings prepare the dealers to give detailed information about the offerings in cases where customers who visit dealer shops are not aware of what kind of products are meeting their needs. This is how Husqvarna creates demand among its customers through dealers by putting emphasis on regulations of the specific country and its product features. Moreover, in order to create an extensive awareness before launching a new product, Husqvarna has a big conference where the dealers and suppliers from all of the countries of operations are gathered in the headquarters. This action is taken in order to have an equal distribution of information among the all of the parties that are involved, since the company is familiar of the fact that the awareness and demand can be created with the constant flow of information from the company to the dealers and from the dealers to the customers. Furthermore, the dealers have to follow special guidelines created by Husqvarna with explanation on how to market and advertise their products correctly to the end users.

One action taken from H&M to overcome the challenge of the creating awareness for the new extension is the collaboration of H&M with the famous designer Versace two years after the launch of the extension. Along with a usual clothing collection, the designer also created special accessories for home (see Appendix 5), which grabbed the attention of the media and many customers. This action can also be seen as a celebrity endorsement which according to Martin Roll (2014) is a communication channel for a brand where the celebrity verifies a brand's position and claim by extending his or her popularity, personality, expertise in the field or stature in the society to the brand. Moreover, according to Erdogan (1999) a well-known celebrity creates stronger purchase intentions and more positive attitudes towards an advertisement in comparison to the non-famous spokespersons. Therefore, we can conclude that celebrity endorsment is a strategy for increasing the awareness about the new brand extension.

6   Conclusion

In this part the purpose and the research questions of the thesis will be restated and connect them to the findings made in the analysis part. In order to demonstrate the inteconnections between our findings the model will be presented.

The purpose of this thesis was to investigate the process of brand extension from the perspective of companies in order to contribute and broaden the knowledge on the entire process of extension of a brand. The purpose has been fulfilled by finding the following answers to the research questions.

1. *What are the main drivers for brand extension?*

After our analysis it was discovered that the main driver for the decision to expand the product offering into new for the company categories, is related to demand that appears on the marketplace. This demand can be created by several external factors such as regulations, cultural preferences and trends. Another driver that we identified is connected to companies' desire to increase its sales and enlarge market share.

2. *What are the reasons behind creating the new product categories under already existing brand name?*

The analyses of findings have clarified that the main reason for keeping the same brand name for a new product category is to take advantage of the already existing strong brand image in customers' minds. The well established brand image creates strong brand associations that are very beneficial for introducing new product category. However, companies do not solely rely on the direct transfer of brand associations. Therefore, they are trying to keep extension products' and core products attributes' in line with each other.

3. *What challenges does a company face while extending their brand and possible ways of overcoming them?*

The main challenge that was identified, is creating demand and awareness among the target customers. However, the scope of the challenge can depend on the channel that a company uses for distribution of the products. In case of distributing the products through dealers or retailers, the the problems with delivering the right product information to end customers may arise. This challenge can be overcome by using different guidelines, trainings and educational conferences that give right information about the product to the dealers. In the cases where the products of a company are distributed directly to the end customers without involvement of the third parties, the challenge becomes less complicated and easier to overcome through the utilization of marketing communication tools such as celebrity endorsement.

Another challenge that was identified is connected to finding the right supplier. This challenge is, particularly, applicable in the cases where the company wants to keep the same attributes as core products for the brand extension. However, this research wasn't able to find an answer for the ways to deal with that challenge. Since the participants in the interviews were not dealing with this problem personally, they did not have the expertise in this area. Therefore, they were unable to give an answer to this question.

In order to demonstrate interconnections between our findings the following Figure 9 has been created:

Figure 9
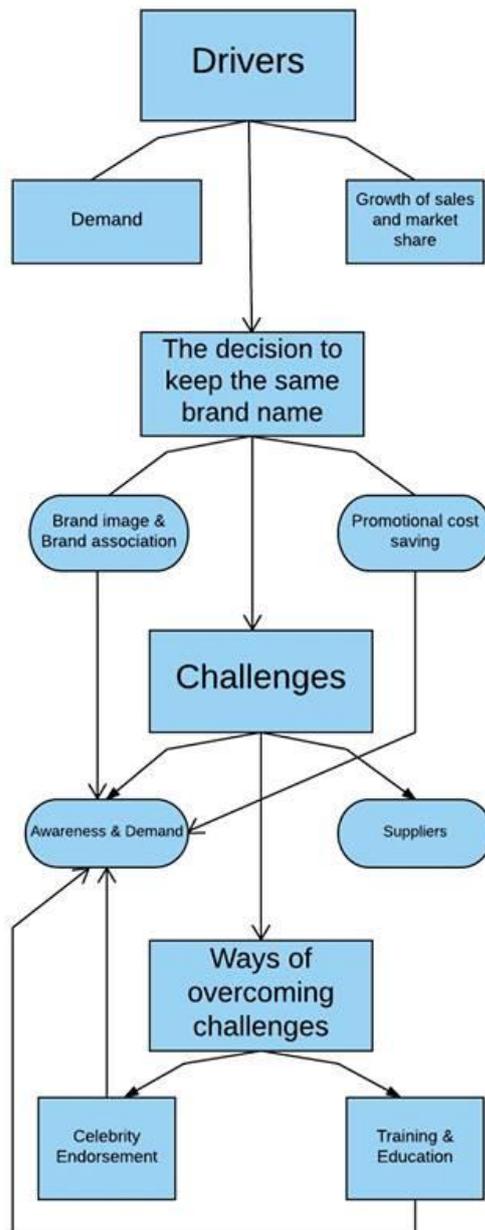
Source: *Conceptual model of brand extension (self-designed)*

7   Discussion

In the following section the findings will be connected to the existing research. Limitations and boundaries of the thesis will be presented as well as suggestions for future research.

7.1   Contribution

The theory suggests that the reason for creating new products for the companies is the opportunity for growth (Ansoff, 1957). However, our research has found that along with the market expansion that comes as a secondary driver the customer demand is the primary driver for the decision to create a new product different than the core one. Moreover, previous studies pointed out that perceived fit between the parent brand and the extension affects the evaluation of extensions positively (Aaker and Keller, 1990; Boush and Loken, 1991). Our analysis shows that in the cases where the fit between the products from the extension is low the companies try to have high level of "fit" between the core product's characteristics and the extension product's characteristics. High "fit" is achieved by keeping the same attributes as the core product in terms of price and quality for the extension in order to make use of the existing strong brand image. This result is consistent with the results from the research of Nijssen and Augustin (2005), that managers consider the "fit" in terms of product or/ and characteristics as the first indicator of ideal brand extension. This study also contributes to the challenges that the brand extension strategy creates and possible ways of overcoming them which previous research didn't shed a light on.

Brand extension has been studied extensively by the researches. However, the main emphasis was put on the customer side of this phenomenon. Little attention has been paid to the other side of the happening, namely the company. A study conducted by Nijssen and Augustin (2005), has tested what managers' interpretation of an ideal brand extension is. However, the topic of how companies extend their brands overall was still unclear. This research has tried to further understand the company side of the brand extension by providing in-depth analysis of the empirical findings from two

multinational companies with already existing brand extension. These analyses helped us to develop a conceptual model of brand extension which might be a useful tool for the managers who are planning to extend their product offerings in order to understand better the steps that this action requires to take.

7.2   Limitations

Our research is bounded by several limitations that will be presented in the following section. When it comes to choice of the research questions, we want to emphasize that that our thesis is not focusing on success or end result of the brand extension as selected case studies contain already established brand extensions. In other words, this paper aims at exploring the process of brand extension and its aspects.

 Due to lack of time and busy schedule, most of the interviewees had restricted amount of time and we had to adjust our interview process to that issue. This especially concerns the managers from H&M, as we were able to conduct only 2 interviews and therefore support lack of primary data with secondary. Moreover, the solutions for one of the challenges that this thesis identified has not been fully explored due to the lack availability of interviewees from this area of expertise.

Due to lack of time and resources our research was restricted solely on two case studies. Two case studies might be considered as relatively small for having an accurate and meaningful conclusion. However, the limitations mentioned above did not desist us from conducting research and contributing to the brand extension research field.

7.3   Suggestions for future research

Since the company side of the brand extension is not fully explored, there is an extensive area for exploration. It can be suggested that limitations of our research create opportunities for future research. First of all, in order to generalise conclusions, quantitative studies using bigger samples size can be conducted. This would eliminate single method bias in terms of reliability and validity since the study can contribute to more accurate outcomes.

Moreover, interesting topics have emerged after the analysis of our findings. For instance, both of the companies have responded to the demand from the customers from their biggest markets of operations. It would be beneficial to investigate to what extend the size of the market matter for the decision of companies to expand their product offerings.

Finally, since our study has found that the challenges of brand extension and the ways to deal with them might differ from industry to industry, we were not able to fully investigate all of the challenges and their solutions. Therefore we suggest that the future research might be focused on that topic. Moreover, our research didn't measure what is the success rate of the company's way of dealing with the brand extension challenges. Consequently, the future research might also focus on that aspect. This would create a better understanding of which solutions of challenges create the best outcomes for the brand extension success.

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Appendix 1

Interview guide for Husqvarna

1. Could you tell us more about yourself, your position at Husqvarna, how long have you been working and what are your main responsibilities?

2. We found out that Husqvarna not only producing chainsaws, trimmers, robotic lawn mowers and garden tractors but also has a line of safety equipment and clothing. Can you tell us more about it?

3. When did you launch this product line?

4. How did you come up with this idea

5. Can you please tell us more how product development process overall looks?

6. Which customer segment is it primary serving?

7. Does the Husqvarna accessories products have the same attributes as your core business products?

8. Do you offer Husqvarna accessories in all countries of your operations? Is there are some countries that Husqvarna accessories sold more than in another ones?

9. Do you distribute Husqvarna accessories the same way as your core product? Which forms are they: online or store?

10. How did you introduce Husqvarna accessories to the target market?

11. What was the reason behind having created accessories line under Husqvarna brand?

12. Did you have any concerns if Husqvarna accessories would not meet customer expectations thus it would damage the brand image?

13. As you know when you say Husqvarna it is mostly associated with high quality engineering equipment, what kind of brand management tools did you use in order to create association with accessories in the customers' minds?

14. Did you meet any challenges in your way to create these brand associations and how did you overcome them?

Interview guide for H&M

1. Could you tell us more about yourself, your position at H&M, how long have you been working for H&M and H&M Home?

2. We have read in the H&M website that H&M Home was launched in 2009. Can you tell us more how did you come up with idea of launching H&M home?

3. What was the reason behind having H&M Home?

4. Did you have any concerns if H&M Home would not be successful thus it would damage the brand image?

5. According to the information from the website there are 6 other brands such as Monki, & other stories etc., but H&M Home was launched under the same brand (H&M) name, what was the reason behind choosing this kind of strategy to expand your product offerings instead of having a new brand name?

6. How did you introduce H&M Home to the target market? What were your advertising strategies and tools?

7. Does the H&M Home products have the same attributes as your core business products?

8. We have also read that the first H&M Home showroom was in Stockholm and catalogue sales were also possible, and then it expanded to some countries like UK and Germany, how many countries today have H&M Home?

9. Which forms are they: online or store?

10. In Sweden, for example, a person cannot find H&M Home in every store, what is the reason behind having H&M Home in specific locations?

11. As you know when you say H&M it is mostly associated with clothes and fashion by the customers, what kind of brand management tools did you use in order to create association with home decorations in the customers' minds?

12. Did you meet any challenges in your way to create these brand associations and how did you overcome them?

13. Is the whole H&M Home controlled from the headquarters or does the countries that have this section have different brand managers?
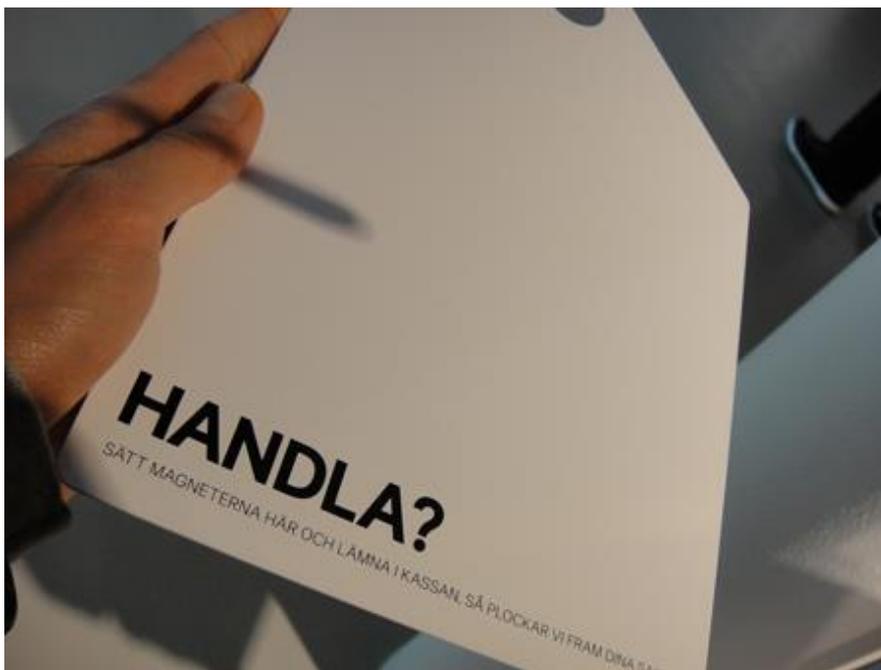
Appendix 2

Timeline of H&M brand extension development

2008	The idea of extending brand into this category is mentioned in the report. And the aim of this line remains was the same as for every product and extension of H&M: "to enable everybody to find something that fits their lifestyle at a good price".
2009	H&M is launched in February; the sales were done via the internet and catalogue in Sweden, Norway, Denmark, Finland, the Netherlands, Germany and Austria; 4 collections were presented during this year; 25 September H&M Home Showroom opened in Stockholm
2010	H&M Home launched in one of the biggest markets of H&M UK through online sales and physical store in the upper floor of H&M store on Oxford Street in London; store openings in cities like in Copenhagen and Helsinki and in a former bank at Dam Square in Amsterdam

2011	Donatella Versace- collection for H&M and H&M home in 2011
2012	From July, the H&M Home interior textiles collection expanded to include a range of products for children and babies from organic cotton. Number of H&M Home stores increased and customers can find them in Stockholm, Norrköping, Helsinki, Copenhagen, Oslo, London, Amsterdam and Frankfurt.
2013	H&M Home expanded to ten new markets including the US, Poland, the Czech Republic and Spain
2014	H&M Home opened in a further 63 H&M stores in 14 markets and plans for expansion continue
2015	H&M Home is in 218 H&M stores in a total of 42 markets. H&M's product range is also available to buy online in 23 countries: Sweden, Norway, Denmark, Finland, the Netherlands, Germany, Austria, the UK, the US, France, Italy, Spain, China, Portugal, Poland, the Czech Republic, Romania, Slovakia, Hungary, Bulgaria, Belgium, Switzerland and Russia. Expansion will continue with 60 new departments in 2016.

Appendix 3

The concept of "Magnetic shopping"

The house shaped iron plate. Source: David Report, 2016

The magnets that can be attached to the metal plate. Source: David Report, 2016

Appendix 4

H&M similar attributes

Source: H&M website

Source: Own, from H&M store Stockholm, Sweden

The similarities in terms of price

Source: Own, from H&M store, Stockholm, Sweden

Appendix 5

Collaboration with Versace

TURNING JAPANESE

H&M has already hooked up with several fashion designers for one-off collections, but Versace for H&M is the first time homeware has been included. We adored the pretty Japanese-style cushions (pictured) and throws.

Velvet **cushion**, £29.99, by Versace for H&M (hm.com)

Source: Nitrolicious, 2016