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PANOS EMPORIO

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- Extending the Brand -

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ABSTRACT

Brands have for a long time been used to identify and distinguish organizations, companies and products, it can be compared to as the soul of a company. A brand extension is a clear channel for product innovation, which can be a powerful tool to hold a competitive advantage. Product innovations can create differentiation; raise the brands characteristic-values, extend the area of use and block competitors.

For 25 years, Panos Emporio has had a leading position in the swimwear industry and in spring of 2011 the company launched their first clothing collection for men and woman, and has recently launched an online store. The company is extending their brand and now that they have a new product category they are facing a challenge, which is underlying in our research question: How can Panos Emporio, a swimsuit brand, expand their brand image and identity to their new clothing line? The purpose of this report is to highlight important factors within brand extension that could be of value to Panos Emporio and other companies facing a brand extension.

The report is a qualitative study using an abduction methodology where empirical findings have been studied parallel with the theories and vice versa. We have conducted interviews and observations, and have also collected quantitative data in form of a customer interview, to gain an understanding of the reality. We have chosen to examine and observe the brand Panos Emporio by asking questions regarding the company's organization, brand identity and image, as well as customer attitudes. The theoretical framework is underlying in our research study, with the initiation of portraying a brands meaning, importance and structure. Furthermore theories of brand extension with an emphasis on approach strategy and its advantages and disadvantages. The empirical chapter includes, information concerning the company´s brand, collections, costumer and retailers, as well as marketing strategies, which is a part of our data presentation.

Out of our theoretical and empirical part we came to the conclusion that Panos Emporio should consider making the consumers more aware of the clothing collection before launching more products within a new product category, since the lack of awareness can throw a shadow over the main product and bring down the brand image which in terms affects the brand equity. Having good knowledge regarding the brands attribute, personality, purpose, identity and the relationship with consumers is more important than whether they should extend the brand or not. Companies need to focus on building their brand equity and image, towards the customers first. Authors believe that companies can take great advantages if a strong brand name and relationship is established at first.

Keywords: Brand image, brand identity, brand equity, brand extension, Horizontal brand extension and costumer attitudes and loyalty.

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1 INTRODUCTION

1.1 Industry Background

Textiles and clothing in Sweden is an industry which exports are concentrated in Västra Götaland. In 2004 the region represented an export value of more than seven billion SEK within the textile industry. It represents more than half of Sweden's total exports of textiles and clothing. The export value has also pointed steadily in recent decades. Sweden's total exports of textile and clothing products in 2004 amounted to 14.8 billion. 1980 the figure was only 3.2 billion (Ernering. 2006). In 2009, Sweden imported about 300 000 - 350 000 tones of goods within the textile field, the number involves of textile fibers, yarns, other fabrics like knitwear and clothing. The net inflow of clothing and textiles to Sweden has increased by nearly forty percent over the period 2002-2009 (Ungerth. 2011). According to Consumer Report 2010, Swedes bought clothes and shoes for seventy-five billion SEK per year 2009. Consumption of clothing and footwear has increased by fifty three percent between the years of 1999- 2009. The proportion of household budget devoted to clothing and footwear is an average of five percent. Men spend forty-two percent less on clothing and shoes than women. Women ages 20-49 spend the most. The total world trade in textiles was 2,670 billion SEK in 2006, or about six percent of the total turnover of goods globally (Ungerth. 2011). Swedes are buying more clothes than before.

The symbolic value is increasing and it has become more and more important to "dress properly" and to have a “special outfit” for every occasion. There is a greater social pressure to show ones personality and image through dressing (Sundberg. 2006). From the beginning of time clothes were originally for protecting the body against heat, cold, rugged terrain, insects, and against the enemies of hunting and war. Over time the purpose has changed and evolves social status, group membership, and expressing ones personality and identity. The reason for wearing clothes have changed and we are consuming more clothes than before (Ungerth. 2011). Fashion has taken a more prominent position in contemporary culture than a decade ago (Sundberg. 2006). Consumption, fashion, and brands of today's society has become synonymous with a person’s existence and a way to create a lifestyle, identity and belonging as well. Brands allow us to shape our personal identities while creating a relationship with others. The buying choices that we make are symbols of our style which connects us to our identity. A brand consists of values and attitudes which we identify our lifestyle with. Emphasis on customer’s lifestyles and developing brands to be called lifestyle brands has become a natural step in the fashion industry's growth. (Holmberg & Wiman. 2002, p. 30-32). There are many meanings and explanations of the concept of brands. That is why a company's brand philosophy must be well established to the business idea and it has to have clear objectives, and a clear strategy. Since brand building is a continuous process it is important to convey the brand's core values both internally with employees, and externally to consumers (Hedén & McAndrew. 2005, p. 74-75).

1.2 Problem discussion

Brands have for a long time been used to identify and distinguish organizations, companies and products. You cannot just say that a brand is synonymous with just a logo, it is more than just a symbol and is distinguished between brand identity and brand image. Brand identity can be compared to as the soul of a brand. It is the customers and other stakeholders' perceptions of the particular brand. The identity is created by the company and can reflect the core values, their customer commitments, value, origin, personality, and so on. The personality and values gives a substance to the brands identity and creates a foundation for when the brand approaches the market. There for companies can gain benefits by defining their position and target market (Merkbeleid. 2009). For 25 years, Panos Emporio has had a leading position in the swimwear industry and in the spring of 2011 the company launched their first clothing collection for men and woman, as well as celebrating their 25 years anniversary. Now that the company has a new product category they are facing a challenge. The image of the brand is influenced by advertising, media and word of mouth. Today's customers generally purchase not only fast moving consumer goods, but also products for what the brand represents. A well-known brand may symbolize the kind of lifestyle that the customer identifies with or wishes to identify with. This is an emerging social development that makes it increasingly important to preserve and manage brands (Merkbeleid. 2009).

1.3 Purpose

The purpose of this report is to emphasize important factors with a brand extension.

1.4 Research question

- Which factors do companies have to take under consideration when extending a brand?
- How can Panos Emporio, a swimsuit brand, expand their brand image and identity to their new clothing line?

2 METHOD

2.1 Perspective

In research the word perspective has the same meaning as outlook or starting points for investigation, and includes additional information about their point of view, the "glasses" through which reality is seen. The perspective serves as a lens through which the investigator considers reality and chooses the aspect that is considered relevant. The focus of this report is from a business- and also from a consumer perspective (Bryman & Bell. 2003). We have conducted company interviews as well as customer interview.

2.2 Objectivism

Objectivism is an ontological position that implies that social phenomenon confronts us as external facts that are beyond our reach or influence, meaning that the social phenomenon is an independent of social actors (Bryman & Bell. 2003, p. 21). All humans have a superior mindset that contains a number, conscious or unconscious, assumptions about how reality is constituted. The system of assumptions that constitute a person's mindset determines what he or she considers important or unimportant, good or bad, right or wrong, and so forth. This sets limits to what you see, how to think and how to act (Lundahl & Skärvad. 1999, p.60).

Our beliefs can affect our perception of what we think is right or wrong. Since both of us are consumers and we are both participants in the same reality as the object of our study, chances are that we may get caught between structured and desired reality. We have tried to stay as objective as possible in this study, by putting our own as well as Panos Emporio's experiences aside, and examined information with an objective eye. It is through critical thinking and impartial assumptions that we have investigated this subject.

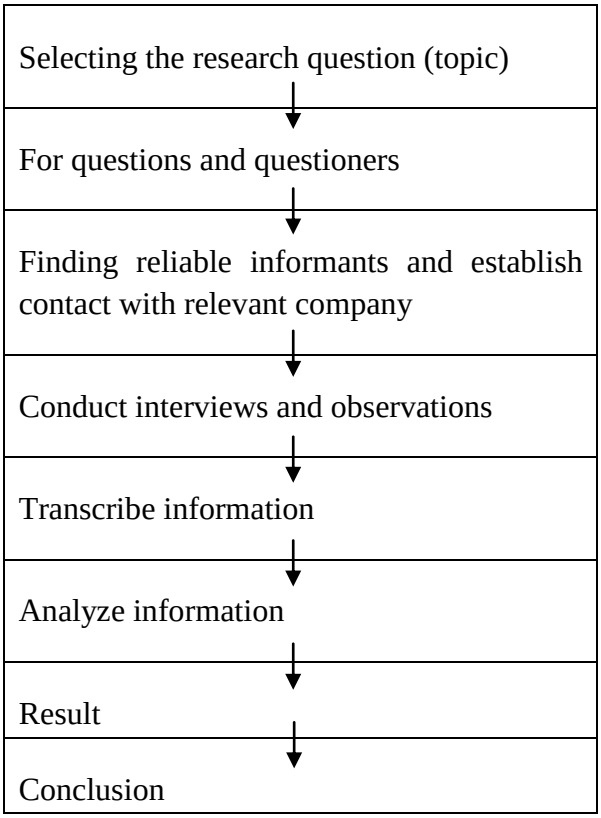
2.2.1 Abductive research

In the starting point of a research an inductive or deductive research method is chosen. Deductive research primarily tests existing theory, where inductive research primarily generates new theory and abducative research is a combination of both (Gummesson. 2000, p. 64). We have chosen to relate both theories and empery together in an abductive research. This accounts for the social life by drawing on concepts and meanings used by social actors and activities in which they engage. Abductive research is characterized to be inductive in/within the first phases and then deductive. In which we formed our picture about the future by gathering information from both the company and the/its customers. The abductive ways has its/research is beneficial benefits because it does not limit the researcher and can therefore give more space to develop own thought and theories (Patel & Davidson. 2003, p. 24- 25).

The abductive research was conducted by first gathering empirical data and information and then, the gathering of relevant theories which we put in comparison to our empirical results. Abduction is based on empirical facts just like the induction but does not reject theoretical notions and is therefore also close to the deduction. The analysis of the empirical data, for example, combined with studies of previous theories as inspiration to discover patterns and gain a greater understanding. During the research process an alternation between theoretical and empirical result occurs to interpret, the two in light of each other (Gummesson. 2000).

2.3 Research strategy

Our study started by choosing a research question: what kind of factors do companies have to take under consideration when extending a brand? We came in contact with the company Panos Emporio, which have experience within the field. Thereafter we established a contact with the company and booked interview meetings with three of the personal from the company. As a third step we formed semi structured questions for the interviews. The questions were concerning the company's brand image, identity and attitude and can be found in the appendix. After the interviews at the company we decided to conduct a costumer interview as well, to determine costumer attitudes, and increase our reliability for this research. Other data being collected is by observations as well. Those were done throughout the study both in Stockholm and Gothenburg. We also collected relevant data by booked interview meetings and organized observations. All the information that we got, was transcribed and then rewritten so it could used in result chapter. When the results were done we then analyzed the material, which lead us to our conclusion.



(Figure 1)

2.4 Primary data

Data collection can take different forms and can be based on existing information, which is secondary data. When the researcher collects new information that has not been documented, then it is called primary data. In order to get research questions answered, there are different ways in gathering primary data information. There are a couple of forms of research methods, such as surveys, observations, attitude scales and interviews to be used. The type of data collection chosen depends on which surveys that will give the most accurate answer to our questions in relation to the time and means at our disposal (Patel & Davidson. 2003, p. 63).

A scientific investigation can be conducted in two different methodological approaches, either a quantitative or a qualitative term. In quantitative research, the researcher analyses the data with the help of statistics, which means any data such as percentages and so on, that is in numerical form. A specific question is usually asked to the participants and then the numerical data is collected in order to answer the question (Rabinowitz Phil, Fawcett Stephen & Holt Christina. 2012) in qualitative research, the researcher asks participants broad questions and collects word data. The researcher describes the information in themes and patterns mainly for that set of participants (Patel & Davidson. 2003 p. 78).

For this research we will be using a qualitative approach in the form of interviews and observations, but we have also collected quantitative data in forms of twenty customer interviews. However we have been using a qualitative approach to collect valuable and reliable data, which focuses on the quality of the research and not on the numerical amount. To gain an understanding of the reality, we have chosen to examine and observe the company Panos Emporio, both by interviewing key personnel's at and also by conducting costumer interviews, to get a deeper and more reliable view of the company. We have observed the Panos Emporio website, blog, products, as well as ads and commercials on the internet. By reviewing the website and the internet activities, we could see what was being portrayed and communicated to the visitors online, and then we could analyze and compare it with our other data materials collected.

2.4.1 Qualitative interviews

A common way to distinguish between different types of interviews is to base it on the degree of standardization. In interviews with a high degree of standardization, the question wordings and question orders are determined in advance. In semi- standardized interviews, both questionnaires and issues are more freely in order. The interview can be a lot more flexible and situational (Lundahl & Skärvad. 1999, p. 115). The interviews we did were conducted at Panos Emporio's office in Mölndal, Göteborg, and trough out different occasions. The arrangement in the implementation of our study is semi-standardized interviews, and includes a pre-determined numbers of questions that have been given to the respondents, which is backed up with follow-up questions. We interviewed three people at Panos Emporio, the first interview was with the founder of the company Panos Papadopoulos on the 24th of April 2012. The second interview was with Marie Sjöberg from sales and Heléne Samuelsson from the design department, on the 8th of May 2012. To get an insight of the consumer's perspective; we also made a short interview survey outside of Panos Emporio's flagship store in Frölunda Torg, Gothenburg, that resulted in twenty respondents. We conducted a short 5 – 10 minute interview with each of the respondents, asking questions regarding their attitudes towards the brand, collections and the store. Unstandardized questions were given to all respondents, which gave room for development and comprehensive responds from each individual. Supplementary questions such as "tell me more about it", "do you want to develop it" and "can you clarify what" are all examples of follow-up questions used to obtain the most comprehensive and nuanced answers as possible (Lundahl & Skärvad. 1999, p. 116). The questionnaire sheet can be found in the appendix.

2.4.2 Observations

Observation is a scientific technique based on a systematic plan and recorded information, which is used to gather information related to behaviors and processes in natural environments. By behavior we not only mean the physical acts but also verbal opinions, relationships between individuals, emotional expressions and such (Patel & Davidson. 2003, p. 87). In this study, observations are used to support our results. We observed the foot flow in the store and took notes about visitors' demographic and psychographic profiles. By observing how and who comes in contact with the brand Panos Emporio, and how they operate in stores where Panos Emporio's merchandise are being sold.

Furthermore, the observation method is relatively independent of individuals' willingness and time to provide information; still it requires some activity and cooperation of the selected objects studied of the individuals (Patel & Davidson 2003, p. 88).

We have taken this under consideration by making short, qualitative interviews with some of the visitors in and outside the store, as well as gathering information from the sales personal working there. The observations are of a non-structural nature which gave us the liberty and independency to ask the appropriate questions needed, and not require us to follow an already conducted question scheme.

2.5 Secondary data

The secondary data provides information that is documented trough recordings i.e. books, magazine articles, annual reports but also information that is available in electronic forms, such as the internet. This kind of data saves time, cost and provides a large amount of information often for free. Secondary sources are almost always an important part in surveys, even if the investigator chooses to later combine with primary sources. Secondary sources are therefore important as a first phase in all investigations. (Patel & Davidson. 2003, p. 63- 66).

Our theoretical framework is based on secondary data in forms of literature and scientific articles. The empirical results have been mixed with primary- as well as secondary data, in forms of newspapers, magazine articles, websites and other reports. The literature and scientific articles used in the study have been found by research done on Google Scholar, and in Borås University, University of Gothenburg and Södertörn University's database.

2.6 Delimitations

This study will focus on how the company Panos Emporio works, and how its customers perceive the company brand. We have limited our observational studies in to two cities: Gothenburg and Stockholm, within the big retail stores that sell Panos Emporio and also at the Panos Emporio flagship store. We will mainly focus on the clothing collection, and not go into depth regarding the swimwear collection.

3 THEORY

3.1 Chosen theory

In the first part of the theory (3.1) we will focus on the definition of brand, what its true meaning is, and how it is being reflected on the market. The reflections and assumptions are based on brands image, equity and loyalty. We will explain these terms more deeply throughout the first part of the report. In the second part (3.2) we introduce theories related to brand extension, potential brand extension, and different approach for brand extension as well as different types of brand extensions to give the reader a better understanding of the wide picture of brand extension. The type of brand extension we will focus on is horizontal extension which is the type of extension Panos Emporio is practicing. How to expand the user group and give innovation to the brand is also being mentioned under brand extension. The last theory discussed in part two is the advantages and disadvantages of brand extension. Since extending a brand is a big decision for a company, it is of high importance to take advantages and disadvantages under consideration. Part three (3.3) which is in the end of the theory chapter is focused on the consumer itself. It is about consumer lifestyles and attitudes, which helps describe a person's lifestyle and consumption pattern. Consumer behavior and brand extension is the last theory discussed and it helps the reader get a view on how the consumer's behavior can have an effect on a brand extension.

3.2 Brands

In the early stories it was claiming that the artisans would stamped their sold products so that satisfied customers would remember the origin and return, Trade has grown since then but the brand's initial function is the same even today, brands serve as an abstraction from the huge range of products available (Hedén & McAndrew. 2005, p. 69). Kapferer explains that a brand occurs at first only as a name to a product and not until the name loses its strict predetermined status; it becomes a brand in its true sense. Through its way of communicating the brand will gradually be equipped with characteristics, image and perceptions that shape an identity, style and a way to be perceived. Having evolved from its primary function which only accounted for a company name and occupied a place on the shelf, the brand's meaning has increased, not only as a physical product but as a communication tool as well (Kapferer. 1992, p. 85-86).

Melin says that there are several factors underlying the brand´s identity, such as the product name, background, geographic origin, and advertising form and content (Melin. 1997, p. 27). The identity is usually characterized as what the brand stands for, what gives it a meaning, and what makes it unique (Melin. 1999, p. 85). The identity builds up the core of the brand and gives it an overall cohesion. Through that, the positioning can be limited, the terms be governed and ensure brand's individuality and sustainability. According to the classical brand concept a brand is the same as a product and together they equal a promise. If a brand is only related to a physical product and a promise it can't generally not be used to cover new products, which makes it to a much restrictively concept and to a philosophy that creates an overflow of brands (Kapferer. 1992, p. 85-86).

Hedén & McAndrew emphasize on, that a company's brand philosophy must be as well worked through as the business idea and they both have to have clear objectives as well as detailed and clear strategy, since it simplifies the maintenance of the brand identity. The structure and the work with the brand is a continuous process without an end, creating a strong brand is based on a comprehensive view and continuity in everything the company does. This applies for example in decisions about products, publicity and advertising such as which event the company can participate in, the staff attire and the store architecture and so on. Sustainability is a major component as well; to always keep up with the original concept while being in the right time line (Hedén & McAndrew. 2005, p. 73-74).

3.2.1 Image

Image stands on the recipients, meaning the consumers side, and identity is on the transmitters and the company's side. Image is the way that a particular audience think of a product and how they themselves interpreter all the signals given by the brand (Kapferer. 1992, p. 34). After the consumer has created a certain awareness of the brand, the company must fill in with a set of positive associations that are the essence of a positive brand image (Keller. 1993, cited in Pitta & Katsanis. 1995). The associations should be positive, strong and unique to give a good consumer response, and further they can fall into three categories: attributes, benefits, and attitudes. Generally speaking attributes is related to the product's performance, they can be both product and non-product-related. The product-related attributes refers to the physical characteristics and can vary depending on product category. Non-product related attributes are defined as external characteristics that are often related to the purchase or consumption situation, such as price, packaging, type of consumer, and the situations in which the product is used. They are insignificant for the function of the product, but important in creating future partnerships (Pitta & Katsanis. 1995).

According to Kapferer, rhetorician says that speech always conveys an image of a sender, which is the same for products. Their communication gives us an idea of who is talking for them. Even if there is not an official person behind the brand, the consumers can often describe a sender who personifies the brand. The easiest way to give the brand a personality is to connect it with a special person. Then gradually it will form an image of the brand by the way that person is talking about the product (Kapferer. 1992, p. 39). Melin says that the goal of creating a personality is to humanize the branded product and give it a soul. For the brand owner, it is important that the brand identity in any way is a reflection of how the consumer wants to be perceived, while the identity must match the consumer's self-image (Melin. 1999, p. 86).

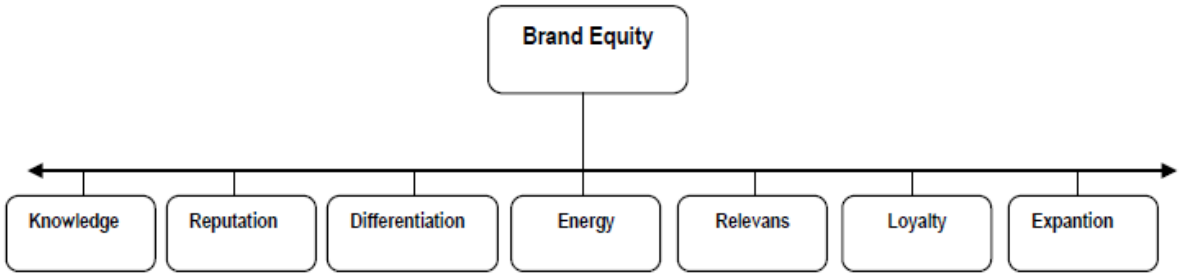
Pitta and Katsanis explains that the benefits represent the satisfaction that the product features provide and what specific customers value. They can be classified as functional, experiential, or symbolic. Functional benefits are often associated with basic characteristics, and are connected to relative small needs. Experiential benefits relates to how it is to use the product and meet the needs such as stimulation, a certain mood or pleasant news. The most important association is the consumer's attitude toward the brand. According to Pitta and Katsanis attitudes consists of the unconscious beliefs that the consumers have, multiplied with the strength of how positive or negative they are (Pitta & Katsanis. 1995).

Melin explains that the objective and goal is to creating a personality to humanize the product label and give it a soul. The thought behind developing an attractive personality is the assumption that consumers choose branded products in the same way they choose friends. Consumers are therefore expected to choose branded products that they want to associate and be seen with. This means that the consumers are preferably selecting branded products that confirms and reinforces the own self-image. An attractive and charismatic personality considers being a major contributing factor to a deep and long lasting relationship between consumer and brand product development (Melin. 1999, p. 94).

3.2.2 Equity

Brand Equity is a multifaceted concept that has been studied by many experts in the field. They all have their own definition which varies depending on the perspective and purpose; most have agreed that it can easily be explained as the product's value, and that it is often the company's main asset and strategic competitive tool (Hedén & McAndrew. 2004, p. 74-75), (Melin. 1999, p. 9), (Keller. 1998, p. 44) & (Pitta & Katsanis. 1995). Aaker has thoroughly studied the implications of brand equity for a longer time. The figure below is created by Aaker and is a representation of the elements he believes is building up a value for the consumer and thereby also for the brand. For the consumer brand equity gives a value by providing them with information, security at the time of purchase and satisfaction. For the company, brand equity offers a greater power within brand marketing, brand loyalty and price; it improves expansion options, influences on the market as well as competitive advantages (Aaker. 1991).

The most important aspect of awareness is the brand's ability to persist in the consumer's first memory. The consumer's brand awareness is necessary in order to then build on with the association, without an established knowledge, it is impossible to build a brand image (Pitta & Katsanis. 1995). Whether or not the brand is taken seriously by their operation is also important in order to know in what other categories the brand could be relevant. Does the brand have loyal customers? Who are they? And above all what distinguishes them from other customers? What is the loyalty based on? Does the brand have potential to be considered for expansion and a possibility to operate as a platform for further growth? In Aakers model, seven elements interact with each other and are designed to fit into different product categories. It questions how the awareness and the reputation of the brand are on the market, (Aaker. 2004, p. 84).



(Figure 2: Brand Equity. Aaker. 2004, p. 84)

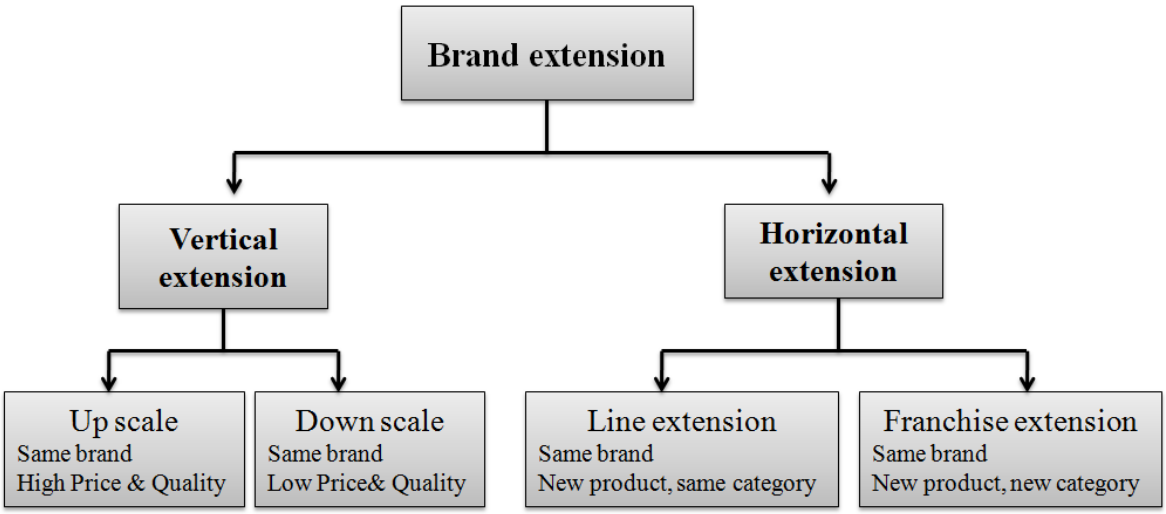
3.3 Extending the brand

An extension cannot just go at any direction; it is the brand that defines the direction and the ultimate route. The brand also carries the code for the future products in line that will be subjected (Kapferer. 1992, s. 87). Uggla explains that a brand extension could be about pushing the limits of acceptability and get attention for it. It is of course a big risk, a brand that extends without restrictions can much likely be famous, but not necessary be bought. At the same time, it would be wrong to limit the brand from the closest product attribute. What determents how far a brand can be "stretched" are values and positions that are behind it, but also what vision that holds for the future (Uggla. 2002, p. 56, 58, 60). For most companies, it is not whether they should expand the brand or not, but when and how they would go about (Kapferer. 1992, p. 87).

According to Aaker an extension is a clear channel for product innovation which can be a powerful tool to hold a competitive advantage. Product innovations can create differentiation; raise the brands characteristic-values, extend the area of use and block competitors. An extension can give "energy" to the brand and make it more interesting and noticeable. It creates a base for differentiation, the efficiency of the communication and the stimulation of the sales. Generally speaking, it creates a new energy that strengthens the brand equity (Aaker. 2002, p. 276-277).

3.3.1 Different types of brand extensions

The two most common ways to extend a brand on is horizontal and vertical extension. Typical for horizontal extension is to broaden the existing brand to a new product category in either a related product class, or in a product category completely new to the brand (Pitta & Katsanis. 1995). Horizontal brand extension can be divided into either a line extension or a franchise extension (Aaker and Keller. 1990).



(Figure 3: Adapted from Kim & Lavack, 2001, Martinez & Pina 2003, Xie 2008, Pitta & Katsanis 1995)

Line extension is the most common type of horizontal extension and means that the initial brand is being used to label a new product that is targeted to a new segment within the same product category. A new taste, new packaging or a new size is all examples on line extension

(Keller. 1998, p. 453). Horizontal extensions tend to be relatively distanced and bring therefore a lower risk in damaging the brand. It can also fail if the products differentiate too much from each other, extension cannot broaden with too big of a span. (Pitta & Katsanis, 1995)

Franchise extension uses a brand name familiar to the consumer and applies it to products that are in a category new to the parent firm. While a new entry employs a new brand name and the product or service is in a category new to the company, this is a traditional new product. Tauber explains that companies usually take advantage of their brands name awareness in order to enter a different market by bringing in a different product category (Tauber. 2001, p. 37).

The second type of extension is vertical extension, which is the opposite of horizontal extension; it applies when a company introduces a related brand of the same product category but with a different price and different quality. This extension provides a closer distance, and thus more likely to damage the original brand. Vertical extension can be divided into two groups, more exclusive or weaker extensions (Aaker. 2002, p. 280-281). According to Aaker introducing a vertical extension, which is weaker than the original brand, offers a similar product at a lower price and quality. The consumer has a good ability to separate the original core product from the extension, even when it has a lower quality. A brand should clearly affirm its value especially its quality, but it can also cause some risks.

A strong brand can withstand difficulties and problems that may arise from the extensions, especially when the products are different from each other. (Aaker 2002, p. 280-281) The brand can also be moved up. A brand that is a leader in volume and market share may be tempted to move up in a higher segment with more favorable margins. However, there is some risk of damaging the core product when the brand moves up, but it is still less dangerous than moving it down. What may happen is that it can get the core product to seem less prestigious than it was previously. (Aaker 2002, p. 287-288)

3.3.2 Potential brand extension

Before the extension can trade in power, there is according to Kapferer two preparatory steps. An exploration step that recognizes the association that the consumers relate to the brand and provides an indication of which extensions that could be appropriate. Step number two is to test the new ideas on the market. In order to plan a successful expansion, knowledge regarding the brands attribute is required; also knowledge about personality, purpose, the brand's heart, the relationship with consumers, and the brand's latent potential is required. Extending the brand is a large strategic decision which involves all parts of the company (Kapferer. 1992, p. 97).

To plan a successful expansion and find answers on what brand extensions that may be suitable, both qualitative and quantitative studies are required (Kapferer. 1992, p. 97). Kapferer also explains that surveys based on a minor questionnaire can provide information about the brands immediate development, and to obtain information on the extension zones more in-depth qualitative analysis is required. The task is therefore to carry out qualitative studies to determine the brand's latent potential and whether it can adapt to the new product ideas. The fact that a brand can change a product category is important to determine under

what circumstances that the suggested products can be suitable for the brand. In other words, the objective and subjective attributes which supports the brand (Kapferer. 1992, p. 99). It is not enough to say that a clothing company for example would be able to manufacture jackets; the company needs to be more precise on what a jacket with the company's brand name would mean to anyone outside the brand's territory (Kapferer. 1992, p. 99).

3.3.3 The approach for brand extension

An extension of the brand is a complex decision that combines structured thinking with creativity and intuition (Uggla. 2002, p. 70). Aaker indicates that the first decisions the company faces after having opted for an extension is, where should we extend, and which brand strategies should be used? To find the most promising direction for the brand, you have to understand where the brand can provide more value by finding the right associations, identifying the potentially interesting categories and evaluate their business attraction and consider product and positioning offer (Aaker. 2004, p. 196-197). Aaker says that the company should also overlook whether they have financial assets and qualification for the new market in terms of research and development, manufacturing, marketing, distribution, global sourcing, and customer relations. One of the biggest mistakes in the expansion is to launch a product without a distinctive advantage (Aaker. 2004, p. 198-199).

Several studies over the years have shown that the most important variable for a successful project is the degree of dissimilarity to other products in the category. The company needs to think about going out in the new market with a special offer and a unique positioning strategy. It is important to test the concept and allow consumers to assess. He implies that the consumers are very good at direct perception and asses the products credibility and its appropriateness in the category (Aaker. 2004, p. 199-200).

3.3.4 Advantages with brand extension

Well-planned and implemented extension strategies give the company many advantages. According to Keller, they can be divided into two aspects – one that the brand facilitates the acceptance of new products and two, that the extension provides positive feedbacks to the brand as a whole. The brand is a support for the extension, even if it is difficult to introduce new products on the market, the product introductions through brand extension are more likely to succeed thanks to special advantages such as bringing awareness of the brand, credibility and a solid customer base (Keller. 1998, p. 455). A study on the influencing factors in product launches shows that the main ingredient for a successful introduction is the relationship to an already well-known brand (Clay Champ & Liddy. 1969 cited in Keller. 1998, p. 456). Although Aaker believes that one of the top priorities for a new product is to be relevant, which can be done by the brand contributes with recognition that is connected to the product group (Aaker. 2004, p. 203).

From a reputable brand, consumers can draw conclusions and create expectations, based upon what they already know about the brand's main product, recognition of the company's knowledge, credibility and trustworthiness are valuable variables in brand extension (Keller. 1998, p. 456).

The brand contributing with recognition also makes communications and marketing around the new product less complicated. It is common for consumers to accept a new product when the brand has high recognition factor (Aaker. 2004, p. 203). Keller explains that the fierce

competition that exists and the battle for market share makes marketing a major part of the company's development which may be critical because it is a very costly activity. During the introduction of a completely new product consumer surveys are often made, the development of name and logo, marketing, and so forth, this is resulting in large expenses and is not guaranteed success (Keller. 1998, p. 458). Kapferer says that it gets difficult for companies to support a continuous development of new brands considering the costs involved. In the case, a brand extension could be of service through new products that would previously have been introduced as a separate brand and is now being introduced under the protection of an established brand (Kapferer. 1992, p. 86). Pitta and Katsanis adds that several studies have shown that successful extensions require less marketing costs than comparable products introduced under a new name. Given the cost and what company's can gain, brand extension is the only option for many companies (Pitta & Katsanis. 1995).

The credibility reduces the purchase risk because consumers perceive it as less likely than an established and reputable company would stand behind a weak product. The use of a known brand is a very effective way to build on the organization's perceived quality and credibility (Aaker. 2004, p 204). Keller ads that by offering a new kind of product, company's can catch the interest of consumers who otherwise have not been interested in the brand before, the added value that the new products create for the brand can help all product groups in the portfolio to increase in sales. Especially for declining brands, the new product category can be of great advantage as it can increase the interest and the like of the brand, it can also serve positively for future extensions (Keller. 1998, p. 463). Aaker says an extension creates attention through more advertising, more exposure of the logo and people talking about the brand. In best cases scenario, an extension will spike up the brand image and creates a brand-building function rather than to weaken the identities or lower the goodwill value. The loyal customers get an even stronger relation to the brand because they get a chance to use it in new ways and better yet, instead of a competitor's product. An extension can also get new customers to also stick to the original main products (Aaker. 2004, p. 209-210).

3.3.5 Disadvantages with brand extension

Despite all the advantages of brand extension, there are also downsides (Keller. 1998, p. 463). The brand is usually the company's greatest asset but before the company decides to use it for expansion; they should consider the potential damage that it may occur (Aaker. 2004, p. 210). According to Keller the many different extensions available, and the large number of product groups can confuse customers and make it difficult for them to understand which product is right for them. It may even be problematic for the retailers to make space for the new products which in turn can lead to the fact that consumers are disappointed when they do not find the new products being marketed (Keller. 1998, p. 464).

Perhaps the worst scenario that can occur is if the extension fails and throws a shadow over the brand, which in terms reduces other products market shares. It is important to know what kind of images the consumers have of the brand in order to not make the mistake of demolish it with an inappropriate extension (Pitta & Katsanis. 1995). Extensions can of course damage the brands image even if it's not unsuccessful, an accident, beyond the company's control can easily happen to any brand. An example would be that the brand is used or mentioned in a context that gives it a bad name or bad associations (Aaker. 2004, p. 212). Even if the expansion is a success at start, the interconnection of different products to the same brand is

still a risk as a unexpected problems that faces a product group can draw negative reputation towards the brand's other products (Keller. 1998, p. 465). The more products sold under the brand name, the greater of course the injury (Aaker. 2004, p. 212). An additional risk of linking multiple product lines under one brand is that it can be difficult to identify or associate it with all the different products. This means that extensions can darken the brand's true identity and reduce awareness of the brand (Keller. 1998, p. 466). Even if the sales of a brand extension is high and reaches the targeted goals it is still possible that the outcome has occurred at the expense of the original product, customers buy the new product, while abandoning the brand's previous products. This phenomenon is known as "cannibalizing" and means that the new product takes over the older products profitability. What should be considered is that it is not certain that the expansions increased sales compensates the damage of the mother brand's brand equity (Aaker. 2004, p. 213).

A brand's ability to help the expansion is determent on its strength, suitability, and credibility within the new context. If one of these elements is missing the extensions success chances is reduced. If the extension is distanced from the brand's core products, it will sometimes reduce the eventual problem of credibility (Aaker. 2004, p. 208-209). The brand associations that occur during an extension may create a sharp image but also at the same time reduce the company's credibility in terms of the original products. While one of the brand's benefits may be that it is not available for just everyone, the oversized extensions can suddenly make the brand to available, due to the excessive availability (Aaker. 2004, p. 211). Pitta and Katsanis says that the company must have good insight in their consumer's opinions and thoughts about the brand in order to get as good results as possible with their extension. It gives a greater understanding of the brand value and potential, and a lower risk of failure with possible further extensions. Knowing their customers is also cost saving. The company can determine consumer's associations with the original product, and hence to determine the potential extension and possible success (Pitta & Katsanis. 1995). Many companies according to Kapferer restrict their view of the brand and see it mostly as a descriptive brand name. Just as it is wrong to rush into a product category that everyone else is doing, it's wrong to inhibit the brand's potential. There are many historical moments and events with the brand, but that does not mean that the future is a mirror of the past. Even if the brand becomes independent, it is still the business strategy in the long run that determines the brand's direction (Kapferer. 1992, p. 100-101).

3.4 Consumer lifestyles and attitudes

Attitudes are related to psychographics according to M. R. Solomon and N. J. Rabolt, which along with a customer's personality helps describe a person's lifestyle and consumption pattern. An attitude is a general evaluation of people, objects, advertisements, or issues. When someone has an attitude towards something it is referred to as an *attitude object*. Attitudes are a lasting relation to an attitude object that tend to endure over time and which are related to the person's shopping and consumption behavior. But the purchase behavior is not just based on attitudes, but in understanding customer attitudes the company can better identify the costumers lifestyle, which refers to a pattern of consumption. Gathering as much information as possible about customers, what they think, how they spend their leisure time and how they choose to spend their income, enables the companies in segmenting their customers (M. R. Solomon & N. J. Rabolt. 2004, p. 266- 267).

3.4.1 Customer Loyalty

Aaker says that a loyal customers can interpret that the brand satisfy their specific needs at the same time that the external consumers without these specific needs feel that the brand is nothing satisfying for them (Aaker. 2002, p. 276). Keller claims that brand loyalty will ensure demand for the company and also help to create barriers that make it difficult for competitors to enter the segment. Although the manufacturing process can be replicated, it is still difficult to reproduce the consumer's long-lasting impression from years of marketing activities. In that sense, branding can be seen as a strong tool to ensuring a competitive advantage companies, the brand is of an enormous value, capable of influencing consumer behavior, to be bought and sold, and that as a growth generator provide the company with a steady earnings growth (Keller. 1998, p. 9). Melin adds that a brand that has achieved a certain level of stability has often a base of brand loyal customers, which the brand's growth potential is based on. The brand stands for something unique that for customers represents an attractive value. The position of strength that the brand possesses gives a good basis for further expansion of the brand. The author says that when the consumer recognizes a brand and possesses some knowledge of it, it does not require as much energy or time in the buying decision. From an economic perspective the brand helps the consumer to save time and effort, by not needing to search for a product. A quality that fulfills the consumers' expectations and needs is the key to gain brand loyalty (Melin. 1997, p.28- 29).

The consumer sacrifices their trust and loyalty with the expectation that the brand will perform, have a suitable pricing, promotion and distribution. Some brands are known to be popular by certain types of people and, therefore, reflect a certain type of values. By consuming that kind of products, consumers can communicate both to others and to themselves of the kind of person they are or would like to be (Keller. 1998, p. 8). Melin says that the symbolic meaning has rational and emotional characteristics and forms an image creator. The image that the brand portrays is often very important to the consumer, as well as the image they want to convey of themselves (Melin. 1997, p. 29-30).

3.4.2 Consumer behavior and brand extension

Kapferer explains that a brand could actually expand just as it wishes, but the question is how it would be received by consumers. As it is, the companies cannot instruct consumers about what they should buy, and should therefore be well aware of its limitations. What can be added is that it's very seldom that consumers and business leaders have the same prejudices. Products that the company not at all believes in can work very well in the market as well as vice versa (Kapferer. 1992, p. 94, 101).Aaker and Keller conducted a study to learn more about why certain expansions are more successful than others. The study discusses how consumer attitudes towards expansions are formed and concepts identified in the process are; associations with the brand's attributes, the brand's expected quality, the relationship between products and the difficulty in implementing an extension. A large part of the brand's associations have the potential to be brought to a possible extension. A brand may have associations with a situation of use, user, location, product class, and so forth. The brand's parent product may also have a strong set of associations that can be conveyed to the extension. For most extensions the associations to the brand is strictly positive towards the extension, but it may also be times when they have a negative impact. There is a connection between a brand, a users and product class which in their turn are linked to further elements.

The result of this is that the brand has a set of associations which can vary in severity. Which of them in the possession of the enlargement depends on the company's suitability and whether enlargement arouses associations with the brand (Aaker & Keller. 1990). Expectations of brand the quality, according to Zeithaml are often higher than the products true attributes. If the brand is associated with high quality, the extension should take advantage of it, and instead if the brand is associated with lower quality, it should not be brought to the extension (Zeithaml. 1988 cited in Aaker & Keller. 1990).

Czellar claims that before the expansion itself is realized, consumers already have certain ideas and attitudes to the new product because of the brand name and the parent product. The attitudes consist of knowledge that is both product and non product-related and emotions. The product-related association is related to the functionality and experience, while the non-product related associations consists of more symbolic meanings. The emotional associations portray the feelings that arise to the brand or the product category. When the extension is well realized it is evaluated instead based on customers attitude towards the brand and the category extension. If the consumer does not acknowledge the brand since before, the extension will be evaluated based only on previous experience with the product category. In the case of the situation being reversed, the extension will be based instead on the attitudes towards the brand. The third effect is when the customer has knowledge of both the brand and the new product category (Czellar. 2002).

According to Aaker and Keller, the stronger the relationship between the existing and the new products are, the easier the transmission of both positive and negative feelings towards the new product. One reason is that the transfer of the brands perceived quality increases when the two product classes somehow fit together. Another reason is that a bad relationship not only lowers the transfer of positive associations, it could also generate unwanted thoughts and associations. Different perceptions about the new product line are one of the many difficulties that a brand extension implies. When consumers perceive the new product category to be to ordinary or very plain incongruity may occur. Consumers can experience the combination of a quality brand and a trivial product class as inconsistent and irreconcilable. Incongruence itself can trigger negativity or lead to the perception that the brand name is increasing the price more than it’s reasonable for such a product (Aaker & Keller. 1990).

Kapferer explains that by creating products within a specific brand, the expectations of the consumers will arise, to regain the brand's core values and attributes even in the new products. The well known brand name encourages consumers to try the new products and create a favorable impression. Kapferer has suggestions on what influences the acceptance of extension. He indicates that an important factor is the brand's global image and reputation, because consumers are often willing to give only strong brands a chance. However this does not mean that only large and powerful companies should extend, on the contrary, it is good for mid price segment brands to expand as well in order to gain new power. It also depends on the company’s ability to manufacture the new product; consumers may question the knowledge regarding the new product line. A further factor is the appearance of the new product compared to already existing products and how it fits into the selection (Kapferer. 1992, p. 94-95).

4 RESULTS

This chapter is a presentation of Panos Emporio in order to give the reader a clearer picture of their organization. The presented information is gathered from interviews and observations about the company. We will be presenting information concerning the company´s brand, collections, costumers and retailers, as well as marketing strategies. We have included data which we have received through magazines, blogs and articles about Panos Emporio. Also included are store observations both in Stockholm and Gothenburg, as well as the customer interviews outside of the Panos Emporio flagship store in Gothenburg.

4.1 Panos Emporio

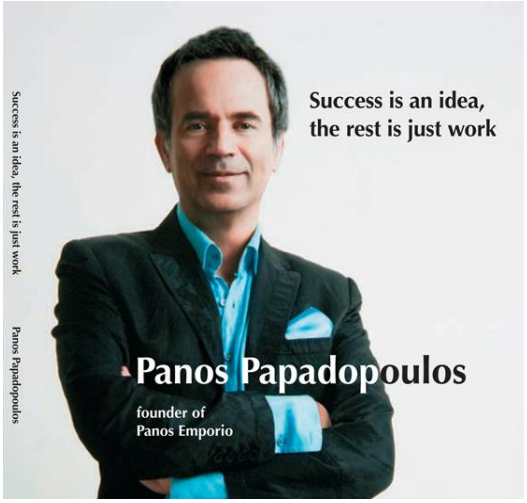
Panos Papadopoulos started the company Panos Emporio in 1986, with a vision to be the leading Scandinavian fashion house, specializing in beachwear. The ideas behind Panos Emporio came to Papadopoulos by the beaches of Gothenburg. Papadopoulos was still in his first years in Sweden, and he could notice that the women on the beaches were wearing dark swimwear. "I thought the Swedes were good looking 'Amazon' people, so why won't they wear any color? This experience led him to go through with his plan to start up his own company, just a couple of months later. Papadopoulos was at first selling, underwear and knitted garments, without the knowledge of what to do and how to do it. "I had no idea how to produce swimwear; I had no money, nothing, so everything was just a dream*"* (Papadopoulos. 2012).

(Picture 1: Finest.se. 2012)

Today the company has a leading position within the swimwear fashion industry. The Panos Emporio headquarters is in Mölndal, Gothenburg, where the company consists of around twelve employees' from the design to the economy and sales department. At Panos Emporio everything is done in-house, except the actual sewing. "We do everything in house, except the production. We create the products, we do the packaging, and all the delivery from here" (Papadopoulos. 2012). Papadopoulos owns 100 percent of the company, with revenue of around twenty-one million SEK in 2010. The company distributes in more than thirty countries and in over two-thousand retail shops. In April 2011 the company opened up their first flagship store in Frölunda Torg (Gothenburg, Sweden). This business move made it possible for the consumers to shop the whole Panos Emporio assortment all under the same roof. For twenty-five years, Panos Emporio has dominated the swimwear industry in Sweden and in the spring of 2011 the company launched its first clothing collection, the "Honey Moon Collection". The collection was based on shirts, chinos, jeans, t-shirts and coats for men, and skirts, blouses, dresses and knit sweaters for women (Papadopoulos. 2012). "What makes me happy is to continue with the same business idea that exists today, that I don't walk away from it, and that there will be a few new product lines added to the brand". According to Panos Papadopolus there will be more products launched in the future "It brings more stimulation, even if it means way more work*"* (Papadopoulos. 2012).

4.2 The brand

The brand name Panos Emporio comes from the founder himself, Panos Papadopoulos. Papadopoulos believes that by naming the brand after him, it will give life to the company and give costumers something to identify the brand with. The brand values are based on innovation, style and quality that the company says applies to everything that they do. On the company's 25th anniversary the founder published a small book about the journey of his life and the book is named: *Success is an idea, the rest is just work*. The company has developed over time and is still standing for the same thing as in the beginning, which Panos Papadopoulos feels is the strength of the brand (Papadopoulos. 2012).



(Picture 2: Panos.com 2012)

Papadopoulos does not focus too much on making huge profits. "When looking at some of the brands today, they pump out a bunch of ads and commercials, still the quality sucks, and the fit is catastrophic" This type of strategy only works in the beginning and the bubble will burst at one point (Papadopoulos. 2012). Panos Emporio is a premium brand that fits middle to the higher price range, and Papadopoulos wants his customers to feel like he has a good price range, and to also continue to keep having the same reasonable pricing (Papadopoulos. 2012). Our research showed that one of the twenty interviewed customers thought that products were expansive.

4.2.1 Identity

The company stands for innovative thinking and creating something special which many people can associate with. The Panos Emporio brand slogan says "Dare to be human", which comes from "mixing the vision of the head of the company with the accurate external perceptions, and coming up with something that all audiences can agree on", "Where we align even more is our shared belief in humanitarianism, and the idea that good people can become anything they wish, and should have the opportunity to do so" (Yan. 2010). Panos Emporio has a strong company culture that "encourages devotion, innovation and unconventional thinking" (Panos.com. 2012). What Papadopoulos wants to mediate to his customers is that: everything that they do is with love. "We stand for a good design; good quality and we are good in being simple. That's what our brand value stands for" (Papadopoulos. 2012). Panos Emporio has a sincere belief in the development department, and perfection is always at the core of things. From the design table to the retail sales floor, the company feels that they are never ordinary or plain. Papadopoulos feels that it is not always as simple to communicate company values to their customers, since they don't own the boutiques the products are being sold in (Papadopoulos. 2012). The company has an easy philosophy that is to treat people how you want to be treated, such as the consumers, the customers and suppliers and so on, and this all stands for good service. Panos Emporio values

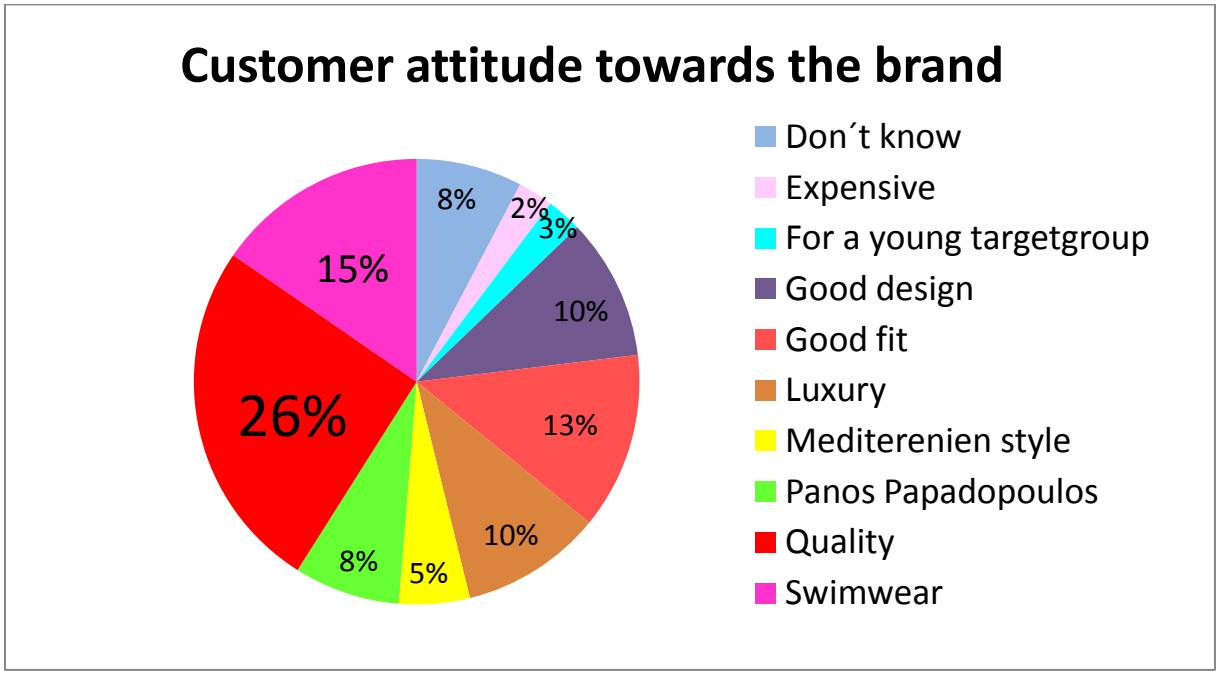
(Picture 3: Panos.com 2012)

commitment, endurance and staying clear to what is best for the customers, and that is good quality, good design and good service (Papadopoulos. 2012).

4.2.2 Image

A brand image comes from people's attitudes and opinions about a brand. Panos Emporios image is about good quality and design. During the interview Papadopoulos said; "customers will always come back to us to tell us about the comfort in Panos Emporio's products, the good fit, followed by their appreciation of the designs itself". When the last customer survey was made by the company, customers were asked why they bought Panos Emporio, the response was the good quality and the pleasant designs (Papadopoulos. 2012). Through our own customer interviews we found that quality was one of the foremost attributions that were associated with the brand Panos Emporio. Swimwear came on second place and on third place came the respondent's opinion, which were that the brand is associated with good fit. On fourth place, customers replied either that the brand has a good design or is more luxury.

1. Quality
2. Swimwear
3. Good fit
4. Luxury or good design



(Figure 4: Customer attitude towards the brand)

Heléne Samuelsson's (design team) view of the brand is that it held's a high quality, is somewhat luxury, and is about Panos Papadopoulos, as a person. Heléne had heard a lot about Panos Emporio before she started to work for the company, she knew that they had a profound focus on fit and quality (Samuelsson. 2012). Also three of the interviewed customers said that the associate the brand with the founder of the company-Panos Papadopoulos.

4.3 Swimwear collection

Papadopoulos is the designer and creator behind the swimwear and the clothing collection for men and woman, as well as the hand bags, wallets and shoes that the company produces (Papadopoulos. 2012).

Panos Emporio produces two swimwear collections per year for women, men and children. The swimwear for woman is a mix and match collection satisfying every unique woman's need. In order to keep a high quality standard, Panos Emporio is very strict with where the company products should be sold at. The products stand for style, quality and innovation for a person who appreciates that little extra, with some luxury and has high standards. When observing the different swimwear collections in the stores, Panos Emporio was, one of, the only brands offering bigger cup sizes and alternative underpants, such as hot pants, panties, and so on. Even the men´s collection offered varieties of swimwear models. "The woman's collection is much bigger than the men's, but it is only because women have a more different body shape than men" (Papadopoulos. 2012).

(Picture 4: Panos.com. 2012)

The woman's swimwear collections are divided into three collections. *Panos Emporio Ladies Main Line*, "Created for woman of all ages who are young at heart, aware and quality conscious. The alluring creations are sensual, stylish and expressive". *Alaghí by Panos* is "A tribute to the radiant mature woman with timeless wisdom from her life regardless of age. The luxurious pieces are classy and comfortable" (Panos.com. 2012). *Unlimited Love* is "A sensual collection that focuses on the boundless and all-embracing ideas of love. These chic creations are to be worn with confidence and attitude" (Panos.com. 2012). And then there is Palliot, Panos Emporios exclusive creation which comes in limited edition only, and is produced every season. The Palliot is an all in one, swimsuit, bikini and miniskirt (Panos. com. 2012).

This year's swimwear collections are aimed at audience that wants a personal style without a compromise on quality. 2012's spring and summer collections offer lots of colors and many mix and match models. Even the men's collection has evolved with different models and uses wider color range in order to meet the growing demand. This year's swimwear has the same joy and enthusiasm as the previous collections. Panos Emporio has gotten the inspiration from the customers, which has in a way helped shaping the spring collections (Panos.com. 2012).

(Picture 5: Panos.com. 2012)

4.4 Clothing collection

Panos Emporio has between 1988-1997 making clothing collections, both for women and men. It was sometime in

1996 that the company had a dilemma on how to continue with the line so Papadopoulos chose to focus on the swimwear and dropped the clothing collection. The reason being was that the company rather focuses on providing quality products instead. A few years later, customers were still asking for the clothing collection and why they stopped producing them, so Papadopoulos decided to bring the clothing collection back in production (Papadopoulos. 2012). The clothing collection was launched in spring 2011, and is produced under the same philosophy as the swimwear. The only thing that differs is prices, but the same values applies i.e. premium brand pricing range is the same for both.

Panos Emporio wanted to fill a gap in the market, a segment for lifestyle fashion in the higher middleclass price range, for the conscious men and women. As Papadopoulos calls it "Casual Luxury, which is the leading word, that is running through the whole collection (Papadopoulos. 2012). The clothing collection is an extension of Panos Emorio's brand philosophy; vacation, casualty and a feeling of freedom spiced up with luxury and sensuality, which gives it all a "honeymoon" feeling (Papadopoulos 2012). Helené Samuelsson designer at Panos Emporio says that the collection designs are classical. The design team is trying to find key garments to be re-introduced each season, as well as producing garments that follow the trends. The dresses have been the signature garments for the collection but now Panos Emporio is working on tops that can be worn both casually and for festive occasions. The thought behind the design is to bring out a collection with more emphasis on the Mediterranean style. But it still takes inspiration from the costumers that shop in Sweden, which are mainly Swedish or Scandinavian (Samuelsson. 2012). Papadopoulos indicates that Panos Emporio's women's collection is more on the dressier side. They have a festive collection as well as a casual one, and the men's collection"it's not Replay, and it's not very well dressed, but more casual with style". (Papadopoulos. 2012).

The design department works close with sales, to see if there are some designs that will live on or if it is something that needs to be replaced. They often look back at the previous spring or fall season to see how the sales went, and what styles were most popular among customers, so they know what was good and what was not as good (Samuelsson. 2012). The design team consists of four people that work together with the sales department. When bringing out a new collection the design team first looks for trends. They then get together and discuss the new collection together with Panos Papadopoulos. The planning for the spring collection start in January and the winter collection start around June or July. In the month of August the sales department starts looking for suppliers (Samuelsson. 2012).

The size range for the women's collections is from 36-42 and 46-52 for the men´s collection. When asked why they don't produce in a smaller size than 36 (women sizes), the answer was that there are not that many people that are extra small today in Sweden. "We are not extra small any more, and I think it's great! And ever since we joined EU, the size chart has changed" (Samuelsson. 2012). The designs focus a lot on the actual woman and putting all body types into consideration. There is

(Picture 6: Finest.se 2012)

a big focus on having a good fit on the garments and more emphasis on what needs to be hidden (Samuelsson. 2012).

4.5 Customers

When it comes to swimwear, Panos Emporio has a broad target group, and the company feels that they can manage it in terms of the collection, but when it comes to the clothing line, it's pretty new out there. Even though Panos Papadopoulos believes that if the consumers get in touch with the clothing collection they will choose it, he explains that the hardest part is to get the buyers to act on that, and buy in the collection. Usually retailers rather wait until others try it first (Papadopoulos. 2012). "We want it to fit as many people as possible, but I would say our customer is a pretty fashion aware person, who appreciates good quality and is maybe ready to pay that little extra to get it" (Samuelsson. 2012).

According to Marie Sjöberg (sales team) the typical Panos Emporio customer is around thirty-five plus, has a good career, good economy, live in a house and has a dog and a cat. She is the kind of woman that can buy both the dress and the pants if she feels like it. Sjöberg further explains that the typical customer is not the woman that sits home and watches TV every night. She is the kind of a person that always has things happening around her, like parties, dinners and such. The company has both male and female customers, but the women tend to buy more than the men, and Panos Emporio is trying to reach out to both younger and older customers (Sjöberg. 2012). Through our observations it has been shown that the brand is more appealing towards woman rather than men, Out of the twenty interviewed people only three, were men. The–women's collection is broader and is targeted to the well-dressed woman, while the men´s collection has a more of the casual style (Papadopoulos. 2012).

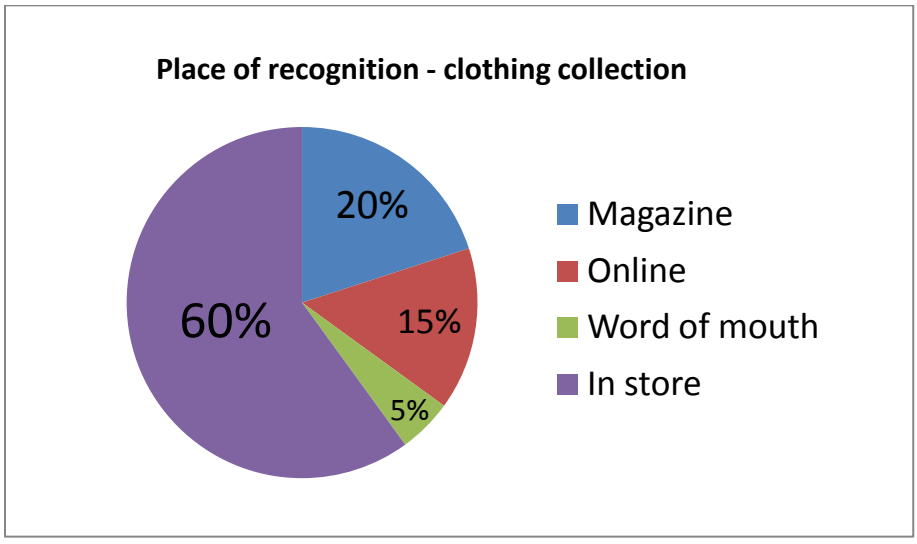
Papadopoulos explains that about three to four times a year the company conducts customer focus groups in order to try out new products, and to get a feel of what the consumers want and think of the brand. In regards to customer surveys Papadopoulos explains that they do not really do any regular surveys, but they do spontaneous calls to review customer satisfaction and touch base with the retailers. When the company receives emails and customer calls regarding merchandise, the customer service representative asks follow up questions to find out information that favors the company. Papadopoulos calls customers, and keeps in contact with retailers in order to ask questions concerning their business. Panos Emporio also reaches out to their customers a lot through social media.

4.6 Retailers

Panos Emporios distributors are selected by their quality, integrity and ability to represent the brand. Each distributer is seen as an ambassador for the brand, and the brand is sold as shop-in-shop in the big department stores. The products can be found in "premium department chains, handpicked lingerie shops, leading children's stores, top sports chains and tax-free airport- and airline stores" (Panos.com. 2012). The distributors are picked carefully to always represent the brands core values. At the moment the clothing collection can be found at the flagship store and in around fifty private boutiques that sell premium to luxury brands spread around the country. The collection can also be found online at Nelly.se, Timarco.se, Bubbleroom.com and the newly launched Panos Emporio online shop as of may 2012 (Panos.com. 2012).

Before each peak season, the sales department goes out and looks at new stores and boutiques in order to find potential retailers. Marie Sjöberg states that the competition on the market is tough, due to that there are new brands being introduced every week. "Today there are so many different brands in Sweden, and there are new ones every week, the only reason why we can even come to the stores and show our collection, is because it is Panos Emporio, and because the brand has strong brand equity since twenty-five years back" (Sjöberg. 2012). The sales department also examines the current boutiques that already sell their merchandise, to see how the sales have gone. "We basically start by calling them, introduce our selves so they remember us" (Sjöberg. 2012).

At the Panos Emporio flagship store in Frölunda Torg, Gothenburg, you will find the latest clothing collection, including swimwear for men, woman and children. Observations that were made outside the store shows that people have an interest in Panos Emporio flagship store. The foot flow was approximately thirteen people an hour. The average visitor was women, over the age of thirty plus and couples, over the age of forty. Out of the interviewed respondents there were two people that bought something in the store, and one person that was there to replace a product she had gotten as a gift. They were very positive about the store itself and the new collections. When asked if they knew about the clothing collection the dominate answer was that the recognition place was in the actual store, meaning that they had no recognition of the clothing collection before entering the store. Sixty percent of the respondents first saw the clothing collection in the actual store. Twenty percent of the respondents had seen the collection in ads in the magazines, and fifteen percent had seen it online. Five percent of the respondents had heard about the clothing collection trough word of mouth from a friend.



(Figure 5: Place of recognition - clothing collection)

The swimsuit collections can be found in many stores around Sweden, such as Åhlens City, Intersport and NK (Stockholm). The company uses recommended prices for all their distributors and there is a different price range depending on the country (Papadopoulos. 2012). When observing the swimwear collection in the stores all shops were using the recommended prices, except Intersport, that were using a lower price than what was being recommended by the company.

Åhléns is a well known department store in Sweden and Norway that offers a unique mix of trendy, affordable products and solutions for fashion, home, beauty and children. Their main target group is women who appreciate stylish, affordable design and availability. There are 106 Åhlens stores today, both in Sweden and Norway with a net income of 4,697 million SEK per year (Åhlens.se. 2012). When speaking to an Åhlens sales personal, she explained that there are a few people that comes in to the department store, asking about the clothing collection but that is only a small number of people. She said that the Panos Emporio swimwear collection appeals to a lot of women in different ages. Panos Emporio swimwear was being best displayed within the swimwear department, both in Stockholm and Gothenburg.

Intersport is the largest sports chain in the world with more than 5,300 stores in forty countries. There are more than 150 Intersport stores in Sweden, and in 2010 they made an estimated turnover of 4.3 billion SEK. Intersport offers products for the active people with a mission to inspire more people to have a more active life (Intersport.se. 2012). The stores only offer a small selection of Panos Emporio's swimwear collection, which applies to their own type of customers, and is mainly the basic swimwear models that are being sold at a reasonable price, like the Mythos and Hella collection. When asking Intersport's sales personal about the typical Panos Emporio costumer, they replied that many different people of all ages buy Panos Emporio, and when asked if customers come in and are wondering about the clothing collection they responded: No there has not yet been anyone asking about the clothing collection so far.

The Nordic Company (NK) consists of two department stores, one in Stockholm and one in Gothenburg. NK is a department store that has a wide range of fashion, accessories, decor and food. The goods are complemented by services such as tailors, cobblers, cafes and restaurants. In 2009 NK's sales reached a total of 2,667 million SEK. The department store in Stockholm has around 9.5 million visitors annually and the figures for Gothenburg are more than 3 million annually (nk.se. 2012). At the moment Panos Emporio's swimsuit collections can only be found at NK in Stockholm. An observation was done at the department store in Gothenburg where we asked the sales personal why they didn't have the swim wear collection, and they responded that it is because they have a small section for swimwear, and that the Panos Emporio collection requires a lot of space. We also asked if the customer's requested the brand and the respond was that they sometimes do, but not that much, and that there have been some people also asking about the clothing collection.

4.7 Website

The new Panos Emporio online store gives the visitor the possibility to shop at the comfort of their own homes. The online shop is a part of the Panos Emporio website, and can be found under Panos.se. The visitors can find current men´s and woman´s swimwear and clothing collection. Other products sold are towels and some bags. The children's swim wear that was found in the stores could not be seen on the website. The website only supplies customers in Sweden, but is planning to develop to other countries sometime in the near future (Panos.se. 2012). Panos Emporio launched an online shop in order to provide better service to the loyal customers who couldn't be able to find all the brands products in the stores. "We ship a lot of products today through cash on delivery, for customers that can't get a hold of the products

desired, either the products are sold out, or there is no retailer that has the whole collection". In the future the company wants to sell clothing collection in other countries and to major department stores, such as Åhlens and NK (Papadopoulos. 2012).

Anyone who visits the websites Panos.se receives a *cookie* file that is stored on their computer. A computer cookie saves information about the visitor's behavior and is used to measure how visitors are moving around on the website. Panos Emporio believes that by using cookies, they can offer visitors better service and support. On Panos.se the company uses this method to keep track of costumer's shopping bags and to keep statistics of visitors. The cookies is not stored to collect any personal information, the information is completely anonymous. There is also a second type of cookies "Session Cookies" that is commonly used. If the visitors share the website with someone on the Internet, the cookie will track it and register the activity. A "Session Cookie" is never stored permanently on the computer and disappears when you close the browser (Panos.se. 2012).

4.8 Competitors

The competitors for Panos Emporio premium swimwear segment, in Sweden, are Scampi, Sun Seeker Australia, Abecita and Calvin Klein. These are all brands in the higher middle class segment i.e. premium brand swimwear that compete with each other on the Swedish market. Papadopoulos states that the difference between Calvin Klein and Panos Emporio is that Calvin Klein has stronger brand equity. However he believes that Panos Emporio has twice the quality and is less expensive. When asked about the competitors in regards to the clothing line, Papadopoulos answered that he does his own race; still the company overlooks the market and communicates with their buyers. He explains that the clothes are very new to the market at the moment, and that the biggest competitors are the Swedish designers such as Fillipa K, ACNE. When we asked Marie Sjöberg working in the sales department the same question she answered that the list is long, but mentions competing brands such as Gant, Branting, Lolita, Fillipa K, ACNE, Odd Molly, Tiger of Sweden. "It is basically a lot of the premium clothing brands that are most famous on the Swedish market" (Sjöberg. 2012). Sjöberg explains that they do compete with Scandinavian brands, but that their design and style is not so typically Scandinavian.

4.9 Marketing

The company has since the start tried to find other ways to do marketing besides the traditional marketing strategies. Panos Emporio was early with using celebrities from Hollywood, the sports elite and politicians to represent the brand. Even product placement on TV and participations in big events has shown to be great marketing strategy for the brand. The company rather cause tabloids in a magazine than to spend money on a full cover page advertising, and with a newer website, and a company blog as well as the use of social media Panos Emporio has caused a more clear and opened dialog with its customers (Panos.com. 2012).

"We have published some ads, and we have received a lot of feedbacks that people are desperate and say; I want that dress!!! And they want to know where to find it, and when the stores will receive more orders. We realized in a short period of time that the people that have bought it before want more and more" (Papadopoulos 2010). A psychological aspect in the

buying desire and customer's consumption patterns is an area that has affected and inspired Papadopoulos in his design. The term "Sociological Marketing" is, according to Papadopoulos a way to use behavioral information and interpretation to determine market trends and what buyers prefer when they go through the socio-economic process. He says himself that there is an extended process and that he as an artist cannot possibly point to the specificity factors behind his prophecies. Knowledge, experience and gut feeling are the primary criteria's that he creates his products by. "One of my most important philosophies as a businessman is trying to figure out how the consumer will think in about two to three years ahead, and then create a collection based on it. I want to understand where we are headed. For me it is about always finding new ways in my creation. "I always want to be number one and you cannot be that if you constantly take after others" (Papadopoulos. Ernering, 2006).

In regards to marketing, Papadopoulos believes that it is more or less useless to spend money on pure marketing actions. "Many of our competitors are large multinational companies with large resources for such purposes". In that type of a measurement he stands no chance. Instead, he considers mouth to mouth marketing to be his greatest opportunity to find new customers "I have built my marketing by creating relationships with my clients, they are my best ambassadors. It is important to maintain a consistent high quality within the products in order to keep them. Through a happy customer, you get plenty more. To lose a target group is like losing love. If you have lost it, it has moved on, and it will probably not return" (Papadopoulos, Ernering. 2006).

Papadopoulos explained that when it comes to market the swimwear collection they usually do a swimwear catalogue that is shown as an editorial in the magazines, and that it's been a trend that people expect to find it each year. "We stopped doing it for a couple of seasons about four to five years ago, since we moved forward with social media, and we got some calls from our consumers wanting the catalogue. A lot of people have collected it year after year. And we are very happy about that". For this year Papadopoulos chose not to have any catalogue; instead he posted a few pictures in magazines, through social media and on the company's website (Papadopoulos. 2012). In regards to the marketing strategies for the clothing collection, Papadopoulos explains that the company did a bigger campaign earlier this year, in a lot of the popular magazines, such as *Café*, *King*, *Icon*, *Elle*, *Damernas* and the company have also been focusing on two products: the famous yellow dress, and another dress called "sensation". Sjöberg says "We have focused a lot more on social media now, and we have notice a great impact, many people think it is fun when it's Panos related, like yesterday, it was Panos birthday and we posted a picture while we were having cake, and we got a lot of likes on facebook, people think it's exciting to see him" (Sjöberg. 2012).

Panos Papadopoulos has established and built the brand in a different way, without any advertisement. He early realized that he needed to do skillful PR strategies. During his first year, he managed to receive about four hundred full page covers in different magazines such as Aftonbladet, Expressen and also in different weeklies and monthly magazines. In 1992 the brand created headlines when modeling photos with the newly divorcee of Björn Borg - Jannike Björling were published. Papadopoulos realized that if Jannike had a popular name and if she showed up in a bikini it would mean big publicity for the brand. After four years of Jannike posing as a model for Panos Emporio, it became a status among the country to be Papadopoulos "swimwear girl" (Carlberg. 1998).

Panos Papadopoulos five PR tricks: "This is how you get most out of publicity"

1. You have to have something reasonable to come with. You can't fool the press
2. Respect the journalist profession, their job is to find headlines
3. Be there, give service and be fast
4. You can never win (unless you own the media)
5. Always be humble"

(Papadopoulos, Ernering. 2006)

4.9.1 Sustainability

When Papadopoulos was asked about eco-friendly products he replied "Yes I was always eco friendly in terms of having a strong code of conduct from the beginning. I left a fabric once back in 1988 due to poor working conditions, which I could have bought really cheap fabrics from. I didn't like what I saw, and from then on every time I visited fabrics, I checked under what working conditions the employees would work in. Papadopoulos developed his own code of conduct long time ago, and was among the first companies to talk about the environment (Papadopoulos, Ernering 2006). Panos Emporio also tries to avoid certain colors and certain prints due to the chemicals. Papadopoulos believes a code of conduct and sustainable thinking is a must, and not something to commercialize and use for any marketing purpose.

(Picture 7: Glyfada by Panos. Panos.se 2012)

Panos Emporio does charity for different schools and sponsor smaller sport clubs and activities. Papadopoulos also takes part in activities such as fashion shows, customer events, as well as giving inspirational speech to students. On the 12th of December, 2011 "Musikhjälpen" (The Music Aid) chose to raise money to promote girls rights to education, and Papadopoulos wanted to do something to help out. He picked out an exclusive bathing suit with Swarovski crystals, from his collection to donate to "Musikhjälpens" auction. The famous bathing suit named "Glyfada by Panos" has appeared on Janina Frostell and all around the media (Panos.com 2012).

5 ANALYSIS

5.1 Brand extension: image, equity and loyalty.

In order to plan a successful extension, a company needs to have knowledge regarding the brands attribute; also knowledge about personality, purpose, identity, the relationship with consumers, and the brand's latent potential is required (Kapferer. 1992). According to Aaker an extension is a clear channel for product innovation which can be a powerful tool to hold a competitive advantage. Product innovations can create differentiation; raise the brands characteristic-values, extend the area of use and block competitors. An extension can give "energy" to the brand and make it more interesting and noticeable. It creates a base for differentiation, the efficiency of the communication and the stimulation of the sales. Generally speaking, it creates a new energy that strengthens the brand equity (Aaker. 2002, p. 276-277).

In 2011 Panos Emporio launched a clothing collection, opened his first flagship store and in 2012 they also launched Panos.se, their own online store. Papadopoulos says that he wants to extend more products, and that there will be more products launched in the near future. All the Panos Emporio products are produced under the same philosophy, values and premium brand attributes. Words describing their brand identity are innovation, quality and fit. The two most common ways to extend a brand is horizontal and vertical extension. Typical for horizontal extension is to broaden the existing brand to a new product category in either a related product class, or in a product category completely new to the brand. Pitta and Katsanis, say that the horizontal extensions tend to bring a lower risk in damaging the brand. It can also fail if the products differentiate too much from each other, extension cannot broaden with too big of a span. Extensions require less marketing if the new product is introduced under the same name. Given the cost and what company's can gain, brand extension is the only option for many companies (Pitta & Katsanis 1995).Tauber discusses about how companies usually take advantage of a brand name's awareness, in order to launch a different product category, to enter a different market. It is beneficial for the company to use the already established brand name and extend it, especially with the brand image that they already are engaged to (Tauber. 2001).

The use of a known brand is a very effective way to build on the organization's perceived quality and credibility. By offering a new kind of product, company's can catch the interest of consumers who otherwise have not been interested in the brand before, the added value that the new products creates for the brand can help all product groups in the portfolio to increase in sales (Aaker. 2004). A brand philosophy must therefore have both a clear objectives as well as detailed and clear strategy, since it simplifies the maintenance of the brand identity. Establishing a brand is a continuous process without an end, creating a strong brand is based on a comprehensive view and continuity in everything the company does (Hedén & McAndrew. 2005).

The name Panos Emporio comes from the founder himself, Panos Papadopulos, which he believes will give life to the brand. According to Kapferer, 1992, "The easiest way to give the brand a personality is to connect it with a special person". Keller, 1998, also implies that some brands are known to be popular by certain types of people and, therefore, reflect a certain type

of values. By consuming that kind of products, consumers can communicate both to others and to themselves, of the kind of person they are or would like to be.

Papadopoulos doesn't mind sharing his experience with his customers. Through our interviews we found that many costumers associated the brand with Panos Papadopolus himself, which comes from that he is actively exposed in the media and uses himself as a channel to promote his brand. In connection to the company's 25th anniversary Papadopoulos published a book called "Success is an idea, the rest is just work". The book tells the story about Papadopoulos journey in life and his company. Papadopolus has managed to build a brand around his name and his own personality. The company philosophy is compatible with his life philosophy, humanitarianism, and the idea that good people can become anything they wish. "Dare to be human" is the company slogan, which comes from "mixing the vision of the head of the company, with the accurate external perceptions, and coming up with something that all audiences can agree on" (Yan. 2010). The company sponsors smaller sport clubs and participates in other activities such as fashion shows, customer's events, as well as giving inspirational speech to students. On the 12th of December, 2011 Panos Emporio donated a famous swimsuit to "Musikhjälpen" (The Music Aid) which had chosen to raise money to promote girls rights to education, and that was an important subject that lied deep in Papadopoulos heart (Papadopoulos. 2012).

According to Melin consumers are expected to choose branded products that they want to associate and be seen with. This means that the consumers are preferably selecting branded products that confirms and reinforces the own self-image. An attractive and charismatic personality considers being a major contributing factor to a deep and long lasting relationship between consumer and brand product development (Melin, 1999). Aaker continues to discuss that a brand contributes with recognition which makes communications and marketing around the new product less complicated. It is common for consumers to accept a new product when the brand has high recognition factor, an extension creates attention through more advertising, more exposure of the logo and people talking about the brand.

Observations show that people have an interest in the Panos Emporio flagship store. The foot flow of the store was approximately thirty people an hour. Based on our interviews, the customers have a very positive approach towards the brand. Most of the customers acknowledged the brand and knew what the company values stood for. Sixty percent out of the respondents had no idea about the clothing collection and they first came in contact with the clothing collection at the flagship store. Twenty percent responded yes, and had seen the collection in magazine ads, and fifteen percent had seen it online. Five percent of the respondents had heard about the clothing collection by word of mouth or from a friend. Twelve out of the twenty people interviewed said that they first got in contact with the clothing collection in the actual store. The one person that responded yes to the question had seen either ads in the magazines or online, one person had heard about the clothing collection from a friend. Out of the respondents there were three people that had bought something from the store; however they were still very positive about the store itself and the new clothing collection. Sjöberg states that the only reason why Panos Emporio has the possibility to show their collections in store is because of their strong brand equity, since twenty-five years back (Sjöberg. 2012).

Aaker, discusses that if a company has a strong brand equity it can offer efficiency and a great power of in marketing, brand loyalty, can give better margins, prices, expansion options and influence on the market, which leads to competitive advantages. The brand equity provides customers with credibility, information, security and satisfaction at the time of purchase. If the customer is familiar with the brand, they will develop credibility for the new product and perceive it as less likely, that an established and reputable company would stand behind a weak product (Aaker. 2004). In best cases scenario, an extension will spike up the brand image and creates a brand-building function rather than to weaken the identities or lower the goodwill value. The loyal customers get an even stronger relation to the brand because they get a chance to use it in new ways and better yet, instead of a competitor's product. An extension can also get new customers to stick to the original main products. To find the most promising direction for the brand, you have to understand were the brand can provide more value by finding the right associations, identifying the potentially interesting categories and evaluate their business attraction. It is also important to take positioning offers under consideration (Aaker. 2004). Kapferer says that a brand will gradually be equipped with an image, through its way of communicating, with characteristics and perceptions that shape an identity, style and a way to be perceived. Image is the way that a particular audience think of a product and how they themselves interpreter all the signals given by the brand. Qualitative analyses are required to provide information about the brands immediate development and to obtain information on the extension zones more in-depth (Kapferer. 1992).

The Panos Emporio webshop, Panos.se, uses computer cookies to manage information in connection with visiting the page. A cookie saves a file on your computer which is then used to show examples to measure how visitors are moving on the website. Which the company believes will offer visitors better services and support. Papadopoulos claims that they do not really obtain any regular customer surveys, but they do regular spontaneous controls with the retailers in order to gain important consumer information. Based on questions through phone calls and random visits to the stores, the company establishes their customer information.
Keller gives recommendation that if a new product is to be relevant, it has to be done by the brand contributes, which gives recognition that are connected to the product group. From a reputable brand, consumers can draw conclusions and create expectations, based upon what they already know about the brand's main product, recognition of the company's knowledge, credibility and trustworthiness are valuable variables in brand extension (Keller, 1998).

Papadopoulos explained that the company also reaches out to its customer’s trough social media, newsletters and customer calls. When the company last did a customer survey, asking why customers buy Panos Emporio, the customers responded that it is because of the good quality and the pleasant design (Papadopoulos 2012). Panos Emporio has a strong identity, equity and a well established brand name. The brand values are based on the concepts design, quality and fit, which the company applies to everything that they do. Through customer interviews we found that product quality was one of the foremost attributions together with good fit and design. More than sixty percent of the responders had a perception that was accurate with the brand identity, which indicates that the brand identity and the brand image are compatible with each other. The second highest attribution was that the respondents associated the brand with: swimwear.

Solomon and Rabolt, say that an attitude is a general evaluation of people, objects, advertisements, or issues. When someone has an attitude towards something it is referred to as an *attitude object*. Attitudes are a lasting relation to an attitude object that tend to endure over time and which are related to the persons shopping and consumption behavior. By understanding customer attitudes the company can better identify the costumer's lifestyle, which refers to a pattern of consumption (Solomon & Rabolt. 2004). It is important to know what kind of images the consumers have of the brand in order to not make the mistake of demolish it with an inappropriate extension (Pitta & Katsanis. 1995).
The company must have good insight in their consumers' opinions and thoughts about the brand in order to get as good results as possible with their extensions. It gives a greater understanding of brand value and potential, and a lower risk of failure with possible further extensions. Knowing their customers is also cost saving. The company can determine consumers' associations with the original product, and hence to determine the potential extension and possible success (Pitta & Katsanis. 1995).

5.2 Brand extension: risks and approaches

There are different perceptions about a new product line with many difficulties that a brand extension implies. When consumers perceive the new product category to be to ordinary or very plain incongruity may occur. Consumers can experience the combination of a quality brand and a trivial product class as inconsistent and irreconcilable. Incongruence itself can trigger negativity or lead to the perception that the brand name is increasing the price more than it's reasonable for such a product (Aaker & Keller. 1990). Expectations of brand the quality, according to Zeithaml are often higher than the products true attributes. If the brand is associated with high quality, the extension should take advantage of it, and instead if the brand is associated with lower quality, it should not be brought to the extension (Zeithaml. 1988 cited in Aaker & Keller. 1990).

For most companies, it's not whether they should expand the brand but when and how they would go about (Kapferer. 1992). A brand extension could be about pushing the limits of acceptability and get attention for it. It is of course a big risk, a brand that extends without restrictions can much likely be famous, but not necessary bought (Uggla. 2002). According to Keller there are many different extensions available, and the large number of product groups can confuse customers and make it difficult for them to understand which product is right for them. It may even be problematic for the retailers to make space for the new products which in turn can lead to the fact that consumers are disappointed when they do not find the new products being marketed (Keller. 1998, p. 464).

Kapferer claims that if a brand is only related to a physical product and a promise, it can't generally not be used to cover new products, which makes it to a much restrictively concept and to a philosophy that creates an overflow of brands. Even though his theory's say that if the brand is communicated it will gradually be equipped with characteristics, image and perceptions that shapes an identity, style and a way to be perceived (Kapferer. 1992).

"Sociological Marketing" is, according to Papadopoulos a way to use behavioral information and interpretation to determine market trends and what buyers prefer when they go through the socio-economic process. One of Papadopoulos most important philosophies as a

businessman is trying to figure out how the consumer will think in about two- three years ahead and then create a collection based on it. “I want to understand where we are headed” (Papadopoulos. Ernering. 2006). Panos Emporio was early with using celebrities from Hollywood, the sports elite and politicians to represent the brand. Many consumers like to have a brand they can relate to. Papadopoulos used famous celebrities, not only because they looked good, but because they made the company gain strong brand awareness. Consumers relate the brand to the celebrities and by consuming the same product advertised they can feel a connection (Papadopoulos. 2012).

According to Hedén and McAndrew sustainability is a major component as well; to always keep up with the original concept while being in the right time line (Hedén & McAndrew. 2005). Before investing in a brand extension companies need to be prepared that there are some risks. Pitta and Katsanis, state that perhaps the worst scenario that can occur is if the extension fails and throws a shadow over the brand, which in terms reduces other products market shares (Pitta & Katsanis. 1995). Aaker believes that the brand is usually the company's greatest asset but before the company decides to use it for expansion they should consider the potential damage that it may occur. The more products sold under the brand name, the greater the risk of injury (Aaker. 2004). Keller say that even if the expansion is a success at start, the interconnection of different products to the same brand is still a risk as a unexpected problems that faces a product group can draw negative reputation towards the brand's other products (Keller. 1998).

Panos Emporio has already been producing clothes, both for women and men back in 1988, that were taken out of production sometime during 1997. Papadopoulos felt that he needed to focus on the quality of his product and therefore he sacrificed the clothing collection to fulfill his original idea which was becoming the leading company in swimwear. Kapferer believes that “It is not enough to say that a clothing company for example would be able to manufacture jackets; the company needs to be more precise on what a jacket with the company's brand name would mean to anyone outside the brand's territory”.(Kapferer. 1992).

Keller believes that after the consumer has created a certain awareness of the brand, the company must fill in with a set of positive associations that are the essence of a positive brand image (Keller. 1993, cited in Pitta & Katsanis. 1995). Aaker says that it is important to test the concept and allow consumers to assess. However he believes that most important variable for a successful extension is the degree of dissimilarity to other products in the category. This meaning that the company needs to think before going out on the new market with a special offer and unique positioning strategies (Aaker. 2004).

The reason why Papadopoulos re-launched a clothing collection was because he felt that there was a need for a casual luxury brand in Sweden and since the customers were asking about the clothing collection, he decided to launch it in 2011. The company has experience and competence in the field of producing clothes, but that does not necessarily mean that they know how the brand name reflects the clothing collection. Papadopoulos aim with the clothing collection is to fill a gap in the higher middleclass price range for the conscious men and women.

When the consumer recognizes a brand and possesses some knowledge of it, it does not require as much energy or time in the buying decision. From an economic perspective the

brand helps the consumer to save time and effort, by not needing to search for a product. A quality that fulfills the consumer's expectations and needs is the key to gain brand loyalty (Melin. 1997).

The consumer sacrifices their trust and loyalty with the expectation that the brand will perform, have a suitable pricing, promotion and distribution (Keller. 1998). According to Solomon and Rabolt, gathering as much information as possible about the customers, what they think, how they spend their leisure time and how they choose to spend their income enables the companies in segmenting their customers (M. R. Solomon & N. J. Rabolt. 2004). Very seldom consumers and business leaders have the same prejudices. Products that the company not at all believes in can work very well in the market as well as vice versa (Kapferer. 1992).

When asked about the competitors in regards to the clothing line, Papadopoulos answered that he does his own race; still the company overlooks the market and communicates with their buyers. He explains that the clothes are very new to the market at the moment, and that the biggest competitors are Swedish designers such as Fillipa K, ACNE and so on. When we asked Marie Sjöberg working in sales department the same question she answered that the list is long, but mentions competing brands such as Gant, Branting, Lolita, Fillipa K, ACNE, Odd Molly, Tiger of Sweden. "It is basically a lot of the premium clothing brands that are most famous on the Swedish market" (Sjöberg. 2012).

As mentioned earlier, companies that intend to expand their brand must have information concerning their customer attributes. Many companies according to Kapferer restrict their view of the brand and see it mostly as a descriptive brand name. Just as it is wrong to rush into a product category, Kapferer believes that it's wrong to inhibit the brand's potential. Just because there are many historical moments and events with the brand, doesn't mean that the future is a mirror of the past. Even if the brand becomes independent, it is still the business strategy in the long run that determines the brand's direction (Kapferer. 1992, p. 100-101).

6 CONCLUSIONS

6.1 Considering factors-brand extension

Having good knowledge regarding the brands attribute, personality, purpose, identity and the relationship with consumers is more important than whether they should extend the brand or not. Companies need to focus on building their brand equity and image, towards the customers first. Authors believe that companies can take great advantages if a strong brand name and relationship is established at first. When the consumer recognizes a brand and possesses some knowledge of it, it does not require as much energy or time in the buying decision. From an economic perspective knowledge about the brand helps the consumer to save time and effort. It is therefore beneficial for the companies to first establish a brand name in order to extend the brand, since the brand helps customers in their buying decision.
An extension can give "energy" to the brand and can make it more interesting and noticeable to new customers and get the loyal customers to get an even stronger relation to the brand. It can also get new customers to notice the original main products. By offering a new kind of product, company's can catch the interest of consumers who otherwise have not been interested in the brand before, and it can also create added values for the brand, which can in terms helps all the product groups to increase in sales.

Another factor to take under consideration when extending a brand is that if the brand is associated with high quality, the extension should take advantage of its brand name. And if the brand is associated with lower a quality, the brand name should not be brought to the extension. Also in comparison to vertical extension, the horizontal extensions tend to bring a lower risk in damaging the brand, but it can also fail, if the products differentiate too much from each other, therefore extension should not broaden with too big of a span.

Extensions require less marketing if the new product is introduced under the same brand name. Given the cost and what company's can gain, a brand contributes with recognition which makes communications and marketing around the new product less complicated. It is common for consumers to accept a new product when the brand has high recognition factor, an extension creates attention through more advertising, more exposure of the logo and people talking about the brand. If a company has strong brand equity it can offer efficiency and a great power in marketing. Brand loyalty gives better margins, prices, expansion options and influence on the market, which leads to competitive advantages, and the brand equity provides customers with credibility, information, security and satisfaction at the time of purchase.

6.2 Panos Emporio-extending the brand

Panos Emporio has a strong brand identity, equity and a well established brand name. The brand values are based on the concepts design, quality and fit, which the company applies to everything that they do. But it is also very important for a company to get to know its customers. By understanding customer attitudes the company can better identify the costumer's lifestyle, which refers to a pattern of consumption. The company must have good insight in their consumer's opinions and thoughts about the brand in order to get as good results as possible with their extensions. To know the customers is also cost saving since fewer mistakes will be made and the company can determine consumer's associations with the original product, and hence to determine the potential extension and possible success.

Panos Emporio should take these conclusions into consideration, since gathering as much information as possible about the customers, what they think, how they spend their leisure time and how they choose to spend their income enables the companies in segmenting their customers. Papadopoulos has earlier pointed out that the company does not really obtain any regular customer surveys, only regular spontaneous controls with the retailers, in order to gain important consumer information. And when asked about the brands competitors, Papadopoulos answered that he does his own race; still the company overlooks the market and communicates with their buyers. Getting to know the customers and the competitors is an important aspect in building a brand, and also for the company's success. Panos Emporio should therefore focus more on customer recognition as well as the recognition of the leading competitors in the market.

It is understood that the easiest way to give the brand a personality is to connect it with a special person. Many costumers associated the brand Panos Emporio with Panos Papadopoulos himself, which comes from the fact that he is actively exposed in the media and uses himself as a channel to promote his brand. This is a positive aspect since consumers usually like to have a brand they can relate to. Panos Emporio has also used famous celebrities to promote the brand in the past, not only because they looked good, but because they made the company gain strong brand awareness. This type of marketing strategies has gained the company huge PR and brand awareness.

The company has experience and competence in the field of producing clothes, but that does not necessarily mean that they know how the brand name reflects the clothing collection. Our observations have shown that people have an interest in the Panos Emporio flagship store. The customers have a very positive approach towards the brand. Most of the customers acknowledged the brand and knew what the company values stood for, but at the same time, many of the customers were not aware of the clothing collection. Papadopoulos says that he wants to extend more products in the near future. Theories claim that the more products sold under the brand name, the greater the risk of injury even if the expansion is a success at start, the interconnection of different products to the same brand is still a risk as a unexpected problems that faces a product group can draw negative reputation towards the brand's other products. Panos Emporio should consider making the consumers more aware of the clothing collection before launching more products within a new product category, since the lack of awareness can throw a shadow over the main product and bring down the brand image which in terms affects the brand equity.

6.3 Validity and reliability

The validity refers to how a study really measures the concept that it intends to measure, which is observing, identifying and measuring what has been said and done (Bryman & Bell. 2005, p. 305). It is an assessment of whether the conclusions generated from a related survey or not (Bryman & Bell. 2005, p 48). Validity can be divided into the concepts of internal and external validity. Internal validity means that there should be a high correspondence between the researcher's observations and the theoretical ideas developed. External validity is about whether the results of a study can be generalized to other social settings and situations (Bryman & Bell. 2005, p. 306).

We believe that we have interviewed people, whom have a good knowledge and understanding of the company. Our interview questions were rewired by an independent person and changed, to prevent the risk of being misunderstood. Some questions were also taken away as they were considered not relevant to the content of the study. However, there is always a risk that a person who is so familiar with the company may give a slightly embellished or one sided picture of the company and its work. There for we have in addition to the interview also examined the company website, interviewed costumers, which we believe contributes to a more nuanced picture of the information.

We have worked to develop theories that fit our study, and are applicable to our empirical results, that we have reached through our interviews. We have been consistent and deliberated the result with carefulness. The literature used is written by reliable sources such as researchers and professionals and women with decades of experience in each industry. We have also read and used information about brand extensions from multiple sources to further strengthen the validity of our study.

Reliability and dependability, means whether the outcome of an investigation will be the same if the research would take place again, or if they are affected by random or temporary conditions (Bryman & Bell. 2005, p. 48). This is more important in quantitative studies, while reliability studies are divided into the concepts of internal and external reliability. Since we have chosen a qualitative research design we believe that the result will be similar if the research would take place again, whether it would be done by us or someone else. In our method chapter, we have clarified and explained how we went about and also keep all the interviews, transcripts and recordings in order to increase reliability. As a result, we have created a complete account of all phases of the process, allowing the study to be repeated by others and achieving the same result. However as the internet is a constantly growing phenomenon, there is a risk that the study's validity over time may be limited in some areas. Today’s technology is constantly changing and the growth may be considered, since our empirical work and observations made, are subjects to change as the internet changes.

7 Further studies

There have been a number of new potential research questions brought up for consideration during this study. Due to our time and resource limitations, we could not include everything in our study. Therefore we have come up with some suggestions for further studies.

An interesting aspect would be to investigate how future brand extensions would- and could be worked on, with the basis of the customers' thoughts and associations. Previous researches have been from a business perspective, and examine how companies can best achieve brand extensions. It would therefore be interesting to investigate the phenomenon from a customer perspective, to see if the customer can bring a new perspective to the discussion.

As more and more companies expand ithin the international markets, we think that an interesting topic would be to explore how consumers perceive a brand that was previously unknown to them. We also believe that it would be appropriate to look deeper into the advantages of brand extensions in the long run.

8 Final words

When writing a report of this character, it requires certain delimitations, since brand extension is a wide subject. The reason behind the chosen subject was to explore more in depth the many challenges that brand extension can bring to a brand. We believe that our empirical findings have contributed to a deeper understanding in regards to our chosen topic. Our aim was to present a deeper understanding of brand extension and how a well known company can expand into a new product category. It has been an interesting and informative process to deliberate this report and we hope that others can benefit from our results.

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Heléne Samuelsson, clothing designer at Panos Emporio. (2012-05-08)

Marie Sjöberg, head of sales department at Panos Emporio. (2012-05-08)

Panos Papadopolus, founder and owner of Panos Emporio. (2012-04-24)

Pictures

Pictures 1, 2, 3, 4 and 6: http://www.panos.se, and http://www.panos.com. (2012-05-20)

Picture 5: http://www.finest.se/userBlog/?uid=34624. (2012-05-20)

10 APPENDIX

Interview Questions

Panos Papadopoulos

1. How did you get the idea to start your own business?
2. Why did you choose to start with swimwear?
3. Who was your first retailer?
4. How did the swimwear market look like back in that time?
5. How do you think the swimwear market looks like today?
6. What was your business plan?
7. How had the company developed over time, since you still stand for the same thing?
8. Did Panos Emporio have the same premium quality back then?
9. Does the company stand for the same thinking today?
10. How does the organization look like today? How many employees do you have today?
11. How are your product prices set?
12. What characteristic does Panos Emporio associated with?
13. One word that is identified on the website is "luxury" is that something that you associate the brand with?
14. Do the values differentiate between the swimwear collection and the clothing collection?
15. Does it differentiate between the collection for women, men and kids?
16. What's the background and reason that you started the clothing collection?
17. How does the design work for the two different collections?
18. Is there a specific target group that you would like to reach out to?
19. Is it more women that are buying the clothes?
20. Which retailers are selling your clothing line at the moment?
21. Are there any special retailers you would like to reach out to?
22. How would you like to be perceived by your consumers?
23. Do you do any regular customer surveys?
24. Who do you consider to be Panos Emporios competitors?
25. How do you keep track of your competitors?
26. How do you market your collection, ads, commercial, social media etc?
27. Does Panos Emporio sponsor any activities or charity?
28. Have you thought about eco-friendly products?
29. What does the future hold for your company?
30. What is your future vision?
31. Is there anything special you would like to mediate to your customers, describe it with a feeling?
32. How will the Panos Emporio e-shop look like?

Helené Samuelsson and Marie Sjöberg

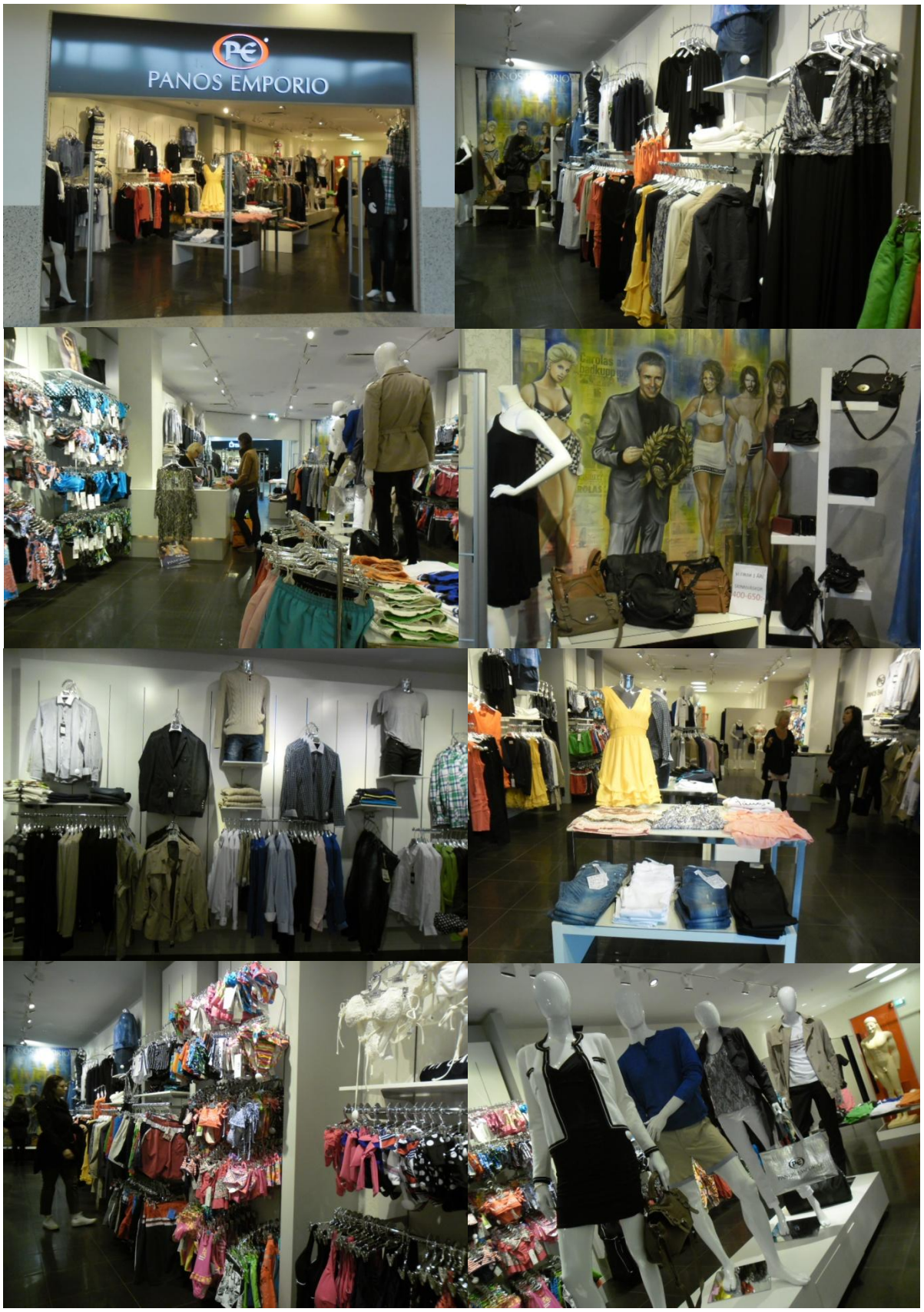
1. Tell me a little about yourself (Designer at Panos)
2. What do you have for a feeling in regards to the brand Panos Emporio?
3. What values do you put in, in the design?
    a. Luxury, quality, comfort, design etcetera?
4. Does the collection follow a trend, or do you go towards a classical design?
5. How do the collections change?
6. Which are the Panos Emporio key garments?
7. What is Panos most expensive merchandise?
8. Who wears Panos Emporio clothes?
9. If you could describe the ultimate Panos woman with a few words, who would she be?
10. How does a regular work day look for you?
11. How many sales and design people are you today?
12. How do you pick the retailer or do they pick you?
13. Do you personally reach out to these desired boutiques?
14. Why do some stores not buy the Panos Emporio clothing collection?
15. How do you keep in touch with the buyers?
16. How do you introduce yourself when visiting the stores?
17. Do you consider the brand to be premium?
18. What differentiate Panos Emporio from other brands?
19. Why would I want to buy Panos, if I was a buyer/store?
20. How do you bring out the collections?
21. In which country are the clothes produce in?
22. Do you do cut make and trim (CMT)?
23. Do you go to and fashion shows to get inspiration?
24. Does the whole design team go or just you?
25. So you all don't really have a design supervisor except Panos then?
26. Who makes the last call, final desition?
27. Where do you sell the clothes in Gothenburg?
28. Is there a strategic reason why Panos Emporio clothing is not that seen in the Gothenburg is, so that people will go to Frölunda?
29. Who is the Panos Emporior customer?
    a. Is it mostly young people or older?
30. For how long have you been on Nelly.com?
31. What is the clothes size range?
    a. Why don't you have extra small sizes?
32. How has social media had an impact on the brand?
33. Have you ever received any negative marketing?
    a. And if so, for what?
34. How does it look in Stockholm for Panos Emporio?
    a. Do you have any showrooms there?
35. Who is your biggest competition on the Swedish market?
36. Are the clothes anywhere outside Sweden?
37. How does the future look, for both design and sales department?

Panos Emporio flagship store, Frölunda Torg

1. **Demographics:**
    a. Aga?
    b. Gender?
    c. Living?
    d. Occupation?
2. **Have you purchased something at the store today?**
    a. What have you purchased?
    b. How much did you spend?
3. **Have you previously bought something from the brand Panos Emporio?**
    a. What?
    b. When?
    c. Where? On the internet, at the store or at another dealer?
    d. How often do you shop Panos Emporio products?
4. **What qualities do you associate with the brand Panos Emporio?**
    a. Affordable, luxury, comfort, quality etcetera.
    b. Can you describe the brand with a feeling?
5. **Do you know that Panos Emporio celebrates 25 years this year?**
6. **Are you familiar with their clothing line?**
    a. Where was the place of recognition?
    b. Have you purchased anything from the clothing collection?
    c. What do you think about the collection?

Pictures

Taken in Panos Emporio flagship store, Frölunda Torg, 24 April 2012.



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