



**Copenhagen
Business School**
HANDELSHØJSKOLEN

**MSc IN INTERNATIONAL MARKETING AND MANAGEMENT
(IMM)**

Department of Management, Politics and Philosophy

Brand Extensions

-- A Vehicle to Category Growth in Sports Apparel --

Masters' Thesis

Author: *Frederick Lewis Pettit*

Supervisor: *Sven Junghagen – Associate Professor*

Pages: 79

Date of Submission: *13.October.2014*

ACKNOWLEDGEMENTS

To my friends and close family for giving me the confidence to persevere when times were tough

To Lou for knowing when to push me

To my colleagues at the Foreign Office for understanding I needed time off to write

To the participants who gave up their free time to be interviewed

To my supervisor for being honest about what was and wasn't possible

ABSTRACT

The Sports Apparel market has seen continuous growth even through the recent recession, which impacted upon consumer markets so heavily. The industry dynamics are continually changing with brands looking for new ways to activate and increase their market share in one category, while trying to defend their existing market share in another.

Sports apparel brands are no longer just considered suppliers of functional equipment. The move in to categories normally associated with street wear has meant that there is value to be gained, while currently 2 goliaths lead the way – Adidas & Nike.

By trying to navigate through the global sub-cultures associated with geo-demographic markets which can differ drastically on a category-to-category basis, brands are looking at how to manage their brand extension strategy in order to capture the expected revenue increases that experts believe will drive the industry over the next 5 years.

The Study considers consumers within Denmark as an indicator to trends within the Scandinavian market place. Using qualitative techniques to compliment a case study on Adidas, in order to look at consumer receptiveness to brand extensions offered by sports apparel brands.

Including interviews by Adidas employees (current and former), the paper references consumer behaviour and segmentation theory along with Category Management to built on the Adidas case study, as a compliment to empirical findings by the researcher, in the form of qualitative consumer interviews.

Drawing on this, the author then presents the findings on a topical basis, in order to draw key findings and conclusion regarding the consumer behaviour indentified and how this impacts upon competitors within the industry. Lastly the author is able to take a brand specific perspective (Adidas) to provide relevant recommendations as to further strategic decision-making, Adidas should be considering with regard to the use of brand extensions as a vehicle for incremental category growth.

TABLE OF CONTENT	
1.0 INTRODUCTION	3
1.1 Motivation	3
1.2 Sequential Approach	4
1.3 Industry Overview	4
1.4 Brand Extensions versus Line Extensions: Definitions	5
2.0 CONTEXT OF RESEARCH	6
3.0 MANAGEMENT DILEMMA	7
3.1 Research Question	7
3.2 Investigative Question(s)	8
4.0 THESIS OUTLINE	8
5.0 RESEARCH DESIGN MODEL	8
5.1 Theoretical Framework Model	10
5.2 Limitations	10
6.0 THEORETICAL BACKGROUND	11
6.1 Category Management	11
6.1.1 <i>Definition of Category Management</i>	12
6.1.2 <i>The 8-step model for Category Management</i>	13
6.1.3 <i>Critical Perspective on Category Management</i>	17
6.1.4 <i>Apathy Avoidance (strategic partnership)</i>	19
6.1.5 <i>Conclusion on Category Management</i>	20
6.2 Perceived Fit	21
6.2.3 <i>Definition of Perceived Fit</i>	21
6.2.4 <i>Conclusion on Perceived Fit</i>	22
6.3 Consumer Behavior	22
6.3.1 <i>Differer Approaches to Consumer Behavior</i>	23
6.3.2 <i>Cognitive Approach</i>	23
6.3.3 <i>Behaviorist Approach</i>	28
6.3.4 <i>Conflicting Views on Consumer Behavior</i>	30
6.3.5 <i>Conclusion on Consumer Behavior Theory</i>	32
6.4 Market Segmentation	33
6.4.1 <i>Definition of Market Segmentation</i>	33
6.4.2 <i>Approaches to Segmentation</i>	34
6.4.3 <i>Conclusion on Segmentation Theory</i>	38
6.5 Overall Theory Conclusion	39
7.0 METHODOLOGY	39
7.1 Research Philosophy & Epistemology	39
7.1.1 <i>Positivism</i>	39
7.1.2 <i>Interpretivism</i>	40
7.1.3 <i>Realism</i>	41
7.1.4 <i>Research Philosophy Conclusions</i>	41
7.2 Quantitative Vs Qualitative	41
7.2.1 <i>Quantitative</i>	42
7.2.2 <i>Qualitative</i>	42
7.2.3 <i>Conclusion on Quantitative versus Qualitative</i>	43
7.3 Primary versus Secondary Data	43

7.3.1 Primary Data	44
7.3.2 Secondary Data	44
7.3.3 Conclusion on Primary and Secondary Data	44
8.0 Research Design	45
8.1 Sampling Strategy	45
8.1.1 Picking a Sample	46
8.2 Data Collection	46
8.3 Representativeness	47
8.4 Design of the Interview Guide(s)	48
8.4.1 Question themes	49
9.0 RESEARCH DESIGN OF CASE STUDY	51
9.1 Case Selection	51
9.2 Empirical Collection	52
9.3 Case Study Structure & Quality	52
9.4 Case Study Interview guide	54
9.5 Results	54
10.0 ADIDAS CASE STUDY	54
10.1 Adidas employee Interviews	55
10.2 Adidas overview	55
10.3 What dynamic does Adidas try to create and nurture, from the brand extensions they create?	56
10.4 How do brand extensions play a part in Adidas' overall category growth plan?	58
10.5 What are the implications for Adidas when embarking on a brand extension strategy?	60
10.6 Adidas Brand Extension Strategy in Relation to Theoretical Concepts	62
10.6.1 The Category Management of Adidas	62
10.6.2 Consumer Behavior Theory of Adidas	63
10.6.3 Segmentation Theory of Adidas	64
10.7 Overall Adidas Case Study Conclusion	65
11.0 RESULTS OF CONSUMER INTERVIEWS	65
11.1 Participants	66
11.2 Key Findings from Interviews	67
12.0 ANALYSIS OF CONSUMER INTERVIEWS	68
12.1 Participants and Category Dynamics (product preference)	68
12.2 Participants and the retail experience	69
12.2.1 Own-Brand Vs Multi-Brand	70
12.3 Category Roles	71
12.4 Consumer Brand Knowledge	72
12.5 Consumer Sources of Information	73
12.6 Consumers feelings about reflection on the primary brand(s)	74
12.6.1 Consumer feelings towards Adidas	76
13.0 Conclusion	77
14.0 Managerial and Industry Implications	79

1.0 INTRODUCTION

1.1 Motivation

Since the 1980's, brand extensions have become more common and a recognised strategy for growth (Aaker, 1990; Zhang & Sood, 2002). In support of this, one might argue that this strategy is often more favourable than building an entirely new brand name from scratch, while one can also argue that without differences in brand identity, products within a given category very rarely differ in a significant way. This form of differentiation within a category therefore now forms one of the most significant, if not the most significant sources of competitive advantage (Kotler & Armstrong, 2009).

Branded products or services will instead try to leverage their existing brand to activate or generate new revenue. As this strategy has become so prevalent, both academics and professional practitioners have paid much attention to the phenomena (Aaker & Keller, 1990; Barone, Miniard & Romeo, 2000; Czellar, 2003).

While an understanding of brand extensions and the role they play in leveraging numerous brand and market-share parameters has improved and developed within recent decades (Czellar, 2003), there is still a demand for a better understanding of consumer knowledge and its relationship to consumer behaviour in relation to brand extensions, particularly studies that are specific to a given industry of interest or industry relevant brand.

The sports apparel industry itself is expected to grow from 135 billion dollars to 178 billion dollars as of 2012 over a 7-year period until 2019 (Transparency Market Research, 2013). It is this foreseen industry growth that makes the strategy of incremental market share capture so interesting and the findings of this study potentially so revealing and relevant.

If one takes this development of growth in to account and factors in other anomalies such as discount sports retailers selling same category products side by side, juxtaposed against the re-emergence of own-brand sports apparel stores (Smart, 2007), then the author argues it is crucial brands understand the different dynamics within the industry and its encompassing categories', as the above would certainly imply that consumer trends and preferences can reach opposite ends of the category perspective, despite the same primary brands being stocked in both forms of retailers (amongst others' discount retailers & own-brand stores).

The author therefore argues that this difference in dynamic, in such a high value global market, full of contradictions in terms of brand identity and consumer trends, requires further examination in order for brands to maximise the potential to capture growth.

According to the Adidas Group Global Brand Strategy, the utilisation of promotion partners is an important part of the group strategy in managing brand positioning and is something they commit significant resources to in order to maximize effectiveness. While this brand activation through events, teams, elite athletes and designers is not a new concept, the use of something with an external make up to compliment and intrinsically impact upon consumer brand knowledge remains somewhat of an unknown. Adidas has also demonstrated a willingness to explore dynamic creative partnerships with key creative entertainers such as Kanye West and Rita Ora to name but a few. Ultimately, the nature of consumer trends and preferences means that the Adidas brand is constantly having to adjust in order to remain relevant.

The Adidas Global Brand Strategy indicates their belief that these partnerships ensure that the 3-stripes and trefoil have visibility and credibility to a breadth of consumer that they claim is unmatched. The motivation behind this research is to reveal how consumers within the Scandinavian market, using Denmark as a foil, react to the Adidas brand and its extensions, from a category perspective. That is, to consider the possibility that Adidas can capture market share from category to category through the use of brand extensions but that each extension's success must take in to account the category they are targeting. Reflecting on this, what factors impact upon consumers' feelings towards how receptive they are to Adidas brand extensions within the Scandinavian sports apparel industry?

1.2 Sequential Approach

The paper will first lay out the nature of the sports apparel industry and reflect on why the study of brand extensions is so crucial to it, from a category management perspective. Some key research questions will then be identified in order to give direction to the primary objective of the following material and its significance. The paper will then meticulously identify relevant theoretical concepts, followed by a sound and valid methodology, which will include an Adidas specific case study and consumer specific research.

In order to give basis to the eventual research design and content, the paper has also highlighted some key questions, which are deemed relevant to the theoretical areas discussed. This should also allow both the reader and author to maintain a reflective approach as to what is objectively being asked throughout the study and how this then links in with the actual practice of primary research.

1.3 Industry Overview

Over the last two decades, the sports apparel industry has seen astronomical growth and dynamic change to its very core, no longer does it simply encompass golf clubs, tennis rackets and footballs. The term 'sports apparel' can now encompass a far wider breadth of sporting equipment in terms of actual sports and the type of equipment on offer. An explosion in footwear sales is just one example where sports apparel is no longer

considered as just a functional industry, supplying individuals for recreational activity. It's inclusion in a variety of fashion sub-heads, sports and lifestyle apparel, has lent to its continued growth (Lipsey, 2006).

The boundaries between fashion and sports apparel has also become so blurred, in part, because of brand extensions and consumer trend affiliation. This successful implementation and expansion has led to exponential growth that is likely to continue, at least within the near future and for those key brands uniquely integral to the sports apparel industry, this means there is market share to compete for (Lipsey, 2006).

According to Forbes investment (Ram, 2007), the global sports apparel industry is set to grow at a compounded annual growth rate (CAGR) of 4% from 2012-2019. As previously highlighted, this would indicate growth from 135 billion dollars to 178 billion dollars in a seven-year period.

Ram (2007) cites various factors for the growth estimation, such as an increase in fitness consciousness amongst consumers, rising income levels in developing markets and regions, along with the propensity for sports apparel to continue to breach boundaries between fashion and function.

The blurring between brand & product functionality and consumer trends & preferences has been partly stimulated by the use of brand extensions (Martinez & Pina, 2003). This can vary from direct brand extensions relating to sport-specific endorsees or an extension, which is influenced purely by design name and style (often referred to as line-extension).

Lastly a brand extension might encompass an entirely new category within sports apparel. Clear comparisons of all three types would be Nike's brand extension under the AirJordan title compared with Adidas's line of sports apparel designed and sold with Stella McCartney as the designer/endorsee. The final example relates to entirely new categories such as Nike's expansion into digital and electronic equipment, through their partnership with Apple inc. (Krishnan, n.d)

1.4 Brand Extensions versus Line Extensions: Definitions

Prior to embarking upon the next stage of the study, it is necessary to also mention at this point the definition of what a 'Brand Extension' is and its comparison to a 'Line Extension'. Cited in Silverstein (2009) Edward Tauber originated the term brand extension in 1979 and continued to contribute to the development of the phenomena years later. Tauber stated that when one shifts a brand into a new category, you have to attract the customer there, to buy your brand, which by definition has had no experience in the category and is therefore, more risky. In this way one is also able to very clearly differentiate a key characteristic of a brand extension, in so much as it uses the brand's existence to move in to a new category.

Tauber continued his assessment via the same literature by emphasising that those brands can also be a barrier to entry in many categories. However in the same breath, one can state that a brand that is able to fit and bring competitive advantage in a new category is a means of entry. (Silverstein, 2009)

A line-extension however differs in that it refers to an expansion of an existing product line. The purpose of developing a line-extension has been cited as creating variety, in order to perhaps reach a more diverse customer base, enticing existing customers away from competitors, with the intention of growing market share or potentially benefiting from category growth, as opposed to cannibalization whereby there is greater variety but no growth thus the brand loses any production/cost benefit at an SKU level (Anzalone, n.d.).

If one were to give examples of both forms of brand strategy, then Nike's decision to enter the golf apparel category, following their endorsement of Tiger Woods, would be an excellent example of a brand extension. However Nike have also embarked upon various line extensions such as the CR7 football boots line which was introduced and promoted through their partnership with football player Cristiano Ronaldo and was launched alongside other pre-existing Nike football boots within the football boot category.

Professionally and academically both these terms have been used interchangeably (Sengupta, 2005) and this particular research will follow suit. By defining what encompasses each strategy, one is able to reflect upon these differences when discussing strategic actions taken by brands within a sector and to also reflect upon any relevant actions that occur in relation to the type of extension and how consumers react, during the research phase. Therefore both terms will be used interchangeably with 'brand extension' as an automatic go-to term encompassing both.

2.0 CONTEXT OF RESEARCH

The contextual objective of the research is to contribute in a small part to the study of brand extensions and the reception they receive from a broad, yet specific, consumer group; that being a Scandinavian-based consumer. As recently as 2014, significant academic papers have called for further research in to how consumers interpret, process and receive brand extensions (Walsh et al. 2014).

The context of the study is also given with the caveat that undertaking the research is designed to ensure that the findings will aim to shed light on consumer and shopper behaviour in relation to brand extensions, in order to enlighten Adidas in their strategic decision making within the sports apparel industry. This in turn should allow better strategic decision making in order to develop growth on a category basis, through a retrospective understanding of brand extension success.

3.0 MANAGEMENT DILEMMA

Given that there has been and is expected to be this continued growth within the sports apparel industry it is crucial that Adidas is able to jostle and manoeuvre for market share. Through the use of brand extensions, Adidas is faced with the potential to develop this share on a category level, however this opportunity also presents a risk of brand dilution or general damage to the existing Adidas brand equity.

In order to develop their growth, Adidas needs to manage a myriad of challenges and opportunities when selecting how to proceed with their brand extension strategy. Not only to ensure they leverage the right brand extension but also because of the complex factors extensions encompass, both positive and negative. Given the monopolistic nature of the sports apparel industry (Wood, 2014), competitors are often actively building associations with players, competitions and teams that already have strong existing brand affiliation with Adidas. Reflecting on this, one can determine that there are endless, potentially positive and negative, consequences in activating any form of brand extension.

Despite this curious and explicit dynamic, all evidence shows that brand extensions (in a variety of forms) can contribute in taking market share and can also crucially, given the evidence of developing market size, ensure category growth for Adidas (Dacin & Smith, 1994)

Reflecting on this management dilemma, one is drawn to the key question: How can Adidas use brand extensions to deliver category growth and what elements are integral to the success of this strategy?

3.1 Research Question

To decide upon future strategy from a category perspective, Adidas must understand category dynamics as a whole and the qualities consumers react to when exposed to a form of brand extension, taking in to account criteria such as Fit, risk of dilution or cannibalism and of course the nature in which the extension is constructed (named endorsement, affiliation, design etc).

To do this they must obtain an understanding of consumer and shopper behaviour to identify the specific nuances that foster positive brand knowledge in the eyes of consumers' and what factors negate this through negatively received brand extensions. From this analysis, Adidas will be able to identify key consumer tangibles on a category level rather than industry level, which demonstrates positive consumer behaviour based on their receptiveness to brand extensions', which will simultaneously give direction to future brand extension strategy, unlocking untapped market share and category potential.

From these insights, the research question can be formulated as:

“How do brand extensions within the sports apparel industry function and what are the opportunities for Adidas using this strategy, that can deliver future incremental category growth?”

3.2 Investigative Question(s)

In order to answer the research question, one must consider the use of investigative questions to provide researchers with specific necessary information. (Blumberg et al. 2011)

The research is designed to aid Adidas develop brand extensions to leverage category growth without damaging or diluting their existing brand equity. From this, three research questions become apparent:

- What role does consumer and shopper behaviour, lifestyle, values and beliefs play in consumer receptiveness to brand extensions (positive and negative)?
- Do brand extensions enable category growth through greater value, greater regularity of purchase, additional consumers or a combination of such factors?
- What is the dynamic that makes a successful brand extension and how can Adidas use this knowledge to manage their own portfolio of extensions and look to invest in future strategic success?

4.0 THESIS OUTLINE

The paper is organised into 14 primary chapters with relevant subheadings within certain chapters where necessary.

Throughout the theoretical background, the author will openly publish reflective questions, which relate to both the theory being discussed and explicitly the research question. The purpose of this is to, both guide the reader throughout the process and ensure they follow the overall narrative of the research. The author is also adopting this approach to ensure clarity between the final methodology and the questions' the paper has touches upon.

These questions will be highlighted as follows

5.0 RESEARCH DESIGN MODEL

Given the research objective, it is first crucial that category management is explained in the context of the sports apparel industry, as opposed to a general, non-specific macro or micro level. While there are an

enormous array of strategic decision making processes from within the organization and factors from the external market that can influence a consumers brand knowledge, a brand extension of some form is such a deliberate attempt to drive commercial value, either or both short and long term, directly or indirectly, that it deserves particular attention. To consider how this impacts upon a research design, then it is paramount that the study considers a myriad of factors that can directly or indirectly influence its success.

Category Management attempts to deliver growth to an entire category through different recognised steps. Referring back to the research question, one can decipher that the projects focus revolves around delivering growth through consumer and shopper behaviour. What influences this behaviour is what will hopefully be acknowledged throughout the paper.

While there are numerous categories that exist within the sports apparel industry, the research will not consider narrowing the field of study to one, as it is the consumer motivation behind their reactionary behaviour to brand extensions within the industry that are of particular interest, with a category acting as a factor determining changes in consumer motivation. One can conclude that there is a broad spectrum of consumers and shoppers whom make up a given category and even more when considering the entire industry.

Looking at these demographics is what will allow the author to reveal, connect and build the picture of consumer trends, in relation to the brand extensions within the Scandinavian market. However as there exists a two way process, in so much as brand extension success may well depend upon the specific category they are introduced in (i.e. football, woman's fitness, golf etc) then it is justifiable to sacrifice specificity in order to harness a broader understanding of what makes a brand extension successful. It is also the authors hope that through the allowance of multiple categories within the industry to be considered, that demographical differences will be better understood, in terms of the success of retrospective brand extensions from varying categories and varying demographics.

As category management indicates that growth comes from a change in consumer or shopper behaviour (East et al, 2013) without elaborating on how to investigate these forms of behaviour, it is necessary to draw on other complementary theory.

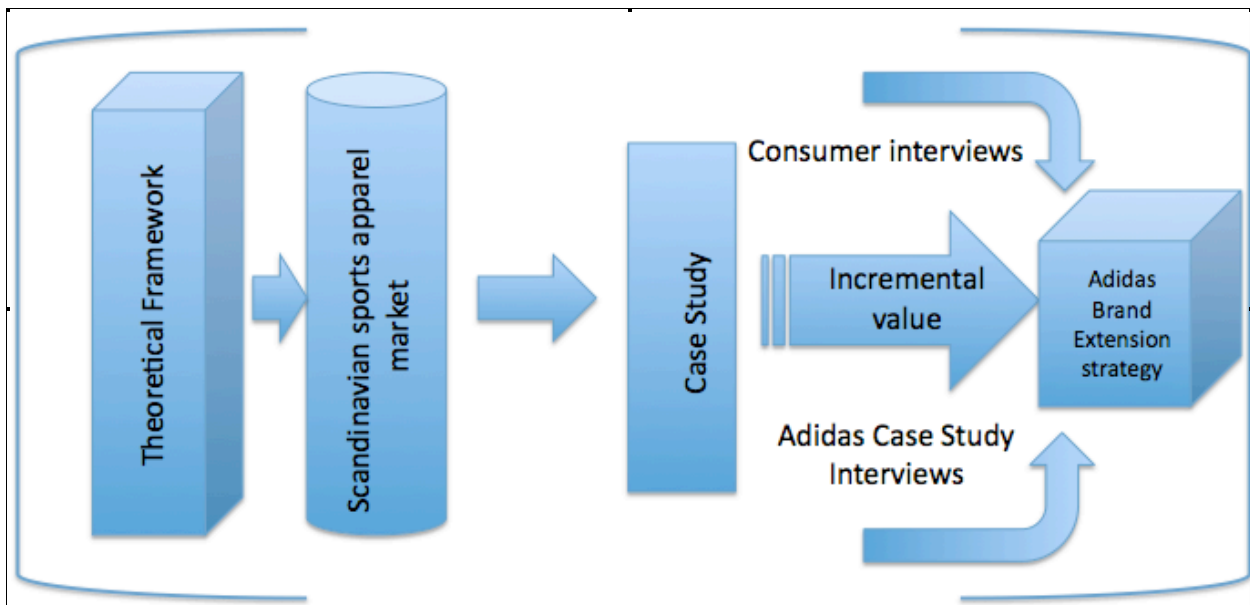
Consumer behaviour theory is therefore introduced to allow the project to draw upon the cognitive approaches of the consumer. Along with consumer behaviour, Segmentation Theory is also introduced to gain an understanding of the psychographic aspects of the consumer and shopper, including such elements as lifestyle, values, preferences, and beliefs. Including inputs from these two theories will allow the researcher to define a methodology and undertake actual research in a manner that allows for optimal understanding of how these nuances should be managed in order to account for and leverage consumers' knowledge in relation to brand extensions from the Adidas brand.

In order to gain a greater commercial understanding of what these recommendations mean as a reflection of consumer interpretation, the study will also draw upon a case study using the triangulation method (Blumberg, 2011) based solely on Adidas and their presence in the sports apparel industry. The foundation of this case study, which is explained in detail at a later point within the research, is grounded in the same theoretical concepts as that of the qualitative interview design for consumers.

The resulting findings will then allow the researcher to begin to assess themes and nuances based on the foundation of these theories identified above and group the consumer trends relating to their positive or negative feelings, therefore facilitating alterations to the consumers’ brand knowledge and the motivation behind this. The project will then aim to present trends from the analysis in relation to how they can be managed and manipulated for existing brand extension strategy and for future relative strategy in order to harness category growth opportunities for Adidas.

The final stage will provide key recommendations on how to activate these opportunities on a category basis, using the findings within the study surrounding all of the discussed areas of interest.

5.1 Theoretical Framework Model



5.2 Limitations

The author has faced various limitations throughout the research period however has done everything to try and mitigate these limitations with a foundation of sound theoretical logic. Along with this, the studies

objective has been moulded to ensure that a research gap remained the authors intended destination, while the findings remained geographically relevant.

As the paper has taken a perspective from the Adidas brand, it was a strength that two separate Adidas employees confirmed that they were happy to be interviewed, however the lack of access to raw sales data for the geographical area in which the study focuses, meant that on some level, the author has taken liberty on some unconfirmed beliefs', as a given. The first being that the Adidas brand is within the top two performers for sports apparel within the Scandinavian market. Given the substantial size of the brand along with its direct rival, Nike, this seems a legitimate assumption. The author can also argue that if it were not true, it would not impact upon the findings of the study itself, only the resulting recommendations and beliefs of the author.

Under different circumstances, the author would also have seen value in interviewing a broader demographic of consumer within the same geographic boundaries, however this was not possible due to time constraints and a desire on the authors part to avoid dilution of the research findings. This limitation can also be reflected upon in terms of recommended future research in the same field.

Lastly the author feels that the reliability of the study would be increased if more interviews were conducted with industry specialists outside of Adidas, partly to mitigate any unintentional bias the author may have developed towards the Adidas brand during the research process.

6.0 THEORETICAL BACKGROUND

The Theoretical background will detail the relevant theories the researcher will pull upon. While these theories are not independent of each other or indeed many other theoretical concepts that exist, they have been chosen in the belief that they best compliment the research objective, both in specificity and depth of understanding.

6.1 Category Management

Adidas functions across a broad range of sports and activities. Each of which includes its own nuances in terms of how the consumer' are involved with that particular activity (Lipse, 2006). To put this in to context, one can quickly differentiate between the assumed preferences (if any) of Adidas that a middle-aged individual whom watches little television, has no interests in sports but enjoys keeping fit and stays up to date with all things fashion, compared to a young teenager whom has little interest in high street fashion, is a huge fan of televised sports, particularly soccer and regularly participates in various team sports. While there are a number of assumptions, or even perhaps stereotypes, in the above example, these potential differences in consumer demographic and consumer trends will arguably impact upon preferences to brand extensions

and ultimately the overall Adidas brand; this in turn impacts upon the brands strategic choices from a category management perspective.

Since the 1990's when category management took hold, retailers have strived to redesign the seller experience and how it is managed. As a result, Adidas can no longer only focus on their own assortment mix and how they manage to impart their message and their products to the consumer. It is now recognised by all, that category management plays an important part in the relationship between branded sports apparel suppliers, their rivals and the retailers themselves. (Goldfingle, 2013)

As a result of it's emergence, the objective for all sports apparel brands is to emerge as category captains whom give direction to a specific category and convince the retailers that it is their brand which creates incremental growth (Dussart, 1998; AC Nielsen, 2006; Aastrup, Grant & Bjerre, 2007).

As the Sports Apparel market is due to grow at a CAGR 4%, then the objective of all brands is to tap into this growth. As a reaction to this anticipated growth within the market, Adidas is tasked with justifying why they will be the ones to drive and deliver this incremental growth, both internally and with their retailers. Despite the struggles retailers generally saw throughout the recent financial recession (Whiteaker, 2011), they have emerged as an ever-present within sports apparel.

Through understanding this dynamic, Adidas should be better equipped to understand and use category management as a tool to give greater oversight and allow for detailed strategic decision making about how their internal sub-brands and brand extensions will function in the market. (Goldfingle, 2013).

6.1.1 Definition of Category Management

Category Management emerged as a tool from the 1980's ECR (Efficient Customer Response) initiative. Its emergence was as a result of the retailer moving focus from sales volume to profitability per unit (SKU) (Dussart, 1998). Coined by consultancy firm, The Partnering Group in the 1990's, Category Management's aim was to develop a method which allowed supermarkets and retailers to optimize their most valuable assets: shelf space, inventories and customer traffic (McLaughlin & Hawkes, 1994; Dussart, 1998; AC Nielsen, 2006).

Using the new concept, retailers were able to leverage their role from a passive seller of national brands, to sellers of their own identity trying to build their own loyalty and marketing their stores under this premise. As a result, many manufacturers of retail goods initially in a position of power because of their strong brands were required to change their strategic approach. This not only involved changes to their relationship with

their customer (the retailers) but also and crucially to this paper and its research question, the way they managed their relationship with the end user (consumer) (Dussart, 1998).

Category Management is particularly prevalent in Fast Moving Consumer Goods (FMCG) and B-to-C retail related brands, especially those with large assortments and a tendency to embark on sub-categories within one particular brand, for example Adidas having one category geared towards rugby and one geared towards soccer within the European market (Grime et al. 2002) Since this initial inception, brands and retailers have adapted the concept of category management and one can argue its significance has never been stronger, particularly within the sports apparel industry and therefore for Adidas. (Ross, 2010)

From a practical perspective, one can state that Category Management relies on the belief that consumers make purchase decisions from a range of products, that together make up a specific category. Adopting a brand management approach one can state that products from any given brand are displayed together, however if one adopts a category management perspective, this may still be the case with the caveat that brands are grouped together within a given category. The result of this is that brands will be displayed on shelves in store alongside competitors within a given category.

A key consideration of this, if one is to reflect on the research question, is that Adidas brand extensions may be displayed amongst rivals within a given category, and are therefore considered substitutes of one another (Dussart, 1998; Aribarg & Foutz, 2009). Reflecting upon this there are three key questions one might wish to consider:

If the products within a given category are related on some or many levels, does differentiation impact upon Adidas brand commercial performance and in what way?

Does a decision made about one brand in a category, impact upon rival brands within the same category?

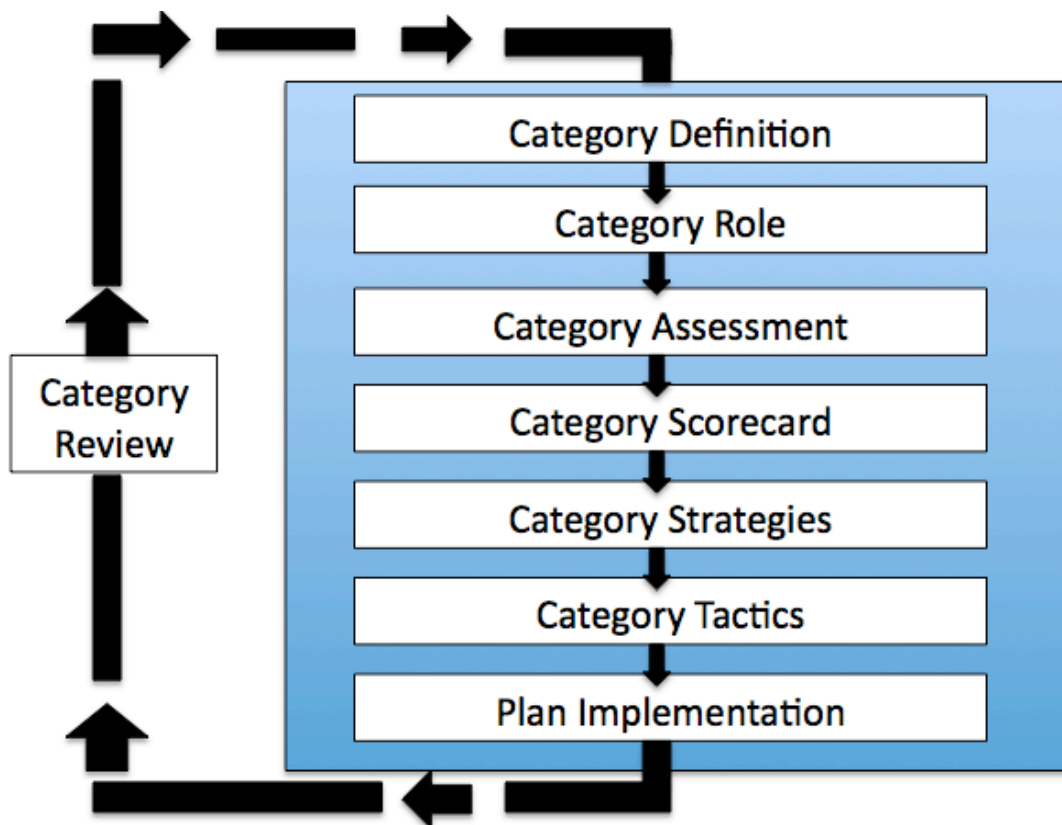
Does a decision within a given sports apparel category about Adidas or an Adidas brand extension, impact upon the Adidas brand in other categories?

6.1.2 The 8-step model for Category Management inspired by Aastrup et al. (2007)

Pellet (2004) discusses the notion that in the beginning of the 1990's, technology began to play a part in how a category was actually defined. The emergence of scanners and point-of-sale (POS) data made it possible for retailers to access data about consumer trends based on actual up-to-date buying figures, or raw data. Using these sales figures, retailers would then be able to make informed decisions on how to customize shelf space and which products to stock in the future. (AC Nielsen, 2006). One can therefore state that Category

Management represents a strategic marketing planning process, with a starting point of consumers interacting with retailers. (Aastrup et al., 2007)

The Partnering Group, whom coined the term Category Management, initially designed a model involving 8 steps. The model has since been used and adapted by several retailers and manufactures. (Desrochers, Grundlach & Foer, 2003; AC Nielsen, 2006; Aastrup et al, 2007)



8-step model of category management (Aastrup et al., 2007)

The first step involves the defining and segmenting of the product attributes that make up a given category (AC Nielsen, 2006). This is achieved through the analysis of consumer buying behaviour and/or purchase habits. The first step is therefore designed to establish and understand what factors truly matter to consumers, how they negotiate the different choices within the category and to understand the driving forces of initial consumer decision-making. (AC Nielsen, 2006; Aribarg & Foutz, 2009)

Given that the retailers now have immediate access to sales figures and therefore on some level, raw consumer preferences, it is even more important for brands to have a deep understanding of consumer trends within the category and to be knowledgeable about consumer preferences, in order to maximize leverage potential in all relevant categories. Of course one can argue that this issue is not so relevant when one looks at own-brand stores, however it is also logical to say that even under the Adidas brand umbrella, category's are jostling for space and exposure while the same category principles still apply; a seller will look to maximise value per unit per space in order to reach for the highest margins.

Reflecting upon this, one might also consider answering the below points:

Does successful implementation of an Adidas brand-extension, in part, depend upon the nature of where consumers are interacting with an entire category i.e. discount sporting goods store compared to Adidas own-brand flagship store?

Does existing consumer emotion concerning both Adidas and external competitors within a given category, impact upon the success of a brand extension launched by Adidas in the same category?

The second step is to assign a role to the category based on how important it is to each stakeholder (consumer, retailer, retail competitors) (AC Nielsen, 2006). This role is designed to serve two objectives; to ensure the category is managed in accordance with its importance to the consumer & to ensure resources invested within the category, by both retailers and suppliers, are as efficient and affective as possible. The latter may relate to retailer activity or decision making such as shelf space or in store employee commitment, however it might also refer to Adidas' strategy for an extension such as endorsement investment or for example introducing a brand extension into a specific category which might imply that the brand see it as an area of priority to generate potential incremental value.

A category role can be assigned 4 different sub-types according to Pellet (1994), which relates to the relationship between retailer and supplier (still within step 2 of the 8-step model). The roles were titled *destination*, *routine*, *occasional* and *convenience*. The roles reflect the relationship in terms of commitment to that given category. (Pellett, 1994)

Therefore one can state that the ideological relationship is that of *destination* because it is an indication of mutual understanding and potential strategic partnership growth from both parties. However this highest level within the role selection can often take time and commitment, also financially. When one considers that a sports apparel brand such as Adidas will be aiming to achieve this relationship, with competitors looking to achieve the same level of understanding, it is a reflection of the need to align ones own brand identity with

the consumer. However if one adopts a pure category management perspective, then it seems logical that Adidas will have their own impression of what they believe consumers' want, which will then be reflected in their management of their brand extensions. If this were to differ substantially from the retailer, then one might argue that there are fundamental differences in opinion about what each party believes the consumer wants, the brand is capable of delivering, or both.

Reflecting upon this, one might also consider answering the below points:

How influential is consumer feedback in designating a category role and how are significant roles managed by Adidas in terms of brand extensions?

Is the role a category is given, indicative of the likelihood Adidas will favour introducing a brand extension?

The third step is to define opportunities for category improvements and growth. This process involves analysis of different perspectives with the intention of identifying potential opportunities in order to mould category strategies (AC Nielsen, 06). This step historically revolves around the analysis of consumer needs and purchase behaviour, achieved directly through market research. If one takes into the account the sub-type roles identified in step 2 (role), one can see a linear line of progression. If one looks at consumer needs and purchase behaviour in step 3, then the ideal outcome is that both supplier and retailer can leverage their individual understanding to reach a mutual benefit whereby they reach a status of a *destination* category. (Aastrup et al. 2007)

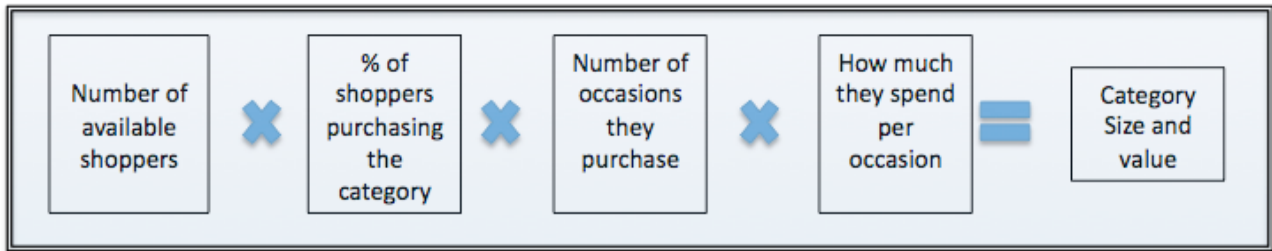
In its simplest form, category growth arrives or is achieved by retailer, supplier or a combination of the two, initiating or at least recognising a change in consumer or shopper behaviour. A consensus amongst theorists assumes that the category growth dynamic of this nature, consists of more consumers, consuming on a more regular basis or, shoppers spending more on each occasion. (Pellet, 1994; Nielsen, 2006; Aastrup, 2007)

From a brand perspective, one must therefore recognise that to truly activate category growth, future activity, such as that of a brand extension must include one or more of the following elements; Drive penetration, frequency, and/or weight of the category. In order to implement this strategy, one must understand that category management is an essential element of the overall introduction, especially as its potential to offer value, is pinned with the potential to cause damage to the consumer knowledge of the brand, its brand equity.

Therefore one can consider the following question:

Using brand-extensions as a strategic opportunity, must not overtly damage consumer knowledge towards the existing Adidas brand, what factors might secure or jeopardise this?

The following growth equation illustrates this dynamic of category growth:



The fourth step of the 8-step model is concerned with setting performance targets for the supplier and the retailer to support the category business plan (Dussart, 1998; AC Nielsen, 2006). The fifth step begins to mould the existing considerations together to form an overall strategy for achieving the desired category role and how parties intend to meet scorecard objectives. The sixth step is to choose specific activities that will reach these category objectives, with a focus on one, several, or all of the following factors: category assortment, pricing, promotion, merchandising and supply-chain management (AC Nielsen, 2006).

Reflecting on step 6, one is drawn to question the following:

Are the factors identified in step six (category assortment, pricing, promotion, merchandising and supply-chain management) used in a different manner to manage a category extension, in comparison to the primary Adidas brand?

The seventh step is for retailers and suppliers to activate agreed activities identified in step 6 and finally in the eighth and final stage a review process is introduced in order to assess progress of each step and make adjustments accordingly. This final stage is often undervalued (McLaughlin & Hawkes, 1994; AC Nielsen, 2006) however plays a significant role in order to manage the nuances within the category as result of changes in consumer behaviour and shopping behaviour.

Reflecting on steps 7 and 8, one might wish to consider the following:

How does Adidas' processes change when selling through retail partners, in comparison to their own brand stores'?

6.1.3 Critical Perspective on Category Management

A common criticism of Category Management and the 8-step model has been that it adopts a product-centric approach by relying too much on hard data, which results in both suppliers and retailers viewing the

consumer as one single type and relying on one single category strategy to target those consumers. Consequentially, it is often the case that Category Managers will ignore externalities that are not initially considered influential to the consumers shopping experience. Given that category management was initially designed to improve the consumers total shopping experience it seems that too often category management becomes a tool swayed by the influence of sales in its purest form, ignoring any damage or potential to drive brand equity, along with other peripheral long term benefits such as the consumers overall shopping experience (Terek, 1993; Dussart, 1998; AC Nielsen, 2006).

As a result of the criticism above, one can conclude that while Category Management clearly has a significant part to play in the holistic management of the shopper experience and therefore consumer behaviour, it needs to be considered along with other factors. Ultimately it appears that a shopper experience is not achieved purely category to category, but instead through a blend of impressions that add up to a perception of value enhancing qualities from the shoppers' perspective, evident in consumer behaviour. (Terbek, 1993)

In this respect one can also conclude that any potential brand extension should compliment the existing Adidas brand image and hope to create new positive elements to the consumers' brand knowledge.

Dussart (1998) goes on to highlight the misuse of category management in certain circumstances whereby, within a given category the consumer's experience is forgotten. Highlighting that one specific element of category management considers shelf space with the aim of enhancing the shopper experience, however the outcome arguably worsens the experience for the shopper. With focus often being directed at those products, which are most profitable thereby potentially debilitating the shoppers' ability to truly compare prices. This can also lead to a reduction in assortment, leading to an impression that variety has decreased. Dussart (1998) highlights that variety is a contributory factor when it comes to shopping habits, which contradicts the potential outcome of a category management perspective as identified above.

Conclusively and most worryingly, Terbek (1995) has indicated that research shows that poor category management has been shown to be the single most damaging source of customer dissatisfaction due to its application with a singularly financial mindset. Resulting in retailers and suppliers losing sight of consumer needs.

Reflecting on this, one might wish to look at the following:

Where do consumers look for information regarding variety within a specific category of interest, which includes Adidas?

What is Adidas' approach to category management from a commercial perspective and does this approach differ when changing categories or dealing with specific brand extensions?

6.1.4 Apathy Avoidance (strategic partnership)

A long-standing viewpoint of Category Management is that it has historically initiated a power acquisition from suppliers to retailers. With retailers now concerned with overall shelf assortment more than suppliers product line dynamics (Dussart, 1998; Aastrup, 2007) and the intended brand message to consumers.

The 8-step model indicates that the supplier and retailers' are dependant on each other's knowledge. The practical foundation of this logic is that retailers have very detailed POS data, whereby the supplier has far superior knowledge regarding consumer behaviour, broader industry and market trends along with developing potential opportunities for category growth i.e. new technology within that given category. Supplier advantage will often also consist of better resources and more skilled specialists to analyse data, with a more holistic understanding of the category planning process of their brand (Desrochers, Grundlach & Foer, 1003). Aastrup (2007) determines that because of this shared knowledge base, optimization and growth is best achieved through close interaction in a drive to reach that *destination* point of becoming *category captains*.

Despite this recognized approach to apathy avoidance, the relationship can still suffer from disagreements regarding antitrust and opportunistic behavior as major barriers to achieving this kind of category relationship (Ford & McDowell; Desrochers et al., 2003).

Reflecting on the emergence of own-brand stores, it would appear that brands are reacting to changes in consumer preferences within the sports apparel industry and given the trend in successful retailers being those that stock discounted produce, it can be argued that brands recognise it as an opportunity to have better control over the strategic application of the brand, including brand extensions.

Putting this into context, Adidas Group retail director, Rupert Campbell, cited in Goldfingle (2013) that Adidas has embarked on a global strategy of adopting an own-brand store presence because *"We can deliver a premium product experience with well-trained, knowledgeable staff in store. We can present our brand in the right way."*

Adidas is far from alone in adopting this emerging strategy, as is evident by Nike also announcing it plans to double its UK store number to 60 in the coming years. This is also reflective of their global strategy encompassing own-brand stores (Goldfingle, 2013).

Goldfingle (2013) indicates that this emergence is a reflection of apathy with the way Category Management has played into the hands of retailers and removes leverage points from the supplier for very little benefit, if any at all. Goldfingle (2013) goes on to state that with brands spending millions on celebrity endorsements to drive consumer favorability, the shopper experience in multi-brand retail sports apparel stores doesn't match this aggressive expenditure. Lastly stating that own-brand stores suit sports apparel brands in their emerging image as premium brands.

Reflecting on this, one might wish to look at the following:

What is the motivation for Adidas to develop own-brand stores and is it a reflection of a consumer trend that they actively encourage?

Do consumers view any sports brands as premium brands and if so, in what context?

If yes/no Adidas then why?

Do consumers classify all products within those brands (if any) as premium, where does the difference arise?

How does this relate to Adidas, when looking it at from a category-to-category perspective?

From a strategic perspective one can therefore certainly state that for sports apparel brands (including Adidas), it appears crucial to hold strong knowledge about consumer behaviors and broader market trends in order to a) leverage their relationship with multi-brand retailers and aim to become category captains & b) to use the same knowledge and understanding to maximize the brand and commercial value of own-brand stores, using the tactic of a brand endorsement and brand extensions as tools to generate category growth.

6.1.5 Conclusion on Category Management

The objective of this project is to give Adidas a broader understanding of the consumer dynamics within the sports apparel industry from a category perspective, in order present opportunities and gaps where Adidas brand extensions can be leveraged to take advantage of potential emerging value. This is crucial for Adidas to formulate a category strategy for the future, which maximizes the return from substantial investment in all facets of brand extensions.

A caveat to this consideration, is to emphasis that potential added value in the form of the model already highlighted regarding volume x regularity x price, as explained in step three of the 8 step model, must not be achieved to the detriment of the overall Adidas brand, of which the extension was launched.

The researcher will reflect upon the 8-step model as a base through which to explore the research dilemma. This should provide structure for both the researcher and the reader in understanding what it is the paper is exploring in the context of category management. However, at this juncture it is also pertinent to highlight that certain steps will be more prominent than others and some will apply to the case study more than the consumer interview stage and vice versa. Certainly steps 1-3 (defining the category/assigning a role/defining opportunities for growth) will be relevant in understanding how consumers react to brand extensions. Step 4-5 (performance targets/strategy for scorecard objectives) may play some significance in understanding how Adidas manages their brand extension strategy, while step 6 (choosing activity to meet objective) is relevant to both the Adidas organization and the consumer. Lastly, steps 7-8 (retailer and supplier objectives agreement/process review) will likely be ignored as they are very much related to an operational prospective.

In order to reach this understanding the theoretical boundaries of Category Management must be complimented by segmentation theory and consumer behavior theory. Drawing on these theories will allow for an in-depth understanding of consumer habits, values, beliefs, behavior and preferences. It is also necessary to reiterate that the research aims to explore these dynamics from a branded suppliers perspective and will therefore ignore POS data, which while offering value, is not easily available and is suited to brand management rather than understanding consumer feelings and emotions.

6.2 Perceived Fit

Before moving on to further theoretical concepts, it is necessary to also highlight the notion of perceived Fit. The reason behind its introduction at this point is because of its relevance on reflection of understanding the concepts and challenges behind adopting a category management perspective, in particular as the research theory has primarily focused concepts relating to strategic brand extensions, in order generate incremental value, with only a mention from the author regarding the potential for damage or kudos to the overall Adidas brand. It is therefore necessary and indeed, beneficial, to briefly discuss this notion.

6.2.3 Definition of Perceived Fit

It has been noted within the academic literature (Keller, 1993; Aaker, 1996) that one element behind the success of a brand extension is its perceived fit with the parent brand. A specific definition of Perceived Fit is provided by Papadimitriou et al. (2004), which describes fit between the established brand and the new product as directly influencing whether or not the consumer is able to associate the two brands, thus transferring any positive associations they might have about the parent brand.

Papadimitriou et al. (2004) states that this potential fit can lead to a more positive evaluation of brand extensions, a belief supported by Boush & Loken (1991). While there have been numerous studies contemplating Perceived Fit, including by significant, high profile authors, such as Aaker and Keller. The findings overall theme of Perceived Fit, which one is suitably drawn to, is summarized by Papadimitriou et al. (2004):

- Extensions with higher Perceived Fit have a better chance of receiving a stronger, more positive consumer reaction.
- There are other dynamics at play than just perceived fit when one considers the success of a brand extension.
- Alongside Perceived Fit, prominent factors were found to be originality and attractiveness.

6.2.4 Conclusion on Perceived Fit

It is quite apparent that Perceived Fit brings much of what has been discussed already within the theoretical research and allows the researcher to categorize it in some form. The benefit of briefly touching upon this theory is that it gives credibility to the authors' beliefs that a brand extension is both a two-way process, can be positive and negative and that there are numerous factors associated with the success of a brand extension, with relevance to the parent brand a significant factor, in this case Adidas.

Reflecting on this, one might wish to look at the following:

How conscious of Perceived Fit are Adidas when looking at strategic implementation of a brand extension?
Do consumers reinforce the belief underlying Perceived Fit and how do they process this concept?

Following from this, the author will attempt to ensure that this theoretical perspective is at top-of-mind during the research process.

6.3 Consumer Behavior

The consumer base within the sports apparel industry is particularly broad with an array of motivations and preferences. This relates not only to the demographic of the individual consumer's that make up the consumer base but also one can argue the nature in which they consume and feel about the brands that make up the industry as a whole. (Transparency Market Research, 2013)

One can fairly relate this to the overall make up of the Adidas consumer group.

In order to understand this complex consumer group, one must consider the factors that influence consumers about the Adidas brand, their brand extensions and on some level, rival brands within the same industry. If performed correctly, using a consumer behavior framework should allow for a better understanding of the nature of consumers' reaction to brands within the industry and the secondary consideration of brand extensions.

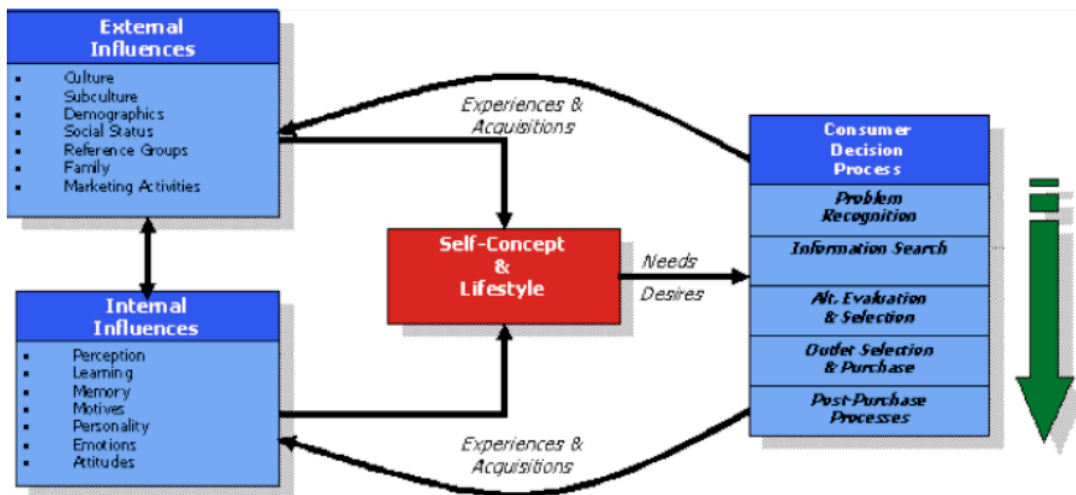
6.3.1 Different Approaches to Consumer Behavior

Due to the exploratory nature of the papers objective, the theoretical framework concerning consumer behavior will attempt to be as refined and focused as possible. This is to ensure there is minimal regurgitation of similar themes, as consumer behavior has historically become easily diluted and non-specific, due to its ambiguous nature and the fact that it has several tangible relations to other theoretical concepts (Samuelson, 1938; Arnould et al. 2002).

6.3.2 Cognitive Approach

According to Arnould et al. (2002) page.97 consumer behavior can be defined as “*individuals or groups acquiring, using and disposing of products, services, ideas or experiences.*” One might also wish to consider that the acquisition of such information is how marketers might wish to use consumer behavior as a resource in order to make informed conclusions, thus allowing credible strategic action.

To demonstrate the concept of consumer behavior, one can consider the *Overall Model of Consumer behavior*, which is presented and described as a conceptual model, thus incapable of solely predicting behavior but still acts as an excellent point of departure in terms of the study's theoretical reflection of consumer behavior, as it gives insight into the general nature of the study area. (Hawkins et al. 2004)



Overall model of consumer behavior (Hawkins, Best & Coney, 2004)

If one considers the model's two main initial components titled *External* and *Internal* then we can identify that they are relevant to consumer influences. They aim to focus on an individual's self-concepts and lifestyle, which require consumption of some nature in order to fulfil an individual's specific needs and desires (Hawkins et al. 2004). Before going deeper into understanding the meaning of these two sub-headings, it is also necessary to highlight the nature of the two-directional arrow between both internal and external influences. This arrow is necessary as it indicates that complete separation of influences is not possible and in fact one must understand that each area interacts with the other during the consumer process.

External Influences

The external factors relating to consumer behaviour revolve around sociological and demographic influences. On reflection of this specific model, one can also state that external influences run from a macro to a micro scale (Hawkins et al., 2004). To demonstrate this, one can see that *culture* is positioned at the top of the external influences category as the most pervasive. If one then continues downwards through *subculture*, *demographics*, *social status*, *reference groups*, *family* and *marketing activities*, it presents a funnelled scope as to the breadth of range for each external influence.

Arnould et al. (2002) highlights a key difference between *culture* and *subculture*, illustrating how the latter can become less malleable. If one was to look at this from a consumer/marketing perspective in line with the topic of research then we can define a nation's football fans as a consumer culture, whereby fans feel they have some sort of allegiance with one another. However it would also be a fair assumption to claim that within this culture are further niche subcultures such as fans of specific teams, fans of specific types of players or even a specific individual, some may actively take part in playing football, while some might only

be interested in buying the shirt and going to games. All of these nuances are capable of impacting upon consumer behaviour in some manner.

A different but equally relevant example might be those consumers whom exercise regularly in order to keep fit. They might be considered a certain consumer culture group, however within that group you have those whom do it in order to live longer and purchase apparel with the same purpose in mind; functionality. However there may also be those whom take part because it is part of the social routine and desire to reach certain social acceptance therefore look and design of sports apparel may be very important to them.

Demographics within the theoretical model refer to specifics such as education, age, income, occupation, location etc. These parameters are closely related to *social status*, with the inclusion of geographical locality. Reference groups and family can potentially play significant roles as external influences as it may be in these areas that individuals learn to consume, develop tastes and form the basis for how strongly they react to brands and which form has the strongest impact. It has for example been highlighted that social interaction and peer groups can have a drastic impact on consumer behaviour, especially when it comes to shopper behaviour, in an attempt to achieve desirable self-concepts and lifestyles (Hawkins et al. 2004; Peter & Olsen, 2004).

One might therefore wish to look at the following:

Of the external influences, to what extent do these play a role in the consumers understanding and feelings towards brand extensions within the sports apparel industry?
How do these external influences manifest themselves when considering the parent brand i.e. Adidas?
How have external influences impacted upon consumer preferences involving the Adidas brand over time?
How does Adidas manage these external influences when implementing a brand extension?

Internal Influences

.....
Desmond (2003) states that Internal influences are of a psychological and physical nature. One can also state that via the theoretical model, the influences are not systematically listed, as highlighted with the external influences. To ensure consistency, the influences will however be touched upon in the same linear manner.

Hawkins et al. (2004) states that *perception* consists of 3 phases, which are then converted in to both short and long-term memory. The three phases consist of exposure, attention and interpretation. Arnould et al. (2001) indicates that subjective understanding of perception is still a debatable topic and by its very nature very individualistic. Given that the paper looks at the consumer and shopper experience, then one can state

that sensory influences will play a part throughout the entire experience, from information seeking, purchase, post-purchase and product evaluation.

Learning occurs in both a conscious and non-conscious manner. As a result of this learning, consumers adapt and change memories. From a consumer perspective, there are two different forms of learning, the first is known as high-involvement learning and the second as low-involvement learning, both of which have ramifications in a study of the sports apparel industry. The former refers to those consumers whom actively seek out information and therefore participate in the learning process. This might for example involve a consumer seeking out information about which football boots a specific player wears before making their purchase or looking at which brand is worn by a particular role model, whom may or may not have any correlation with the sports apparel industry.

Alternatively low-involvement learning is defined as the process whereby new product/brand information is learned without active participation in the learning process (Finn, 1983). An example of low-involvement learning might refer to a brand or brand extension that has been implemented to penetrate consumer awareness regardless of whether they seek it out or not. While that penetration may well be tailored from the brands perspective towards a consumer demographic, the consumer in this instance is not actively seeking out the information. If a particular athlete such as Usain Bolt is constantly seen wearing Puma in events, interviews and advertising campaigns then one might imagine that Puma would benefit from some form of low-involvement learning on some level, along with those that actively seek out information.

Taking these concepts into account, one might wish to look at the following:

How does low and high-involvement learning manifest itself in consumer activity?

How active are consumers in seeking out information about brands and brand extensions within the sports apparel industry and specifically from Adidas, and how does this relate to both feelings towards the brand and purchasing behaviour?

How likely is a consumer to change their mind about a brand extension during the process of high involvement learning?

Given the nature of these two forms of learning, both are applicable in research that aims to understand the nature of how consumers interact with a given category, within the industry. Particularly when there are both overt direct learning opportunities encouraged by the brands, often through the parallel of brand ambassadors or advertising of a specific category or sub-brand and while consumers are also often exposed to brand induced learning via low-involvement learning. An understanding of both forms are paramount in ensuring

that brands understand how their brands function within the given category in order to maximize long-term competitive advantage.

Reflecting on a consumers cognitive processing, one will first interpret relevant information from the environment in order to create knowledge. This is followed by the integration of the knowledge to compare it to relevant alternate options. Lastly, this is then integrated with existing memory in order to create substantial newly formed *memory* (Peter & Olsen, 2004).

With regards to memory and its role within the internal influences of consumer behavior, it is well established that there are two forms; short-term and long-term memory. Short-term memory can be called upon in the immediate aftermath of exposure, often needs to be rehearsed and will invariably be relevant to a given circumstance. Long-term memory refers to the consumers' information source amassed over time, which can in most cases be called upon easily by the consumer (Hawkins et al. 2004; Duffy, 2003)

The following questions are therefore relevant:

How likely is a consumer to change their mind about a brand extension while actively shopping within a given category?

Do consumers seek knowledge about brands within the industry on a regular basis and how does this manifest itself? (i.e. online, magazines, in-store, which brands etc.)

How does this apply to Adidas?

When considering *Motivation* it is necessary to highlight that historically, academic insight in to *motivation* from a consumer behavior context is broad, with numerous recognized contributors. These academic contributors, such as Freud, Jung & Maslow all impart interesting and somewhat varied perspectives. In particular Maslow's well-established *needs hierarchy* delivers an interesting and research relevant perspective whereby needs can be arranged into low and high levels (Arnould et al. 2002)

Hawkins et al. (2004) indicates that brands acquire personalities whether marketers want them to or not. One can also view this internal parameter of personality as following a similar appraisal. Whether marketers like it or not, consumers personality plays a significant part in their consumption and shopper habits. One might also argue this internal element, combined with a brands personality as highlighted initially by Hawkins, gives substance to the belief that brands personality is malleable and not only affects the sub-brands and brand extensions that exist around it but is also influenced by those same semi-attached concepts, along with influences imparted by how the consumer views the entire brand itself, which is reflective of both consumer and shopper behavior.

The following questions are therefore relevant:

How do consumers describe the personality of brands within the sports apparel industry?

How do consumers describe the personality of the Adidas brand?

How does Adidas view its own brand personality? (Described in case study)

Internal *Emotions* within consumer behavior are by nature, subjective. They often lead to physiological changes, which requires cognitive thought processing. One might argue that given the topic of research, it would be relevant to explore the emotions experienced by the consumer and how they associate these emotions with both the industry, the brands, the sub-brands dynamics and how these relate to their emotion (if any) towards all aspects. Considering all of these elements, it seems relevant to consider in what context emotions are processed and in what manner. However one must also be cautious that identifying participants' emotions can be expensive, time consuming and often requires skilled specialists. This must be taken into consideration in order maintain validity and so as not to have unreal expectations of the researcher's ability (Hawkins et al., 2004).

Attitudes deals with three components, of which the first one is titled cognitive, which relates to the consumers beliefs about the product they are processing. Secondly within *Attitude* there exists an affective component, which deals with the emotional element as already discussed through Hawkins et al, (2004). Lastly *attitudes* considers a behavioral component, which relates to the tendency to respond in a certain manner. All three components of *attitudes* can be deemed important but may well vary in significance.

6.3.3 Behaviorist Approach

The Behaviorist approach is worthy of noting in relation to the topic of the paper as its focus is on the affect of external influences and the effect they have on an individuals' behaviour. More importantly, a Behavioral approach believes that a pattern of behavior can be learned because of external factors (Wiedmann et al. 2007).

Taking a purely academic viewpoint, a behaviorist approach has also been questioned. Schiffman et al. (2007) argues that while this approach to behavior has adequate significance, in reference to consumer behavior, one should not eradicate the possibility of it acting as a compliment or in parallel to the view that internal influences also play a part in consumer behavior understanding.

Initially rising to fruition via the findings of Ivan Pavlov in the late 19th century and early 20th (Sternberg, 1996), classical conditioning theory states that the living being learns to associate one object or occurrence

with some kind of result, often a result that is deemed beneficial. It also relies heavily on ‘temporal contiguity principle’ which states that stronger associations are constructed when these external event’s or object’s occur closer together (Arnould et al., 2002). Crucially, classical conditioning indicates that an individual does not require conscious attention or involvement, potentially resulting in conditioned responses purely from coincidental stimulus.

If one takes this into account it can be closely linked with low-involvement learning, as defined earlier in the paper. Primarily one can associate the repetition factor associated with classical conditioning, as something that is also significant when looking at the dynamics of low-involvement learning.

Wheel of Consumer Analysis

Reflecting on these findings, one is drawn towards the internal, external debate within marketing strategy. Peter & Olsen (2004) pp 225 originally reflected on this and produced the Wheel of Consumer analysis.

They reflect on internal and external reactions as a combined section of the wheel, specifically 1/3rd.



Wheel of Consumer Analysis- Comparison of behavior and cognition approaches (Peter & Olsen, 2004 pp.225

Affect refers to feelings that can vary in intensity. Types of affects that occur might include emotions, specific feelings, moods or even simple evaluations; all of which can be demonstrated with varying

strengths. East (1997) summarizes the *cognitive* element of the same 1/3rd as that which is used to process, understand and interpret stimuli or an event. Reflecting on the literature identified above, there certainly is a strong argument for a combination of both internal and external processes to be considered when evaluating consumer behavior of this nature, along with an argument that a synergy may exist between the two.

6.3.4 Conflicting Views on Consumer Behavior

Historically cognitive approaches have dominated literature concerning consumer research along with a marketing viewpoint. In comparison, the concept of behavior has only recently become so prevalent in the same areas of research (Peter & Olsen, 2004). According to Peter & Olson (2004), the basic differences between the cognitivist approach and that of a behaviorist, are revealed by the points of contention between theories. The most prominent point of contention is that a cognitivist will focus on state of mind and mental processes, as opposed to a behaviorist who will view the environment as the cause of certain behavior.

If one is to believe entirely in one form of consumer behavior then there is a direct objection to the belief that both may exist, in some form, organically together. This belief that there is simultaneous cohesion between both approaches is arguably a trend within the most up-to-date research. One might also argue that this conflict in theory arises when one considers which process influences the individual first as opposed to whether both influence an individual at all.

The significance of this in relation to the research question is evident in the following example. A female consumer has traditionally always bought Nike and Puma training clothes to train in. She doesn't know when this preference really arose but she likes both brands and is more than satisfied with the functional practicality of the clothes when training. These brands therefore have a strong level of brand equity in the eyes of this consumer.

She usually buys training clothes in white and nothing else, despite her favorite colors' being yellow and green, this is mainly due to practical reasons like washing. She notices that peers, friends and other people in her fitness classes have started wearing much brighter clothes to train in, quite different to what she normally sees.

Her favorite designer is Stella McCartney and she sees that Adidas have recently partnered with the designer to create a new specific complimentary fitness line, which she really likes, especially because the designs are also in her two favorite colors. At what point does this consumer choose to buy the new Adidas/Stella McCartney training clothes? Does she choose them as well as or instead of her existing preferences? She may also note that they are more expensive than her usual training clothes cost but there is an upside to this

in that Stella McCartney has designed them. Does her new preference for this line negatively affect her feelings toward Nike and Puma?

This myriad of existing internal preferences and external influences contributes to the final decision, that particular consumer will make regarding this brand extension.

The significance of this is of particular interest in the aim of the research objective as it links to consumers' feelings towards the entire category, the particular brand extensions and the holistic impact relating to the surrounding brands.

Reflecting on this, the research will therefore ask the following questions:

What categories do consumers' have the most interest in when actively seeking information about sports apparel?

Are consumers' consciously influenced by varying channels (internally and externally), depending on the category?

How do consumer feel about Adidas as a brand and why?

This poses various questions relating to the research objective, however if one relates it specifically to a behaviorist or cognitive approach, then there are a number of arguments, which would support either theoretical viewpoints as major influences of consumers behavior (Peter & Olsen, 2004).

George Katona, based around habitual behavior, also proposed an alternate viewpoint. Cited in Katona (1960), he indicated that a consumer would do what he or she has done in the past, naturally following established patterns of behavior. A key element proposed by Katona's dated viewpoint was that consumers' habits would become so ingrained that they were sometimes unaware of alternate options. Were this to be correct, it would have serious ramifications for this and future research projects, however since the 60's and Katona's research there have been further studies that question this belief in its entirety.

Kaas (1982) was particularly critical of this outlook by Katona, highlighting that one can determine a difference between 'habit' and 'problem solving'. Stating that regular simple purchases could potentially fall under the former, while the latter was often the case when purchasing high priced or rare items or services. Kaas (1982) p4 questioned "*if changes in buying behavior due to habit formation are to be isolated, first and last purchases of a consumer within the same product class have to be compared (i.e. buying history has to be analyzed*".

Therefore one must consider the following question?

What was the last product a consumer purchased that would constitute part of the sports apparel industry?

What was the last Adidas product a consumer purchased from within the sports apparel industry?

What category do these purchases relate to?

Kaas (1982) is therefore questioning to what extent habitual purchase behavior can be formed and is this reflected in first and last purchases, revealing buyer dynamics within the cycle of consumption. Kaas's beliefs pose some interesting challenges in analyzing consumption trends, suggesting that one must consider timeframe and initial choice, instead of or as well as, sustained purchasing or habitual purchasing.

How have consumers shopping habits towards sports apparel changed, when it comes to actual shopping behavior? i.e. places to shop

How have consumers' tastes changed within the sports apparel industry, relating to tastes, brand preferences?

What and when was the last time a consumer was exposed to some form of external sports apparel communication and what was it?

If not Adidas, apply the same question

Kaas (1982) concluded that consumers do collect purchase experience. Indicating that this ultimately forms certain habits and does restrict the amount of information a given consumer absorbs relating to alternate choices. Going on to argue that as a result, they shift from product specific to brand specific.

6.3.5 Conclusion on Consumer Behavior Theory

Within Consumer behavior theory there are two differing approaches; cognitivist believes that state of mind and mental processes are key and the behaviorist that looks at the environment as indicators for specific behavior. If one wishes to gain a true understanding of consumer behavior within a given market, then one must take into account all facets that might have an influence or alternatively justify their omission in order to construct credible research. Reflecting on the historical findings by Kass (1982), one can also conclude that consumer habits can take shape in some capacity but that in most incidents they will change with time. It is with particular interest that one might consider the role brand extensions play in the process of change in behavior over time.

As the aim of this paper is to aid Adidas manage the use of brand extensions in order to capture incremental value, the research produced must present an holistic evaluation of consumer behavior and shopper habits. Findings must also present the relationship between this evaluation, consumer actions, and changes in category dynamics with the caveat of understanding changes relating to both the direct brand extension and its impact on the other brands, which make up the category and parent brand.

Taking this into account, it is evident that the findings must be presented in a manner that will allow for both internal and external influences to be considered, with analysis designed to establish behavioral patterns from the findings.

6.4 Market Segmentation

Segmentation is arguably significant in all markets and categories, however one can certainly emphasize its importance within the sports apparel industry due to the complexity of the broad consumer base. Were Adidas to ignore this necessity, they would risk not understanding the varying consumer needs within the industry, lose strategic leverage and struggle to identify potential growth opportunities, which will impact upon both relationships with retailers and the management of own-brand stores.

Historically market segmentation has allowed brands to lead in more tailored marketing activity, sustained competitive advantage and a better overall understanding of consumer needs and wants (McDonald & Dunbar, 1995). Segmentation theory has a longstanding academic history since its inception in 1956. Widely discussed by academics since then, its benefits have been well documented in marketing and management (Dibb, 2001). The paper will now discuss the different approaches to segmentation theory and how they have been deployed to discover information about consumers and their habits.

6.4.1 Definition of Market Segmentation

Cited in Goyat (2011), Smith (1956) highlighted that differentiation was mainly distinguished by product differentials. Following this, an emergence of differentiation that focused instead on needs and wants of consumers took hold.

A market had previously been viewed in academic and professional fields as a heterogeneous group of consumers, however the introduction of segmentation theory allowed, and encouraged, the divide of these heterogeneous groups in to smaller homogeneous consumer markets. Wind (1978) highlights that this allowed firms to market products and services in a more tailored fashion, targeting specific markets. In its purest essence, segmentation theory is able to divide markets into subsets of consumers with similar

characteristics, allowing for competitive advantage to be gained through the potential prediction and diagnosis of consumer behavior. (Mowen & Minor, 1998).

The ability to define a market is crucial in the broader process of segmentation for any firm (McDonald & Dunbar, 1995). McDonald & Dunbar (1995) go on to give this definition some value by indicating that market definition is the aggregation of all products that appear to satisfy the same need. Kotler (1980) adds to this consideration by stating that definition can be achieved through various approaches, ultimately though it must be measurable, accessible and substantial. McDonald & Dunbar (1995) expand on this by emphasizing the consideration that each segment must be different from the others but of substantial enough size, to justify catering to that specific group.

It is therefore perhaps relevant to consider the following?

Do Adidas work by the mentality that segmentation of consumers or categories is achieved through steps that are “measurable, accessible & substantial”?

6.4.2 Approaches to Segmentation

Mowen & Minor (1998) indicate that there were historically four main classifications of segmentation for a given consumer market. These are: 1) Characteristics of the individual, 2) the nature of the situation in which the product is purchased, 3) geographical differences & 4) cultural or sub-cultural differences. As stated however, there are several authors whom use variation of these 4 criteria, such as Weinstein (1994) whom preferred to classify markets based on geographical segmentation, demographic and socioeconomic factors, psychographics and behavioral segmentation. Alternatively Dibb (2010) stipulates that geographical segmentation and sub-culture can fall under demographic characteristics.

A researcher considering the use of segmentation theory in their work can take from this that there is a variety of ways to use segmentation theory and while remaining proper and ethical, it may need to be tailored to the type of research being embarked upon. Ultimately when considering research that encompasses market segmentation there have been 4 primary approaches employed, which are geographic, demographic, geo-demographic & psychographic (Mowen & Minor, 1998; Peter & Olsen, 1996; Weinstein, 1994; Wedel & Kamakura, 2000).

Each approach needs to be considered depending on the objective of the research, organization or combination of the two. Each approach will now be discussed and reflected upon in order to ensure the

research follows the appropriate track:

Geographical Segmentation Theory

In its purest form, geographical segmentation considers where people live, work and partake in social activity. The belief and significance of these factors is that they have a significant impact upon purchasing behavior or alternatively reflect purchasing behavior (Weinstein, 1994). For example, within a given city, different areas would likely have very different purchasing behavior and preferences. Segmentation can be divided by factors like region, the size of cities, counties, postcode or climate, amongst many other criteria (Mowen & Minor, 1998).

A common criticism of geographical segmentation is that it is overly focused on location, rather than explaining the drivers behind purchasing behavior. One might for example hope to form a correlation between purchasing behavior and any number of given areas. While this is certainly a weakness, a benefit could arguably be that it provides a broad overview and in many circumstances can be cost effective and relatively easy to implement.

Given that the aim of this research is to gain an understanding of how and why consumers react to some form of brand extension within an entire category, it appears that a more advanced or complex form of segmentation theory would be preferable.

Demographic Segmentation Theory

Using an approach that employs demographic criteria would focus on aspects like age, income, education, family size, marital status and occupation, amongst others. One might also consider a combination of these criteria when trying to classify consumer groups (Weinstein, 1994). McDonald & Dunbar (1995) expand on these criteria to include characteristics such as sex, family life-cycle, type of residence, religion and socio-economic status. One can also look at factors like educational background, occupation and income, which tend to be interrelated.

These factors can in some circumstances be used to interpret consumer behavior (Weinstein, 1994), however depending on the finality of the research, one must be aware that if the entire proportion of participants have disproportionate education levels, then this will naturally impact upon their' lifestyle and therefore consumer and purchasing behavior. From this consideration however, one can certainly use Demographic criteria and identify cultures and subcultures within a given area of interest (Mowen & Minor, 1998).

Historically, Demographic segmentation has proved to be an efficient way of segmenting markets based on general characteristics (Beane & Ennis, 1987). The downside to this approach considering this papers research objective is that it does not entirely present the opportunity to gain a deeper understanding of the relevant segment, their lifestyles and purchasing behavior and the relationship or correlation these details have with consumer feelings towards the entire category and of course the brand extensions that exist (or may not exist) within the category. Crucially it can be argued that adopting this approach does not answer the question of why the consumer feels the way they do and without this aspect it is rather troublesome to tap into potential opportunities for category growth using brand extensions and indeed to consider any potential negative impacts a brand extension may influence.

Geo-demographic Segmentation Theory

.....

The third approach considers a combination of geographic segmentation and demographic segmentation. It differs from traditional demographic segmentation, as it will consider demographics of a group within a specific geographic location, whom will have the same or similar demographic characteristics, buying patterns and/values. A key premise behind this nature of study is that its implications can be extremely useful from a commercial perspective, as it allows a firm to not only identify but also access their geo-demographic segments that they are aware of (Mowen & Minor, 1998; Weinstein, 1994; Wedel & Kamakura, 2000).

From a literature perspective, it has often been shown that consumers' choice of shopping location is dictated by locality of the store (Leo & Phillipe, 2002). However more recent studies have considered the prospect that shopper satisfaction is also significant. Where choice of location is varied and relatively widespread, it has been shown that different channels and strategies play a part along with locality, as opposed to instead of.

In this sense, one is able to understand better the need to have better influence over category activation in order to engage with the consumer. From this perspective one can also justify the consideration that, how a brand extension is activated and engages with the consumer is important, while also considering the manner of the brand extension, as already highlighted.

Barry & Weinstein (2009) highlight however that focusing on specific channels using geo-demographics rarely provides an adequate perspective of purchasing behavior, and therefore an ability to successfully segment.

One must also understand that because of the nature of the sports apparel industry, where consumers tend to have complex but consistent consumer decision-making processes, the task of looking at consumers'

decision making cycles can be a protracted process, including behavior in reaction to stimulus within the home, self motivation research, in store behavior and eventually product evaluative schema; all of which impacts upon consumer segmentation (Bae & Miller, 2009).

Ultimately reflecting upon the information above, one can say that in light of the research objective, purely depending on factors like lifestyle attitudes in order to understand shopper preferences mean that geo-demographic segmentation is not the optimal approach.

Psychographic Segmentation

.....

Psychographic segmentation is about consumers' lifestyles and activities, based on characteristics such as personality, attitudes and beliefs (Weinstein, 1994). Segmentation is achieved with parameters such as interests, attitudes, opinions, values and their personality (Peter & Olsen, 1996). While there is still some conflicting opinion within the academic world regarding what exactly psychographics is, there is agreement that it focuses on determining consumer behavior and the characteristics of consumers that impact upon their' responses to marketing activity (Lawson & Todd, 2002). From this one is able to explore plausible reasons behind consumer shopper habits and behavior (Gunter & Furnham, 1992; Weinstein, 1994; Lawson & Todd, 2002).

Based on the research objective and the findings regarding psychographics, it seems that this form of segmentation will compliment consumer behavior theory and provide framework for how to transform this into participant segmentation.

While psychographic suitability has been explained above, classically there have still been questions regarding its validity and suitability; in particular validity (Gould, 1997; Quinn, 2009). The primary element to those arguing against the use of psychographic segmentation is that the segments constructed are ambiguous, inflexible and unreliable due to the amount of human interpretation. This argument can however be overcome if the research acknowledges that a segmentation cluster is an approximation of reality and is not stating that it is an absolute truth; merely a snap shot (Quinn, 2009).

Others such as Yankelovich & Meer (2006) have criticized a psychographic segmentation approach, as they claim it does not give solid information regarding purchasing behavior, despite offering insight into people's lifestyles, attitudes, self-image and aspirations. As a result of this viewpoint they argue that it does not provide a suitable foundation to offer advice to decision makers in how to keep customers, attract new ones, market suitability and other relevant strategic decision-making.

While this observation is a plausible weakness, Yankelovich & Meer (2006) go on to determine that while psychographic findings might include consumer information like job security, friendship groups, family and community, it does not provide tangible information regarding consumers relationships with products or services. This damning appraisal by Yankelovich & Meer (2006) called in to question the use of psychographic segmentation, however they do concede that it can be useful for positioning purposes.

Those that support psychographic segmentation do so because they also feel that it can help to explain more than consumer differences in demographic terms. The presiding principle according to Peter & Olsen (1996) is that the larger amount of information one can gain about a given number of consumers, the better informed their marketing decisions could be.

If one compares psychographic data collection to demographic, a significant downside is that it consists mainly of primary research, which can be far more time consuming and complex to obtain. The primary methods of collecting the psychographic data fit into two paths. Firstly one might develop new segments, or secondly they may purchase pre-existing segmentation schemes, such as the 'values, attitudes and lifestyle (VALS) instrument' (Myer, 1996). Both forms involve complex data collection, potentially leading to high costs compared to other segmentation methods. Despite this downside, given the research question, it seems this is the most logical segmentation design to follow in order to look at how brand extensions are received by the consumer, their impact upon consumer behavior and the resulting consumer segments that form.

6.4.3 Conclusion on Segmentation Theory

One can certainly argue that geographic, demographic, geo-demographic and psychographic variables can all reveal relevant information regarding consumer behavior and the ensuing segmentation relating to it. For this study, it is deemed that psychographic variables are the most appropriate in answering the research question and will be investigated within a specific geographic area while still ensuring an international element as study reflecting multiple countries within a region and an international brand operating within a foreign market.

Psychographic research has certainly been questioned in terms of its validity in the past, however its benefit in this research is grounded in its ability to identify trends in lifestyle, attitudes, beliefs and preferences of the consumers whom are impacted in various ways by brands and the extensions of these brands. Ultimately this should provide a complement to consumer behavior theory and allow for trends to be identified relating to consumer purchasing behavior and their feelings towards the varying facets of brand extensions.

Coupling this segmentation research strategy with an in-depth semi-retrospective case study on Adidas,

should reinforce validity and give greater, more rounded and purposeful perspective to the overall study results, regarding approaches to segmentation and whether these fit with reality in terms of consumers actual segmentation parameters.

6.5 Overall Theory Conclusion

The objective of this research is to consider how brand extensions' from Adidas impact upon consumer habits within the sports apparel industry on a category basis and the resulting consumer behavior, relating to the make up of the Adidas brand extension. Theory on Category Management is applied as an overall framework to structure the research and ensure that there is continual focus on the categories that Adidas is active in, looking at potential incremental value that might be gained within these categories. This is also designed to ensure that an holistic approach is employed so that all (positive & negative) affects can be accounted for on both the brand extension itself and the parent brand.

In order to gain shopper insight and to be able to understand the decision processes, theory on consumer behavior and psychographic segmentation will provide a foundation that will allow an in-depth understanding of consumer habits, influences, values, beliefs and preferences.

Consumer behavior theory and psychographic segmentation theory will be used to formulate the research design that aims to reveal the nuances of consumer preferences. While the theoretical concepts highlighted are somewhat inflexible in their application to a study designed to offer eventual commercial benefits, they still provide a foundation to gather a better understanding of what is happening to consumers' in the market. As the paper intends to pair this with a case study of Adidas, a brand that has historically embarked upon a brand extension strategy, this should give better value and topical relevance to the theoretical concepts already discussed, especially as these concepts will be directly reflected upon during the case study.

7.0 METHODOLOGY

7.1 Research Philosophy & Epistemology

In order to create a sound methodology, it is vital that one addresses key research philosophies, which will ultimately provide a foundation for the analyses' of observations. Firstly, one must highlight that there are three main schools of epistemological philosophy: positivism, interpretivism and realism (Blumberg, 2011)

7.1.1 Positivism

Positivism works on the belief that the world can be viewed in an external and objective manner. From this perspective, a researcher is also able to be objective and therefore does not incorporate ones own values into the research. Positivism also works on the premise that knowledge is gained by observing objective facts (Blumberg, 2011).

A positivist would look to propose a set of hypothesis or hypothetical fundamentals that would then be tested. A primary argument behind this proposal is that the entire world is external, thus achieving objectivity, not acknowledging that the researchers themselves may have any influence (Blumberg, 2011)

7.1.2 Interpretivism

Unlike positivism, Interpretivism claims that social sciences cannot be observed in the same way as the natural sciences, without bias or an element of subjectivity (Blumberg, 2011). At its very core, it pertains that researchers are not capable of being objective when conducting research and observing the natural world. In a broader sense, one can describe Interpretivism through three principles; 1) the social world is constructed and people give it meaning, 2) the researcher is included in the world, that individuals give meaning to and finally 3) that research as a whole is driven by areas of interest (Blumberg, 2011)

A key facet of Interpretivism is that a researcher will always include his or her interpretive explanation in their observations. Therefore by conducting research, they will always be active in the interpretation of a subjective reality. A result of which, is that findings will always be influenced by his or her motives and beliefs in some form. Habermas (1970) cited in Blumberg (2011) expands on this school of thought, by indicating that human interests guide how the world is interpreted and knowledge is constructed. This leads to knowledge creation by exploring the different constructions people give to the world.

The two final underpinnings of Interpretivism are firstly that there is an assumption the social world is observed by the meaning people give to it and secondly that any form of social phenomena may only be understood when viewing the entire picture (Blumberg, 2011).

Reflecting on the research objective regarding brand extensions as a tool to generate incremental growth for Adidas within the sports apparel industry, using consumer behavior and segmentation of consumer groups, one can state that research methods predominantly require a great deal of human interaction and interpretation of how others perceive strategic decision making by brands within the category. Therefore the research epistemology will be a mix of both positivism and interpretivism i.e. realism.

7.1.3 Realism

The viewpoint known as *Realism*, believes that the structure of the research commonly used in natural sciences can be translated to research of the social science variety (Blumberg, 2011). At its core, there is an acceptance of an independent reality made up of human beliefs and behavior that exist over a broad, macro level scope. However, adopting a *Realism* approach also acknowledges that a researcher will always have some level of subjectivity, inherent in all human beings at a micro, internal level (Blumberg, 2011).

Combining these two crucial considerations, one can state the following; that researchers are required to identify external forces, as well as investigate the way people interpret and give meaning to external phenomenon (Blumberg, 2011). This again gives weight to the approach when reflecting on the area of research, whereby various categories within one industry are being investigated on reflection of the nuances associated with one brand and the extensions they employ, particularly as the introduction of one brand extension has potential for external and internal (brand) influences on category dynamics and on the primary brand itself. Adopting a Realism approach would also allow for the use of a singular case study as a compliment to the primary research towards consumer and market trends.

7.1.4 Research Philosophy Conclusions

Given that the increase in sales within the sport's apparel industry are external observable facts, that cannot be subject to a form of interpretation which might lead to fundamental changes of phenomena, thus the epistemological perspective known as Realism suits such a perspective, related to both the research question and management dilemma; that is, generating incremental category growth through the use of brand extensions under the Adidas parent brand. Using the inductive research philosophy identified, one can give credibility to the research question in order to identify how the phenomena can be maximized to leverage category market share (Blumberg, 2011).

7.2 Quantitative Vs Qualitative

During the process of formulating the type of research one wishes to embark upon, it is crucial to consider historical, relevant existing research. This should act as an informative element to learn from and provide guidelines as to the direction of forthcoming research, which in turn will allow the identification of a research gaps. One must also remember however, that these are only guidelines and that the researcher must use them as such. The danger in not doing this is that an unmanageable amount of bias can influence the research logic and the approach deemed suitable.

7.2.1 *Quantitative*

Quantitative research often deals with vast amounts of numerical data and the first step in adopting this approach involves the setting of boundaries of which the data falls. From there, a researcher would attempt to analyze the data to determine what factors impact upon this numerical information. From this analysis, there might also be an attempt to determine the meaning behind these findings, presenting some form of demographic information for example. This can often arise from closed questions, in an interpersonal process, synonymous with quantitative data collection (Blumberg, 2011).

While this does present certain opportunities for a quantitative study, one might argue that practical reasons make it inappropriate. Attempting to tackle individual lifestyle choices through such a huge survey may require further expansion on answers already provided by respondents, which would prove time consuming, difficult to manage given the vast amount of data and ultimately unwieldy given the research objective.

Ultimately the sheer number of participants needed would also be vast. They would be required to answer some specific questions, normally presentable in numerical format, allowing the researcher to then determine certain beliefs and assumptions, which in turn can also be presented in a numerical fashion. In a practical sense and in reference to the research objective one might consider a questionnaire (fixed) where respondents answer specific questions relating to sports apparel brands, brand extensions within the same category, their feelings towards both and whether new brand extensions impact positively or negatively upon the overall brand or the entire category. Finally the questionnaire may explore whether brand-extensions impact upon consumers willingness to adapt their behavior, in a manner that might impact upon any of the criteria, previously identified as keys to category growth. It is at this point however where one introduces questions that perhaps require more than a rating or yes/no response, where quantitative rational becomes redundant.

7.2.2 *Qualitative*

Research wishing to employ qualitative techniques must first explore whether secondary data is sufficient enough, either from the sponsor of the research or from alternate academic resources, to answer the research question sufficiently. This paper can tentatively state that while Adidas has, at the most meager of expectations, seen general success and evidently cemented its position within the monopolistic sports apparel market. Despite this, the understanding between brand extensions and segmentation are still somewhat blurry in terms of its affect on entire category growth and the determinants that promote the capture of such growth.

Several authors highlight this by emphasizing that a true understanding of brand extensions is often

misinterpreted in academic literature, confusing brand extensions with line extensions. As already discussed, this paper does not look to differentiate the terms, using both interchangeably, however acknowledging their differences when reflecting upon the findings of the research (Ambler & Styles, 1997; Grime et al. 2002; Keller, 2002).

Blumberg (2011) does also highlight that while both quantitative and qualitative research can be used for explorative research, it is typically associated more with qualitative techniques. One might also make an argument to employ a descriptive study, however this would look to focus more on the characteristics of the group and can often have a low level of internal validity. Based on the nature and broad understanding of the dynamics within the research objective, then certainly an exploratory and thus a qualitative study format appears most appropriate.

7.2.3 Conclusion on Quantitative versus Qualitative

Quantitative data, presented in formats like that of sales figures, has already demonstrated that the sports apparel industry has been and is expected to continue to see strong growth (Transparency Market Research, 2013). In most circumstances it is also simpler to collect and involves less man-hours. However it does not address the deeper underlying challenge brands, in particular Adidas, face in trying to capture the potential value through strategic brand-related actions. Therefore there is still a need for a better in-depth understanding of consumer behavior and consumer feelings in relation to these dynamics within relevant categories, and encompassing brands. Results show that consumers often look favorably upon brand extensions, however there still lacks a broader understanding as why this strategy works and crucially why it doesn't.

It would arguably be near impossible for a quantitative study to truly capture the nuances associated with consumers' individual situations, motivations and reasoning behind choosing certain brand extensions and not choosing others. Therefore the paper will deploy a research process underpinned by exploratory, qualitative techniques, which in turn will be analyzed with a reflection upon a qualitative case study.

7.3 Primary versus Secondary Data

In short, one must first define what each form of data is, before discussing the benefits and weaknesses of each. Primary data is collected directly from first-hand experience or other self-determined processes. Secondary Data however, is data that has already been collected and recorded. (Blumberg, 2011)

7.3.1 Primary Data

In most incidents, Primary Data is obtained via methods such as interviews, focus groups, observations or perhaps some other form of valid experiment. In comparison to secondary data, the results from the study are specific to the study in question, giving it greater focus. A downside often highlighted concerning Primary Data is a lengthy time frame in terms of data collection. Alongside this downside one can also highlight characteristics of primary data as potentially expensive and often tricky when ensuring sufficient validity in terms of participants. Primary Data will often be presented in order to compliment secondary (pre-existing) data.

7.3.2 Secondary Data

Secondary Data is data obtained from pre-existing sources, which comes from any number of points, including internal and external, normally written or electronic. A significant advantage of secondary data is often its availability. This allows the researchers to use the data immediately, in order to meet the research objective. In comparison to primary data, it also eradicates the necessity of identifying, locating, approaching and managing suitable respondents, which in itself can be time consuming.

A commonly cited downside of secondary data is, that which is available, is rarely collected for the purpose of the research objective, which allows for both swaying of the research objective to fit the data and vice-versa. One must also be conscious that using secondary data relinquishes a level of control, which means the researchers must consider validity and accuracy at all times. The source of data is a particular concern that the researcher must be aware of in order to ensure that it is a source that can be trusted, this issue has become even more prevalent since the introduction of the internet as a source of material or information. (Blumberg, 2011)

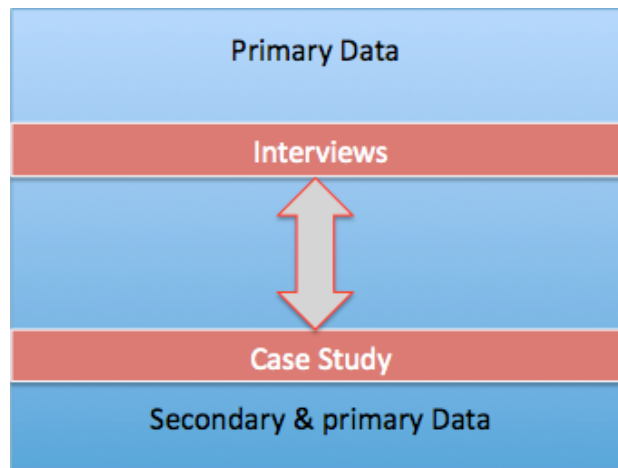
7.3.3 Conclusion on Primary and Secondary Data

On reflection of both forms of data collection, it is deemed suitable to use secondary data as a compliment to the primary data gained through the research itself. Blumberg (2011) highlights that in qualitative research, the use of secondary data is common, so long as one applies a necessary amount of caution to the choice and application of such secondary data. Blumberg (2011) goes on to highlight that this caution should revolve around specifics such as *purpose, scope, authority, audience* and lastly *format*.

Reflecting on these specifics, the research will look to draw upon secondary data sources such as direct communicative sources of the brands that make up the industry, both on a broad brand scale and also the

message communicated from brand-extensions. The research will also consider the opinion of recognized information sources to shed light on the nuances of a brand extensions market reception and use this in order to reflect more holistically on primary data gained through the research process.

The combination of sources used to answer the primary research question is illustrated below:



8.0 Research Design

8.1 Sampling Strategy

The approach this research will take in identifying participants' will mean that there is certainly an element of bias and is not reflective of the Scandinavian society as a whole. However one must also consider that the research objective looks at how consumers react to brand extensions in an attempt to ensure incremental growth, so therefore the vital characteristics of participants, in order to generate sound results, is not dependant on an entirely societal reflective group.

Instead participants will have been consumers of sports apparel in some capacity and be aware of the Adidas brand, while the researcher must view and conclude that the participant fits into a particular consumer demographic, whether the consumer themselves believe it or not. This might for example be: female, 30-40 years of age, participates in female soccer and attends a public indoor gym. Has achieved full-time masters degree and now works full-time. No children and unmarried. Reflecting on this, one can meet Blumberg (2011)'s research belief that the unit of analysis and the participants being questioned are not the same thing. The unit of analysis is the trends towards brand extensions within the sports apparel industry, while the respondents are the consumers being interviewed.

The only true specific choice of interview selection is performed for the case study, which is detailed below.

8.1.1 Picking a Sample

As the study is attempting to undertake qualitative research, it is important to note the nature of those that contribute to the findings, in any capacity. As opposed to probability sampling, this study will deploy a non-probability approach, which does not involve random selection (Blumberg, 2011). As the paper is specifically looking at a group of consumers that, on some level, is predefined and combining this with a case study that also has predefined parameters in term of those interviewed and the organization, then one can define this sampling technique as purposive sampling. This is explained as sampling with a purpose in mind (Blumberg, 2011)

In our example, we can say that the participants have to have been active in some way within the sports apparel industry as a consumer at some point, while those interviewed as part of the case study must have a tangible connection to the Adidas organization.

8.2 Data Collection

Having already justified why a qualitative approach is preferential, along with both primary and secondary data collection, with the specific aim of better understanding consumers behavior and preferences relating to Adidas brand extensions within the sports apparel industry. Following a qualitative approach, there are then three different approaches to data collection; case studies, interviews and focus groups. (Blumberg et al. 2011)

Considering these three options in relation to the research dilemma, one can identify two options; a qualitative interview would involve a personal in-depth interview with one respondent, while a focus group would involve a panel of respondents, allowing for the interviewer to benefit from an extra group dynamic as they exchange ideas, feelings and experiences (Blumberg, 2011).

It has also been suggested by Blumberg (2011) that a focus group risks dominant personalities influencing the general findings and flow of the discussion. However if the interviewer is skilled enough, they should be able to mitigate this risk, while still benefiting from the different viewpoints, which can arise as participants interact with one another. The author can certainly argue for the use of a focus group however feels it is suitable for purely interviews to compliment the case study.

In-depth interviews can be performed in a semi-structured or unstructured format. In an unstructured

interview, the interviewer will already have a list of relevant topics or general themes they wish to discuss at some point in the process of interviewing the participant. In a semi-structured interview however, the interviewer will use a self-produced but theoretically sound guide containing a list of more specific topics or themes, which they wish to touch upon. A significant benefit of adopting the latter is that one is then able to ensure that all relevant areas are covered in more or less the same manner and that topics deemed relevant, prior to the interview starting are remembered, while still giving freedom for the participant to discuss a topic which may not have been initially considered by the interviewer but still relevant.

Taking the above in to account along with the ability of the interviewer, one can decipher that a semi-structured approach will ensure an acceptable level of validity, reliable results and structured findings, while ensuring that relevant themes are covered within the research.

As already highlighted, the underpinning of the paper will draw upon secondary research data and this will aid the interviewer in deciding topics of discussion during the construction of the interview guide. This guide will also form the skeleton of the interview to be performed within the case study, thus ensuring topical consistency, relevance and to assist the reader in following the linear path, or *story* of the entire research paper.

As already mentioned and demonstrated within the paper, the input of this interview guide stems from questions the author has reflected upon as the narrative of the paper has grown and matured. One must use these questions in order to give substantial and well-rounded arguments within the analysis section. Where appropriate, the same questions will be directed towards consumers and case study participants, however the data collection and analysis is not reliant upon this direct linkage.

8.3 Representativeness

Due to the singular nature of the consumer group being studied, it is not possible to select a sample at random. Resulting in the study losing a degree of representativeness. Other factors contributing to this are time-constraints and the author conducting the research alone. The respondents are known personally to the interviewer, which potentially reduces the validity of the answers however one can also argue, supported by Blumberg (2011) that this allows the participant to relax and feel at ease, thus more likely providing honest answers due to familiarity between themselves and the interviewer.

The representativeness of the case study interviews is defined by the stipulation that they currently or recently did, work for Adidas. While they are not entirely representative of the entire company, they offer an alternative perspective, which gives credence to the studies perceptions and appraisals of what Adidas are

trying to achieve with the use of brand extensions.

Where possible the interviews will be conducted in the participants' homes or at least a familiar setting, to ensure they feel relaxed and comfortable, thus reducing the likelihood of staged answers. The researcher/author is aware that adopting a more objective sample population would reduce the potential level of bias and increase the representativeness of the sample size however the researcher has taken every step to negate this to an acceptable level, thus providing honest and substantiated answers. In total 7 interviews were conducted (5 consumers and 2 Adidas employees). In regards to the case study interviews, one was performed via VOIP provider, Skype, as this individual was living and working for Adidas outside of Denmark at the Adidas Group Headquarters in Germany, therefore it was not possible to meet them in person within the study timeframe.

8.4 Design of the Interview Guide(s)

The design of the interview guide is conceptually straightforward however one must take care to ensure that the contents matches that of the research objective and reflects the findings from both secondary data and the literature review. Although already touched upon, justification of the design will be argued for throughout this section of the paper in further detail.

The guide will have an outline of the main themes to focus on and accompanying each theme, there will be an introductory question, with relevant bullet points of topics/questions to discuss underneath (see appendix 1 - consumer interview guide).

King & Horrocks (2011) have discussed the benefits of allowing the participant to lead the discussion to some extent in order to reach the truest and most in-depth finding. Taking this in to account, the author sees it fit to allow for this interview strategy to be used (Blumberg, 2011). Ultimately it allows the interviewer to be flexible in the phrasing of questions, the order in which they ask them and crucially, the unforeseen changes in weighting for each question or even each theme.

The construction of the interview guide has continually remained focused on the participants meaning and experiences, rather than established causal relationships or generalized patterns of behavior that can be quantified into numbers and statistics (King & Horrocks, 2011). This approach promotes a focus on participants' differences and similarities, relating to the phenomena of brand extensions as a tool to drive category value.

As discussed, the interview guides' both contain 6 main themes to cover, which Blumberg (2011) deems a

suitable number and based on the area of research, also fits with the objective. The themes have been chosen using evidence identified throughout the paper, which has stemmed from modern media, theoretical literature and internally produced material from major players within the industry. Under each of these themes, the reflective questions highlighted throughout the paper have been designated. The author has then reflected upon the questions and relative themes in order to produce a broad initial conceptual question, in order to begin each interview theme and ensure the participants' understand the topic of interest.

Highlighted below are the six major themes discussed, along with the broader, primary question accompanying each heading for both the consumer interview and lastly for the case study interview guide. From here the author can use each primary question as a point of departure to address the reflective questions identified throughout the paper, thus ultimately providing direction and clarity to both documents.

Further in the paper, the interview guide for the case study is also referenced, which can also be found in the appendix (appendix 3 – Case Study Interview Guide). It is important to highlight that although the themes remain the same and questions are reworded or clearly related, on some occasions it has not been possible to alter them to suit the alternate interview type. In this case the author has simply designated an n/a for 'non applicable'.

The thesis will break down both interview guides in to an analytical framework to better demonstrate the similarities and how both guides are designed to develop insight in to the reflective questions and ultimately the overall research question of the entire thesis. Looking at citation (Appendix 1 – Questions) in the appendix, one can see the questions identified throughout the paper in a clear linear fashion. One will also see that from this linear application, numbers have been assigned to each question in ascending order. Drawing your attention to both citation Xb (consumer interview guide) and Xc (Case Study interview guide), one can now see that those questions have been divided under the categories already discussed and identified immediately below, although they maintain they initial number. This is performed to ensure the author and reader has reference points if they wish to return to the literature where the question was initially raised.

8.4.1 Question themes

As described above, here one is able to see the 6 main themes chosen, along with the relative primary question for both forms of interview guide, included as points of departure.

The 6 main themes chosen are:

1. Category Dynamics (product preference)

Consumer interview guide - Are there certain types of products you buy within the sports apparel industry?

Case Study interview guide - Describe how Adidas views category Dynamics and their management of this dynamic?

2. Consumers Retail Experience

Consumer interview guide - What are your experiences of shopping for sports apparel?

Case Study interview guide - How does Adidas feel about the consumer retail experience within sports apparel?

3. Category Roles

Consumer interview guide - Do you feel that there are certain categories, which are targeted at you, or perhaps specifically not targeted at you, and how is this evident?

Case Study interview guide - Are categories assigned roles independent of each other under the Adidas umbrella brand?

4. Consumer Brand Knowledge

Consumer interview guide - Could you tell us the brands you know that exist within the sports apparel industry and attach 1 word of your choice to every one?

Case Study interview guide - How does Adidas hope to be perceived by Consumers' and does this change dependent on category?

5. Consumer Sources of Information

Consumer interview guide - Where might sports apparel brands be visible?

Case Study interview guide - Through which channels does Adidas feel they can communicate affectively to consumers'?

6. Reflections on the Primary Brand

Consumer interview guide - Can you name some brand extensions that already exist within the sports apparel industry?

Case Study interview guide - Does Adidas consider the impact a brand extension might have on the primary brand?

9.0 RESEARCH DESIGN OF CASE STUDY

Reflecting on the design model, one can see that often multiple cases will be constructed and assessed in qualitative, embedded research (Yin, 2009). An embedded design is significant in this study as there are multiple facets being assessed. However as the singular case study is acting as a compliment, then one firm-based case study, along with multiple interviews is deemed appropriate. Eventually the results from both types of analyse should offer complimentary and holistic findings.

9.1 Case Selection

When selecting a case, the research must attempt to ensure that the choice is reflective of an attempt to individually contribute a unique value to the study (Marschan-Piekkar & Welch, 2004). This also stands for the choice of organization. As already highlighted the sports apparel consists of some major players in a monopolistic format. While Yin (2009) states that one cannot generalise case study findings of an organization to an entire industry unless multiple cases are considered, in this thesis the objective is to shed light on consumer trends from the reflective perspective of one major player; Adidas. Therefore it can be concluded that choosing a significant player within the industry and using the findings, will add value to both the consumer interviews and indeed the study as a whole.

The choice of organization to choose from for the case study was also based on availability. Finding two internal company employees to interview proved particularly challenging, especially as one needed to ensure it was for a player of significance that had a global presence and that was willing to give up time to be interviewed. The second challenge was that there also needed to be enough secondary data about that organization and its activities involving brand extensions to compliment the interviews' as part of the case study.

9.2 Empirical Collection (Interview recordings available on USB stick provided)

As already highlighted, data will stem from primary and secondary sources (Yin, 2009). Primary data collection will stem from the interview of the employee(s) of Adidas, within the study and from primary information sourced from the company website. The secondary data is elaborated on throughout the paper, if relevant and is sourced from books, market research and articles. Empirical primary data collected through interviews will be presented in the paper under headings associated with research objective, that is, those headings associated with the interview guide. The purpose of this is to give foundation and validity to the findings. The interview(s) within the case study will be conducted just like that of the consumer interviews, in a semi-structured manner and will be used as evidence within the case itself.

In collecting data this way during the case study, one is able to capture information specific to the thesis topic for the reasons already highlighted but also gain a perspective that looks at why decisions are made internally and the existing beliefs of a brand that impacts upon the sporting apparel market. The researcher hopes that through collecting and presenting data this way, it will allow for a complimentary structure including the consumer feedback via interviews, regarding actual activities within the industry and reflect this against the findings within the case study.

9.3 Case Study Structure & Quality

Guidelines for ensuring an acceptable level of quality in terms of credibility and validity for the case study, has been aimed for, using a four-step test (Yin, 2009)

1 Case Study Construct Validity

As the author is required to exclude subjective opinion from findings where possible, one must follow certain criteria to justify this exclusion. This criterion includes using multiple sources of evidence, establishing a chain of evidence and letting informants or interviewees review a draft of all findings if they so wish. Since the papers primary source of data will be consumer interviews, as already highlighted, the risk of subjectivity or indeed bias is high (Rudestam & Newton, 1992). Rectifying this risk and increasing validity to an acceptable level, the paper has used an approach known as triangulation (Denzin, 1984). This refers to the inclusion of several sources of data, which this thesis applies by supplementing the case study with consumer interviews, literature, pre-existing research, and news articles.

As the research has utilized semi-structured interviews, author bias and subjectivity in the analysis has been negated by the use of triangulation, along with adopting a critical approach, meaning that a complete truth

and objectivity is not recognised by the author. This results in an increase in conscientious validity, while recognising that it can never be absolute.

The thesis also intends to document and explain every step of the research and analysis. This allows the reader to follow the derivation of information throughout the thesis, as the author establishes a chain of evidence.

Lastly, the author has had two trusted external third-party individuals review the draft of the thesis. A fellow IMM student, and a detached spectator will all review the draft to assure readability, structural logic, and to some extent validity. Two different reviewers enable increased validity due to their socially constructed differences and demographics, such as education, competences, jobs, and ages.

2 Case Study Internal Validity

In order to ensure internal validity, one must consider countering two threats. Firstly it is noted that the author has considered throughout the research, where possible, all plausible causes of findings, also referred to as the spurious effect (Yin, 2009). The second considerable threat to internal validity is that of author inferences, whereby conclusions are drawn from clues given by, for example, interviews. Silverman (2010) argues that the single main challenge with internal validity of qualitative research, is to convince themselves and the reader that their findings are genuinely based on critical evaluation of all their data and does not depend on a few well chosen examples, describing the problem as anecdotal.

3 Case Study External Validity

As already stipulated, the paper has attempted to ensure that the findings are valid beyond the context of this particular thesis. As the research has called upon a variety of sources, while matching the prerequisites which are themselves, broad in nature (international, non-gender specific, employment neutral etc) and matched this with the case study and interviews with organizational professionals, then one has demonstrated every effort to ensure the robustness of the external validity.

4 Case Study Reliability

The test of reliability is based around the possibility that another researcher might perform the same study and reach the exact same conclusion. Yin (2009) suggests that one should work as if there is always someone looking over his or her shoulder, which has been at the researchers top of mind throughout the process.

While this perspective of perfect replication might seem extreme, in principal, if research is performed in a reliable manner, then it should be extremely close to replication, in all significant matters. Through documenting all empirical decision making, reliability is also enhanced.

9.4 Case Study Interview guide

The interview guide is solely applicable to the case study and is applied to the two Adidas employees, built from the same foundation as the consumer interview guide. This translates to 6 themes as already discussed, with the same identifiable questions distributed under each one, however the alterations mean that the questions refer to the industry from a commercial perspective or directly relating to Adidas.

9.5 Results

Reflecting on the research objective of focusing on gaining an understanding of participants' experiences and thoughts, a thematic approach to qualitative data analysis is deemed appropriate according to King & Horrock (2011). This thematic approach allows the researcher to look at patterns and themes across the full spectrum of research findings. Ultimately this gives the researcher the possibility of looking at what commonalities are apparent within the case study, as well as where they differ. Particular attention has however been paid to restricting the possibility of detachment of any findings from the circumstances of any given participant's individual case in comparison to general findings.

Therefore the case study findings will first be introduced, as this arguably involves less interpretation and is instead, designed to be understood as a form of reflection when looking at the consumer interviews. The results will not be systematically transcribed as it is deemed unnecessary and ineffective, (in agreement with thesis supervisor) particularly as the research focuses on the qualitative semantic content of what participants say, rather than the actual body of language they are using. For consistency sake, the audio content will be provided via CD ROM.

10.0 ADIDAS CASE STUDY

CEO of the Adidas Group, Herbert Hainer, stated that they were now competing in a global two horse race (Ricadela, 2014). It would be fair to assume that Hainer was referring to their relationship with Nike Inc and also the global nature of their ambitions and corporate goals. The Adidas brand is no doubt, its flagship and most prestigious brand. It is also the brand that is the generator of the highest revenue within the entire Adidas Group. Therefore the paper case study will focus primarily on the Adidas brand however will also

incorporate secondary data concerning the Adidas Group, where it is of use in analyzing Adidas as a sports brand.

10.1 Adidas employee Interviews

The identities of both employees has been limited in order to maintain integrity and at their request. Their job titles have however been included. While Jose B is no longer with the Adidas Group, his departure was so recent that his knowledge of the inner mechanics of the organization is certainly still relevant.

Lauren Y - Adidas Group Senior Product Manager

Jose B – Adidas Group Product Manager (recently departed)

10.2 Adidas overview

<http://www.adidas-group.com/en/group/history/> - cited as (Adidas Group History, n.d)

According to the Adidas Group homepage (Adidas Group History, n.d) it was 1936 when Adidas founder, Adi Dassler, supplied American athlete Jesse Owens with shoes for the Olympic games, an event and strategy which cemented Dassler's reputation as a top supplier of track shoes.

Adi Dassler was soon joined by his brother Rudolf, however towards the end of the Second World War, due to personal differences, the brothers split, to form different companies', Rudolf forming Ruda, later named Puma and Adi forming Adidas which was officially registered in 1949.

During the 1950's and 60's Adidas branched out from just track shoes, moving in to football (soccer) and other niche events, continuing to be at the forefront of sports equipment technology.

During the 80's and 90's, Adidas expanded further, entering sports like Rugby, Cricket and popular American sports like NFL, MLB & NBA. During this time the company recognised that they were moving away from simply production and sales, towards a marketing orientated organization, going public with an IPO in 1995. After the floatation, the organisation saw rapid growth with a 50% increase in sales volume in 1996. (Adidas Group History, n.d)

Adidas Group continued its aggressive growth strategy, acquiring Salomon Group, which includes brands such as Taylor Made and Salomon amongst others. Initial reaction to this diversity of brands within the

Adidas Group portfolio was positive, however critics cited confusion of the brand identity and key market penetration, which ultimately resulted in the sale of the Salomon group to a partner firm in 2005 and the Adidas Group purchasing British sports apparel company, Reebok. This was seen as a strategic move to bring them on par with Nike.

Citing Group Management Report/Group Strategy (2011), the Adidas Group presented their global plan titled Route 2015, which identified the group's key performance indicators (KPI's) to be achieved by 2015. This includes Groups sales reaching 17 billion euros, an increase of between 45-50%, along with an improved operating margin of 11% and a CAGR of 15%

In 2011 they pinpointed North America, Greater China and Russia/CIS as 'attack markets' (Group Management Report/Group Strategy 2011). The key areas identified in Route 2015 are as follows:

Route 2015 includes: (Group Management Report/Group Strategy 2011)

-Increasing Group Sales to €17 billion, a growth of between 45%-50%

-Achieving a sustainable Operations Margins of 11%

-Compounded Annual Earnings growth rate of 15%

Reflecting on this (Jose 4.29) states across all of the categories and markets that Adidas functions in, *Adidas tries to stick to the top, not only on the sports world, but also on the music and lifestyle.*

10.3 What dynamic does Adidas try to create and nurture, from the brand extensions they create?

It was stated that a cornerstone of Route 2015 was to ensure that *"The consumer is at the heart of everything we do"* (Davi, 2012). Reflecting on this statement, in the past it has been highlighted that not only does AG have an existing complex brand portfolio, particularly after the strategic purchases of some pre-existing brands (TaylorMade & Reebok), but they have also formed key strategic partnerships with a wide variety of none-sport related brands such as Porsche and Diesel, and designers such as Stella McCartney and Yohji Yamamoto. This vast array of brand extensions leads one to believe that historically Adidas certainly feels they have been able to nurture a successful connection with the consumer through this strategy.

Reflecting on this, one can see that Adidas evidently views brand extensions as a vehicle to tap in to new sources of income but also most recently as a way to reinforce the actual Adidas brand. This diversification of the Adidas makeup gives insight into the incentive for Adidas to use brand extensions. Evidently with this strategy they feel they are able to control the image of the extension better and communicate what the qualities of each one are to the consumers, in an environment they are able to manage and manipulate.

This statement which Adidas openly claims about connecting with the consumer arguably goes hand-in-hand with the drive for brand extensions that meet consumer needs and wants, where Adidas has shown that it intends to bring its own expertise with the flair for specific demographical trends such as high fashion, young street wear or as Klara (2014) points out, even digital performance training equipment. Evidently it appears that in the past the Adidas Group and even Adidas alone, may have overstretched, confused or diluted their brand through the use of brand extensions and miss-communicated to the consumer, what it was Adidas stood for (Klara, 2014).

However it has been noted that the global launch of the Adidas All In campaign (Kilmartin, 2012) was initiated across categories (both sports and ambassador models) and designed to bring the portfolio of brands under one heading, enabling a starting point for all Adidas brand extensions and a clearer message to the consumer.

(Jose 11.00) discussed the motivation Adidas try to create in offering brand extensions. He highlights while there are certain growth strategies in mind with brand extensions, when one talks about dynamic changes that reflect on the overall brand and influence consumer brand appreciation then he stated the following. *We try to cross our ambassadors, as we believe there is something common within them. This is the same in the emotions and consumer feelings of attachment we try to capture, there has to be a common thread and yet, we want to encompass all consumers, so not exclude anyone. The three stripes can be for everyone.*

(Lauren 2.57) also discussed this notion by highlighting that with emerging media channels and endless sources of information, it is no long possible to just win on performance and or technology. She states *Consumers of all types want more than just the product. We believe we win on quality, technology and design but also using brand extensions we are able to drive the brand to a destination we want our consumers to envisage the brand being at. By using the extension as a vehicle to push what Adidas stands for, whether this is Originals, Neo or a particular sports category like tennis, we can use certain extensions to deliver a message that tells a story to the consumer about where we are going, the idea being that the consumers then join us on this journey.*

10.4 How do brand extensions play a part in Adidas' overall category growth plan?

The incentive for exploring brand extensions, are as expected, a drive for greater revenue from a broader range of products that Adidas can take to market. Smart (2007) states that in their attempt to draw closer to rival and market leader Nike, Adidas has seen brand extensions as a way to draw incremental growth while still reducing the chance of cannibalism on their existing brand's market share and brand strength.

Given the research question and its sub questions, one must delve deeper to reflect on whether Adidas has attempted to generate this growth through volume, regularity of purchase or price increase. Considering this enables one to then reflect on what it means for the overall category growth strategy. Adidas themselves state that their broad brand portfolio “*allows Adidas to address multiple consumer needs, exploit market opportunities from various angles as well as be less affected by one-dimensional market risks*” (Global Brand Strategy, n.d).

(Jose 9.07) states that they certainly take a different growth strategy when implementing a brand extension. Of course they hope that they sell as many items as possible from the extension range but he highlights that in many cases, except for broad ranging global extensions that aim to hit at the ***bottom of the top*** then often the objective is drive brand equity with something known as ***statement pieces***. Going on to say that ***we say we have the good, better and best. The good categories are sort of connected to a brand but of course the partnerships and extensions will be commercially driven.***

An example of this might be the Messi collaboration within football or the climacool training gear extension. These both involved investment of some form, however are very different types of extension. Despite these differences, the hope is that both pull some sort of commercial value greater than that expended. This could be directly or even as an indirect byproduct.

Above these forms of extensions (Jose 11.58) says that ***at the pinnacle is where we use statement pieces. These are not even really meant to sell. If we take Rita Ora or Pharrell Williams shoes, these all combine with Adidas Originals to make statement pieces which commercially don't make sense as we make so few, even though they are very expensive. They are used to create a buzz globally about the overall brand. These are premium and expensive, but of course commercially we have to sell the cotton and basic polyester styles and this where we make our money.***

Lauren Y communicated a similar approach only using the Yogi Yamamoto Y3 brand extension as an example. She mentions that this brand extension had really gone against the grain in that it is now its own brand in many ways with its own identity, but that it has been good to Adidas because it gave them the

opportunity to tap in to a consumer base they hadn't been able to sell to in the past. She highlighted this a premium street wear boutique style brand.

Part of this commercial drive using brand extensions as a vehicle is described by Jose B where he implies that Adidas aim for consumers to look at these types of collaborations and extensions and to see them as some kind of pinnacle, while Lauren Y uses younger consumers as an example in so much as they might not have the financial capacity to buy Messi shorts, so they probably buy the middle or more commercial ones but they still feel like they are wearing the same shorts, although its not the same model, they have a some form of association with Messi after purchase.

Part of the redevelopment of the portfolio for Adidas, which included the All In 'memo' (Kilmartin, 2012), was to create three sub brands and divide the brand extensions based on these three headings. How much of this was for operational and back office purposes is unclear, however it seems poignant that Adidas states this specifically via Global Brand Strategy (n.d), which is free for the public to view.

These 3 heading are as follows:

Adidas Sports Performance is detailed as a multi-sport specialist, which is aimed at recreational participants of sport, through to those who just enjoy watching. They highlight that the 20-29 age group is key, with a strong focus on attracting young participants of sport in the 14-19 age range. It states that this platform is focused on delivering both heritage of the Adi Dassler spirit, along with technology to benefit the user of the all Adidas performance apparel.

Originals as previously highlighted is regarded as a sports lifestyle brand, which Adidas actively encourages and embraces. They claim that this category is aimed at 16-24 year olds looking for substance and craft, which is served through the recognizable trefoil logo. The originals itself has encompassed line extensions in their truest form, like Stan Smith, superstar, samba and ZX.

Adidas Sport Style was the sub brand created in order to differentiate and maximize a definable category segment, which was in tune with the lifestyle and fashion conscious consumer. Adidas Neo falls under this sub heading and is meant to appeal to the fashionable teen aged between 14-19, with "16 years old as the "sweet spot" (Global Brand Strategy, n.d). Adidas sports style also partners with top designers such as Yoji Yamamoto, with the Y-3 brand and other extensions aimed at a consumer who requires luxury, such as the Porsche Design.

What is apparent from a category perspective is that they have made clear differentials within the

organization about what it is each sub brand category targets and within this, who each extension is aimed at.

In a practical sense, it seems that due to the extensive nature of Adidas as a brand within the sports apparel industry, their extension technique is driven by a line extension strategy and dependant on the success of that line extension, one can could argue that they will sometimes then merge into a brand of itself, thus being considered a brand extension.

10.5 What are the implications for Adidas when embarking on a brand extension strategy?

Crist (2013) reflects on Adidas' category management by comparing their merchandising in store. Stating that generally the Adidas stores' are divided as one expects normal retail stores might be, with garments in the front and trainers towards the back. This is in contrast with Nike whom divides their stores sections by sport. Given this difference, one might say that transmitting a new brand extensions qualities in store could be troublesome as it will potentially be lost amongst the wide ranging Adidas line that already exists, rather than having a dedicated section where the consumer is exposed to only that extension, even if only for a short space of time.

This challenge facing Adidas about how to actually communicate changes to the brand dynamics is discussed by (Lauren 39.13) whom states that *you have different choices, that's one of the main elements that makes brands different from each other. Different brands target different consumers and use different vehicles to get there, in that way however you decide you want to reach them is going to determine, perhaps on a global level, in store activity.*

Despite the scope for dilution if not confusion in terms of where a brand extension might fit in the entire category management plan, one can see that perhaps Adidas is changing mentality. Within the Adidas brand, there are multiple sub brands such as the 3 stripes (Appendix 4 – Three stripes) and the trefoil (Appendix 5 - Trefoil), which transmit very different messages to the consumer. Taking this into account it seems that Adidas has embarked upon a category perspective whereby they prioritize core sub brands, in some cases within their own stores, thus including sub categories of a similar nature. This has resulted in stores specifically titled Adidas originals and Adidas Neo, an extension aimed at young teenagers with a street wear theme (Global Brand Strategy, n.d).

From a retail perspective both Laura and Jose confirm this logic that they have tried to reclaim ownership of retail brand identity where possible, however both are keen to mention that this is not always possible with the key accounts partners that deliver so much value to the organization. Lauren Y highlights that the retailers have their own category management desires, challenges and targets. While Adidas is pushing for

that *destination* role with their partners, there are also a number of other brands doing the same.

While one can consider looking in to this dynamic further, it is perhaps too diverse for the purpose of this paper, however retail relationships, based around the theoretical literature already discussed, will be revisited later in the paper as key conclusions are drawn. Regaining focus on Adidas, (Lauren 19.10) pointed out that the entire retail process is very tricky and geographically influenced. She states that *Northern Europe is technically driven with a consumer keen on technical and brand driven apparel, which contrasts drastically to other parts of Europe like eastern Europe where our cotton pieces make up a large chunk of the market.*

The implications of this are reflected in their retail strategy as they are conscious that consumers in northern Europe see sports apparel as functional pieces for sports performance and while there is a desire for the brand in a fashion street wear capacity, the product spec or make up is very different.

(Jose 23.25) discusses this dilemma in embarking on a brand extension. He states that *we want to cater to everyone and when we implement a brand extension the idea is to tap in to market share, even if its indirectly and in other categories. It's a challenge because you sometimes never know what to do, you are destroying brand power but are creating humungous cash flows coming from the commercially driven styles that make a lot of money. It's a fine balance but we always try to keep this idea of being the best at the very top. We don't ever want to be seen as cheap.*

However if one reflects on what Adidas has invested in recently in order to reach the objective of Route 2015, then significant cross category stores under the All In brand portfolio have been prioritized also. This focus on introducing key brand extensions, which based on the category strategy, it appears evident that Adidas believes they appeal to a certain demographic (Hu, 2013).

Barrie (2014) discusses this notion with the news announced by Adidas Group in 2013 that they intended to open 'Home Court' areas within existing Adidas stores to showcase new technology and campaigns specific to brand extensions such as the F50 football boot. Along with this, the article highlights the commitment to launch 31 Adidas originals stores globally, which will include collections of collaborations with other designers. Lastly Adidas also plans store extensions of the Neo brand, targeting children and young teenagers.

It seems therefore that Adidas intends to embark upon a retail category strategy whereby they have key flagship stores reflecting key success stories depending on relative locality, such as Adidas Neo in Germany and Adidas Originals in New York.

This strategy can also be seen in Denmark with the opening of an Adidas Originals store in central Copenhagen and on the outskirts in a shopping mall. While the remainder of the presence is in multi-brand stores along with some smaller boutique style street wear shops. It is indicative of the belief that Adidas has when implementing the brand within this region that they feel they can use the brand extension strategy better, when controlling the retail experience.

Both Jose B and Lauren Y highlighted that Northern Europe is rather unique and a challenge for Adidas as people just don't really wear sports apparel designed for working out or other sports when they aren't doing exactly that. While they mention there are some small exceptions, generally there is a clear divide between the styles and design even though the Adidas brand is strong in both scenarios.

Jose B compared this to South America, where university students will regularly wear climacool around campus and to class. Both then openly state that this is part of the benefit of a brand extension, in so much as they are able to use the extension as a tool to explain the context in which certain ranges are to be worn. Then suggesting that the context in which it is sold is a large part of this.

10.6 Adidas Brand Extension Strategy in Relation to Theoretical Concepts

In order to give credence to, or at the very least test the credibility of, the theoretical concepts identified by the author as relevant. The key theories will now be evaluated in relation to the findings from the case study.

10.6.1 The Category Management of Adidas

Reflecting on the theoretical perspective of category management, one might argue that Adidas has certainly sees themselves as *category captains*. Their broad range of apparel and the recent introduction and leverage of new and existing sub-brands, through category-based channels, such as the Neo or Original's store demonstrates an understanding of the consumer retail experience.

As previously discussed however, it does seem that Adidas at one point in the past, lost control over their consumers experience from category to category perspective via poorly executed retail management (Krishnan & Shanker, n.d)

Currently one can determine that Adidas is looking at growth opportunities on a category level. Their product ranges, in-store division and brand extension strategy is all activated from a category perspective, leading one to better visualize and separate the messages each sub-brand is trying to communicate. Conversely, one is also able to take from this that Adidas recognises it as a tool to reflect consumer preferences into the given category of relevance and as something that can systematically bring sub-brands under an overall strategy perspective, giving balance to the entire portfolio.

An interesting point however, which was emphasised by both employees of Adidas, was the importance of the retailer relationship. Both emphasised that in many circumstances this was where large proportions of their income came from. If this were the case in the Scandinavian market, then it would be imperative that Adidas (continue) to work closely with the Key Accounts in order to leverage their category management in tune with the retailers and strive for that *destination* role. Ultimately the use of brand extensions can aid this as it will give fuel to the potential for incremental value per SKU, something that all retailers are equally interested in.

If one reverts back to the *growth equation of category management* then this incremental value is at its most visible and is where, based on Adidas desire to remain at the top category to category, where the target should be that of category captain.

10.6.2 Consumer Behavior Theory of Adidas

One could argue that consumer behavior theory is at the very core of what Adidas attempts to create through selling sports apparel every day, in whatever capacity or makeup. That is to say that the organization as a whole, tries to understand what consumers feel about the industry content and how this translates in to trends, which Adidas aims to capitalize on. Theoretically, the author has concluded that consumer behavior theory is influenced by a number of factors, broadly speaking internally and externally created and certainly if one reflects on the findings of Kass (1982) that consumer habits may to some extent remain concrete, they will over time change. One might look at Adidas and infer that they build consumer brand equity, while reacting to new trends and consumer habits in order to maximize long-term success.

Judging by the changes Adidas has implemented, it is clear that being at the forefront of consumer trends is paramount to their future success. A clearer example of this is the introduction of the ‘home court experience’ in their own-brand stores, which allows them to aggressively promote new sub-brands in a reactionary manner to consumer behavior and trends.

(Jose 31.57) emphasizes that previously, the three stripes had been their key brand identifier but now because of changes to consumer behavior, which allows for growth in different categories, they need to be more dynamic in their identity. Therefore as consumer behavior changes and moulds to the latest trends, the idea is that Adidas can use their brand models to direct this. ***We recently have seen an emergence of running specialty stores. While we are not quite there yet, we want to be able to adapt to this consumer behavior by directing consumers to our relevant range, so not Adidas Originals and brand extensions are great way to do this. It wasn't a coincidence that we didn't have David Beckham playing football in our latest All In campaign, he was running in his free time next to the beach.***

Certainly there is recognition that internal and external factors contribute to the consumers' behavior but in this sense, based on the belief in their brand expressed by Adidas in their global communication and by their employees, they feel that from a heritage perspective this is on their side. Aside from this form of low-involvement learning that Adidas has already benefited from, to establish a brand identity amongst its consumers, they appear to be trying to create a retail environment where they can manipulate or tailor the consumers' high involvement learning. This logic fits succinctly with the purpose of using a brand extension such as Stella McCartney, Lionel Messi, Pharrell Williams etc to drive the brand identity.

10.6.3 Segmentation Theory of Adidas

Wind (1978) highlighted that firms desired the ability to segment consumers in smaller homogeneous groups. Taking in to account that the researcher chose to adopt a psychographic approach Mowen & Minor, 1998, one can look at Adidas' ability to divide consumer groups by trends, lifestyles, attitudes and beliefs and conclude the following. Over time, Adidas has certainly not always executed their findings from psychographic segmentation in a successful manner, however currently they are putting in to action a more modern strategy, which still relies on the core beliefs behind adopting this theoretical perspective. With the core Adidas consumer segments (Sports performance, originals, sports style) being openly discussed by Adidas and from these three pillars, sub brands being marketed to consumers based on the perception of trends within a consumer group.

One might even argue the introduction of new brand extensions are as a result of further segmentation by Adidas, such as the Neo brand and the brand ambassador model employed by this sub-brand such as the collaboration with Selena Gomez (Chiu, 2014). However one might also argue that there is no surprise, Adidas employs a form of strict and aggressive segmentation, the only argument over its practice is how successful Adidas has been in implementing it at a consumer level. Although it is clear that findings from segmentation theory are somewhat ambiguous, particularly with a psychographic approach, therefore one is required to restate Quinn's estimation in 2009 that the researcher must remember it is an approximation of reality and not an absolute truth.

(Jose 32.40) states that ***I think the ranges are broader but at the same time, from our point of view we want to be much clearer, to segment the customer categories much clearer and this is especially important in a country like Denmark. While an own-brand store may stock both lifestyle and performance for example, we want to segment that store as much as possible and clearly.***

Lauren Y highlighted that brand extensions are a vehicle to reach a specific group of consumers. This is supported by the increase in brand ambassadors, each with an extension line for themselves under the Adidas

umbrella. The increase in ambassadors with a music background, which has jumped from a few key individuals to several more niche artists, would indicate that Adidas is conscious of the need to tap in to the sub-cultures that exist and utilize a bespoke combination of brand extensions dependent on which part of the world they are selling in. However, the research takes in to account the danger of being too diverse, which is a mistake Adidas made in the past and arguably lost their identity in some consumers eyes.

10.7 Overall Adidas Case Study Conclusion

Reflecting on the category management theory and in particular steps 1-3 (define the category/assigning a role/opportunities for growth). Then it is apparent that Adidas strategically thinks in these terms. As Lauren and Jose both indicated; **there are different marketing and communication channels but behind all that, there are specific clusters that we carefully identify, once this is established its about making the brand extensions work as a vehicle to communicate what you stand for in that particular format.**

One is able to see from the above logic that they define the category segment, consider its importance and mechanics, then lastly look at what combination to implement in order to generate incremental growth. It was however emphasized multiple times by both Adidas employees that they are held to a standard by which they must sell volume. Jose was eager to point out *“that the statement pieces, which often came via brand extensions of the Adidas Originals brand were aimed to trickle down consumer interest in to their generic lines, which were seen as more attainable”*. This would be considered relevant when analyzing performance targets and scorecard objectives.

What is also apparent is that Adidas is conscious of the nuances associated with the Scandinavian market. There are certainly some differences, which they are aware of relating to the consumer behavior and psychographic segmentation, that allows them to tap in to lifestyle trends for a broad range of categories and therefore utilize their global strategy in to a bespoke Scandinavian plan. The reflective findings from the consumer research further down should shed light on the success of this strategy.

11.0 RESULTS OF CONSUMER INTERVIEWS

The researcher will now address the findings from the consumer interviews. Before identifying these however, it is perhaps poignant to remember that Simonin & Ruth (1998) emphasised the belief that with all brand collaborations there must be richness to the relationship, irrelevant to whether it be designed as a one-off or a long-term relationship. Initially the paper discussed the notion of following a particular element of the 8-step model, concerned with setting performance targets and the potential to use a brand extension as a

tool to meet these targets. Upon reflection of the following findings, it is relevant to maintain this sense of overall richness at top of mind, especially its ambiguous nature.

Lastly, rather than focusing purely on performance targets, taking in to consideration the findings from the case study, it is perhaps more poignant to look at the receptiveness of brand extensions amongst consumers and determine why they are a success or a failure with the Scandinavian market.

11.1 Participants

Kaspar S. (Danish)

Sex: Male

Age: 25

Occupation: Recent Graduate & Sales executive in media content.

Interests: playing football, watching films, cross fit, watching football and NFL.

Social economic scale: CI

General observations: Kaspar has played a semi-professional level of soccer in Denmark and is relaxed in his style and manner. He claims he rarely ‘dresses up’ however it is noticeable by the interviewer that he wears branded clothes, much of which would fit in to the sports apparel street wear category.

Jonas H. (Danish)

Sex: Male

Age: 29

Occupation: Tax Consultant

Interests: playing football, playing basketball, cycling, watching football, basketball and cycling. Socializing with friends, traveling and fashion.

Social economic scale: B

General observations: Jonas is an active person who plays soccer and cycles twice each a week. He also favors street wear day-to-day and has more of a connection with American sports than any of the other participants. He feels quite strongly that he wants to wear things “different from others”.

Erik N. (South African)

Sex: Male

Age: 29

Occupation: Financial Planner

Interests: Going to the gym, socializing with friends, watching films, current affairs and traveling.

Social economic scale: B

General observations: Erik has no interest in watching sport and instead his only real interaction with sports

apparel is either when at home as a result of comfort wearing clothes i.e. jogging bottoms or when he goes to the gym to train. He is however quite a superficial individual by his own admittance and is interested in looking good.

Johanna J. (Danish)

Sex: Female

Age: 30

Occupation: Social Worker

Interests: Running and gym, socializing with friends. Liberal activist, traveling, learning languages, fashion.

Social economic scale: CI

General observations: Johanna lives in a bohemian part of Copenhagen and regularly wears street wear. Similar to Jonas, she says that she “doesn’t want to wear what everybody else does”. She considers herself an independent person that isn’t flashy.

Lou E. (Korean/Danish)

Sex: Female

Age: 28

Occupation: Financial Controller

Interests: Gym and fitness classes, running, socializing with friends, traveling and reading.

Social economic scale: B

General observations: Lou goes to the Gym to take part in fitness classes at least three times a week and has trained for half-marathons several times. She is the highest earner of the 5 interviewees and admits to liking luxury good, which extends to her sports apparel. While she likes to dress up, street wear is also part of her repertoire outside of work.

11.2 Key Findings from Interviews

- Quality highlighted as a key factor in purchasing decisions and participants found this idea of quality, synonymous with both Adidas and Nike over other brands except some extra players in key categories.
- Asics was held in extremely high regard amongst participants when it came to running shoes specifically however there was a significant drop off with the same brand for other categories.
- Shopping habits were hard segment with such varied responses. The inclination was that participants were happy to buy online if they knew what they wanted and had knowledge of the product such as quality, size and fit. However when fit became more important i.e. running shoes and when the purchase was of something slightly unknown then the preference was in store.

- In store shopping appeared somewhat related to a needs hierarchy, whereby functional products, where consumers had purchased the same or similar products (from the same brand) before, they were happy to buy online, especially if it was cheaper.
- Four from Five participants felt that a brand extension could influence their buying habits, in so much as they would be willing to spend more if they were in favor of the particular extension.

12.0 ANALYSIS OF CONSUMER INTERVIEWS

12.1 Participants and Category Dynamics (product preference)

Based on the participants' responses, there was quite clearly a favorable preference towards 2 brands (Adidas and Nike). Despite this trend, several respondents also stated that a significant factor in their ability to differentiate between products and brands within a given category came down to perceived quality.

An interesting element of the category to category dynamic was that preferences on a brand level were often dependent on the actual category in question, with this opinion regularly underpinned on some level by the perceived quality and expertise invested into the brand within that category. The range of this feeling was relatively broad, moving from (Erik 2.10) whom stated that *“if it looks good and its practical in terms of what I want it to do, I mean if its breathable, its functionality. Shoes, shorts, as long as it does the job.”* and a more common response demonstrated by (Kaspar 16.15) as *“brands kind of create a safety for me because I know, that with Adidas and Nike. They have the same quality. I've never really been disappointed with them, even though I've bought them in a variety of categories.”*

If one brings it down to a practical brand level, which is imperative for the functionality of the research then it was shown on several occasions that preference choice and feelings towards sports apparel brands could vary significantly from category to category. According to (Kaspar 1.05) *“Each product category, it's kind of like its own brand”*, going on to state at (14.38) that *“Asics have been really good at branding their running shoes. I wouldn't buy Asics football or (normal) shoes, so its category specific.”* Using Asics as an example, it was clear that the brand had carved a strong consumer niche for itself amongst the participants as an extremely strong brand within the running shoe category. Jonas, Lou and Johanna echoed this opinion.

On the whole, the primary areas participants shopped in, focused around soccer apparel, including boots, for the boys except Erik whose focus was on gym wear and that worn at home for the purpose of comfort. Outside of soccer, gym wear was also a priority for the male participants whom worked out either lifting

weights or for Cross Fit. Other categories mentioned by the participants were running, basketball and cycling with the latter two being mentioned by one participant only.

For the female participants, product choice was focused around gym wear, mainly for gym classes and for running. Although highlighted also by the males, street wear was touched upon more by the females. In particular trainers and t-shirts from street wear categories. There was a significant focus on Adidas and Nike in all of the above-mentioned categories except specific cases like running, where Asics and Craft both received notable mentions in a positive manner.

12.2 Participants and the retail experience

Participants retail experiences and preferences were rather varied and it proved difficult to draw conclusions from the findings in a manner that might shed light on brand extension preferences and or any meaningful trends in terms of how to implement a brand extension to drive value. All participants highlighted that depending on the product type and not the brand, influenced the likelihood of buying online or in the store and also whether they were likely to purchase while browsing as opposed to a planned purchase. (Kaspar 1.50/5.10) highlighted that ***“when choosing football boots, I would say I prefer the one that fits my foot best”***, going on to say that for shoes in general, “I would prefer to try them on. Because it’s rather important for me how they fit”. However at (5.32) concluding that ***“for t-shirts I wouldn’t mind ordering them online”***.

Both Kaspar & Jonas highlighted that for sports apparel of any nature they would be more inclined to buy online or shop around for the best offer on a similar type of product except that is for trainers where all participants felt it preferable to go in store and purchase. Again, this relates back to the practicality that all participants highlighted as an important factor. However there was a trend shown in the participants comments, that for street wear offered under a sports apparel brand, they would prefer to buy in store whatever the product i.e. t-shirts, shorts, trainers etc.

This was partly because it was highlighted that part of the experience is to feel and touch the clothes, to enjoy the process of shopping for something. (Jonas 6.30) highlights this by stating that ***“from normal clothes to street wear, I might be more likely to walk around and buy straight away, however with sports apparel I know I need this stuff so its never an impulse, I always research and see what is best”***. One is able to argue from this differentiation that a participants feeling of ‘desire and or require’ influences how they might feel about the purchasing of the product. (Johanna 5.21) epitomizes this difference between online and in store by stating ***“Usually I like to go and try it on in stores. Not for any specific reason but I think, because I like to feel the clothes and having them in my hands and seeing the real size”***.

Leading back to the lack of consistency in participants answers, one can see Johanna J answered very differently from Jonas H. Where Jonas H felt very strongly that sports apparel could be bought online but he was more likely to purchase street wear in person when browsing. (Johanna 5.58) instead states that *“actually I bought a lot, maybe not a lot but some street wear online. But I never bought sports clothes online”*.

The male participants all seemed to suggest that on the whole their tastes had not changed much, except to say that they like some things that are in the shops. However the category where they were purchasing products had not drastically changed over the years. Primarily soccer related apparel was a common thread, along with gym wear and some individual traits such as basketball and cycling for Jonas.

Both girls however indicated that their tastes had changed drastically. Interestingly, (Johanna 3.25/9.29) mention that her preferences had stemmed from her favourable outlook towards certain brands from the street wear categories. She said that *“I like to wear sports clothes that I think looks good, when a brand like Nike is making a lot of street wear and a lot of trainers which I like, then I think this effects me when I buy just for sports. I would prefer to buy a brand that I know is maybe also making street wear”*. She goes on to highlight that she started to run 4 years ago and her preference of street wear brands, in particular Nike, Adidas and New Balance had influenced her choices for running apparel.

12.2.1 Own-Brand Vs Multi-Brand

There was regular attention paid towards the differences between own-brand and multi-brand stores. Several of the participants, including Erik, Jonas and Lou indicated that they didn't have a preference either way, or perhaps slightly leaned towards multi-brand stores, usually due to a perception of greater choice. (Erik 7.48/8.30) argued that this was because he wasn't really interested in the brand necessarily, but it was easier for him to get the three things important to him, that being **price, functionality and looks**.

Despite this notion, participants would regularly contradict themselves by highlighting the important of quality, the shopping experience and vehemently stating what they didn't like in brands. (Erik 7.05) had only just stated that *“I don't like very cheap brands, like Umbro”*. Along with this feeling expressed by Erik both Kaspar and Johanna indicated that the own-brand store was designed as marketing tool and was often where you can find the new products first.

It was clear that participants' felt the experience of an own-brand store was preferable as a shopping destination however amongst the male participants in particular, they seemed reluctant to admit that they choose this over alternatives. This may be because of the stigma or stereotype that men don't like to shop.

All participants except Erik felt that their opinion could be swayed in store but the males were again reluctant to say that this change might stem from a brand ambassador or some kind of image altering extension. Despite this, Kaspar and Jonas both immediately began to talk about brand ambassadors that are athletes themselves and confirmed that if they used certain brands or products, then this in itself was confirmation to them that it must be good.

The female participants on the other hand admitted that shopping in an own brand store was a good experience as you saw what the latest collections were of some of the new extensions. They were conscious of this, despite then saying, they would be unlikely to immediately spend more on these ranges, instead looking for something in a similar style from the same brand. When pushed further they said it could well be then and there in the store, or they might go away and research online to find something similar.

12.3 Category Roles

When looking at the category roles, several of the participants vocalized that they were unsure about any categories being assigned roles. Instead, many suggested that they had preferences and they liked what they liked, irrelevant as to the category status from a commercial standpoint. This might partly be as a result of weakness by the interviewer and or the phrasing of the questions.

For both Johanna and Lou, gym and running apparel was a key category along with running trainers. (Johanna 10.55) emphasized that she was a big fan of brand extensions, although primarily within the street wear category as opposed to sports. Stating that ***“I think of course I would prefer brand extensions with street wear because, I mean, sports wear, for me it doesn’t need to be that fashionable, just functional”***.

While one cannot determine that all category role findings are definitively applicable from this study, there was also definite evidence that street wear posed an opportunity for incremental growth. (Johanna 12.05/12.36) went on to imply that she would be more likely to use more money on street wear than normal sports clothes. Lastly stating that ***“if I saw something that I really thought looked cool, then I would maybe do that. Yes, I would spend more”***.

Considering the purest definition of category roles, one can deduce a different outlook based on the interviews conducted. The evidence suggests that across a vast majority of categories, there exists a consumer group, which fits that specific category at a premium, medium and low point. Within those areas, each point is aimed at different consumers dependent on preference.

Both Jonas & Johanna illustrate this by stating that within running they want functional products that are quality, both highlighting, as did the other participants, Adidas and Nike as premium brands within a variety of categories. When pushed further however, they identified brands such Asics and Craft as premium brands

within running, this feeling was summed up by (Lou 3.40) as she stated that **“Nike trainers are for wearing but not running, I would look at them for maybe street wear”**. A similar logic was applied by several participants regarding Adidas whereby they assigned a high role to Adidas Originals for street wear, however, despite Adidas advertising a clear divide between the originals and performance, the participants still leaned favorably towards more bespoke brands for running trainers such as Asics.

Of particular interest is that participants’ indicators about category roles, such as desirability and willingness to pay more or less were, according to Lou, Johanna, Jonas and Kaspar influenced by potential brand extensions. All highlighted that while it might take time, they would likely look more favorably upon some brands if there was some kind of extension or collaboration which they felt was unique in some way and had some kind of fit between both parties. Ultimately these findings indicate that participants’ favorability would be altered as a result of a potential brand extension, thus shifting brand preference within the category.

12.4 Consumer Brand Knowledge

The findings indicate that all participants except that of Erik had a relatively active involvement in sports apparel purchasing. Despite this, outside of the big 2 (Adidas & Nike) participants knowledge was limited and at times misleading in terms of brand identity. For example, Erik, Jonas and Lou identified brand ambassadors incorrectly either by name or with the brand they are associated with.

One might draw from this, consumer apathy with the exposure of the brands or perhaps that because they were not avid consumers of sports apparel that their knowledge was typical of the sub-culture that the participants fit in to. The interviewer notes that of particular surprise, Kaspar and Jonas, both sports enthusiasts, did not have more in depth and broader knowledge of the brands. For example Kaspar mentioned that he thought Nike had dropped Tiger Woods, which is incorrect.

Johanna, Jonas, Kaspar and Lou all highlighted Adidas first in terms of their most knowledgeable brand, all focusing on the organizations history and heritage involving Adi Dassler, with (Johanna 4.21) stating that Originals in particular reminded her of the 80’s and 90’s which she thought was special and **“those three stripes just remind me of my childhood”**.

Outside of Nike and Adidas, participants’ brand knowledge included a clear divide. For the male participants, brands such as Under Armour, Reebok, Umbro and Puma were all consciously mentioned without prompt, whereas the female participants immediately went to brands with arguably more of a street wear feel such as New Balance or bespoke running and gym brands like Asics and Craft. What was apparent however was that outside of the big two, participants knowledge of brands was extremely limited. Lou was

able to highlight that Puma was also from Germany however she was the only one, while Jonas associated the Puma brand with Africa due to their sponsorship of African football teams.

Hummel as a local brand of Denmark was also identified in terms of its national identity however participants offered little more except to mention that it had a retro feel.

What was apparent was that much of the parent brand knowledge was indicative of low involvement learning, especially from those participants that were active in watching sport. In this sense, there certainly appeared to be a form of sub-culture for the football fans (Kaspar and Jonas) as they were well aware of the type of football teams and players that brands were choosing to sponsor. The reassuring this for Adidas was that their opinion fitted with what Jose had mentioned about being a more conservative brand. Jonas in particular was a fan of this over Nike, which he described as sponsoring more *flashy* players.

Certainly the female participants identified the brand qualities more with the non-sporting brand extensions. The most prevalent example would be Stella McCartney range offered by Adidas, which was particularly identifiable for them when asked about Adidas' identity.

12.5 Consumer Sources of Information

Consumer sources of information, were mainly via media such as online banner-advertising, television, word-of-mouth and within fitness centers' via other peoples' preferences. All of these were not significantly surprising however both Jonas and Kaspar of the males and Johanna of the females mentioned that they also use online blogs and Facebook groups such as "*sneaker groups*" (Kaspar 3.55), where the major input of information is not via paid content but from fellow consumers.

Both Kaspar and Jonas also mentioned that, as fans of playing football, they sought player endorsement as a form of reliable information. Jonas highlighted that as you see players wearing certain items and brands, then you really are only looking for the price after that, as you trust that if star players are wearing it then it must be ok. He claimed he was far more likely to be more active in his information finding when it came to 'non-celebritized' sports such as running and cycling. Kaspar stated that somehow, with these other sports you want to feel like the player by wearing what they wear. One might argue this in itself that this is a form of information source as it is self-perpetuating to see others wearing specific brands.

Interestingly a factor for Kaspar with regards to Reebok, was that he was a fan of watching NFL, stating "*maybe just reebok for the NFL, they have actually helped my view on Reebok*". Interestingly it was also Erik that mentioned a non-sporting televised commercial, which included sports stars (Kobe Bryant and

Lionel Messi). As the individual least interested in watching sports, this was evidence of the ambassador cross over with brands.

Of the interviewees, Erik was a particularly challenging consumer of sports apparel, both for the study but also one can imagine in terms of the segmentation strategy in order to meet his needs and communicate brand qualities with him. As somebody who would primarily go and window shop, he was adamant that he had no interest in brand extensions, reiterating several times that his three criteria were quality, price and if it looks good.

An interesting perspective in information seeking however might be to consider that for somebody fitting Erik's profile, who clearly wasn't against spending money on sports apparel outside of the sales period. If the scenario was that he was out shopping and saw what was being promoted by the sports apparel brands (multi & own brand stores), along with noticing what other consumers were wearing, then there is scope to say that statement pieces that stand out and promote the brand on a brand level as opposed to category level. From this he has not changed what category he intended to purchase from, say for example gym gear. However his preference of brand may have been strengthened in an incremental fashion through the low involvement learning he has demonstrated by acknowledging the brands in the window along with what other people (those demonstrating high involvement learning within sports apparel) are wearing.

12.6 Consumers feelings about reflection on the primary brand(s)

As already highlighted, Nike and Adidas were overwhelmingly the two brands participants all mentioned but importantly they were also the two brands that were looked upon favorably on some level across categories. (Lou 4.06) stated that *"I am sometimes interested in looking at other categories and normally if I like a brand in one, then I would buy them in another category"*. She then highlighted running as an example where she purchased these two brands for the pure apparel, along with Asics for trainers. Her preference for Nike and Adidas however was based on her pre-existing favoritism for the brand from a historical and street wear perspective.

The strength of Asics in running shoes was a real surprise as all participants except Erik highlighted them as the best running shoe, using words like **specialized, professional, quality and knowledge**. The impression was that Asics was carving a market position for themselves as a bespoke running trainer for runners by runners. This was despite any real brand endorsement or Scandinavian media campaigns. All participants indicated that they were aware of the shoe as the best running shoe brand based on seeing others using the shoe rather than campaigns.

As an indication of how close the Asics brands is to running specifically, (Johanna 6.08) said that it was ***“a more specialized shoe, good quality running shoe, but I wouldn’t buy any clothes from them”***.

So while the paper intends to look at reflections on primary brands, it is perhaps pertinent that with some of the less well-known brands, one might want to ask instead how *would* participants feel it reflects on the primary brand with a brand extension.

Looking at Adidas and Nike, a clear thread amongst participants was that that they communicate to all consumers across categories, with (Kaspar 2.50) emphasizing this point ***“Adidas is the mother brand, obviously they affect my opinion of the brands they have in their different categories”***.

Despite this acknowledgement that the big two were across all categories, at varying taste points, preferred. Several participants felt strongly that a brand extension might work negatively against the primary brand. (Kaspar 23.15) immediately highlighted a collaboration he thought he saw between Porsche and Adidas, citing that it was ***“a really bad strategy for Adidas to do that because in my view, the motor sport industry, it’s a bit nerdy”***.

Despite this acceptance that brand extensions do have the propensity to cause a negative feeling towards the primary brand, there was also circumstances whereby participants felt it *could* have a negative impact. Both Kaspar & Jonas highlighted the Tiger Woods scandal as such an example, whereby both said it could impact badly on Nike however it did not for them in anyway. Interestingly however, as already highlighted, Kaspar did believe that Nike had ceased their partnership with him, which is not the case.

Other associations highlighted were the Air Jordan brand extension by Jonas, which he looked favourably upon and indicated that it reinforced his liking of Nike, although also pointed out that to him it felt like a brand that was now almost separate from Nike. Jonas went on to explain that the fit between Michael Jordan and Nike was so perfect and had existed since he was a boy, that it just felt right. This would be an indication that once again, perceived fit clearly plays a part in the success of a brand extension.

Except Erik who lacked any real knowledge about brand extensions and implied that it didn’t impact upon his decision making at all. The primary reasons all participants highlighted about negative brand extensions was this notion that if there was no match between either the brand and the vehicle of the extension i.e. an ambassador, designer, or even the category itself and the primary brand. If this match was poor then the feeling was that not only would it be a failure in its own right but also reflect badly on the primary brand.

Both the female participants felt particularly strongly about this, and it was visible in their motion and attention to the question that they were acutely aware of the extensions within the relevant categories to

them. (Johanna 18.22/19.59) felt very strongly about this, citing the Rita Ora extension with Adidas. She states *“I think it’s a really cool idea. The thing I like about it, when you mix up like, street wear and some kind of fashion idea. It creates something alternative, that you don’t see everyday”*. However, Johanna was eager to point out that it was very much dependent on the mechanics of the extension. As an example she mentioned singer and actress Miley Cyrus as someone that she would not like to see as the vehicle for a brand extension. When quizzed why, (Johanna 18.22) highlighted that *“she is kind of like a teen idol, it has to be someone who I think is cool and that I admire creatively”*.

Another significant finding concerned Adidas and their brand extension with designer Stella McCartney. (Lou 13.41) said *“I love the extension with Stella McCartney. I think it is really cool and made the brand more modern and stylish in my eyes. It has a more premium feel”*. When quizzed further, interestingly Lou had never bought any clothing under this brand extension but had bought several pieces under the normal Adidas 3 stripes for gym wear. She felt that her impression of the Stella McCartney line had improved her impression of the entire brand. This coincided with Johanna’s feeling about Adidas on the back of the Rita Ora extension, despite also not buying anything from that line, which was quite revealing.

12.6.1 Consumer feelings towards Adidas

The overall consensus on Adidas was a positive one. All the participants felt that they, along with Nike were their favorite sports apparel brand with a difference between the two often tit-for-tat, however this was not revealing in any manner. As already highlighted previously in the paper, both these brands have been cited as global market leaders and there is no evidence to suggest that this is not the case within the Scandinavian market either.

However, if one reflects on the research questions and the actual objective, then certainly it is revealing that Adidas was regularly associated with words such as **Heritage, quality and cool**. While the paper has discussed the notion of category captain and category roles, our participants seemed to indicate that the categories relevant to them, which were rather broad, all included Adidas at a premium level, a standard performance level and on a functional level. If one reflects on the strategy identified within the case study of using statement pieces with brand extensions as a vehicle, then certainly based on the participants’ comments, this is effective, especially as a trickle down strategy for generating category value.

Along with a strategy, which appears to confirm that category growth can be achieved by brand extension, if perhaps indirectly rather than direct product related sales, then the findings based on the studies participants is a positive one for Adidas. When asked if they preferred Adidas more than 5 years ago, all by Erik

confirmed they did, while Erik stated that he was indifferent. Given that there was a clear trend demonstrating that brand extensions across category were beneficial for the Adidas brand, then the outcome was a positive one for Adidas.

13.0 Conclusion

On the whole the researcher was able to gather information that shed light on the feelings about the sports apparel industry as a whole and consumers feelings about brand extensions on a category-to-category basis. These findings were underpinned by sound theoretical logic. Although there are limitations in the scope of the study, the international perspective is met by both the nationality of the participants and the mitigation of a Scandinavian scope, despite the participants' only living in Denmark. Certainly in order to further the study, one might wish to perform the same process in other Scandinavian cities and look to compare and contrast the results.

The participants were all from middle-class backgrounds and were in work. There was no visible or vocalized reason one might need to consider their answers invalid in so much as they might be holding some form of over bearing bias.

It is evident that consumer and shopper behavior, lifestyle, values and beliefs do play a part in the participants receptiveness to brand extensions. Despite the ambiguous nature of shopper preference, it is apparent that they were willing to shop around online and in person, in own-brand stores or multiband. For this reason it appears correct that Adidas should continue to strengthen their relationship with retailers, while embracing the recently developed popularity of own brand stores. What is apparent however, is that Adidas recognizes, based on the interviews performed with Jose and Lauren, that the importance of maintaining this strong relationship in order to apply pressure to the retailers' enables them to potentially influence category management objectives from Adidas' perspective.

It was apparent that consumers do have a predisposition for certain brands, in particular Adidas and Nike. Interestingly it appeared that this stretched across a variety of categories and stemmed from low-involvement learning through years of exposure and, one might say enjoyment. These usually referred to scenarios where both brands have been present. This could be sporting activity, fashion as teenagers, watching sport and so on. From a high involvement perspective it was interesting to note that even with the belief from some participants, that brand extensions were not a huge part of their purchase behavior, it still played a part eventually due to the logic identified by Jose whereby a statement piece within some extensions is designed to trickle down to the lines considered less premium.

Despite some participants showing indifference to the concept of brand extensions, there was still scope for these extensions to impact negatively on the consumers' perception of the brand. Therefore one can argue that perceived fit is clearly something Adidas has to be conscious of, especially when implementing a global brand in to geographic areas with particular sub-cultures such as those in the Scandinavian market. Consumers certainly felt that sports apparel brands had a place across categories and in to street wear, however it is important to emphasize that the interviews revealed that there was certainly a clear divide between the types of product brought from category to category.

Indications were that those consumers particularly interested in fashion were more likely to be influenced directly by brand extensions and the feedback was that this might improve or strengthen consumer preference for the parent brand as well as that particular extension. As a result it appears consumers would be willing to spend more on certain categories, as opposed to buy more regularly or to really attract entirely new consumers.

However, one element to note with caution was that several participants mentioned brands like H&M in the same context as sports apparel. This is an indication that brands not normally associated with the sports apparel market are trying to enter and take chunks of market share. As a result, those actual sports apparel brands must choose carefully where to invest in extensions, if the impact will not benefit that category, due to price points and functionality being the most important factors. Considering this, Jose could be deemed correct when mentioning that brand extensions will usually focus around a premium area of a particular category.

As modern, intelligent consumers whom demonstrated skepticism and apathy about brand communication on many levels, it is apparent that certain demographics prefer to search for brand information from untypical sources and those that embraced new trends and actively search out developments within the industry. Which means that brands must be prepared to continually add edgy developments to their brand identity, which reflect lifestyle trends and values. If they fail to do this then core market qualities will remain and they will continue to cater to basic sports apparel needs but not more than that.

14.0 Managerial and Industry Implications

On the whole, brand extensions have been an excellent tool for Adidas and allowed them to evolve their parent brand, while still developing market penetration arguably not possible without the use of said extensions. However they must continue to exercise caution and avoid losing their way with brand extensions that while hitting certain consumer demographics, by purely existing, damage other categories

with a far higher *category role* than the extensions aim. It is apparent that Adidas had *their fingers burnt* with this strategy in the past and venturing in to motor sport brand collaborations as a way to penetrate street wear, proved an incorrect strategy in the long run.

The Scandinavian market is a market, which includes young, fashion conscious consumers with the capacity to spend on brands within a variety of categories. It is a market where quality is valued and individual consumers want to meet function with fashion at every level. The threat is now emerging from lower priced non-sporting rivals such as H&M, Gina Tricot and Vera Moda, particularly in the female sector. This is opposed to other purely sports apparel brands like Puma, Reebok and Umbro whom, based on the participants feedback, have suffered terribly in terms of brand equity. As a result of this, outside of some key niche brands in niche categories, Adidas is still very much in a 2 horse race with Nike. Adidas should embrace and continue to pull away, using brand extensions as a tool to develop brand equity across categories and tailor their bespoke campaigns to ensure they account for Scandinavian trends.

This last point is particularly relevant as Adidas is evidently thought of very highly in Northern Europe, perhaps partly because of the Germanic locality and similarity in consumer profiles. On the backend of this brand extension strategy, Adidas must match this effort and bespoke activation with their multi-brand retailer account management. Their objective must be to continually demonstrate to retailers that they are investing heavily in extensions designed to drive up unit value, as well as the broader sport specific extensions with brand ambassador associations like Lionel Messi and Derrick Rose.

15.0 REFERENCES

- Aaker, D.A. (1996) "Building Strong Brands" New York: Free Press
- Aaker, D.A. & Keller, K.L. (1990) "Consumption Evaluations of Brand Extensions" *Journal of Marketing* 54(1) 27
- Ambler, T. & Styles, C. (1997) "Brand Development versus new product development: Towards a process model of extension decisions" *Journal of Product and Brand Management* 6(4)
- Arnould, E.J., Price, L. & Zinkhan, G.M. (2002) "Consumers" New York: McGraw-Hill
- Barone, M.J., Miniard, P.W. & Romeo, J.B. (2000) "The Influence of Positive Mood on Brand Extension Evaluations" *Journal of Consumer Research* 26(4) 386
- Beane, T.P. & Ennis, D.M. (1987) "Market Segmentation: A Review" *European Journal of Marketing Vol.21 Issue 5 pp.20-42*
- Bae, S. & Miller, J. (2009) "Consumer decision-making styles for sport apparel: Gender comparisons between college consumers" *Journal of Research* 4.1 (2009): 40-45.
- Blumberg et al. (2011) "Business Research Methods 3rd Ed." Berkshire: McGraw-Hill
- Boush, D.M & Loken, B. (1991) "A Process-tracing Study of Brand Extension Evaluation" *Journal of Marketing Research Issue.28 pp.16-28*
- Czellar, S. (2003) "Consumer attitude towards brand extensions: an integrative model and research propositions" *International Journal of Research in Marketing* 20(1) 97
- Dacin, P.A. & Smith, D.C. (1994) "The Effect of Brand Portfolio Characteristics on Consumer Evaluations of Brand Extensions" *Journal of Marketing Research Vol.31 No.2*
- Denzin, N. (1984) "The Research Act" Englewood Cliffs NJ: Prentice Hall.
- Dibb, S. (2001) "New Millennium, New Segments: Moving Towards the Segment of One?" *Journal of Strategic Marketing Vol.9 Issue.3*
- Dibb, S. (2010) "Judging Quality of Customer Segments: Segmentation Effectiveness" *Journal of Strategic Marketing Vol.18 Issue.2 2010*
- Douglas, S.P et al. (2001) "Integrating Branding Strategy across Markets: Building International Brand Architecture" *Journal of International Marketing Vol. 9 No. 2 (2001) pp. 97-114*
- East, R. et al. (2013) "Consumer Behaviour: Applications in Marketing" London: Sage Publications

- Goyat, S. (2011) "The Basis of Market Segmentation: A Critical Review of Literature" *European Journal of Business & Management. Vol. 3 No.9*
- Gould, S.J. (1997) "An Interpretive Study of Purposeful, Mood Self-regulating Consumption" *Psychology & Marketing, July 1997 pp.395-426*
- Grime, I. et al. (2002) "Consumer Evaluations of Extensions and their effect on the Core Brand: Key issues and Research Propositions" *European Journal of Marketing 36(11/12) pp.1415*
- Gunter, B. & Furnham, A. (1992) "Consumer Profiles: An Introduction to Psychographics" London: Routledge
- Hawkins, I. et al. (2004) "Consumer Behaviour: Building Market Strategy 9th Ed." New York: McGraw-Hill
- Keller, K.L. (1993) "Conceptualizing, Measuring and Managing Customer-Based Brand Equity" *Journal of Marketing Vol.57 Jan pp.1-22*
- Keller, K.L. (2002) "Brand Synthesis: Multidimensionality of Brand Knowledge" *Journal of Consumer Research Vol.29 pp.595 Journal of consumer research Inc.*
- King, N. & Horrocks, C. (2012) "Interviews in Qualitative Research" Sage Publications Ltd.: London
- Kotler, P. & Armstrong, G. (2009) "Principles of Marketing" Pearson Education: New York
- Lawson, R. & Todd, L. (2002) "Consumer lifestyles: A social stratification perspective" *Marketing Theory, 2(3), pp. 295-307.*
- Leo, P.Y. & Philippe, J. (2002) "Retail Centres: Location and Customer Satisfaction" *Service Industries Journal 22 (1) pp.122-146*
- Lipsey, R.A. (2006) "The Sporting Goods Industry: History, Practices and Products" McFarland: New York
- Marschan-Piekkari, R. & Welch, C. (2004) "Handbook of Qualitative Research methods for International Business" Edward Elgar publishing Inc: Northampton
- Martinez, S.E & Pina, P.J. (2009) "Modelling the Brand Extensions' influence on Brand Image" *Journal of Business Research Vol.62 (1) pp.50-60*
- McDonald, M. & Dunbar, I. (1995) "Market Segmentation: How to do it & How to Profit from it 4th Ed" John Wiley & Sons: Chichester
- Mowen, J.C. & Minor, M. (1998) "Consumer Behavior" Prentice-Hall: New Jersey
- Papadimitriou, D. et al. (2004) "The Role of Perceived Fit in Fans' Evaluation of Sports Brand Extensions" *International Journal of Sports Marketing & Sponsorship Vol.6 Issue.1*

- Peter, J.P. & Olsen, J.C. (1996) "Understanding Consumer Behavior" Irwin: Ontario
- Quinn, L. (2009). "Market segmentation in managerial practice: a qualitative examination" *Journal of Marketing Management*, 25 (3-4), 253–272.
- Rudestam, K.E. & Newton, R.R. (1992) "Surviving your Dissertation" Sage Publications: New York
- Schiffman, L. et al. (2007) "Consumer Behavior: A European Outlook" Pearson Education: London
- Sengupta, S. (2005) "Brand Positioning" Tata McGraw-Hill Education: India
- Silverman (2010) "Qualitative Research 3rd Ed." Sage Publications: California
- Simonin, B.L. & Ruth, J.A. (1998) "Is a Company Known by the Company it Keeps? Assessing the Spillover Effects of Brand Alliances on Consumer Brand Attitudes" *Journal of Marketing Research Vol.35 No.1 February*.
- Smart, B. (2007) "Not Playing Around: Global Capitalism, Modern Sport and Consumer Culture" *Global Network Volume 7. Issue 2, Pg. 113-134*
- Yankelovich, D. & Meer, D. (2006) "Rediscovering Market Segmentation" *Harvard Business Review Vol. 84 Issue 2, pp.122-131*
- Yin, R.K. (2009) "Case Study Research: Design and Methods" Sage Publications: New York
- Walsh, P. et al. (2014) "Team Brand Extension or licensed Product? Examining Consumer Awareness of Two Distinct Brand Strategies" *Sport, Business and Management: An international Journal Vol.4 Iss.2*.
- Wedel, M. & Kamakura, W. (2000) "Market Segmentation: Conceptual and Methodological Foundations 2nd Ed." Kluwer Academic Publishers: Massachusetts
- Weinstein, A. (1994) "Market Segmentation: Using Demographics, Psychographics, and other Niche Marketing Techniques to Predict and model Customers Behavior" Probus Publishing: New York
- Wiedmann, K. et al. (2007) "Measuring Luxury consumer perception: A cross-culture framework" *Academy of Marketing Science review 2007(7)*
- Wind, Y (1978) "Issues and Advances in Segmentation Research" *Journal of Marketing Research Vol.15 No.3 Aug 1978*
- Zhang, S. & Sood, S. (2002) "'Deep' & 'Surface' Cues: Brand Extension Evaluations by Children & Adults" *Journal of Consumer Research 29(1) pp.129*

Online Sources

Aaker, D. (2012) “Ten Routes to a successful Brand Extension” Accessed 30.03.2014 < <http://www.prophet.com/blog/aakeronbrands/83-ten-routes-to-a-successful-brand-extension> >

“Adidas Group. Global Brands Strategy” Accessed online 31.02.2014 < <http://www.adidas-group.com/en/investors/strategy/global-brands-strategy/#/adidas-strategic-positioning/> >

“Adidas Group History” accessed online 22.06.2014 < <http://www.adidas-group.com/en/group/history/> >

Anderson, M. (2013) “Fit Chic: Gym clothes became fashionable” Accessed 24.02.2014 < <http://finance.yahoo.com/news/fit-chic-gym-clothes-became-143320988.html> >

Anon (2007) UK: “Sports Direct Completes Everlast Acquisition Just-Style” Accessed 05.11.2013 < http://www.just-style.com/news/sports-direct-completes-everlast-acquisition_id98592.aspx >

Anzalone, C. (n.d) “Line Extension Vs. Brand Extension” Accessed 02.01.2014 < <http://smallbusiness.chron.com/line-extension-vs-brand-extension-36797.html> >

Barrie, L. (2014) “China: Adidas introduces new stadium retail concept” Accessed 04.08.2014 < http://www.just-style.com/news/adidas-introduces-new-stadium-retail-concept_id120822.aspx >

Brettman, A. (2013) “Nike, Adidas, Lululemon see workout gear sales soar in fashion trend” Accessed 24.02.2014 < http://www.oregonlive.com/playbooks-profits/index.ssf/2013/11/nike_adidas_see_workout_gear_s.html >

Chaney, C. (2013) “Tiger Woods’ Nike Extension Another Piece in the Brands Rise to the Top of Golf” Accessed 24.02.2014 < <http://sports.yahoo.com/news/tiger-woods-nike-extension-another-piece-brand-rise-183100160.html> >

Chapman, M. (2012) “Nike Sells Umbro for £139m to Iconix Brand Group Marketing Magazine” Accessed 05.11.2013 < <http://www.marketingmagazine.co.uk/article/1156636/nike-sells-umbro-139m-iconix-brand-group> >

Chiu, A. (2014) “Diversifying the Portfolio: Adidas invests Heavily into Lifestyle” Accessed 20.05.2014 < <http://hypebeast.com/2014/4/diversifying-the-portfolio-adidas-invests-heavily-into-lifestyle> >

Crist, D. (2013) “Nike and Adidas: Different Strategies for telling their brand stories” Accessed 31.02.2014 < <http://www.siegelgale.com/blog/nike-and-adidas-different-strategies-for-telling-their-brand-stories/> >

Davi, C.R. (2012) “Adidas Insiders: Pure Consumer Engagement and Insight” Accessed 20.09.2014 < <http://blog.adidas-group.com/2012/04/adidas-insiders-pure-consumer-engagement-and-insights/> >

- Finn, D. W. (1983) "Low-Involvement Isn't Low-Involving- *Association for Consumer Research*" Accessed 18.11.2013 < <http://www.acrwebsite.org/search/view-conference-proceedings.aspx?Id=6153> >
- Goldfingle, G. (2013) "Analysis: Retailers and brands race to win JJB Sportswear market. Retail Week" Accessed 09.11.2013 < <http://www.retail-week.com/analysis-retailers-and-brands-race-to-win-jjbs-sportswear-market/5052310.article> >
- "Group Management Report/Group Strategy (2011)" Accessed online 22.08.2014 < http://www.adidas-group.com/media/filer_public/2013/07/31/lb_2011_en_1.pdf >
- "Global Brand Strategy (n.d)" Accessed 31.03.2014 < <http://www.adidas-group.com/en/investors/strategy/global-brands-strategy/> >
- Hu, H. Z. L. (2013) "Adidas Flagship Store" Accessed: 31.03.2014 < http://www.timeoutshanghai.com/venue/Shops_Services-Shops_Services-Shops_Services-Outdoor_Gear/5485/Adidas-flagship-store.html >
- Klara, R. (2014) "The Best Brand Extensions of 2013 Connecting with Consumers in a Meaningful Way" Accessed 31.03.2014 < <http://www.adweek.com/news-gallery/best-brand-extensions-2013-154948#adidas-micoach-training-watch-8> >
- Kilmartin, C. (2012) "Insight into Adidas' new All In campaign – We all run!" Accessed 06.10.2014 < <http://blog.adidas-group.com/2012/03/insights-into-adidas%E2%80%99-new-all-in-campaign-we-all-run/> >
- Krishnan, H Shanker. (n.d) "Evaluating Extensions of an Established Brand: Fit with the Brand or Fit with the Product?" Accessed 09.12.13 < <http://www.acrwebsite.org/web/acr-content/814/evaluating-extensions-of-an-established-brand-fit-with-the-brand-or-fit-with-a-product.aspx> >
- Ram, V. (2007) "Goal! Nike Buys Umbro" Forbes Magazine- Accessed 05.11.2013 < http://www.forbes.com/2007/10/23/umbro-nike-closer-markets-equity-cx_ml_1023markets42.html >
- Ricadela, A. (2014) "Adidas First-quarter Profit Drop Shows Concerns beyond World Cup" Accessed 03.06.2014 < <http://www.bloomberg.com/news/2014-05-06/adidas-profit-misses-estimates-amid-currency-swings-golf-drop.html> >
- Ross, B. (2010) "The Manufacturers Role in Shopper-Centric Category Management" Accessed 14.04.2014 < <http://www.retailcustomerexperience.com/article/127141/The-manufacturer-s-role-in-shopper-centric-category-management> >
- Silverstein, B. (2009) "Brand Extensions: Risks and Rewards" Accessed on 02.01.2014 < http://www.brandchannel.com/features_effect.asp?pf_id=457 >
- Townsend, M. & Pattern, L. (2012) "Iconix Brand Buys Nike's Umbro Soccer Unit for \$225 million Bloomberg" Accessed 05.11.2013 < <http://www.bloomberg.com/news/2012-10-24/iconix-brand-buys-nike-s-umbro-soccer-unit-for-225-million-1-.html> >

Transparency Market Research (2013) "Sport & Fitness Clothing Market - Global Industry Analysis, size, share, growth, trends and forecast 2013-2019" Accessed on 15.07.2014 < <http://www.transparencymarketresearch.com/sports-fitness-clothing-market.html> >

Von Der Heydt, A. (2013) "How Puma Can Compete With Adidas and Nike" Accessed 24.02.2014 < <http://www.linkedin.com/today/post/article/20131112110118-175081329-how-puma-can-compete-with-adidas-and-nike> >

Whiteaker, J. (2011) "Winners and losers in the sports retail sector Retail Gazette" accessed 09.11.2013 < <http://www.retailgazette.co.uk/articles/02040-winners-and-losers-in-the-sports-retail-sector> >

Wisniewski, K. (2012) "Jeremy Lin shows Marketers Emotional attachment to brand still alive" Accessed 24.02.2014 < <http://www.execdigital.com/sports/sports/jeremy-lin-shows-marketers-emotional-attachment-to-brand-still-alive> >

Wood, A. (2014) "The Nike Monopoly in Sport" Accessed 14.04.2014 < <http://backpagefootball.com/the-nike-monopoly-in-sport/71111/> >

15.1 Appendix

Appendix 1 - Questions

- 1- If the products within a given category are related on some or many levels, does differentiation impact upon Adidas brand performance and in what way?
- 2- Does a decision made about one brand in a category, impact upon rival brands within the same category?
- 3- Does a decision within a given sports apparel category about Adidas or an Adidas brand extension, impact upon the Adidas brand in other categories?
- 4- Does successful implementation of an Adidas brand-extension, in part, depend upon the nature of where consumers are interacting with entire category i.e. discount sporting goods store compared to own-brand flagship store?
- 5- Does existing consumer emotion concerning both Adidas and external competitors within a given category, impact upon the success of a brand extension launched by Adidas in the same category?
- 6- How influential is consumer feedback in designating a category role and how are significant roles managed by Adidas in terms of brand extensions?
- 7- Is the role a category is given, indicative of the likelihood Adidas will favour introducing a brand extension?
- 8- Using brand extensions as a strategic opportunity, must not overtly damage consumer knowledge towards the existing Adidas brand, what factors might secure or jeopardize this?
- 9- Are the factors identified in step six (category assortment, pricing, promotion, merchandising and supply-chain management) used in a different manner to manage a category extension, in comparison the primary Adidas brand? X
- 10- How does Adidas' processes change when selling through retail partners, in comparison to their own stores'? X
- 11- Where do consumers look for information regarding variety within a specific category of interest, which includes Adidas?
- 12- What is Adidas' approach to category management from a commercial perspective and does this approach differ when changing categories or dealing with specific brand extensions? X
- 13- What is the motivation for Adidas to develop own brand stores and is it a reflection of consumer trends that they actively encourage?
- 14- Do consumers view any sports brands as premium brands and if so, in what context? If yes/no Adidas then why?
- 15- Do consumers classify all products within those brands (if any) as premium, where does the difference arise? How does this relate to Adidas, when looking at it from a category-to-category perspective?
- 16- How Conscious of Perceived Fit are Adidas when looking at strategic implementation of a brand extension?

- 17- Do consumers reinforce the belief underlying perceived Fit and how do they process this concept?
- 18- Of the external influences, to what extent do these play a role in the consumers understanding and feelings towards brand extensions within the sports apparel industry?
- 19- How do these external influences manifest themselves when considering the parent brand i.e. Adidas?
- 20- How have external influences impacted upon consumer preferences involving the Adidas brand over time?
- 21- How does Adidas manage these external influences when implementing a brand extension? X
- 22- How does low and high-involvement learning manifest itself in consumer activity?
- 23- How active are consumers in seeking out information about brands and brand extensions within the sports apparel industry and specifically from Adidas, how does this relate to both feelings towards the brand and purchasing behaviour?
- 24- How likely is a consumer to change their mind about a brand extension during the process of high involvement learning?
- 25- How likely is a consumer to change their mind about a brand extension while actively shopping within a given category?
- 26- Do consumers seek knowledge about brands within the industry on a regular basis and how does this manifest itself? (i.e. online, magazines, in-store, which brands etc.) How does this apply to Adidas?
- 27- How do consumers describe the personality of brands within the sports apparel industry?
28. How do consumers describe the personality of the Adidas brand?
- 29 -How does Adidas view its own brand personality? (described in case study)
- 30- What categories do consumers' have the most interest in when actively seeking information about sports apparel?
- 31- Are consumers' consciously influenced by varying channels (internally and externally), depending on the category?
- 32- How do consumers feel about the Adidas brand and why?
- 33- What was the last product a consumer purchased that would constitute part of the sports apparel industry?
- 34-What was the last Adidas product a consumer purchased from within the sports apparel industry? What categories do these purchases relate to?
- 35- How have consumers shopping habits towards sports apparel changed, when it comes to actual shopping behaviour? i.e places to shop?
- 36- How have consumers' tastes changed within the sports apparel industry, relating to tastes, brand preferences?
- 37- What and when was the last time a consumer was exposed to some form of external sports apparel communication and what was it? if not Adidas, apply the same question.

38- Do Adidas work by the mentality that segmentation of consumers or categories is achieved through steps that are “measurable, accessible and substantial”?

Appendix 2 - Consumer Interview Guide

Category Dynamics - *Are there certain types of products you buy with the sports apparel industry?*

1- If the products within a given category are related on some or many levels, does differentiation impact upon brand performance and in what way?

How do you differentiate between brands within a given category within the sports apparel industry and how does this influence your preference?

2- Does a decision made about one brand in a category, impact upon rival brands within the same category?

Do you feel or behave differently to other brands within a given category as a result of your preference towards a specific brand in the same category?

3- Does a decision within a given sports apparel category about Adidas or an Adidas brand extension, impact upon the Adidas brand in other categories?

By choosing or altering your opinion on one brand within a given category, does this impact upon feelings and emotions towards the same primary brand within other categories?

9- Are the factors identified in step six (category assortment, pricing, promotion, merchandising and supply-chain management) used in a different manner to manage a category extension, in comparison to the primary Adidas brand?

N/A

31- Are consumers' consciously influenced by varying channels (internally and externally), depending on the category?

Do you feel that sports brands communication to you, the consumer, is dependant on specific categories and if so, which ones?

32- How do consumers feel about the Adidas brand and why?

How do you feel about the Adidas brand?

Consumers Retail Experiences - *What are your experiences of shopping for sports apparel?*

4- Does successful implementation of an Adidas brand-extension, in part, depend upon the nature of where consumers are interacting with entire category i.e. discount sporting goods store compared to own-brand flagship store?

Where do you choose to purchase sports apparel and is this dependant on what types of sports apparel you are buying?

Might this change if purchasing a specific brand extension?

What factors influence your choice to purchase sports apparel from these specific locations?

10- How do Adidas' processes change when selling through retail partners, in comparison to their own stores'?

Why do you feel that brands sell in own-brand stores as well multi-brand stores and do you feel that there is a difference to the purchasing the product other than specifically the location?

13- What is the motivation for Adidas to develop own brand stores and is it a reflection of consumer trends that they actively encourage?

Do you favour own-brand stores for shopping sports apparel and if so why/why not?

25- How likely is a consumer to change their mind about a brand extension while actively shopping within a given category?

When shopping within a given sports apparel category, have you ever or would you ever change your mind on which brand to purchase while browsing.

What factors and in which context are you like to change your mind/maintain the original brand desire?

33- What was the last product you purchased that would constitute part of the sports apparel industry?

What was the last product you purchased that would constitute part of the sports apparel industry?

34-What was the last Adidas product a consumer purchased from within the sports apparel industry? What categories do these purchases relate to?

What was the last Adidas product you purchased and do you know what category it would fall under?

35- How have consumers shopping habits towards sports apparel changed, when it comes to actual shopping behaviour? i.e place to shop

How have you changed your shopping behaviour over the years, in terms of tastes and styles and the manner in which you shop?

Category Roles - Do you feel that there are certain categories, which are targeted at you, or perhaps specifically not targeted at you, and how is this evident?

6- How influential is consumer feedback in designating a category role and how are significant roles managed by Adidas in terms of brand extensions?

Do you feel that there are certain categories within sports apparel that are more important to you than others and how does this affect your attitude and behaviour?

7- Is the role a category is given, indicative of the likelihood Adidas will favour introducing a brand extension?

Are there certain categories that you are likely to look favourably upon for a brand extension? In the future or pre-existing?

12- What is Adidas' approach to category management from a commercial perspective and does this approach differ when changing categories or dealing with specific brand extensions?

Does your approach as a consumer of sports apparel vary depending on the category in question? This could vary in terms of price or quantity purchased or regularity of purchase?
How does this differ when considering brand extensions that are offered for a limited time only?

30- What categories do consumers' have the most interest in when actively seeking information about sports apparel?

What categories do consumers' have the most interest in when actively seeking information about sports apparel?

38- Do Adidas work by the mentality that segmentation of consumers or categories is achieved through steps that are “measurable, accessible and substantial”?

n/a

Consumer Brand Knowledge - *Could you tell us the brands you know that exist within the sports apparel industry and attach 1 word of your choice to every one?*

5- Does existing consumer emotion concerning both Adidas and external competitors within a given category, impact upon the success of a brand extension launched by Adidas in the same country?

Which brands do you feel strongly about, negatively and positively, and in which categories?

Within those categories does this emotion impact upon your like/dislike towards brand extensions?

14- Do consumers view any sports brands as premium brands and if so, in what context? If yes/no Adidas then why?

Which sports apparel brands do you feel are premium?

15- Do consumers classify all products within those brands (if any) as premium, where does the difference arise? How does this relate to Adidas, when looking at it from a category-to-category perspective?

Is this premium dependant on the manner in which they are being sold and/or the category they exist in?

Are brand extensions for those brands the same, less or more premium?

16- How conscious of Perceived Fit are Adidas when looking at strategic implementation of a brand extension?

Considering brand-extensions, what factors are important to you when deciding about how favorably you look upon each one within the sports apparel industry?

If the brand extension involves an individual, what connection, if any, should the brand and individual have?

17- Do consumers reinforce the belief underlying Perceived Fit and how do they process this concept?

Do you ever see a brand extension that doesn't make sense to you and if so why?

What factors mean it does/doesn't make sense?

20- How have external influences impacted upon consumer preferences involving the Adidas brand over time?

What things influence your preferences and taste within the sports apparel industry?

Are there specific brands that you feel match this change in taste?

Are there specific brand extensions that trigger or reflect this change in taste?

27- How do consumers describe the personality of brands within the sports apparel industry?

How would you describe the personality of existing sports apparel brands?

28. How do consumers describe the personality of the Adidas brand?

How would you describe your knowledge of the Adidas brand personality?

29 -How does Adidas view its own brand personality? (described in case study)

N/A

Consumer Sources of Information - *Where might sports apparel brands be visible?*

11- Where do consumers look for information regarding variety within a specific categories of interest, which includes Adidas?

Do you actively look for information regarding specific categories within the sports apparel industry?

Where do you usually find this information?

18- Of the external influences, to what extent do these play a role in the consumers understanding and feelings towards brand extensions within the sports apparel industry?

Of these external influences, how do you feel they play a part in your understanding and feelings towards brands and brand extensions with the sport apparel industry?

22- How does low and high-involvement learning manifest itself in consumer activity?

Would you say you are exposed to sports apparel brands without actively seeking them out?

Where and when does this occur?

23- How active are consumers in seeking out information about brands and brand extensions within the sports apparel industry and specifically from Adidas, how does this relate to both feelings towards the brand and purchasing behaviour?

Would you say that you actively seek out information about sports brand extensions?

If yes, is this triggered by an initial exposure?

How this is impact upon your feelings towards the brand and your purchasing behaviour?

24- How likely is a consumer to change their mind about a brand extension during the process of high involvement learning?

Is it possible that your might change your mind about a brand extension while actively finding information about it?

What factors would contribute to this?

26- Do consumers seek knowledge about brands within the industry on a regular basis and how does this manifest itself? (i.e. online, magazines, in-store, which brands etc.) How does this apply to Adidas?

How often do you seek information about brands within the sports apparel industry and through which medium are you likely to search?

What triggers this search? Outside influences?

37- What and when was the last time a consumer was exposed to some form of external sports apparel communication and what was it? If not Adidas, apply the same question

Can you remember what and when you were last exposed to some form sports apparel communication, without actively seeking it out?

Reflections on the Primary Brand - *Can you name some brand extensions that already exist within the sports apparel industry?*

8- Using brand extensions as a strategic opportunity, must not overtly damage consumer knowledge towards the existing Adidas brand, what factors might secure or jeopardize this?

Would you say that negative or positive feelings towards a brand extension might impact upon your feelings towards the primary brand?

What factors are likely to cause this positive or negative feeling, i.e. the design of the brand extension or the individual the brand extension is associated with?

19- How do these external influences (Q.17) manifest themselves when considering the parent-brand i.e Adidas?

While seeking information about a brand extension, in what way might this affect your feelings towards the parent brand?

21- How does Adidas manage these external influences when implementing a brand extension?

N/A

36- How have consumers' tastes changed within the sports apparel industry, relating to tastes, brand preferences?

Reflecting on the primary brands within the sports apparel industry, how do you feel your preferences and tastes have changed?

Appendix 3 - Case Study Interview Guide

Category Dynamics - Describe how Adidas views category Dynamics and their management of this dynamic?

1- If the products within a given category are related on some or many levels, does differentiation impact upon brand performance and in what way?

How Does Adidas use differentiation in order to impact upon performance of their brand within a given category, where products within the category are related on some level.

2- Does a decision made about one brand in a category, impact upon rival brands within the same category?

How does Adidas view and understand consumer decision making about other brands within a category impact upon their brand within a given category.

3- Does a decision within a given sports apparel category about Adidas or an Adidas brand extension impact, impact upon the same brand in other categories?

How does Adidas view consumer decision making about their brand within any given sports apparel category, as an impact on their brand in other categories.

9- Are the factors identified in step six (category assortment, pricing, promotion, merchandising and supply-chain management) used in a different manner to manage a category extension, in comparison the primary Adidas brand?

Does Adidas manage a brand extension differently to their primary brand management, when it comes to category assortment, pricing, promotion, merchandising and supply-chain management.

31- Are consumers' consciously influenced by varying channels (internally and externally), depending on the category?

Does Adidas feel that consumers are influenced (internally and externally) by channels dependent on category.

32- How do consumers feel about the Adidas brand and why?

How do Adidas hope to make the consumer feel about the brand?

Consumers Retail Experiences - *How does Adidas feel about the consumer retail experience within sports apparel?*

4- Does successful implementation of an Adidas brand-extension, in part, depend upon the nature of where consumers are interacting with the entire category i.e. discount sporting goods store compared to own-brand flagship store?

Does Adidas feel that the success of a brand-extension may in part depend upon where the consumers' are interacting with the given category i.e. discount sporting goods stores compared to own-brand flagship stores or up-market retail multi-brand stores.

10- How do Adidas' processes change when selling through retail partners, in comparison to their own stores'?

What are the retail challenges when Adidas sells through retail partners as opposed to their own brand stores?

13- What is the motivation for Adidas to develop own brand stores and is it a reflection of consumer trends that they actively encourage?

What is the motivation for Adidas to develop own-brand stores and is it a reflection of consumer trends that they actively encourage?

25- How likely is a consumer to change their mind about a brand extension while actively shopping within a given category?

Do you feel that consumers decision making regarding an Adidas brand extension can still be altered, while actively shopping within a given category?

33- What was the last product you purchased that would constitute part of the sports apparel industry?

N/A

34-What was the last Adidas product a consumer purchased from within the sports apparel industry? What categories do these purchases relate to?

N/A

35- How have consumers shopping habits towards sports apparel changed, when it comes to actual shopping behaviour? i.e place to shop

How does Adidas feel that consumer shopping habits have changed within the sports apparel industry and what impact has this had on how Adidas manages their retail experience, in particular when launching and managing brand extensions?

Category Roles - *Are categories assigned roles independent of each other under the Adidas umbrella brand?*

6- How influential is consumer feedback in designating a category role and how are significant roles managed by Adidas in terms of brand extensions?

Does Adidas define categories based on perceptions of consumer importance and are the more significant category roles managed differently?

7- Is the role a category is given, indicative of the likelihood Adidas will favour of introducing a brand extension?

Does Adidas consider the category role when looking at opportunities to introduce a brand extension?

12- What is Adidas' approach to category management from a commercial perspective and does this approach differ when changing categories or dealing with specific brand extensions?

Does Adidas alter their commercial perspective from one category to the next and is this approach manipulated when also managing a specific Adidas brand extension within a given category?

30- What categories do consumers' have the most interest in when actively seeking information about sports apparel?

Does Adidas identify some any key categories that they believe consumers are more likely to seek information about?

38- Do Adidas work by the mentality that segmentation of consumers or categories is achieved through steps that are "measurable, accessible and substantial"?

What processes and/or mentality does Adidas use to decipher the segmentation of consumers or categories. After initial mention, consider introducing “measurable, accessible and substantial”

Consumer Brand Knowledge - *How does Adidas hope to be perceived by Consumers’ and does this change dependent on category?*

5- Does existing consumer emotion concerning both Adidas and external competitors within a given category, impact upon the success of a brand extension launched by Adidas in the same country?

Does Adidas feel that existing consumer brand knowledge within a given category about their own brand along with competitors, impacts upon the success of existing or future brand extensions?

14- Do consumers view any sports brands as premium brands and if so, in what context? If yes/no Adidas then why?

Does Adidas view their brand as a premium brand?

How Does Adidas create this sense of premium through consumer brand knowledge?

15- Do consumers classify all products within those brands (if any) as premium, where does the difference arise? How does this relate to Adidas, when looking at it from a category-to-category perspective?

Does Adidas feel that there is a level of premium depending on certain brand extensions under the Adidas brand? What constitutes the change?

16- How conscious of Perceived Fit are Adidas when looking at strategic implementation of a brand extension?

How conscious of Perceived Fit are Adidas when looking at strategic implementation of a brand extension?

17- Do consumers reinforce the belief underlying Perceived Fit and how do they process this concept?

Is Adidas conscious of ensuring a perceived fit between the primary brand and their brand extensions’ and what factors contribute to this fit?

20- How have external influences impacted upon consumer preferences involving the Adidas brand over time?

What factors does Adidas perceive to have impacted upon consumer preferences within the sports apparel industry over time?

27- How do consumers describe the personality of brands within the sports apparel industry?

How would Adidas describe the brand personality of competitors within the industry?

28- How do consumers describe the personality of the Adidas brand?

How would you describe the intended personality of the Adidas brand?

29 -How does Adidas view its own brand personality? (Described in case study)

How does Adidas feel that its own brand personality differs from competitors?

Consumer Sources of Information - *Through which channels does Adidas feel they can communicate affectively to consumers?*

11- Where do consumers look for information regarding variety within a specific category of interest, which includes Adidas?

Where does Adidas believe consumers of the sports apparel market source information and is this dependant on certain categories?

18- Of the external influences, to what extent do these play a role in the consumers understanding and feelings towards brand extensions within the sports apparel industry?

To what extent does Adidas feel that the sources of external information about their brand, impact upon the consumers understanding and feelings towards the brand extensions they manage within the sports apparel industry?

22- How does low and high-involvement learning manifest itself in consumer activity?

How does Adidas feel that low and high-involvement learning impacts upon consumers' activity within the sports apparel industry?

23- How active are consumers in seeking out information about brands and brand extensions within the sports apparel industry and specifically from Adidas, how does this relate to both feelings towards the brand and purchasing behaviour?

How considerate is Adidas to consumers that actively seek out information about brands within the sports apparel industry, including brand extensions and how do they harness this to manipulate to positively impact upon both forms of brand.

24- How likely is a consumer to change their mind about a brand extension during the process of high involvement learning?

To what extent does Adidas feel that a consumer can change their mind about a brand extension through high involvement learning?

26- Do consumers seek knowledge about brands within the industry on a regular basis and how does this manifest itself? (i.e. online, magazines, in-store etc.)

Do Adidas consciously try to interact with consumers on a regular basis and in what manner or medium?

37- What and when was the last time a consumer was exposed to some form of external sports apparel communication and what was it? If not Adidas, apply same question

Through which mediums does Adidas concentrate their brand exposure and how is this altered when considering a brand extension?

Reflections on the Primary Brand - *Does Adidas consider the impact a brand extension might have on the primary brand?*

8- Using brand extensions as a strategic opportunity, must not overtly damage consumer knowledge towards the existing Adidas brand, what factors might secure or jeopardize this?

How does Adidas negate the risk associated with a brand extension from damaging the primary Adidas brand?

19- How do these external influences (Q.17) manifest themselves when considering the parent-brand i.e Adidas?

How does Adidas feel that consumers seeking external information (Q.17) regarding their own brand influences consumer behaviour and how does this differ in comparison to a brand extension?

21- How does Adidas manage these external influences when implementing a brand extension?

How does Adidas take in to account external information sources when implementing a brand extension?

36- How have consumers' tastes changed within the sports apparel industry, relating to tastes, brand preferences?

How has Adidas managed their primary brand in relation to changes to consumer tastes over time?

Appendix 4 – Three Stripes



Appendix 5 – Trefoil

