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BRAND EXTENSION IN DIFFERENT PRICE SEGMENTS AND INTENTION TO SWITCH PARENT BRAND

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INTRODUCTION

In today's environment, many companies' existing brands are well known to the general consumers and establishing an entirely new brand can be time-consuming and costly. Therefore, brand extension has become a very important marketing strategy for the company. Companies plan brand strategies accordingly, brand extension either focus on reducing the brand extension or parent brand's negative impact (Chen, & Liu, 2004). High-quality products can support brand extension to enhance brand equity, which is the essential asset to the companies to survive in this more bitter environment (Martinez, & Pina, 2003).

For the company, consumers' switching behavior could be a serious threat. The companies need to monitor the consumer's switching behavior carefully to determine the consumers' switching decisions (Pablo et. al., 2006).

With the development of technology and economics, brand extensions already become a common strategy for companies. When brands decide to develop brand extensions, the changes can often lead the consumers to change their attitudes towards the brand. Brands consist of many dimensions, such as the brand image itself, the repositioning, the brand extension. Brand extension can be interpreted as an improved offer based on existing products or services (Webster, FE, 2000). The association with the existing brand can increase customer acceptance of the brand extension but may also dilute the parent brand image or damage parent equity (Aaker, 1990).

In the current market environment, it has become increasingly common for consumers to change their brand buying intention or behavior. In the past, consumers have used one brand's products for more than a few years, but this behavior no longer exists. The proper identification of target segments features can help the company's services toward consumers, build and maintain long-term customer relationships (LodzianaGrabowska, 2013). Companies should use low-price products to target a wider consumer base in order to increase the profitability (Goetz, Fassnacht & Rumpf, 2014).

Consumer's perception and parent brand's evaluation will have effects on the brand extension evaluation of consumers (Chaudhuri & holbrook, 2002; Delgado et al., 2005). Bhat, & Reddy's research (2001) pointed that consumers usually evaluate the brand extension product regards the existing parent brand impression when the parent brand is well-known and consumers are familiar with it, , which will lead to the consumers' switching intention; for the brand extensions, the perceived quality of the parent brand is an important key role, therefore, we could say that parent brands play is the essential key to formulate an initial opinion of one brand extension.

Based on previous studies, it also raised another question: What impact on consumers' switch intention to brand extension in different price segments?

Goals: How brand extensions in different price segments impact consumer's parent brand switching intentions.

Objectives:

- To define brand and brand extension concepts
- To analyze the brand extension impact on consumer behavior
- To analyze brand switching concept, identifying the factors having impact on this behavior
- To analyze brand extension different price segments, how price have impact on brand
- Concluding theoretical analysis, generalize what brand extensions in different price segments impact consumer's parent brand switching intentions.
- To establish methodology to conduct surveys to identify how brans extension impact on consumers' parent switching intentions.
- To find out the switching intentions influence results based on statistical data analysis.
- To provide conclusion and practical implementations to the marketers

Many previous researches have studied brand extensions and did analysis how to launch a standout brand extension to assure the company gain more profits, however, there only few researches studied how the brand extensions could influence the parent brand. Therefore, it is inevitable to research when the different price segments as the moderator variables, how brand extensions will influence the consumers' parent brand switching intentions.

1. THE KEY BRAND CONCEPT

1.1. What is a brand?

In today's time where consumers buy brands for specific purposes, they can relate to the brand. When the brand does something meaningful consumers put trust in the brands. When brands decide to change it often triggers consumers to change as well. They will change their attitude towards the brand.

Companies produce products, and consumers usually aim for brands when they purchase. Brands can effectively influence consumers' purchasing decisions, and they are also a profit source of the company. The company's critical mission is to enter the market and extend into a principal category, to establish essential assets for the company. The critical brand is the most precious asset of a company. The company should establish a value system; the developed value should be combined with the brand vision to give the company meaning and direction. The company's employees should work together to ensure that the brand is delivering brand promising to consumers and that the company's brand information is consistent (De Chernatony & Dall'Olmo Riley, 1998).

As the science and the economy rapidly growing, it also has more choices for consumers when they are purchasing products. Nowadays, consumers are no longer pursuing a simple product. Brands and companies are also included in consideration of consumers when they are purchasing goods. The brand is the representative of the company product; it gives the consumers the fundamental knowledge of the company; therefore, a significant brand has a substantial impact on consumer's perception towards the company. The company can only win in the market if they can combine customer's awareness and the brand in their strategy consideration.

People's living standards on the daily life has increased significantly, consumers' requirements and concepts for brands are gradually increasing. When companies build their own brands, they must combine their products with the nature of the company. A strong brand can have a high degree of consumer loyalty, that consumers become the communicators of the company's brand, and continuously share the brand belief brand with others, and spread the brand's information.

"Brand" has different meanings in different groups of people. Companies or manufacturers usually use "brand" to define their own business shape, while consumers often use their perception of products to define the so-called "brand". Companies and manufacturers intend to use "brand" conception to attract consumers for their products, and consumers are also using their own emotional and physical perception to define the "brand".

1.2. Brand attitude

Without correct attitude towards the market and consumers' needs, there would be no brand can be established. Brand attitude is the customer's evaluation towards a brand individually (Mitchell & Olson, 1981). If a company only wants to sell products, but without its own brand attitude, they will not gain customers as customers cannot even perceive their brand.

Consumers' attitudes towards brands mainly depend on consumer perceptions of brands, and companies most likely can see this as a reliable predictor of consumers' behavior (Shimp, 2010). Today, with the rapid development of technology, many product information channels are gradually increasing for customers, consumers in the Internet era are no longer merely receiving brand information, and they also want to be able to interact with brands. Brand attitude has become an essential link for brands to stick to consumers for a long time. Brand attitude can predict customer switching behavior while brand attitude is durably bonded between the customer and the company (Park et al., 2010).

In today's science and technology economy, in addition to the product itself, consumers are also pursuing spiritual sustenance. Consumers will not only pursued product or brand quality when they purchase, more and more customers are hoping they can find some sort of life belief from the brand, and they often put trust in the brand when they purchase it. Brands that with a warm attitude, can make consumers genuinely feel the brand's humanistic care. A good brand attitude can not only establish a good corporate image for the company, but also offers consumers a particular ideology and spirit, attract consumers' purchasing intention.

1.3. Brand image

In Keller’s research that already pointed out that brand image the customers' memory reflects as image and the association with that brand. The brand image is mainly included a brand logo, brand slogan, product packaging, and other factors. It is the primary channel for the company to convey brand information to consumers during the marketing process, and it is also the personality characteristic of the brand in the consumer's knowledge. Brand image refers to a clear image established by one company through a particular brand and a particular thing in the life of the targeted market. Brand image building is a long way task. Brand image has an outstanding influence on consumers’ purchase intentions, and the brand image also contributes more efforts to the company's advertisement to promote consumer purchase desire (Batra & Homer, 2004).

To forge a perfect brand image when a product is newly launched, which is conducive to quickly grabbing the attention of consumers. When the product has entered the market, and there is a certain loyal customer, proper brand image upgrade helps to upgrade the consumer's recognition of the product of consumers and solve problems such as brand aging.

Some companies create a poor brand image for temporary benefits. They do not lay the foundation for the brand, nor do they have a strong vitality and appeal. As a result, their company's brand can easily blind follow the wind and be taken away by the temporary benefits and lost the driving force of the brand. Some companies will overly beautification the company's brand image and ignoring consumers' perception of the brand. Some companies would make up the brand images, which makes consumers think that the company's products are fake, leading to that consumer losing trust in the company's products.

Some companies cannot adapt to market changes and are anxious to remake the brand image. Overturning the company's perception of themselves also overturns the consumer's perception of the current brand, and it also will Waste advertising costs. Consumers will also find it difficult to accept the new brand image and slowly switch to other brands and company profits will also decrease.

The brand image brings a value-added intangible property to the company, and it can deliver a figure to the brand image for product sales. With the development of technology and the economy, the company's marketing methods have continued to grow, and the brand image has become an indispensable part of the marketing method. The charming role of the brand image has become increasingly prominent. Many companies will choose a popular celebrity for their brand image, which it is attracts consumers to a certain extent. At this time, it is not only the product itself that attracts consumers. The joining of the spokesperson also enhances the purchase intention of consumers. We can see that a good brand image can bring significant economic benefits to the company.

1.4. Brand Awareness

The concept of brand awareness has been diffusely covered in the detection of advertising effectiveness. Brand awareness is a core part of popular-level advertising models and an essential target for product activities (Kelly, 1991). In most consumers' minds, the brand profoundly affects the purchasing intention of each consumer. Most of the time, when consumers are shopping, they will choose the brand they know as brand awareness is already in the consumers perception. Customers will be prior to choosing expert brand products that they have known.

Brand awareness will affect consumers' decisions when they are buying a brand. For example, when consumers buy sports shoes, consumers who face unknown other products will buy Nike, Adidas, Puma, and other brands they know because the advertisements of these brands play in consumers' lives all the time. Consumers have brand awareness for these brands consciously or subconsciously to prompt consumers to choose these products first when purchasing items. In consumers' daily life, the surroundings can often help them to develop certain perceptions of brands. Companies should focus on inserting their brand awareness to consumers on a daily basis to help the companies attract more consumers and to put up business plans to increase companies' profits and to decrease consumer loss rates.

1.5. Brand attributes

Brand attributes are characteristics that your consumers as an inherent part of the brand. A brand should conclude five attributes: relevance, consistency, proper position, sustainable, credibility, inspirational, uniqueness and appealing. The brand attribute provides a unique competitive advantage for brands (Bhasin, 2019). Brand name and company fame are often attached to the brand attribute. And it has multiple dimensions in different fields.

The attitude components study shows that cognitive brand attributes have stronger influence towards the brand preference (Grimm, 2005). Cognitive brand attribute helps the company explain the service process more effectively and it is a significant part of company strategy. For the company, the valid brand attribute is well introduced by the cognitive brand attribute and the affective brand attribute which will enhance the corporate brand image.

There is a key factor of corporate brand image we cannot ignore which is the affective brand attribute; moreover, loyalty as well as the corporate brand image are more related to affective brand attribute (Alwi & Kitchen, 2014). Brand attribute will have a strong impact on how consumers would perceive the company and the products of the company. Company should build brand attributes that are easy for consumers to take in and they will have positive evaluations towards the brand through brand attribute. Companies should pay attention to the create brand attributes, build a precise consumer cognitive group, grasp the needs and hearts of consumers, find out the perceived information consumers had and provide consumers with reasons to choose company products.

As the representative of a company, Brand not only affects consumers emotionally but also affects consumers' evaluation towards on product quality and company. Brands should focus on identifying consumers’ needs for the products and establishing emotional resonance with consumers to establish a good brand attitude. When the evaluation of the company’s brand attitude from the consumers are positive, consumers’ product preference for the

company will also increase and attracting more consumers, while consumers' positive evaluation will also make the brand image even stronger in the society.

Brand attitude and brand image have strong connections, and both of them have a profound effect on brand evaluation for the consumers. The company should closely follow the market's and the consumers' needs to establishing a stronger brand image. Influential brand image of the company is like a mirror for the company, consumers' favorability for the perfect brand image will increase rapidly, and the company can capture consumers' attention. For a company, a brand attribute not only can establish unique advantages and characteristics for its products, but it will also profound impact on consumers' perception of the company.

To sum up this chapter that with the development of information technology, consumer perceptions are also changing. When companies strike marketing strategies, they should focus on every company aspect. When the company is unable to adapt to the market, do not rush to overthrow and reshape the brand image. The majority of the consumers will be relatively slow to accept the rapid changes towards the brands they already knew about. Instead, the previous evaluation will be applied to the new brand image and lead to customer loss. Consumers will have different levels of emotions towards brand awareness in daily life. The company should identify a suitable way to expand brand awareness to consumers. To increase the company's profits, including to strength brand image to gain more consumers' recognitions, to build up brand attributes to improve consumers' evaluations towards the brand. To build up a stronger brand to link with the consumers will help the company survive longer on the path.

2. BRAND EXTENSION CONCEPT

2.1. The relationship of the parent brand and brand extension

The existing brand releases the brand extensions, the brand will know as the parent brand, the parent brand supports the brand extension by sharing its brand identity service. All brands have essential characteristics related to the parent brand and some differentiating factors. In general, supported products or services are from different categories, and they can be related or irrelevant to the existing product category. A parent brand with a decent reputation makes it easier to release new products in new categories. When a brand extends a product to a new category, it can help the company evaluate the new product category, determine the resource requirements of the new category. It also can reduce the risk for the company and help the company's message brand relevance and appeal.

Brand extension can be interpreted as an improved offer based on existing products or services (Webster, 2000). For example, we are familiar with Starbucks, a coffee-based beverage company; then, they extended to the energy drink category; Facebook also put a new extension product called Portal, which directed to the smart camera category.

The brand extension strategy has two principal structure: horizontal and vertical brand extensions. In horizontal, the branch extension often extended to related product classes or product category and uses the existing brand name to develop its new product introduction (Sheinin & Schmitt1994). There are two alternatives in the vertical brand extension: step down or step up which is compare to the parent brand, the company can introduce the products in the lower price with lower quality brand extension or the brand extension introduced as a higher price with higher quality; in order to present the link of the parent brand and extensions the brand extension usually named abreast the existing parent brand's name (Chen & Liu, 2004).

In spite of the fact that the brand extension strategy has become a key mechanism to promote company growth, the brand extension's quality determines whether the initiative can successfully attract consumers and promote consumer purchase (Bottomley & Doyle, 1996). It's been found that perceived quality of the parent is more influential as the perceived fit of the parent brand and brand extension will still have a consequential impact on brand extension to determine if it could be successful (Völckner et al., 2010). Specifically, with the product fit been increased, the possibility of using the extension service will be higher for the consumers; the parent brand perception of the consumers is a key role whether the purchase the extension product (O'Reilly et al, 2017). Brand extension can not only reduce advertising costs and reduce introduction costs.

To establish a successful brand extension it also attract more consumers for the parent brand, improve parent brand image and brand reputation. Meanwhile, it can also improve the parent brand asset for the company.

2.2. Brand extension effects

With the development of science and the economy, the company proposes various competitive strategies in order to enhance its own competitive advantage. Among them, the most magical one to be given is the brand extension. Different products before and after the brand extension meet the same or similar or alternative needs or related needs. The foundation of brand extension is the improvement or brand-new product released by the successful brand. If the initial conviction of the parent brand remains, perception of the brand for consumers is also positive; a successful parent brand usually impacts on the brand extension positively ((Soomroet al, 2016).

The brand extension launched by a successful parent brand will be relatively easy for consumers to accept. According to experience, consumers have different levels of acceptance of brand extensions launched by different brands. We can also see that consumers' brand perception also influenced by the brand extensions, which will also affect consumers' purchase intention and brand loyalty to varying degrees.

The more intensive of brand extension service is, the perception of the brand extension for the consumers will be even more complexied and it is relative to the parent brand; the complicacy of the perception might have a profoundly affect consumer purchasing intention (Lei et al, 2004). When the company improve the service quality of the brand, in contrary, consumers will have negative impression which will lead low using rate of brand extension; For the service brand extension, the intensity of service related to the extended service category also can be seen as an essential factor in the use of considerations. The higher service quality in the category, consumers will be less likely to consider using extensions (O'Reilly et al, 2017). At the meantime, the study of Li et al showed that intensive brand service will not influence the company positively but also improve the export quality of the brand, higher intensive brand service will help the company more flexibility to adapt to market demands.

Nowadays, there are more and more similar products, such as functions and appearances. Some companies start from price, appearance, and style to improve the company to increase the company's profit. They will improve the product based on consumer buying behavior and consumer demand for the brand. Some companies will reposition the company during this process or change the brand image to improve and improve the company itself to

obtain more profits. Among them, the brand extension is the most often chosen method by many companies in market strategies, and it is also one of the most effective methods. However, not all brand extensions will have a positive effect. Some brand extensions will have an adverse effect and even affect the parent brand.

Different approaches to brand extension have different possibilities for success. If consumers and marketing channels match, brand extensions will be much more superior. As well as the brand extension products face the same customers and the same or related needs, it will significantly improve the company's competitiveness and consumer loyalty. At the same time, it will make the brand more successful and have positive effects in many ways.

The brand extension's introduction carries certain risks. The failure brand extension case will have a negative impact and damage brand equity. Parent brand experience has a relatively fewer influence on the long-term repeat purchasing of the extension products. Parent brand shopping experience has impacts on the brand extension trails. However, it will not affect consumer repeat purchases and found that brand extension strategy primarily used to decrease the cost of the product introduction (Swaminathan & Reddy, 2001).

Brand extension can strengthen the brand's specific association, extending the extension to categories with the same benefits can strengthen the brand association, thereby in the initial product category to enhance the brand value, a good brand extension can neutralize the dilution effect (Loken & John 1993). Consumers usually will have a strong influence on the brand extensions' evaluation and may have an impact on the product class (Broniarczyk & Alba, 1994)

Some research also mentioned that parent brand also could get damaged by the brand extensions. Martinez & Pina's research (2003) pointed that the poor consumer's evluation of the brand extension which also will damage the parent brand, if the parent brand evaluation is before the brand extension is relatively low, the lower the chance of the extension will work, and also will damage the long-term interests of the company. In this increasingly competitive environment, the weaknesses of the brand extension will also become increasingly apparent. When consumers face choices, many consumers will prefer expert brands. Many products are launched after the existing brand. As we know, Dove, Comfort, Lux are launched by Unilever company, as well as the well-known Zara, Zara home, Redmi from Xiao MI as well as Alexa from Amazon. These popular brands, their extension products also accepted and loved by the consumers, which is not only has the marketing and promotion costs been reduced to a certain extent; it has also increased the company's turnover.

Brand extension can introduce the new products enter the market with a successful brand reputation while saving marketing costs for the company. The shift in consumer

attitudes towards brand extension products is not an allornothing way. Although to a lesser extent, the extension of atypical products has negative consequences (Boush & Loken, 1991).

2.3. Brand extension similarity to parent brand

Nowadays, competition is becoming more and more fierce; every company has its own advantage and disadvantages, many companies took the chance and have become world level companies. Some companies have disappeared in the long history; some companies can keep up with the development technology and times and implement various methods to promote themselves. The company has adopted many market strategies to grow its size and increase its profits. The brand extension's evaluation often relies on the consumers' perceived fit of existing brand, which includes two aspects that are the feature similarity of the products and consistency of the brand concept. Compare to the the fictional brand, the consistency of brand concept has stronger impact on the prestige brand, which also means that the prestige brand has more strength goes to other product categories (Park, Milberg & Lawson, 1991).

The similarity of the brand played a significant role in brand positioning. In the consumers' perception the brand extensions similarity and parent brand have an influence on consumers' evaluations, which also means that the correlation of the brand extension with the parent brand. The higher the similarity of the brand extension and the parent brand, the consumer's evaluation, cognition, and perception of the brand extension products will be relatively higher as well (Sujan & Bettman, 1989).

Parent brand has impact on the brand extensions while extensions also affect the parent brand. As the key factor to release the brand extension, similarity is important for both parent brand as well as the brand extensions. A higher of the similarity of the brand extension can be, then it will impact each other more positively with the parent brand. The reciprocal effects between them can be adjusted by adjusting category similarity. If the company can stretch a successful introduction of the brand extension, it will bring more positive effects to the company (Webster Jr, F. E., 2000). When company proposes new brand extensions, to associate the brand extensions consumer often will connect with the parent brand first. Moreover, the brand concept consistency as well as the similarity have become key factors in consumer evaluation, and this perceived fit will have a significant influence on consumers (Reast, 2005).

2.4. Brand extension and consumers

Brand extension is also affected by the brand trust. In this process, consumers' satisfactory experience and word of mouth communication have an impact on brand trust.

Therefore, the company should pay more attention to customer expectations and avoid delivering a disappointing service or product, to improve brand trust and positively promote the brand extension (Reast, 2005).

With the development of technology and economy, the companies propose various competitive strategies in order to enhance their own competitive advantage. Among the strategies, the most magical strategy should be the brand extension. Different products before and after the brand extension meet the same or similar or alternative needs or related needs of the customers. Different brand extension approaches have different possibilities for success. If the consumers and marketing channels match with the brand extension product, brand extensions more likely will be successful. If the brand extension products face the same customers and the same or related needs of the customer, it will strengthen the company's competitiveness and consumer loyalty significantly. Furthermore, it will make the brand more successful and have positive effects in many ways for the company. For concrete product class attributes, consumers often have unfavorable evaluations towards the extension product, then for abstract brand attributes, such as style, the consumers' beliefs associated with extension product more positive and an excellent evaluation (Aaker & Keller, 1990).

For company brand extension, the identity-based commitment will have positive impacts on the customer, and it offers customer support for company initiatives. Company identity-based commitment will not only enhance the brand extension evaluation, compare to in-group commitment, company identity- based commitment is a more relatively stable determining factor (Ashraf & Merunka, 2013).

The association with the existing brand can increase the brand extension customer acceptance but it might also weaken parent brand image or damage parent equity (Aaker, 1990). Consumers' evaluation and attitude towards the parent brand can often reflect on the brand extensions. For the consumers, the parent brand name will have a favorable evaluation of the brand. On the contrary, a negative parent brand will cause negative brand extensions to the consumers (Dens & De Pelsmacker, 2010). If the brand extension products face the same customers and the same or related needs, it will significantly improve the company's competitiveness and consumer loyalty. At the same time, it will make the brand more successful; there are multiple positive effects.

To extend the brand, firstly, the company supposed to hold brand equity access. With this brand equity to help the company to expand into other categories, to obtain more profit for the company. Companies hope to open up new markets and seek higher sales and profits. In general, a brand extension that is very easy to make may not be accepted by consumers. Consumers may classify the brand extension as an easy-to-make product class to do a trial

product brief into a premium category will makes consumers perceive the parent brand as incongruously (Aaker & Keller, 1990). Brand extension is to enhance the association by contributing base brand as well as to deliver new association to various market segments (García et al., 2001). With the time pass by, expanding products can gradually build up their own word of mouth, so they can get brand awareness after a certain period to get more benefits (Milberg & Goodstein, 2010). In this long-term adverse environment, brand managers should always keep in mind that high-quality products support brand extensions. Brand extensions of high-quality products as the company's valuable asset can also highlight parent brand image and strengthen brand equity (Martinez & Pina, 2003).

2.5. Brand extension evaluation

Compare to promote a new brand name product marketer spend less time and fewer efforts to promote the extension product if the consumers already known the parent brand. When consumers visit a store, they are often the first thing they notice is the known parent brand extension product. consumers will evaluate the brand extensions regards the parent brand experience as they already knew the parent brand. Therefore, it is clear that parent brand as the key factor to initialize the brand extension opinions (Bhat & Reddy, 2001). The consumer's parent brand evaluation will often reflect on the brand extensions. However, the similarity will influence this reflection, but also consumers' moods play mediational roles in consumers perceive similarity and competency (Barone, Miniard & Romeo, 2000).

It looks like the brand extension is a good idea. When companies look forward to a new business, it is often hard to reject the temptation of brand extension. The company believes that hitchhiking with existing well-known brands, use the existing well-known brand's popularity can bring more profits to the company. Of course, there are also failed brand extensions. Such as Volkswagen's luxury sedan Volkswagon Phaeton. Since the listing of Volkswagon Phaeton in 2002, it has not shown strong sales, especially in the US market, which is not popular with consumers, and was dismissed in 2006 in the US market. Therefore, when a company extend to new categories, the company should focus on identifying the company carries out and how to carry out the brand extension and use scientific methods to evaluate if the brand extension plan can work well or not.

Today's market competition is becoming more and more competitive; many companies have become world-class companies. Some companies have disappeared in history; some companies can keep up with technology, and follow the development of the technology, various methods have been implemented to advance the company. Different approaches to

brand extension have different possibilities for success. If consumers and marketing channels match, brand extensions will be much more successful.

One of the keys to launch a new brand extension successful is to have a broad consensus, which is using existing brands to introduce new products. That can not only significantly reduce initial marketing costs, distribution costs, but also improve market effectiveness, and to a certain extent, increase consumer acceptance of brand extensions (Morrin, 1999). A good brand extension will not only improve the the brand extension evaluations for the consumers but also can impact on parent brand sales positively, consumers will have more perceived information about the brand and bring more profit to the company continuously. To avoid the high failure rate of new products, many companies choose a brand extension strategy to advance their interests. Most new products in the company are introduced as brand extension products (Ourusoff et al., 1992).

2.6. Extension into different price segments

Price segmentation is a specific tool of market segmentation. consumers are usually influenced by price information when they evaluate the similar brand extension (Taylor & Bearden, 2002). Consumer perceived quality variance among brands might somehow influence the evaluation of the price information (Taylor & Bearden, 2002). In the meantime, Dodds, Monroe and Grewal's research (1991) showed that when consumers have limited information of the new product, the low price will be perceived as low quality by consumers.

The price segment mainly has several forms that include the same product or service that has different prices for different consumers; different product forms are priced differently; even if the prime cost is the same, different geographical locations can set different prices; according to the season or month can also pricing differently.

Companies should be careful to price the brand extension in low price segments, consumers might perceive the product as low quality rather than evaluated it as good value brand extension which led the consumers' evaluation toward the brand will be relatively lower (Taylor, 2002). The purpose of implementing this strategy is to use different prices to promote essentially the same or nuanced products in different market segments, especially in geographically and environmentally different market segments, to obtain more profits for the enterprise. Samsung as a big company where it concludes numerous products, still, they are pricing the product in different price segments. They have cheap cellphones as well as also have expensive product face in different market in different price segment, we can see that Samsung has large price segments.

When the company introduce a relatively low similarity brand extension with a higher price, however, it may increase the quality evaluation due to price-quality inferences (Taylor & Bearden, 2002). The successful implementation of the price segmentation strategy requires a major premise, that is, each segment must be an independent market where it can be confident that customers in a particular segment will not easily enter the other price segments. DelVecchio and Smith's (2005) research showed that when studying the price of brand extension, they also observed how consumers use brand name theory in the decision-making process. Compare to Samsung, Apple also pricing different products in different price segments. Consumers gave higher evaluations on iPhone 5 and iPhone SE when it was launched, then Apple used the consumer's evaluation and launched iPhone SE but in lower price segments to attract different level customers, however, the consumers' perception towards the new product was pretty negative. In consumer's mind Apple is also one of the luxury brands, on the contrary, consumers perceived negative evaluation towards the new brand extension when Apple launched lower price product.

With economic development, more and more parent brands strike with brand extension strategy to keep the company's profitability and improve competitiveness. Company needs to pay attention to how to do extension as well as in what direction to extend that could bring positive effects. The brand extension similarity often affects the parent brand, different industries may lead consumers to have different brand extensions attitude and it will reflect on the parent brand. The previous studies mentioned that brand extension and parent brand has influences on each other, but it is hard to define that if it is positive, also, the positive parent brand evaluation will also reflect the brand extension consumers, however, the company cannot predict the attitude of consumers towards the brand extension, nor can it predict what kind of the influence will be.

The brief ideas of this chapter. Through the parent brand, the consumers can perceive the difference in brand extension product quality and value, when the price of brand extension and parent brand are too distanced, it might cause consumers to switch perception of the poor brand image of parent brand and the attitude of the brand and might finally cause consumer switching intention behavior. If brand attributes are not matched with consumers, it will decrease corporate profits. When the similarity is close to the parent brand, different evaluations of brand extension will also be formulated in consumers' mind. According to the previous studies, the price segment also has impacts on the brand extension when the price segments differ from the parent brand. A proper target segment will stimulate the consumer's interest and increase company profit. The company should integrate internal resources and external environment to integrate company resources and accurately analyze the company market

advantages in combination with the property target segment to attract consumers and to stimulate purchasing intention. Not all companies are suitable for launching a brand extension, they should do marketing research and identify the pros and cons of the company to justify if the brand extensions will increase the parent brand or drag the parent brand down.

3. INTENTION TO SWITCH THE BRAND OF CONSUMERS'

3.1. Intention to switch brand

In the study of Al-Kwifi et al (2014) have shown that consumer's perceived usefulness has a substantial impact on attention to switch brand, which also indicates that product features and product capabilities have stimulated consumer brand switch intention. In the era of personalization, the emotional explosion of consumers has weakened, and the effects of many traditional brandbuilding methods. In a near mature market, brand switching is crucial. The only way for the company to increase market share is to encourage consumers turn to their brand from competitors'; if consumers' switching behavior continues, it could damage the the company's profits as well as the market (Al-Kwifi & McNaughton, 2013).

When consumers encounter negative publicity, consumers show a more negative attitude to functional brand image compare to the symbolic image (Liu & Sweeney, 2011).

Companies should not rely on their expectations to guess consumer switching brand factors. In the research of Wathne et al (2001) presented that in terms of swiching behavior, consumers and companies usually have different opionions. In practice, companies should reduce the occurrence of such things by identifying customer switching behavior factors and modifying product innovation strategies, and properly introduce product features to ensure that the company can make long-term profits (Al-Kwifi & McNaughton, 2013).

In the high-tech product market, product functions and technology are rapidly updated, and it is not very easy for companies to define consumer preferences. In the process, it is easy for the company to misidentify the correct function of the product (Bhattacharya, Krishnan & Mahajan, 1998). Companies should also consider consumer sentiment when designing and selling high-tech products and equipment (Mick & Fournier, 1998). The company should provide consumers with new product features and extra capabilities on the product but also pay attention to the balance of product features; too many products feature will make consumers feel overwhelmed (Thompson, Hamilton & Rust, 2005).

If a competitor can provide consumers with a one-stop service for products and gain consumer trust, the relationship between the consumer and the company and the service received before becoming unimportant. Furthermore, customers most likely will have switching brand intention; When customers buy different services in one company, the customer will consider the benefits of one-stop services (Valentin, 2004). This shows that when the company cannot provide one-stop services for consumers, and consumers need to purchase different services for the second or even multiple times at the same company, which

will affect the consumer ’s shopping experience. Most like customers will have an intention to switch brand to where can provide a service more convenient and more specific.

Managers should pay attention to the potential factors behind consumer switching brand intension. Companies should be aware of the most influential factors behind consumer intention to switch brand behavior. Marketers should determine appropriate marketing strategies to keep the company's market share from being eroded. Customer service should be proficient in the information and performance of the products sold. To deliver comprehensive product information when they face the consumer, to link the product feather to the consumer's need (Al-Kwifi, 2016). Consumers' evaluation of the brand based on a central approach to brand attitude and brand image.

3.2. Factors that affect consumer switching intention

The switch intention of consumers means that consumers stop buying the brands they were using and switch to another brands product. How (through price, features or style) consumers switch to another brand that meets their product expectations. Customer attrition means they can’t bring profit to the company. In the current market environment, it has become increasingly common for consumers to change their brand buying intention or behavior. In the past, consumers have used one brand’s products for more than a few years, but this behavior no longer exists. Consumer brand loyalty has gradually become a unilateral attraction for companies.

Studies have shown that when companies the price of the products are unreasonable, consumers will immediately stop relationship retention, consumers' perception of reasonable prices, experience in the conflictive event, and their questioning of products will directly affect consumers' switching intentions (Antón, Camarero & Carrero, 2007). When consumers purchase items, they care more about reasonable prices. They will pay closer attention if the money they spent can bring a good quality product or service if the company cannot deliver decent outcome quality and prompt customer service which consumer expected and put money in, most likely customers will switch to other essential brands where it can deliver all the good quality product and service (Nimako, Ntim & Mensah, 2014).

If consumers can recognize the services of the company provides, and company service can meet customers' needs and have the ability to offers significant benefits to the customers with convenient service experience ((Valentin Ngobo, 2004). The service quality of the company's service personnel is also a key factor affecting the switching brand intention of consumers, the efficient service quality and service experience, and the company's

commitment to customers can help the company retain customers (Nimako, Ntim & Mensah, 2014).

Critical incidents will also affect consumers' purchasing intentions. These critical incidents may become anger incidents and affect consumers' behavior, so consumers may have all or part of the resolver relationship with switching brand intention (Roos, 2002). anger mood also triggers customer in the relation between customer behavior and poor service of the company, and lead customer terminates the relationship, will not come back for another purchase and lead them to switch brand (Bougie, Pieters & Zeelenberg, 2003).

The relationship between the consumer and the company is an essential driver for switching intention; in order to resist new entrants and prevent customer switching brand behavior, company should invest the relationship with customer; as the profit that potential switchers can bring minimal profit, the company should consider the needs of customers who are continually looking at the brand performance as they are likely can contribute the process of fair pricing and sufficient quality of the company (Wieringa & Verhoef, 2007). The company should focus on improving consumers' relations.

As for attitude of the brand extension for the consumers, company often pays more attention about internal validity and make external validity a little behind during the initial stage of knowledge development (Klink & Smith, 2001).

The company should work on enhancing the relationship with the consumer. A stable relationship will reduce the disappearance of customers to a certain extent and reduce the switching intention of the consumer.

Companies can produce good products, to do excellent is not that easy. The difference between excellence and good is in the brand. When companies do product extension, they need to consider not only the company itself but also the needs of consumers for products.

Consumers' emotional link with the parent brands that they constantly purchase have become more and more unstable, E-commerce has become more popular, various of commercials makes consumers easily to have switching intention as well. Consumers become more prefer the companies which can provide various services than simplified form companies. If the companies intend to predict consumers' behavior, the brand image has significant impact on consumer's purchasing and switching intention, consumers will be more positive towards the brand who concerns consumers' physically and emotional needs. Companies' essential marketing communication will help the company prevent consumers' switching intention. According the previous studies showed that various factors could have impact on consumers' switching intention, major events can also influence consumers' purchasing and switching intention. while the parent brand gives attentions to their consumers, it often will have positive

impact on brand extensions. During covid-19 pandemic in 2020, the whole world stops to fight this coronavirus. More and more companies' shutdown due to the lockdown and their business cannot run as smooth as before, however, lockdown also gives consumers more time to learn the marketing industries that they are often use on the daily basis. Consumers have more flexible time to study and to discovery new products from various companies, which also leads to switching intention on parent brand.

To generalize this chapter, the factors that cause consumers' switching intentions might differ from industry to industry. However, nowadays, consumers have more access to gain information from different medias. They will evaluate the parent brand or brand extensions according to different news that they are reading. In today's time where the money is not easily accessible and things only getting more expensive. When consumers buy a product, they buy it with faith that product speaks and relates to them well. Therefore, when product changes it often loses their voice and changes their ways in the consumers' mind that changes consumers perspective and opinion towards the brand. Consumers are not just focus on parent brand, they also evaluate the brand extensions differently when the brand extension in different price segments and it may have impact on consumers' parent brand switching intention. Therefore, companies should focus on consumers' needs as well as consumers' emotion links with the companies. For example, during the pandemic to maintain consumers relationships companies should pay attention not only consumers' needs but also consumers' mental health to build up stronger relationships with the consumers to reduce their switching intentions.

4. METHODOLOGY OF THE EMPIRICAL RESEARCH

4.1. The Theoretical Research Model

When the similarity is relatively high, consumers' parent brand perception will reflect on the brand extension (Barone, Miniard & Romeo, 2000). Therefore, It can be seen that the brand extensions' evaluation of the consumers will affect how the consumer perceive the parent brand. Moreover, the parent brand perceived quality will also affect brand extensions' perception to the consumers. Today where the global economy is a slowdown, in the process of the market environment and economic environment, the interest has a weak influence on consumers which makes consumers more sensitive to prices than in the past, and consumers will be more careful to purchase (Estelami & Holden, 2001). The poor consumers' brand extension evaluation will also erode the parent brand, which it also will damage brand image and negatively impact the long-term benefits of the parent brand (Martinez & Pina, 2003).

Musette's (2007) research found the quality and price of brand extension as essential for consumers' evaluation. With the brand extension' different functions will lead the consumers have different evaluations (Monga and John, 2010). Moreover, in the research of Wu & Yen (2007), parent brand affect as a critical factor will identify the critical aspects on brand extension also on the brand attitude of consumers. If the parent brand extends into lower price segment, the brand owners showed a negative evaluation of the parent brand (Kirmani, Sood & Bridges, 1999).

There only few studies worked on the impact of brand extensions in the different price segments on consumers in past studies. This research will rely on the existing research literature, through an in-depth analysis of the brand extension in different price segments to the consumers' purchase parent brand intention and proposes to describe the brand extension to consumers in different price segments. The theoretical model of purchase intention conversion makes in-depth discussion and research on the brand extension process. On this basis, combined with expert opinions, to find out how brand extensions in different price segments affect the brand extension evaluations and the impact on consumers' parent brand switching intentions.

4.2. Hypotheses development

In Hem, De Chernatony and Iversen's (2003) research and Saeed et al (2011) research has mentioned brand extension similarity and consumer evaluation as research independent variables. In order to be more objective in this study, the following figure 1 model is introduced below:

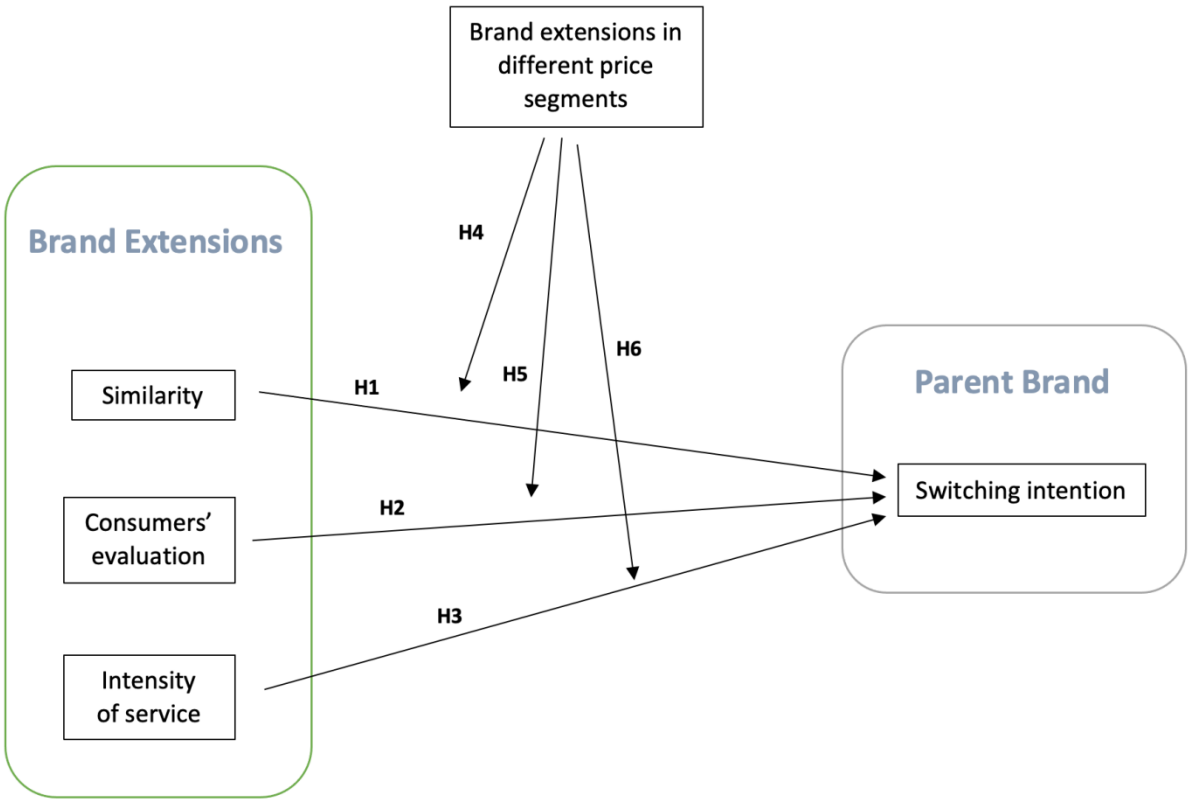


Figure 1: The theoretical research model (Source: Saeed et al, 2011)

The research model is shown both the independent and dependent variables. On one hand, similarity and consumer evaluations are as the dependent variable; on another hand, I also have "brand extension in higher price segments" and "brand extension in lower price segments" as independent variables of this study.

The brand extension provides an excellent opportunity for the company to grow steadily in the market. However, the brand extension also does not have to be extended in the same category (Lane, 2000). Webster (2000) pointed out that if the parent brand and the extensions has relatively high similarity, they will have a relatively positive impact on each other. Taylor and Bearden (2003) found that the brand extension similarity level positively impacts consumers' purchasing intentions. Therefore, it will not trigger the consumer's switching intentions. Thus, I assume that consumers are familiar with the brand extension quality, usefulness, etc.

H1: The higher similarity between brand extension and parent brand is, the lower consumers' parent brand switching intentions are.

In Klink & Smith's study (2001) has shown that consumers may have different perceptions of brand extension through different marketing activities, which will affect consumers' evaluation of brand extension. Consumers identify the relationship between the parent brand and brand extension and brand extension which can boost the brand awareness and perception for the company (Völckner & Sattler, 2006). Kim, Lavack & Smith (2001) found that there are significant differences in quality of the brand extensions compare to the parent brand, it impacts on consumers' parent brand evaluation negatively. Hence, to imagine that when the brand extension's quality as close as the parent brand and consumer identified as this will positively impact consumers' switching intentions.

H2: The more positive consumers' evaluations of the brand extension are, the lower consumer's parent brand switching intentions are.

According to De Ruyter and Wetzels' study (1999) presented that when the company extend to a relative service area, the existing consumer-based equity is more likely transferable to unrelated product categories. To grow as a profitable enterprise, manager usually plays an essential role in the company, they often have to develop and to reconcile the commerce pressure and highest quality service (Ottewill, Jennings & Magirr, 2000). In the company, professional products are the main characteristic which consumers focused on, whilst high-quality caring service is even more profoundly by consumers and can also bring a bright future for the company (Ottewill, Jennings & Magirr, 2000). There are lack studies that aim to analysis the brand extension service on consumers' switching intention to parent brand, therefore, to assume the intensity of brand extension service impact on consumers' parent brand switching intention.

H3. The higher the intensity of brand extension service is, the lower consumers' parent brand switching intention are.

Brand extension shares the same attributes as the parent brand, the brand extension similarity will be high, and consumers will have high associations (De Ruyter & Wetzels, 2000). DelVecchio and Smith's (2005) research showed that when studying the price of brand extension, they also observed how consumers use brand name theory in the decision-making

process and added consumer brand extension similarity as one of the variables to their theoretical models. Taylor and Bearden (2002) suggested that when introducing a relatively low similarity brand extension with a higher price, it may increase the quality evaluation due to price-quality inferences. Moreover, the brand extension similarity and price can be seen as factors to identify the interaction (Klink & Smith, 2001).

Consumer perceived quality variance among brands might affect the price information of brand extension evaluation (Taylor & Bearden, 2002). When the core brand cannot infer price information directly, the price was thought as a factor to measure the brand extension quality (Ahluwalia & Gürhan-Canli, 2000). In the meantime, research showed that when consumers have limited information of the new product, the low price will be perceived as low quality by consumers (Dodds, Monroe & Grewal, 1991). Therefore, we assume that when consumers evaluate the brand extension's quality, usefulness and price can meet their expectations, there are low chances to have switching intention. And brand extension similarity is high, consumers can perceive the brand extension better, either the quality or usefulness will be relatively high with lower switching intention.

H4. The positive moderating effect of price segment on the relationship between brand extension similarity and consumers' parent brand evaluation.

H5. The positive moderating effect of price segment on the relationship between consumers' evaluation has negative impact on consumers' parent brand switching intention.

H6. The positive moderating effect of price segment on the relationship between intensity of service and consumers' parent brand switching intention.

Van, Lemmink, and Ouwersloot research (2001) concluded that when the company can develop a high similarity service process and service delivery context, the brand extension will have better chance work out perfectly. When the brand extends the products to higher similarity categories, for technical products the technology hierarchy is a major factor that may affect consumers' perception of the brand extension (Jun, Mazumdar, & Raj, 1999). Consumers have different expectations for the price segment of different goods. The impact of price on consumers likely be moderated by brand credibility, so when pricing, companies should consider the relationship between brand credibility and consumer price sensitivity

(Erdem, Swait & Louviere, 2002). Companies can do market research and visit the existing consumers to identify the consumers who can afford with high price and willingness to join the company's activities (Goetz, Fassnacht & Rumpf, 2014). Similarity is one of the factors that how consumers perceive it, and consumers expect higher price brand extensions from the higher priced parent brand and often has no interests when the brand extend to lower price segment. Thus, we assume that the impact of similarity and switching intention. Consumers with higher incomes and their switching intentions.

H7. Similarity has bigger impact on switching intention than consumers' evaluation and intensity of service

H8: Consumers who has higher incomes more likely have switching intention to the parent brand.

4.3. Research Method

To test our hypothesis for our research, we will conduct the quantitative method. We will develop a survey questionnaire to test our hypothesis. Questionnaire can help the respondents understand the research and provide reliable answers to help us collect data. We will develop our questionnaires according to the previous studies which will include our independent variables and dependent variables of the research.

Target population

In order to be objective and accurate in this thesis, we will study the impact of brand extension in different price segments and parent brand on consumers' switching intentions. According to statista website (2019) showed that age distribution of internet users' age as 18% are 18-24; 32% users are 25-34; 19% users are 35-44. They will have access to gain more brand information online and have their opinions towards the brands and have abilities to purchase items. Therefore, we will target population group for the consumers who ages are 18-44 years old.

Sample frame

We will forward our targeted populations with the questionnaire online link which is easier for them to attend surveys and help us gain valid data.

Sample size

We will reply on the previous studies which provided sample methods in order to receive the average respondents of our questionnaire. I attached the previous studies sample size (Appendix-1) to get the average sample size for our study. We tracked 10 questionnaires and we found that we need at least 260 respondents. However, as this thesis targeted general consumers with no specific countries, we will use general unknown population formula to test our hypothesis as below:

$$N= Z^{2 * P} (1-P) / c^2 = 1.96^{2 *} 0.5 * (1-0.5) / 0.5^2 = 384.16$$

Our simple size will be around 385 respondents.

Sampling

In order to conduct the research data analysis, I have selected ZARA as the parent brand to launch an online survey. ZARA as the world well-know who has huge customer bases company, will be relatively convenient data from respondents. To test the consumers' parent brand switching intention, I have initialized to extend ZARA to two different price segments in order to help respondents understand the concept and the purpose of the survey.

We already know that Zara has many different brand extension brands, and they all have a place in the clothing market. For two different price segments brand extension, I have divided to lower price segment and higher price segment. The ZARA brand extension in lower price segment will be named as ZARA BASIC which will launch lower priced fashion designing clothing. Respondents will have a concept that ZARA BASIC as a potential brand extension of ZARA and the average price of the products of ZARA would be around 12 EUR. Zara Basic would still launch fast fashion with eye-catching designs and possibly collaborate with other brands (Disney, etc). And ZARA BASIC will provide more intensive brand extension services, by the service I mean easy to exchange, 24/7 customer service, maintenance, clothing repair kits, etc.

The brand extension in higher price segments will be named as ZARA LUXURY which will be compete with other luxury brands. We know that luxury brands like LV, GIVENCHY, their products are in higher prices with high level designing as well as customized service. ZARA LUXURY will provide more intensive service with the products on another level with high price. The price would even compete with the other luxury brands in the market. Respondents will have the concept that the price of ZARA LUXURY products will be in the

same range as other luxury brands in the market. At the same time, ZARA LUXURY will provide intensity of brand extension services, by the service such as easy to exchange, customized products, 24/7 customer service, free maintenance, clothing repair kits, etc.

4.4. Designing Questionnaire

To collect data for our empirical research, we developed a questionnaire for the research. The questionnaire base on the hypotheses model we developed before which included independent and dependent variables. The questionnaire will contain two sections which included independent variables "extension similarity" "consumers' evaluation" section and dependent variable "switching intention" section. We will use Likert scale rating 1-5 which represented from "strongly agree" to "strongly disagree" to evaluate and measure the questionnaire. Independent variables

Similarity:

This part will consist of five questions to identify how the respondents perceive the brand extension. The statement (Table 1) was covered by Crittenden (2015), XiaoMing (2017), the respondents will answer the questions base on Likert Scale 1 to 5, 1 is totally disagree, 2 is disagree, 3 is neither disagree nor agree, 4 is agree, 5 is totally agree.

Table 1. Similarity questionnaire by Crittenden (2015), XiaoMing (2017)

Similarity	On a scale of 1-5, five being "very similar", One being "not similar at all"
1. The logical nature of the extension	1 2 3 4 5
2. Transfer of company manufacturing skills	1 2 3 4 5
3. Usage situation is similar	1 2 3 4 5
4. Shared features of the products are similar	1 2 3 4 5
5. I will consider purchasing the brand extension in high similarity to the parent brand even the price is higher than the parent brand?	1 2 3 4 5

Consumers' evaluation

This part will consist of eight questions to testify how respondents will evaluate a brand extension. The statement (Table 2) was covered by Brännström & Staffansson (2013). This part of the questionnaire will use 1 to 5 of Likert scale: 1 is totally disagree, 2 is disagree, 3 is neither disagree nor agree, 4 is agree, 5 is totally agree.

Table 2. Conusmers' evaluation questionnaire by Brännström & Staffansson (2013)

Consumers' evaluation	On a scale of 1-5, five being strongly agree, One being not agree at all				
1. The brand extension fits with the image of the parent brand?	1	2	3	4	5
2. The brand extension is similar to the other products of the parent brand?	1	2	3	4	5
3. Launching the brand extension is logical for the parent brand?	1	2	3	4	5
4. Launching the brand extension is appropriate for the parent brand?	1	2	3	4	5
5. I think I have good shopping experience in the store.	1	2	3	4	5

Intensity of service

This part it will include five questions to understand the intensity of brand extension service. The questions (Table 3) covered by Mao & Krishnan (2006), Likert scale 1 to 5 implied in this part, 1 is totally disagree, 2 is disagree, 3 is neither disagree nor agree, 4 is agree, 5 is totally agree.

Table 3. Intensity of service questionnaire by Mao & Krishnan (2006)

	On a scale of 1-5, five being strongly agree,

Intensity of brand extension service	One being not agree at all				
1. I think that Extended brand creates a negative perception of the parent brand.	1	2	3	4	5
2. Extended brand provides more kinds of services than the parent brand.	1	2	3	4	5
3. In terms of product quality, Extended brand's service component is more important than the parent brand.	1	2	3	4	5
4. The intensity brand service of Extended brand includes more components than the parent brand.	1	2	3	4	5
5. The services of Extended brand are more diversified than the parent brand.	1	2	3	4	5

Dependent variable:

Switching intention

I will design the questionnaire by using Likert scale 1 to 5, 1 is totally disagree, 2 is disagree, 3 is neither disagree nor agree, 4 is agree, 5 is totally agree. This part will consist of five questions to help the research to identify the factors that might cause consumers' switching intentions. The statement (Table 4) was covered by Martins, Hor-Meyll & Ferreira, 2013).

Table 4. Switching intention questionnaire by Martins, Hor-Meyll & Ferreira (2013)

Switching intention	On a scale of 1-5, five being strongly agree, One being not agree at all				
1. I have intention to switch to other brands.	1	2	3	4	5
2. I would like to keep the relationship with	1	2	3	4	5

the current brand.					
3. It would take a lot of time to switch to other brands.	1	2	3	4	5
4. I am not sure what the level of service would be if I switched to a new brand.	1	2	3	4	5
5. It would be complicated for me to switch to other brands.	1	2	3	4	5

To sum up this chapter, this thesis will do the further research based on the previous studies and develop more detailed contents to help the thesis gather data collections for the next step. The hypothesis will well fit with the questionnaire I will use. Moreover, all the questions will be relatively adjusted according to the questionnaire I will use for the thesis research. As I selected ZARA as the parent brand, the questions in the questionnaire will also put this concept to it to help respondents understand the questionnaire's purpose easily. The questionnaire will be published online in order to gain online respondents from the internet.

5. DATA ANALYSIS AND RESEARCH RESULTS

In the previous methodology part mentioned, we conducted an online to collect our questionnaire data. As this study did not include any specific countries, we collected 492 respondents from worldwide range. I have translated the questionnaire in Chinese and in English to help respondents to understand the questionnaire concept and purpose better. I have used google form for foreign respondents and as well as used Wenjuanxing to collect respondent's data in China. In all our respondents' database, there were 410 respondents are valid data for our research with 82 invalid data, the valid data ratio was around 83.3%. We analyzed our data in the following section.

5. 1. Sample distribution

The sample distribution is shown in the following table 5. The proportion of women is 57.1%, which is higher than the proportion of men (42.9%); the age distribution is relatively even; among the education levels, the proportion of bachelor's degree is the highest (61.5%); the survey subjects have low monthly income the number of people at 600EUR is the largest, accounting for 50.3%.

It can be seen that Age distribution is relatively even through all age groups, we got more respondents from age group of 36-45 which is 22.4%. However, age group from 19-25 and 26-35 (19.5%) are not as many respondents as other age groups, we assumed that ages in these two groups are busier at work in general.

Table 5. Sample distribution of respondents

variable		Frequency	Percent(%)
Gender	Female	234	57.1
	Male	176	42.9
Age	below 18	86	21.0
	19-25	80	19.5
	26-35	80	19.5
	36-45	92	22.4
	46 and above	72	17.6
Education	High school	104	25.4
	Bachelor degree	252	61.5
	Master degree	44	10.7
	PHD and higher	10	2.4
Occupation	Student	88	21.5
	Employee	188	45.9
	Self-employed	134	32.6
monthly income	up to 400 EUR	106	25.9

	401-600 EUR	118	28.8
	601 - 800 EUR	88	21.5
	801- 1000 EUR	52	12.6
	1000 EUR and above	46	11.2
Total		410	100

In the Education category, the respondents are mainly in the first four categories. Majority respondents has bachelor's degree which is 61.5%, respondents of PHD and higher group has the lowest percentage which is 2.4%.

The occupations distribution is roughly similar, 45.9% respondents are employed by companies, 32.6 % respondents are self-employed, we assume that this group has self-controlled options. Students respondents are the lowest which is 21.5%.

As we can see from the chart that in the monthly income category, there's not much difference distributions. Moreover, wages about 1000 are the lowest which is only 11.2%, we assumed that majority respondents are fond of fast fashion industries which is eye-catching and with reasonable prices.

Dimension score

The scores of each dimension are shown in the table 6, where Intensity of service has the highest score, 3.489.

Table 6. Dimension score

	Minimum	Maximum	Mean	Std. Deviation
Similarity	1	5	3.456	1.015
Consumers'evaluation	1	5	3.387	1.020
Intensity of service	1.2	5	3.489	1.072
Switching intention	1	5	2.570	0.957

Valid N (listwise)=410

5. 2. Reliability Analysis

The Cronbach's Alpha is a measure of the internal consistency of a test according to a certain formula, as an indicator of reliability. Measure the reliability of a group of synonymous or parallel "sums". When the Cronbach's Alpha reaches 0.7 or more, it indicates that the data is highly reliable.

Reliability of Similarity variables

Table 7. Reliability of similarity

Reliability Statistics		
Item	Cronbach's Alpha	N of Items
a1 Zara is similar to the products of Extended brand?	0.874	4
a2 Zara and Extended brand can satisfy the similar customer needs		
a3 Zara and Extended brand fit in similar usage situation circumstance		
a4 Zara and Extended brand shared features of the products are similar		

As I can see the table 7 above, items 1, 2, 3 and 4 measures the similarity of brand extension and parent brand, Cronbach's Alpha is 0.874 which are valid factors, and we can continue to work on the data analysis.

Reliability of Consumers' evaluation

Table 8. Reliability of consumers'' evaluation

Reliability Statistics		
Item	Cronbach's Alpha	N of Items
a5 Extended brand fits with the image of Zara?	0.879	6
a6 Launching Extended brand is appropriate for Zara?		
a7 I think I have good shopping experience in Zara.		
a8 I believe that Extended brand will be of high quality.		
a9 I perceive Extended brand as a rick to the Zara brand.		
a10 I have a positive opinion of Extended brand.		

In the figure of Reliability of consumers' evaluation (Table 8), 5 factors make the valid Cronbach's Alpha 0.897.

Reliability of Intensity of service

Table 9. Reliability of intensity of service

Reliability Statistics		
Item	Cronbach's Alpha	N of Items
a11 I think that Extended brand creates a negative perception of the parent brand Zara.	0.906	5
a12 Extended brand provides more kinds of services than Zara.		
a13 In terms of product quality, Extended brand's service component is more important than Zara.		
a14 The intensity brand service of Extended brand includes more components than Zara.		
a15 The services of Extended brand are more diversified than the Zara.		

In the table 9, I found that the Cronbach's Alpha of Reliability of the intensity of service is 0.906 which means all the questionnaire in this section can be trusted to do the data research.

Reliability of Switching intension

Table 10. Reliability of switching intention

Reliability Statistics		
Item	Cronbach's Alpha	N of Items
b1 I have intention to switch to other brands rather than Zara.	0.858	5
b2 I would not continue to have relationship with Zara if Extended brand is similar to the Zara but in lower price segment.		
b3 I would not continue to have service from Zara if I evaluated Extended brand is positive but at a lower price.		
b4 I would not continue to purchase Zara if the intensity of Extended brand service is higher with a lower price.		
b5 How likely are you going to switching from Zara to different clothing?		

It can be seen that there are 5 factors in the switching intention table 10 and it also got a good number of the Cronbach’s Alpha which is 0.858.

Table 11. Reliability of all questionnaire items

Case Processing Summary			
		N	%
Cases	Valid	410	100
	Exclude data	0	0
	Total	410	100
a Listwise deletion based on all variables in the procedure.			
Reliability Statistics			
Cronbach's Alpha	0.774	N of Items	20

The figure above (table 11) shows the total factors reliability which is 0.774 and has 20 items in total.

5.3 Principal Component Analysis

Use the SPSS tool to perform principal component analysis on the scale and perform dimensionality reduction analysis on items. When the KMO value in factor analysis is greater than 0.6, and the Bartlett's test is significant (P <0.05), it indicates that the prescription is valid and suitable for Principal Component Analysis.

1. Factor analysis

In the following table 12, we did factor analysis. It (table 12) shown that the KMO value is 0.925 > 0.7 which is a very good figure for the research, and the Bartlett’s test chi-square value is significant P = 0.000 <0.001, which is a pretty good figure and indicating that the questionnaire is valid for my thesis data analysis, the principal component analysis method is effective in extracting factors.

Table 12. KMO value

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.925
Bartlett's Test of Sphericity	Approx. Chi-Square	4679.692
	df	190
	Sig.	.000

2. Total Variance Explained

In the appendix 2 of total variance explained table I found that the principal component method can be used to extract 4 common factors with eigenvalues greater than 1. And the eigenvalues of the four factors are 8.253, 2.186, 1.664, and 1.542 respectively. The variation explanation degree of the variable total variance is 68.223%, and the factor extraction effect is better.

3. Rotated Component Matrix

As we know that Rotated component matrix is relatively better than component matrix, we will present the Rotated component matrix instead for my research. As shown in the appendix 3 rotated component matrix table, the items included in factor F1 are a5~a10, which is the factor "Consumers' evaluation"; the loading coefficients of each factor are shown in the appendix 3.

4. Correlations analysis

Using SPSS, I did correlation analysis Pearson's correlation analysis method was used to test the correlation between the factors.

Table 13. Analysis the correlation between all factors

Correlations					
		Similarity	Consumers' evaluation	Intensity of service	Switching intention
Similarity	Pearson Correlation	1	.502**	.504**	-.428**
	Sig. (2-tailed)		< 0.001	< 0.001	< 0.001
	N	410	410	410	410

Consumers' evaluation	Pearson Correlation	.502**	1	.484**	-.408**
	Sig. (2-tailed)	< 0.001		< 0.001	< 0.001
	N	410	410	410	410
Intensity of service	Pearson Correlation	.504**	.484**	1	-.529**
	Sig. (2-tailed)	< 0.001	< 0.001		< 0.001
	N	410	410	410	410
Switching intention	Pearson Correlation	-.428**	-.408**	-.529**	1
	Sig. (2-tailed)	< 0.001	< 0.001	< 0.001	
	N	410	410	410	410
**. Correlation is significant at the 0.01 level (2-tailed).					

The results are shown in the table 13: Switching intention and Similarity, Consumers' evaluation, Intensity of service, each variable showed a significant negative correlation. The three factors of Similarity, Consumers' evaluation, and Intensity of service have a significant positive correlation.

We can see that similarity and switching intention person's correlation is r=-0.428, p < 0.001, which means when similarity is high, switching intention will be low. As well as consumers' evaluation and switching intension r= -0.408, p < 0.001, when consumers' evaluation is higher, and switching intention will be lower. Moreover, we found that intensity of service and switching intention also shown the same way, r= -0.529, p < 0.001, the more intensive the service is, the lower switching intention will be.

Regression

Use SPSS to perform multiple linear regression analysis, in which Switching intention is the dependent variable, Similarity, Consumers' evaluation, and Intensity of service are the independent variables of this thesis, and Price segment is the moderating variable in the thesis.

Table 14. Regression ANOVA analysis

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	68.689	1	68.689	91.52	.000[b]
	Residual	306.216	408	0.751		
	Total	374.905	409			
2	Regression	87.413	2	43.706	61.875	.000[c]
	Residual	287.492	407	0.706		
	Total	374.905	409			
3	Regression	123.035	3	41.012	66.109	.000[d]
	Residual	251.87	406	0.62		
	Total	374.905	409			
a. Dependent Variable: Switching intention						
b. Predictors: (Constant), Similarity						
c. Predictors: (Constant), Similarity, Consumers' evaluation						
d. Predictors: (Constant), Similarity, Consumers' evaluation, Intensity of service						

As the ANOVA table 14 shown that p= 0.000 < 0.001 which means the predictors have impact on the dependent variable switching intention and the thesis can carry on the research.

Table 15. Regression coefficients analysis

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	3.966	0.152		26.078	<0.001
	Similarity	-0.404	0.042	-0.428	-9.567	0
2	(Constant)	4.364	0.167		26.197	0
	Similarity	-0.281	0.047	-0.298	-5.942	<0.001
	Consumers' evaluation	-0.243	0.047	-0.258	-5.149	<0.001
	(Constant)	4.737	0.164		28.939	<0.001
	Similarity	-0.158	0.047	-0.167	-3.335	<0.001

3	Consumers' evaluation	-0.134	0.046	-0.142	-2.879	0.004
	Intensity of service	-0.335	0.044	-0.375	-7.578	<0.001
a. Dependent Variable: Switching intention						

In the regression coefficients figure (Table 15) shown that similarity, Consumers' evaluation, and Intensity of service are all included in the regression equation, and the independent variables are all significant. The regression equation Switching intention=4.737-0.158*Similarity-0.134* Consumers' evaluation-0.335* Intensity of service can be obtained. The equation R Square is 0.328, that is, the explanatory variation of the model is 32.8%, and it has a valid explanatory ability for the dependent variable; F=66.109 (P<0.001), the model fits the thesis.

To testify the hypothesis 1, I have applied correlation analysis and regression analysis. As the Pearson correlation table 13 showed that similarity and switching intention r= -0.428, r < 0.001 which has significant difference. It means that similarity and switching intention has negative correlation. In the regression coefficient table 15 showed that Standardized Coefficients Beta b= -0.167, p< 0.001 which means that similarity have negative impact on switching intention. The data has explained that when the brand extension similarity is higher among the parent brand, the consumer's parent brand switching intention is low, H1 'The higher similarity between brand extension and parent brand is, the lower consumers' parent brand switching intentions are.' is accepted.

I have applied correlation and regression analysis to identify the hypothesis 2 'The more positive consumers' evaluations of the brand extension are, the lower consumer's parent brand switching intentions are'. I have presented the Pearson correlation on table 13, through this table it is shown that Consumers' evaluation and switching intention r= -0.408, p< 0.001 which means that consumers' evaluation and switching intention has significant negative correlation. In the regression table 15 showed that Standardized Coefficients Beta b= -0.142, p= 0.004 < 0.05 indicated that consumers' evaluation has opposite impact on switching intention. Therefore, I could conclude that when the consumers' evaluation is higher, the switching intention will be lower at the same time which means that H2 is confirmed.

For the Intensity of service variable testing to identify the hypothesis 3, I still applied same analysis method which is correlation and regression analysis. In the table 13 of correlation

analysis showed that Pearson correlation r r= -0.529, p < 0.001, it is testified that intensity of service has negative correlations. Still, in the regression table 15, it is shown that Standardized Coefficients Beta b=-0.375, p < 0.001 which means the intensity of service has negative impact on switching intention. Moreover, it means that when the intensity of brand service is higher, the consumer's parent brand switching intention is lower, thus, H3 accepted.

Table 16. Multiple regression - stepwise

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	4.217	0.137		30.791	< 0.01
	Intensity of service	-0.472	0.038	-0.529	-12.582	< 0.01
2	(Constant)	4.583	0.156		29.372	< 0.01
	Intensity of service	-0.375	0.042	-0.42	-8.827	< 0.01
	Similarity	-0.204	0.045	-0.216	-4.553	< 0.01
3	(Constant)	4.737	0.164		28.939	< 0.01
	Intensity of service	-0.335	0.044	-0.375	-7.578	< 0.01
	Similarity	-0.158	0.047	-0.167	-3.335	< 0.01
	Consumers' evaluation	-0.134	0.046	-0.142	-2.879	0.004
a Dependent Variable: Switching intention						

The regression stepwise analysis will tell the order of the impact factors on the dependent variable in the research. As it can be seen in the table 16, intensity of service has the stronger impact (p<0.01, b= -0.335) on switching intention and similarity (p<0.001, b= -0.158) has relatively stronger impact on switching intention compare to consumers' evaluations (p< 0.01, b= -0.134) after I did stepwise analysis.

Table 17. Regression model summary

Model Summary[a]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.529a	0.28	0.278	0.81364
2	.561b	0.314	0.311	0.79466
3	.573c	0.328	0.323	0.78763
a Predictors: (Constant), Intensity of service				
b Predictors: (Constant), Intensity of service, Similarity				
c Predictors: (Constant), Intensity of service, Similarity, Consumers' evaluation				

In the table 17, it is to identify that all 3 predictors R square will be a good figure for the research which will be 0.328.

Table 18. Regression ANOVA

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	104.805	1	104.805	158.312	.000b
	Residual	270.1	408	0.662		
	Total	374.905	409			
2	Regression	117.893	2	58.946	93.346	.000c
	Residual	257.012	407	0.631		
	Total	374.905	409			
3	Regression	123.035	3	41.012	66.109	.000d
	Residual	251.87	406	0.62		
	Total	374.905	409			
a Dependent Variable: Switching intention						
b Predictors: (Constant), Intensity of service						
c Predictors: (Constant), Intensity of service, Similarity						
d Predictors: (Constant), Intensity of service, Similarity, Consumers' evaluation						

In order to testify the hypothesis H7 'Similarity has bigger impact on switching intention than consumers' evaluation and intensity of service', I did a multiple regression stepwise analysis to identify which the bigger factor which have impact on dependent variable switching intention. The table 16 shown that all three intendent variables $p < 0.001$ which means they all have negative impact on the dependent variable switching intention, Standardized

Coefficients Beta b(intensity of service)= -0.375, b(similarity)= -0.167, b(consumers' evaluation)= -0.142 . As the coefficient table showed in table 16 it is clear to see the impact order. In the model summary table 17 and ANOVA table 18 showed that Intensity of service （R^2= 0.329, F(3)= 66.109, p< 0.001） has stronger impact on switching intention compare to similarity (t= -3.335, p< 0.01) and consumers' evaluation (t= -2.879, p= 0.004). Therefore, H7 is rejected.

We list systematically of the Regression analysis table combined table below.

Table 19. Regression analysis combination

Dependent Variable			
	Model 1	Model 2	Model 3
(Constant)	2.103**	1.593**	3.196**
moderator variable			
Price segment	1.233**	1.521**	0.657*
Interactions			
Similarity*Price segment	-0.325**		
Consumers' evaluation*Price segment		-0.422**	
Intensity of service*Price segment			-0.166*
Goodness of Fit			
R	0.465	0.468	0.538
R Square	0.216	0.219	0.29
F	37.302**	38.042**	55.206**
note:**p<0.01,*p<0.05;			

In the previous regression analysis, we confirmed that similarity has impact on switching intention. To identify hypothesis 4, we will add price segments as the moderating

variable. In the table 19 it can be seen from Model 1 that when the moderating variable price segment with the independent variable 'similarity' are added to the model, the independent variable 'similarity' (R^2=0.216, F=37.302, p< 0.001) has a significant negative regression with Switching intention. This shows that in model 1 the price segment has a significant positive regulatory effect. Thus, the hypothesis H4 is verified.

In the model 2 of table 19, I also added the moderating variable price segment with consumers' evaluation which is R^2=0.219, F=38.042, p < 0.001, and based on the previous data analysis in this thesis that has confirmed consumers' evaluation has negative impact on the dependent variable switching intention. Therefore, it is clear to say that the independent variable consumers' evaluation under the price segment moderating effect, it has impact on switching intension which proofs the H5.

To testify the hypothesis 6, I also added our moderating variable price segment to the intendent variable 'intensity of service' in the model 3 of the table 19. It shown that 'intensity of service' R^2=0.29, F=55.206, p< 0.001with the previous statement confirmed before that intensity of service has impact on switching intention. Therefore, it could conclude that with price segments as the moderating variable, intensity of brand extension service has a major negative impact on dependent variable 'switching intention'. Therefore, the hypothesis 6 is testified.

5.4 Moderating effect test

In order to better explore how the price segment plays a regulatory role, using the SPSS process, according to the Bootstrap method model 1 proposed by Hayes, to observe the final result that we need to adjust the confidence level at the 95%, the number of iterations is selected to be 5000. When the moderating variable is added to the model, when the confidence interval of the interaction term does not contain 0, the moderating effect of the model is significant. In order to show the moderating effect more intuitively, this study conducted a simple slope analysis, and the results are shown in the figure.

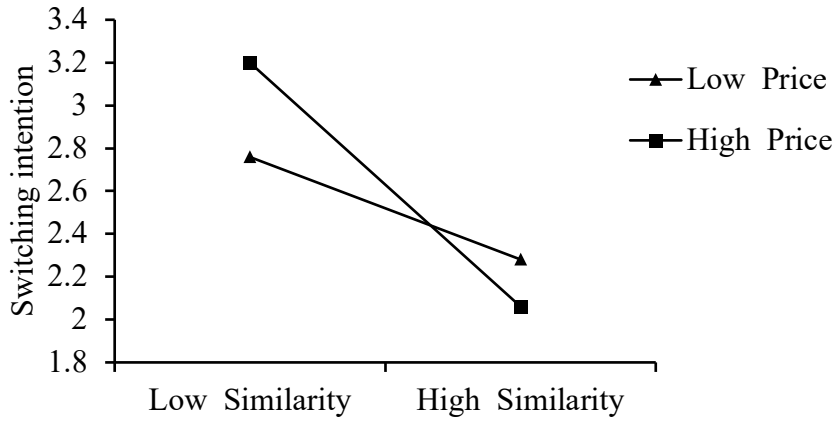
When a moderating variable is added to the model, the confidence interval of the effect estimate does not contain 0, so the moderating effect should be significant.

5.4.1. Similarity

In the process of the negative impact of Similarity on switching intention, the moderating effect of High Price segment is more obvious, so price segment is a positive moderating variable.

Table 20. Simple slope test – price segment & similarity

price segment	Effect	se	t	p	LLCI	ULCI
Low	-0.236	0.060	-3.935	0.000	-0.354	-0.118
High	-0.561	0.057	-9.766	0.000	-0.674	-0.448



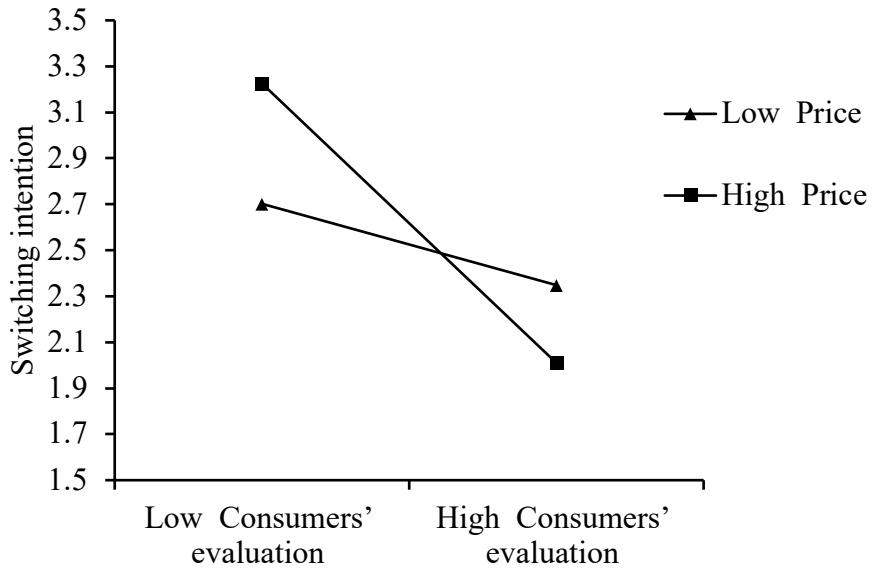
We can see the table above that in higher price segments, the higher similarity between the parent brand and brand extension is, the lower switching intention will be. In contrary, we can say that lower price segments with higher similarity will be more likely to cause consumers' switching intention to the parent brand compare to the brand extensions in higher price segments.

5.4.2. Consumers' evaluation

Consumers' evaluation has opposite impact on switching intention, so when the price is in higher segment the moderating effect is more apparent, therefore, price segment is the positive moderator variable.

Table 21. Simple slope test – price segment & consumers' evaluation

price segment	Effect	se	t	p	LLCI	ULCI
Low	-0.174	0.058	-2.993	0.003	-0.288	-0.060
High	-0.595	0.058	-10.204	0.000	-0.710	-0.481



The table above shows that when the consumers' evaluation is high and the brand extensions in higher price segments, consumers will have lower switching intention compare to the brand extension in lower price segments.

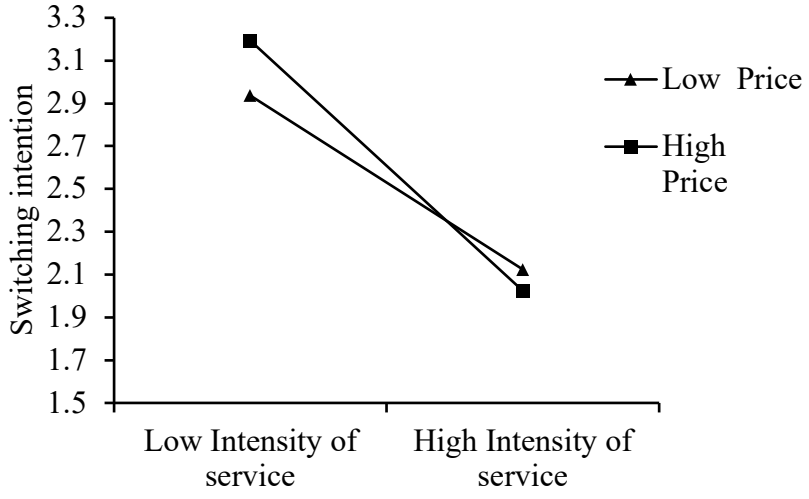
5.4.3. Intensity of service

In the process of intensity and switching intention with negative influence, higher price shows more visible regulated effect, thus, price segments is the positive moderator variable.

The figure shows that when the intensity of brand extension service is higher and in higher price segments, consumers have lower switching intention to the parent brand compare to the brand extensions in lower price segments.

Table 22. Simple slope test – price segment & intensity of service

price segment	Effect	se	t	p	LLCI	ULCI
Low	-0.379	0.056	-6.749	0.000	-0.490	-0.269
High	-0.545	0.050	-10.905	0.000	-0.644	-0.447



5.4.4. T test of significant difference

SPSS was used to test the difference of the overall satisfaction score and the scores of each dimension into Demographics variables such as gender and education background. An independent sample T test was performed on the binary variable "sex"; a one-way analysis of variance (F test) was performed on multi-class samples such as "educational background". When P<0.05, the difference is significant.

Demographic characteristic of respondents - Gender

There are significant differences in the scores of Consumers' evaluation and Intensity of service among survey subjects of different genders (P<0.05).

Table 23. Demographic characteristic of respondents - Gender

	Gender	M±SD	t	sig
Similarity	Female	3.41±1.03	-1.104	0.270
	Male	3.52±0.99		
Consumers' evaluation	Female	3.28±0.97	-2.456*	0.014
	Male	3.53±1.07		
Intensity of service	Female	3.39±1.08	-2.196*	0.029
	Male	3.62±1.05		
Switching intention	Female	2.56±0.97	-0.159	0.874
	Male	2.58±0.95		

**P<0.01;*P<0.05;

As is shown in the figure, different genders show significant differences towards the similarity, consumers' evaluation or intensity of service. However, the surprised is that in the terms of switching intention that females and males shows no difference as p= 0.874 > 0.05.

Demographic characteristic of respondents - Age

Table 24. Demographic characteristic of respondents - Age

	Age	M±SD	F	sig
Similarity	below 18	3.56±0.98	2.380	0.051
	19-25	3.43±1.05		
	26-35	3.58±0.98		
	36-45	3.19±1.03		
	46 and above	3.57±0.99		
Consumers' evaluation	below 18	3.51±1.03	0.995	0.410
	19-25	3.3±1.09		
	26-35	3.5±1.03		
	36-45	3.28±1		
	46 and above	3.36±0.93		
Intensity of service	below 18	3.59±1.08	2.252	0.063
	19-25	3.23±1.12		
	26-35	3.64±1.01		
	36-45	3.38±1.12		
	46 and above	3.63±0.97		
Switching intention	below 18	2.35±0.86	3.463**	0.008
	19-25	2.89±1.08		
	26-35	2.55±0.96		
	36-45	2.56±0.82		
	46 and above	2.51±1.02		

**P<0.01;*P<0.05;

As the table 24 shown that there is not much difference of all the age groups in the similarity, consumers' evaluation or intensity of service p(similarity)= 0.051> 0.05, p(consumers' evaluation= 0.401> 0.05, p(intensity of service)= 0.063> 0.05, which means that the ages group does not have significant different regards the three independent variables. However, in the switching intention category, in the age groups have significant difference as it shown in the table 24 p= 0.008 < 0.05.

Demographic characteristic of respondents - Education

Table 25. Demographic characteristic of respondents - Education

	Education	M±SD	F	sig
Similarity	High school	3.51±0.96	0.287	0.835
	Bachelor degree	3.42±1.05		
	Master degree	3.46±0.96		
	PHD and higher	3.63±0.94		
Consumers' evaluation	High school	3.41±0.96	0.339	0.797
	Bachelor degree	3.36±1.04		
	Master degree	3.51±1.09		
	PHD and higher	3.23±0.99		
Intensity of service	High school	3.47±1.05	1.353	0.257
	Bachelor degree	3.45±1.1		
	Master degree	3.8±0.95		
	PHD and higher	3.46±0.81		
Switching intention	High school	2.42±0.95	1.391	0.245
	Bachelor degree	2.62±0.96		
	Master degree	2.56±0.96		
	PHD and higher	2.88±0.94		

**P<0.01;*P<0.05;

In the collected database, there are respondents from all education categories, the table 25 shown that p value of similarity is 0.835 in the education category, and all other p value all greater than 0.05 which means that in terms of education categories, all respondents' responses has no significant difference.

Demographic characteristic of respondents - Occupation

Table 26. Demographic characteristic of respondents - Occupation

	Occupation	M±SD	F	sig
Similarity	Student	3.49±0.97	3.543*	0.030
	Employee	3.57±1		

	Self-employed	3.27±1.04		
Consumers' evaluation	Student	3.44±0.94	1.889	0.153
	Employee	3.46±1.01		
	Self-employed	3.25±1.08		
Intensity of service	Student	3.53±1.06	2.879	0.057
	Employee	3.6±1		
	Self-employed	3.31±1.16		
Switching intention	Student	2.43±0.93	2.659	0.071
	Employee	2.54±0.95		
	Self-employed	2.71±0.97		

**P<0.01;*P<0.05;

In the table 26, in terms of respondents' occupation, the p value of consumers' evaluation, intensity of service or even switching intention, they are all greater than 0.05 which shown that there's no different in these categories no matter what the occupation is. However, in similarity category shows that p=0.030 < 0.05, it is clear to see that different occupations have significant difference in the terms of similarity.

Demographic characteristic of respondents – Monthly income

To testify the hypothesis 8 'Consumers who has higher incomes more likely have parent brand switching intention'. In the appendix 4 Demographic characteristic of respondents – Monthly income it shown the monthly incomes of respondents. In terms of similarity in the monthly income table, p=0.144 > 0.05 which means that respondents have no significant differences in any age income groups. P value of consumers' evaluation and intensity of service are all smaller than 0.05. which means that the respondents have some differences in the income groups. However, in switching category, p=0.0591, which means it is safe to say that no matter how big of the respondents' income, their switching intention has no significant difference, therefore, H8 is rejected.

5.5 A summary of the research hypothesis and analysis results

Hypothesis	Results
H1. The higher similarity between brand extension and parent is, the lower consumers' parent brand switching intentions are.	Accepted
H2. The more positive consumers' evaluations of the brand extension are, the lower consumer's parent brand switching intentions are.	Accepted

H3: The higher the brand intensity service of brand extension is, the lower consumers' parent brand switching intentions are.	Accepted
H4. The positive moderating effect of price segment on the relationship between brand extension similarity and consumers' parent brand evaluation.	Accepted
H5. The positive moderating effect of price segment on the relationship between consumers' evaluation has negative impact on consumers' parent brand switching intention.	Accepted
H6. The positive moderating effect of price segment on the relationship between intensity of service and consumers' parent brand switching intention.	Accepted
H7. Similarity has bigger impact on switching intention than consumers' evaluation and intensity of service	Rejected
H8: Consumers who has higher incomes more likely have switching intention to the parent brand.	Rejected

Through all the data analysis in this chapter, the analysis has verified the hypothesis I have developed in the previous chapter. It has gained a relatively good results for the hypothesis, 6 out of 8 hypotheses were confirmed with the research, 2 hypotheses were rejected. Therefore, it is safe to say that similarity, consumers' evaluations and intensity of service has negative impact on consumers' parent brand switching intentions when the price segments adjusted positively, and among all factors that intensity of service is the most important factor that could cause consumers' parent brand switching intentions. However, consumers' parent brand switching intention does not differ from the income ranges.

DISCUSSION OF RESEARCH RESULTS

On the basis of researching previous related literature, this study proposed brand extension in different price segments and the impact on the consumers' switching intention of the parent brand and has conducted 8 hypotheses. This thesis conduct analysis in the fast fashion clothing industry, I have chosen Zara as the parent brand as it is the worldwide famous brand in the industry. Through our collected data, and did research analysis to verify the hypothesis, it is concluded that most of the research hypotheses have obtained valid data analysis results.

First, according to the analysis in the previous chapter that similarity and switching intention $r= -0.428$, $r < 0.001$ which has significant difference, as well as standardized Coefficients Beta $b= -0.167$, $p< 0.001$, the figure confirmed H1 that when the brand extensions' similarity is higher compare to the parent brand the lower consumers' parent brand switching intentions will be. Furthermore, the consumers' evaluation and switching intention $r= -0.408$, $p< 0.001$ which also certify that consumers' evaluation and switching intention has significant negative correlation; Standardized Coefficients Beta $b= -0.142$, $p= 0.004 < 0.05$ also it concluded that when the consumers' evaluation is higher, the switching intention will be lower which certified the hypothesis 2. To know the H3 intensity of service and swiching intention correlations, the data analysis also showed that $r= -0.529$, $p < 0.001$ which shown it's the negative correlations also the standardized Coefficients Beta $b=-0.375$, $p < 0.001$, to generalize that the higher of the intensity of the service, the lower consumer's parent brand switching intention will be.

Secondly, the data analysis shows for the H4 that when price segments are used as a moderating variable, similarity and switching intention have a remarkable negative impact: $r= -0.404$, $p <0.001$. This shows that consumers have relatively good impression towards the parent when the brand extension similarity is relatively high compare to the parent brand. Furthermore, consumers will have lower switching intentions to the parent brand. through the research analysis that the H5 consumers' evaluation and switching intention has significant negative impact when price segments adjusted positively, $r= -0.383$, $p< 0.001$. We have noticed that when consumers have positive evaluations, they will be less likely to switching to other parent brands and rather keep the relationship with the current parent brand. Moreover, the research analysis also confirmed that H6 intensity of service also negatively impacted on switching intention when the price segments regulated positively, $r=-0.166$, $p < 0.05$. Which also confirmed that when the company provides intensive brand service will have impact on consumers, and consumers will be less likely to have switching intention.

Third, it found that H7 Standardized Coefficients Beta b(intensity of service)= -0.375, b(similarity)= -0.167, b(consumers' evaluation)= -0.142 , $p< 0.01$, as well as the intensity of service （R^2= 0.329, F(3)= 66.109, $p< 0.001$） has confirmed that intensity of service has stronger impact on switching intention compare to other 2 factors, therefore, H7 were rejected. The research analysis found that H8 the monthly income of respondents shown the monthly incomes of respondents the p value was greater than 0.05 (p=0.0591) which means the respondents do not differ from the income ranges when it comes to switching intentions. It is a bit different from the expectations, however, the data speaks for itself.

When consumers evaluate the brand extension, (Brännström & Staffansson, 2013) the perceived quality is the factor that has stronger influence on consumers' intention, consumers' perceived quality will affect consumers' brand extension evaluation directly or indirectly. In contrary, this study pointed out that when consumers evaluate the brand extensions, the intensity of the brand extension service is the most important factor that they care about. Moreover, when the brand extension could provide more intensive service, consumers will more likely keep the parent brand relationship and possibility to have engagement with the brand extension, intensity of the brand extension service will not only expand the parent brand influence but also could bring more profits to the company.

In the data analysis process, it shown that similarity have significant negative impact on consumers' parent brand switching intention with higher price segment moderating it which it confirmed that Taylor & Bearden (2002)'s study. In Taylor & Bearden 's also shown the results that when the brand extensions are similar and in higher price, it has impact on consumers' purchase intention negatively.

This study has concluded that brand extension different price segments has significant difference on consumers' parent brand switching intention. When the brand extension in higher price segments, the consumers will have positive attitude of parent brand, moreover, will be less likely to have switching intention; however, when the parent brand do downwards brand extension in lower price segments, consumers' switching intention will also be relatively higher compare to the higher price brand extension. Consumers might perceive the lower priced brand extension as negative parent brand's movement.

RESEARCH LIMITATION AND FURTHER DIRECTIONS

Limitation

Although the design of this study is relatively strict, it still has certain limitations.

Firstly, all respondents in the research are distributed in a wide range. Due to time and cost constraints, the collected data may not have universal meaning.

Secondly, this study only selected three independent variables to measure the dependent variable switching intention and did not study the influence of other possible factors on dependent variable.

Third, the respondents of the research are distributed in different countries, and there may be differences between regions in the income division, which does not represent a specific country's income level.

Fourth, this study used fast fashion clothing industry as the sample and did not include any other industries which it also has industry limitations.

In this research analysis, it only collected around 400 respondents which it makes hard to say that the results can represent the consumers in general situations. The independent variables in this thesis also relatively less, which also makes hard to identify which factors truly have the stronger impact on the dependent variables. This study has generalized the conclusion in general bases, it cannot represent the specific countries and cannot showoff the incomes in general situations. I selected ZARA as the parent brand to develop the questionnaires of this thesis which is a well-known brand for majority of the respondents, therefore, the results might also differ from the industry to industry. Therefore, the further direct could be even more detailed on the independent variables and could select specific countries to gather more precise results for the further researches.

Further direction

Based on the discussion and analysis of previous literature, in this thesis has identified the price segments as the moderating variable of brand extensions and consumers' parent brand switching intention. And through empirical research, good results have been obtained. However, considering the limitations of this research, there are still many aspects that can be improved in the future research, it specifically shows the following aspects:

Firstly, in the further research, it could be added targeted countries to conduct a more specific analysis and to have even more detailed results on what factors of the brand extension could possibility drive negative influence on consumers' switching intention.

Secondly, this study used price segments as the moderating variables to testify the intendent variables and dependent variables relationship, in the further research might could find out the mediating variables and to research the impact on the independent and dependent variable switching intentions.

Third, On the one hand, more samples can be selected to prove the general implementation of research conclusions.

Fourth, future research can expand the independent variables to fully understand the influencing factors of brand extension on consumers' parent brand switching intention.

Fifth, the further research objects can be expanded in the future and can indicate to other different industries to obtain more practical data.

PRACTICAL IMPLEMENTATION OF RESEARCH FINDINGS

Firstly, the companies should do marketing research and have confident control of the new brand extensions. This study has identified that the consumers' parent brand switching intention unexpectedly influenced by intensity of brand extension service. When the brand extension can provide more intensive service, consumers will be less likely to have switching intentions. Therefore, the company and managers should focus on to improve the brand extension service, to expand the service component to attract consumers. The intensity of the brand extension service will not only give consumers' good impression but also improve consumers' shopping experience. Consumers will be more likely to remain the relations with the current brand when both brand or extensions could provide high quality brand service.

Secondly, companies and managers should focus on improving brand reputations. Our research showed that consumers perceive the brand will not only base on the product itself, the shopping experience, brand image will also have an impact on consumers' evaluations. Therefore, the companies should also build up brand reputations to attract consumers which will also influence the brand extension's perception in consumers' evaluations. Companies can arrange more promotion activities to have interaction with the consumers, to input the positive impress in consumers' mind, they can also cooperate with influencers to broader the brand reputations to improve the consumers' parent brand evaluations as well as the brand extensions' evaluation to assure the companies' profits.

Third, through the research analysis of this study, it is also shown that the similarity of brand extensions and parent brand will also have an impact on consumers' parent brand switching intentions. Therefore, in the future business development process, the company can extend the brand extension to the categories where the successful existing brands with high similarity. This will not only gain the recognition of existing consumers but also further strengthen the relationship between the consumers and the parent brands to encourage the consumers to have positive interaction with the brand extension and the parent brand.

Fourth, companies should also focus on the consumer's service department, to organize the company training and consumers' recognition training. intensive consumer service quality can improve consumers' evaluation which also helps the company to maintain the consumer flow as well as the company profit.

CONCLUSIONAND RECOMMENDATIONS

Conclusion

Many companies believe that brand extension is an efficient strategy to the company, and aggressively launched the new brand extensions. Companies also need to identify whether the new brand extension launched can be recognized by the market and consumers, and how to make consumers buy brand extension products and maintain the existing parent brand, it is the ultimate solution. Consumers bring profits to the company and help the company grow. Getting consumer recognition by launching brand extensions does not necessarily make the brand successful. Therefore, how to effectively and quickly launch brand extensions is crucial to the development of the company. Through the data analysis, I have generated the conclusion the following aspects:

1. Many previous researches showed that one of the factors to influence the brand extension whether can be successful or not is the similarity. In this study also confirmed that the brand extension similarity and brand extension will not only affect the brand extensions but also the parent brand. High similarity of brand extensions in higher price segment have significant impact on the consumers' parent brand switching intention negatively. In the study of Jun, MacInnis, & Park (2003) also mentioned the price of the parent brand or the brand extensions could have remarkable influences on consumers' expectations. When the parent category is in higher price segments, the consumer's expectation of the brand extension will be higher.

2. Throughout the research analysis that is also confirmed consumers' brand extension evaluation have affect the consumers' parent brand switching intention. As the consumers perceived the parent brand a high-quality high-ranking brand, they will perceive the brand extension also relatively when the brand extension in the higher price segments. When the company making pricing strategy, they have to price the products according to the nature of the company, if the brand extension's price is too distant from the parent brand's, it might give consumers' contrary perception about the brand extension from the parent brand. Special displays have a significant impact on consumer switching rates. Therefore, companies should meet consumer needs and select the appropriate price segment when they are developing a brand extension.

3. When parent brand launches new brand extensions; more consideration should be given to consumers' needs and clearly identify consumers' purchasing intentions. Intensity of brand extension service has the stronger impact on consumers switching intention compare to

other two factors which also confirmed LodzianaGrabowska' study mentioned in 2013 that companies' high quality service to the consumers can help the company build up a long-term relationship with the consumers. As well as Lei et al study in 2004, when consumers find that the companies can provide intensive brand extension service, they bond with the parent brand even tigher.

4. It also shows that when perceive the brand extension, consumers will often compare it with the parent brand. Consumers will first consider whether the intensity of service is higher than the parent brand, or whether the new brand extension will bring more positive purchasing experience to consumers; Consumers will consider the brand extensions similarity with the parent brand, and then convert the similarity is into the brand extension evaluations, to measure whether they want to keep in touch with the parent brand or have the switching intentions of other brands.

5. The research analysis shown that consumers will be less like to have parent brand extensions switching intentions when the parent brand launch the brand extensions in higher price segments compare to launch the brand extensions in lower price segments. If confirmed Webster, FE' study (2000) that consumers often have different attitudes toward the parent brand when the parent brand develop brand extensions. Consumers will evaluate the brand extensions differently when the parent brand do brand extensions, they will have less interested in brand extension when it's in lower price segments. Which also confirmed that in different segments, the consumers may apply different value to their evaluation of the company's activities (Mano & Oliver, 1993).

6. The thesis shown that when the parent brand extends to higher price segments the consumers will be interested to the brand extensions and will keep a positive relationship with the parent brand. Most companies require a small number of attractive target segments to ensure the company's competitive advantages and to make more profit (Dolnicar& Leisch, 2017). Consumers will evaluate the brand extensions in higher price segments as a high valued brand extension and will have intention to engage with the brand extension of the current brand which will lead the company have more possibility to gain profits.

7. When the parent brand is a strong well-known brand, consumers will perceive the brand extension in higher price segments will relatively positive which also confirmed Ashraf and Merunka's study (2013) that company's high commitment will also improve the evaluations of brand extensions. Consumers will perceive both parent brand and brand extensions as the high-quality products and will be more likely to engage more with the brands.

8. Consumers with different incomes will probably has different perceptions towards the brand extensions in terms of brand extensions' similarity compare to the parent brand,

however, they do not differ when it comes to switching intentions. Therefore, different incomes do not affect consumers' switching intentions. Similarity of the brand extensions, the consumers' evaluations as well as the intensity of brand extension service will have more impact on consumers' parent switching intentions.

This research has confirmed the relationship between brand extension in different price segments and the parent brand switching intention.

Recommendations

1. This study encouraged the companies and managers who have the right amount of market share and substantial consumer bases to improve the intensity of brand service to assure the least rate of consumer churn. As the data analysis presented the intensity of service has a stronger impact on consumers' switching intention to the parent brand compare to other factors.
2. When the brand extensions similarity is relatively high with the parent brand, consumers will be less likely to have parent brand switching intention. Companies should target on the successful parent brand and the brand extensions product similarities should be based on the successful parent brand products to innovate the products of brand extensions, to assure the company in the industry and stay ahead of the competitors.
3. Companies should also focus on the consumer's service department, to organize the company training and consumers' recognition training. intensive consumer service quality can improve consumers' evaluation which also helps the company to maintain the consumer flow as well as the company profit.
4. As the consumers' switching intention do not differ from their incomes, companies should aim to improve consumers shopping experience and focus on maintaining existing consumers relations. Majority consumers will not have switching intentions if the companies provide high quality service, visit consumers in certain period can also help the company keep the existing consumers in the relationship.
5. When the parent brand launch brand extensions in lower price segments, consumers will be more likely to give up current brand. Consumers will perceive the lower priced brand extension products as the low-quality products which will also reflect on the parent brand. Therefore, the companies should be careful to extend to lower price brands.

6. Managers should encourage the employees to have more engagement with the consumers, such as provide festival gifts, birthday surprise to the consumers, to strength the relationship between the consumers and the brands.

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BRAND EXTENSION IN DIFFERENT PRICE SEGMENTS AND INTENTION TO SWITCH PARENT BRAND

SUMMARY

Pages 90 (including annexes), 26 tables, 2 pictures, 96 references.
The main purpose of this Master thesis is to assess how the brand extensions in different price segments influence the consumers' parent brand switching intention and the brand extension factors to the consumers' switching intention.

The work consists of three main parts: analysis of literature, development of the research methodology, analysis of the empirical findings. The essence of the thesis paper is presented in the introduction; thesis paper ends with recommendations and conclusions, references and annexes.

Literature analysis presents the main key brand extensions factors (similarity, consumers' evaluation and intensity of brand extension service), different price segments. It is followed with the typology of factors that influence the brand extensions in different price segments and intentions to switching parent brand. This analysis allows identifying factors that are the most important in the analyzed situation: similarity, consumers' evaluation and intensity of service. The third part of literature analysis reviews consumers perceptions towards the brand extensions in different price segments when a well-known company plan to launch brand extensions, and factors of the brand extensions that might trigger consumers have parent brand switching intentions. This allows identifying three additional factors that influence consumers'' parent brand switching intention when the companies launch brand extensions in different price segments situation: similarity, consumers' evaluation and intensity of service.

Research methodology is based on the modified Model of Brand Extensions and switching intention including the factors that are relevant in the analyzed situation. The main hypotheses include testing influences of brand extension similarity, consumers' evaluation, different price segments and incomes on consumers' parent switching intentions. Data is collected via online survey, using convenience sampling. Research instrument (questionnaire) is developed using the scales that had appropriate reliability in the earlier studies.

Empirical analysis is performed on the basis of 492 questionnaires. The key elements of the sample structure include: the proportion between male/female respondents is 47.5/52.5%;

according to age, respondents are evenly distributed in five groups (up to 18, 19-25, 26-35, 36-45, 46 and above), majority of them have bachelor education. Reliability of the used scales is appropriate (Cronbach's Alpha greater than 0.70) and allows the further analysis of data.

The data analysis allows confirming the strong influence of chosen determinants on the brand extensions and on switching intention. The factors of brand extensions, similarity, consumers' evaluation and intensity of service have negative influence on consumers'' parent brand switching intentions. The importance moderating variable price segments was confirmed; this finding is conceptually new in relation to the existing research knowledge reported in the analyzed literature. Together with other aspects of analysis it allows summarizing specific aspects of brand extensions that occurs consumers' parent brand switching intentions when the brand extensions in different price segments.

Additional analysis of the data allowed disclosing that the influence of intensity of brand extension service on switching intention is stronger among consumers. However, incomes do not differ from each other when it comes to switching intentions.

Performed theoretical and empirical analysis allows developing conclusions and recommendations/managerial implications. Their most important element includes research-based confirmation that brand extensions and switching intentions regarding the different price segments, in terms of occupations, different occupations has significant differences on similarity of brand extension and parent brand.

APPENDIX

Appendix-1. Average samples

Author, Years	Title	Size
Lane, V. R. (2000).	The impact of ad repetition and ad content on consumer perceptions of incongruent extensions.	109
Park, C. W., Milberg, S., & Lawson, R. (1991).	Evaluation of brand extensions: The role of product feature similarity and brand concept consistency	195
Keller, K. L., & Aaker, D. A. (1992).	The effects of sequential introduction of brand extensions	430
Jun-ying, Y., Ping, C., & Yan, C. (2007, August).	Brand Extension Strategy Evaluations Based on Consumer Perception	150
Wu, C., & Yen, Y. C. (2007).	How the strength of parent brand associations influence the interaction effects of brand breadth and product	384
	similarity with brand extension evaluations	
Taylor, V. A., & Bearden, W. O. (2003).	Ad spending on brand extensions: Does similarity matter?	190
Jabeen, S., & Hamid, A. B. A. (2019).	*Customers Switching Intentions Behavior in Retail Hypermarket Kingdom of Saudi Arabia: Customers Switching Intentions Behavior in Retail Hypermarket*	450
Soomro, Y., Abbas, S., Hameed, I., & Shakoor, R. (2012).	Consumer evaluation of brand extension: Pakistani context.	100
Lin, C. N., & Wang, H. Y. (2017).	Understanding users' switching intentions and switching behavior on social networking sites	466

Gall, G., & Olsson, F. (2012).	How do the predictors of switching intention influence switching behavior?	129
The average number of respondents		260

Appendix 2. Total variance explained

Total Variance Explained						
Component	Total	Initial Eigenvalues		Extraction Sums of Squared Loadings		
		% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.253	41.265	41.265	8.253	41.265	41.265
2	2.186	10.931	52.197	2.186	10.931	52.197
3	1.664	8.318	60.514	1.664	8.318	60.514
4	1.542	7.709	68.223	1.542	7.709	68.223
5	0.679	3.394	71.617			
6	0.661	3.303	74.92			
7	0.502	2.51	77.43			
8	0.465	2.326	79.755			
9	0.437	2.186	81.941			
10	0.405	2.027	83.968			
11	0.393	1.967	85.935			
12	0.377	1.885	87.82			
13	0.366	1.829	89.648			
14	0.34	1.699	91.347			
15	0.326	1.631	92.979			
16	0.318	1.592	94.571			
17	0.299	1.495	96.066			
18	0.291	1.457	97.522			
19	0.276	1.382	98.905			
20	0.219	1.095	100			
Extraction Method: Principal Component Analysis.						

Appendix 3. Rotated component matrix

Rotated Component Matrix[a]				
	Component			
	1	2	3	4
a9 I perceive Extended brand as a rick to the Zara brand.	0.804	0.117	-0.089	0.074
a5 Extended brand fits with the image of Zara?	0.762	0.134	-0.086	0.239
a6 Launching Extended brand is appropriate for Zara?	0.759	0.194	-0.113	0.101
a8 I believe that Extended brand will be of high quality.	0.746	0.145	-0.133	0.159
a10 I have a positive opinion of Extended brand.	0.731	0.223	-0.095	0.195
a7 I think I have good shopping experience in Zara.	0.664	0.136	-0.23	0.24
a14 The intensity brand service of Extended brand includes more components than Zara.	0.155	0.819	-0.161	0.123
a13 In terms of product quality, Extended brand's service component is more important than Zara.	0.153	0.808	-0.152	0.205
a15 The services of Extended brand are more diversified than the Zara.	0.176	0.792	-0.254	0.172
a12 Extended brand provides more kinds of services than Zara.	0.196	0.783	-0.192	0.205
a11 I think that Extended brand creates a negative perception of the parent brand Zara.	0.302	0.708	-0.251	0.207
b5 How likely are you going to switching from Zara to different clothing?	-0.086	-0.097	0.819	-0.038
b1 I have intention to switch to other brands rather than Zara.	-0.045	-0.126	0.782	-0.037
b4 I would not continue to purchase Zara if the intensity of Extended brand service is higher with a lower price.	-0.165	-0.234	0.728	-0.193
b3 I would not continue to have service from Zara if I evaluated Extended brand is positive	-0.205	-0.259	0.696	-0.277

but at a lower price.				
b2 I would not continue to have relationship with Zara if Extended brand is similar to the Zara but in lower price segment.	-0.227	-0.271	0.693	-0.187
a4 Zara and Extended brand shared features of the products are similar	0.133	0.238	-0.122	0.806
a3 Zara and Extended brand fit in similar usage situation circumstance	0.231	0.146	-0.126	0.804
a2 Zara and Extended brand can satisfy the similar customer needs	0.259	0.166	-0.13	0.777
a1 Zara is similar to the products of Extended brand?	0.216	0.228	-0.199	0.761
Extraction Method: Principal Component Analysis.				
Rotation Method: Varimax with Kaiser Normalization.				
a. Rotation converged in 6 iterations.				

Appendix 4. Demographic characteristic of respondents – Monthly income

	monthly income	M±SD	F	sig
Similarity	up to 400 EUR	3.45±0.97	1.724	0.144
	401-600 EUR	3.27±1.07		
	601 - 800 EUR	3.61±0.87		
	801- 1000 EUR	3.56±1.06		
	1000 EUR and above	3.54±1.12		
Consumers' evaluation	up to 400 EUR	3.49±0.99	3.114*	0.015
	401-600 EUR	3.14±1.08		
	601 - 800 EUR	3.59±0.95		
	801- 1000 EUR	3.32±0.98		
	1000 EUR and above	3.48±1.01		
Intensity of service	up to 400 EUR	3.58±1.06	2.976*	0.019
	401-600 EUR	3.21±1.11		
	601 - 800 EUR	3.64±1		
	801- 1000 EUR	3.59±1.05		
	1000 EUR and above	3.6±1.07		
Switching intention	up to 400 EUR	2.44±0.85	0.701	0.591
	401-600 EUR	2.63±0.96		
	601 - 800 EUR	2.62±1.03		
	801- 1000 EUR	2.61±1.01		
	1000 EUR and above	2.58±0.98		

**P<0.01;*P<0.05;

Appendix 5. Moderation analysis

```
Run MATRIX procedure:

Model = 1
   Y = S
   X = Similarity
   M = Price segments

Model Summary
        R       R-sq        MSE          F        df1        df2          p
     .4648      .2161      .7239    37.3021     3.0000   406.0000      .0000

Model
              coeff         se          t          p       LLCI       ULCI
constant     2.1031      .4762     4.4166      .0000     1.1670     3.0392
Price segments      1.2325      .2990     4.1220      .0000      .6447     1.8202
Similari      .0887      .1330      .6664      .5056     -.1729      .3502
int_1       -.3247      .0831    -3.9100      .0001     -.4880     -.1615

Product terms key:

 int_1    Similarity   X     price segments

R-square increase due to interaction(s):
        R2-chng          F        df1        df2          p
int_1      .0295    15.2877     1.0000   406.0000      .0001

*****************************************************************************

Conditional effect of X on Y at values of the moderator(s):
    Price segments     Effect         se          t          p       LLCI       ULCI
    1.0000     -.2361      .0600    -3.9345      .0001     -.3540     -.1181
    2.0000     -.5608      .0574    -9.7664      .0000     -.6737     -.4479

Values for quantitative moderators are the mean and plus/minus one SD from mean.
Values for dichotomous moderators are the two values of the moderator.

******************** ANALYSIS NOTES AND WARNINGS *************************

Level of confidence for all confidence intervals in output:                95

NOTE: The Johnson-Neyman method cannot be used with a dichotomous moderator
------ END MATRIX -----
```

```
Run MATRIX procedure:

Model = 1
   Y = S
   X = Consumers evaluation
   M = Price segment

Model Summary
        R       R-sq        MSE          F        df1        df2          p
     .4684      .2194      .7208    38.0415     3.0000   406.0000      .0000

Model
                 coeff         se          t          p       LLCI       ULCI
constant     1.5933      .4591     3.4705      .0006      .6908     2.4958
Price segments       1.5207      .2912     5.2226      .0000      .9483     2.0930
Consumer      .2479      .1300     1.9075      .0572     -.0076      .5034
int_1       -.4217      .0823    -5.1224      .0000     -.5835     -.2598

Product terms key:

 int_1    Consumers evaluation    X     price segments

R-square increase due to interaction(s):
        R2-chng          F        df1        df2          p
int_1      .0504    26.2392     1.0000   406.0000      .0000

*************************************************************************

Conditional effect of X on Y at values of the moderator(s):
Price segments     Effect         se          t          p       LLCI       ULCI
    1.0000     -.1738      .0581    -2.9931      .0029     -.2879     -.0596
    2.0000     -.5954      .0584   -10.2038      .0000     -.7102     -.4807

Values for quantitative moderators are the mean and plus/minus one SD from mean.
Values for dichotomous moderators are the two values of the moderator.

******************** ANALYSIS NOTES AND WARNINGS *************************

Level of confidence for all confidence intervals in output:                95

NOTE: The Johnson-Neyman method cannot be used with a dichotomous moderator
------ END MATRIX -----
```

Run MATRIX procedure:

Model = 1
Y = S
X = Intensity of service
M = Price Segments

Model Summary

R	R-sq	MSE	F	df1	df2	p
.5383	.2897	.6559	55.2056	3.0000	406.0000	.0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	3.1959	.4481	7.1322	.0000	2.3150	4.0767
Price segments	.6574	.2744	2.3953	.0171	.1179	1.1968
Intensit	-.2132	.1230	-1.7337	.0837	-.4550	.0286
int_1	-.1660	.0752	-2.2068	.0279	-.3138	-.0181

Product terms key:

int_1 Intensitty of service X price segments

R-square increase due to interaction(s):

	R2-chng	F	df1	df2	p
int_1	.0085	4.8702	1.0000	406.0000	.0279

****

Conditional effect of X on Y at values of the moderator(s):

Price segments	Effect	se	t	p	LLCI	ULCI
1.0000	-.3792	.0562	-6.7490	.0000	-.4897	-.2688
2.0000	-.5452	.0500	-10.9048	.0000	-.6435	-.4469

Values for quantitative moderators are the mean and plus/minus one SD from mean.
Values for dichotomous moderators are the two values of the moderator.

********** ANALYSIS NOTES AND WARNINGS **********

Level of confidence for all confidence intervals in output: 95

NOTE: The Johnson-Neyman method cannot be used with a dichotomous moderator
------ END MATRIX -----

Appendix 6. Independent T test – Gender

Group Statistics

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Similarity	Female	234	3.4081	1.03485	0.06765
	Male	176	3.5199	0.98613	0.07433
Consumers' evaluation	Female	234	3.2806	0.96937	0.06337
	Male	176	3.529	1.07007	0.08066
Intensity of service	Female	234	3.3889	1.07857	0.07051
	Male	176	3.6227	1.05177	0.07928
Switching intention	Female	234	2.5632	0.96542	0.06311
	Male	176	2.5784	0.94934	0.07156

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Similarity	Equal variances assumed	0.78	0.378	-1.104	408	0.27	-0.11177	0.1012	-0.3107	0.08717
	Equal variances not assumed			-1.112	386.042	0.267	-0.11177	0.10051	-0.30938	0.08585
Consumers' evaluatior	Equal variances assumed	3.343	0.068	-2.456	408	0.014	-0.24848	0.10115	-0.44732	-0.04963
	Equal variances not assumed			-2.422	355.874	0.016	-0.24848	0.10257	-0.45021	-0.04675
Intensity of service	Equal variances assumed	0.671	0.413	-2.196	408	0.029	-0.23384	0.10648	-0.44315	-0.02453
	Equal variances not assumed			-2.204	381.879	0.028	-0.23384	0.1061	-0.44245	-0.02523
Switching intention	Equal variances assumed	0.092	0.762	-0.159	408	0.874	-0.01516	0.09564	-0.20317	0.17285
	Equal variances not assumed			-0.159	380.304	0.874	-0.01516	0.09541	-0.20277	0.17244

Questionnaire

Questionnaire

Section one (basic info)

1. How often do you purchase clothes? 您多久买一次衣服？

□ Once a week 一周一次 □ Once a month 一个月一次

□ Once every 3 months 三个月一次 □ Once every 6 months 半年一次

2. Have you purchased Zara products in the past 6 months? 您在过去的 6 个月里买过 zara 家的产品吗？

□ Yes 是的 □ No 没有

3. How did you learn about Zara？您从哪里知道的 Zara 这个品牌？

□Video advertisement 视频广告 □Web advertising 网站广告

□Through friends 通过朋友 □ Other 其他

□ I don't remember 我不记得了

4. Are you aware of any Zara brand extensions such as Zara Home, Zara Kids?
您知道一些 Zara 的延伸品牌吗？ 比如 Zara Home 和 Zara 童装

□ Yes 是的 □ No 不知道

Section A (lower price segment - Zara Basic)

第一部分 低价隔断品牌延伸 - 平价 Zara （Zara Basic）

PLEASE READ THE SENARIO AND ANSWER THE QUESTIONS THAT FOLLOW

请阅读一下情景并根据以下情景回答下方问题

We already know that Zara has many different brand extension brands, and they all have a place in the clothing market. Imagine Zara is about create a potential brand extension named Zara Basic which is in a lower price segment (average price - 12 EUR). Zara Basic would still launch fast fashion with eye-catching designs and possibly collaborate with other brands (Disney, etc). Please share your opinion on a scale 1-5, 1 is totally disagree, 2 is disagree, 3 is neither disagree nor agree, 4 is agree, 5 is totally agree.

大家都知道 Zara 有许多都延伸品牌，并且其延伸品牌在服装市场也是有一席之地的。假设 Zara 准备做另一个延伸品牌，命名平价 Zara (Zara Basic), 均价为 80 人民币一件服装。 Zara Basic 依然走母品牌 Zara 的市场：快时尚服装，吸睛设计，并且可能与其他知名品牌合作（迪士尼等）。请分享您的意见， 1 是完全不同意，2 是不同意， 3 是不同意也同意，4 是同意，5 是完全同意。

Similarity of Zara Basic and Zara Zara Basic 和 Zara 的相似度	1	2	3	4	5
Zara is similar to the products of Zara Basic? Zara Basic 的产品与 Zara 的产品相似度					
Zara and Zara Basic can satisfy the similar customer needs Zara 和 Zara Basic 可以满足客户的相似需求					
Zara and Zara Basic fit in similar usage situation circumstance. Zara 和 Zara Basic 的产品有相似的使用场合					
Zara and Zara Basic shared features of the products are similar Zara and Zara Basic 的产品功能相似					

Rate the “similarity” of the following brand extension on the scale of 1-5, 1 is totally disagree, 2 is disagree, 3 is neither disagree nor agree, 4 is agree, 5 is totally agree.

请勾选下列品牌和延伸品牌的相似度。 1 是完全不同意，2 是不同意， 3 是不同意也同意，4 是同意，5 是完全同意。

Parent brand 母品牌	Brand extension 延伸品牌	1	2	3	4	5
Zara	Zara Basic					

Please share your opinion on a scale 1-5, 1 is totally disagree, 2 is disagree, 3 is neither disagree nor agree, 4 is agree, 5 is totally agree.
请分享您的意见，1 是完全不同意，2 是不同意， 3 是不同意也同意，4 是同意，5 是完全同意。

Consumers' evaluation 客户评价	1	2	3	4	5
Zara Basic fits with the image of Zara Zara Basic 符合 Zara 的品牌形象					
Launching Zara Basic is appropriate for Zara Zara 适合做延伸品牌 Zara Basic					
I think I have good shopping experience in Zara 在 Zara 我有很好的购物经历					
I believe that Zara Basic will be of high quality 我相信 Zara Basic 的产品会是高质量的产品					
I perceive Zara Basic as a rick to the Zara brand 我觉得 Zara Basic 对母品牌 Zara 来说会带来风险					
I have a positive opinion of Zara Basic 我对 Zara Basic 持有乐观态度					

Below I refer to the term services, by the service I mean easy to exchange, 24/7 customer service,

maintenance, clothing repair kits, etc. Please share your opinion on a scale 1-5, 1 is totally disagree, 2 is disagree, 3 is neither disagree nor agree, 4 is agree, 5 is totally agree.
以下我所说的服务包含产品易于更换，24 小时客户服务，维修及服装维修套件等。请分享您的意见， 1 是完全不同意，2 是不同意， 3 是不同意也同意，4 是同意，5 是完全同意。

Intensity of Zara Basic service Zara Basic 的服务强度	1	2	3	4	5
I think that Zara Basic creates a negative perception of the parent brand Zara 我认为 Zara Basic 会给母品牌带来消极的客户感知					
Zara Basic provides more kinds of services than Zara. Zara Basic 相比 Zara 会提供更多种类的服务					
In terms of product quality, Zara Basic's service component is more important than Zara. 对于产品质量来说，Zara Basic 的服务组件比 Zara 的更重要					
The intensity brand service of Zara Basic includes more components than Zara. Zara Basic 的服务强度比 Zara 的包含了跟多的构件					
The services of Zara Basic are more diversified than the Zara. Zara Basic 的服务比 Zara 的服务更多样化					

Please share your opinion on a scale 1-5, 1 is totally disagree, 2 is disagree, 3 is neither disagree nor agree, 4 is agree, 5 is totally agree.
请分享您的意见， 1 是完全不同意，2 是不同意， 3 是不同意也同意，4 是同意，5 是完全同意。

Switching intention of the parent brand 母品牌的转换意图	1	2	3	4	5
I have intention to switch to other brands rather than Zara 对于 Zara, 我打算专用其他品牌					

I would not continue to have relationship with Zara if Zara Basic is similar to the Zara but in lower price segment. 如果延伸品牌 Zara Basic 与 Zara 的产品相似度高却价格低的话，我不会继续购买 Zara 的产品					
I would not continue to have service from Zara if I evaluated Zara Basic is positive but at a lower price. 如果我对延伸品牌 Zara Basic 评价高但因为价格低的话， 我不会继续购买 Zara 的产品					
I would not continue to purchase Zara if the intensity of Zara Basic service is higher with a lower price. 如果 Zara Basic 价格低却提供高质量的服务，那么我不会继续购买 Zara 的产品					
How likely are you going to switching from Zara to different clothing brands in the next two years 在未来两年内，您将有多大可能从 Zara 转向其他服装品牌					

Section B (higher price segment - Zara Luxury)

第二部分 低价隔断品牌延伸 - 奢侈 Zara （Zara Luxury）

PLEASE READ THE SENARIO AND ANSWER THE QUESTIONS THAT FOLLOW

请阅读一下情景并根据以下情景回答下方问题

We know that luxury brands like LV, GIVENCHY, their products with high prices with high level designing as well as customized service. Zara will also enter the market do a brand extension named Zara Luxury. Zara Luxury will provide more intensive service with the products on another level with high price. The price would even compete with the other luxury brands in the market. Please answer the follow questions with this concept in your mind. Please share your opinion on a scale 1-5, 1 is totally disagree, 2 is disagree, 3 is neither disagree nor agree, 4 is agree, 5 is totally agree.

被我们所熟知的奢侈品牌有很多，比如 LV, 纪梵希等。他们都是高端设计的产品价格也高，而且还会提供客户定制服务. Zara 也会进入奢侈品市场，命名 Zara Luxury。Zara Luxury 会提供强度更高的服务产品价格也会大大提高。Zara Luxury 的价格可以与其他奢侈品牌价格相匹。请根据此情景回答下列问题。 请分享您的意见， 1 是完全不同意，2 是不同意， 3 是不同意也同意，4 是同意，5 是完全同意

Rate the “similarity” of the following brand extension and parent brand on the scale of 1-5, 1 is totally disagree, 2 is disagree, 3 is neither disagree nor agree, 4 is agree, 5 is totally agree.

请勾选下列品牌和延伸品牌的相似度。 1 是完全不同意，2 是不同意， 3 是不同意也同意，4 是同意，5 是完全同意。

Similarity of Zara Luxury and Zara Zara Luxury 和 Zara 的相似度	1	2	3	4	5
Zara is similar to the products of Zara Luxury Zara Luxury 和 Zara 的相似度					
Zara and Zara Luxury can satisfy the similar customer needs Zara 和 Zara Luxury 可以满足客户的相似需求					

Zara and Zara Luxury fit in similar usage situation circumstance. Zara 和 Zara Luxury 的产品有相似的使用场合					
Zara and Zara Luxury shared features of the products are similar Zara and Zara Luxury 的产品功能相似					

Rate the "similarity" of the following brand extension on the scale of 1-5, 1 is totally disagree, 2 is disagree, 3 is neither disagree nor agree, 4 is agree, 5 is totally agree.
请勾选下列品牌和延伸品牌的相似度。 1 是完全不同意，2 是不同意， 3 是不同意也同意，4 是同意，5 是完全同意。

Parent brand 母品牌	Brand extension 延伸品牌	1	2	3	4	5
Zara	Zara Luxury					

Please share your opinion on a scale 1-5, 1 is totally disagree, 2 is disagree, 3 is neither disagree nor agree, 4 is agree, 5 is totally agree.
请分享您的意见，1 是完全不同意，2 是不同意， 3 是不同意也同意，4 是同意，5 是完全同意。

Consumers' evaluation 客户评价	1	2	3	4	5
Zara Luxury fits with the image of Zara Zara Luxury 符合 Zara 的品牌形象					
Launching Zara Luxury is appropriate for Zara Zara 适合做延伸品牌 Zara Luxury					
I think I have good shopping experience in Zara 在 Zara 我有很好的购物经历					
I believe that Zara Luxury will be of high quality 我相信 Zara Luxury 的产品会是高质量的产品					
I perceive Zara Luxury as a rick to the Zara brand 我觉得 Zara Luxury 对母品牌 Zara 来说会带来风险					

I have a positive opinion of Zara Luxury 对 Zara Luxury 这个延伸品牌我有乐观的态度					

Below I refer to the term services, by the service I mean easy to exchange, customized products, 24/7 customer service, free maintenance, clothing repair kits, etc. Please share your opinion on a scale 1-5, 1 is totally disagree, 2 is disagree, 3 is neither disagree nor agree, 4 is agree, 5 is totally agree.

以下我所说的服务包含产品易于更换，私人订制服务，24 小时客户服务，免费保养维修及服装维修套件等。请分享您的意见， 1 是完全不同意，2 是不同意， 3 是不同意也同意，4 是同意，5 是完全同意。

Intensity of Zara Luxury brand service Zara Luxury 的服务强度	1	2	3	4	5
I think that Zara Luxury creates a negative perception of the parent brand Zara 我认为 Zara Luxury 会给母品牌带来消极的客户感知					
Zara Luxury provides more kinds of service than parent brand. Zara Luxury 相比 Zara 会提供更多种类的服务					
In terms of product quality, the Zara Luxury brand service component is more important than Zara. 对于产品质量来说，Zara Luxury 的服务组件比 Zara 的更重要					
The intensity brand service of Zara Luxury includes more components than Zara. Zara Luxury 的服务强度比 Zara 的包含了跟多的构件					
The services of the Zara Luxury are more diversified than Zara. Zara Luxury 的服务比 Zara 的服务更多样化					

Please share your opinion on a scale 1-5, 1 is totally disagree, 2 is disagree, 3 is neither disagree nor agree, 4 is agree, 5 is totally agree.

请分享您的意见， 1 是完全不同意，2 是不同意， 3 是不同意也同意，4 是同意，5 是完

全同意。

Switching intention 母品牌的转换意图	1	2	3	4	5
I have intention to switch to other brand rather than Zara 对于 Zara, 我打算专用其他品牌					
I would not continue to have relationship with Zara if the Zara Luxury is similar to the parent brand but in higher price segment. 如果延伸品牌 Zara Luxury 与 Zara 的产品相似度高却价格高的话， 我不会继续购买 Zara 的产品					
I would not continue to have service from Zara if I evaluated the Zara Luxury is positive but at a higher price. 如果我对延伸品牌 Zara Luxury 评价高但因为价格高的话， 我不会继续购买 Zara 的产品					
I would not continue to purchase Zara if the intensity of the Zara Luxury service is higher with a higher price. 如果 Zara Luxury 价格高却提供高质量的服务，那么我不会继续购买 Zara 的产品					
How likely are you going to switching from Zara to different clothing brands in the next two years 在未来两年内，您将有多大可能从 Zara 转向其他服装品牌					

Demographic questions:

1. Gender 性别

□ Female 女 □ Male 男 □ Rather not to say 宁愿不说

2. Age: 年龄

□ below 18 18 岁以下 □ 19-25 □ 26-35

□ 36-45 □ 46 and above 46 岁及以上

3. Education: 教育程度

□ High school 高中 □ Bachelor degree 本科

□ Master degree 硕士 □ PHD and higher 博士或者更高

□ rather not say 宁愿不说

4. Occupation：职业

□ Student 学生 □ Employee 受雇

□ Self-employed 自雇 □ Other 其他

5.Your monthly income：收入

□ up to 400 EUR. □ 401-600 EUR

□ 601 - 800 EUR □ 801- 1000 EUR □ 1000 EUR and above

Thank you for all your effort!!!

WISH YOU AN AWESOME HOLIDAY AHEAD!!