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Corporate Branding in the FMCG Industry
– The Notion of Perceived Category Fit

Large FMCG conglomerates have recently started to engage in corporate branding activities, communicating that there is a substantial firm behind multiple well-established brands. This means that the consumer now becomes increasingly aware that seemingly independent product brands somehow are connected. Given that those companies operate brand portfolios within the most distinct categories this thesis has tapped into the so far completely untouched impact of category fit on a consumer's evaluation of the corporate brand. Through looking at three different corporate brand building dimensions: corporate brand credibility, perceived corporate brand understanding and a corporate brand's "boundaries" this thesis aims at investigating how those dimensions are influenced by the composition of a brand portfolio. More specifically, how a consumer's evaluation of the above mentioned dimensions differs depending on if the company operates a homogeneous or heterogeneous brand portfolio (high vs. low fit). The results from an online survey conducted with 214 German students show that perceived fit has an impact on all three dimensions investigated. While fit showed to have only a moderate impact on the company's perceived credibility, results are much stronger in regard to the consumer's ability to grasp what the company is about. It also has been found that fit strongly influences whether a corporate brand is perceived as a specialist or generalist and thus sets the frame for a brands future operations. The findings suggest that brand manager should carefully assess how the breadth of the corporate brand should be perceived.

Keywords: Corporate Branding, Category Fit, FMCG, Image Transfer, Corporate Image

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1 Introduction

The Past

"Companies like P&G offer many products that are not recognized by their consumers to be related to their organization. P&G is a strong company, with a powerful portfolio of brands, yet it is not a powerful corporate brand to its customers."

(Kay, 2006, p.753)

The Future?

"*Leveraging the scale and collective reach of P&G's brand portfolio takes our brand marketing to a new level, […] and unifying all of our brands into a holistic advertising campaign is the perfect way to grow our business*."

P&G UK and Ireland Vice President Irwin Lee (Marketing Week, 2012)

1.1 Introduction of the Corporate Brand in the FMCG Marketplace

When observing recent developments in the fast moving consumer goods (FMCG) industry, it is striking that all of the big FMCG companies have recently started to endorse their product brands with the corporate brand. For instance, both Procter & Gamble (P&G) and Unilever do now round off their TV ads for a variety of product brands belonging to different categories by displaying the corporate logo. Also in the supermarket, consumers increasingly find the corporate brand logo on the packaging of several product brands. Thus, customers are slowly starting to become aware that there is a large conglomerate behind the offering (Aaker, 2004).

This development is particularly interesting, when considering that these companies have traditionally focused on creating strong stand-alone product brands, typically described as a "house of brands" brand architecture (Laforet & Saunders, 1994). In the FMCG sector, branding has traditionally been perceived as a way of identifying products, which has led to brands being managed in isolation and the single brand being the focus of attention (Saunders & Guoqun, 1997). Consequently, strong brands are operated within highly diversified brand portfolios of the big FMCG companies - with the corporate brand barely known by the average customer. Today - this so far rather untapped resource has gained attention, as the product-based positioning tool has been questioned in terms of its ability to cope with the substantially changed environment that organizations face nowadays (Balmer & Gray, 2000; Knox & Bickerton, 2003). Thus, the latest stage in the development of traditional product brand management is the increasing influence of the company behind the brand and its role in the creation of economic value (Knox & Bickerton, 2003). The reason for this lies in the corporate brand being seen as a tool to enable companies to react to new challenges in a variety of ways:

In the FMCG industry these challenges include an increasing proliferation of brands (Anand & Shachar, 2004; Kay, 2006), which not only results in consumers being over-exposed to marketing messages but also in an accelerating homogenization of products (Hatch & Schultz, 2003). A corporate brand may counteract these developments as it allows a company to distinguish and differentiate itself on an additional dimension and communicate a consistent quality and performance level (Balmer & Gray, 2003). Corporate brands can help consumers to avoid brand confusion (Souiden et al., 2006) and may serve as a relevant anchor when facing a decision dilemma among multiple almost interchangeable products or services (Kay, 2006). An additional reason for the shift to corporate branding is grounded in consumers' increasing interest in the corporation and the values behind all kinds of products and services (Balmer & Gray, 2000; Anisimova, 2007).

However, before even thinking about leveraging on the corporate brand to drive the product brands' competitive advantage, the corporate brand needs to build a strong reputation and brand equity in the eyes of the consumer (Goertz, 2007). Taking this into consideration, it is an interesting issue *how* the big FMCG conglomerates intend to build their corporate brands. When observing the companies today, it is noticed that their strong, well-established product brands serve as a source for building corporate brand equity. Provided that strong stand-alone brands have been built in the industry, it follows that the corporate brand needs to be strongly associated with those product brands in order to build distinctive brand associations (Kay, 2006).

Given that most FMCG companies operate a wide portfolio of very distinct brands in different categories (Warc, 2012), it is a thrilling question how a mixed portfolio of brands is subsumed under one corporation and how such a positioning influences key constituents, including the consumer (Dacin & Brown, 2006). Through corporate branding the consumer now becomes aware that seemingly independent product brands somehow are connected. Thus, the concept of *perceived fit* deserves special attention, as it relates to the similarity or congruence between two or more objects or brands. In the present context, fit is conceptualized in terms of category fit, meaning if it is perceived logical and natural that brands from distinct categories are produced by the same company. The *transferability* dimension of fit (Aaker & Keller, 1990) plays an important role here, as it relates to the perceived ability of any firm operating in one product brand category to make a product brand in another product category (adopted from the extension context from Aaker & Keller, 1990). For the companies and their successful corporate branding strategy, knowing whether such fit across strong single brands (and their respective categories) has an impact on the consumer's impression of the corporate brand (and if so, which one) is of crucial importance. This is based on the corporate brand being built for a desired "backward effect", i.e. a positive halo effect onto all of the connected brands the company markets. Thus, such knowledge should guide companies on where to use the umbrella function of a corporate brand. Given that P&G and Unilever have just initiated their corporate brand introduction, it should be of relevance to investigate which effect such fit has on the consumer's initial image creation.

As of today, almost nothing is known regarding the influence of perceived fit on the corporate brand evaluation in the FMCG market. Thus the question arises: Does perceived category fit have an impact on the consumer's perception of the newly communicated corporate brand? In this widely unexplored field the present thesis steps in.

1.2 Research Gap

Corporate branding is a relatively new topic with an increased research focus in various disciplines since the 1990s (Balmer & Gray, 2003). The existing contributions, which largely focus on the organizational practices needed to develop and manage corporate brands (Melewar, 2012), are certainly helpful for gaining a general understanding of the multi-dimensional nature of corporate brands. However, the impact on various consumer-related topics still needs to be addressed (Souiden et al., 2006; Anisimova, 2007). This is due to the consumer traditionally being neglected as a target group for corporate branding, when in the past corporate brands were predominately built to address employees and potential investors. As suggested above, FMCG companies now increasingly focus on the consumer by using the corporate brand to sharpen their products' positioning (Meierer, 2008). Thus, this paper approaches corporate branding from the customer-based brand equity (CBBE) perspective, which recognizes that the power of a brand and its ultimate value to the firm resides within the customer (Gylling & Lindberg-Repo, 2006). Furthermore, in order for companies to be customer-oriented, which might be the most crucial success driver within FMCG, corporations really need to listen carefully to what the customers think. This paper will thus focus on the external, customer-focused instead of the internal dimension of corporate branding (Fetscherin & Usunier, 2012).

A further research gap being addressed is related to the limited number of empirical evidence on the topic (Fetscherin & Usunier, 2012). Many papers illustrate but do not empirically test corporate branding and are rather descriptive in nature (Kazi, 2009). This thesis will thus empirically investigate the effect of a corporate brand endorsement on the consumer's perception of a corporate brand. In particular, there is a lack of studies investigating the interplay between product brands and corporate brands (Dacin & Brown, 1997; Sheinin & Biehal, 2007). Within this field, there are some contributions focusing on the transfer of a corporate brand to a single product brand but not vice versa (e.g. Brown & Dacin, 1997; Bräutigam, 2004; Sheinin & Biehal, 2007). In addition, Sheinin and Biehal (2007) researched the effect of a corporate brand on the product portfolio.

However, going one step back, there is very little contribution of how a corporate brand is built in the consumers' minds given the interaction of strong brands. For instance, existing research on corporate branding mostly starts with an established strong corporate brand, but does not investigate how a multi-brand portfolio serves as a basis for the introduction of a corporate brand. Within the FMCG field, Goertz (2007), Esch et al. (2010) and Brunner (2010) were the first to empirically test how a strong corporate brand is built through its portfolio of brands, finding that portfolio advertising is more suitable to build the corporate brand than single brand advertising. Yet, those studies do not investigate how the "perceived fit" between brands and categories matters in terms of the evaluation of the corporate brand. Up until now, the notion of "perceived fit" has been found as one of the most relevant factors in the brand extension and brand alliance literature, but has not been explored in the light of strong, stand-alone product brands and their impact on a newly communicated corporate brand.

Concluding, it is assumed that FMCG companies have certainly researched how one way or the other of organizing their brand portfolio influences a consumer's image of the corporate brand. However, such knowledge is not yet accessible within marketing academia. Therefore, as of today, very little is known about how strong brands and the perceived fit influence the consumer's evaluation of the corporate brand.

1.3 Problem Statement

Until recently, the FMCG powerhouses such as P&G and Unilever have very effectively pursued the strategy of promoting multiple single brands to target different market segments and have thus built product brands that are highly familiar to the public. One may state that this expertise in effective multi-branding has made those companies that successful. However, this product-based positioning tool has been questioned recently in terms of its ability to cope with the substantially changed environment concerning increasing competition and the accelerating homogenization of products that organizations face nowadays (Balmer & Gray, 2000; Knox & Bickerton, 2003). As argued above, it makes most sense for the FMCG companies to build corporate brands by capitalizing on their already established strong product brands due to their ability to be leveraged (Kay, 2006). Thus, credit can begin to go back to the corporate or parent brand from each product category in which the company operates (Branding Strategy Insider, 2012), which is exemplified in Figure 1.

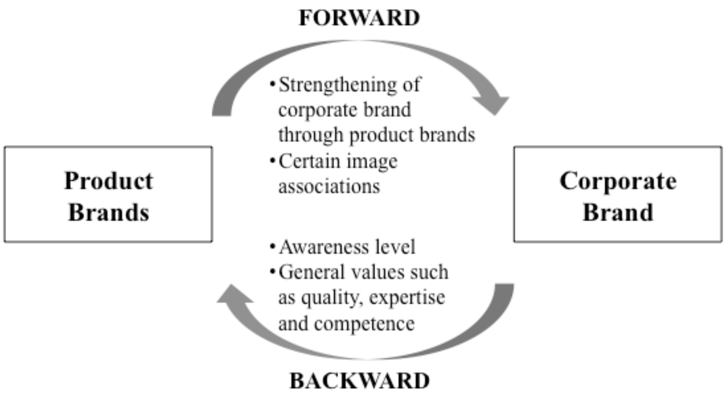

Figure 1: Transfer Effects between Corporate Brand and Product Brand (adapted from Goertz, 2007, p.14)

Not until the corporate brand has reached sufficient brand strength and is connected to certain rather general values which can span across more than one category or brand (such as quality, expertise, tradition etc.), will the corporate brand be able to strengthen the product brands. Within the brand extension literature, a "forward effect" refers to the transfer from the established parent brand to the new product and a "backward" effect from the new product to the parent brand (Martinez & Pina, 2010). Adapting this notion to the corporate brand, this thesis reverses the model and argues that the forward effect in the present context lies in building the corporate brand based on the product brands, whereas the backward effect is related to the subsequent impact of the corporate brand onto the product brands. This thesis will focus on the forward effect, i.e. how strong brands and their configuration impact the evaluation of a newly communicated corporate brand.

Within the FMCG industry, it is observed that most companies market multiple brands, i.e. a brand portfolio. For such firms, the successful management of multi-brand systems belongs to the most relevant issues (Chailan, 2008), which requires a holistic view of the entire brand portfolio (Gylling & Lindberg-Repo, 2006; Kwun & Oh, 2007). Yet the area of brand portfolios has received very little attention from researchers up to now (Chailan, 2008). Having a look at companies that communicate a corporate brand in the FMCG market, it is observed that distinct branding strategies are pursued: The German FMCG corporation Henkel, for instance, historically associated with washing detergents, carefully selects the categories for which it stresses the corporate brand: As validated in one of our initial expert interviews with Prof. Dr. Hans-Willi Schroiff (former Head of Market Research Henkel), the company would never communicate its haircare brands (such as Schwarzkopf or Schauma) under the Henkel corporate brand. In contrast, Unilever has started to endorse the corporate brand for products as diverse as showergel, convenience food and cleaning detergents.

In the light of such different branding strategies, the question emerges across which portfolio of brands a "newcomer" in the corporate branding world should position its corporate brand. Examining the coexistence and the balance between several brands that are incorporated within a single company becomes crucial, as then brands are not seen as superstars, but become "members of a team" (Chailan, 2008). This raises the questions of the necessity for positioning those brands in relation to each other and of the strategic equilibrium of brands in a portfolio (Chailan, 2008). Especially once the consumer realizes that certain brands stem from the same manufacturer, it is likely that the configuration of the brand portfolio will influence his or her evaluation of the corporate brand behind (Kwun & Oh, 2007). Going one step further in the discussion, it is a thrilling question, to what extent the number of different product categories affiliated with a corporate brand affects the consumer's evaluation according to relevant corporate brand image dimensions.

One aspect of brand portfolio management receiving particular attention in the brand extension literature is the role of perceived fit or similarity between the two involved product classes in the formation of brand extension evaluations (Aaker & Keller, 1990). Multiple studies have found that if consumers perceive a fit between the brand and the new product, brand leveraging increases which results in a more favorable attitude towards the extension (Martinez & Pina, 2010). For a corporate brand, the thesis argues that it is similarly relevant to consider how different product brands and their belonging to multiple categories affect the consumer's evaluation of the corporate brand behind, as this should guide the company's corporate brand strategy. In this context, research has recognized that it is not only important to be perceived as a credible and trustworthy corporate brand, but also to allow the consumer to “connect the dots” and thus being able to easily grasp and build a clear image of what the company is about. This will also be the preliminary stage to easier accessibility and remembrance of the brand image (Park, Whan, Jaworski, & McCarthy, 1986).

While there have been numerous contributions in this regard within the area of brand extensions, the corporate branding research remains silent. This can be traced back to the relatively new communication of a corporate brand across brands stemming from very distinct categories. Thus, this thesis aims at contributing to the discussion of the effects on an umbrella brand in the consumers’ minds if it is communicated across multiple distinct categories in comparison to a rather narrow category (Saunders & Guoqun, 1997). Therefore, the first two research questions of the present thesis are:

I. *How do strong brands and their configuration in a portfolio (low fit versus versus high fit) impact the consumer’s* ***evaluation of the credibility*** *of a newly introduced corporate brand?*

II. *How do strong brands and their configuration (low versus versus high fit) in a portfolio impact the consumer’s* ***ability to unmistakably “grasp”*** *(i.e. make sense of) a newly introduced corporate brand in the FMCG area?*

The thesis has already explained the so-called backward effects on the product brands, which underlie the move to corporate branding within FMCG. Once the corporate image has been established in the mind of a consumer, it is believed that the associations connected to this image will strongly influence the consumer’s evaluation of any future action or behavior of the corporate brand. For instance, extension literature suggests that the parent brand image has a large impact on the extension’s acceptance and thus success (e.g. Völckner & Sattler, 2007). Transferring this to corporate image branding, it is not only important to look at the portfolio perception today, but also to look into future risks and opportunities in regard to market changes or competitive behavior (Chailan, 2008). Provided that FMCG companies will start building their corporate brand with a portfolio of brands, it is believed that the configuration of this portfolio sets the boundaries for future possibilities and actions. For instance Percy and Rossiter (1997) suggest that on a product brand level, the frame of reference (i.e. category belonging) determines your market and shapes expectations. In particular, the competence associated with a certain brand portfolio is likely to determine the acceptance of future product launches. As a result, such conditions need to be taken in consideration and lead to research question 3:

III. *How do strong brands and their configuration in a portfolio (low fit versus high fit) impact the consumer's* ***perception of the boundaries*** *of a newly introduced corporate brand in the FMCG area?*

1.4 Purpose of the Study

The main purpose of this study is to investigate whether fit, in terms of distinct configurations of brands in a portfolio (low fit versus high fit), is a relevant dimension to consider for the introduction of a corporate brand in the FMCG marketplace. More specifically, this thesis will investigate whether fit between product brands makes a difference on consumers' evaluations of the corporate brand credibility, the consumer's ability to unmistakably grasp (i.e. make sense of) the corporate brand and the brand's boundaries in the consumer's mind. As a result, it will help companies to understand how the endorsement of the corporate brand across different brand portfolios is perceived by the consumer and should thus be value-adding in terms of corporate brand management.

As stated, there is a great lack of research and academic studies about the relevance of fit in terms of a multi-brand portfolio and its connection to the corporate brand. Even though companies have started to communicate the corporate brand across their portfolios, the academic world is lagging behind in analyzing the impact of perceived fit between strong product brands on the consumers' impression of the corporate brand. In addition, the vast majority of existent literature on corporate branding has a strong focus on established strong corporate brands in combination with either unknown or equally known product brands. In contrast, this thesis has the unique approach of taking established product brands as a starting point and explores how these relate to a so far uncommunicated corporate brand. This is not only a research gap, but also resembles the current reality of the big FMCG companies such as P&G and Unilever, who leverage on their product brands to build up the widely unknown corporate brand.

1.5 Delimitations and Prerequisites

Due to the nature of the research topic at hand, some delimitations and prerequisites have to be made. This thesis has a clear focus on investigating how the notion of perceived category fit between strong, established brands influences a consumer's perception of the corporate brand. For this purpose a study was designed with portfolios characterized by different degrees of fit. The first delimitation is related to the limited number of portfolios being investigated (4 portfolios in total: two low fit and two high fit brand portfolios). Furthermore, the low fit portfolios contain one brand with a slightly different purchase motivation than the other brands in the portfolio (informational vs. transformational). However, this was necessary in order to construct a low fit portfolio and also, is expected not to have an influence on the tested dependent variables. This can be grounded in the study's prerequisite of taking solely strong and well-established brands and in the nature of the dependent variables tested. Thus brand fit was held constant and only category fit manipulated.

Second, due to the usage of real brands, each brand is connected to certain associations specific to the brand and/or its category. Since the present thesis investigates portfolios spanning across multiple categories and brands and their effect on the corporate brand evaluation, the thesis will not investigate the impact of brand associations on the single brand level. However, as discussed with tutor Magnus Söderlund, this so called brand-effect was accounted for via taking brands that are characterized by a similar level of familiarity and quality perception among consumers, as those are the dimensions being crucial for the corporate brand evaluation. Furthermore, all brands chosen share comparable levels of involvement (low involvement). In addition, it was made sure that the chosen brands are similarly positioned in terms of value for money and the positioning segment (i.e. mid-range brands in their respective categories).

Lastly, as a homogenous target group, students at German universities were chosen, as young people in general tend to have a better understanding and awareness of corporate brands behind strong product brands. The possibility exists that if the study was replicated with non-Germans, other age groups or less educated people, different results could be yielded.

1.6 Words to Know

FMCG Companies (Fast Moving Consumer Goods): In this thesis, FMCG companies are conceptualized in a relatively narrow way, i.e. referring to those that have traditionally focused on establishing various stand-alone brands.[1]

Brand Image. "Defined as consumer perceptions of and preferences for a brand, as reflected by the various types of brand associations held in consumers' memory" (Keller, Apéria, & Georgson, 2008, p.761).

Brand Associations. Brand associations have been defined as the thoughts that are linked to the brand in a consumer's memory (Aaker, 1991). Those thoughts can be linked to attributes of product performance or also to the image of the brand (Boisvert & Burton, 2011).

Brand Portfolio. Brand portfolio management is concerned with the coexistence and balance between several brands that are incorporated within a single company (Chailan, 2008).

Product Brand. "Any lower-level brand in a brand hierarchy, regardless of its level in that hierarchical ordering" (Ormeno, 2007, p.17). A product brand is distinctive within the product offering, caters primarily to the consumers and allows for a much more differentiated message than the corporate brand (Keller et al., 2008).

Corporate Brand. A corporate brand in the present context is intended to identify and differentiate the whole product offering of a company in the minds of the consumers (Ormeno, 2007). As it is requested to span across very distinct brands, it transfers rather general and unspecific messages to the multiple constituencies (e.g. shareholders, employees, suppliers etc.) (Tarnovskaya & Elg, 2008; Brunner, 2010).

Category Fit. Category fit is traditionally emphasized in the brand extension literature as the perceived similarity between the extension category and the existing product categories of the parent brand (Czellar, 2003; Buil, de Chernatony & Hem, 2009). For the topic at hand, category fit is conceptualized not between a brand and a new product, but between various different single product brands of a corporate brand and stresses the transferability of skills needed to produce and market the distinct product brands (Aaker & Keller, 1990).

Brand Fit. Brand fit originally stems from the brand extension or brand alliance literature as

[1] This is important to state, as there is a variety of consumer goods companies that have strong corporate brands – one may think of the beverage industry with Coca-Cola or various beer companies (Cream Global, 2011).

well and refers to the "cohesiveness" between two brands (or a brand and its extended product) (Simonin & Ruth, 1998). It defines the degree to which two brands share global brand concept feelings and associations, such as prestige or functionality (Grime, Diamantopoulos & Smith, 2002; Czellar, 2003).

High Fit (HF) Portfolio. A company's brand portfolio which is characterized by stand-alone established product brands that are similar to each other in terms of their category belonging (homogenous portfolio composition).

Low Fit (LF) Portfolio. A company's brand portfolio which is characterized by stand-alone product brands that are very distinct from each other in terms of their category belonging (heterogeneous portfolio composition).

1.7 Thesis Outline

This thesis is divided into five chapters – introduction, theory and hypotheses generation, methodology, results and analysis, and finally the discussion. The first chapter, *Introduction*, has included a background to the topic, a short overview on previous research as well as the rationale why the notion of fit needs exploration in the FMCG context. The second chapter, *Theory and Hypotheses Generation*, consists of an in-depth exploration of the theoretical background, on whose basis the thesis will derive hypotheses. Here, the thesis will mainly rely on categorization theory and the connected inclusion/exclusion model (IEM) as well as draw on previous findings in the brand extension literature. Chapter 3, *Methodology*, will start with an elaboration on the scientific approach used and the research design that has been developed to conduct the study. Also, this chapter integrates the conducted pre-studies, the manipulations and a more thorough explanation of the main study including the data sampling. Furthermore, the methods of data analysis will be described. Finally, the chapter provides an examination of the data quality in terms of validity and reliability. The subsequent chapter 4, *Results and Analysis*, addresses the analysis of the data and discusses the results from testing the hypotheses. The thesis concludes with chapter 5, *Discussion*, where the results will be analyzed more thoroughly in the context of existent literature. Moreover, this section will answer the research questions guiding the thesis and finally, derive implications for marketing theory and practice and suggest areas for future research.

2 Literature Review and Hypotheses Generation

This chapter will start with providing an overview of the theoretical foundations that the study is based on, followed by the hypotheses generation. In the first part of the chapter, categorization theory will be outlined, followed by an elaboration on crucial corporate brand building factors: corporate brand credibility, image clarity and the corporate brand's boundaries. Finally, connecting both, hypotheses will be deduced.

Given the unexplored area of the effect of portfolio design on the corporate brand evaluation, theory had to be drawn from related areas, i.e. from brand extension and brand alliance literature. Those are particularly helpful for their emphasis on "fit", which is the focus of the present thesis. At the same time, when talking about the interplay between the corporate brand and the product brand, there are some findings on the single product brand level (Brown & Dacin, 1997; Sheinin & Biehal, 2007), but very limited research on the interplay between a corporate brand and its portfolio. Since these findings on a single brand level cannot be readily transferred to the present context, the thesis additionally uses *categorization theory*. This theory, stemming from the area of cognitive psychology, is frequently taken as a theoretical basis in the brand extension context (Dacin & Smith, 1994; Czellar, 2003; Diamantopoulos, Grim & Smith, 2005) and functions as a basic concept on the transfer of meaning.

2.1 Categorization Theory

Categorization theory was first proposed as a means of explaining how information is transferred between related entities, also discussed as "transfer of meaning" (Boisvert & Burton, 2011). As the thesis explores the link between product brands and an unknown corporate brand, this theory provides a suitable framework for investigating the topic at hand.

It assumes that people structure stimuli into categories that enable them to understand and process information from their environment in an efficient way, thereby reducing the cognitive effort related to information processing (Rosch & Lloyd, 1987). A category is defined as a "class of objects that we believe belong together" (Smith, 1990, as cited in Bless & Greifeneder, 2008, p.110) or alternatively as "number of objects, that are considered equivalent" (Rosch, 1978, as cited in Bless & Greifeneder, 2008, p.110). This suggests that people build categories of objects and occurrences based on similarities (Brunner, 2010).

Categorization theory is often used as a theoretical construct for brand management. For instance it is widely discussed in the extension literature: A brand is perceived as a category and the products of the brand as an element of that category. Similarly, brand architectures can be seen as hierarchical categories. Products or brands that are managed under the same umbrella brand are perceived as belonging to the same overall brand category (Brunner, 2010).

2.1.1 Naturally Formed Categories - Similarity-Based Approaches to Categorization

Different notions of categorization emphasize different aspects: Similarity-based approaches to categorization assume that objects are assigned to categories based on similarity, and can be distinguished in two directions: *classical* view[2] and *probabilistic* view (consisting of prototype and exemplar view), of which only the latter is deemed relevant for the underlying research topic: The probabilistic view looks at categorization on the basis of classification and judgments of similarities and assumes no clearly defined category limits. This implies that an object can be part of multiple categories at the same time (Medin & Smith, 1984). The probabilistic view is based on two assumptions: The first states that exemplars are organized around general prototypes and are thus context independent (***prototype* view**). The second one holds that exemplars are categorized with respect to context dependent prototypes (***exemplar* view**) (Bless & Greifeneder, 2008, p.110). Illustrating this with an example implies that e.g. chips can be categorized as a prototype of an unhealthy snack, but can also be an exemplar for food that a person consumes when feeling sad.

2.1.2 Ad-hoc Categories

Going beyond a pure focus on features and attributes, ad-hoc categories are based on explanatory principles between category members (Bless & Greifeneder, 2008). This assumes that people are able to form categories even though there is a lack of similar attributes. Members of an ad-hoc category usually do not share any joint features but are connected in people's minds via a particular cue: Here, context effects are known to play a significant role, as it was shown, that people's evaluation can be consciously influenced by the context provided. Furthermore, studies have shown that the categorization of objects does not have to be based on the similarity of members within one category, but by joint characteristics with the higher-ranking category (Wänke, Bless & Schwarz, 1999). Given that people are dependent on context to make sense of heterogeneous objects belonging to one category, the

[2] The classical view assumes that a category has clearly defined attributes that are sufficient to assign an object to this entity. This implies that every category has clearly defined boarders and each and every object can easily be assigned to a category. The approach has received particular criticism for its one-dimensional view (Ashby, 1992).

concept of “framing” is frequently cited as a method to guide people’s impressions. Goffman (1974) defines framing as a “schemata of interpretation” (p.21), which provides the context for understanding seemingly contradicting information. Thus, framing can be used to facilitate the categorization process among dissimilar entities.

Independent of how the exact nature of a category is defined, both the similarity-based and the ad-hoc conceptualization share the assumption that once an entity is assigned to a category, the categorization has a strong influence on subsequent cognitive processes. For the present context, adding the ad-hoc categorization to the similarity based notion explained above, provides a further theoretical ground to evaluate the influence of fit on the perception of the corporate brand: It implies that the categorization of brands is not fully determined by product features and similarity but can be influenced by marketing strategies (Bless & Greifeneder, 2008).

2.2 Antecedents and Consequences of Categorization

2.2.1 The Inclusion/Exclusion Model (IEM) and the Categorization Process

The overview above has mentioned that brands are often conceptualized as categories and that the categorization process influences a series of subsequent information process, including inferences and memory processes (Bless & Greifeneder, 2008). Since categorization has such a strong impact, it is deemed crucial to understand the mechanisms and boundaries of this process. For this purpose the inclusion/exclusion model of social judgment will be elaborated upon, which explains antecedents and consequences of categorization. In particular, it is used to address the question of how and when an opinion or attitude towards one entity is transferred to another entity, which is defined as *assimilation*. As such, the IEM model can be used to provide an explanation of how and when a newly communicated corporate brand is assimilated towards the implications of an existing brand portfolio, implying that an image transfer from the product brands to the corporate brand takes place.

In addressing context effects and the role of categorization, Schwarz and Bless have developed the inclusion/exclusion model (IEM) of social judgment (Schwarz & Bless, 1992). IEM holds that evaluative judgments require two mental representations, one of the target of judgment and one of a standard against which the target is evaluated (Schwarz & Bless, 2010). It stresses the role of information accessibility and assumes that both representations (target and standard) are formed on the spot (Bless & Greifeneder, 2008), based on information that is available. Focusing on the dependence of the context, the construal of these representations results in either *assimilation* or *contrast* effects: When the information is used to form a representation of the target (*inclusion*), assimilation occurs. This means that the inclusion of positive information results in more positive judgments and vice versa. If, however, the accessible information is excluded from the representation of the judgmental target (*exclusion*), it is likely to be used to form the representation of the comparison standard, which results in a contrast effect. In this regard, the IEM predicts that people will exclude information via three filers, i.e. if (i) they believe the information is irrelevant (and thus does not affect mental representations of the target or of the standard, (ii) when the information is not considered representative (and will thus not be used in forming a target representation), (iii) if the information violates conversational norms (e.g. information that has been previously reported to the same recipient is excluded) (Bless & Schwarz, 2010; Bless & Greifeneder, 2008; Brunner, 2010).[3] Summarizing the above, "whether the information that comes to mind results in an assimilation or contrast effects depends on how it is categorized" (Schwarz & Bless, as cited in Brunner, 2010, p.118). Transferring this theory to the topic at hand, it implies that people include or exclude the available information about the product brands to construct a mental representation of the corporate brand, which then results in an assimilation or contrast effect (Goertz, 2007; Brunner, 2010). Figure 2 provides a summary of the relevant concepts.

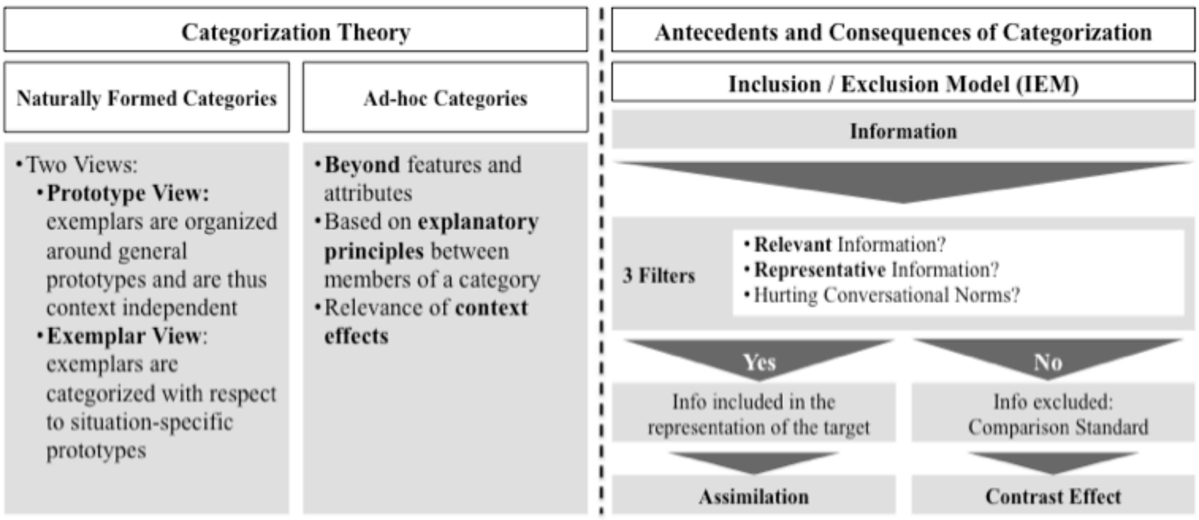

Figure 2: Summary of Categorization Theory and the IEM Model

[3] An example might be useful to illustrate this rather complex theory: Imagine you are being asked how you perceive politicians in general and a corrupt politician comes to mind. This corrupt politician passes all three filters, inclusion takes place and thus assimilation: You will think that politicians in general are corrupt. If, however, you are now being asked how you perceive another non-corrupt politician, the information of the corrupt politician is also present, however this time, it does not pass the filters (as the corrupt politician ≠ non-corrupt politician), resulting in an exclusion and thus in a contrast effect: The non-corrupt politican now seems more trustworthy than he otherwise would.

After this rather theoretical basis has been provided, the thesis will now shift to a more marketing related perspective and turn to the brand extension literature.

2.3 Fit Within Brand Extension Literature

Since categorization theory is frequently applied in the extension context to elaborate on fit, the following provides a short overview of how the dominant corresponding literature conceptualizes the assimilation process. Given the extreme focus on the notion of fit in the extension field, this provides relevant insights for the present context.

Most extension research is based on the assumption that a similarity between an extension product and its parent brand determines assimilation (Bless & Greifeneder, 2008), i.e. that a successful transfer of brand image to a new product depends on the similarity between the brand and the product (Pina, Martinez, de Chernatony & Drury, 2006; Aaker & Keller, 1990). This research consistently suggests that the higher the degree of relatedness, i.e. the perceived fit (Buil et al., 2009; Doust & Esfahlan, 2012) between the parent brand and the extension, the more likely it is that existing beliefs about the brand will be transferred to the new product (based on the similarity-based approaches to categorization). Perceived fit is traditionally conceptualized as "category fit" (Park, Milberg & Lawson, 1991; Doust & Esfahlan, 2012), which is related to similarity between the new category and other products from the extension's parent brand (Buil et al., 2009), and stated to be a key determinant of how consumers evaluate brand extensions (Bao, Sheng & Nkwocha, 2010; Doust & Esfahlan, 2012). This being said, there is also an increasing stream of research recognizing the importance of "brand fit", arguing that the perceived similarity between a brand and a product does not only depend on the physical features of the brand, but also "conceptual dimensions that are similar across otherwise rather diverse product categories." (Bless & Greifeneder, 2008, p.113).

However, some researches also use the IEM model to relativize the importance of fit: It might not only depend on the similarity between objects if a transfer of judgment occurs but simply if context stimuli are perceived to be relevant for the judgment and if thus inclusion takes place. As indicated above, categorization is a very flexible process. In fact, there are a variety of extension researchers believing that the relevance of fit is overestimated (Martinez & Pina, 2003). It is relatively easy to identify brand portfolios consisting of "successful yet loosely related extensions" (Dacin & Smith, 1994, p.230). One explanation for this contradiction is that brand extension research tends to focus on consumer attitudes towards initial extensions of single-product brands. The effect of fit is less for a multi-product than for single-product brand. A brand's breadth, i.e. the variability between the kinds of products marketed under the same brand comes into play here. Boush and Loken (1991) argue that the greater the breadth, the more links are identified by the consumer between scarcely similar extensions. Using the IEM as an explanation, it suggests that an inclusion of an exemplar is more likely the wider the category. Thus, the effect of fit is likely to decrease once a brand has successfully extended into multiple categories, particularly if those categories have little to do with each other (Dacin & Smith, 1994).

Summarizing the above, the thesis has not only elaborated on categorization theory and the IEM model, but also given a short outline on the notion of fit in the brand extension context. Now that this fundamental theoretical framework for the underlying topic has been provided, the subsequent part continues by identifying relevant corporate brand image dimensions.

2.4 What matters most – Relevant Corporate Branding Dimensions in FMCG

As stated earlier the ultimate motivation behind corporate branding in FMCG firms is the "backward effect", which refers to a positive halo effect on the product brands once the corporate brand is established. Starting from there, when building the corporate brand, it is crucial to carefully investigate those dimensions, that later will affect the corporate brand's potential to be leveraged. In this context, the present thesis has identified three major constructs based on corporate branding and general brand literature: i) corporate brand credibility, ii) corporate brand clarity and iii) perceived boundaries associated with the corporate brand, all of which are investigated from the CBBE perspective.

2.4.1 Corporate Brand Credibility

Investigations in the field of umbrella branding show that it is possible to market a multi-brand portfolio using a firm's reputation as a "bond for quality" (Wernerfeldt, 1988, as cited in Hem & Iversen, 2008, p.610). If a corporate brand becomes synonymous with high quality brands, companies are enabled to develop deeper relationships with their customers (Manifested Marketing, 2010). For instance the brand Apple "is a powerful motivating force for buying Apple product brands including the iPod, the iPhone and the iPad" (AdAge, 2012). As the portfolio of FMCG firms consists of many strong, qualitatively high brands, it is important that a quality transfer takes place and to understand under which circumstances it is most likely to occur. As the ultimate objective behind corporate branding in FMCG is to reach a backward effect onto the product brands, it is considered crucial to manifest an image of a reliable and capable company in the consumers' minds.

In this context the notion of corporate credibility after Newell and Goldsmith (2001) becomes relevant, which is conceptualized as a type of "source credibility" focused on a specific corporation as the maker of a product / service. It is therefore suited to address the reaction of consumers to branded products. Corporate credibility is the extent to which consumers feel that the firm has the knowledge or ability to fulfill its claims and whether the firm can be trusted to tell the truth or not (Newell & Goldsmith, 2001). Companies that lack credibility perceptions by consumers will have trouble to bring about the desired backward effect, e.g. achieve brand preference and in presenting effective marketing messages (Fombrun, 1996; Varadarajan, DeFanti & Busch, 2006).

Following Newell and Goldsmith, credibility can be distinguished in a company's expertise and trustworthiness. Considering the former, Dacin and Brown (1997), among the first contributors in the field of corporate branding in FMCG, identified corporate ability to be the most relevant corporate association in terms of product evaluation. Corporate ability is just a different term for expertise as it is defined as associations related to the company's expertise in producing and delivering its outputs. The second factor – trust – is also heavily discussed in the corporate branding field (Omar, Williams & Lingelbach, 2009; Rindell & Strandvik, 2010; Kazi, 2009). Sichtmann (2007) states that expertise in fact is an antecedent of trust, i.e. the company needs to be able to deliver a product or service in the expected quality. Furthermore, it is stated to be easier to develop trust for an organization than for a product (Aaker, 2004). A further factor underlining the relevance of trust is that consumers having to describe the best brands, identify the attribute "The brands I trust" as the most relevant (Aaker, 2004, p.11).

Summarizing the above, when a corporation is perceived to be trustworthy, well-liked and an expert in its field, believability and persuasive power is enhanced (Aaker, 2004).

2.4.2 Corporate Brand Image Clarity

For corporate branding to have the desired impact, there is the premise of people having to "connect the dots" and not only know the corporate brand, but more importantly recognize which products belong to which corporate brand. This seems to be a very tough challenge since consumers are exposed to up to 5.000 brands each day (CBS News, 2009) and have already problems remembering which brands belong to which of the already established corporate brands. For example in a study by Günther and Meermann (2011), it was found that for the chocolate treat KitKat, which has long been endorsed with the corporate brand Nestlé, only 26% of all respondents recognized the corporate brand. Especially, now that all of the big FMCG players start to communicate their corporate brand, the consumer is required to assign a multitude of established brands to the distinct FMCG players. As a result, there might not only be an additional cognitive challenge owing to the extra layer of complexity, but according to the initial expert interviews with Michael Brandtner, a corporate branding consultant and Prof. Dr. Schroiff, (former Head of Market Research at Henkel), one wonders if the consumer is actually interested in such information. Especially in the light of the low-involvement nature of many consumer goods, it can be doubted if consumers need more information on who is behind. Also, strong product brands have already established trust and a good reputation themselves (The Brand Gym Blog, 2011). It is questionable if consumers will actually realize and understand the connection between the company and the products brands, with some experts suggesting that it will take years and massive advertising investment (Dolphin, 2004).

Thus, in order to have a chance to cut through and be recognized by the consumer, it is necessary that he/she can easily grasp a company's image. This will also be a preliminary stage to easier accessibility and remembrance of the brand image. In this regard, the construct of the corporate image clarity has long been recognized in the strategic brand management field (Park et al., 1986; Blythe, 2009). Also, positioning theory teaches that a brand should achieve a statement of mental clarity in the consumer's mind.

Image clarity describes i) the consumer's ability to grasp the firm and to know what to expect from it, known as *perceived brand understanding* (Ruge, 1988; Lee & Shavitt, 2009) as well as ii) the easiness with which the corporate brand image can be accessed, known as the *perceived accessibility of the internal brand image* (Ruge, 1988).

For the former, *perceived understanding*, it is important to stress that this conceptualization is not related to the actual amount or the accuracy of brand knowledge; rather, the key issue is whether "consumers perceive their existing mental representation of a brand as giving them a good understanding of the brand" (Lee & Shavitt, 2009, p.223). Regardless of whether consumers actually know a lot about a brand, they may believe that they understand the meanings of this brand well and feel a sense of ease when thinking about it. This is relevant as research indicates that greater fluency or ease in thinking about an object leads to more positive evaluations toward it (Lee & Labroo, 2004).

Similarly, the latter, *the accessibility of the internal brand image* refers to how easily the consumer may access the newly built brand image (Brunner, 2010). This is relevant, as it was found that the more salient or accessible a brand attitude, the more likely it is that people will access that attitude when being exposed to cues connected with the brand (Fazio 1986/1989, as cited in Simonin & Ruth, 1998) and will bias information processing in a direction implied by the value of those attitudes.

In the present context, it is of interest if the image clarity is influenced by the composition of brands in a portfolio when strong brands are present.

2.4.3 Boundaries of a Corporate Brand

The third perspective of interest is a consumer's evaluation of the "boundaries" of the firm. This refers to how the category specific competences[4] (implied by the company's brand portfolio) set the frame for future actions. This stream was integrated in order to get a first idea which implications the newly built image has for the backward effect in regard to new product launches. Furthermore, it is interesting which naturally set boundaries the consumers establishes solely on the basis of a portfolio of strong product brands. This seems crucial since the move to corporate branding is frequently explained with the possibility to facilitate future brand launches under the corporate brand: "The presence of a corporate name helps the products in their early days" (Saunders & Guoqun, 1997, p.45). If consumers recognize and trust the corporate brand, they may be willing to try the brands it launches. This is because a strong corporate brand may have a significant impact in creating positive consumer perceptions of existing products and new product extensions (Brown & Dacin, 1997).

This being said, it is crucial to consider under which conditions such leverage may occur. For instance, the question arises whether the breadth of the corporate brand has an effect on the acceptance of future brand introductions. If a corporate brand wants to add to both the quality perception and the positive attitude people hold towards a newly launched single product brand, the company needs to assure that its competence in the product brand's particular category really adds value to the consumer. Thus the competence and frame formed in the consumer's mind of the corporate brand (i.e. the leverage) in the particular category plays a crucial role (Bräutigam, 2004).

Simultaneously, Aaker (2004) reveals that if a corporate "brand is too confining because of its product category associations, then its role will be limited" (p.17), meaning that then it will

[4] It seems crucial to differentiate this from the above mentioned expertise: Expertise refers to the overall ability of the company to deliver products successfully, whereas in the present thesis, competence strictly refers to only one category.

not be able to be leveraged across a variety of brands. Supporting this, practice has proven that even narrowly positioned brands manage to successfully extend to other categories and then become a broad brand, just by carefully nourishing customer benefits associations in each category (Aaker & Biel, 1993). Balmer and Gray (2003) coincide and state that a corporate brand may provide an umbrella of trust for the company in extending its products or services and "even in diversifying into dissimilar products and services" (p.985).

2.5 Research Model

Summarizing the above into one research model, three distinct lines of investigation will be discussed, which are of great importance for the overall portfolio selection of the corporate brand (Jobber, 2004). Corporate brand credibility, the perceived brand corporate brand image clarity and the boundaries will be investigated in terms of a potential influence of perceived category fit.

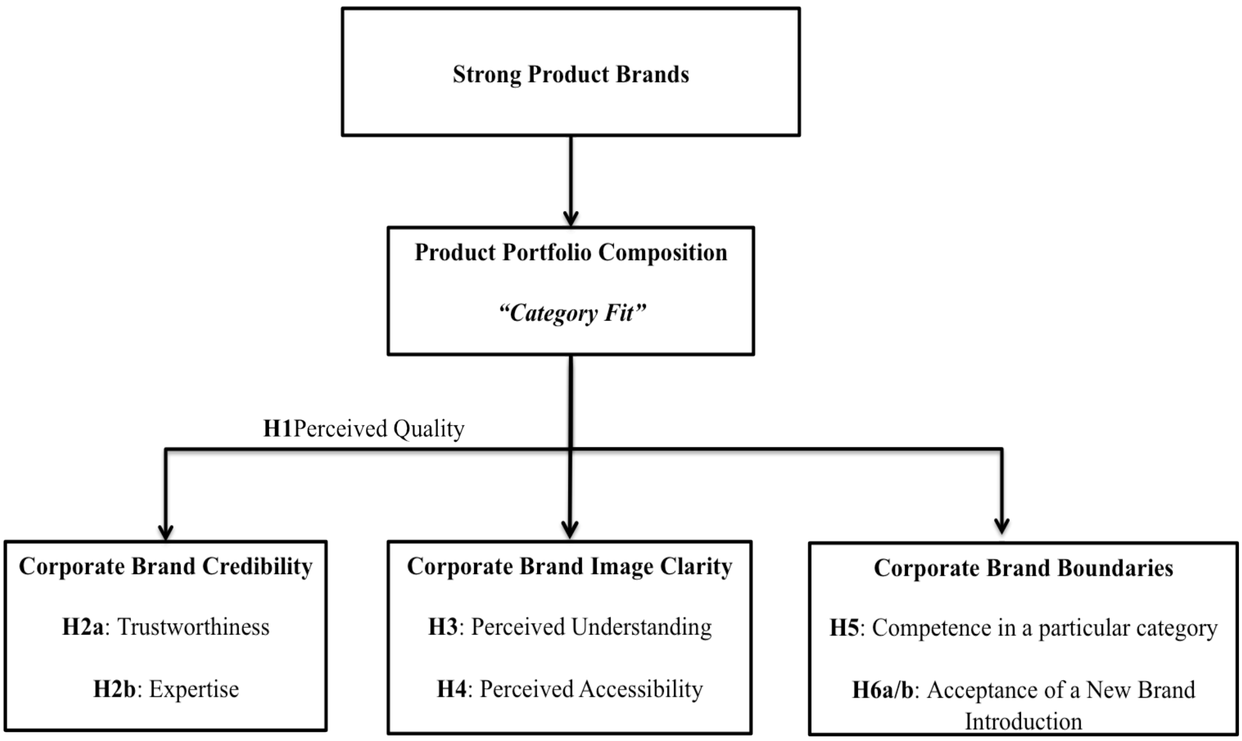

Figure 3: Research Model

2.6 Hypotheses Generation

Based on the theories and findings elaborated above, the thesis continues by defining hypotheses considering the impact of different brand portfolios. Particular relevance is assigned to the notion of fit.

2.6.1 The Impact of Category Fit on the Corporate Brand Credibility

FMCG powerhouses will build their corporate brand by leveraging on their already established strong product brands. As the quality perception was found to be of particular relevance for the evaluation of an extension (Keller & Aaker, 1990), this thesis argues that the same holds true for the product brand quality and the newly corporate brand. This is an important basis to judge whether and how fit plays a role in regard to the perceived credibility.

As Kay puts it, "companies cannot leverage their company name, if corporate activities are not strongly linked to their products and services" (2006, p.754). The strength of a product brand is mirrored in the cognitive structures that a consumer carries in his mind (Esch & Geus, 2001). Keller et al. (2008) state that strong brands are characterized by strong, unique and favorable brand associations in the consumers' minds. This suggests that consumers can not only more easily access the associations of strong brands, but also that those associations are usually more developed than for weak brands (Esch & Geus, 2001). Since the corporate brand is entirely unknown, it is assumed that its credibility and expertise can be enhanced via communicating the established portfolio of product brands, which implies that competence is not only claimed but actually verified.

Here, the so-called attribution theory steps in: Similar to people drawing conclusions about other people's performance, they also do so for the corporate brand (Weiner, 2000). If a company markets only very strong brands, the consumer is much more likely to ascribe this to the competence and expertise of the company behind. In addition, empirical results prove that consumers invoke beliefs they have formed through past experience with product brands to make inferences about the corporate brand (Goertz, 2007). In the brand extension literature this is also stressed: "In essence, consumers use their experiences with the other products affiliated with the brand as a surrogate for experience with the new product." (DelVeccio, 2000, p.459).

Furthermore, it is not only believed that the product brands are used by the consumer to make a judgment about the company's expertise, but based on that also on the trustworthiness of the company. This is a valid conclusion as expertise is perceived as an antecedent of trust

(Sichtmann, 2007). Since a company's expertise is defined as the ability to produce and deliver outputs successfully (Alba & Hutchinson, 1987), it is believed that the perceived quality of the product brands plays a crucial role here.

Taking all of these thoughts into account, it can be expected that consumers use their quality perceptions about the product brands as a basis to evaluate the expertise and trustworthiness of a newly introduced corporate brand. Thus, we hypothesize:

H1: Perceived quality of the product brands positively influences the overall credibility of the corporate brand.

Perceived quality positively influences a consumer's evaluation of the

a) perceived expertise

b) perceived trustworthiness of/in the corporate brand.

After this first general link between the product brands and the corporate brand has been established as a fundamental basis to evaluate corporate brand credibility, it is interesting whether fit plays a role when strong, rather qualitatively high brands are present, and whether an assimilation or contrast effect occurs.

As suggested by the categorization theory, people will find it easy to build a category for a HF portfolio, as they base the categorization on feature similarity of the brands. At the same time, it is believed that most people will be able to form a category for a LF portfolio as well (Brunner, 2010), which represents the development of an ad-hoc category. This categorization notion assumes that people form categories even when there is a lack of similarities when provided with an appropriate context stimulus. Thus, given the "frame" of the corporate brand behind those seemingly very dissimilar product brands, people will include those brands ad-hoc under the newly built corporate brand category.

However, when asking whether an assimilation or contrast effect occurs in terms of the corporate brand credibility (perceived expertise and trustworthiness), it is suggested that fit does play a role: In the case of a rather narrow brand breadth (HF), both the extension literature (e.g. Buil et al., 2009; Martinez & Pina, 2009) and the IEM model support that there will be a strong assimilation effect, i.e. that the corporate brand will be evaluated very positively based on the positive impression of the product brands. The higher the perceived fit among the product brands, the easier for people to transfer their attitudes to the corporate brand (inclusion).

When shifting the focus to a LF portfolio, one might argue that a brand portfolio with very strong brands in a variety of quite distinct categories, suggests that the company is associated with a higher overall expertise, given that it apparently has the resources to be successful in various areas. However, based on categorization and the IEM model, it is reasoned that - although people are able to form an ad-hoc category through the frame of the corporate brand - the assimilative effect will be reduced (Martin, Seta & Crelia, 1990), i.e. that fit does have an impact. This is due to the belief that the effects of context stimuli (i.e. the product brands and their perceived quality) decrease with an increasing number of product categories (Brunner, 2010).

In addition, it is argued that skepticism might occur towards the company behind such brands, as the skills needed for producing the products are inherently different (Aaker & Keller, 1990; Helmig, Huber & Leeflang, 2007).

Summarizing the above, if there is a HF, then consumers find it easier to transfer the core properties of the successful product brands to the corporate brand and as a result, evaluation difficulty is decreased (Mariadoss et al., 2010). In contrast, for the LF portfolio, not only the learning costs but also the cognitive effort due to information overload are much higher. Thus, even though quality levels are very high in both the HF and the LF portfolio, fit has a positive influence on the evaluation of the corporate brand. In summary, the reasoning above leads to the following hypothesis:

H2: The HF portfolio has a significantly higher credibility than the LF portfolio.

The corporate brand behind the HF portfolio has a significantly higher

a) perceived expertise than the LF portfolio.
b) perceived trustworthiness than the LF portfolio.

2.6.2 The Impact of Category Fit on the Corporate Brand Image Clarity

In the present context of multiple strong brands being subsumed under one entity, the question arises if perceived fit between these in the portfolio of a corporate brand facilitates the consumer’s ability to “grasp” what the brand is about.

Taking the categorization theory as a starting point, it holds that in case of a HF between items, it is more likely that consumers will perceive them as belonging to the same cognitive category (Bao, Sheng & Nkowcha, 2010). Morrin (1999) found that HF extensions help consumers remember parent brand associations, implying that the higher the fit, the easier for the consumer to clearly categorize the parent brand. She also states that HF extensions thus strengthen the parent brand memory structures and facilitate retrieval processes. In contrast, LF extensions create a separate cognitive entity or subtype (Doust & Esfahlan, 2012) and can thus weaken the brand categorization ability of consumers, as the parent brand becomes more diluted and less focused (Morgan & Rego, 2009; Morrin, 1999).

Taking these findings to the present discussion, it is believed that owing to the product brands in a homogenous portfolio (i.e. HF) building a more straightforward category than in the heterogeneous portfolio, "image clarity" of the corporate brand is increased. The prototype view of categorization comes into play here: In a HF portfolio, all of the product brands are probably compared against that category's prototype in the consumer's mind and then similarity is assessed on that basis. Following the same thoughts, Gylling and Lindberg-Repo (2006) state that consumers will have less room for individual interpretation if a greater consistency across products is achieved and if holistic design provides a more complete reference (p.261). Summarizing the above, we hypothesize the following:

H3: *The HF portfolio is associated with a higher perceived understanding of the corporate brand than the LF portfolio.*

Following along the same lines, it is also believed that in the case of a HF portfolio, people will find it easier to access their inner picture (Ruge, 1988) of the corporate brand. As being explained by the IEM, information accessibility and the ability of forming a target of judgment and a standard against which the target is being evaluated is essential for assimilation to take place. In the case of a HF portfolio, information should be retrieved much faster than in the LF portfolio. This is relevant, since an easier accessibility of the brand image implies that the consumer will more easily access the connected associations when being exposed to the brand and only in this case, the corporate message has an influence (Sheinin & Biehal, 2007). Concluding, we hypothesize:

H4: *Perceived category fit will have a positive effect on the consumer's internal accessibility of the corporate brand.*

2.6.3 The Impact of Category Fit on the Boundaries of a Corporate Brand

The third dimension that will be investigated is related to boundaries of a corporate brand. A HF portfolio will be more likely to shape the image of the corporate brand as a specialist, only focusing on brands in the introduced category. The more consistent and less varying the performance of the brands, the higher is the signaling to consumers that those firms have a highly specialized knowledge and skill set (Kardes & Allen, 1991). Thus, it is essential to know how its competence is perceived.

It is assumed that the corporate brand breadth interacts with the competence associated in particular categories. Empirical studies from the field of assortment variety show that consumers prefer big assortments over smaller ones (Broniarczyk, Hoyer & McAlister, 1998). Also, they tend to perceive the competence and quality of a brand as higher, if it markets a large assortment (Berger, Drakanska & Simonson, 2007). Those findings were yielded on the single product brand level. Nonetheless, transferring these findings to the context of a corporate brand, it makes sense to assume that the competence of a company is perceived to be higher if a company markets several strong brands in one category, than if the company only markets one strong brand in such a category. An example helps to illustrate this thought: If a company has three established shampoo brands, its competence in this category is probably assumed to be higher than if a company only markets one established shampoo brand, meaning that more experiences (i.e. more products) can be attributed to the corporate brand, which will be easier accessible and thus shape a stronger perceived competence compared to if only one brand was available (Weiner, 2000). Summarizing the above, we hypothesize:

***H5**: When specialized in regard to one category, the competence in that particular category will be perceived higher in the HF portfolio than in the LF portfolio, despite strong brands being present.*

In the light of the cross-selling potential between brands that companies aim at via corporate branding (Marketing Week, 2011), it is an interesting question how a corporate brand's breadth influences the consumer's evaluation and trust in new brands being launched in either very unrelated or related categories.

The corporate brand name associations were found to be strongly connected to the field of specialization and thus, difficult to extend to other categories without diluting brand equity

(Loken & Roedder, 1993). From that follows that a wrong launch decision may create damaging associations and confuse potential customers (Grime et al., 2002). For companies, that have established such a specialist image, extension literature suggests that "consumers are expected to be particularly sensitive to the degree of fit between the company's current products and an extension" (Dacin & Smith, 1994). Thus, it is expected that this is also the case, when it comes to new brand introductions for a corporate brand. Consumers will be reluctant to transfer their existing associations to a somewhat distant category, while they will be much more confident in generalizing their existing image to a category that shows a logical connection to the existing associations (Dacin & Smith, 1994).

Introducing a corporate brand with a LF portfolio and thus a more generalist image might increase skepticism regarding the firm's ability of delivering the promised functions. Nevertheless, it has been proven in the extension literature, that consumer skepticism can be offset if a company has historically proven a low quality variance among products in different categories. Thus, it can be assumed that corporate brands with a LF portfolio, but strong and qualitatively sophisticated brands will signal a variety of capabilities and strengths in terms of "whatever they do, they do well" (Dacin & Smith, 1994). Therefore, the consumers are likely to accept a new product launch in many categories, despite the perceived similarity between the newly entered category and the ones the corporation is already present in. Furthermore, as the brand has been associated with a more diverse portfolio, the extendibility of the brand name to even further categories is likely to be high (Varadarajan et al., 2006). This can be also explained with the IEM model, as an inclusion of the new brand is more likely in the case of a LF portfolio (Brunner, 2010). This is grounded in the assumption that for a HF portfolio, the boundaries are defined rather narrowly, whereas the LF portfolio has a greater extendibility potential. Thus, it can be hypothesized:

H6 a)*: If a company with a HF portfolio launches an additional brand within a distant (LF) category, the new brand will be less accepted, than if a company with a LF portfolio launches the same brand.*

Looking at this from a different angle, the question arises if there is a difference in the initial acceptance that the consumer puts into a newly launched brand depending if it was launched by a specialist in that category or a rather generalist firm. Taking the shampoo example, would consumers accept a new shampoo brand more significantly if it was launched by a shampoo specialist, or by a generalist (with one strong shampoo brand in its portfolio).

Connecting this to the competence discussion above, it is believed that a specialist has a higher basis to leverage on. On the contrary, the more abstract associations about the generalist corporation probably will not be of the same relevance for the consumer when evaluating the newly launched brand. Again taking IEM as a reference, it can be assumed that inclusion occurs for both the generalist and the specialist; nonetheless the easier categorization for the specialist implies an easier and thus stronger transfer of trust and quality (Brunner, 2010).

H6 b) *If a company with a HF portfolio launches an additional brand within its category of specialization, the new brand will be more accepted than if a company with a LF portfolio launches the same brand.*

2.7 Summary of Hypotheses

I. How do strong brands and their configuration in a portfolio (LF versus HF) impact the consumer's ***evaluation of the credibility*** *of a newly introduced corporate brand?*	
Corporate Brand Credibility	**H1:** Perceived quality of the product brands positively influences the overall credibility of the corporate brand. Perceived quality positively influences a consumer's evaluation of the a) perceived expertise b) perceived trustworthiness of/in the corporate brand. **H2:** The HF portfolio has a significantly higher credibility than the LF portfolio. The corporate brand behind the HF portfolio has a significantly higher **a)** perceived expertise than the LF portfolio. **b)** perceived trustworthiness than the LF portfolio.
II. How do strong brands and their configuration (LF versus HF) in a portfolio impact the consumer's ability to ***unmistakably "grasp"*** *(i.e. make sense of) a newly introduced corporate brand in the FMCG area?*	
Corporate Brand Clarity	**H3:** Perceived category fit is associated with a higher perceived understanding of the corporate brand. **H4:** Perceived category fit will have a positive effect on the consumer's internal accessibility of the corporate brand.
III. How do strong brands and their configuration in a portfolio (LF versus HF) impact the consumer's ***perception of the boundaries*** *of a newly introduced corporate brand in the FMCG area?*	
Corporate Brand Boundaries	**H5**: When specialized in regard to one category, the competence in that particular category will be perceived higher in the HF portfolio than in the LF portfolio, despite strong brands being present. **H6 a)**: If a company with a HF portfolio launches an additional brand within a distant (LF) category, the new brand will be less accepted, than if a company with a LF portfolio launches the same brand. **H6 b)** If a company with a HF portfolio launches an additional brand within its category of specialization, the new brand will be more accepted than if a company with a LF portfolio launches the same brand.

Table 1: Summary of Hypotheses

3 Methodology

This chapter describes the chosen research method in order to investigate the proposed hypotheses. It includes the scientific approach and overall research design, as well as the explanation of the preparatory work done prior to the main study. The selection of variables, the data collection and sampling process are described, the tools for analysis are outlined and finally, the validity and reliability of this thesis are discussed.

3.1 Initial Work

As noted before, the field of research this thesis focuses on is fairly unexplored. In order to set a clear focus, existing literature has been reviewed and initial discussions concerning the proper angle were held with various marketing experts. These conversations included a variety of relevant topics of which portfolio architecture and design and its impact on the evaluation of the corporate brand captured particular interest by the experts. Owing to its relevance for the companies it provides true added value. For instance, Dr. Markus Meierer (Assistant Professor Chair of Marketing & Market Research, University of Zürich), who focuses his research on corporate branding in the FMCG area, stated in an e-mail conversation: "Varying the product portfolio in an experimental setting and seeing if there is an effect would certainly be interesting." and thus confirmed the lack of research. This directed the focus on the interesting link between portfolio architecture (in particular the notion of fit) and the evaluation of the newly introduced corporate brand according to relevant dimensions such as expertise and trust.

3.2 Scientific Approach and Overall Research Design

The chosen scientific approach for this study is of deductive nature, as the hypotheses have been deduced from existing theory and knowledge, to be tested empirically (Bryman & Bell, 2007). By measuring the effect of the independent variable (i.e. category fit) on the dependent variables (e.g. perceived trustworthiness, expertise and perceived brand understanding), the research aims to investigate a cause-and-effect relationship, which implies that the research design is of a causal nature (Malhotra, 2010). Furthermore, the design is conclusive, as it tests specific hypotheses and existing relationships among the selected variables.

A quantitative approach was adapted in order to analyze the data statistically and answer the hypotheses based on significant results. This set-up also entailed that respondents were aware that they are participating in an empirical study. The data collection has been carried out via an online-questionnaire in order to effectively obtain the required number of respondents to reach the purpose of this thesis. As an alternative, the study could have been conducted with a printout version of the questionnaire (paper vs. digital) or even by physically showing the participants the actual brands in the portfolio, which was unfortunately not possible due to the limited resources of this study.

3.3 Preparatory Work

As the thesis tests the effect of a whole portfolio, instead of just a single brand, extensive pre-studies were necessary in order to adequately design the portfolio in line with the planed manipulation. Figure 4 shows an overview of the pre-studies conducted, dividing it in two major streams: portfolio design and corporate brand stimulus selection.

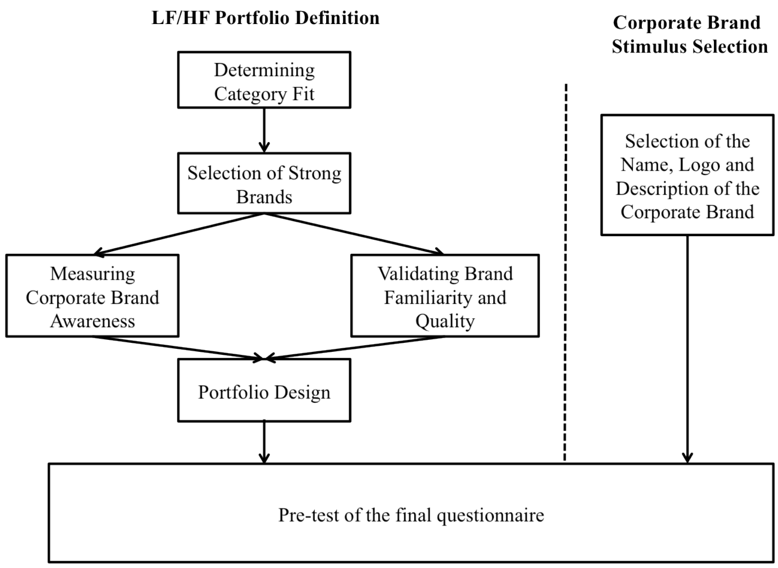

Figure 4: Pre-Study Overview

3.3.1 Portfolio Design

As recommended by experts (e.g. Dacin & Brown, 1997; Völckner & Sattler, 2007), two HF and two LF portfolios, which were grouped into two portfolios for the final analysis (one HF vs. one LF), were designed to eliminate category-specific effects and thus increase the generalizability of results (Dens & De Pelsmacker, 2010). Three brands were chosen for each portfolio, as Brunner (2010) suggests that the portfolio size should be moderate to not cause customer confusion. The number of brands within each portfolio has also been validated with the tutor. The final portfolios, consisting of well-established brands in the German market, can be seen in the figure below:

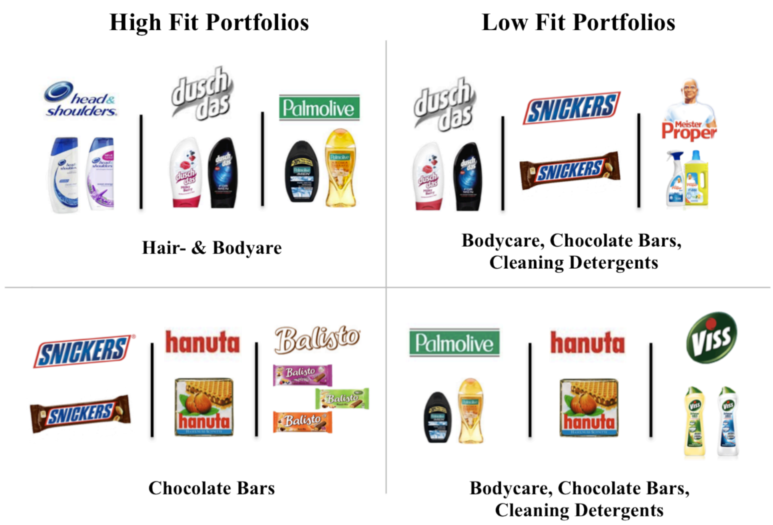

Figure 5: Final Portfolio Composition of the Main Study

The pre-studies that led to the four portfolios consisted of two major streams: (i) the selection of product categories and determination of fit between those categories and (ii) the selection of strong, well-known products within those categories.

3.3.1.1 Pre-Study 1 – Category Selection

The objective of this first pre-study was to select relevant product categories that dominate the FMCG environment and to measure how well each of them fit together. A total of six categories: “Cleaning Detergents”, “Washing Powders”, “Bodycare”, “Haircare”, “Chocolate Bar” and “Ice Cream”, have been chosen initially due to their strong presence in the FMCG market and tested against each other. As all FMCG are generally considered to be low-involvement products (Silayoi & Speece, 2004), the selected categories share that feature. Four different questionnaires have been sent out online to a convenience sample of 45 students, asking them to each evaluate four different category combinations (please refer to Appendix 1 for the questionnaire). The three-item measure used to assess category fit is outlined in section 3.5 of this chapter. All items could be used to calculate the mean for each possible fit combination, as the reliability analysis showed an alpha of 0.827 for the indexed items, indicating a high internal consistency.

Looking at the results of this first pre-study, those category combinations showing the least category fit were selected for the LF portfolio ($M \leq 2$) vs. those showing the highest fit ($M > 5.5$) taken for the HF portfolio. As shown in the image above the selected categories for HF are “Body & Haircare” for one portfolio and “Chocolate Bars” for the other. The categories chosen to put together the LF portfolio are "Bodycare", "Chocolate" and "Cleaning Detergents"[5] (see table 2). As suggested by the tutor, the most extreme categories in terms of fit have been selected for the LF portfolio.

	Categories	N	Min	Max	Mean	St. Dev
HF						
	Ice Cream & Chocolate Bars	28	3	7	5.90	1.03
	Washing Powders & Cleaning Detergents	32	4	7	5.64	0.91
	Body Care & Hair Care	34	1.33	7	6.34	1.16
Medium Fit						
	Body Care & Cleaning Detergents	38	1	6	3.68	1.38
	Washing Powder & Body Care	28	1	6.67	3.86	1.25
	Cleaning Detergents & Hair Care	34	1	6.33	3.25	1.41
	Washing Powder & Hair Care	32	1.33	6.67	3.59	1.35
LF						
	Chocolate Bars & Body Care	38	1	4.67	1.64	0.82
	Chocolate Bars & Cleaning Detergents	38	1	5	1.58	0.96
	Body Care & Ice Cream	28	1	3	1.32	0.55
	Ice Cream & Washing Powder	28	1	3	1.24	0.45
	Ice Cream & Cleaning Detergents	34	1	2.67	1.19	0.38
	Hair Care & Ice Cream	34	1	2.67	1.20	0.38
	Chocolate Bars & Washing Powder	32	1	4	1.59	0.69
	Hair Care & Chocolate Bars	32	1	4.67	2.04	0.95

Table 2: Pre-Study I - Category Fit

3.3.1.2 Pre-Study 2 – Strong Brands Selection

To be able to study the effects of the perceived category fit between brands on a newly communicated corporate brand, the decision was made to use real, well-known brands, instead of hypothetical ones. There are several pros and cons for either option, but looking at existing research in the field of image transfer e.g. in brand alliance or brand extension literature (Simonin & Ruth, 1998; Martinéz & Pina, 2010) most researchers use existing well-established brands, that have a strong image to leverage on. This is of particular importance as the rich schema associated in consumer's minds about those brands allows a greater image transfer to the unknown corporate brand (Dens & De Pelsmacker, 2010).

As brands did not only have to be strong, but also centrally positioned within the above selected categories (in order to manipulate category fit), they were initially retrieved via brand recall (Keller et al., 2008). This study resulted in a total of 16 brands being selected (four in each of the four categories) as they yielded the highest score in regard to the relative

[5] As already indicated in the delimitations, the nature of the study required to use both, transformational goods (i.e. chocolate bars and body-/hair care) and one informational product (i.e. cleaning detergent) to construct a low category fit portfolio. Overall, the influence of the purchase motivation on the chosen dependent variables has been discussed with several experts and was not perceived as being critical, given the low-involvement nature of the products and the equal familiarity and quality levels of the brands in the portfolios.

frequency with which the brands were recalled in comparison to the other brands mentioned in the sample of 28 students.

Although centrally positioned brands imply not only a high familiarity level, but also high quality associations, these dimensions needed to be validated. This was deemed necessary to ensure that the portfolios consist of equally strong brands in terms of brand familiarity and quality, as these basic manipulations are of utmost importance to control for a possible brand-effect (i.e. single brands dominating the image transfer instead of the portfolio being taken as a whole). Furthermore, it is essential to control for a possible brand-effect in order to measure the true impact of perceived category fit on the dependent variables (e.g. expertise and trustworthiness). This was done by also integrating perceived quality as a covariate in the final analysis. The measures "brand familiarity" and "perceived quality" are often used in literature to measure brand strength (Buil et al., 2009) and have been chosen as most appropriate to control for a possible brand-effect. Since perceived quality is frequently taken as an attitudinal measure and thus also provides implications of a consumer's attitude towards a brand, it was not deemed necessary to integrate brand attitude as an additional variable.

In order to validate "perceived quality" and "brand familiarity" a pre-study was set-up, measuring these two dimensions using already established scales (see section 3.5) for the selected brands. Four online surveys were sent out via private Facebook messages to a convenience sample of 45 students each, using the online survey software Qualtrics. The study was divided into four groups in order to control for respondents' fatigue, as it would have been too steady to have one respondent evaluate 16 different brands. A total of 28 to 38 responses were received for each questionnaire (see table 3 below). The two multi-item scales used to measure familiarity and perceived quality both showed a high reliability with an Cronbach's alpha of 0.779 for brand familiarity and an alpha of 0.945 for perceived quality.

The same pre-study was also used to measure the corporate brand knowledge of consumers. Besides guaranteeing for a similar familiarity and quality level, the corporate brands behind the selected brands needed to be unknown to the consumer. A possible knowledge of the real corporate brand behind the product brands might have biased the results and thus made the study invalid, as respondents would not have believed that the brands belong to the hypothetical corporate brand introduced. A dichotomous question has been used, given the answer possibilities "Yes" and "No", consumers were asked if they know the corporation behind the shown brands (Malhotra, 2010). Please refer to Appendix 2 for the questionnaire.

Taking the results of the pre-studies explained above and weighing them against each other, a total of eight out of 16 brands were selected: duschdas, Palmolive and head & shoulders (body- and haircare); Snickers, Hanuta and Balisto (chocolate bars) and Meister Proper and Viss (cleaning detergents). The chosen brands indicate a similar familiarity level ranging from M=5.38 to M=6.35 with standard deviations around 1 as well as a similar quality level with means from M=4.89 to M=5.8 with standard deviations around 1.2, allowing to group them together in different portfolios. Furthermore, the corporate brand knowledge rate is less than 25% for each brand, meaning that for most brands, less than 25% of the respondents knew the corporate brand behind the product brands.

Category	**Brand**		**Familiarity**				**Quality**		**CB Know-ledge**
		N	Min	Max	Mean	Min	Max	Mean	
Chocolate Bars	Snickers	32	2.67	7	6.35 (1.14)	1.67	7	5.81 (1.10)	19%
	Hanuta	34	1	7	6.27 (1.28)	2	7	4.99 (1.07)	14%
	Balisto	38	2	7	5.98 (1.41)	1	7	5.19 (1.24)	5%
Body-/Hair Care	duschdas	28	3	7	6.04 (1.16)	3.67	7	5.80 (0.91)	17%
	Palmolive	38	2.67	7	6.06 (1.12)	2.67	7	5.30 (1.36)	24%
	head & shoulders	32	2.67	7	6.13 (1.02)	1	7	5.03 (1.57)	19%
Cleaning Detergents	Meister Proper	38	4	7	6.26 (0.79)	3.67	7	5.45 (0.89)	16%
	Viss	34	1	7	5.39 (2.00)	1	7	4.89 (1.48)	15%

Table 3: Final Brand Choice – Comparison of Quality, Familiarity and Corporate Brand Knowledge

3.3.2 Pre-Study 3 - Selection of the Corporate Brand Stimulus

First of all, the decision needed to be taken, whether to use a real or hypothetical corporate brand as a stimulus. As the point of departure of this study is a rather unknown corporate FMCG brand, it has been viewed as appropriate to go with a hypothetical corporate brand to replicate reality as good as possible. Existing research in the context of corporate brand image transfer that uses corporate brand names as a cue, often chooses hypothetical brands to not run the risk of pre-existing knowledge bias (e.g. Sheinin & Biehal, 1999). The chosen corporate brand needed to be highly authentic and believable in order to get true feelings and reactions of the respondents to this newly found piece of information (Sheinin & Biehal, 1999).

Thus, a corporate brand name, logo and description had to be established that fulfill two criteria: (i) being free of any associations and (ii) being highly believable and authentic.

To find an appropriate name, eight different names have been tested for their suitability within the FMCG environment. Participants were asked to state their answer to the question "Do you have any associations towards the following brand names?" on a seven-point Likert type scale with bipolar labels "I do not have any association" vs. "I do have strong associations". The suitability for a company name in the FMCG environment was measured with the question "How suitable do you view the following names for a corporation that produces FMCG?" given the scale between "Not suitable at all" to "Very suitable" to enter their response. The study was carried out online using the survey-software Qualtrics and has been sent out to a convenience sample of 20 students. A total of 18 responses have been received. Structured questions were used as those are most recommended for online questionnaires and have been found as most applicable in the context (Malhotra, 2010). The means of each name were ranked and the one scoring most favorable in both questions was selected. In general, all names seemed to be free of associations as the highest recorded mean was M=2.00 with a SD=2.06. The overall analysis of the results led to "Kocher & Brook" (K&B) being the hypothetical corporation name used in this study. With the lowest mean for the first question of 1.11 and the second highest mean of M=3.67 (SD=1.84) for the second question, it was found to be the best pick. A complete overview of the results as well as the questionnaire can be found in Appendix 3.

Once the corporate brand name was selected, a neutral logo was designed and an informative text put together. As a basis for the information given in the text about K&B, stimuli about corporate brands in existing corporate branding literature have been reviewed (Sheinin & Biehal, 1999; Dacin & Brown, 1997) and the most appropriate components taken into account: founding members and their nationalities, founding year, headquarter, number of employees and field of operation.

The informative text about K&B, together with the logo and pictures of the products in the portfolio was then tested in a qualitative interview with 10 people consisting of family members and friends. A qualitative approach was selected, as it was important to capture respondents' initial thoughts and feelings as well as to follow their cognitive processes when evaluating the corporate brand dimensions (Bryman & Bell, 2007). Participants were exposed to the complete stimulus and asked to evaluate the expertise of the company with the measures taken in the final survey. While doing so, they were asked to speak out loud and state what they used as a basis to evaluate the items. During this survey it has been found that factors signaling the experience or trustworthiness had to be taken out, i.e. the number of employees and founding year of the firm. A total of 8 out of 10 respondents used these hard facts to make the judgments about the corporate brand rather than the products in the portfolio. One interviewee stated "The company must have a great amount of experience if it was founded in 1986 and is still operating successfully" (translated into English). Thus, it was essential to take out such signaling factors as they would have caused confounding effects.

Combining the results from both major streams of pre-studies, the final stimulus could be designed, as can be seen in figure 6.

Figure 6: Corporate Brand and Portfolio Stimulus

The rather plain stimulus has been selected in order to limit the possibility of any ad specific associations overshadowing the evaluation of the dependent variables selected (e.g. corporate brand expertise and trust). As suggested in existing literature, ads often evoke ad specific effects that might interfere with the actual effect of the independent variable in focus. In her study, Görtz (2007) finds highly significant effects on the investigated dependent variable caused by the attitude towards the ad in which the brands were presented. Since the focus of the present thesis is strictly on the influence of the portfolio of product brands and the perceived category fit among them, the attitude towards the ad would have significantly misled results. Especially, in the context of low-involvement products, an ad would have served as the perfect peripheral cue[6] to use as an alternative for the corporate brand evaluation (Petty, Cacioppo & Schumann, 1983).

3.3.3 Pre-Study 4 - Selecting a Category for an Incongruent Brand Launch

The third research question looks at the potential frame built in a consumer's mind about the newly introduced corporate brand in order to give a first idea of potential boundaries evolving around a HF or LF portfolio. The most adequate approach to test such an effect at that early

[6] Low-involvement attitudes are affected via the peripheral route. "They do not occur cause a person has personally considered the pros and cons of the issue, but because the attitude issue or object is associated with positive or negative cues" (e.g. a celebrity seen in an advertisement) (Petty et al., 1983).

stage of the corporate branding process (as it is too early to ask about brand equity measures) is to ask consumers about their acceptance of a new product introduction into an adjacent as well as distant category (congruent vs. incongruent launch). Therefore, categories for a new product launch were defined. For the congruent launch, the two categories present in the HF portfolios (body care and chocolate bars) were taken, as launches into those categories represent a congruent launch for both HF and LF portfolios (because the LF portfolios also contain one brand of both bodycare and chocolate bars). The category for the incongruent launch was selected by testing the category fit between the categories present in the portfolios with the category "batteries" (suggested by the presence of the brand *Duracell* in the Portfolio of P&G). Results yielded means from M=1.20 to M=1.98, indicating a very low fit of batteries with any of the three categories, as can be seen in table 4. Within this pre-study, the same measure has been used as in pre-study 1, and can be reviewed in section 3.5.

	N	Min	Max	Mean (SD)
Batteries & Body Care	31	1	4	1.63 (0.97)
Batteries & Chocolate Bars	31	1	3.33	1.20 (0.51)
Batteries & Cleaning Detergents	31	1	6.33	1.98 (1.59)

Table 4: Category Values for an Incongruent Brand Launch

3.3.4 Pilot Study - Testing the Final Questionnaire

The purpose of pilot testing the final questionnaire was to rule out any possible misunderstandings regarding the wording of the questions and to see if the general flow of the questions, as well as the lengths of the survey was appropriate. A total of 15 people of varying age and gender have been observed when doing the questionnaire and asked to please think out loudly when answering the question in order to get their spontaneous response. This has proven to be the best method to see if questions are understood in a misleading way or if wordings are unclear. Some minor errors have been detected, mainly due to the translation from English to German and the use of expert vocabulary in the field of Marketing. After correcting the indicated mistakes, the final questionnaire has been pre-tested a last time with 10 people who did not find any further errors, thus, giving the final approval for launching the survey.

3.4 The Main Study

The main study was essential to test the underlying research questions and thus needed to be carried out with high carefulness. As a quantitative approach to data collection was chosen, a large sample is recommended. The approach to sampling and the concrete process of data collection are outlined in the following.

3.4.1 Approach to Sampling

The main study aimed at comparing the results between the two HF portfolios (HF1: body- & haircare; HF2: chocolate bars) and the two LF portfolios (LF1/2: one brand each from the categories bodycare, chocolate bars and cleaning detergents), in order to answer the research question. All groups (1-4) were exposed to the exact same questionnaire and thus received the same amount of information, except for the manipulation of the portfolios. The experiment was carried out using an online survey that has been set-up using the survey software Qualtrics.

As two different samples (HF vs. LF) ought to be compared it was important to guarantee for homogeneous samples to avoid the risk of external factors impacting the differences between groups and thus, risking internal validity (Lynch, 1999). Therefore, students at major German universities (Mannheim University, Mainz University and Karlsruhe University) have been chosen, as they share several similar characteristics that are relevant for the study. The selected students were enrolled in various programs, but without a major in marketing. Marketing students were avoided due to a potential bias when filling out the questionnaire regarding pre-existing knowledge about corporate branding in the FMCG industry. This convenience sample has been chosen due to a restriction to time and costs (Wilson, 2006). Students represented not only the most accessible part of the population, but have also been identified as an interesting target group for corporate branding. Looking at the German population, the Generation Y is the one dominating the online environment, giving them access to a great deal of information (Beekman, 2011). Thus, they are more sophisticated and interested in getting more background information, as e.g. where certain products find their origin. As this generation will be the one witnessing and reacting to the rise of corporate branding, they have been identified as a suitable target group.

3.4.2 Quantitative Data Sampling

Respondents have been randomly assigned to one of the four possible groups (two HF and two LF groups). The process of randomization has been adapted as a mean to control for extraneous factors and other variables such as e.g. gender and age (Malhotra, 2010). E-Mails and private Facebook messages have been sent out to respondents with a short text explaining why the study is conducted, the approximate duration of the study and a link to the survey. The questionnaires were online for seven consecutive days (November 12th to November 19th 2012).

As the questionnaire took about 10 to 15 minutes to be completed, it was necessary to control for consumer fatigue (Bryman & Bell, 2007), to decrease the rate of unfinished replies. Thus, the expected duration of the questionnaire was outlined in the welcoming text on the first page of the survey. Furthermore, respondents were told in the very beginning, that 1 € for each finished questionnaire will be donated to the German charity organization “Ein Herz für Kinder”, to give them another incentive to consciously participate.

Marketing research literature suggests as a rule of thumb, to have a sample size of minimum 30 respondents per group, in order to run credible statistical tests (Saunders, Lewis & Thornhill, 2009). Nevertheless, larger samples are recommended, as a normal distribution curve needs to be assumed for this thesis in order to run the parametric tests used to verify the hypotheses.

After deleting those, that did not complete the survey, a total of 296 responses were collected, 140 in the LF groups and 156 in the HF groups. Considering that ca. 400 surveys have been sent out in each group (a total of 800), this led to a response rate of 37% throughout the complete sample. This rate is acceptable as it is higher than many rates in research published in academic journals.

Furthermore, 36 participants for the LF and 46 participants for the HF groups had to be ruled out of the sample, as they did not fulfill the prerequisites. First of all, those under 21, had to be taken out, since young respondents, still living with their parents do not represent the target audience (Feuerstein, 2008). Furthermore, those respondents that have been biased by their pre-existing knowledge about the real corporation behind the brands had to be excluded to prevent confounding effects.

The final data set consisted of 110 respondents in the HF and 104 respondents in the LF sample, with a gender distribution of 60.3% females and 39.6% males. The average age in the sample was 25.55, ranging from 21 to 35 years.

3.5 Questionnaire

To conduct the experiment it was decided to set-up a self-completion questionnaire, which was the most promising choice to get the number of respondents that were needed weighted with the potential disadvantages (e.g. response quality, response rate, response time; Bradley, 2007). In total, the respondents have been asked to answer a total of 26 questions, divided into four major parts. After a short introductory text, people were asked to evaluate the independent brands, before continuing with the evaluation of category fit of three brands being presented in one portfolio as a second step. In the third and main section of the questionnaire, respondents were introduced to the corporate brand and the associated portfolio and had to evaluate their perception of the corporate brand based on the portfolio of brands. In the final part demographical control variables, i.e. age and gender were checked. An example of the complete questionnaire can be found in Appendix 4.

As recommended for quantitative research, mainly structured questions including dichotomous and scale questions were used to facilitate the process for respondents (Malhotra & Birks, 2007). Structured questions pre-specify the set of response alternatives and thus simplify the data analysis (Malhotra & Birks, 2007). The dominant scale types used are Likert scales with numerically equal distances ranging from 1 to 7, in order to provide a consistent direction (Malhotra, 2010). A scale of 7 was chosen according to Söderlund (2005), who suggests giving respondents the opportunity to be neutral and not force them to decide between one of the extremes. The low value in the interval scale was placed to the left and had a negative tone i.e. “strongly disagree”, while the high value was placed to the right and had a positive tone i.e. “strongly agree” (Söderlund, 2005). In one case a semantic differential scale has been applied as well. The same seven-point rating scale has been used for these questions and the end-points were labeled bipolar as e.g. with “unqualified” to the left and “qualified” to the right. As for most of the items, multi-item measures have been chosen, Cronbach’s alpha was calculated to guarantee for internal reliability. To keep track of respondents’ age span and their true knowledge of the corporate brand behind the chosen product brands, unstructured questions have been used. As the study only investigates the topic with German consumers, the entire questionnaire was conducted in German. When translating the scales from English to German, it was important to keep them simple and thus to exclude specialist terminology and ambiguous words.

In order to investigate the chosen research questions, the questionnaire was divided into the following measures:

(a) Independent Variable

Category Fit. The perceived category fit was measured in a quantitative study using the basic scale established by Aaker & Keller (1990) as a basis, taking two of the three suggested measures: "I believe that it takes the same capabilities to produce (brands)" and "I use (products) in similar situations". Martinéz & Pina (2010) extended their scale and among others added the item "It seems logical to me that the (products) are produced by the same company", which has also been added to the scale used in this study. The statements have been judged on a seven-point Likert scale with numerically equal distances and bipolar labels: "strongly disagree" and "strongly agree". The overall category fit index showed a Cronbach's alpha of 0.834.

(b) Dependent Variables

Corporate Brand Credibility. Overall, corporate brand credibility was measured through *corporate brand expertise* and *corporate brand trustworthiness*, identified as the two most important factors in literature (see chapter 2.4.1), to measure the credibility of a corporate brand.

(a) Perceived Expertise. As one of the two most important corporate brand image dimensions, corporate brand expertise has been measured adapting the well-established scale by Newell & Goldsmith (2001) with the statements: "K&B has a great amount of experience", "K&B is skilled in what they do" and "K&B has great expertise". All items were measured on a scale with bipolar labels reaching from "strongly disagree" to "strongly agree" and indexed to a Cronbach's alpha of 0.916.

(b) Perceived Trustworthiness. As the second dimension of brand credibility, the perceived trustworthiness of the corporate brand has been investigated using an adaption of the corresponding scale to corporate brand expertise, also established by Newell & Goldsmith (2001). The statements "I would trust K&B", "I believe K&B is honest" and "I believe K&B is reliable" have been measured on seven-point scale labeled with "strongly disagree" vs. "strongly agree". An index with a Cronbach's alpha of 0.921 was found.

Perceived Brand Understanding. The multi-item scale for this variable has been adapted from Lee & Shavitt (2009), using three of the five statements suggested: “I view K&B as an integrated brand”, “I have a concrete image about what K&B is like.” and “I can easily categorize what type of company K&B is”. All measures have been evaluated on a seven-point scale labeled with “strongly disagree” and “strongly agree”, leading to a Cronbach’s alpha of 0.827.

Brand Image Accessibility. Following Ruge (1988) the internal image accessibility of K&B was assessed with the question “How easy is it for you to see your own internal picture of the company K&B?” (*translated from German*). The measure was evaluated on a bipolar seven-point scale with the endpoints “very difficult” and “very easy”.

Perceived Category Competence. Taking two of the items suggested by Ohanian (1990), perceived category competence was measured on a seven-item, bipolar scale with the endpoints “not an expert” vs. “expert” and “unqualified” vs. “qualified”. In order to guarantee for reliability, the items were indexed to a Cronbach’s Alpha of 0.826.

Acceptance of a New Product Introduction. This measure was used to get a first idea of consumers’ acceptance of a congruent as well as incongruent new brand introduction. The pre-approved scale by DelVecchio (2000) has been adapted to a two-item measure with the statements “A product in the (category) fits in well with the existing line of K&B’s brands” and “I would not be surprised to recognize that K&B also markets a brand within one of the categories below.” These items were measured on a seven-point scale with bipolar labels “strongly disagree” vs. “strongly agree” and indexed to a Cronbach’s alpha of 0.860 in the case of an incongruent launch and a alpha of 0.846 for an introduction to a congruent category.

(a) Confounding & Control Variables

Brand Familiarity. In order to measure brand familiarity the multi-item scale from Buil et al. (2009) has been selected with the items: “I have heard of (Brand) before”, “I can recognize (brand) among competing brands” and “I am familiar with (Brand)”. The statements were measured on a scale reaching from “strongly disagree” to “strongly agree” and Cronbach’s alpha was calculated showing an internal consistency of 0.814.

Perceived Brand Quality. This measure has been adapted from the pre-tested scale of Buil et al. (2009) and consisted of three items: “I consider (Brand) as being of high quality”, “(Brand) must be of very good quality” and “I feel confident that (Brand) fulfills its function”.

(Brand) was then replaced by the specific brands in the portfolio. The items were evaluated on a seven-point scale with bipolar labels “strongly agree” vs. “strongly disagree” and indexed to a Cronbach’s alpha of 0.804.

3.6 Analytical Tools

The full data collection took place online, which means that results were automatically stored in Qualtrics and could directly be exported to IBM SPSS 20 for the statistical analysis.

3.6.1 Preliminary Analysis

As a preliminary step, categorical variables were checked for frequencies and descriptive statistics of the continuous variables were looked at to ensure that no assumptions made in the respective tests were violated (Pallant, 2012).

In order to guarantee for the internal consistency, before starting with the main analysis, Cronbach’s Alpha was calculated for each multi-item measure. Since the coefficient exceeded 0.7 in all cases, the measures were accepted and could be indexed for each variable (Pallant, 2012). Thus, stronger support for the results could be obtained, as the questions, measuring the same variable, did not have to be analyzed individually.

As discussed with our tutor, the covariate “perceived quality” could be built by taking the mean of the measure across the single brands in each portfolio. In order to do so, it was important to check if the quality levels of the brands are similar. This had to be done to make sure that the mean is a good representation of all the brands in the portfolio, and thus, of a consumer’s overall perception of portfolio quality. Results indicated that quality levels are at a very similar level with means of the single brands ranging from M=4.45 to M=5.53, resulting in portfolio means from M=4.84 to M=5.2. Although not being 100% equal, analysis shows that there are no significant differences in the quality variance between the different portfolios when conducting a one-way between groups ANOVA with a Tukey HSD post hoc test (please refer to appendix 5.2 for concrete values).

In order to minimize the brand-specific as well as category-specific effect on the dependent variables, two LF and two HF portfolios were integrated in the study. For the sake of analysis, the two LF and two HF portfolios were integrated into one group each (HF vs. LF). To do so, it was necessary to show that each of the two portfolios have equal descriptive values in terms of the dependent variables, which was proven to be the case. To provide further support, it was examined if there is a potential interaction effect between category fit and the single LF and HF portfolios that were designed. For example, whether the effect of a HF portfolio on the corporate brand evaluation depends on if the products in the portfolio are from the category chocolate bar or body-/haircare. Therefore, a two-way ANOVA was conducted for all dependent variables/indices with the two independent variables category fit and portfolio composition[7]. The results show no significant interaction effects between these variables. As a result, two groups were built (HF with N=110 and LF with N=104) and used for the main analysis. For the preliminary analysis, results were assessed on a 5% significance level.

3.6.2 Main Analysis

In the main analysis, hypothesis 1 was analyzed using a linear regression analysis to measure the directed effect of perceived quality on the dependent variables expertise and trust. H2-H4 were analyzed using a one-way between groups Multivariate Analysis of Covariance (MANCOVA[8]), to measure the effect of category fit on the dependent variables while controlling for perceived quality (covariate). The results of a MANCOVA are twofold: (i) it provides the results of the impact of fit on the dependent variables once quality (covariate) is controlled for by adjusting the means[9], but also shows if there is a relationship between the covariate (quality) and the dependent variables. H5-H6 were analyzed via a one-way between groups ANCOVA, underlying the same analytical process as described above for the MANCOVA. These measure were analyzed separately as groups had to be taken individually due to the nature of the question (i.e. asking about category specific perceptions).

For the main analysis, hypotheses were only accepted on a 1% significance level. Overall, a (M)ANCOVA was found as the most appropriate means of analysis as the effect of a confounding variable had to be controlled for while measuring the impact of category fit on several dependent variables.

[7] For "portfolio composition" a dummy variable has been created to allow SPSS to make a split into the two distinct compositions of the HF and LF portfolios, after making the general split into HF and LF.
[8] To be able to conduct a MANOVA, it is required to test the homogeneity of regression slopes, besides looking at the basic statistics, to guarantee that there is no interaction between the independent variable and the covariate. In the present analysis, this test did not show significant results ($p > 0.05$), indicating that there is no interaction between perceived quality and category fit, allowing to proceed with a basic MANCOVA.
[9] This means that the variances of the adjusted means (after controlling for the effect of perceived quality) are compared in order to determine if the effect of the independent variable on the dependent variable is significant.

3.7 Data Quality

Marketing research theory discusses two major variables in order to ensure a high level of data quality in research projects – reliability and validity. Both variables cannot be viewed independently, as "although reliability and validity are analytically distinguishable, they are related because validity presumes reliability." (Bryman & Bell, 2007, p. 168). Thus, the measures need to be first and foremost reliable in order to be valid, which has been taken into consideration for the set-up of this thesis.

3.7.1 Reliability

When considering whether a measure is reliable, it is important to look at its internal reliability and stability (Bryman & Bell, 2007, p.163).

Internal Reliability "measures the internal consistency of a summated scale and refers to the consistency with which each item represents the overall construct of interest." (Wilson, 2012, p.170). As suggested by Söderlund (2005), several pre-approved multi-item scales have been looked at and the ones most relevant to the present context were selected to guarantee for internal reliability. Furthermore, some scales were adapted to increase the applicability for this study (Söderlund, 2005). Furthermore, Cronbach's alpha was calculated in order to ensure the true internal reliability of the study (Malhotra, 2010), which ranged from 0.804 to 0.921 in the main study. As all values for Cronbach's Alpha were greater than the suggested minimum of 0.7, a high level of internal consistency and thus, a high reliability is proven (Söderlund, 2005).

Stability looks into the effect of time on the scale items. In order to guarantee for stability in this research, the initial survey was pre-tested to see whether the questions are easily understood in the intended way or if it is necessary to exclude or re-phrase certain parts. Verifying this before launching the final survey increased the probability of getting identical results if the study is replicated. However, the only true reliable measurement for stability is a re-test which has not been conducted so far as it extended the time frame of this thesis (Malhotra & Birks, 2007). In regard to secondary research, mostly peer-reviewed and well-cited books and journal articles have been used for the hypotheses deduction and scale selection. All in all, it has been ensured that the reliability of the overall research is high.

3.7.2 Validity

Internal Validity controls if the manipulation of the independent variable actually was responsible for the observed effects on the dependent variables (Malhotra, 2010). Applied to this study, it means that internal validity measures the degree to which the variances in the evaluation of the corporate brand are actually caused by the two different category fit portfolios. If the observed effects are influenced by extraneous variables, it is difficult to draw valid inferences about the causal relationship and thus increases the risk of overall invalid results.

As this experiment bears the risk of (1) single brand-effects as a possible extraneous influence, this measure had to be controlled for as good as possible. Thus, extensive pre-studying ensured that the brands used in the portfolios are of similar familiarity and quality. To further make sure that possible differences in quality are statistically controlled for in the main analysis, "perceived quality" was included as a covariate. In addition, two HF and two LF portfolios have been considered, having several brands in common, to control for category and brand specific effects. To not activate the effect of another extraneous factor, the corporate brand stimulus was identical in both groups, being only distinguished by the change of brands in the portfolios. As explained in part 3.3.2, the information was presented very clean and aseptic to make sure that the corporate brand image perception was not triggered by any additional effect apart from the stimulus chosen. Respondents also confirmed the credibility of the stimulus, as many believed that K&B was the real corporation behind the shown product brands. Furthermore, the perception of fit in the different portfolios has been validated at the beginning of the main study, indicating that the HF portfolios were perceived as more simultaneous than the LF portfolios. As suggested by Bryman and Bell (2007), mostly validated multi-item measures have been used to increase internal validity. Nevertheless, as some scales had to be adapted, it was made sure that all of these values show a high reliability by looking at Cronbach's Alpha. Furthermore, by using two homogeneous groups with important homogeneous characteristics for the study, the internal validity has been increased - making sure that answers are not influenced by external factors. Overall, it seems that internal validity was kept at a high level.

External Validity "refers to whether the cause-and-effect relationships found in the experiment can be generalized beyond the experimental situation" (Malhotra & Birks, 2007). This thesis aims at testing the effects of portfolio fit on the evaluation of an unknown corporate brand, a relationship that has not been tested before in this context. Thus, future studies should verify the results by employing a similar study including e.g. different categories or target groups in order to increase the generalizability. Further, as a homogeneous sample with a rather narrow target group has been selected, results can only be generalized to other German students or people with similar educational backgrounds at that age. Furthermore, one has to be careful when transferring the results to consumers of other nationalities, as the topic in general is very sensitive to cultural differences (Meierer, 2008).

Since the chosen study design includes real product brands and an unknown corporate brand, the external validity is expected to be much higher than if hypothetical brands had been used. Furthermore, results can be generalized as two different portfolios of different brands and categories were manipulated, thus, reducing category and brand-effects.

4 Results

In this chapter, the results and analysis of the SPSS testing of the hypotheses will be reported and analyzed in order to identify if and how the dimension of fit affects the i) corporate brand credibility, ii) consumer's ability to grasp the corporate brand and iii) the boundaries of the corporate brand.

4.1 Manipulation Check

4.1.1 Category Fit

Initially, it was assured that the manipulation with regards to category fit turned out as expected. The results of a 2x2 analysis support that the two HF and the two LF portfolios are comparable and that the LF portfolios have a significantly lower fit than the HF ones.

Both of the LF portfolios are confirmed to be of LF (LF1: M=2.45; SD=1.23; LF2: M=2.19; SD=0.84), thereby receiving a non-significant relationship with each other in the conducted one-way ANOVA including a Tukey HSD analysis. Similarly, both of the HF portfolios are confirmed to be of HF (HF1: M=5.12; SD=1.34; HF2: M=5.16; SD=1.06), thus also displaying a non-significant relationship in terms of fit. Cross-comparing HF1 with LF1 yields a significant difference (diff.: 2.67), the same goes for the comparison between HF1 and LF2 (diff.: 2.93), HF2 and LF1 (diff.: 2.71), and finally HF2 and LF2 (diff.: 2.97). All of these differences were statistically significant on a 1% level.

4.1.2 Validating Portfolio Design

Since the thesis' point of departure assumed that – apart from fit – the portfolios are designed equally in terms of familiarity with the brands and their perceived quality, it was checked whether the four designed portfolios are similar for those dimensions. Analysis yields that the means across the four portfolios are very close to each other (see Appendix 5). Familiarity levels of the four portfolios ranged from 5.7 to 5.94 and quality levels from 4.85 to 5.2. This suggests that the pre-studies worked and brands were chosen appropriately, as the portfolios are homogenous in terms of the relevant measures. Although the means of quality were very similar, it was still decided to integrated perceived quality as a covariate in the analysis of the main study.

4.2 Research Question 1 – Corporate Brand Credibility

Research question 1 asked how quality and fit impact the consumer's evaluation of the credibility of a newly introduced corporate brand. For this matter two hypotheses were formulated, (i) to establish the general link between strong brands and a company's perceived credibility as a basis and (ii) taking the discussion one step further and measuring the impact of fit if quality is controlled for.

4.2.1 The Relationship of Product Brand Quality and Corporate Brand Credibility

Hypotheses 1 a) and b) state that the perceived quality of the product brands positively influences the expertise and the trustworthiness of the corporate brand (according to the conceptualization of corporate credibility), thus showing that the consumer is able to transfer the product associations to the corporate brand. To validate this, the LF and the HF portfolio were investigated in two separate linear regressions for both expertise and trustworthiness. The analysis gives significant support ($p<0,01$) for a medium to large positive correlation between the perceived quality of the product portfolio, with expertise (HF: $\beta=0.509$; LF: $\beta=0.229$) and with trustworthiness (HF: $\beta=0.633$; LF: $\beta=0.414$) in both HF and LF portfolios. All these correlations were significant on a 5% level. This provides support for hypothesis 1.

	Dependent Variable	FIT Type	Linear Reg. Std. β	Sig.	Acceptance
Perceived Quality	**Expertise**	HF	0.509	0.000	√
		LF	0.229	0.019	√
Perceived Quality	**Trust-worthiness**	HF	0.633	0.000	√
		LF	0.414	0.000	√

Table 5: Correlations Perceived Quality –Expertise & Trustworthiness

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H1: Perceived quality of the product brands positively influences the overall credibility of the corporate brand.
Perceived quality positively influences a consumer's evaluation of the
a) perceived expertise
b) perceived trustworthiness of/in the corporate brand. **SUPPORTED**

However, as visible when comparing the beta-coefficients for the LF and the HF portfolio, it is seen that the HF portfolios display a larger coefficient, thereby leading us to H2.

4.2.2 The Impact of Fit on Expertise and Trust

To get an initial picture of H2-H4, a multivariate analysis of covariance (MANCOVA) was run to test several dependent variables (expertise and trustworthiness for H2a and H2b, perceived brand understanding for H3 and internal accessibility of the corporate brand for H4) simultaneously with perceived quality as a covariate. Results indicate that the difference of fit between the brands in the portfolio has a significant effect on all the dependent variables ($F(1, 211) = 24.36$, $p < 0.01$, Wilk's lambda 0.68). Overall, the results from the MANCOVA do not indicate any significant interaction effects between fit and perceived quality, but show that both fit and perceived quality individually have a significant effect on the dependent variables. To move on, planned comparisons were used to test the hypothesized effects on the dependent variables individually (see 4.2.2 cont. and 4.3).

In Hypothesis 2, it was reasoned that the HF portfolio has both a higher perceived expertise and trustworthiness. In order to test that hypothesis the means of both fit groups were compared, after adjusting for portfolio quality. The analysis yields that fit results in a significant difference of 0.47 of expertise between the HF (M_{ad}=5.41) and the LF portfolio (M_{ad} =4.94), with a partial eta squared of 0.05. Thus, hypothesis 2a) is supported. Considering hypothesis 2b) the analysis shows a non-significant influence of fit, after adjusting for quality, on the evaluation of the corporate brand's trustworthiness. The HF portfolio has a M_{ad} of 4.74 while LF displays a M_{ad} of 4.51 (diff.: 0.23), with a low partial eta squared of 0.01. Thus, hypothesis 2b) is not supported.[10] Looking at the covariate, it is found that perceived quality has a strong significant relationship with both expertise and trustworthiness, as indicated by a partial eta squared value of 0.15 for expertise and 0.31 for trustworthiness (see Appendix 6).

Image Classification	FIT Type	Adjusted Mean (M_{ad})	Diff.	Significance	Partial Eta Squared	Acceptance
Expertise	HF	5.41	0.47	0.01	0.055	√
	LF	4.94				
Trust-worthiness	HF	4.74	0.23	0.115	0.012	x
	LF	4.51				

Table 6: Comparing Means of Expertise and Trustworthiness in HF and LF

[10] To check whether these results were accurate, the analysis was also conducted in a 2x2 way – i.e. comparing each single HF portfolio with each LF portfolio and vice versa. Exactly the same results were obtained, i.e. a significant difference for expertise and no significance for trust.

H2: The HF portfolio has a significantly higher credibility than the LF portfolio.

PARTIALLY SUPPORTED

The corporate brand behind the HF portfolio has a significantly higher
a) perceived expertise than the LF portfolio. **SUPPORTED**
b) perceived trustworthiness than the LF portfolio. **NOT SUPPORTED**

4.3 Research Question 2 – Brand Image Clarity

Research question 2 asked how strong brands and their configuration in a portfolio impacts the consumer's ability to grasp a newly introduced corporate brand in the FMCG area. Hypotheses 3 and 4 assess the impact of category fit on this dimension according to the variables perceived brand understanding and internal accessibility of the corporate brand image.

Hypothesis 3 argues that perceived category fit is associated with a higher perceived understanding of the newly introduced corporate brand. After adjusting for perceived quality of the brands in the portfolio, the analysis confirms the hypothesis; showing a significant difference in the image clarity means between the HF and the LF portfolio of 1.3 on a 1% significance level with a strong partial eta squared of 0.21. The M_{ad} for the HF portfolio was 3.77 and 2.47 for the LF portfolio. The analysis thus reveals that the perceived understanding of a newly communicated corporate brand significantly depends on the brand portfolio fit.

Similar results are obtained for the internal accessibility: There is a significant difference between the HF and LF portfolio of 1.0 on a 1% significance level with M_{ad} of HF of 3.34 and LF of 2.34. The covariate does not show any significant relationship with the two investigated dependent variables (see Appendix 6).

Image Classification	FIT Type	Adjusted Mean (M_{ad})	Diff.	Significance	Partial Eta Squared	Acceptance
Perceived Brand Understanding	HF	3.77	1.3	0.000	0.207	√
	LF	2.47				
Internal Accessibility of the Corporate Brand	HF	3.34	1.0	0.000	0.128	√
	LF	2.34				

Table 7: Comparing Means of Image Clarity Measures in HF and LF

H3: *Perceived category fit is associated with a higher perceived understanding of the corporate brand.* **SUPPORTED**

H4: *Perceived category fit will have a positive effect on the consumer's internal accessibility of the corporate brand.* **SUPPORTED**

4.4 Research Question 3 – Boundaries of The Corporate Brand

4.4.1 Competence in a Particular Category

Hypothesis 5 stated that the company with a HF portfolio will be perceived as having a significantly higher competence in that particular category than the company with a LF portfolio. For this purpose, both of the LF and the HF portfolios were not grouped together, as this would have implied analyzing the variance in the chocolate portfolio (N=61) against the united LF portfolio (N=104). Instead a 2x2 analysis was run, thereby investigating both of the LF portfolios with each of the HF portfolios.

After adjusting for perceived quality, the analysis yields that the HF portfolio 1 (i.e. bodycare) has a significantly higher competence in the bodycare segment (N=49; M_{ad}=5.29) than both the LF portfolio 1 (N=50; M_{ad}=4.31) and 2 (N=54; M_{ad}=4.65). Similarly, the HF portfolio 2 (i.e. chocolate) has a significantly higher competence in the chocolate segment (N=61; M_{ad}=5.61) than both the LF portfolio 1 (N=50; M_{ad}=4.93) and 2 (N=54; M_{ad}=5.16). Those differences were statistically significant on a 1% level, with a moderate to large partial eta squared between 0.04 and 0.21. Shifting focus to the covariate, analyses yield that perceived quality has a significant influence on competence, in all of the conducted ANCOVAs with a strong partial eta squared between 0.13 and 0.29 (see Appendix 6).

Image Classification	FIT Type	Adjusted Mean (M_{ad})	Diff.	Significance	Partial Eta Squared	Acceptance
Competence Bodycare 1	HF 1	5.29	0.84	0.000	0.214	√
	LF 1	4.31				
Competence Bodycare 2	HF 1	5.25	0.55	0.001	0.102	√
	LF 2	4.65				
Competence Chocolate 1	HF 2	5.61	0.74	0.000	0.112	√
	LF 1	4.93				
Competence Chocolate 2	HF 2	5.56	0.57	0.03	0.042	√
	LF 2	5.16				

Table 8: Comparing Means of Competence in Bodycare and Chocolate in HF and LF

H5: When specialized in regard to one category, the competence in that particular category will be perceived higher in the HF portfolio than in the LF portfolio, despite strong brands being present. **SUPPORTED**

4.4.2 Acceptance of an Incongruent Brand Introduction

Hypothesis 6a) stated that if a LF portfolio has been introduced, consumers will be more ready to accept a new product brand launch in an unrelated category. After adjusting for perceived portfolio quality, the results show a significant difference in the likely acceptance of such an introduction: For the HF portfolio, consumers are less willing to accept a new unrelated product launch under the corporate brand (M_{ad}=1.84), whereas in case of the LF portfolios, people show a higher acceptance (M_{ad}=2.8). The difference between the two groups (diff.: 0.96) is statistically significant on a 1% level with a strong partial eta square of 0.18. When looking at the impact of the covariates, analysis finds that perceived quality does not have a significant impact on the acceptance of a brand launch in an unrelated category (see appendix 6).

Image Classification	FIT Type	Adjusted Mean (M_{ad})	Diff.	Significance	Partial Eta Squared	Acceptance
Acceptance of Incongruent Launch	HF	1.84	0.96	0.000	0.177	√
	LF	2.8				

Table 9: Comparing Means of Incongruent Launch Acceptance in HF and LF

***H6 a)**: If a company with a HF portfolio launches an additional brand within a distant (LF) category, the new brand will be less accepted, than if a company with a LF portfolio launches the same brand.* **SUPPORTED**

4.4.3 Acceptance of a Congruent Brand Introduction

Hypothesis 6b) stated that if a company with a HF portfolio launches an additional brand within its category of specialization, the new brand will be more accepted than if a company with a LF portfolio launches the same brand.

After adjusting for the impact of the perceived portfolio quality, the analysis yields that the newly introduced brand by the company behind HF portfolio 1 (i.e. bodycare) is significantly more accepted (N=49; M_{ad} =5.69) than both the corporate brand behind LF portfolio 1 (N =50; M_a =4.84) and 2 (N=54; M_{ad}=4.21) with a strong partial eta squared between 0.14 and 0.3. Similarly, if the company behind HF portfolio 2 (i.e. chocolate) launches a brand in the chocolate segment, this brand is significantly more accepted (N=61; M_{ad}=5.84) than for both, the company behind LF portfolio 1 (N=50; M_{ad}=4.93) and 2 (N=54; M_{ad}=4.79) with a strong partial eta squared between 0.14 and 0.16. Those differences were statistically significant on a 1% level. When looking at the impact of the covariates, analyses find that perceived quality does not have a significant impact on the acceptance of a brand launch in an unrelated category (see appendix 6).

Image Classification	FIT Type	Adjusted Mean (M_{ad})	Diff.	Significance	Partial Eta Squared	Acceptance
Acceptance of Congruent Launch Bodycare 1	HF 1	5.69	1.12	0.000	0.141	√
	LF 1	4.84				
Acceptance of Congruent Launch Bodycare 2	HF 1	5.68	1.47	0.000	0.303	√
	LF 2	4.21				
Acceptance of Congruent Launch Chocolate 1	HF 2	5.84	0.91	0.000	0.139	√
	LF 1	4.93				
Acceptance of Congruent Launch Chocolate 2	HF 2	5.8	1.01	0.000	0.162	√
	LF 2	4.79				

Table 10: Comparing Means of Congruent Launch Acceptance in HF and LF

H6 b) *If a company with a HF portfolio launches an additional brand within its category of specialization, the new brand will be more accepted than if a company with a LF portfolio launches the same brand.* **SUPPORTED**

4.5 Summary of Main Results

*I. How do strong brands and their configuration in a portfolio (LF versus HF) impact the consumer's **evaluation of the credibility** of a newly introduced corporate brand?*	
Corporate Brand Credibility	**H1:** Perceived quality of the product brands positively influences the overall credibility of the corporate brand. **SUPPORTED** Perceived quality positively influences a consumer's evaluation of the a) perceived expertise b) perceived trustworthiness of/in the corporate brand. **H2:** The HF portfolio has a significantly higher credibility than the LF portfolio. **PARTLY SUPPORTED** The corporate brand behind the HF portfolio has a significantly higher **a)** perceived expertise than the LF portfolio. **SUPPORTED** **b)** perceived trustworthiness than the LF portfolio. **NOT SUPPORTED**
*II. How do strong brands and their configuration (LF versus HF) in a portfolio impact the consumer's ability to **unmistakably "grasp"** (i.e. make sense of) a newly introduced corporate brand in the FMCG area?*	
Corporate Brand Clarity	**H3:** Perceived category fit is associated with a higher perceived understanding of the corporate brand. **SUPPORTED** **H4:** Perceived category fit will have a positive effect on the consumer's internal accessibility of the corporate brand. **SUPPORTED**
*III. How do strong brands and their configuration in a portfolio (LF versus HF) impact the consumer's **perception of the boundaries** of a newly introduced corporate brand in the FMCG area?*	
Corporate Brand Boundaries	**H5**: When specialized in regard to one category, the competence in that particular category will be perceived higher in the HF portfolio than in the LF portfolio, despite strong brands being present. **SUPPORTED** **H6 a)**: If a company with a HF portfolio launches an additional brand within a distant (LF) category, the new brand will be less accepted, than if a company with a LF portfolio launches the same brand. **SUPPORTED** **H6 b)** If a company with a HF portfolio launches an additional brand within its category of specialization, the new brand will be more accepted than if a company with a LF portfolio launches the same brand. **SUPPORTED**

Table 11: Summary of Main Results

5 Discussion

This chapter will start with a discussion of the results obtained in the study divided into the different dimensions investigated. Afterwards, potential critics towards the study and managerial implications will be presented. Finally, suggestions for future research will conclude the thesis.

Observing the current trend in the FMCG industry to communicate the long unknown corporate brand with well-established product brands raises the question which impact the portfolio fit has on the consumer's evaluation of the corporate brand. The present study has investigated relevant image dimensions: i) corporate brand credibility, ii) corporate brand image clarity and iii) boundaries of a corporate brand, being one of the first to investigate how portfolio composition within FMCG determines the consumer's impression.

5.1 The Notion of Fit – It's all a Matter of Perspective

5.1.1 The Impact of Fit on Corporate Brand Credibility

I. How do strong brands and their configuration in a portfolio (LF versus HF) impact the consumer's evaluation of the credibility of a newly introduced corporate brand?

Perceived quality has a direct positive impact on the corporate brand credibility, thereby confirming the link between product brand and corporate brand. This justifies the FMCG companies' intent to build the corporate brand via leveraging on the product brands, as the quality perception is transferred. Already the pre-test conducted for the main study indicated that people make such inferences without further background information on the corporation, as one respondent stated: "Well, if K&B produces all of these well-known products, they must be good in what they are doing."

In regard to the consumer's evaluation of corporate brand credibility, this precondition needs to hold in order to make an investigation of fit possible (since it is based on the portfolio of brands). Already the regressions have led to believe that fit might have an impact given the different beta coefficients for the HF and LF portfolios for both expertise and trust. These predictions were confirmed to be significant for expertise: Since quality was controlled for, the significant difference in expertise indicates that it is easier for the consumer to transfer the product attitudes to the corporate brand in case of a homogenous portfolio (HF). This is grounded in the categorization theory: “Whether the information that comes to mind results in an assimilation or contrast effects depends on how it is categorized” (Schwarz & Bless, as cited in Brunner, 2010, p.118). As already hypothesized, in case of the newly built LF category, it is much more of a cognitive challenge to transfer quality perceptions to the corporate brand expertise than for the HF portfolio.

This being said, it has to be acknowledged that the actual difference of means is 0.49, indicating a medium to high level of expertise in both cases. This might be due to the consumers establishing a “brand fit” in terms of the quality and the positive attitude towards the single brands also in the LF portfolio. When having a look at the covariate perceived quality (see Appendix 6), a significant relationship was found between quality and expertise. The Eta Square value of 0.152 means that 15.2% of the variance in the means of expertise is explained by the perceived quality, which is a very high value (Pallant, 2012). This suggests that the strong profile and signaling effect of the product brands in a way inhibit category fit from playing a very dominant role. One could say that the strength of the brand portfolio in terms of the well-established brands potentially outshines the importance of fit. This suggests that the skepticism that is probably induced owing to the company needing completely different skills to produce distinct products is offset by the quality level of the brands, indicating a lot of brand power and might also lie in the low involvement nature of the products. Since consumers do not associate a high risk to the purchasing decision of FMCG products, they probably care less whether products make a logical connection or not in terms of the corporate brand. Also, the consumer probably makes little effort to resolve the cognitive dissonance. Going into a similar direction, Goertz (2007) argues that the consumer might be very surprised about the information of established unrelated brands belonging to the same company, and that this surprise moment might block a deeper consideration of fit between the brands. In line with this, people will be more likely to make sense of a dissonance, the more surprised they are about the inconsistence (Kunda, Miller & Claire, 1990).

Shifting focus to the trustworthiness dimension, no significant difference between the HF and LF portfolio were found. There are two possible explanations for this occurrence: One could assume that fit does not have an impact on trust. However, the more sound reasoning is that corporate brands can only serve as an anchor of trust, if they possess an appropriate reputation and brand strength in the consumers’ eyes (Goertz, 2007). Although the measures for the trust dimension were chosen in a way to counteract such a problem (source credibility), it could be that consumers knew too little about the hypothetical corporate brand to make a judgment about trust. This is also reflected in the trustworthiness means (M=4.49;4.76), which are much lower than the expertise ones (M=4.93;5.42), which points to the fact that people had no sufficient ground to base their trustworthiness evaluation on. Nonetheless, the potential implication from such reasoning is very interesting: Apparently, the already trusted product brands are not a sufficient basis to develop high corporate brand trustworthiness levels. More realistically, consumers need to build up more profound knowledge and familiarity with the corporate brand through repeated exposure and experiences with it. Familiarity is known to be a precondition for trust (Stewart & Malaga, 2009), and the obtained results suggest that indeed the trustworthiness of the unfamiliar corporate brand is ambiguous. Furthermore, trustworthiness is probably not only enhanced by quality but also related to an emotional connection to the company via values etc. Nonetheless, the regression revealing a significant relation of perceived product brand quality and trustworthiness indicates that the consumer had been positively influenced by seeing the three trusted brands (Stewart & Malaga, 2009).

5.1.2 The Impact of Fit on Corporate Brand Image Clarity

II. How do strong brands and their configuration (LF versus HF) in a portfolio impact the consumer's ability to unmistakably "grasp" (i.e. make sense of) a newly introduced corporate brand in the FMCG area?

In accordance with the hypothesis, the HF portfolio is both associated with a higher perceived understanding and a higher internal accessibility of the image of the corporate brand. This shows that upon first exposure with a brand operating a homogenous portfolio, the consumer is able to grasp what the company is about more easily than in case of a heterogeneous portfolio. Categorization theory has predicted this outcome, since the heterogonous portfolio makes it more difficult to put the single brands into a straightforward cognitive category (Doust & Esfahlan, 2012) resulting in a higher cognitive challenge. Also, the accessibility of the inner picture has been found to be significantly higher for the HF portfolio, which might have important consequences, since the ease with which an image can be retrieved from memory, determines if it is used to make a judgment (Sheinin & Biehal, 2007). This becomes even more of an issue if we consider that currently all of the FMCG companies start to communicate the house behind their brands resulting in a potential information overload. Also, the number of brands in the study was limited to three, whereas in real life, a consumer is expected to "learn" that a lot more brands belong to the same house. The stability of such a desired corporate brand image in the consumer's head might thus be put into question (Brunner, 2010).

This being said, it should be noted that despite the significant findings in regard to low and high fit, the means for each of the two groups are at a rather low level, ranging from M=2.5 to M=4. This indicates that respondents generally had difficulties to build a clear picture solely after an initial exposure to the corporate brand based on the portfolios of brands. This is straightforward when considering that to have a clear image about a company, consumers usually need more information, for instance on values of the firm, how it is portrayed in public etc. Nevertheless, FMCG companies have so far followed the approach of simply endorsing their corporate brands (at least in regard to the consumer), without launching massive corporate campaigns (apart from the *I love Mum* Campaign by Procter and Gamble 2012 during the Olympics). This requires the consumer to recognize the corporate brand in connection to single product brands, and not giving them a stronger hint of how to connect the dots. Taking this into consideration, the results provide the interesting insight that even in the homogenous portfolio case, corporations might ask too much of the consumer.

Although much of the corporate branding literature suggests an increasing sophistication of the consumer with a higher demand for transparency and accountability, the opposite might also hold true: During some of the initial expert interviews, it was already indicated that consumers might have problems with the additional complexity and that it takes other measures than simply endorsing the corporate brand on the product brands.

Nevertheless, when referring back to the initial focus of fit, results clearly indicate that although a consumer might not easily understand the corporation based on the exposure to a brand portfolio, fit certainly fosters a faster grasp and thus access to the corporate image. Following the same lines, Saunders and Guoqun (1997) state that a corporate structure in fact favors a coherent set of products.

5.1.3 The Impact of Fit on the Boundaries of the Corporate Brand

III. How do strong brands and their configuration in a portfolio (LF versus HF) impact the consumer's perception of the boundaries of a newly introduced corporate brand in the FMCG area?

The study results suggest that the boundaries of the corporate brand are associated with the field of competence connected to the corporate brand. Results are significant when comparing the level of competence of the corporate brand operating a HF portfolio in its specific category against the level of competence in exactly that category of a more generalist corporation. These results provide support for the theory indicating that a corporate brand, associated with a HF portfolio will be perceived as a specialist and thus being perceived as of higher competence in that category (Kardes & Allen, 1991). This can be explained by the larger number of evidence (i.e. via the different product brands in one category) provided by a corporate brand associated with a HF portfolio. This being said, it is striking to see that the competence difference between the HF and LF portfolio for both a chocolate bar and bodycare in fact is around 0.5 to 1, which is not that high. This again points to the conclusion that the single brands have a lot of power and are associated with a high competence in their respective categories.

Nevertheless, the findings in regard to competence already provide a hint as to the boundaries of both a specialist (i.e. a corporate brand introduced with a HF portfolio) and a generalist (i.e. a corporate brand introduced with a LF portfolio) when it comes to the introduction of new brands. Results proof that the acceptance of a newly launched brand by a specialist in its corresponding category (chocolate bar or bodycare) will be significantly higher, than if the generalist would launch the same brand. In contrast, results also show, that the launch of a brand in a truly remote category (e.g. batteries) is more accepted when introduced by a generalist.

Embedding these results into the corresponding literature, being perceived as a specialist means that the boundaries in regard to the extendibility of a corporate brand are much more narrow than for a generalist (Varadarajan et al., 2006). Consumers would attribute very distinct associations to such a corporate brand that are difficult to be extended. Therefore, for "specialist" corporate brands, that are known as being rather one-dimensional, the launch of a brand in a LF category (e.g. batteries) might be risky, because an unrelated launch bears potential negative effects on the corporate brand as well as other brands in the portfolio (Dacin & Smith, 1994). A "generalist" corporate brand on the other hand, has more possibilities of extending its portfolio. The relevance of fit is decreased when it comes to extending the scope of the brand (Grim et al., 2002; Dacin & Smith, 1994). Simply put, such a broadly positioned brand has an already established standing as a generalist, allowing the consumer to not become skeptical in case on an incongruent launch.

This being said, when it comes to a congruent launch, the company behind a HF portfolio might have bigger advantages: Congruent launches are more accepted in the case of such a company. Due to the high fit of the existent product line and the new launch, a transfer of quality perceptions is likely to take place (Kwun & Oh, 2007). One might question such a positive transfer effect in case of the low fit company launching an incongruent brand. Even though the consumer would not question the company's abilities to produce such a product, it is a different issue whether transfer would take place. Looking at this from the angle of the IEM model, it can be assumed that there is a much stronger assimilative effect in case of a HF launch.

This being said, the thesis should put those results into perspective: The difference between HF and LF for the incongruent launch is 0.96 and for the congruent launch it ranges from 0.92 to 1.48. This points to the fact that for a congruent launch – similarly to the competence discussion above, the single brands have a lot of power and that also for a corporate brand operating a LF portfolio, acceptance – and potential image transfer effects could occur from only one single strong product brand to the newly launched congruent brand.

At the same time, it should be acknowledged that the difference for the incongruent launch (batteries) is not very much apart for the HF and LF case (0.96). This suggests that batteries were simply "too incongruent", since it is a product that is not connected in any way to the existent brands in the portfolio.

5.2 Managerial Implications

The present thesis provides valuable insights and implications for corporate brand managers and product brand managers working within the FMCG industry, especially those operating within complex multi-brand architectures.

First of all, the thesis finds that a corporate brand can be built based on strong product brands, which proves current efforts of the big FMCG powerhouses right. Corporate credibility in terms of both expertise and trust, which are known to be crucial for a corporate brand, are enhanced by the positive attitude held towards the product brands. This suggests that the communication of the corporate brand in the context of product brands is a worthwhile strategy. Here, portfolio advertising might be a suitable communication option, as it was already proven that such advertising is more effective than single product advertising to build an unknown corporate brand (Brunner, 2010). However, it is also suggested that only stressing the corporate brand in the light of the single brands is not enough, exemplified by the rather low trust and image clarity values (independent of HF or LF): In order for people to build an emotional connection to a company (which is crucial in the low involvement nature of FMCG to stick out and create loyalty), a more balanced marketing mix is necessary than currently found in marketing practice. The study shows that a corporate brand can leverage on the product brands and be strengthened by it and it is also assumed that owing to the categorization process, consumers assign new emergent attributes to the corporate brand.

Nonetheless, in order for the consumer to have strong, unique and favorable associations, which would provide the brand with the desired identification and differentiation function, the corporate brand should be rewarded with a stronger focus on itself, which is currently not yet widely observed in marketing practice of FMCG companies. It is believed that only via such efforts *combined* with the connection to the brand portfolio, the corporate brand will claim its "right to exist" and develop differentiating power towards competitors.

This being said, fit (i.e. *which* brands are chosen to be communicated to the consumer) definitely has an impact on various image-related dimensions. The discussion on the study's outcome in regard to image clarity above, suggests that a broad communication is very hard to conceive by the consumer. Thus a more narrow focus is advisable, which is also reflected in some marketing experts criticizing the current approach of Procter and Gamble or Unilever: "Look at Procter & Gamble. Few companies have launched as many products that were first in their categories as P&G. Yet the company doesn't have the same cache with consumers as Apple or Disney. Procter & Gamble isn't focused. The company markets everything from cosmetics to high-tech razors to low-tech soap and a lot of products in between." (Ad Age, 2012). This suggests that for consumers to see sense in the stand-alone brands to belong to one corporate brand, the brands need to fit together on some image dimensions in order to facilitate the consumer's access and understanding of the brand (Helmig, Huber & Leeflang, 2007). At the same time, it is known that perceived fit can be influenced. Boush (1993) was the first to establish that advertising has the power to influence how fit is perceived, i.e. by stressing certain features of very distinct products that enable a consumer to find a common ground (especially when multiple exposure is provided). Nonetheless, a HF portfolio makes sense much faster in the consumer's mind, implying that an increased marketing effort is needed to convincingly communicate a LF portfolio.

Summarizing the discussion above, it all comes down to the question, which focus a company pursues: Portfolio design is not an either-or question, but simply needs to be in line with the company's strategy, while it is crucial that the companies are perfectly aware of the advantages / disadvantages and the consequences of both a LF and HF approach. It is thus recommended that the following questions are taken into account:

1. How should the breadth of the corporate brand be perceived? If the corporate brand should be perceived as a specialist, it is recommended to narrowly focus on a specific category. The analysis has shown that in such a case, a new launch is facilitated. It is assumed that in such case the image transfer of competence is much higher, thereby suggesting that for a HF portfolio the desired backward effects onto the product brands might be higher and more relevant for the consumer. If the corporate brand intends to be a generalist, communication of distinct categories does not really harm the corporate brand's credibility (when quality is given), but comes at the cost of an increased challenge for the consumer to grasp what the company is about and thus requires more effort for the company to bring its image across. In this case it is recommended, as already indicated above, to put more focus on an integrated communication of the corporate brand and its product brands instead of simply endorsing it.

2. How strong are the product brands? Brand managers need to be aware of the strength of their brands. Provided that all brands in the present thesis were strong, fit did not have a strong impact in comparison to quality. Previous research, however, suggests that a lack of fit has a much bigger impact if the quality variance is high (Aaker & Keller, 1992; Dacin & Smith, 1994). Since quality seems to be one dimension that a brand fit can be based on, managers need to carefully watch out for quality, as now it is not only the product brand that is at stake, but also all of the other product brands underneath the corporate brand. When having a look at the current strategy of big FMCG players in terms of "brand deletion" (BrandChannel, 2005), which refers to deleting weaker brands from the portfolio, the focus on the extremely powerful and high quality brands, seems to be in line with this reasoning.

5.3 Criticism of the Study

The present study is among the first to put the current marketing practice of big FMCG powerhouses into an empirical setting, investigating the notion of portfolio fit operating on the perception of the corporate brand. However, some critique can be raised, majorly emerging due to the complexity of portfolio research and the novelty of the topic.

Survey Design. The survey design chosen might leave room for possible criticism. Before being exposed to the corporate brand stimulus itself, respondents were asked to first evaluate the single product brands and secondly to state their perception of category fit when looking at a portfolio of three different brands. By being forced to make those evaluations before actually evaluating the corporate brand, it is possible that the respondents have been influenced by the in depth statements they made about each of the single brands. Meaning, that all of the brands as well as the perception of fit have been cognitively processed before making judgments about the corporate brand. Nevertheless, in order to find out if product brands can be leveraged on for the corporate brand introduction, an evaluation of the product brand needed to precede the introduction of the corporate brand stimulus. Reversing the order of the two dimensions would have misled results as not a forward, but a backward effect would have been measured. The same holds true for fit. By forcing the respondents to actively think about their perceived fit of the brands in the portfolio, chances exist that the predominant presence of this perception in a respondent's mind, artificially influences his/her evaluation of the corporate brand building dimensions. Nevertheless, the surprise effect caused by the information about the corporate brand received in the stimulus might be so dominant, that an unbiased evaluation of the dependent variables was not at risk (Görtz, 2007).

Corporate Brand Stimulus Presentation. The restrictions in terms of time and scope of the thesis, as well as the novelty of the topic, set the boarders for presenting the corporate brand stimulus. The survey set-up "forced cognition" as one way of conditioning, which implies that the respondents were forced to recognize and process the corporate brand behind the product brands. In reality the consumer would probably not be exposed to this information in such an obvious way and it would take much longer for the consumer to actually be aware and understand this newly made link. Nevertheless, as most academic research using an experimental set-up employs this technique (e.g. Sheinin & Biehal, 2007; Dacin & Brown, 1997), it has been viewed as being adequate. Furthermore, the novelty of the topic in the consumer's mind made this approach inevitable, as he/she needed to be able to concretely understand that a corporation is behind many strong brands and that a specific set of brands belongs to that same corporation.

Incongruent vs. Congruent Brand Introduction. The method used to investigate a consumer's perception of the boundaries could be another target for criticism. In the present study, fit measures have been conceptualized to give a first indication for a consumer's willingness to accept brands nearby or distant in regard to the categories the firm is currently present in. Normally, brand equity measures would be applied to determine how the brand is perceived in the eyes of a consumer. This was not possible in the present study as the corporate brand has been newly introduced and thus not loaded with any values. The only associations a consumer was able to develop during the time of the questionnaire were connected to the brands and their perceived fit, thus not allowing to actually form a deeper brand image. Therefore, the used approach was deemed necessary to measure first indications of how the boundaries of a corporate brand are perceived solely on the basis of the product brands and their fit.

5.4 Future Research

Primed by the novelty of the research topic investigated, there are several streams of further research that have been found as valuable and interesting. Most of them refer to the direction of framing the consumer's perception of the corporate brand and the most dominant objective of corporate branding in FMCG in the first place: the backward effect on the product brands.

Portfolio Advertising. This thesis has found that a corporate brand can be built on the basis of its strong, well-established product brands since an image transfer takes place (see chapter 2.6.1). Nevertheless, results also indicated that by simply endorsing the corporate brand without any further information, the consumer might not be willing to cognitively process the information and thus, not be able to make sense of it. Therefore, future research is suggested to investigate which ways of communicating the corporate brand make it easier for the consumer to frame the newly received information (e.g. through different approaches to portfolio advertising). As Broniarczyk and Alba (1994) suggest, fit must not only depend on the objective similarity of products but can be framed by explanatory links allowing the consumer to link the received nodes. Furthermore, it would be of interest whether such an extra frame interacts with category fit or if it even has the potential to overshadow it.

Backward Effects. By looking at the boundaries of the corporate brand, this study was able to give first hints of how being perceived as a specialist or generalist sets the boundaries for future actions of a corporate brand. What would now be of interest is not only how the corporate brand affects new product launches, but also if a backward-effect occurs and how it influences the already established brands within the portfolio. As achieving a backward effect is the ultimate motivation behind corporate branding in the FMCG industry, this stream of research is of high relevance. Along the same route as the present study, it would be of particular interest how the notion of fit interacts with such a backward effect. As Görtz (2007) indicates, it is believed that a brand benefits much more from a HF surrounding than from a LF environment. Nevertheless, the issue of cannibalization might interfere and thus make it difficult for a corporate brand to justify the differentiation of e.g. several shampoo brands. Investigating such a backward effect can be of great value and deliver important insights for the positioning of the corporate brand in the FMCG marketplace.

Portfolio Size. As already highlighted in the delimitations of this study, the research questions have only been investigated on the basis of a portfolio existing of three brands. As most portfolios of large FMCG companies are much larger, often consisting of several brands within one category, it would be a potential area for further research to investigate whether an increasing number of items in a portfolio changes consumers' perception of category fit and thus the evaluation of the corporate brand. As known from product brand research, the larger the product line, the more trusted is the brand, as the number of items associated with the brand indicates stable performances (Berger et al., 2007). Thus, the impact of fit might yield different results if a generalist corporate brand is introduced with not just one brand in each category, but with several brands.

Category vs. Brand Fit. In the study at hand, only highly familiar brands with equally moderate to high quality levels have been used in order to keep the brand fit at a similar level among brands and not to risk a potential bias. Nevertheless, it is a very important and interesting effect to research, as it is not only important to look at how the different product categories are perceived, but also how different brand images/attitudes affect the consumer's perception and evaluation of a corporate brand. By the same token it would be interesting to see how both, category fit and brand fit moderate one another and which dimension has the stronger influence on the corporate brand dimensions. The effect, how these variables (i.e. brand fit and category fit) are operating on each other, could be analyzed using Structural Equation Modeling (SEM), as it allows for a deeper analysis considering the causal relationship of several independent variables on the dependent variable. Overall, this seems to be a promising vain of research as being indicated by its prominence in extension and brand alliance literature (e.g. Martinéz & Pina, 2010; Simonin & Ruth, 1998, Kwun & Oh, 2007). Findings of the present study already suggest that brand fit (e.g. in terms of quality) has an impact, as the covariate perceived quality showed to have a significant influence on some of the dependent variables tested (e.g. brand expertise & trust, as well as brand competence). Thus, further research is recommended to dig deeper into this topic.

Varying Product Brand Strength. A final suggestion for future research lies in the present thesis' strict focus on well-established strong brands. Subsequent studies in the field may investigate how portfolio composition impacts the consumer's evaluation of a corporate brand in the case of weaker brands or e.g. a mixed portfolio (including both weak and strong brands). Drawing upon the extension literature, it is likely that perceived fit would have a much stronger impact on attitudinal dimensions such as trustworthiness in such a case (Aaker & Keller, 1990).

As a concluding note, the authors of the present thesis are curious to see how corporate branding in the FMCG market will evolve over time and if and when the power players within the industry will start to not only endorse products, but also launch corporate campaigns to build up strong associations next to the strong established products. Given the thesis' concentration on fit, it is particularly thrilling across which product brands the corporate brand will be spanned and which impact this has on the consumer. Furthermore, given the very recent introduction of the corporate brand to the consumer, only future will tell if such a strategy actually results in the desired backward effects, brand managers are looking for and whether there is a true benefit to coming out from behind the corporate curtain. Until then, the present thesis provides some guidance in terms of how a portfolio design impacts the consumer's perception of the corporate brand.

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Martin Holzberg, Ph.D., Manager at Batten & Company; Telephone Interview: 12.10.2012

Anne Koch, Corporate Branding & Reputation Management at Henkel: Telephone Interview: 12.10.2012

Markus Meierer, Ph.D., Assistant Professor at Chair of Marketing and Market Research, University of Zurich: Email contact: 13.10.2012

Prof. Hans-Willi Schroiff, Ph.D.,former Head of Market Research at Henkel; Telephone Interview: 16.11.2012

7 Appendix

Appendix 1: Pre Study 1 – Category Selection

Dear Participant,

Many thanks for taking the time to participate in our survey. This questionnaire takes approximately 10 minutes and serves as a pre-study for our master thesis in the Marketing discipline at the Stockholm School of Economics.

Thank you and best regards,
Christine Alff & Eva Maria Mayer

Please evaluate the following questions considering the product categories "cleaning detergent" and "bodycare".

1. I believe that similar capabilities are needed for the manufacturing of products from the categories named above.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

2. It seems logical to me that the products from the categories named above are manufactured by one company.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

3. I am using the above products in similar situations.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

Note: Questions 1 to 3 were repeated for two other category combinations in each version of the survey, e.g. cleaning detergent and chocolate.

At the very last, some questions about yourself:

8. How old are you? _____ Years

9. Gender?

□ Man □ Woman

Many thanks for your participation!
Christine & Eva

Appendix 2: Pre-Study 2 – Strong Brands Selection

Dear Participant,

Many thanks for taking the time to participate in our survey. This questionnaire takes approximately 10 minutes and serves as a pre-study for our master thesis in the Marketing discipline at the Stockholm School of Economics.

Thank you and best regards,
Christine Alff & Eva Maria Mayer

In the following we kindly ask you for your evaluation of the brands "head & shoulders", "Balisto" and "Meister Proper".

How familiar are you with the brand "head & shoulders"?

1. I have heard of "head & shoulders" before.
Strongly disagree 1 2 3 4 5 6 7 Strongly agree

2. I can recognize "head & shoulders" among competing brands.
Strongly disagree 1 2 3 4 5 6 7 Strongly agree

3. I am familiar with "head & shoulders".
Strongly disagree 1 2 3 4 5 6 7 Strongly agree

How do you evaluate the quality of "head & shoulders"?

4. I consider "head & shoulders" as being of high quality.
Strongly disagree 1 2 3 4 5 6 7 Strongly agree

5. "Head & shoulders" must be of very good quality.
Strongly disagree 1 2 3 4 5 6 7 Strongly agree

6. I feel confident that "head & shoulders" fulfills its function.
Strongly disagree 1 2 3 4 5 6 7 Strongly agree

---

7. Do you know the manufacturing company of the brand "head & shoulders"?
□ Yes □ No

Note: Questions 4 to 14 were repeated for two other brands in each of the different survey (each with a corresponding visual stimulus consisting of the brand's logo and the packaging).

At the very last, some questions about yourself:

8. How old are you? _____ Years

9. Gender?
□ Man □ Woman

Many thanks for your participation!
Christine & Eva

Appendix 3: Pre-Study 3 – Selection of the Corporate Brand Stimulus

Appendix 3.1: Questionnaire

Dear Participant,

many thanks for taking the time to participate in our survey. This questionnaire takes approximately 2 minutes and serves as a pre-study for our master thesis in the Marketing discipline at the Stockholm School of Economics.

Thank you and best regards,
Christine Alff & Eva Maria Mayer

____

1. Do you have any associations with the following names?

I do not have any associations with the name. I have strong associations with this name.

Redbox	1	2	3	4	5	6	7	
Sikora & Höhnle	1	2	3	4	5	6	7	
Godrej	1	2	3	4	5	6	7	
GLIDE		1	2	3	4	5	6	7
Kocher & Brook	1	2	3	4	5	6	7	
Diageo	1	2	3	4	5	6	7	
Wipro	1	2	3	4	5	6	7	
Weberhofer	1	2	3	4	5	6	7	

2. How appropriate do you think are the following names for a company that manufactures and markets consumer goods?

Not suitable at all Very suitable

Redbox	1	2	3	4	5	6	7
Sikora & Höhnle	1	2	3	4	5	6	7
Godrej	1	2	3	4	5	6	7
GLIDE	1	2	3	4	5	6	7
Kocher & Brook	1	2	3	4	5	6	7
Diageo	1	2	3	4	5	6	7
Wipro	1	2	3	4	5	6	7
Weberhofer	1	2	3	4	5	6	7

Many thanks for your participation!
Christine & Eva

Appendix 3.2: Corporate Brand Name Selection

Corporate Brand Name	N	Associations			Fit for FMCG Area		
		Mean (SD)	Min	Max	Mean (SD)	Min	Max
Redbox	18	1.78 (1.56)	1	6	2.89 (1.57)	1	6
Sikora & Höhnle (S&K)	18	1.22 (0.94)	1	5	3.33 (1.81)	1	6
Godrej	18	1.33 (0.84)	1	4	2.61 (1.54)	1	5
GLIDE	18	1.56 (1.2)	1	5	3.67 (1.68)	1	6
Kocher & Brook (K&B)	18	1.11 (0.32)	1	2	3.89 (1.84)	1	6
Diageo	18	2.0 (2.06)	1	7	2.67 (1.71)	1	6
Wipro	18	1.72 (1.56)	1	7	2.28 (1.27)	1	5
Weberhofer	18	1.39 (1.20)	1	6	3.11 (1.91)	1	7

Hypothetical Corporate Brand Name Choice

Appendix 4: Main Study - Questionnaire

(Exemplified with low fit portfolio “duschdas”, “Snickers” & “Meister Proper”)

Dear Participant,

for our master thesis at the Stockholm School of Economics in Sweden we are conducting a study about brands in the consumer goods industry. The present survey aims at getting your input in your role as consumer.
It will take about 8 to 10 minutes.
For each completed survey we are donating 1€ to the charity organization "Ein Herz für Kinder". We would really appreciate your participation.

Many thanks,
Christine Alff & Eva Maria Mayer

Many products from our daily lives are only known with their brand names, but not in connection to the manufacturing company behind. That is why you probably know the brand Ariel only as Ariel but not in connection with the manufacturing company (in this case an American company called Procter & Gamble) or the brand Dove only as Dove (and not as a brand marketed by a Dutch company Unilever).

In the consumer goods area there are many of such manufacturing companies that market various brands.

In the following we will ask you to answer some questions about the brands "duschdas", "Snickers" and "Meister Proper".

1. Have you ever used /consumed the brands "duschdas", "Snickes" and "Meister Proper"?

a) duschdas □ Yes □ No
b) Snickers □ Yes □ No
c) Meister Proper □ Yes □ No

How familiar are you with the brand "duschdas"?

2. I have heard of “duschdas” before.
Strongly disagree 1 2 3 4 5 6 7 Strongly agree

3. I can recognize “duschdas” among competing brands.
Strongly disagree 1 2 3 4 5 6 7 Strongly agree

4. I am familiar with “duschdas”.
Strongly disagree 1 2 3 4 5 6 7 Strongly agree

How do you evaluate the quality of “duschdas”?

5. I consider “duschdas” as being of high quality.
Strongly disagree 1 2 3 4 5 6 7 Strongly agree

6. “duschdas” must be of very good quality.
Strongly disagree 1 2 3 4 5 6 7 Strongly agree

7. I feel confident that “duschdas” fulfills its function.
Strongly disagree 1 2 3 4 5 6 7 Strongly agree

<u>**Note:**</u> Questions 1 to 7 were repeated for the two remaining brands of the portfolio (each with a corresponding visual stimulus consisting of the brand’s logo and the packaging).

In the following we kindly ask you to evaluate the connection / relation of the brands "duschdas", "Snickers" and "Meister Proper”.

Please evaluate in how far you agree with the following statements considering the product brands mentioned above.

8. I believe that it takes the similar capabilities to produce the three brands.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

9.It seems logical to me that the three brands are manufactured by the same company.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

10. I am using the three brands in similar situations.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

In the following the survey will be about Kocher & Brook, the manufacturing company behind the products "duschdas", "Snickers" and "Meister Proper".

K&B

Kocher & Brook (K&B) is the manufacturing company of the brands „duschdas“, „Snickers“ and „Meister Proper“. The company was founded by the German Thomas Kocher and the English David Brook in the English Bradford.

Kocher & Brook is operating globally and produces, markets and sells the product brands named above within the consumer goods industry

Please answer the following questions based on the information that you have seen about Kocher & Brook and its brands.

Please evaluate whether you agree or disagree with the following statements considering the expertise of Kocher & Brook (K&B).

11. Kocher & Brook (K&B) has a great amount of experience.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

12. I believe Kocher & Brook (K&B) is skilled in what they do.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

13. I believe Kocher & Brook has great expertise.

Strongly disagree	1	2	3	4	5	6	7	Strongly agree

Please evaluate whether you agree or disagree with the following statements considering the trustworthiness of Kocher & Brook (K&B).

14. I would trust Kocher & Brook.

Strongly disagree	1	2	3	4	5	6	7	Strongly agree

15. I believe Kocher & Brook is reliable.

Strongly disagree	1	2	3	4	5	6	7	Strongly agree

16. I believe Kocher & Brook is honest.

Strongly disagree	1	2	3	4	5	6	7	Strongly agree

Please evaluate whether you agree or disagree with the following statements considering your ability to classify what type of company Kocher & Brook is.

17. I view Kocher & Brook as an integrated brand.

Strongly disagree	1	2	3	4	5	6	7	Strongly agree

18. I have a concrete image about what Kocher & Brook is like.

Strongly disagree	1	2	3	4	5	6	7	Strongly agree

19. I can easily categorize what type of company Kocher & Brook is.

Strongly disagree	1	2	3	4	5	6	7	Strongly agree

20. How easy is it for you to see your own internal picture of the company Kocher & Brook?

Very difficult	1	2	3	4	5	6	7	Very easy

---

21. How do you perceive Kocher & Brooks competence in the following product categories?

Chocolate Bar	Not an expert	1	2	3	4	5	6	7	Expert
	Unqualified	1	2	3	4	5	6	7	Qualified
Bodycare	Not an expert	1	2	3	4	5	6	7	Expert
	Unqualified	1	2	3	4	5	6	7	Qualified

Please evaluate whether you agree or disagree with the following statements.

Imagine Kocher & Brook was to launch an additional brand in the following product categories. Please state your personal perception of such a launch.

22. A brand from one of the category below fits in well with the existing line of Kocher & Brook's brands.

Battery brand	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
Showergel	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
Bodycare	Strongly disagree	1	2	3	4	5	6	7	Strongly agree

23. I would not be surprised to recognize that Kocher & Brook also markets a brand within one of the categories below.

Battery brand	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
Showergel	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
Bodycare	Strongly disagree	1	2	3	4	5	6	7	Strongly agree

At the very last, some questions about yourself:

24. How old are you? _____ Years

25. Gender?
□ Man □ Woman

Finally, we want to inform you that the company Kocher & Brook does not exist in reality and was invented for the sake of our research purpose as a synonym for many big consumer goods companies.

26. Did you believe that K&B is the true manufacturing company of the products "duschdas", "Snickers" and "Meister Proper"? (please answer this question honestly)

□ Yes □ No

Many thanks for your participation!
Christine & Eva

Appendix 5: Validating Familiarity and Perceived Quality

	HF1 (Bodycare)	HF 2 (Chocolate Bars)	LF1	LF2
Brand 1	Head & shoulders	Snickers	duschdas	Palmolive
Brand 2	duschdas	Hanuta	Snickers	Hanuta
Brand 3	Palmolive	Palmolive	Meister Proper	Viss

Composition of Brands in the 4 Portfolios

	HF1 (Bodycare)	HF2 (Chocolate Bars)	LF1	LF2
N	49	61	50	54
	Mean Familiarity (SD)			
Brand 1	5.84 (1.11)	6.04 (1.65)	5.65 (1.39)	5.55 (1.22)
Brand 2	5.87 (1.30)	6.02 (1.57)	6.45 (0.75)	6.53 (0.83)
Brand 3	5.46 (1.49)	5.78 (1.76)	5.42 (1.31)	4.94 (1.68)
Portfolio Means	**5.72 (0.95)**	**5.95 (1.42)**	**5.84 (0.82)**	**5.67 (0.95)**
Grouped Portfolios	**5.85 (1.23)**		**5.75 (0.92)**	

Familiarity with Single Brands in Each Portfolio and Portfolio Mean

	HF1 (Bodycare)	HF2 (Chocolate Bars)	LF1	LF2
N	49	61	50	54
	Mean Perceived Quality (SD)			
Brand 1	4.78 (1.22)	5.25 (1.14)	4.45 (1.03)	4.8 (0.95)
Brand 2	4.73 (1.18)	5.22 (1.24)	5.53 (0.72)	5.33 (1.11)
Brand 3	5.03 (1.22)	5.11 (1.31)	5.2 (0.94)	4.69 (1.06)
Portfolio	**4.84 (0.94)**	**5.2 (1.09)**	**5.06 (0.62)**	**4.94 (0.78)**
Grouped Portfolios	**5.04 (1.04)**		**5.0 (0.71)**	

Perceived Quality of Single Brands in Each Portfolio and Portfolio Mean

Appendix 6: Covariate Analysis

Appendix 6 shows the p values as well as ETA square values for the covariate "perceived quality", used throughout all analysis.

	Perceived Portfolio Quality	
Image Classification	**Significance**	**Partial Eta Squared**
Expertise	0.000	0.152
Trustworthiness	0.000	0.307
Perceived Brand Understanding	0.031	0.022
Internal Accessibility of the Corporate Brand	0.736	0.010
Competence Bodycare 1	0.000	0.225
Competence Bodycare 2	0.000	0.161
Competence Chocolate Bars 1	0.000	0.132
Competence Chocolate Bars 2	0.000	0.286
Launch Acceptance (Incongruent)	0.030	0.022
Acceptance of New Launch Bodycare 1	0.945	0.000
Acceptance of New Launch Bodycare 2	0.792	0.001
Acceptance of New Launch Chocolate Bars 1	0.244	0.013
Acceptance of New Launch Chocolate Bars 2	0.011	0.057

Influence of Covariate "Perceived Quality" on Expertise and Trustworthiness