Shedding the Stigma: How Brand Extensions Can Work to De-Stigmatize Corporate Brands

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Abstract

Shedding the Stigma:

How Brand Extensions Can Work to De-Stigmatize Corporate Brands

Dan Fawcett

There exists an abundance of marketing literature centred on how everyday brands can successfully execute brand extensions into new or similar categories to their parent brand. The majority of this research body focuses directly on the parent brand's influence on the extension, such as how an extension benefits from being associated with a renowned brand, the emotional attachment from loyal consumers, and the immediate equity generated by consumer familiarity with the parent brand's experience overall. A starting assumption of such work is the success of the parent brand. While this type of brand extension has received important attention, there is considerably less understanding of brand extensions from brands that are negatively evaluated, that launch extensions outside of their core category. In such cases, the brand extension may contradict or rival that of the parent's core business. In effect, this is exactly the case when brands operating in stigmatized industries such as gambling, alcohol, or cigarettes attempt extensions into comparatively-more upstanding categories. Examples of such circumstances include that of oil companies pursuing greener or more sustainable products, or cigarette manufacturers offering reduced-harm or smoking cessation solutions under different brand extensions.

In response to environmental sustainability efforts, pro-health movements, and other social issues, stigmatized brands operating in the gambling, oil, or tobacco industries must evolve to stay relevant with increasingly critical consumers. Their actions are likely to be met

with consumer scepticism, with the potential of the core stigma of their past and current operations transferring to comparatively virtuous commercial attempts, including that of a brand extension. Scant marketing literature exists to understand how consumers may evaluate virtuous or upstanding extensions by stigmatized brands. That is, an extension intended to rival or oppose the stigmatized category in which its parent-brand operates, and where its notoriety and stigma has principally been formed.

This research explores the complexities of comparatively virtuous brand extensions (CVBEs) by stigmatized parent-brands and examining how extant research on successful brand extensions applies in this scenario. Specifically, I examine the dynamics of commonly-accepted brand extension success drivers in the context of a stigmatized brand attempting comparatively virtuous extension. The drivers themselves range from material measures such as marketing support and retailer acceptance, to more perceptual measures that connect the parent brand to the extension such as degree of 'fit', authenticity perceptions, and parent brand conviction and experience. Extant literature suggests that successful brand extensions are heavily influenced by a downward influence of the successful and positively perceived parent brand on the extension. In the case of this study, given the stigma associated with the parent brand, one must assume that no positive association would be transferred, jeopardizing the success and consumer perception of any extension attempt. This relationship also builds on the concept of brand stigma and the role it plays on extensions by stigmatized brands.

By way of qualitative methods leveraging archival data, the findings show that the drivers of brand extension success based on the renown of the parent brand differ in the way they are represented for stigmatized brands and CVBEs. Most importantly, the relationship differs in the direction of the influence, where a CVBE viability depends on the influence it has on the parent brand. That is, how the extension's positioning and overall marketing message is leveraged by the parent brand. This introduces a new relationship to our current understanding of brand extensions: an extension’s upward effect on the parent, with the study’s findings indicating such a brand extension can work as a vehicle to de-stigmatize the parent brand. This concept contrasts the extant literature which has mainly posited the downward influence of the parent brand on the extension.

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Introduction

Brand extensions can be important vehicles of growth for brands that have previously achieved commercial success, renown, and positive brand equity (Völckner & Sattler, 2006). Their intended purpose can be varied, such as product extensions into emerging and lucrative categories or incorporation of obvious complementary products under one brand name. Some have also shown mechanisms that can alter the image of the parent brand (John, Loken, & Joiner, 1998). Due to their importance, extensions have been studied at length, particularly the understanding of factors conducive to an extension's success. The focus has been on understanding consumer evaluations under different circumstances, and the parent brands' influence and effect on the extension's viability.

The starting assumption of most research on brand extension is a successful and positively evaluated parent brand. This has important implications for how we understand the mechanisms of success for brand extensions. For example, extensions can take many forms, but are commonly segmented into those that exist in the same or similar category as the parent, and those that do not. This is referred to as an extension's degree of fit with the parent brand, and it is most commonly measured by evaluating the extensions similarity to the parent, as well as its relevance (Aaker & Keller, 1990). A brand extension that exhibits a similar mode of consumption or is within a category perceived to be similar to the parent brand satisfies the similarity requirement. Relevance generally refers to whether the extension exhibits similar attributes as the parent; whether it evokes the essence, competencies or benefits of the core brand (Spiggle, Nguyen, & Caravella, 2012). Having high perceived fit between parent and extension is not the only factor that promotes success for extensions (Völckner & Sattler, 2006). Abundant marketing theory exists to support a set of common drivers of similar importance to high fit perceptions that collectively determine a brand extension's commercial success. The drivers themselves range from organizationally material factors such as marketing investment, and retailer support, to perceptual factors on how the parent brand will form the perception of the extension itself (Völckner & Sattler, 2006). These factors include consumers' perception of the extensions' authenticity (Spiggle, Nguyen, & Caravella, 2012), and as stated earlier, perceived fit with the parent brand. Lastly, the extension is thought to be viewed through the lens of the parent; that is, the attachment or conviction consumers have with the parent, and also consumers' previous experience with the parent will be transferred to the extension (Völckner & Sattler, 2006).

As evidenced above, significant emphasis on extensions' success has been placed on the downward influence of the parent brand on the extension itself. That is, fit and authenticity of the extension will depend on how consumers view the parent (Spiggle, Nguyen, & Caravella, 2012). As well, consumer experience with the parent, and consumer-parent brand conviction will also determine the commercial viability of the extension (Völckner & Sattler, 2006). The marketing literature has focussed solely on successful brands that have positive evaluations from consumers. This approach makes sense from a practitioner perspective who might minimize the risk associated with costly brand extensions. Yet, this approach does not represent all types of brand extensions currently practiced. A type that has received no attention so far is brand extensions from a stigmatized or negatively evaluated parent brand.

For instance, brands that operate in stigmatized industries such as gambling, oil, and tobacco, are all financially successful, but are generally wrought with public disdain and contempt. If evaluations of the parent are imperative for the viability of the extension as a whole, what happens when these types of brands attempt an extension? If the transfer of positive consumer evaluations happens for Microsoft's brand extensions, what does the corporate brand Philip Morris, a brand stigmatized for its associated with cigarettes and cancer, transfer to its extensions? According to most research on brand extensions, we would assume that stigmatized brands who practice brand extension out of the stigmatized category would fail, for example, because the stigma associated with the parent would transfer to the extension and jeopardize the extension's commercial viability. In order to address this important gap, I ask the research question: How does a stigmatized brand practice brand extension outside the stigmatized category?

I answer this question by proposing that stigmatized brands practice brand extension differently: by introducing comparatively virtuous brand extensions (CVBE)—an extension that is comparatively more virtuous to the parent's core category or operations. CVBEs offer consumers a relatively more safe, moral, or honourable choice versus the stigmatized product. This is important to address because we lack an understanding of how brand extensions function under different conditions of the parent brand and the nature of the extension. For instance, scant literature exists on socially disparaged (or stigmatized brands) attempting extensions, even less understanding of the effect when the extensions exist to contradict, or highlight the stigma of the parent. Rather than a downward relationship from the parent brand, I show how in the case of Philip Morris, the brand creates the comparatively virtuous brand extension IQOS in order to have an upward influence on the parent brand. This represents the contrary relationship between parent brand and brand extension, which has important implications for how we understand brand extension itself. This research offers new insight into brand extensions as vehicles for change.

Managerial contributions include guidance for brand stewards and managers operating in stigmatized industries, and how to conduct brand extensions away from a brand's stigmatized past. As well there exists little understanding of how stigma transfer can extend to other products and services or other commercial endeavours by stigmatized parent brands. This research addresses these gaps, and offer new insight on how extensions can be employed by stigmatized brands.

Influencing Factors in Brand Extensions

The extant literature suggests that successful extensions require several underlying factors to foster positive consumer evaluations, and ultimately achieve commercial success. As stated previously, there are drivers that connect the parent brand to the extension on a perceptual level. These drivers include consumer perceptions of fit, authenticity, as well as the consumer experience and conviction of the parent brand. These perceptual drivers are major determinants for an extension's viability. These, and other factors are detailed further below to emphasize how successful brand extensions are dependent on successful parent brands.

Fit

Brand extensions are generally assessed and evaluated by their fit with the parent brand (Aaker & Keller, 1990). Fit is most commonly measured by evaluating the extensions' similarity to the parent brand, as well as its relevance. A brand extension that exhibits a similar mode of consumption or is within a category perceived to be similar to the parent brand satisfies the similarity requirement. Relevance generally refers to whether the extensions exhibit similar attributes as the parent; whether it evokes the essence, prestige, or competencies of the core brand (Aaker & Keller, 1990).

Parent-Brand Conviction and Experience

Prior research has determined that consumers' experience with an extension's parent brand affects their perception of the extension (Swaminathan, Fox, & Reddy, 2001).

Specifically, the consumer's experience with the parent, whether positive or negative, will transfer to the extension, helping to shape the evaluation of the extension itself. Additionally, brand conviction, or attachment to the parent displayed by consumers have been shown to influence their attachment to auxiliary products and extensions of the parent brand (Kirmani, Sood, & Bridges, 1999). This dynamic underpins the essential requirement of having a strong, trusted, and admired brand before successful extensions can be made. This prerequisite also severely limits the number of brands that are capable of having meaningful and relevant extensions. As stated earlier, stigmatized brands generally do not possess favourable evaluations, and its possible all that is associated with the extension in terms of experience and attachment, is the parent brand's stigma.

Authenticity

Perceived authenticity has been shown to be a major determinant for brand extensions' success (Spiggle, Nguyen, & Caravella, 2012). Authenticity has been observed as a construct determined by four underlying factors; maintaining brands styles and standards, honouring brand heritage, preserving brand essence, avoiding brand exploitation (Spiggle, Nguyen, & Caravella, 2012). Authenticity is achieved by ensuring the extension incorporates the consumer-desired elements of the parent brand and evokes a sense of the parent's history and spirit. Additionally, extensions that exploit, or simply leverage the parent brand's equity to enter commercially attractive categories could be perceived to lack authenticity; the extension is not perceived to have genuine intentions or is inconsistent with the brand's image (Spiggle, Nguyen, & Caravella, 2012).

Marketing Support & Retailer Acceptance

While previous factors are perceptual in nature, dealing with the connection between parent and extension, how brand extension is performed in practice also affects their chances of success. It is impossible for a brand extension to grow without the right soil and fertilizer, here taking the form of retailer acceptance of the brand extensions, and ensuring complete marketing investment to maximize the marketing mix (Reddy, Holak, & Bhat, 1994). While overall marketing investment is important, it also been shown the where extension is distributed and how consumers are informed of the offer is largely influenced by retailers (Nijssen, 1999). Retailer acceptance and marketing support generally come together, as a new product coupled with a strong brand name can drive financial benefits for the whole value chain. The dynamics of these factors are hypothesized to be unchanged in the study’s context of stigmatized brands attempting a comparatively virtuous brand extension.

Consumer Brand Evaluation and Stigma

As stated above, a positive connection between parent and extension is paramount to an extension's success. With the advent of the internet and the rise of social media, the now more-connected everyday consumer operates in an informed environment where information is readily available. Having a brand's background, history, and evaluations at one’s fingertips has led to a more savvy, sceptical consumer (Holt, 2002). At the same time, social issues, and ethical standards have become a greater part of the consumer-brand relationship (Peloza, White, & Shang, 2013). Brands and organizations in the business world today are subject to more scrutiny and inquiry into their operations, ensuring environmental protections, non-discriminatory business practices, and just treatment of all brand stakeholders.

Stigmatized brands, such as tobacco company ones, might have faced authenticity struggles in the past (Oreskes & Conway, 2012), which might have eroded public trust or their capacity to create initiatives perceived as honest. Stigmatized brands that launch comparatively virtuous extensions will thus face an uphill battle to win over more progressive, socially conscious consumers, who will challenge such a brand's ethics and may be critical of its virtuousness (Sen & Bhattacharya, 2001). For example, the stigmatized brands British Petroleum and Philip Morris are attempting to stay relevant within the current business environment created by a more informed, scrutinising consumer. The brands are doing so by making extensions into new categories deemed important for the betterment of society and the environment; British Petroleum has extended into the sustainable energy and emergent technology with Lightsource BP, while Philip Morris has launched reduced harm products aimed at smoking cessation with new heat-not-burn technology called IQOS, claiming significantly reduced health risk versus traditional cigarettes. While these extensions are toward attractive commercial categories that are presumably a good fit with the parent, the extensions' associations with stigmatized brands may lead it to suffer from poor consumer evaluations, specifically versus other non-stigmatized substitutes. As well, given the importance of perceived authenticity of an extension relative to its parent, one could argue that BP and PMI's attempts to enter a comparatively virtuous space may fail in meeting the authenticity requirements demanded by consumers (Spiggle, Nguyen, & Caravella, 2012).

To better understand how parent brand perceptions can be a determinant for a CVBE by a core-stigmatized brand, one must first understand how consumers respond to brand transgression, or event stigma, and how perception of brands matters in the brand-consumer relationship. The concept of stigma has been widely studied in business to better understand the impact it can have on internal and external stakeholders within a brand's purview. Generally speaking, in the brand context, stigma exists in two forms; core stigma where a brand operates in a legitimate (sometimes illegitimate), but socially disparaged industries, and event stigma which generally results from transgression, or scandal. It is commonly understood that brand stigma generally pertains to the disgrace of a brand, or the falling out of a brand with society.

A brand subject to event stigma generally arises as the result of a singular act of transgression, or a brand's involvement with a scandal (Hudson & Okhuysen, 2009). Examples of brands subject to event stigma include the unfortunate oil spill and subsequent environmental contamination by British Petroleum in the Gulf of Mexico, and the Volkswagen emissions scandal and subsequent cover-up of 2015. Both brands were subject to immediate and substantial financial loss, punitive damages, with expected lasting impacts of brand image erosion (Jung & Sharon, 2019).

Given the suddenness and often dramatic reaction to brand transgression, significant commercial and consumer research has sought to understand the effects when good brands ethically misstep, transgress, or are subject to a scandal. With the more-connected world, and advent of social media, brands that are shamed are done so publicly. With the public-shame, comes the possibility of the stigma transferring to internal stakeholders, partners, associated brands, and potentially future business endeavours taken by brands, such as extensions (Shantz, Fischer, Liu & Lévesque, 2018).

Core stigmatization occurs when brands operate in legitimate (sometimes illegitimate) industries that are tainted by harsh social judgement or are perceived to be immoral (Hudson & Okhuysen, 2009). Examples of core stigmatized brands include Phillip Morris operating within the tobacco category, and the UFC brand in the entertainment and sports industry (Shantz, Fischer, Liu & Lévesque, 2018). One could argue with the recent emphasis on environmental preservation and conservation, that to a lesser extent British Petroleum is a core stigmatized brand as well. These brands are able to exist and prosper, despite sometimes extreme societal pressure and intense regulation by which they must navigate.

Extant marketing theory that has focussed on stigma and marketing, has generally sought to understand its impact on a brand or organization directly after a stigmatizing event. As well, the impact of the stigmatization is generally focussed on understanding the impact to the brand itself, or those stakeholders closely affiliated with the brand. Outside of the impact on brand and stakeholders, very little is known on how stigma may affect other elements within a brand's reach, such as prospective extensions outside its current offers or portfolio. While some brands that enjoy a unique competitive advantage of monopolistic control of the marketplace do not have to extend a brand according to new opportunities for growth, most boldly extend into new categories to enjoy continued growth. A brand's ability to extend via product launches and enjoy positive consumer evaluations, depends greatly on the strength of its brand equity overall.

It is true that despite many brands' ability to exist amidst the stigma, the stigmatization of the brand greatly inhibits its growth potential overall. For example, in the case of the UFC, the brand would not be the sports juggernaut it is today without specific tactics employed to address its stigma. Facing extreme societal pressure and intense regulation by which to operate, the UFC was able to grow by co-opting the rhetoric of their detractors to gain support from loyal followers, all while directly addressing the misconceptions associated with that rhetoric (Helms & Patterson, 2014). The tactics proved fruitful; the UFC gained mass acceptance worldwide as a major, legal sporting organization, and extensively grew the brand through partnerships and television deals. Not only was the UFC successful in limiting the impact of the stigma on its own brand, but other stakeholders as well.

Stigma Transfer

Stigma transfer concerns the passing on, or negative latent effects that occur when a morally, operationally or socially stigmatized brand passes the stigma to some other entity within the brand's purview, such as a brand extension. Understanding stigma transfer is thus of relevance for this project. More recently, marketing research has centred on the idea that stigma can transfer to brand stakeholders; its consumers, affiliates and partners (Hudson & Okhuysen, 2009). Less understood is how stigma transfer affects other products or commercial endeavours undertaken by the parent brand, which would limit a brand's ability to extend itself into other categories or industries.

Where stigma transfer becomes important with regard to brand extensions is where marketing research has shown that consumers cognitively form expectations of brands, with significant emphasis placed on overall quality, innovativeness and trustworthiness of brands (Gürhan-Canli & Batra, 2004). Specifically, with regard to purchase decisions and how the brand's products are evaluated, trustworthiness and perceived brand image substantially influence consumer decisions. This dynamic represents a transfer of a brand's goodwill, or potentially bad reputation onto its products. That is, the products and stakeholders that are within a brand's purview either prosper in the positive association with a good brand, or wither from the negative association with a stigmatized brand.

Most of the extant marketing literature surrounding brand stigma centres on event stigma, and the consumer fallout thereafter. Exemplified by the above examples of BP and Volkswagen, the lasting impacts of the consumer response and subsequent financial devaluation, can forever displace a brand from its previous status. Less studied however, are core stigmatized brands, as societal unacceptance is part of their day-to-day operations. Due to the perceived inauthenticity of these brands contrarily acting in accordance with societal, environmental or progressive ideals, a comparatively virtuous brand extension (CVBE) could arguably be disadvantaged relative to other alternatives without the stigmatized history, or even face reduced overall evaluations from their core consumers. The importance of understanding stigma transfer to these extension efforts is central to understanding whether core stigmatized brands are able to adapt to changing consumer. To better understand and hypothesize, consumer response in the face of stigma itself should be understood.

Consumer Response to Brand Stigmatization

Most of the current research surrounding brand transgression explores impacts on the self-brand relationship. The self-brand relationship theory posits that consumers interact with brands that reflect their self-concept and core values (Nguyen-Chaplin & John, 2005). The theory extends to both the consumer's desired and actual self-concept, suggesting that consumers seek brand-self connections for both their actual self, and for what they aspire to be. This suggests that consumers develop deep connections to brands, similar to human connections, whereby brands are seen as a representation of oneself. As explored in subsequent research, it is clear that this relationship contract can be breached by brands that transgress.

Consumer response varies to brand transgressions, ultimately depending on the brand itself and the personality it portrays, as well as the circumstance of the transgression. However, existing research suggests that transgressions by good, sincere brands erode the core self-brand relationship elements that drive consumer connection. As well as personal connections, consumers can feel deceived and betrayed by brands, with the transgression having lasting impacts on the consumer relationship (Aaker, Fournier, & Brasel, 2004). This reality means that brands are held to certain standards of decorum, with expectations that the brand carries out its own portion of the self-brand connection; to operate in ways consistent with the high expectations.

Virtue in Marketing Activities

While the concept of assessing consumer evaluations of a comparatively virtuous brand extension by a stigmatized organization has yet to be addressed, virtuous acts by such brands have been explored previously. For instance, it has been observed that sincerity of cause-related marketing initiatives drives whether consumers evaluate CSR activities favourably when done by companies with poor reputations (Yoon, Gürhan-Canli & Schwarz, 2006). The perceived sincerity of virtuous efforts aligns well with perceived authenticity of brand extensions described above; if the motives of a virtuous effort are perceived to be self-interested or commercially driven, consumers will react negatively. The factors that could drive consumer perception of inauthenticity are detailed below.

Marketing literature has shown that corporate or brand image matters with regard to how its products are evaluated (Gürhan-Canli & Batra, 2004). It is clear that given a stigmatized brands association with products or industries that are socially disgraced, it is likely to carry a tainted brand image as a result in the eyes of the regular consumer. As a result, consumers are likely to be sceptical of comparatively virtuous extensions by a previously non-virtuous brand. In addition to the importance of a brand's image on consumer evaluations of comparatively virtuous brand, is that of a parent brand's intentions with the launch of a such an extension. As shown in Newman, Gorlin and Dhar's 2014 research on intentions to launch green product alternatives, the findings indicated that even for non-stigmatized brands, the intentions of the green product matter and influence consumer evaluations of the effort (Newman, Gorlin, & Dhar, 2014). It is clear that consumers will react to how sincere the comparatively virtuous brand extension (CVBE) appears, as well as the intentions of the extension and the overall brand image.

It is clear from the literature that stigma is a negative actor on brand stakeholders, and from what's known of its ability to transfer, is unlikely to exclude brand extensions from its deleterious effects. It is expected, if not inevitable, that a stigmatized parent brand will pass this stigma onto a comparatively virtuous extension to that of its core business, negatively impacting consumer perceptions of the authenticity of the extension. This means that stigmatized brands are theoretically limited in their ability to extend past their own stigmatized category. Additionally, other research suggests the potential for upward influence from extension to parent, affecting consumer evaluations of the brand as a whole (John, Loken, & Joiner, 1998). A relevant question that follows given the realities of the transfer from parent to extension, and the possibility of the extension affecting the parent, is how might a CVBE positively affect the parent brand? Is it possible such extensions could serve other purposes, or achieve other goals other than commercial success?

It is clear from the extant literature that a parent brand significantly influences consumer evaluation of an extension. As well, having a highly evaluated parent brand is critical to the extension’s commercial viability, and poorly evaluated parent brands may struggle to perform extensions to stay relevant with increasingly scrutinizing consumers. Lastly, given the emotional connections consumers establish with brands, acts of transgression, stigma, and virtue all complicate and affect consumer evaluations of brands.

As a result, it is expected that negatively-evaluated brands, like stigmatized ones, would struggle to perform successful extensions outside of their stigmatized category. The difficulties for such extensions would be magnified if the extension concerned a comparatively more upstanding or virtuous product or service, relative to the parent brand’s core operations. I now present the context and method I used to understand and resolve this problem.

Context

The nature of the research question requires an understanding of the organization under study, the stigma associated with the parent brand, and the concept of a comparatively virtuous brand extension. I detail these elements below.

Philip Morris International

The organization and corporate brand under study is Philip Morris International (PMI). PMI is one of the world's largest cigarette producers by sales revenue (FactSet, 2020), selling the world's biggest cigarette brand, Marlboro, among other international brands (Forbes, 2020). Despite decreases in volumes, PMI revenues are strong at $29.8bln in 2019, with growth year-over-year for the last 5 years (FactSet, 2020). For full-year 2019, PMI owned 28.4% of the global cigarette volume, increasing YoY by +0.1pp (BusinessWire, 2020).

While PMI's financials and market position are strong, the corporate brand has been the subject of immense amounts of scrutiny and public shame since the detrimental effects of smoking were uncovered in the 1960's (Vox, 2015). The corporate brand suffers from a form of core-stigma, "the negative evaluation of an organization … because of some core organizational attribute" (Hudson, 2008), not only from its history of selling cigarettes, but also from the way the organization and corporate brand handled the public health issues that ensued from the sales of cigarettes, as well as the denial of the emergent science proving the detrimental effects (Oreskes & Conway, 2012). To further emphasize the stigma associated with the corporate brand, tobacco stocks like PMI are known more informally in the financial world as a “sin stock”, which highlights the societal stigma, and sin associated with the product it purveys (Russolillo, 2016).

The Comparatively Virtuous Brand Extension; IQOS the RRP

2014 marked a unique year in PMI’s history as the year it launched a new line of claimed “reduced-risk products” (RRPs) with the launch of IQOS in Japan. This research analyses PMI’s launch of IQOS, a product-brand extension competing in an FDA-recognized category of other nicotine products called “non-combustible cigarettes” (Product, 2020). The current FDA position is to regulate these products as if they were cigarettes, while recognizing the differences in terms of consumption, as well as the potential for reduced-harm benefits. PMI has positioned IQOS as a reduced or modified-risk product (RRP), or part of the broader ‘reduced-harm’ nicotine products including vaping devices. The FDA has yet to recognize this category of goods, but does recognize the reduction of toxicants versus conventional cigarettes made available by heat-not-burn products like IQOS (TobaccoTactics, 2020). Other independent and proprietary studies have also supported PMI’s claimed reduction of toxicants, (eliminating over 90 % of toxicants (PMI, 2020)) and as such qualifies my theoretical concept of a comparatively virtuous brand extension (CVBE), relative to the corporate brand’s core business.

Method

To better understand the identified relationship and research question, a qualitative case study based on archival data was conducted with a focus on a single corporate brand. Given the nature and uniqueness of the relationship under study; understanding stigmatized brands attempts to extend with comparatively virtuous products, selecting a real-life stigmatized brand was essential. The stigmatized corporate brand selected was Philip Morris

International (PMI), a global cigarette and tobacco manufacturer that sells a vast portfolio of brands worldwide. The study chronicles the launch of the product-brand IQOS, a product that heats tobacco, but does not burn it. While this seems like a small distinction between IQOS and traditional cigarettes, the benefits claimed by PMI is that this process offers significantly reduced risk versus traditional cigarettes, and a cleaner and less-odour experience, which reduces second-hand harm. The IQOS product, for all intents and purposes is comparatively more virtuous than the traditional cigarettes PMI has made its fortunes selling. It serves as the CVBE for this study.

Given the emphasis on the parent brand and extension relationship, the retailer acceptance and marketing support drivers were not of particular academic interest for this study. However, given their importance, and to ensure these drivers do not confound the study's results, attempts to lessen their influence were made. To mitigate these drivers' impact on the study, the organization and corporate brand chosen needed to be financially sound, have an established consumer base, and has had success with brand launches in the past. Given the above criteria, Philip Morris International (PMI) and its recent launch of IQOS was examined as a viable case to understand how the drivers of brand extensions success apply.

The archival-study approach consisted of systematically reviewing articles, earnings releases, investor presentations, and blogs. My primary dataset included articles from the top 10 US major publications; the New York Times, the Washington Post, USA Today, The Wall Street Journal, LA Times, New York Post, Newsday, Chicago Tribune, The Boston Globe, and the Star Tribune. The articles considered for the research were subject to certain keyword requirements. The keywords chosen were selected based on their relevance to the drivers of brand extension success, the sources of stigma associated with PMI, like *smoke* and *science*, as well as language used in IQOS marketing communications. A review of IQOS' and PMI's corporate website directed me to incorporate the keywords smoke-free, smokeless, reduced-risk, harm reduction, and reduced-harm, given their significance in IQOS brand messaging. Further research conducted as a result of emergent findings included web forums, blogs, and other major publications' articles. These articles were found using similar keywords to the US newspapers. With regard to PMI's owned communications as it related to the evolution of their corporate brand and comparatively virtuous brand extension IQOS, ten years of quarterly earnings and investor presentations were reviewed from 2007-2017, as well as archival records for the parent brand's website for the same time period.

TABLE 1
Summary of Data Sources

Name	Sources	Data Set	Purpose of Use
Newspaper articles	The New York Times The Washington Post USA Today The Wall Street Journal LA Times New York Post Newsday Chicago Tribune The Boston Globe Star Tribune	Total of 549 articles	-General discourse surrounding PMI & IQOS
Investor Presentations/Scripts	PMI Investor Relations: Reports & Filings	16 Presentations 1 script	-PMI's overall rhetoric through time -PMI's intentions & tonality surrounding IQOS
Earnings releases	PMI Investor Relations: Reports & Filings	4 earnings releases	-Context surrounding PMI financials -Information on IQOS performance
PMI proprietary communications	Examples: www.PMI.com www.unsmokeyourworld.com	3 web pages, 12 sub-pages (most through www.pmi.com)	-Understanding of PMI-owned media communications
Other media articles & blogs	Examples: Dow Jones Instituional News, BusinessWire, CNBC	Total of 30 articles	-Additional information and general discourse surrounding PMI & IQOS

I began reviewing the data with the objective of understanding how the drivers of brand extension success applied in the context of stigmatized brands launching a brand extension. A comparative analysis was done to understand how the drivers apply in this scenario. A review of PMI's IQOS extension was conducted for each driver, with specific emphasis on the drivers that connect an extension to the parent brand (fit, authenticity, and the extension's ability to evoke the parent-brand's experience and conviction). These drivers are understood to influence consumer evaluation of an extension, and evoke the importance of having a highly evaluated parent brand.

Later, upon noticing the uniqueness of how PMI was positioning IQOS, my method for examining the articles evolved to scrutinize the evolving relationship between the parent and extension brand. The earnings releases and investor presentations were then juxtaposed with the articles to better understand IQOS's developing commercial position in tandem with the organizational and public rhetoric surrounding its launch. Lastly, as the unique relationship between parent and extension brand began to emerge from the findings, greater emphasis was placed on understanding the parent brand's (along with the extension's) marketing communications from the archival data.

Leveraging a Brand Extension to Transform a Parent Brand

I now briefly sketch the history of the IQOS product-brand extension, and how it evolves in interaction with the parent brand to better contextualize my findings. I then move to explain three stages by which the extension influences the parent brand.

The launch of IQOS in 2014 marked not only the launch of a PMI brand extension into a comparatively virtuous space of "reduced-risk products," but also set in motion a multi-year marketing effort that would culminate with the IQOS brand essence, marketing messages, and intent being adopted by the PMI parent brand. The findings show that the years prior to the event identified above, late 2014 to Q3 2017, acted as a transitional period, where PMI rhetoric changed in accordance with IQOS's commercial success. As the commercial relevance of the IQOS brand grew, so did IQOS dominance over the corporate-brand's communications. Uniquely different from traditional brand extensions in this case is the full adoption of the extension brand's purpose by that of the parent. What is evident from the major US newspapers, PMI communications, and supplementary sources, is an overhaul of the parent brand positioning, strongly guided by the IQOS CVBE. I now expand and substantiate these elements.

The years of IQOS' infancy (2013-2014) produced articles that show PMI's public curiosity and scrutiny of the reduced-risk category of nicotine products. I hypothesize that PMI's rhetoric in these years indicates a "testing of the waters" to gauge public trust and interest over these types of products and initiatives. It is clear that early in the IQOS extension timeline, PMI envisioned a world where smoke-free products would succeed conventional cigarettes. A 2013 Washington Post article detailed a presentation by a PMI representative stating that while the "reduced-risk" qualities of e-cigarettes were appealing and significant, the products suffered from "poor user satisfaction" (The Washington Post, 2013). The article outlays PMI's intentions to compete in the increasingly bountiful e-cigarette space, but expressed dissatisfaction with the products offered currently, citing poor user satisfaction and experience. Later, in an early-2014 article from the Wall Street Journal detailing an investor's speech done by Chief Executive Andre Calantzopoulos', the CEO states that reduced-risk products will represent the biggest opportunity moving forward, and have the potential to "transform " the industry (The Wall Street Journal, 2014). The 2014 New York Times (The New York Times, 2014) and Wall Street Journal (The Wall Street Journal, 2014) articles sum up PMI's intentions best; the organization thought developing a proprietary device was the best course of action, recognizing the bountiful space of reduced-risk products, but scrutinizing current products in their ability to deliver against smoker's needs. While PMI had no product or brand at the time, the article details PMI's most influential officer, Andre Calantzopoulos, foreshadowing the importance of IQOS to PMI in later years (The Wall Street Journal, 2014).

Throughout 2015 and 2016, a change in rhetoric is evident in PMI communications, moving from citing the potential of "reduced-risk products" to actively making that potential a reality. In a 2015 CNBC interview with Andre Calantzopoulos, PMI's chief executive cited his desire to have reduced-risk products overtake traditional cigarettes in terms of consumption "as soon as possible" (CNBC, 2015). He cites that "10-to-15 percent" of the company's revenue in reduced risk products as early as five years is not unreasonable, also indicating "bigger is better" (CNBC, 2015). In late 2016, among others, an Economist (The Economist, 2016) article cites PMI's excitement that the tobacco industry is amidst a "revolution." The revolution itself is that of healthier alternatives available to smokers, with specific mention to PMI's IQOS early success and IQOS as an enabler for smoking cessation the world over. Hopeful and encouraging speech or framing efforts from organizational officials regarding brand extensions is normal (Reddy, Holak & Bhat, 1994); unique to this case is accentuating the extensions success while highlighting the flaws of the parent brand's products.

By 2017, the findings indicate a change in how PMI qualifies its vision of a "smoke-free future." Despite representing an insignificant part of PMI's volume in 2016 (<1% for FY '16, (Philip Morris International, 2017)), PMI begins to qualify the corporate brand's intention of a smoke-free future and newfound concern for public health by injecting the IQOS extension into the conversation. A 2017 National Post article talks of these plans, while touting the new IQOS product as a viable alternative for smokers interested in quitting (National Post, 2017). The article details external stakeholder reaction as more of a declaration from PMI, less-so a corporate brand position. Further, a Dow Jones Institutional News article, also in early 2017, similarly detailed PMI's "commitment" to building a smoke-free future, heralding IQOS success', with an emphasis on how smokers world-wide have adopted the product (Dow Jones Institutional News, 2017).

Consistent with other sources, the National Post and Dow Jones articles show that despite mounting communications and testimonials from senior officers, the ‘smoke-free movement’ was still viewed as a campaign, and less a PMI corporate-brand expression. The major US publications show the evolution of PMI’s discourse in the public domain from citing the potential for reduced-risk products (RRPs) to “change the industry”, to qualifying “PMI’s smoke-free future” with its smoke-free alternative IQOS. While the rhetoric of these publications from 2013-2016 indicated the early high-level vision of what IQOS and RRPs could achieve, investor presentations years-later would show the evolving impact of IQOS on the parent brand in tandem with its commercial success. This is most salient in 2017, when the IQOS’ brand purpose was adopted by the PMI corporate brand (Philip Morris International, 2014, 2017a).

In late 2017, PMI investor presentations (Philip Morris International, 2017b) highlighted the change in marketing tonality for the PMI parent brand holistically. After receiving promising consumer feedback and early commercial results from the late 2014 pilot launch in Japan, PMI indicated their intentions to expand IQOS to the rest of Japan, and several other countries to follow (Philip Morris International, 2015). PMI followed through with their international expansion plans, and by the end of 2016, had achieved an international relevant brand with consumers, achieving 7.0 share-of-market in Japan, with several other Asian and European markets reaching highs of 1.7 share-of-market (Philip Morris International, 2017c). Following this early commercial success and the ramp-up of more informal rhetoric mentioned earlier, in Q3 2017 PMI affixed the phrase “Designing a Smoke-Free Future” to the PMI corporate brand on the title page of the investor’s presentation (Philip Morris International, 2017b). As outlined earlier, previous articles have linked PMI to the idea of a “smoke-free” future, but according to my data, Q3 2017 is the first instance where the corporate brand was tethered to this brand statement in brand communications.

While the phrasing may seem disjointed against the parent brand, which sells some of the most successful cigarette brands in the world, it is explained in the script of the presenter what designing a smoke-free future means: “higher investments supporting the commercialization of IQOS, consistent with our aspiration for a smoke-free future” (Philip Morris International, 2017d). Despite still being a fraction of PMI’s shipments, IQOS commercial performance spans 6 slides of the 25 slides presentation, showing country-specific examples of IQOS commercial success (Philip Morris International, 2017b). This moment is the clear indication of the extension’s influence over the parent brand; PMI was placing the commercial future of the parent brand on the success of the extension.

Evidence of de-stigmatization of the corporate brand is indicated by general public acceptance of PMI’s intentions, and the amount, and subject matter of conversation surrounding PMI regarding smoke-free initiatives. While PMI has been met with significant pushback on their rhetoric and the selling of their “smoke-free” alternative, the August 2017 Washington Post article exemplifies the way a significant amount of the population has responded to PMI’s rhetoric, and their smoke-free alternative, IQOS. The article cites Jonathan Foulds, a smoking cessation expert at Penn State University saying “If you have a company willing to shift to a less harmful product, is that something we should be getting in the way of?” (The Washington Post, 2017). The professor was echoing the early sentiment of what would eventually be significant support; according to a study commissioned by PMI 79% of respondents were in favour of PMI working toward a smoke-free future, and 73% in favour of PMI selling smoke-free alternatives (BusinessWire, 2019).

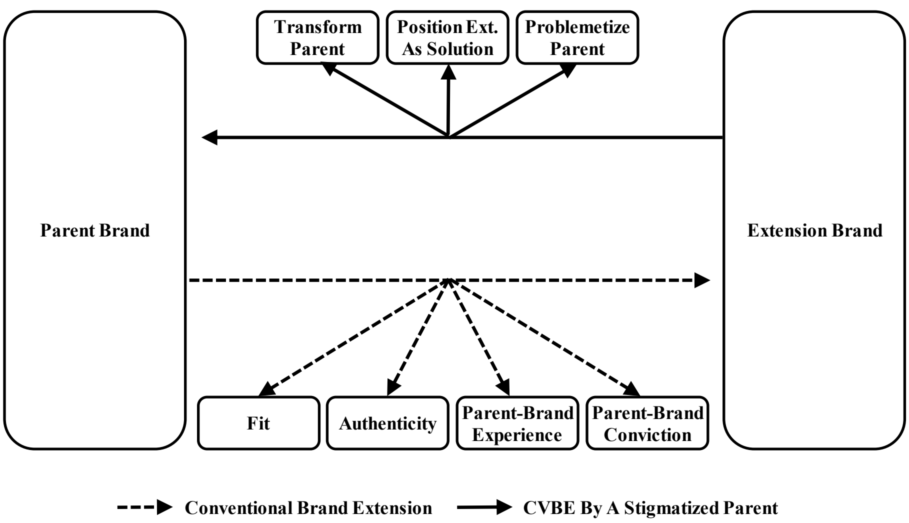
As well, data shows that the launch of the IQOS brand extension significantly changed the amount and substance of conversation surrounding the parent brand. Of the 1543 articles written about PMI from the period between Jan 1st 2013, to the Jan 1 2020, 822 articles (>53%) contained the words smoke-free, smokeless, reduced harm, or reduced-risk. This number jumps to over 60% (+110 articles) when you include the keyword IQOS. I conclude that in the “IQOS era” of 2013 to today, the majority of the conversation surrounding PMI via the major US publications concerns PMI’s intent to rid the world of cigarettes via converting smokers to the claimed safer products and brand IQOS. This represents a significant change versus the “pre-IQOS” era (pre-2013). Looking at similar length of time, the 8-year period before IQOS, 2186 articles were published in the same publications regarding PMI. Of those articles only 35% of the articles mention the keywords above.

Concurrent with the rising success of IQOS launch through 2014-2017, data shows that the IQOS’ launch acted as a pivotal point for the parent brand to reset its convictions and revitalize its brand essence, and to generate the necessary talk-value capable of de-stigmatizing the parent brand. While the rhetoric of selling reduced harm or “smokeless products” has been part of the PMI conversation for decades, the corporate brand has seen a step-change in their smoking-cessation efforts, and has fundamentally changed the conversation surrounding the PMI brand. Not only has the amount of conversation surrounding IQOS and PMI’s virtuous efforts increased, but there are indications that the efforts are positively-received by key public figures, and society in general.

How a CVBE Addresses the Parent’s Sources of Stigma

My findings show how a comparatively virtuous brand extension (CVBE) can be used to revitalize a parent brand. I organize my findings in three main stages. First, the CVBE is used to problematize the parent brand. By this, I mean that the attributes and specificities of the brand extension challenges the stigmatized attributes of the parent brand. Second, the extension is positioned as the solution for the problematized brand attributes from the first stage. Lastly, the extension is leveraged to transform the parent brand (see Figure 1)

Figure 1
Extending Brand Extension Research



Contrary to the extant literature which details the benefits afforded to brand extensions evoking the positive essence, characteristics, or experiences of the parent brand, IQOS instead directly addresses the negative stigma associated with the parent. This enables the relationship described above and reinforces the overall theme of influence on the parent by the extension. The extension highlights the stigma of the parent to contrast it with its differences, despite the damage to the parent it could cause (e.g., John, Loken, & Joiner, 1998).

As noted in the introduction, the stigma associated with the PMI corporate brand arose from the non-recognition of the health issues associated with smoking, the unwillingness to fully inform the consumer of the effects of the product, and the dismissal and creation of doubt surrounding emerging science proving the detrimental effects (Oreskes & Conway, 2012). The findings show the PMI's CVBE extension IQOS directly addresses these sources of stigma for the parent brand. IQOS has done this in three ways: emphasizing the detrimental effects of smoking and the issue of smoking on public health, informing smokers of alternatives like IQOS that represent solutions to the public health issue, and using a science-based marketing approach.

Problematizing the Parent Brand

Problematization of the parent brand refers to the act of explicitly defining the problems associated with the parent's core business in such a way that highlights the extension as an essential and necessary solution to the problems propagated by the parent (see Giesler, 2012 for a similar process). In other words, by redefining the issues related to smoking, PMI is able to uniquely position IQOS as the solution to the problem. Below I examine the ways in which IQOS highlights the problems propagated by their corporate brand, specifically after its launch.

There is a strong contrast between the rhetoric used in the IQOS era versus PMI's historical position on smoking as an issue of public health. The tobacco industry's choice to belittle, muddy, and contradict the detrimental effects of smoking and its impact on public health is well-documented in history (Oreskes & Conway, 2012). As recently as 2011, Philip Morris officials have down-played, in some way, the health issues of smoking evidenced by a 2011 article detailing a PMI official stating "it's not that hard to quit" (ABC News, 2011). From the IQOS launch of 2014 onward, it is clear that PMI has struck a contrasting tone toward quitting, public health, and the detrimental effects of smoking. As evidenced by the company claims outlined in a 2018 USAToday article, "we can achieve a significant public-health benefit only when a large number of these smokers switch from cigarettes to better products," PMI recognized openly the public health issue driven by cigarette use (USA Today, 2018).

Not stopping at recognizing the public health issue, PMI has taken steps to ensure consumers and society are informed of the biological processes associated with smoking and the detrimental effect of smoke caused by combustion. Evidenced by PMI's "Unsmoke Your World" campaign, the organization indicates that combustion is the cause of toxicants that harm the body in the process of smoking, and is responsible for lung-cancer and other diseases (UnsmokeYourWorld, 2019). The organization also details in great length on the corporate website how the harmful effects of smoking can be attributed to the *burning* of cigarettes stating "…the very same burning process that releases the tobacco flavors and nicotine also produces over 6000 chemicals, of which 100 have been identified as causes or potential causes of smoking related diseases"(Philip Morris International, 2019).

It is clear that IQOS addresses a major source of stigma attached to the parent brand by acknowledging the public health issue of inhaling cigarette smoke and the difficulties associated with quitting. An extension highlighting the negative aspects of the parent brand's historical products is not currently understood within brand extension literature. Next explored is the idea why the extension works to accentuate the stigma and health issues that parent brand helped create, to show how the IQOS extension is different, and to propose it as the solution for the issue at hand.

Positioning the Brand Extension as the Solution

With the problems associated with smoking now well-defined by the problematization of the PMI corporate brand, the opportunity emerges to uniquely position the IQOS extension as a solution to the problems propagated by the parent. The brand extension acts as a prescriptive end to the problem the parent brand now readily acknowledges and highlights the public health issue that heightens the need for a solution. This positioning is significant, as failure to inform consumers of the consequences associated with smoking, in tandem with a lack of offer of potential solutions or assistance in the reduction of the public health crisis, significantly contributed to the stigma of the parent brand.

As evidenced early by the Washington Post, IQOS purpose was defined early, "…it (PMI) would start selling a product that directly competes with the tobacco-stuffed sticks it's always flacked, since nicotine vapor in cigarette form is seen as a decent substitute for the real thing for the 69 percent of American smokers trying to quit" (The Washington Post, 2013). IQOS purpose was clear early on, and reinforced by messaging on the corporate website through the years: "To help move the millions of adult smokers away from cigarettes by giving them a choice of science-based alternatives" (Philip Morris International, 2019). In the IQOS years of 2013 to today, PMI appears to recognize the difficulty of quitting conventional cigarettes by attempting to match the satisfaction and experience of traditional cigarettes, but with less toxicants. This is something that PMI claims other reduced-harm or smoking cessation products failed to do (The New York Times, 2014). At the onset of the IQOS brand extension, the findings show the target market for IQOS users was that of smokers, specifically smokers with expressed desire to quit conventional cigarettes, best emphasized by the New York Times, "…(PMI) to develop a range of products that can be scientifically substantiated to reduce risks and that are acceptable substitutes for smokers who can't or aren't willing to quit" (The New York Times, 2014). To support the IQOS brand and product, PMI has launched information and education tactics to generate appeal for IQOS amongst a cohort of conflicted smokers looking to reduce the harm on themselves and others. The findings show in nearly all markets IQOS has been marketed via proprietary brick-and-mortar stores, as opposed to conventional grocery and gas retail outlets, in order to support smoker's looking to quit, and to better educate smokers on how IQOS is different to conventional cigarettes (Iqfan, 2019).

The findings show another way in which the IQOS brand extension has been marketed to specifically to address the health issues associated with smoking; as a "reduced-harm" product with IQOS reducing the number of toxicants inhaled during the nicotine consumption process. PMI markets IQOS by showing how "heat-not-burn" is different from combustion, highlighting the toxicants produced from combustion. Most of the communications have come from PMI officers that leverage internal studies and those in the public domain. This is highlighted early in IQOS' lifespan by the Wall Street Journal (The Wall Street Journal, 2015), which indicates that clinical trials showed a significant reduction of toxicant in the aerosol produced by IQOS versus traditional cigarettes. Later in IQOS' timeline, this reduction is highlighted again in a 2017 Washington Post article where PMI is quoted stating "IQOS eradicates 90 to 95 percent of toxic compounds in cigarette smoke" (The Washington Post, 2017).

After addressing the health issues associated with smoking, and offering a solution to smoker's for reduced harm, PMI looked to science to further legitimize IQOS. The embracing of science as an enabler for PMI's product offers, contrasts against the PMI's past where science was a detractor, and its dismissal a source for the parent brand's stigma.

A major part of IQOS' marketing efforts to position the extension as the solution to PMI's stigmatizing brand attributes is achieved by a science-based marketing strategy. From the onset of the IQOS launch, PMI harnessed science as a platform by which to market IQOS. In sharp contrast to its use of science to discredit the link between cancer and smoking from the 1950s onward (Oreskes & Conway, 2010), PMI leveraged science on how consuming cigarettes is detrimental to health in order to dispel some of the myths associated with that harm and to open the door for alternatives that promote a reduction of the risks. The science-based marketing approach cuts throughout the entirety of the IQOS timeline, and has been adopted as a key communication tactic by the parent brand as well.

Leveraging PMI's significant understanding of how smoking affects the human body, its extension was created to specifically reduce the harm of inducing nicotine, while still offering a demanded tobacco taste. The enabler for IQOS to deliver the satisfaction while reducing the harm done to the smoker is the proprietary "heat-not-burn" technology (Philip Morris International, 2019). This technology was employed based on what PMI knows of smoker satisfaction, the science of the preferred method of nicotine consumption, and the reduction of the harmful constituents of cigarette smoke (Philip Morris International, 2019). IQOS' technology is marketed as modern, innovative, and a break-through in terms of satisfaction maximization and risk minimization (e.g. The Future of Real Tobacco Is Here, (GetIQOS, 2020)). It is hard to separate what is marketing and what is fact, as PMI is the claimant for most of the findings, but there is no mistaking of PMI's intent to leverage its own internal science and petition third party institutions to research IQOS themselves, including the USFDA (Philip Morris International, 2020). Other third-party research has also been commissioned to study IQOS, and are published in conjunction with proprietary research on the PMIScience platform (PMI Scientific Library, 2020).

Consistent with the way the IQOS product has been marketed, PMI has also placed greater emphasis on highlighting the role of science in their organization overall (Philip Morris International, 2020). PMI's owned communications best show the newfound organizational commitment to science, with the parent brand website stating "PMI's commitment to offer science-backed alternatives to cigarettes aligns with my (VP of Strategic & Scientific Communications) own desire to make a real difference that could positively benefit public health" (Philip Morris International, 2020). The company has also emphasized the recruitment of engineers, scientists, and healthcare personnel, alongside investing over 6 billion dollars in reduced-risk products engineering and research.

Transforming the Parent Brand

I define the transformation of a parent brand as a significant strategic change in brand attributes, positioning, and purpose. As it relates to the research's context, the adoption of IQOS' brand essence and purpose by the PMI corporate brand has allowed for the amplification of IQOS' marketing messages, particularly through informal and unconventional marketing communication channels. With alignment of marketing communications between parent and extension, I show how this amplification has catalysed the extension's influence over the parent brand.

Early on in the IQOS extension process, PMI officials recognized the issues and complexities with marketing such a product (The Wall Street Journal, 2014). What transpired thereafter indicates that, given this complexity, PMI has chosen to market IQOS's purpose and brand messaging through the lens of the organization and parent brand. The relationship appears symbiotic; the PMI corporate brand offers scale and relevance on the world stage, and IQOS offers virtuousness and legitimacy. As described above, the unification of marketing messages between parent and extension looks methodical through time, has catalysed the conversation surrounding the IQOS extension, and about PMI's intention for a new smoke-free future. This unification process involves three elements; external messaging by PMI officers, a consumer-facing corporate brand overhaul, and a campaign that bridges the two brands.

Evident and obvious in the data is a sharp change in organizational rhetoric tone and intent on the part of PMI. As outlined in 2018 Wall Street Journal article, PMI's CEO states “let's all contribute to make Japan smoke-free” (The Wall Street Journal, 2018). Additionally, in an interview for Dow Jones with PMI’s VP of Communications Tony Snyder, the representative from PMI evoked a sense of stewardship or leadership in the matter of societal health, emphasizing PMI “can’t do it alone” (Dow Jones Institutional News, 2017). The messaging is clear: PMI not only intends to weave the virtue of their new commercial endeavour into public rhetoric, but also show leadership regarding the issue of public health.

A significant example of PMI leveraging the corporate brands scale is their consumer-facing website. Prior to 2017, which as shown earlier was the year in which PMI ascribed “Designing a Smoke-free Future” to the PMI corporate brand (Appendix B), the consumer facing website referenced nothing regarding reduced-risk, smoke-free, nor their science promoting these initiatives (Web Archive, 2020a). Instead, focus is placed on financial performance and investor relations. In 2017, PMI made a dramatic change to their website (Appendix C), highlighting the “Designing a Smoke-Free Future” statement and offering the question to site guests “how long will PMI be in the cigarette business?” (Web Archive, 2020b). Later iterations include significant emphasis on their science and qualifying what the corporate brand means by designing a smoke-free future, i.e., privileging the IQOS extension.

Lastly, the Unsmoke Your World campaign launched in 2019 works to solidify the link between the two brands. While the campaign has been launched by the parent brand, its comparatively virtuous tonality, use of language such as “smoke-free”, and offering reduced-risk alternatives like heat-not-burn products, all shows an upward relationship from brand meanings and messages associated with the IQOS extension brand unto the parent brand (UnsmokeYourWorld, 2019). The corporate brand’s initiative evokes most of the vision and rhetoric expressed throughout the IQOS extension’s lifespan, such as “the smoke from burning any plant will contain dozens of harmful or potentially harmful chemicals… remove the combustion and you cut out or reduce the levels of many of those chemicals" (UnsmokeYourWorld, 2019), cementing the long-standing position of IQOS as a smoke-free device, and vehicle for smokers to choose a smoke-free future.

The findings for PMI's CVBE IQOS extension show a clear contrast with the extant marketing literature. For stigmatized brands, a brand extension serves to revitalize the parent brand. In comparison to prior research, the relationship between brand extension and parent brand is inverted. The potential positive effects on the parent include de-stigmatization due to the extension directly addressing the sources of stigma associated with the parent brand, an important consequence for stigmatized brands needing to reposition themselves in a transforming society. Lastly, the influence process itself can be catalysed by wholesale adoption of the CVBE's marketing messages and purpose by the parent brand.

Discussion

The findings highlight a scantily understood relationship of influence by an extension brand on a parent brand. For stigmatized brands attempting brand extensions that are in comparatively virtuous categories of goods or services, an extension's influence over the parent brand appears significant, and contributes to transforming the parent brand. When examining IQOS' influence over PMI's corporate brand through the identified enablers of brand extensions from the extant literature, it becomes clear why this relationship exists.

I first compare the approach to brand extension I introduce in this paper, comparing its theoretical novelty with existing work. I then move to provide managerial recommendations for brands to practice this approach. I conclude with future research directions.

Comparing Brand Extension Approaches: Conventional Brand Extensions versus CVBE's by Stigmatized Brands

Drivers with Interaction Between Parent and Extension Brand

The fit between a parent and extension brand is a major driver of consumer evaluation of the extension brand (Aaker & Keller, 1990). Fit perceptions are generally categorized into an extension similarity to that of the parent, as well as what relevance the parent brand lends to the extension (Aaker & Keller, 1990). Similarity is normally understood by parent and extension operating within the same category, or by sharing similar methods of consumption (Aaker & Keller, 1990). Having relevance between extension and parent generally entails the parent's expertise, renown, or prestige, and how these elements associate to the extension (Aaker & Keller, 1990). For stigmatized brands launching comparatively virtuous brand extensions outside of the stigmatized category, close fit with the parent will work against the extension. Fit perceptions may act opposingly to the extant literature in this context, as the CVBE extension is intentionally dissimilar to the parent and any relevant associations to parent brand in terms of its expertise or renown in the stigmatized category are problematic for the extension.

An extension also must be perceived to be authentic in its connectedness to the parent brand (Spiggle, Nguyen, & Caravella, 2012). Authenticity perceptions are generally driven by an extension's ability in preserving the standards, essence, and heritage of the parent brand, while also existing as a worth-while extension for the parent, not simply a tactic for quick financial gain (Spiggle, Nguyen, & Caravella, 2012). By mirroring, highlighting or accentuating the parents most revered qualities, and extension can achieve greater authenticity evaluations from consumers (Spiggle, Nguyen, & Caravella, 2012). For stigmatized parent brands, its essence, heritage and standards are generally shaped by the very stigma that is associated with the parent. Specifically, for comparatively virtuous extensions that purposely defy the heritage and essence of the parent brand, these extensions would not benefit by evoking the qualities and heritage of the parent.

Lastly, how the extension is able to emulate the connectedness, experience and conviction consumers have with the parent brand, the more positively the extension is evaluated (Völckner & Sattler, 2006). A consumer's past connection, and how they have associated with the parent brand will influence their judgement of the extension (Swaminathan, Fox, & Reddy, 2001). Positive experiences, and feelings of connectedness and conviction will improve the extensions chances of replicating that connectedness (Kirmani, Sood, & Bridges, 1999). Consumer experience with stigmatized parent brands, like cigarette brands, are generally wrought with negative social judgement (Hudson & Okhuysen, 2009). Conviction and closeness to stigmatized brands by consumers is also presumptively low, especially with consumers that do not participate in the stigmatized category. Given a CVBE's purpose as a better option to the parent brand, a consumer's connectedness and experience with the parent is not beneficial to emulate.

TABLE 2
Approaches to Brand Extension Strategy: Conventional Brand Extension & CVBE's

Relationship w/ Parent	**Factors**	**Traditional Brand Extension**	**CVBE by Stigmatized Parent**
	Fit		
	Similarity	•	
	Relevance	•	
	Authenticity		
	Maintaining Brand Standards & Style	•	
Interaction	*Honoring Brand Heritage*	•	
	Preserving Brand Essence	•	
	Avoiding Brand Exploitation	•	
	Parent-Brand		
	Conviction	•	
	Experience	•	
No Interaction	Retailer Acceptance	•	•
	Marketing Support	•	•

Drivers with No Interaction Between Parent and Extension Brand

The drivers of brand extensions that do not directly connect parent and extension remain practically important and significant to a comparatively virtuous brand extensions success. While marketing synergies are expected for launches within the stigmatized category, CVBEs launched outside of the parent brand's category of expertise would be expected to command more organizational attention, and marketing focus. Comparatively virtuous product categories in their adolescence would also require substantial marketing support to grow. Additionally, a CVBE by a stigmatized brand is likely to be met with stakeholder scepticism, particularly those connected to the value chain, like retailers. Given the uncertainty surrounding its commerciality, particularly as it relates to its connectedness with the parent brand, retailer and stakeholder acceptance of the extension will greatly impact its viability.

As explained above, the researched and understood drivers of brand extension success that depend on an extension connectedness and association to the parent brand do not hold for the particular relationship of stigmatized brands under study. Without a renowned, positively evaluated and experienced parent brand equity to leverage, comparatively virtuous extensions by stigmatized brands are destined to fail without a new strategy for success. My contribution to the marketing literature is a strategy to launch comparatively virtuous extensions by brands associated with stigma. This strategy dictates the role of a CVBE is to influence the parent brand, and the extension's essence, intent, styles and standards are superimposed onto the parent corporate-brand. In order to practice this brand extension strategy, I identify the following steps for parent brands to follow.

Implementing a CVBE Strategy

First, the CVBE should be developed to address the problematic elements of the parent brand (table 3). I show how de-stigmatization operates through the CVBE addressing the source(s) of stigma of the parent brand. To transform the parent brand, the brand extension must address the most important sources of stigma associated with the parent brand. By creating a CVBE to address the sources of the stigma for the parent, the parent brand can address its stigma more authentically, positioning the CVBE as a solution rather than simply a brand extension. In the case of PMI, the stigmas the brand experienced were related to the denial of the health issues attributed to smoking, a reluctance to address the problem, and the misdirection of the emergent science proving the health impacts. By addressing these elements, IQOS was uniquely positioned as the remedy to the source of stigma; a prescriptive end to the stigma the parent brand helped create.

Second, the CVBE should be strategically used to positively influence its stigmatized parent brand. Where the positive connotations associated with the parent normally influence consumer's perception of the extension, in the case of a stigmatized parent brand, such a relationship would be detrimental to the extension. Rather, the brand extension can contribute to transform the parent brand. This can contribute to de-stigmatized the parent brand, effectively changing its brand meaning. An example of this is how the IQOS extension has been a significant and impactful vehicle by which to change the narrative surrounding the parent brand PMI.

Third, firms need to assess the commerciality of the extension brand. Like conventional extensions, the size of the CVBE will be comparatively smaller to that of the parent or other brands under the parent's management in its adolescence. It would be a strategic misstep to stake the parent brand's future on an extension that is not attractive to consumers, fails to differentiate from substitutes, or lacks utility. Test markets and pilot launches can provide early insight into the commercial viability of the extension, before the allowable influence of the parent brand’s entire business. In the case of IQOS, commercial success in Japan and early results indicating success in other countries satisfied IQOS commercial viability for PMI prior to a worldwide launch.

Fourth, upon deeming the extension commercially relevant, the last step in the c brand extension process is allowing the CVBE to influence the parent brand’s communication, position, and strategic direction. The positive influence of the CVBE on the parent brand can be catalysed by the use of the CVBE in the parent brand’s communication, especially with stakeholders that can amplify the legitimizing messages. It also allows for a unified, aligned and authentic marketing communications strategy, one that allows the virtuous messaging to amplify by the scale of the parent brand. An example of this is the co-option of IQOS’ purpose and marketing messages by the PMI corporate brand. The unified purpose and messaging enabled the opportunity for rhetoric from PMI management, health professionals, and media personnel to completely and quickly change the conversation surrounding the PMI corporate brand.

TABLE 3
Implementing a CVBE Strategy

Step	Description
1.	Ensure the CVBE addresses the problematic elements of the parent brand *-Make the elements salient by problemetizing the parent* *-Position the CVBE as the solution*
2.	Strategically leverage a CVBE to positively influence the stigmatized parent brand
3.	Pilot launch and assess early commercial viability of the CVBE
4.	Influence parent brand's positioning, communications and strategic direction

Other Managerial Considerations

The managerial implications of the research offer previously unexplored insights on how brand management can navigate working within a stigmatized category or industry, the impact of stigma on commercial endeavours, and whether an extension can be used as a vehicle for change for a parent brand. I now expand on novel avenues for research to explore the relationship between stigmatized parent brands and comparatively virtuous brand extensions.

Stigma Will Affect Endeavours by Stigmatized Brand Outside Their Core Category

Similar to how stigma from a stigmatized organization transfers to the organization's core stakeholders, it is likely the stigma associated with a parent brand would transfer to future commercial endeavours from that parent as well (Hudson & Okhuysen, 2009). These endeavours could range from purely commercial pursuits, to philanthropic efforts by the parent brand (Newman, Gorlin, & Dhar, 2014). As a result of the likely stigma transfer from the parent, any endeavour launched outside the core-stigmatized business of the parent would thus fail to garner intended positive consumer evaluations.

Research exists on brands successfully minimizing that stigma transfer by employing tactics like diversion, distancing, and overall secrecy (Shantz, Fischer, Liu & Lévesque, 2018). These tactics are executed to ensure minimal interaction and association between parent and commercial endeavours like extensions, such that consumers understand them as two separate and unrelated entities. Employing such tactics would mean that marketing strategy would be siloed between the two brands; the extension would be completely autonomous from the parent and the two would struggle to form a synergy in marketing communications.

Reviewing more recent research on stigma, stigmatized brands have proven the ability to change consumer perceptions, opting to not focus on purging the stigma or limiting its transfer, but addressing it head-on (Helms & Patterson, 2014). Other cases show it possible that comparatively virtuous extensions could be evaluated higher by the stigmatized brand by evoking certain appeals regarding the extensions. For instance, as demonstrated by Peloza, White, and Shang in their 2013 research on the marketing of products with ethical attributes, priming consumers with self-accountability, and satiating their internal or desired personal standards can lead to positive product perceptions (Peloza, White, & Shang, 2013). That is, positioning the extension brand in a way that satiates a consumer's desire to do better themselves, especially if they were consumers of the stigmatized parent brand.

Leverage Brand Extensions as Vehicles for Change

Consistent with their comparatively virtuous counterparts, core-stigmatized brands must continue to adapt to their changing environment to stay relevant and maintain their commercial viability. Part of that changing environment includes evolving consumer ideals, including greater concern for environmental and social well-being, and a developing scrutiny on the way brands responsibly service the market with their products. As well, connectedness, the advent of the internet, and social media has created a more informed consumer, capable of acquiring brand history and any associated stigma in real-time. Whether it is the complete understanding of the harm and detrimental effects of cigarettes, the environmental impact of big oil, or the mental health pressures of chronic gambling, a more informed consumer represents a direct threat to brands capitalizing on these financially lucrative industries. Failure to adapt to a changing consumer, evolving public discourse, and the arrival of viable alternatives will lead to worse overall financial performance, and threaten future commercial viability.

Attempts to stay relevant amidst consumer scrutiny may entail launching products or services that contradict the parent's history, and it is possible that extensions will face mixed evaluations from new and old consumers. If growth and maintaining relevance require competing in categories against non-stigmatized counterparts, how can stigmatized brands launch commercially viable extensions outside of their stigmatized category if consumer reaction is destined to be negative? Are the theoretical prerequisites such as fit, authenticity, and positive evaluation of the parent brand similar in the context of stigmatized brand extensions, or other unexplored elements needed? Can a comparatively virtuous brand extension serve a different purpose for stigmatized brands?

Extensions that contradict a parent's stigmatization can be used to transform a parent brand and strategically pivot the parent in a new direction. For brands operating in socially disparaged or environmentally degrading industries, such an extension could be deemed comparatively virtuous to that of the historical offerings of the brand, representing a stark contrast with the brand's stigmatized image. This would mean, as in the case of PMI and IQOS, the extension's purpose and messaging would need to be leveraged by the parent brand to ensure unity between a parent and extension direction. In this way, the parent and extension brands can find synergy in marketing messages and appeal to a common consumer cohort.

Extend Outside the Stigmatized Category by Acquisition

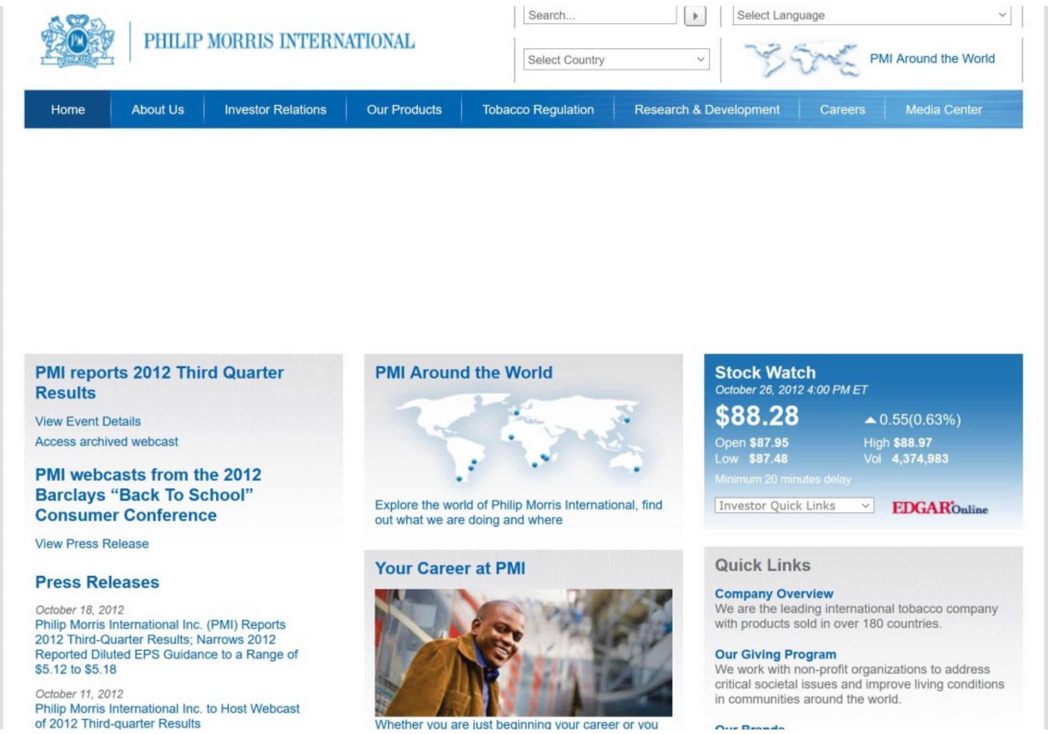
Minimal options appear available to shepherd a stigmatized parent brand into non-stigmatized or comparatively virtuous categories. Addressing the stigma head-on, leveraging a detracting rhetoric, and correcting misconceptions has worked for some parent brands, but not many others. A greater understanding the boundary conditions under which such a strategy works is required. A wholesale strategic pivot away from its past may be an option, but the threat of jeopardizing the source of revenue generated by the stigmatized brand itself, coupled with an uncertain and non-guaranteed revenue source in the future significantly increases organizational risk.

It is possible that acquisition is the only possible strategy for stigmatized brands to offer products outside the stigmatized category and ensure favourable consumer evaluations of the extensions. Extension by acquisition could ensure that a prospective extension has achieved growth and a strong consumer base prior to it being associated to a stigmatized parent. By purchasing brands outside the stigmatized parent's core business, the parent can maintain the acquired brand as its own entity separate from the parent's core business. Post-acquisition, limiting the stigma transfer from the parent to the extension will be critical to maintain positive consumer evaluations overall.

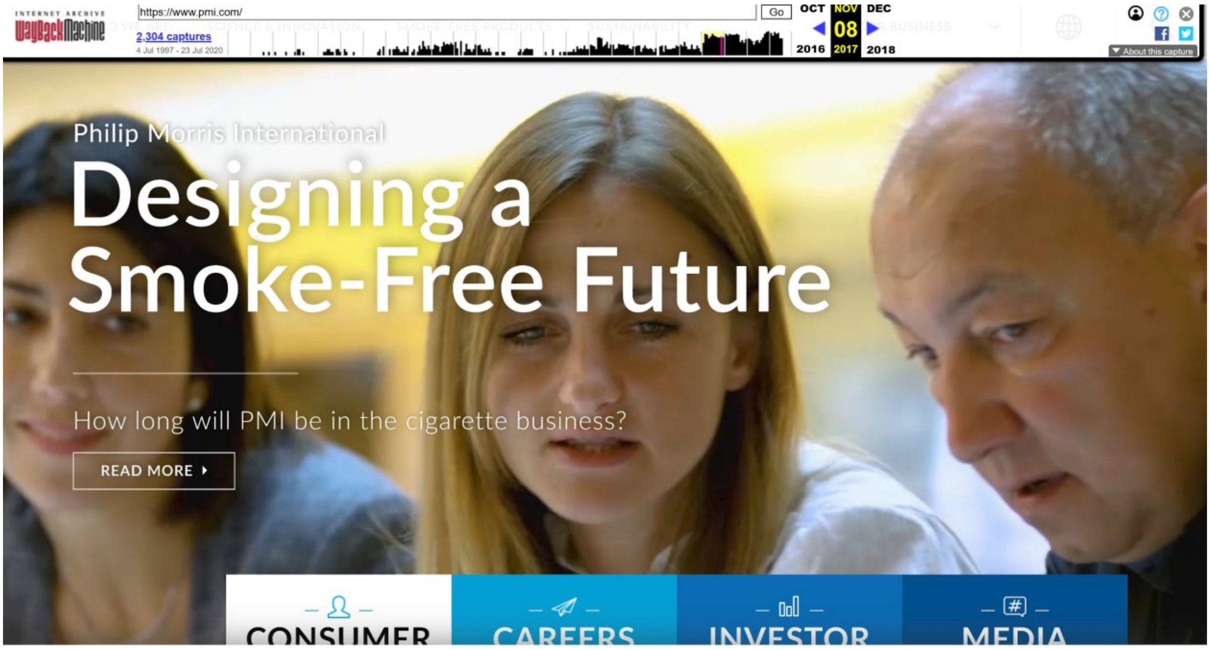
Appendix

Appendix A: PMI Q4 2018 Earnings Release Investor Presentation Title Page

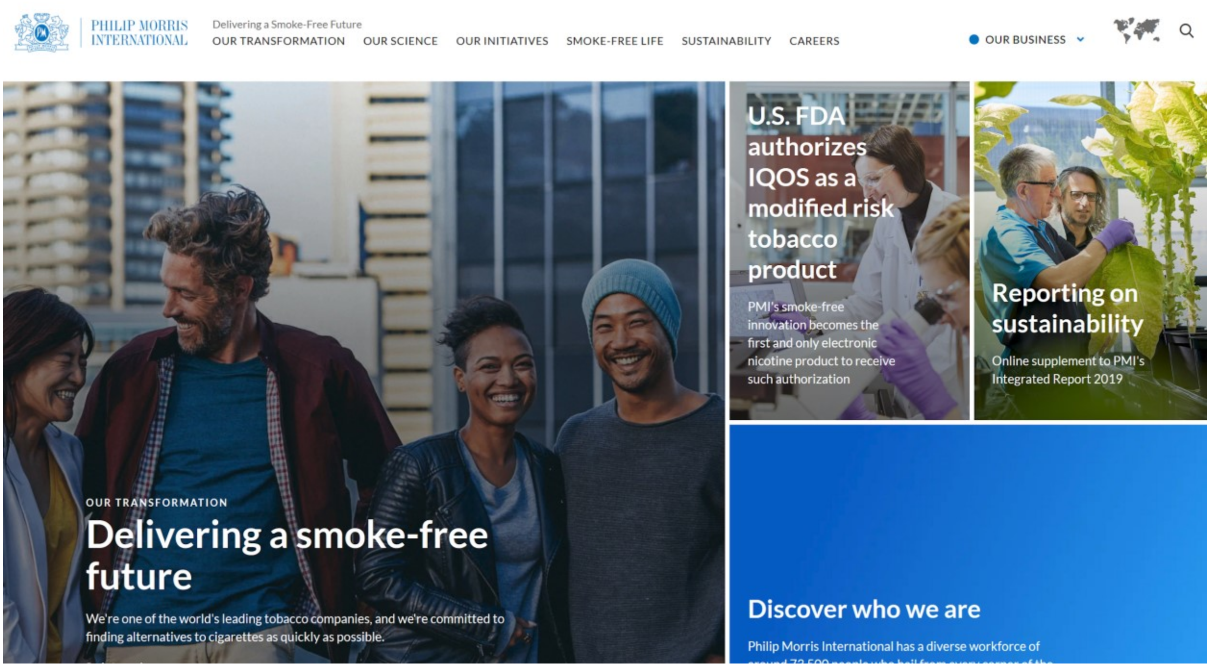
Appendix B: PMI Corporate Website Prior to 2017



Appendix C: PMI Corporate Website in Q4 2017



Appendix D: PMI Corporate Website Present Day (July 2020)



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