

Chapter 1: Introduction

1.1 Introduction to the Problem

The company Puma was founded in 1948 in Herzogenaurach, Germany as a sports shoe factory by Rudolf Dassler. Although the company was very successful for many years, by the end of the eighties, Puma was an “economic basket case” sold in big department stores for very little money. Jochen Zeitz, who became chairman and CEO of Puma AG in 1993, repositioned the brand Puma as a sports lifestyle brand and since then the upward trend of Puma has continued. Puma’s brand strategy is based on the goal to be the only and alternative sports brand that successfully mixes the influences of the worlds of sports, lifestyle and fashion. Puma has a variety of licensees and licensed brand extensions in different product categories, such as the licensee Cosmopolitan Cosmetics GmbH in Cologne, Germany, which produces and markets Puma Fragrances.

The topic of brand licensing and brand extensions as part of building and managing brand equity has been discussed and analysed very thoroughly over the last decades. Most marketers agree that brand extension can be an excellent way to introduce a new product into the market because the extension can build on the already existing brand name and image connected to it. Brand extensions also have the advantage that they can introduce the master brand to a new product category and potentially to a new target group. The importance of brand extensions in managing the brand equity is very big because, on the one hand, they can contribute to the success of the master brand and reinforce the brand name, but on the other hand can easily damage the brand name as well.

The main purpose of this research was to find out in how far the brand extension Puma Fragrances influences the image of the umbrella brand Puma and vice versa. In order

to harmonise the relation between the licensor and its licensed brand the target group was interviewed how they perceived the core associations of the umbrella brand Puma compared to its brand extension, Puma Fragrances. The following section will summarise briefly the research hypothesis and the main research objectives.

1.2 Research Hypothesis and Objectives

The hypothesis of the investigation of this paper, which is based on prior qualitative research conducted by Cosmopolitan Cosmetics, is that there are inconsistencies between the core associations of the umbrella brand Puma and its licensee brand, Puma Fragrances. The objective of this research is to test this hypothesis and explore which attributes vary the most in order to be able to give marketing advice to Cosmopolitan Cosmetics. Further objectives are to find out how the target group judges the popularity of the brand and at which stage of the life cycle the brand is placed by its consumers, validate which criteria play the most important role for the target group in their purchasing decision of perfumes, and substantiate if there is any significant difference of perception or consumer behaviour among the different subgroups of the target group.

1.3. Justification of the Research

The importance of this research can be justified in so far that the role of brand extensions in building and managing brand equity is a very significant one that can have great influences on the success of the brand and company. Although Cosmopolitan Cosmetics has done qualitative research projects in reference to the image of Puma Fragrances, there has not been any kind of qualitative research conducted, comparing the image of the umbrella brand with the image of its brand extension.

The results of this research are to help the company Cosmopolitan Cosmetics understand the consumer behaviour of their target group for Puma Fragrances better, and this consumer insight is to be used to develop fragrance concepts in accordance with the perceptions and needs of the target population.

1.4. Chapter overview

In the next chapter, the reader is to be familiarised with the companies Puma and Cosmopolitan Cosmetics, their strategy and products, as well as with the peculiarities of the fragrance market. Chapter three, the literature review, gives an overview of the most important literature that has been published related to the topic of this research. The fourth chapter deals with the methodology of the investigation, and has the objective of explaining every decision made during the research process in order to give anyone the possibility of reconstructing the conducted research. In chapter five, the most important results of the primary research are presented and in chapter six, those results are analysed and connected to the most important aspects of the literature review. Chapter seven sums up the most significant findings of the investigation, and presents opportunities and recommendations for Cosmopolitan Cosmetics.