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From Mass to Masstige:
A Study Between Vertical Extensions and
Cobranded Extensions' Impact on
Willingness to Pay.

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ABSTRACT

Title: From Mass to Masstige: A Study Between Vertical Extensions and Cobranded Extensions' Impact on Willingness to Pay.

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The exploration of brand extensions within the context of masstige, and thus the blending of premium characteristics with mass accessibility, is crucial in understanding evolving market dynamics. The trend of addressing the segment between mass and luxury has particularly gained traction in the fashion industry, where mass brands are successfully venturing into higher-end markets. The comprehensive analysis of this phenomenon requires a differentiation between two prominent strategies: vertical extensions, i.e. quality-modified product lines, and cobranded extensions with luxury brands. Both achieve remarkable success in industry practice, yet the latter particularly sees limited coverage in academia where the focus remains on vertical extensions by luxury brands. In addressing these gaps, this thesis assumes the mass brand's perspective in studying the differential effects of the strategies' impact on willingness to pay under the influences of perceived fit, brand attitude, and perceived quality. The main study thereby employed an experimental design embodied in co-created animated sneaker product pages for the differential strategies, including the quantitatively validated brands Zara and Shein.

The results confirm the potential of upward extensions in attracting masstige customers. They thereby further highlight the significantly higher willingness to pay associated with cobranded compared to vertical extensions, the latter, if so, only to be applied for low-quality parent brands, emphasizing the importance of quality assessments from a managerial perspective. The results further suggest segmentation potential and emphasize the marketing need of highlighting the fit of the extension to positively affect attitudes, unlike the frequent practice of accentuating the surprising misfit.

Keywords: brand extensions, masstige, vertical extensions, cobranding, mass brands, luxury brands, willingness to pay, perceived fit, brand attitude, perceived quality, fashion industry

SUMÁRIO

Título: Do Mass ao Masstige: Um Estudo Entre o Impacto das Extensões Verticais e das Extensões Cobranded na Disposição a Pagar.

Autor: Vanessa Anna Mielczarek

A exploração das extensões de marca no contexto do masstige e a combinação de características premium com a acessibilidade de massas, é crucial para compreender a dinâmica do mercado em evolução. A tendência de abordar o segmento entre a massa e o luxo ganhou particular força na indústria da moda, onde as marcas de massa estão a aventurar-se com sucesso em mercados de gama alta. A análise deste fenómeno exige uma diferenciação entre duas estratégias: as extensões verticais e as extensões de co-branding. Ambas alcançam um sucesso notável na prática, mas a última tem uma cobertura limitada no mundo académico, com foco nas extensões verticais das marcas de luxo. Para preencher estas lacunas, esta tese estuda os efeitos diferenciais do impacto das estratégias na disposição a pagar da perspetiva das marcas de massa, sob a influência da adequação percebida, da atitude em relação à marca e da qualidade percebida. O estudo principal utilizou um desenho experimental incorporado em páginas animadas de sapatilhas co-criadas, incluindo as marcas validadas quantitativamente Zara e Shein.

Os resultados confirmam o potencial das extensões para atrair clientes de prestígio, onde as extensões co-criadas obtêm uma disposição a pagar significativamente mais elevada em comparação com as extensões verticais. Estas últimas apenas se aplicam a marcas-mãe de baixa qualidade, sublinhando a importância da qualidade. Os resultados sugerem ainda um potencial de segmentação e sublinham a necessidade de realçar a adequação da extensão para afetar positivamente as atitudes, ao contrário da prática frequente de acentuar a inadequação para surpreender.

Palavras-chave: extensões de marca, masstige, extensões verticais, cobranding, marcas de massa, marcas de luxo, disposição a pagar, adequação percebida, atitude em relação à marca, qualidade percebida, indústria da moda

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GLOSSARY

BA	Brand Attitude
BE	Brand Equity
BES	Brand Extension Strategy (-ies)
DV	Dependent Variable
IV	Independent Variable
LV	Louis Vuitton
PB	Parent Brand
PF	Perceived Fit
PQ	Perceived Quality
RQ	Research Question
SLR	Systematic Literature Review
VW PSM	Van Westendorp Price Sensitivity Meter
WTP	Willingness to Pay

CHAPTER 1: INTRODUCTION

1.1 Background

“A great brand is a promise, a compact with a customer about quality, reliability, innovation, and even community.” - Stephen B. Shepard

This work inherently builds on the words of the journalist, therein relating to the stated natural compact a brand upholds in its interrelation with customers, and even more so, the rooted promise of a brand, and thus the associations that customers hold towards the latter (Aaker, 1991). Such associations are frequently aimed to be reflected in a consistent identity for manifold purposes – thereby often referring to the distinct, unique positioning relative to competitive forces (Keller, 2008). Whether it be the consistent provision of quality, recognized innovativeness, an invariable design – a strong image can enable a brand to leverage its existing equity in tapping into novel strategic pursuits (Kumar et al., 2020). Withal, this raises the question: What actions make a brand on-brand and when does it get harmfully off-brand?

Scholars frequently view the preeminent danger to a substantiated image once brands venture towards new segments that require re-positioned lines, thereby specifying the inhibiting force of potential negative spillover (Royo-Vela & Sánchez, 2022). Yet, particularly the fashion industry, albeit being noted for characteristics of dynamism and fierce competition, is driven by the trend of leveraging existing equity to branch into new segments (Shen et al., 2014). Customers queuing in front of doors that belong to previously regarded mundane fast fashion retailers that are now opening up towards up-priced luxury designer collaborations have become a recurrent observation. After all, why are brands increasingly proving successful in taking the risk that scholars assign to such image alterations? They are strategically responding to an evolving consumer need - “masstige” (Kumar et al., 2021; Silverstein & Fiske, 2003; Wang et al., 2022).

Masstige thereby specifically melds with the increasing trend observed among mass consumers who progressively purchase products for aspirational and hedonic motivations, resulting in a segment situated in-between mass and luxury distinctions (Kumar et al., 2021; Silverstein & Fiske, 2003; Wang et al., 2022). The targeting of this novel segment via distinct brand extensions is seeing increased adoption in the sphere of quality augmentations initiated within the fashion industry (Shen et al., 2014). Brand extensions thereby involve the act of leveraging existing equity to create an altered positioning as to the reference products, either individually or through forming cobranding alliances with previously unassociated brands (Goetz et al.,

2014; Lye et al., 2001). In the context of masstige, brand extensions can either originate from the side of mass brands via premiumization through upward extensions or luxury brands' downward extensions (Kumar et al., 2021).

In spite of masstige being a fairly novel research area, downward extensions by luxury brands have been extensively covered in the works of scholars (Suzuki & Kanno, 2022). Contrarily, the perspective of mass brands exercising upward extensions is thus far largely omitted from academic coverage (Eiras & Azevedo, 2019; Kumar et al., 2020). Withal, the limited body of research taking account of the latter, aggregates all related strategies under the broad term "brand extensions" with a fundamental focus on vertical extensions (i.e. line extensions with a distinct price/quality modification conducted by singular brands) (Fedorikhin et al., 2008; Hamilton & Chernev, 2010). In practice, however, fashion brands prove remarkable success in collaborating with luxury designers, hence requiring an additional consideration of cobranding strategies for substantive managerial recommendations. (Shan et al., 2022).

1.2 Problem Statement

In summarizing the implications of the outlined status quo, the scope of this research lies in understanding if upward brand extensions, and thus quality augmentations initiated by mass brands could result in higher willingness to pay (WTP). In advancing the stated relationship, this work furthers the perspective from an aggregation of brand extension strategies (BES) towards testing for the differential effect of vertical versus cobranded extensions on WTP, including potential drivers of that relationship. Hence, the problem statement can be summarized as follows:

Understanding the differential effect of upward vertical versus cobranded extensions initiated by mass brands on willingness to pay: the influencing roles of perceived fit (PF), brand attitude (BA), and perceived quality (PQ) of the parent brand (PB).

Therein, the stated problem substantiates itself in a set of research questions (RQ):

RQ1: What effect does upward BES have on WTP?

RQ2: Is there a difference between the effect of upward vertical vs. cobranded extensions on WTP?

RQ3: What is the role of PF and BA in explaining the relationship between BES and WTP?

RQ4: What is the effect of the PQ of the PB on the relationship between BES and WTP?

1.3 Relevance

From the perspective of brand extension impact, upward extensions inherently offer more complexity as they necessitate a stronger focus on behavioral intention: In contrast to downward extensions, it is important to assess in how far customers are willing to pay for an up-priced product from an otherwise lower priced mass brand, which is far more relevant from a managerial perspective than the predominantly studied image-related variables alone. Moreover, academic work relating to downward extensions has proven unfavorable spillover effects on luxury PBs (Royo-Vela & Sánchez, 2022). Such effects have not been covered from the perspective of mass brand extensions although it might be assumed that low perceptions of the PB might, accordingly, be transferred onto the extension. It is therefore relevant to know whether allying with an established luxury brand might counteract such spillover effects and result in a positive attitude towards the extension. Relating to the latter, as stated, the fashion industry is characterized by a multitude of cobranded lines, especially concerning fast-fashion retailer H&M. Post launch reception of the brand's collaborations, thereby including Karl Lagerfeld and Versace, amongst others, has been exceptionally high, with line sell-outs in remarkably short times, which highlights the potential success of well-executed BES (Shen et al., 2014). Hence, this thesis aims to fill the gaps by (1) assuming the perspective of mass brands, (2) differentiating between BES, and ultimately (3) bridging the gap towards WTP.

1.4 Research methods

In answering the previously stated RQs, a systematic literature review (SLR) was integrated into the narrative review to extract influential variables in brand extension evaluation and relate those to the cognitive evaluation processes of branding strategies. Given the complexity of the problem as well as the breadth of the fashion industry, a substantial preliminary research phase was applied for unbiased stimuli creation, thereby entailing a mixed method structure of exploratory and explanatory nature. In combining the latter, the preliminary stages reaped the benefits of a qualitative focus group (FG) for brand selection and the decision-making criteria to be included via dedicated design elements (Kothari, 2004). The final brand selection was subsequently conducted via the statistical testing of the PQ of brands identified within the FG, employing an online questionnaire with a between-subjects design. The main study was conducted in an experimental 3x2 between-subjects factorial design including the factors PQ and BES, reflected within distinct stimuli, the latter of which were co-created and confirmed as desired in semi-structured interviews. These specifications ultimately allowed for the

assessment of the differential effects of BES on WTP under the mediating effects of BA and PF and the moderating effect of PQ.

1.5 Dissertation outline

The subsequent chapter presents a concise summary of the SLR and narrative literature review, essentially presenting the sequential logic of hypothesis development that eventually results in a comprehensive conceptual model to be tested in the chapters thereafter. Subsequently, and thus comprising the third chapter, the detailed methodology applied to test the hypotheses in an unambiguous and unbiased manner will be explained. Aligning with this aim, the process of stimuli creation will be detailed via the explanation of the preliminary studies before proceeding to the specification of the main study, including applied constructs and statistical tests. Subsequently, the fourth chapter will summarize the statistical analysis of the results obtained from the main questionnaire and thereby answer the hypotheses that were initially put forth. Ultimately, the final chapter concludes the dissertation's findings, while outlining their academic and managerial implications before proceeding to the inherent limitations and potential further research within the selected area.

CHAPTER 2: LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

This chapter seeks to provide a theoretical framework by covering the prevalent concepts that are crucial to translate the research problem into a comprehensive conceptual model. Hence, a review of the topic brand extension will initially condense the number of distinct sub-strategies thereof and allow for the selection of those pursuits that are relevant within the context of masstige theory. The ensuing subchapter will extract relevant variables in brand extension research via an SLR, followed by the detailed elucidation of WTP, PF, BA, and PQ. This explication will allow for establishing the variables' role within the cognitive, evaluative processes inherent to brand extensions and allow for conjoining them into the final conceptual framework for primary research.

2.1 Brand Extension

2.1.1 Definition of Brand Extension

Brand extension, as a superordinate branding strategy, is commonly defined to be a mean for established brands to enter new markets, not via the introduction of entirely novel brand names, but by means of launching new or modified products under their existing, and thus the PB name (Goetz et al., 2014; Völckner & Sattler, 2006). In a broader sense, the preeminent purpose of brand extensions is viewed as the possibility to leverage the PB's substantiated brand equity (BE) to extend market share via products or lines with a distinct positioning (Aaker & Keller, 1990). In doing so, the extension profits from the synergy effects arising from its PB connection, thus incurring lower costs of communication-related to its launch, relative to a product that is unassociated with the PB name (Aaker & Keller, 1990; Goetz et al., 2014). Altogether, there is wide consensus in the literature about two aspects that are inherent to all brand extensions, essentially being (1) the strategic adoption of established BE to new products and (2) to relatively cost-efficiently extend market share into yet unexplored segments as a result of the exploited synergies (Buil et al., 2009; Wang et al., 2022). In a more exhaustive delineation, there are varying strategies subsumed under the broad term that will be elucidated in the following subchapter.

2.1.2 Categorizations of Brand Extension Strategies

2.1.2.1 Classical Brand Extensions vs. Line Extensions

Firstly, brand extensions must be distinctively viewed as to whether they are conducted in relation to new product categories or within the PB's category, the former being the classical form of a brand extension (Aaker & Keller, 1990) with the latter being either a horizontal or a vertical (i.e. line) extension (Childs et al., 2018; Kirmani et al., 1999). Vertical extensions

thereby involve modifications to existing brands within their operated product class to achieve an up- or downward price/quality image with reference to the PB (Hamilton & Chernev, 2010). Horizontal extensions, in their essence, likewise involve the modification within existing product classes, yet through creating varieties of existing products, including such factors as taste or color, while maintaining consistent price/quality levels (Aaker & Keller, 1990; C. K. Kim et al., 2001). In that, line extensions, whether vertical or horizontal in nature, differentiate from classical brand extension strategies as they remain within the originally operated product class (Völckner & Sattler, 2006).

2.1.2.2 Cobranding

In a second instance, it is crucial to acknowledge that the leveraging of BE via brand or line extensions is not solely limited to one PB, which posits the delineation of cobranding as a further strategic direction (Besharat, 2010; Helmig et al., 2008; Oeppen & Jamal, 2014). Cobranding is thereby consistent with the broad definition of brand extension, thus also predicated on the exploitation of existing BE, yet further associating a partnering brand as another source of such equity with the extension (Besharat, 2010; Oeppen & Jamal, 2014; Waters, 1997). Essentially therefore, cobranding can broadly be defined as an externally visible, long-term strategic alliance between two independent brands that seek to create synergies that ultimately bring value to the constituent brands in a collaborative effort (Geylani et al., 2008; Helmig et al., 2008; Levin et al., 1996; Rao & Ruekert, 1994; Simonin & Ruth, 1998).

Such cobranded products may be introduced in a category that has originally been operated by only one, both, or none of the constituent brands, thus positing a terminological distinction congruent with the definitions of line and classical brand extensions (Desai & Keller, 2002; Kirmani et al., 1999). Cobranding, by definition, could be applied to any such pairing of brands that is of synergistic effort, thus also including mere linkages for, i.e., advertising purposes (Kapferer, 2012). However, this thesis refers to long-term efforts in reference to products that are jointly identified by two brands to permit a comparison to the above-stated extensions conducted by the PB only (Chapter 2.1.2.1).

Table 1 serves as a summary depicting the above-stated sub-strategies of brand extensions:

	Parent brand	Parent and guest brand
Within category	Vertical extension: <u>modified price/quality</u> Horizontal extension: <u>differentiation on other aspects</u> than price/quality	Co-Branded line extension
Outside category	Classical brand extension	Co-Branded brand extension

Table 1: Categorization of Brand Extension Strategies

2.1.3 Brand Extensions in the Context of Masstige Theory

From a mass consumer perspective, there is an increasing trend towards purchasing products for aspirational and hedonic motivations, resulting in a segment situated in-between mass and luxury (Kumar et al., 2021; Silverstein & Fiske, 2003). The aim of targeting the latter requires a positioning that combines mass accessibility with premium attributes, a strategy coined by the term “masstige” (Kumar et al., 2021; Silverstein & Fiske, 2003; Wang et al., 2022). In an endeavor to achieve such positioning, there are two strategic extension directions visible in practice which refer to either (1) a luxury brand extending downward, thus being able to decrease its pricing and “democratize” its offering, or (2) a mass brand extending upward (i.e. premiumization), therefore being able to command a price above the mass market due to increased quality perceptions (Kumar et al., 2021; Lubel & Beard, 2016). This thesis seeks to investigate masstige brand extensions from the latter, and thus the mass brand perspective. Having embedded brand extensions within the context of masstige, allows for condensing the strategies delineated in chapter 2.1.1 into those applicable to such endeavors. Inherently, a premiumization strategy entails a modification of the price/quality positioning and, thus, by definition, postulates the application of vertical extension strategies (Buil et al., 2009; Childs et al., 2018). Nonetheless, deficiencies in managerial application would arise upon solely examining this strategy, given that a multitude of mass brands are creating premium associations in a collaborative effort with luxury brands (Shan et al., 2022). Henceforth, this thesis also investigates cobranding with established luxury brands of the same category as an alternate pursuit of leveraging existing equity in the context of masstige.

2.2 Determinant Variables in Brand Extension Research

Relevant brand extension research covers a multitude of evaluative variables. To deduce the most prevalent, an SLR has been conducted to render a comprehensive overview. The studied

databases and utilized queries can be found in Appendix 1 followed by the rendered results together with the inclusion logic (Appendix 2). Table 2 summarizes the use of independent variables (IV) in brand extension research:

IV		References
Perceived fit	Brand Concept	H. Ahn and Sung (2012), LEE and DECKER (2016), Xiao and Hwan Lee (2014), Helmig et al. (2007), Shan et al. (2022), Paydas Turan (2021), J. W. Park and Kim (2001), Carter and Curry (2013), C. W. Park et al. (1991), Johan Lanseng and Erling Olsen (2012), Bottomley and Doyle (1996), Martínez and Pina (2010)
	Category	Helmig et al. (2007), Shan et al. (2022), Paydas Turan (2021), J. W. Park and Kim (2001), Carter and Curry (2013), Fedorikhin et al. (2008), J. Ahn et al. (2020), Lanseng and Olsen (2008), Martínez and Pina (2010), Chowdhury (2007), Aaker and Keller (1990), L. E. Hem et al. (2003), Fu et al. (2009), Chang et al. (2011), Bottomley and Holden (2001)
Perceived Quality		J. W. Park and Kim (2001), Carter and Curry (2013), Bottomley and Doyle (1996), Chowdhury (2007), Aaker and Keller (1990), Martínez and Chernatony (2004), Bottomley and Holden (2001)
Perceived novelty		Shan et al. (2022), Wilkie et al. (2015), Martínez and Pina (2010), L. E. Hem et al. (2003)
Brand Attitude		Helmig et al. (2007), Fedorikhin et al. (2008), L. E. Hem et al. (2003)
Brand Relationship		J. W. Park and Kim (2001), Fedorikhin et al. (2008)
PB experience		Kirmani et al. (1999), B.-D. Kim and Sullivan (1998)
Perceived Difficulty		Chowdhury (2007), Aaker and Keller (1990)
PB Equity, Trial		Washburn et al. (2000)
Brand Loyalty		L. Hem and Iversen (2003)
Processing fluency		Shan et al. (2022)
Country of Origin		Allman et al. (2016)
Perceived Risk		L. E. Hem et al. (2003)

Table 2: IVs in Relevant Literature

As evident from Table 2, the variable of PF, expressed by either brand concept or product category fit, posits itself as highly relevant in studying extension evaluation. Likewise, the PQ of the PB is frequently studied.

Continuing with a specific focus on the variables of PF and PQ, allows for condensing the gathered studies and extracting the dependent variables (DV) that have been examined most frequently in relation to the two IVs. Most studies relate the identified IVs to BA, thus adding such concept as a vital one in the evaluation of extensions (Aaker & Keller, 1990; H. Ahn & Sung, 2012; J. Ahn et al., 2020; Bottomley & Doyle, 1996; Bottomley & Holden, 2001; Fedorikhin et al., 2008; Helmig et al., 2007; Lanseng & Olsen, 2008; Martínez & Pina, 2010; C. W. Park et al., 1991). However, the specific focus of this thesis lies on mass brands' premiumization strategies, therefore suggesting a modified price positioning, putting forward the need to further the look from BA only, towards adding the concept of WTP as studied by Fedorikhin et al. (2008). In sum, therefore, the variables of PF, PQ, BA, and WTP will be elucidated in the following. BA, in this thesis, refers to the attitude towards the product brand, and thus the extension, not the baseline mass PB.

2.3 Willingness to Pay

2.3.1 Definition of Willingness to Pay

WTP is a key concept for assessing the value that consumers allocate to a product or service in monetary units and thus generally summarizes the upper ceiling of the budget that consumers would spend on that item or service (Cameron & James, 1987; Homburg et al., 2005). Therefore, WTP is also frequently denoted as the reservation price (Wertenbroch & Skiera, 2002). Given this direct connection to buyer response behavior, accurately predicting WTP is crucial in the marketing sphere when it comes to developing new products (Anderson et al., 1992; Breidert et al., 2015; Miller et al., 2011).

2.3.2 Willingness to Pay in the Context of Masstige Brand Extensions

Several measurement approaches assign importance to WTP as a mean for assessing the allocated value of a brand's product, relative to a competitive or baseline product (C. S. Park & Srinivasan, 1994). Such interpretation of comparative nature will be crucial as an assessment tool for the subject matters of this thesis because, in pursuance of the premiumization aim via extensions, mass brands aim for a higher quality perception, thus higher WTP, relative to their baseline offering (Fedorikhin et al., 2008; Kumar et al., 2021; Lubel & Beard, 2016). The general effect of brand extensions on WTP has been found to be significant in a study conducted

by Fedorikhin et al. (2008) while Kirmani et al. (1999) find that upward, as opposed to downward, extensions, lead to increased purchase intention. The latter suggests that a higher price positioning can, indeed, be accepted by consumers and further supports the following hypothesis.

H1a: Upward brand extensions have a significantly higher WTP than no extension.

2.4 Perceived Fit and Brand Attitude

2.4.1 Perceived Fit in the Context of Categorization Theory

Categorization theory suggests that individuals apply cognitive category schemes to the organization of objects, thus allowing for structuring information with reduced complexity (Kalamas et al., 2006). Essentially, therefore, it suggests that, upon being presented with a stimulus, individuals automatically link the latter to an evoked cognitive category, thus processing and evaluating it implicitly based on prior knowledge (Rosch & Mervis, 1975). In the marketing sphere, the brand is frequently regarded as a salient cue for the classification of new products (Loken et al., 2002). Thereby, consumers evaluate a new product introduced into a known brand by a categorization process where the extension is judged (1) based on the known brand attributes of the PB and (2) their perceived overlap with the extension (Loken, 2006; C. W. Park et al., 1991). Such congruency or overlap is a construct in brand extension research commonly coined by the term perceived fit (Aaker & Keller, 1990).

In a broader delineation, PF is frequently separated into product category and brand concept fit, wherein the former relates to the product classes that the constituent brands or products operate in, while the latter refers to congruence in brand-image-related aspects (Aaker & Keller, 1990; Deng & Messinger, 2022). In a more detailed categorization, some researchers investigate specific variables that can be subsumed under such fit, i.e. the basic function of the products (Völckner & Sattler, 2006), the usage occasion (Aaker & Keller, 1990), the resources required (Kalamas et al., 2006), the specific features (C. W. Park et al., 1991), the image (C. W. Park et al., 1991) or the target group (Deng & Messinger, 2022). Research relating PF to the identified DVs, finds a significant effect on BA (H. Ahn & Sung, 2012; Fedorikhin et al., 2008; Helmig et al., 2007), as well as WTP (Fedorikhin et al., 2008; Völckner & Sattler, 2006).

H2b: Perceived fit has a significant effect on brand attitude.

H2c: Perceived fit has a significant effect on WTP.

2.4.2 Brand Attitude in the Context of Masstige Brand Extensions

Brand attitude can be defined as the total of evaluations that consumers hold towards a brand that serves as the basis of their behavior by constituting a consistent reaction in a favorable or unfavorable manner towards a brand or branded product (Keller, 1993, 2008).

Categorization theory, as stated above, is frequently applied to understand the dynamics of transfers of BE variables and, thus, the implicit categorization of the extension based on other products affiliated with the brand (Dacin & Smith, 1994). Thereby, some researchers reason the relationship between the BES and BA with spillover effects stemming from the PB. Thereby, in terms of vertical extensions, a major impediment has been found in the transfer of the established mass associations, i.e. the price points of the usual offering, as a form of stigmatization onto the extension, deterring consumers from positively evaluating the latter (Boush & Loken, 1991; Dacin & Smith, 1994; Shan et al., 2022). To overcome such unfavorable spillover, cobranding with an established luxury brand is frequently seen as a viable alternative to achieve a more authentic image (Helmig et al., 2008; Shen et al., 2014). This is rooted in research that suggests that asymmetry between the constituent brands, in this case the asymmetry in established attitudes, may result in positive spillover potential towards the “weaker” brand and the cobranded product itself (Helmig et al., 2008; C. W. Park et al., 1996; Simonin & Ruth, 1998). This suggests a connection between BES and both PF as well as BA.

H2a: Upward cobranded extensions have a significantly lower perceived fit than upward vertical and no extensions.

H2d: Upward cobranded extensions have a significantly higher brand attitude than upward vertical and no extensions.

The counterbalancing effect regarding spillovers therein further leads to assuming a differential effect within H1:

H1b: Upward cobranded extensions have a significantly higher WTP than upward vertical extensions.

Likewise, as stated in Table 2, a multitude of researchers have specifically studied the link between attitude and behavior, establishing a positive relationship with purchase intention or WTP concerning upward extensions (Bhat & Reddy, 2001; Fedorikhin et al., 2008; Helmig et al., 2007; J. W. Park & Kim, 2001).

H2e: Brand attitude has a significant effect on WTP.

Adding the individually explicated singular effects results in a serial mediation effect:

H2: Perceived fit and brand attitude mediate the relationship between Brand Extension Strategy and WTP.

2.5 Perceived Quality of the Parent Brand

2.5.1 Definition of Perceived Quality

Quality, from a broad point of view, can be defined as “superiority” or “excellence”, yet must be delineated into objective and perceived quality upon closer examination (Zeithaml, 1988). The former describes such quality dimensions that are measurable, i.e. relating to technical superiority or any such attribute of a product that is objectifiable, thus assessable in its excellence (Jacoby, 1985; Moorthy & Zhao, 2000). Perceived or subjective quality thereby involves a consumer’s judgment about the inherent superiority of a product or service, thus existing at a higher level of abstraction than mere product attributes (Zeithaml, 1988). Such quality may be signaled via extrinsic or intrinsic cues, the latter of which relate to the physical attributes of a product, i.e. color, that are consumed simultaneously with the product itself. Contrary to this, extrinsic cues are not directly inherent to the nature of the product itself but rather relate to aspects such as brand names, thus being product-related yet not physically part of it (Zeithaml, 1988). The purpose of brand extensions in leveraging an existing name suggests the importance of extrinsic cues, thus the focus on perceived quality for this thesis’ purpose.

2.5.2 Perceived Quality in the Context of Masstige Brand Extensions

PQ is predominantly regarded from the perspective of PBs within its spillover role on the extension (Aaker & Keller, 1990; Bottomley & Doyle, 1996; Bottomley & Holden, 2001; Carter & Curry, 2013; Chowdhury, 2007; Martínez & Chernatony, 2004; J. W. Park & Kim, 2001). Several studies support the PB’s PQ being a significant determinant in the favorability of attitudes towards a brand extension, thereby establishing that high PQ leads to favorable attitudes toward the extension and vice versa (Bottomley & Doyle, 1996; Chowdhury, 2007; Eijndhoven & Diana Hartman, 1994; Nguyen et al., 2020; Sunde & Brodie, 1993). To further this relation, as established in Chapter 2.4.2, negative spillover resulting from non-premium-image-related associations might arise in mass brands’ upward extensions that might be overcome by cobranded alliances with luxury brands to ensure favorable asymmetry. Therefore, the PQ of the PB influences the direction of the effect of BES on PF and BA, being negative in the case of vertical extensions, suggesting a moderation with reference to the main effect as well (Helmig et al., 2007; C. W. Park et al., 1996; Simonin & Ruth, 1998).

H3: Perceived quality moderates the effect between brand extension strategy and brand attitude.

H4: Perceived quality moderates the effect between brand extension strategy and perceived fit.

H5: Perceived quality moderates the effect between brand extension strategy and WTP.

2.6 Conceptual Framework

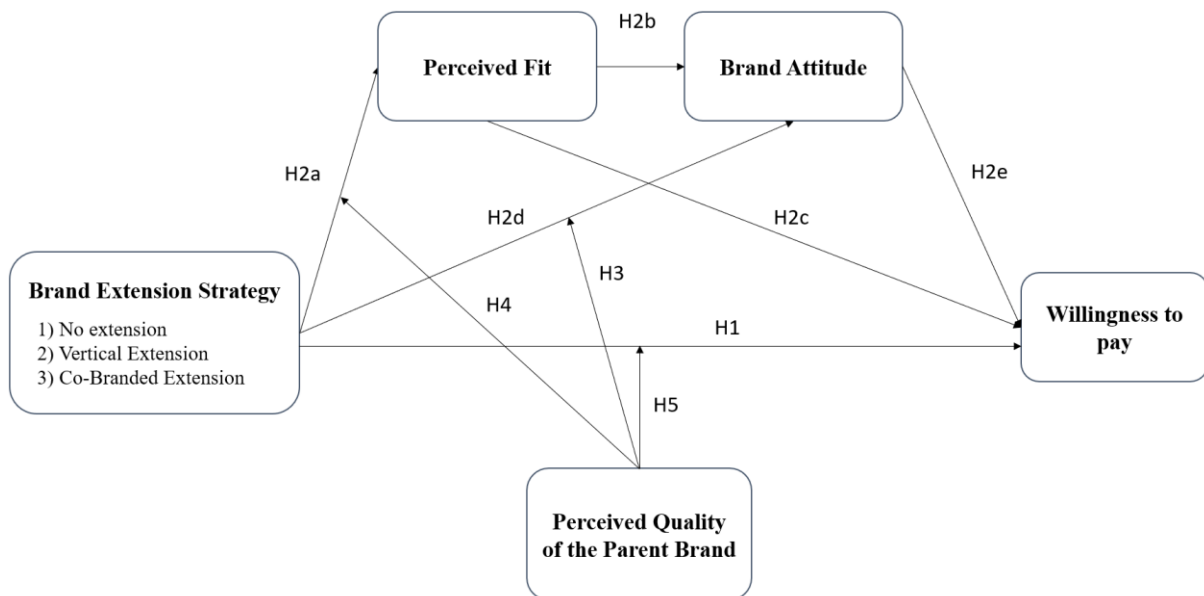


Figure 1: Conceptual Model

CHAPTER 3: METHODOLOGY

This chapter seeks to operationalize the stated RQs and hypotheses into a comprehensive model for the sake of (non-)validation. In doing so, the initial step will entail the specification of the overall research approach before proceeding to a substantially detailed description of the retrieval process of primary data, elucidated within a three-fold structure entailing the main study that builds on a focus group (FG) and preliminary survey.

3.1 Research Approach

As put forth in the introductory parts, this thesis seeks to advance research on brand extensions via three main contributions, wherein the first one is about assuming the mass brands' perspective, the second entails differentiating between BES, and the last is about bridging the gap towards WTP. Henceforth, the research required is of a cause-effect nature, essentially positing a manipulation of the BES, for the sake of assessing the differential effect on WTP (Burns et al., 2017). This factorial cause-effect testing, however, was based on a substantiated fundamental phase in which the background of the research problem was reviewed for deducting influential constructs within the stated relationship (Creswell, 2010).

Therefore, in the first precedent, a narrative literature review was combined with an SLR to condense the wide body of research on influential constructs within the field. Via the intrinsic cognitive process theories postulated in brand extension research, the relevant influential variables were deducted and integrated into the context of behavioral intention to sequentially translate the research problem into a conceptual model.

The operationalization of this framework entailed a three-fold mixed method structure of exploratory and explanatory nature (Saunders et al., 2007). Initially, the unambiguous manipulation of the IV into distinct stimuli entailed two preliminary studies, reaping the benefits of idea exploration via a qualitative FG for brand pre-selection and design elements (Kothari, 2004), enhanced by the statistical testing thereof by means of an online questionnaire (Saunders et al., 2007). In utilizing a between-subjects design, the latter ensured the removal of participant bias in addition to the researcher bias in brand selection (Saunders et al., 2007).

The main study was then carried out in an experimental design via a structured online questionnaire and entailed a 3x2 between-subjects factorial design where the factors of PQ and BES were manipulated into distinct stimuli that were co-created and confirmed to be interpreted as desired in semi-structured interviews (Saunders et al., 2007). Experimental research of this kind offered another instance to minimize any potential bias, thus increasing the confidence in

the specific manipulation being the cause of the measured outcome (Seltman, 2013). The manipulations and randomization ultimately allowed for the assessment of the differential effects on WTP under the mediating effects of BA and PF.

3.2 Primary Data

3.2.1 Preliminary Focus Group

Given the breadth of the fashion industry as to subcategories and brands, enhanced by the difficulty to adequately grasp the various levels of brand-human interactions that are crucial from the standpoint of buying decisions, a FG was benefitted from for the sake of exploring the stated facets in a semi-structured manner, exploring yet disregarded ideas (Greenbaum, 2002; Kothari, 2004).

Data Collection

Fashion, as the overarching category, essentially refers to a large and international population of all individual consumers thereof (B2C). Ultimately, participants were selected on a convenience basis with an attempt to overcome the barrier of representativity via recruiting mixed genders and nationalities while the age was not severely varied (Appendix 3), mainly for the sake of ensuring a comfortable opinion-sharing setting (Creswell, 2010). The virtual FG entailed a one-hour-long discussion.

Measurement and Indicators

While the focal topic of this thesis lies on brand extensions, the structure of the FG guide tackled the problem from a broader perspective by including general insights as to evaluative criteria and purchase behavior prior to specific opinions on brand extensions. Henceforth, the logic applied to the sequence of the FG was of a funnel nature, beginning with the broader categories of the shopping experience, decision factors and subcategories before proceeding to the core of premium pricing, brands and evaluations of brand extension cases (Appendix 4).

Results (full notes in Appendix 5)

Shopping Experience: Consensus has been found to exist about the most frequently utilized shopping medium, a brand's smartphone app. This led to the adoption of an app product page design concerning the final stimuli.

Subcategories: More involvement in decisions was found to exist in the subcategories of outer- and footwear. Hence, sneakers were chosen for the main study due to their more unisex nature when comparing online retailers' offerings, thus simplifying the depth of stimuli creation.

Decision factors: The majority agreed on the requirement of product images from various angles to confirm their liking of the appearance. Further, they accept price premiums based on quality-promising materials.

Mass and Luxury brands: The most frequently named low-quality mass brands were Primark and Shein while those perceived as qualitative displayed Zara and Uniqlo in the first ranks. Participants were not able to make such clear distinctions as to luxury brands, thereby stating that they naturally connect luxury brands to quality which led to proceeding without a quality distinction in these cases.

Lastly, brand extension case-studies revealed that the premium name would have to be integrated into the product design.

3.2.2 Preliminary Survey

As put forth in the construct description, PQ portrays a subjective opinion variable that must be assessed in a quantitative nature to make inferences from the sample to the population, based on each brand identified as relevant in the preliminary FG. For this collection logic and nature of required assessments, a standardized online questionnaire, therefore, rendered itself most suitable (Creswell, 2010).

Data Collection

Aligning with the previous section, essentially any past fashion customer could be recruited for this study. However, due to time and budgetary constraints, the method of convenience samples was chosen where the questionnaire was sent to all accessible groups (Burns et al., 2017). Although such sampling does not guarantee representativity with regard to the population, the publication on the international platform Survey Circle created a larger sample of previously inaccessible respondents (Burns et al., 2017).

The study employed an experimental design, in which respondents were randomly assigned to one of the four mass brands identified in the FG (i.e. Primark, Shein, Uniqlo, or Zara). For that reason, at least 120 valid responses were required to aim for normality via a substantial sample size, following the central limit theorem (Levine & Stephan, 2009), thus also favoring the chosen collection method, given the simplicity of reaching wide audiences (Saunders et al., 2007). The questionnaire was run via Qualtrics and yielded a total of 201 responses.

Measurement and Indicators

As for the specific measurement and indicators, the survey was designed using three main sections, the latter of which included demographics (Appendix 6). The initial section was designed to assess category usage and familiarity with the brands. This is because PQ opinions do not require the prior purchase of the brand, yet the participant must at least know the name. Subsequently, participants indicated their PQ of the brand based on the construct utilized by Yoo and Donthu (2001) which will be covered in the main study's specificities. This section was organized in an experimental manner in which respondents were randomly assigned to one brand, thus portraying a one-factor, between-subjects design (Seltman, 2013).

Data Analysis

The statistical analysis of the findings was carried out in IBM SPSS Statistics 28. After (1) coding and cleaning the data, (2) the reliability of the scale items was tested. Subsequently (3) descriptive statistics were calculated to identify the sample more closely. Ultimately, (4) the difference in PQ means between the brands was tested.

Results

(1) After cleaning the data and removing incomplete datasets, outliers, and participants that were assigned to brands that they had never heard of, the data amounted to 134 valid sets.

(2) The Cronbach's Alpha for the six items of PQ, in each group, suggests strong internal consistency with $\alpha > .90$ (Appendix 7).

(3) The studied sample consists of mostly female (62.7%) individuals, predominantly ranging from 18 to 34 years (88.1%) and of German nationality (56.7%). The category usage questions revealed that almost 50% of respondents buy jackets and footwear every six months or less. This aligns with the FG where participants indicated that they would buy such items less frequently, thus being increasingly involved in the decision. Further, Louis Vuitton (LV) was the only brand that all respondents have heard of, thus being selected for the cobranding manipulations.

(4) To reject the equality of the PQ distribution across the brands, a Kruskal-Wallis Test was applied to substitute a parametric ANOVA, given that PQ was confirmed to not be normally distributed via a Kolmogorov-Smirnov Test. Initially, it must be stated that Uniqlo already had to be disregarded, as more than 20% of respondents have never heard of the brand. In regard to the remaining brands, PQ scores displayed a dissimilar distribution within the groups, allowing

only for the comparison of mean ranks. Nonetheless, the test statistic (Appendix 8) displayed a significant result, allowing for the rejection of H_0 that the distribution of PQ is the same across the brands ($\chi^2(2)=55,952$; $p=.001$). The pairwise comparison of the singular groups reveals that Zara's mean rank (83.8) is significantly higher than that of Shein (32.11) and Primark (43.82), the difference being higher in reference to Shein (Appendix 9). Hence, the findings led to proceeding with Zara for high and Shein for low PQ.

3.2.3 Main Study

The main study was designed in an experimental manner building on the preliminary studies for the sake of stimuli creation.

3.2.2.1 Data Collection

The data collection directly mirrored the procedure applied within the preliminary survey, entailing the drawing of a convenience sample, enhanced by the publication on Survey Circle. The questionnaire was closed upon reaching a participant number of 458. Again, an experimental design was applied, now adding another factor apart from PQ, namely the BES, hence applying a 3x2 between-subjects factorial experimental design.

3.2.2.2 Stimuli Development

The stimuli development drew on the preliminary findings by applying the subcategory of sneakers and the quality indicator of the material as a modification to the low and high-quality brands Zara and Shein. To find a suitable variation in material, brand websites were browsed to identify the most frequently utilized materials in non-premium and premium sneaker collections (mix of PU leather and Polyester vs. a stitched mix of sustainable leather fiber).

Given that the specific design as well as the name and color-scheme of the extension still left room for biased researcher choices, three rounds of semi-structured interviews were conducted to initially co-create the design of the products for the sake of unbiasedness and the later confirmation of their unambiguousness. Thus, two scorecards were created for the co-creative rounds (Appendix 10 and 11). In the confirmatory round, participants suggested not only adding the premium brand name on the product itself, but also as a precedent to the name on the page.

In summary, the stimuli were designed following the depicted sequence in Figure 2:

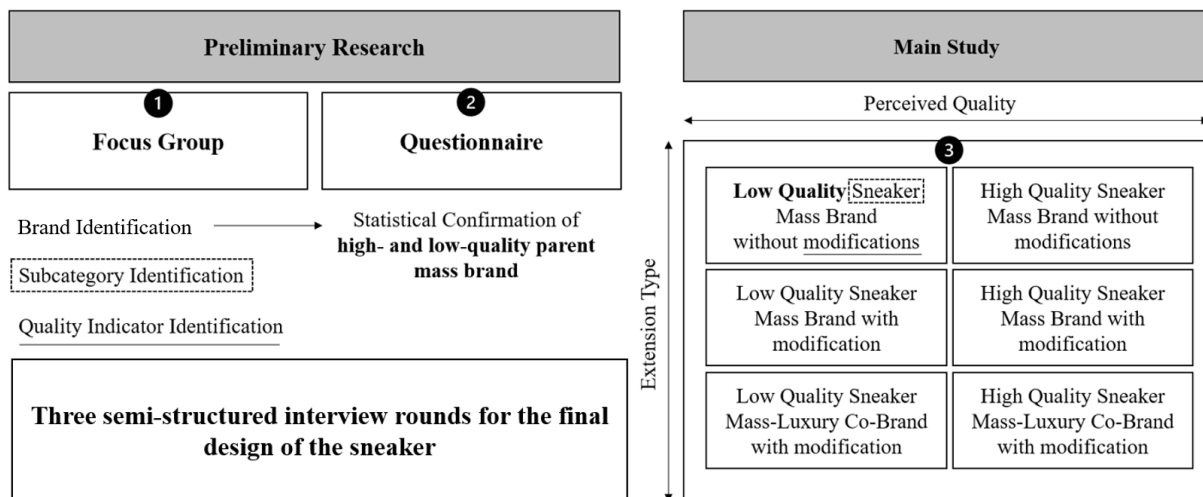


Figure 2: Logic of Stimuli Creation

The co-creation and confirmation resulted in product page prototypes that were created as an animation using the tool Figma to enable participants to scroll through the images within the actual survey instead of having a static page, mainly for achieving a realistic product page replica. The authenticity and unbiasedness were further enhanced by utilizing direct screenshots of the brand’s mobile product pages and only modifying the product and its description. The example of Zara Studio (i.e. vertical extension) is thereby provided in Figure 2, with the remaining five stimuli displayed in Appendices 12-16.

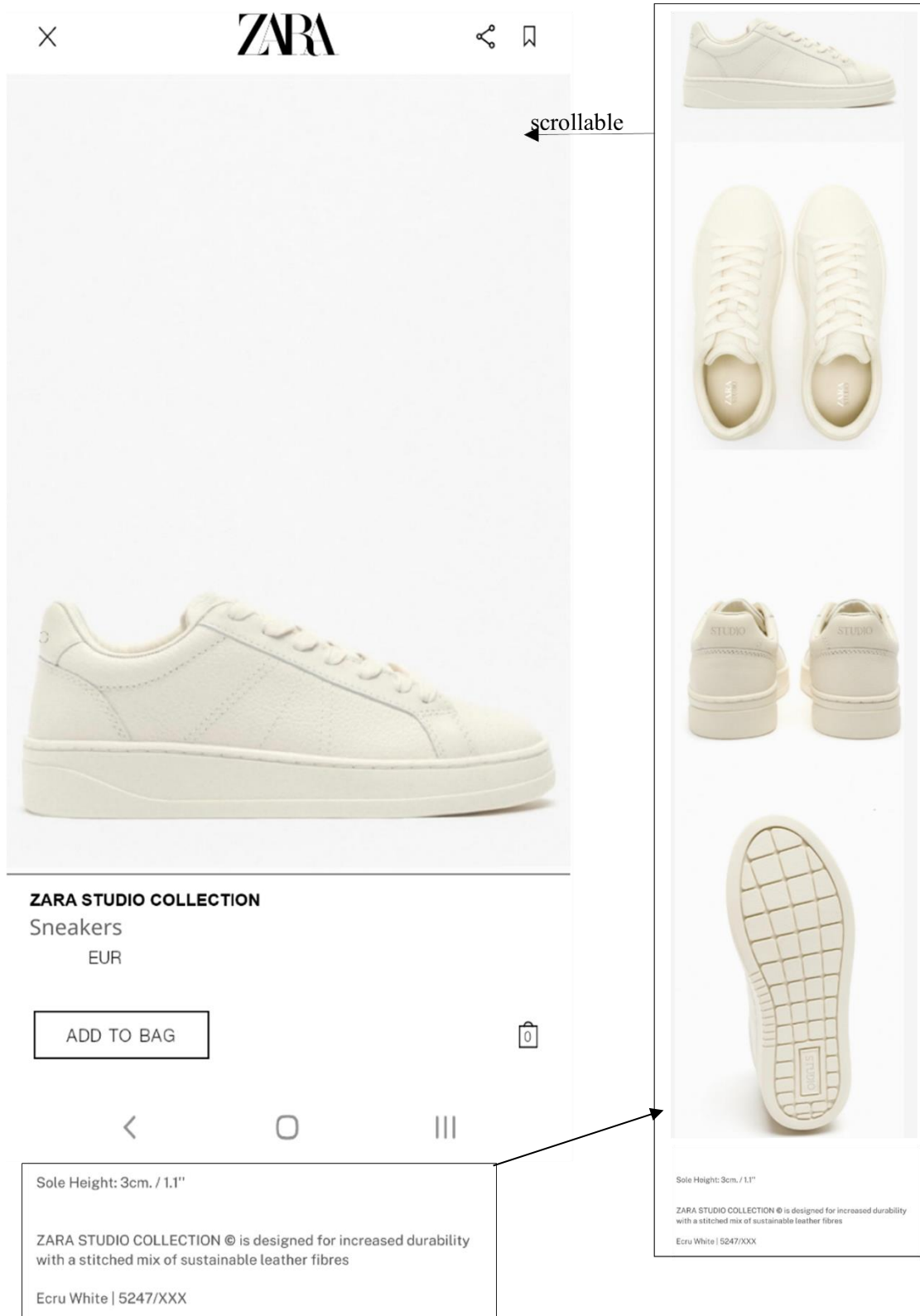


Figure 3: Zara Studio (Vertical Extension) Stimulus

3.3.2.3 Measurement / Indicators

As for the specific measurement, the questionnaire (Appendix 17) was designed to assess the constructs of BA and PF as well as WTP for all six stimuli, as well as demographics. In detail, upon being randomly assigned to one of the groups, a branching logic allowed the display of the mobile or desktop animation. Subsequently, the BA, PF and WTP were assessed following existing and validated scales from previous research (see Table 3). Given that the products do not exist in reality, the Van Westendorp Price Sensitivity Meter (VW PSM) was utilized to detect ranges of acceptable prices (van Westendorp, 1976). PQ was assessed to check the unambiguousness of the quality manipulation of the stimuli as well as its moderating role.

Framework	Measure	Items	Scale	Reference	Cronbach's α
IV	BES	Stimuli	<i>na</i>	<i>na</i>	<i>na</i>
Moderator	PQ	6	7-point Likert Scale	Yoo and Donthu (2001)	0.97
Mediator	PF	6	7-point Likert Scale	Deng and Messinger (2022)	0.97
Mediator	BA	4	7-point Likert Scale	Mitchell and Olson (1981)	0.88
DV	WTP	4	Numerical	van Westendorp (1976)	

Table 3: Operational Framework

In addition, a control question was implemented to remove participants that were assigned to a brand that they had never heard of as this might distort the results with mere assumptions.

3.3.2.4 Data Analysis

The statistical analysis of the findings was carried out in IBM SPSS Statistics 28. After (1) coding and cleaning the data, (2) the reliability of the scale items was tested via Cronbach's Alpha, after which the constructs were tested for normality employing Kolmogorov-Smirnov Tests. Subsequently, (3) the WTP_{OPP} for each group was calculated using Excel before proceeding to (4) the calculation of descriptive statistics to identify the characteristics of the sample more closely. Ultimately, (5) hypotheses were tested following the sequence of RQs and based on the measurement levels of the variables, employing Mann-Whitney U Tests, Kruskal-Wallis H Tests and Linear regressions before proceeding to (6) testing the full model using PROCESS model 86 (Hayes, 2013).

CHAPTER 4: RESULTS AND DISCUSSION

This chapter aims to present the findings derived from the statistical analysis of the data gathered from the main study. It thereby briefly summarizes the data preparation to establish validity and reliability, concluding with the price calculation based on VW PSM. Subsequently, the hypothesis testing is summarized within the sequence of RQs before proceeding to the full PROCESS model testing.

4.1 Data Preparation

The data preparation was conducted for manifold purposes. Initially, data that was invalid for duplicity, incompleteness, or non-belonging to the studied population was removed prior to a multivariate outlier analysis. Secondly, the measures' reliability was examined, followed by the construct creation. Subsequently, to confirm stimuli unambiguousness, the PQ difference between the two brands was statistically confirmed. Lastly, the VW PSM method was utilized to condense the assessed WTP items into optimal prices (WTP_{OPP}).

4.1.1 Data Cleaning

As of initiated questionnaires, 458 responses have been collected and examined to render a clean dataset of valid responses. Initially, 109 unfinished responses were removed, thus accruing a response rate of 76%. Prior to editing the data for clear naming and levels of measurement, 21 duplicate IP cases were removed. Of the remaining 328 responses, six had to be removed based on the control question. One of the manipulation checks implemented for the sake of stimuli unambiguousness referred to the brand displayed within the product page prototype. 78 cases were detected where participants had selected a brand within the manipulation check that was not aligned with the product page prototype. After removing the stated cases for validity reasons, an outlier analysis was performed, thereby resorting to the Mahalanobis distance method for the sake of multivariate outlier detection. As a consequence, 230 valid responses resulted from the data cleaning process.

4.1.2 Measures Reliability and Assumptions

For the sake of appropriateness in utilizing the intended constructs, the internal consistency of the respective item sets was assessed utilizing Cronbach's Alpha coefficient. The results, as provided in Table 4, display that the individual collections of items consistently measure the respective construct ($\alpha > .70$).

Construct	Cronbach's Alpha	N of Items
PQ	.948	6
BA	.943	4
PF	.853	6

Table 4: Reliability Statistics

After verifying the appropriateness of using the constructs based on the singular items, the latter were summarized into constructs based on their mean. At this point, given that all intended statistical tests assume normality, a Kolmogorov-Smirnov Test was performed to test for this assumption. As displayed in Table 5, normality cannot be assumed for any of the constructs ($p < .05$).

	Kolmogorov-Smirnov ^a		
	Statistic	df	Sig.
PQ	.071	230	.007
PF	.092	230	<.001
BA	.094	230	<.001

Table 5: Normality Test for the Constructs

Henceforth, this violation was critical in test selection, thereby leading to the use of non-parametric in substitution of parametric tests for the subsequent analyses. Provided that all statistical tests to be conducted further necessitate the independence of observations, this assumption can also be verified beforehand for all ensuing analyses due to the independence by design (i.e. random assignment to one of the groups).

4.1.3 Perceived Quality Manipulation Check

As stated, the stimuli differentiated between a high-quality (Zara) and low-quality (Shein) brand. Thus, in addition to the brand choice manipulation, the construct of PQ was deemed critical and assessed to test the unambiguousness of the stimuli concerning high and low quality. Given that there are essentially two groups of PBs, an Independent Samples T-Test would be applied to test whether there is a difference in PQ means. At this point, however, following the Kolmogorov-Smirnov Test (Table 6), the non-parametric independent samples Mann-Whitney U Test was conducted in substitution, to test the H_0 that the distribution of PQ is the same across the categories of brand (Appendix 18).

With a p-value below .001 ($U=10491.500$), H_0 can be rejected. While the assumptions of the continuous dependent and categorical two-group independent variables are provided, the shape of the distribution of scores does not demonstrate similarity (Appendix 19), thus solely allowing for a comparison in mean ranks in substitution of medians. Nonetheless, a significantly higher PQ mean rank was unveiled for Zara (148.16) than for Shein (80,48). Thus, the manipulation check analysis confirmed that the stimuli, with regard to the intended quality difference between Zara and Shein, have been unambiguously created.

4.1.4 VW PSM

As indicated in the previous chapter, WTP was measured on a four-item construct following the VW PSM approach (van Westendorp, 1976). To calculate the WTP_{OPP} per group, the frequency of a value being indicated within each of the four items (too cheap, cheap, expensive, too expensive) was organized in a table that was transposed to reflect the cumulative percentages of the previously indicated frequencies in inverse logic. Graphing the computed tables on a two-dimensional line graph allowed for the extraction of the WTP_{OPP} (i.e. the intersection of “too expensive” and “too cheap”). To exemplify the applied logic, Figure 5 shows the PSM example for the brand Zara:

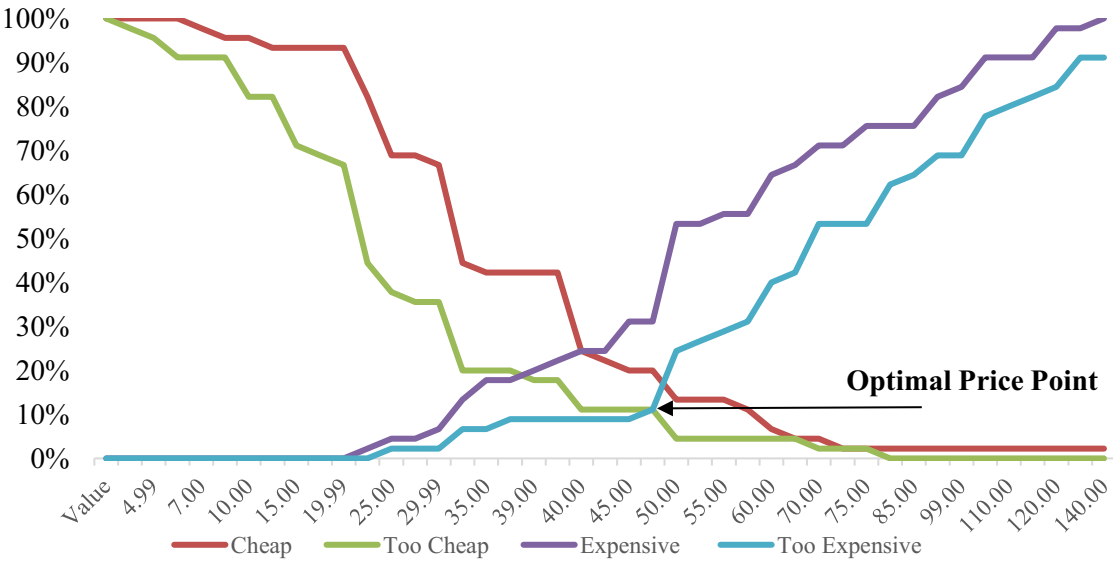


Figure 4: Price Sensitivity Meter Zara

As evident, WTP_{OPP} , and thus the point where the least number of individuals are dissatisfied with the price, lies at 49.99€ for the control group of Zara (i.e. no extension). All groups’ cumulative frequencies of indicated WTPs were graphed accordingly (Appendix 20) and

resulted in the highest WTP_{OPP} for the cobranding stimulus of Zara x LV ($WTP_{OPP}=80.00\text{€}$), the second-highest being the cobranding stimulus of Shein x LV ($WTP_{OPP}=60.00\text{€}$). As for the vertical extensions, Zara Studio displays a slightly lower WTP_{OPP} (39.00€) than Shein Studio ($WTP_{OPP}=40.00\text{€}$). The control group Shein is the last rank with a WTP_{OPP} of 30.00€. These values, in the data preparation process, were transferred from the Excel calculation and assigned to the groups via the variable WTP_{OPP} .

4.2 Sample Characterization

The final sample of 230 individuals consists of 67.8% female and 32.2% male respondents that are predominantly German (73.3%). The remaining 26.7%, with a number of 29, display a wide variety of nationalities. Most participants fall into the two lowest age groups of 18-24-year-olds (39.1%) and 25-34-year-olds (53.0%). Despite the young age of the sample, 30% of respondents work full- (21.3%) or part-time (8.7%), with 40.4% disposing of a household income of at least 25,000€, 41% of that group belonging to a household income group above 50,000€. As regards the examined brands, more than 90% have at least heard of Shein while almost all respondents (99,1%) have at least heard of Zara, suggesting broad brand awareness. While the sample cannot represent the diverse consumer body within the fashion industry, the demographic statistics were largely similar for each of the studied groups, thus allowing for the aggregate comparison of groups.

4.3 Hypothesis Testing

The nature of the RQs stemming from the conceptualized research model postulates a serial moderated mediation model. The testing of hypotheses thereof was processed sequentially and initially involved the validation or non-validation of the single hypotheses via pertinent statistical tests. The sequence thereby reflected the order of RQs as put forth in the introductory sections, thus initially examining the main effect upon examining the overall (R1) and differential (R2) relationship between brand extension strategies and WTP (H1a–H1c). Subsequently, the mediating effects of PF and BA were delved into, as required by RQ3, by means of testing the relationships between the single variables (H2a-H2e) as well as the full serial mediation via PROCESS model 6. Finally, the single moderating effects were tested in an endeavor to answer RQ4, thereby concluding the single hypothesis testing.

4.3.1 RQ1: The effect of BES on WTP

H1a: Upward Brand Extensions have a significantly higher WTP than no extension.

The first RQ aimed at examining whether there is an overall difference of upward BES versus the no extension on WTP_{OPP} . For this reason, a newly coded dummy variable differentiated between the control group ($Brand_Ext = 0$) and summarized the two other extension strategies into one group ($Brand_Ext = 1$). To statistically test the relationship between this nominal 2-group IV and the metric WTP_{OPP} , an Independent Samples T-Test appeared to be suitable. This theoretical applicability, however, was disproved by the violation of the normality assumption as detected via a Kolmogorov-Smirnov Test that rejected the null hypothesis of continuous distribution with a p-value below .001 (Appendix 21). Henceforth, in substitution, the non-parametric Mann-Whitney U Test was applied.

While the levels of measurement (IV = dichotomous; DV = continuous) and the independence of observations (by design) resulted in the majority of assumptions being met, the critical premise for the interpretation of the test is the similar shape of distribution in each group which was visually rejected (Appendix 22), thus positing the interpretation of the mean ranks in lieu of medians. The test statistic displays a significant result ($U=9494.00$; $p<.001$), thus enabling the rejection of H_0 which states that the distribution of WTP_{OPP} is the same across the two categories. More specifically, the mean rank for the control group of no extension (79.33) lies below the mean rank of the brand extension group (138.33), thus supporting $H1a$ (Appendix 23).

4.3.2 RQ2: The differential effect of BES on WTP

H1b: Upward cobranded extensions have a significantly higher WTP than upward vertical extensions.

To test the difference between the individual BES as regards WTP_{OPP} , a newly coded variable divided the stimuli into the control groups ($Ex_Strat=0$), as well as brand extension groups (1=vertical extension; 2=cobranded). Thus, in relation to the previous test, the single difference in terms of assumptions was presented by the addition of a further group. Hence, on the grounds of the variable losing its dichotomous nature, a Kruskal-Wallis H Test was applied as the nonparametric alternative to a one-way ANOVA. Again, the visual examination of the distribution of scores resulted in the rejection of similar shapes (Appendix 24). Nonetheless, the test statistic (Appendix 25) displayed a significant result, allowing for the rejection of the null hypothesis that the distribution of WTP_{OPP} is the same across the groups ($\chi^2(2)=156,752$; $p<.00$). Pairwise comparison resulted in the following relationships:

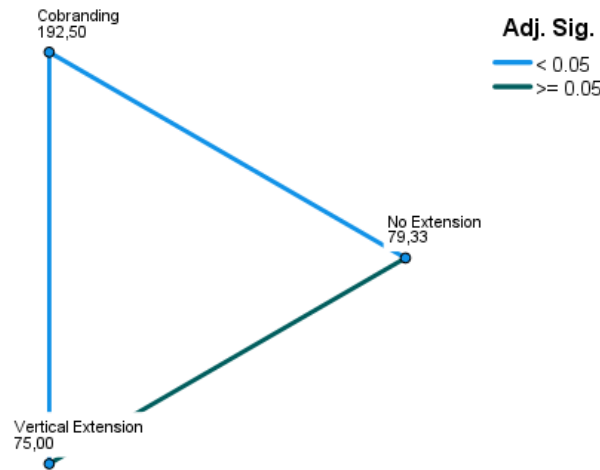


Figure 5: Pairwise Comparisons of WTP_{OPP} across BES

It can be established that the mean ranks for vertical (75.00) and no extension (79.33) did not differ significantly (p -value=.686) (Appendix 26). However, the mean rank of cobranding (192.50) was significantly higher than that of both, vertical and no extension. It can thus be established that cobranding does not only have a significantly higher WTP_{OPP} due to the higher mean rank compared to the control group, but it also has a significantly higher WTP_{OPP} than that of the vertical extension group, thereby further building on the finding that the latter does not have a statistically different mean rank towards the control group at all. This leads to supporting H1b.

4.3.3 RQ3: The mediating roles of PF and BA

H2a: Upward cobranded extensions have a significantly lower PF than upward vertical and no extensions.

H2a aimed to examine whether there is a differential mean PF depending on the selected BES. Aligning with the above analysis, the variables at hand are of non-dichotomous categorical (IV) and continuous (DV) nature. Given the violation of the normality assumption, a Kruskal-Wallis H Test was applied. In this case, the scores' distribution displayed a similar distribution, allowing for the interpretation of means (Appendix 27).

The test statistic (Appendix 28) displayed a significant result, leading to the rejection of the H_0 that the distribution of PF is the same across BES ($\chi^2(2)=9,778$; $p=.008$). The pairwise comparison of the singular groups results in the following relationships:

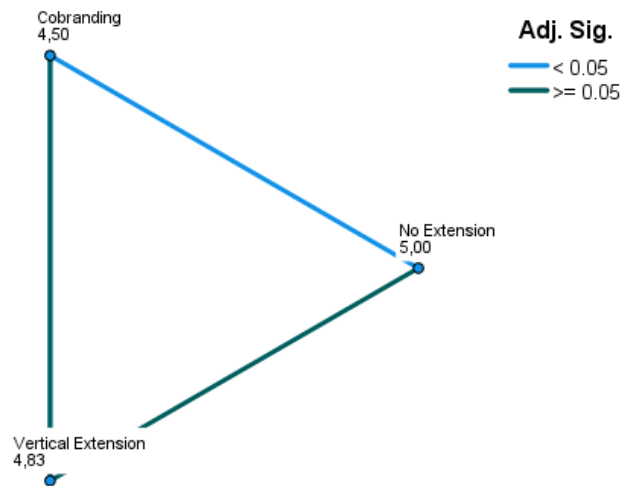


Figure 6: Pairwise Comparison of PF across BES

In analyzing the visual and the adjusted p-values in Appendix 29, the only significant mean difference has been found to exist between cobranding and no extension (adj.p=.007). The vertical extension does not differ significantly from the control group in terms of mean PF (adj.p=1). It is noteworthy, however, that the cobranding mean (4,50) can be interpreted as being significantly lower than that of the control group (5,00), yet not significantly lower than that of vertical extension (4,83). In total, therefore, H2a is partially supported.

H2b: PF has a significant effect on BA.

To test whether the metric PF has a significant effect on the metric BA, a Linear Regression Model was applied. While the histogram of standardized residuals and normal P-P Plot of residuals prove the normal distribution of residuals, the scatterplot confirms the constant variance assumption (Appendix 30). As displayed in Appendix 31, the correlations table confirms the non-existence of any collinearity issue with regard to the included variables (Pearson correlation=.151).

It must be noted that the model does not explain much of the variation in BA ($R^2=.023$) upon following the interpretation grid by Cohen (1988). Nonetheless, the p-value of .022 posits that the H_0 of the coefficient being equal to zero can be rejected, positioning PF as a significant predictor $F(2.539)=5.324, p=.022$. Thereby, there is no issue of multicollinearity as the tolerance for all coefficients lies above .4. Hence, the B coefficient of .217. allows to conclude that a one-unit increase in PF results in an increase of .217 in BA. While, as stated, the model cannot account for much of the variation, H2b can still be supported.

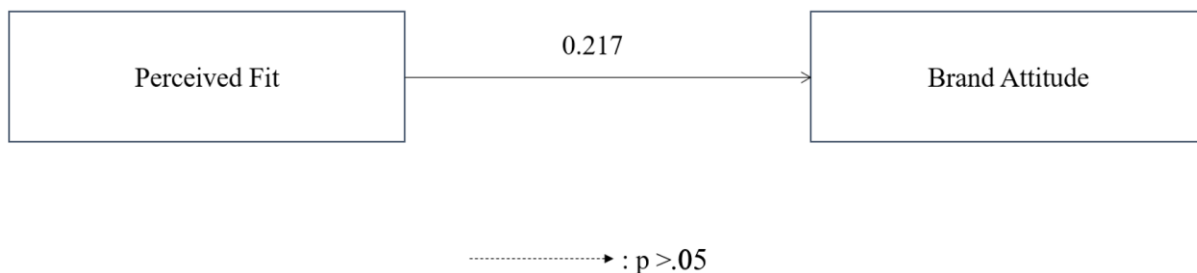


Figure 7: H2b-Statistical Model with Coefficient

H2c: PF has a significant effect on WTP.

To test whether PF has a significant effect on the metric WTP, a linear regression model was applied. The insignificance of the model ($p=.108$), however, lead to the rejection of H2e (Appendix 32)

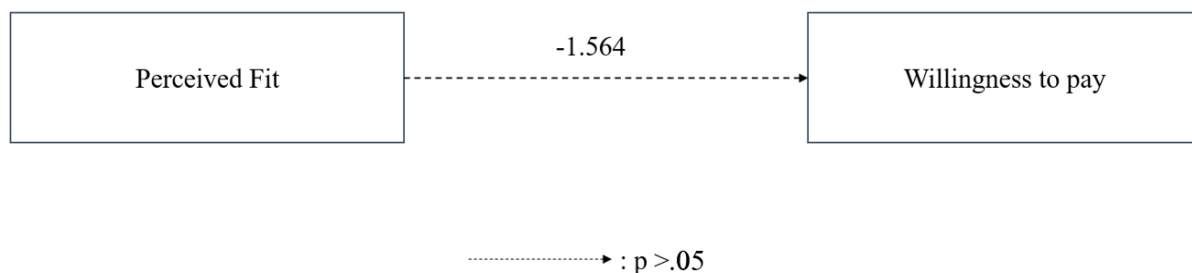


Figure 8: H2c-Statistical Model with Coefficient

H2d: Upward cobranded extensions have a significantly higher BA than upward vertical and no extensions.

H2d aimed to examine whether there is a differential mean BA assessment depending on the selected BES. Given the violation of the normality assumption, a Kruskal-Wallis H Test was applied. Again, the visual examination of the distribution of scores resulted in the rejection of similar shape (Appendix 33). The test statistic (Appendix 34) displayed a non-significant result, thus H_0 that the distribution of BA is the same across BES was retained ($p=.350$), leading to the rejection of H2d.

H2e: BA has a significant effect on WTP.

Aligning with H2c, a Linear Regression Model was applied. As for assumptions, the histogram of standardized residuals and normal P-P Plot prove the normal distribution of residuals while the scatterplot confirms the constant variance assumption (Appendix 35). The correlations table

displays that there is no collinearity issue with regard to the included variables (Pearson correlation=.242). In terms of fit, the model only explains 5.8% of the variation in WTP_{OPP} (R^2). The p-value of less than .001 provides that H_0 of the coefficient being equal to zero can be rejected, such that BA is a significant predictor $F(256.092)=14.155, p<.001$ (Appendix 36). There is also no issue of multicollinearity as the tolerance for all coefficients lies above .4 (Appendix 24). Ultimately, the B coefficient lead to the conclusion that a one-unit increase in BA results in an increase of 2.474 in terms of WTP_{OPP} . While the model cannot account for much of the variation (Cohen, 1988), H2e can still be supported.

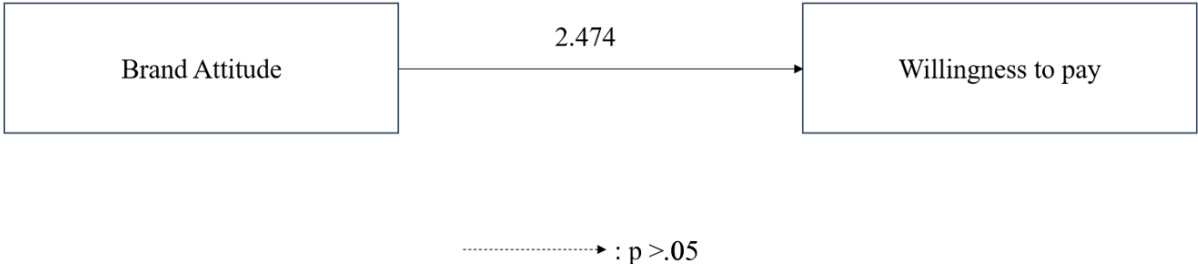


Figure 9: H2e-Statistical Model with Coefficients

H2: PF and BA sequentially mediate the relationship between BES and WTP.

Taking the analysis a step further, the sequential mediation effect was tested as a whole upon utilizing Haye’s Process Model 6 (Hayes, 2013), thus examining the following indirect effects:

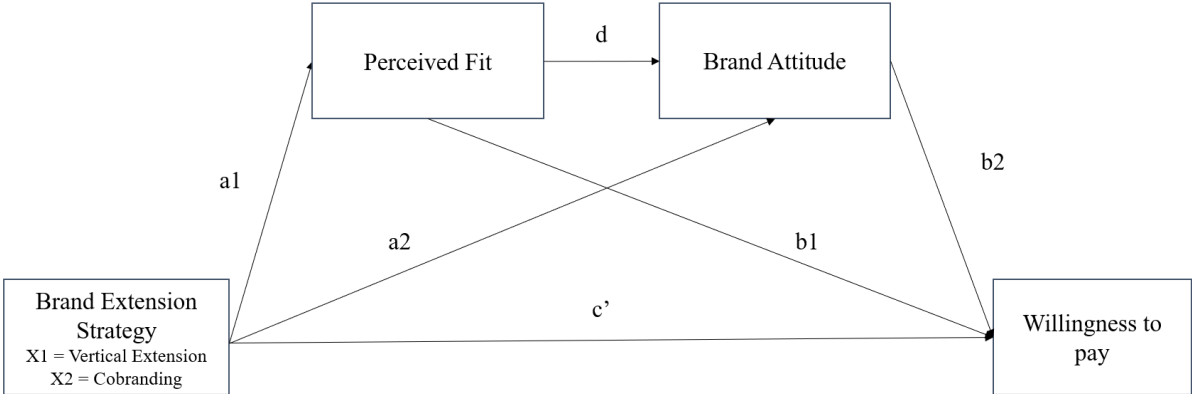


Figure 10: Serial Mediation Model

- (1) Indirect effect of BES through PF: $a1 * b1$
- (2) Indirect effect of BES through BA: $a2 * b2$
- (3) Indirect effect of BES through PF and BA: $a1 * d * b2$

In full, this sequential mediation model explains 73.43% of variance in WTP_{OPP} ($p=.00$), thus generally establishing substantial fit based on the interpretation grid by Cohen (1988). Upon examining the models for each outcome variable, it is critical to highlight that the multicategorical IV was coded to reflect vertical extensions (X1) and cobranding (X2) with the non-extension group serving as the reference variable, the betas therefore requiring an interpretation in reference to that control group.

Aligning with the previous findings, cobranding (X1) has a significantly negative effect on PF relative to the control group ($B=-.6367$; $t=-3.7486$; $p=.0002$) as opposed to the vertical extension, where the effect relative to the control group is not significant ($p=.3770$). This is path a1. As for path a2, there is no significant effect of BES relative to the control group ($p=.0541$). PF, however, was found to have a significant effect on BA ($B=.2631$; $t=2.7162$; $p=.0071$) (d). Cobranding, as opposed to the vertical extension, was further detected as a significant determinant with regard to WTP_{OPP} with a substantially higher effect than the control group ($B=29.5843$; $t=22.9548$; $p=.00$), thus referring to the direct effect c' . PF ($B=1.0950$; $t=2.2232$) and BA ($B=1.7013$; $t=5.1116$) further displayed significant effects on WTP_{OPP} with p-values of .0272 (path b1) and .000 (b2), respectively. Thus, examining the outcome variable of WTP_{OPP} , all other variables have a significant effect:

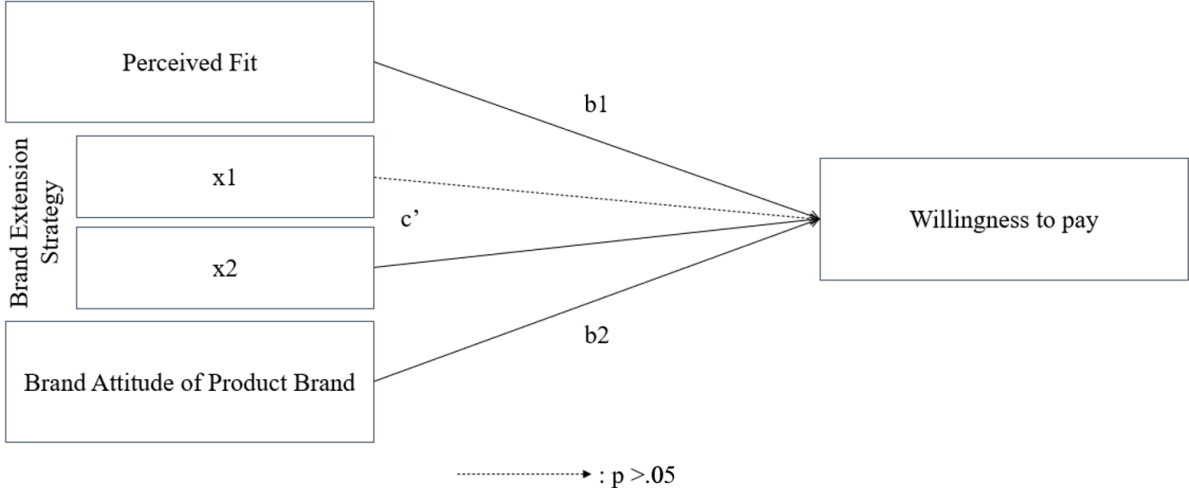


Figure 11: Serial Mediation-Statistical Model

The indirect effect 1 (i.e. Brand Extension \rightarrow PF \rightarrow WTP_{OPP}) showed significance in the cobranding treatment as a predictor in relation to the control group as the bootstrap interval does not cross 0 ($a1(-.6367)*b1(1.0950)=-.6972$), thereby confirming the negative mediation effect of PF in the case of cobranding. Indirect effect 2 (i.e. Brand Extension \rightarrow BA \rightarrow WTP_{OPP}),

again, showed a significant mean difference between cobranding and the control group, only ($a_2 \cdot b_2 = .8415$). As for the full sequential indirect effect, likewise, only the cobranding treatment served as a significant predictor with an effect of $a_1 \cdot d \cdot b_2 = -.2850$.

Therefore, H2 can only be partially supported, provided that all reference indirect effects are only significant for one of the brand extension categories. More precisely, the total effect of X2 (i.e. cobranding) on WTP_{OPP} displayed a coefficient of 29.4435, resulting from a direct effect with a coefficient of 29.5843 and the sum of indirect effects, adding up to a coefficient of -0.1407, which once more reveals the negative serial mediation (see the full matrix in Appendix 37).

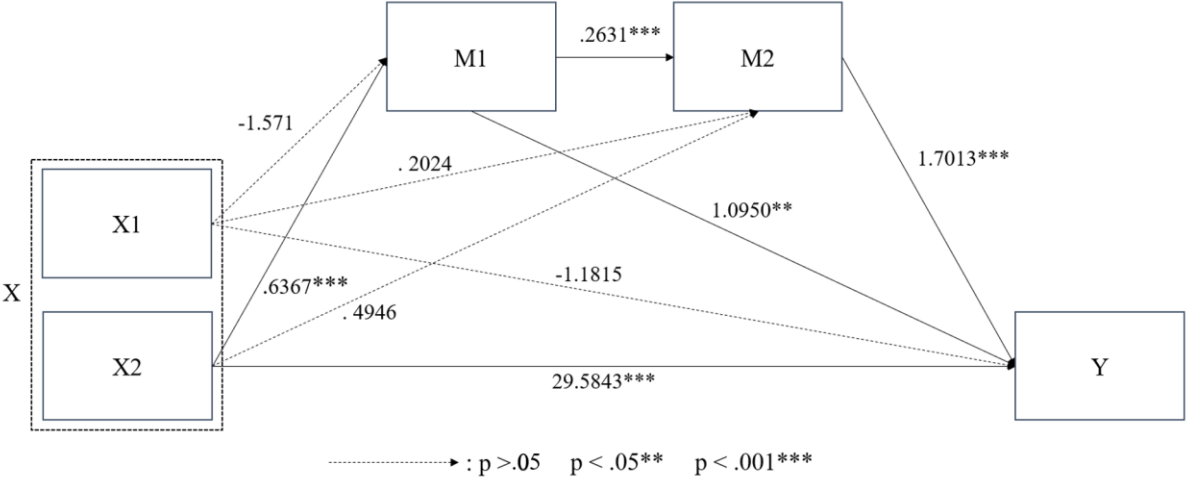


Figure 12: Serial Mediation-Statistical Model of Effects

4.3.4 RQ4 The moderating role of PQ

To test the moderation of PQ on each of the three relationships in H3, H4 and H5, Haye’s process model 1 was utilized, given the continuous nature of the IV.

H3: Perceived quality moderates the effect between brand extension strategy and brand attitude.

The results derived from the matrix procedure (Appendix 38) confirm that there is only moderate predictive power of the model ($R^2 = .311$; $p = .000$). While the direct effect of PQ on BA was found to be significant ($B = .6396$; $p = .00$), all other direct and indirect effects were insignificant ($p > .05$). H3 was therefore rejected.

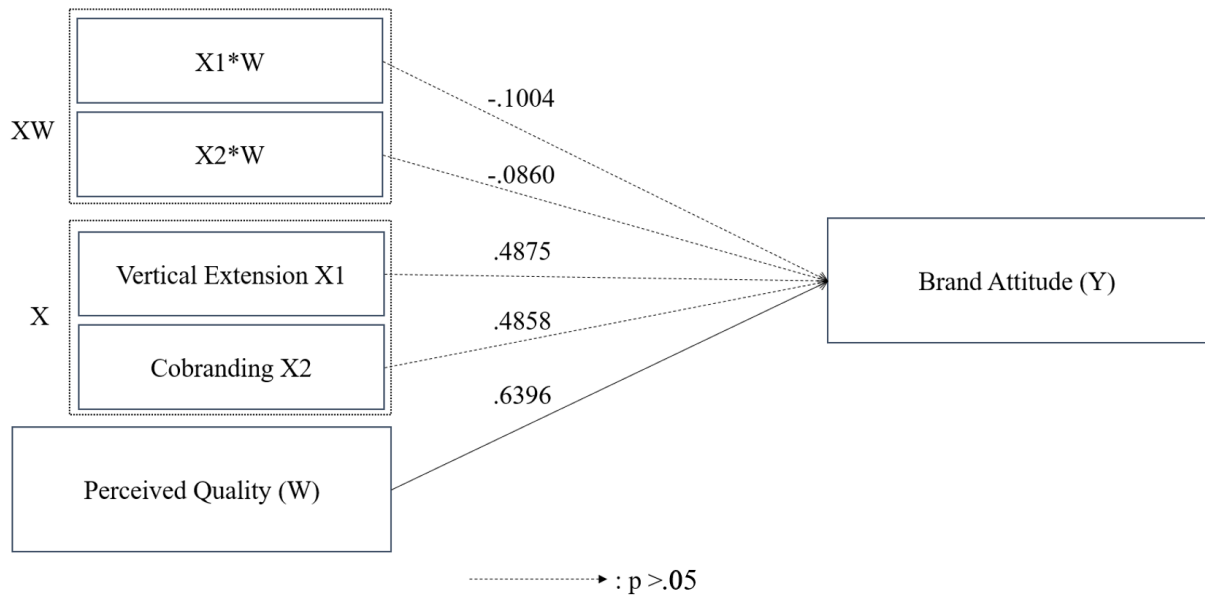


Figure 13: H3-Statistical Model of Significance

H4: Perceived quality moderates the effect between brand extension strategy and perceived fit.

The results derived from the matrix procedure (Appendix 39) confirm that there is only a low predictive power of the model ($R^2=.168$; $p=.000$). While the relative direct effects of both, X1 ($B=-.8921$; $p=.0401$) and X2 ($B=-1.1522$; $p=.0075$) are significant, none of the interaction terms, nor the direct effect of PQ on PF ($p=.1541$) was characterized by a p-value lower than .05. H4 was therefore rejected.

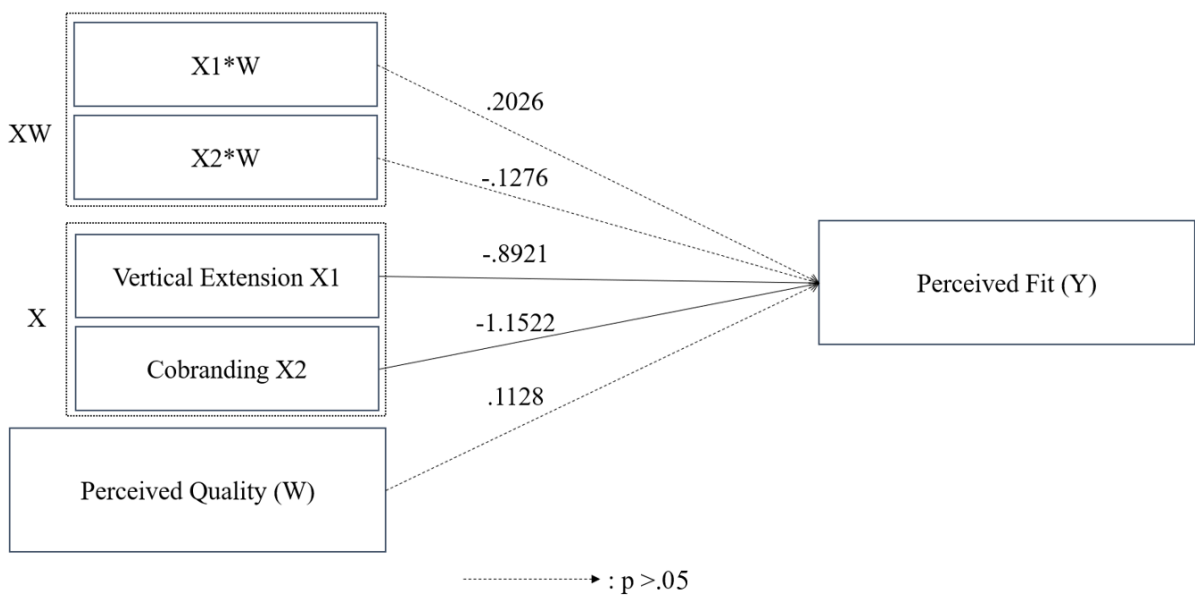


Figure 14: H4-Statistical Model of Significance

H5: Perceived quality of the PB moderates the effect between brand extension strategy and WTP.

The results derived from the matrix procedure (Appendix 40) confirm the statistically significant and substantial explanatory power of the model ($R^2=.7931$; $p=.000$). While all direct effects were found to be significant at a $p<.001$, only one of the interaction terms, namely $X1*PQ$ displayed a significant negative effect on the WTP_{OPP} ($B=-3.4942$; $p=.00$). Thus, the higher the PQ of the PB, the lower the effect of vertical extensions on WTP_{OPP} . H5 was therefore partially confirmed, namely for the group category of vertical extensions.

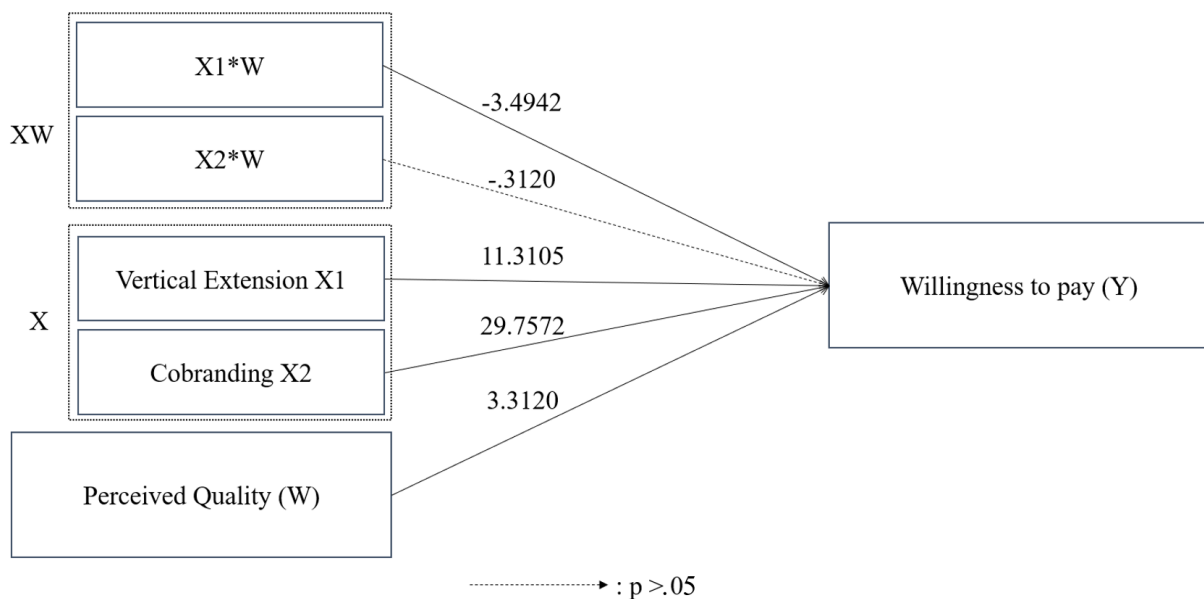


Figure 15: H5-Statistical Model of Significance

4.3.5 Full Moderated Serial Mediation Model Testing

To test the significant effects and coefficients of the full model, thus including all intended effects, Haye’s PROCESS Model 86 (moderated serial mediation) was run to combine the previously tested models. As in the previous analyses, the multicategorical IV has been coded into a dichotomous variable reflecting the vertical extension treatment (X1) as well as the cobranding treatment (X2), the control group of no extensions being the reference variable against which the means of the two treatments were tested by the model.

The first outcome variable being PF, the effect sizes and significance align with what has previously been studied via Model 6 as no further variable has been added that would affect the effects within this model. The relative direct effects of cobranding (X2) ($p=.0075$) and vertical extension (X1) ($p=.0401$) remain significant at the same level while PQ and its interaction terms

remain insignificant. The same applies to the model with the outcome variable BA where PF has been added, yet leading to no major changes in significance, nor coefficients.

When reviewing the full model with the outcome variable WTP_{OPP} , adding the moderator variable PQ to the previously individually tested serial mediation (PROCESS 6), raises its explanatory power to an R^2 of .8028. While previously only depicting a partial direct effect of X on Y, namely only for category X2 (i.e. cobranding), the addition of PQ as a moderator rendered a significant direct effect of X1 (i.e. vertical extension) on Y as well. More specifically, the interaction term resulting from $X1 * PQ$ shows a significant negative effect (-3.5784; $p=.00$) on WTP_{OPP} , confirming the Model 1 findings on H5.

To examine the sequential mediation more closely, the indirect and direct effects have been studied. It is noteworthy that the test of equality of conditional means leads to the rejection of the null hypothesis of equality of means ($F=374, 5361$; $p=.00$). More precisely, there were significant conditional mean differences, relating to low (1.9933), medium (3.6667) and high (5,333) PQ values for both categories of X.

The effect of X2 on Y was significantly positive for the low, medium and high level of the moderating PQ variable, displaying effects of 29.6375, 29.0644, 28.4935. However, with regard to the direct effect of X1, it was positive (4.5035) for low PQ and negative (-74484) for high PQ with the effect under medium PQ being insignificant.

	PQ	Effect	T	P	LLCI	ULCI
X1	1,9933	4.5035	2.5431	.0117	1.0136	7.9934
X1	3,6667	-1.4844	-1.2201	.2237	-3.8820	.9132
X1	5,3333	-7.4484	-3.9936	.0001	-11.1239	-3.7729

Table 6: Relative Conditional Direct Effects of X on Y

When examining the relative conditional indirect effects, however, there is no significance for each of the effects at any of the PQ levels, i.e. the Bootstrap interval is transgressing 0 for each of the singular indirect effects as well as the serial mediation.

In total therefore, the full moderated serial mediation model testing added to the previous findings in establishing a direct effect, not only between X2 (i.e. cobranding) and WTP_{OPP} but, upon adding the moderating variable of PQ, also between X1 and WTP_{OPP} under the condition of low or high level PQ. The serial mediation postulated by H2 as well as the linked

hypothesized moderating effects on the relationship between the X and the mediating variables has been found to not be significant within the full model (Appendix 41).

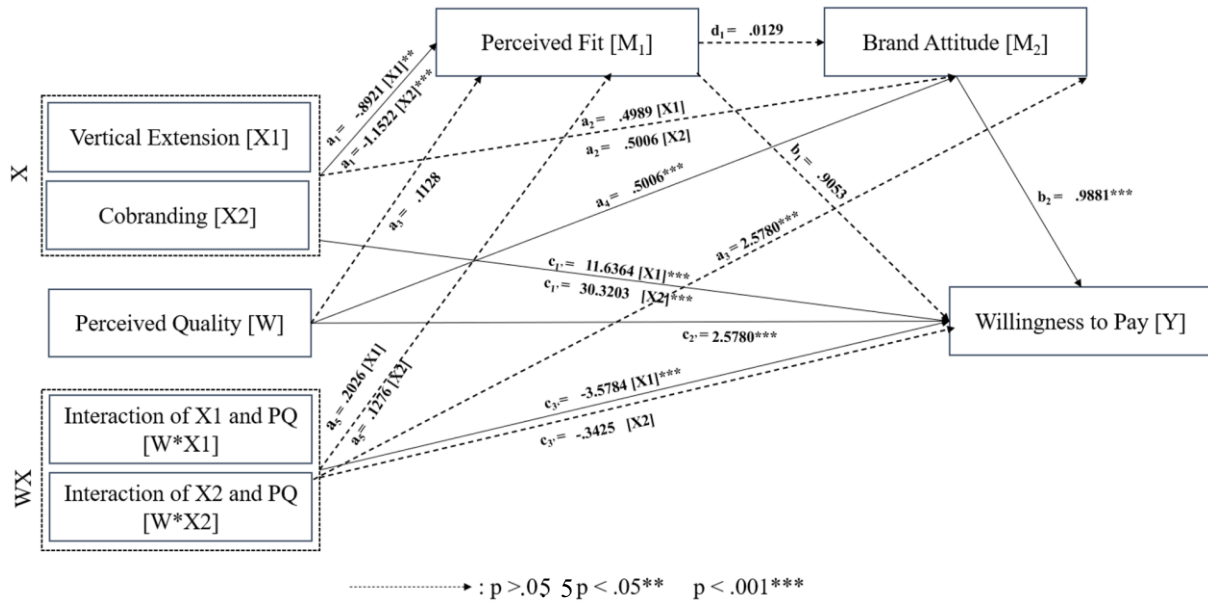


Figure 16: Full Statistical Model

4.3.6 Summary of Hypothesis Testing

The data analysis eventually allowed for an update of Table 4 as to the support or rejection of the singular hypotheses, both, in hypothesis and full model testing:

H	IV	M/W	DV	H Result	Full Model
1a	BES (0,1)		WTP _{OPP}	<i>Supported</i>	<i>Supported</i>
1b	BES (1,2,3)		WTP _{OPP}	<i>Supported</i>	<i>Supported</i> <i>(+Significance X1)</i>
2	BES	PF. BA	WTP _{OPP}	<i>Partially</i> <i>Supported</i>	<i>Rejected</i>
2a	BES		PF	<i>Partially</i> <i>Supported</i>	<i>Supported</i>
2b	PF		BA	<i>Supported</i>	<i>Rejected</i>
2c	PF		WTP _{OPP}	<i>Rejected</i>	<i>Rejected</i>
2d	BES		BA	<i>Rejected</i>	<i>Rejected</i>
2e	BA		WTP _{OPP}	<i>Supported</i>	<i>Supported</i>
3	BES	PQ	BA	<i>Rejected</i>	<i>Rejected</i>
4	BES	PQ	PF	<i>Rejected</i>	<i>Rejected</i>
5	BES	PQ	WTP _{OPP}	<i>Partially</i> <i>Supported</i>	<i>Partially</i> <i>Supported</i>

Table 7: Data Analysis Summary

4.4 Further Results

4.4.1 PQ of Parent Brands based on Brand Awareness

As has been detected in chapter 4.3.5, PQ plays a significant role in determining whether vertical extensions yield a higher WTP_{OPP}. It was therefore of interest to determine whether there is a differential evaluation of the individual brands' PQ based on the awareness that respondents have of the respective brand. This difference in PQ means for the different categories of awareness were tested via a Kruskal-Wallis H Test that was run on all cases that have been exposed to a Zara sneaker, or respectively, a Shein sneaker (Appendix 42). In the case of Shein, the null hypothesis of an equal distribution of PQ across the categories of awareness of Shein can be rejected (Test Statistic=17.396; p<.001).

The pairwise comparison (Appendix 44) allows for detecting that the sample average rank of PQ is higher for those that have never heard of the brand (88.61) as compared to those that have purchased the brand before (50.04) or that are familiar with the brand but have never purchased it (50.60) (Appendix . The like analysis has been performed for the cases where participants were exposed to a Zara treatment, yet the null hypothesis had to be retained in this case.

CHAPTER 5: CONCLUSIONS AND LIMITATIONS

5.1 Main Findings & Conclusions

5.1.1 RQ1: What effect do upward BES have on WTP?

While the amount of studies relating brand extensions to WTP is substantially limited, the existing research proves a positive relationship between the two (Fedorikhin et al., 2008; Kirmani et al., 1999). Likewise, the results gathered from the main study of this work support the hypothesis of a significant difference in WTP_{OPP} between the group of upward brand extension (i.e. including both BES) and the control group of no extension, thereby finding a significantly higher mean rank for the case of upward brand extension, thus aligning with the just-stated previous academic works. On that account, higher price/quality positioning can, indeed, be reflected in customers' WTP.

5.1.2 RQ2: Is there a difference between the effect of upward vertical extensions vs. cobranded extensions on WTP?

While research suggesting the potential success of upward extensions in terms of higher WTP has been confirmed (RQ1), the scope of this thesis transcended the current state of literature in differentiating between distinct BES (i.e. vertical vs. cobranded extensions) in an endeavor to assess the differential effects thereof on WTP. This was mainly built on the findings that the shortcoming of negative stigmatization might deter consumers from forming positive quality associations concerning vertical extensions (Boush & Loken, 1991; Dacin & Smith, 1994; Shan et al., 2022). This effect might be overcome by collaborating with an established brand, in adding a positive quality spillover originating from the latter (Helmig et al., 2008; C. W. Park et al., 1996; Simonin & Ruth, 1998). Such differential WTP_{OPP} between the two strategies was, indeed, confirmed to be true by the findings of this research. More so, the results have not only proven the significantly higher WTP within the cobranding group, the single testing of H1b has further established that, in the case of vertical extensions, there is no significant effect on WTP. Thereby, the findings on RQ2 essentially posit the partial invalidity of the results brought forth by RQ1: While the overall WTP was significant in solely examining the two extremes of brand vs. no extensions, H1b was crucial to ascertain that the overall positive effect was caused solely by the group of cobranding. Thereby, the results suggest, against the current state of literature, that brand extensions, per se, do not promise higher WTP, given that they must be strategically separated.

5.1.3 RQ3: What is the role of PF and BA in explaining the relationship between BES and WTP?

In relevant literature, categorization theory postulated potential negative spillover effects that might arise from mass brands extending into premium lines, referring to the transfer of the non-premium image that could potentially lead to an unfavorable attitude towards the extension (Boush & Loken, 1991; Dacin & Smith, 1994; Shan et al., 2022). This was mainly grounded on the reverse findings of negative spillovers arising from luxury brands extending downwards. It was therefore assumed that, to overcome such unfavorable spillover, cobranding with an established luxury brand would achieve more favorable attitudes. This was mainly reasoned by research that suggests that asymmetry between the constituent brands, in terms of established quality images, may result in positive spillover potential towards the lower quality brand and the cobranded product itself (Helmig et al., 2008; C. W. Park et al., 1996; Simonin & Ruth, 1998).

When examining the differential effect of BES on PF, it has indeed been proven that the PF means, in the cobranding group, were significantly lower than those of the vertical extension and control group, suggesting that asymmetry (i.e. low perceived fit) does, indeed, exist for that group. However, the inherent assumption in literature that such asymmetry would lead to more favorable attitudes, due to the luxury image spillover, has been falsified. Even more – the contrary effect has been found to exist and thus a positive effect of PF on BA.

However, when testing for the individual mediating effects, the indirect effect stemming from the mediating role of BA in the relationship between the cobranding group and WTP, was significantly positive. Contrary, the indirect effect originating from the mediating role of PF in the relationship between cobranding and WTP is negative, just like the full serial mediation that involved both mediating variables. Therefore, it can be inferred that, in the case of cobranding, the higher BA does not originate from lower PF. Much rather, the positive single mediation effect of BA is offset by the negative mediating effect of PF, the full serial mediation therefore turning into a suppression effect. There are therefore essentially two observable effects, including the generally significantly higher indirect effect of cobranding on WTP_{OPP} over BA. Contrary to past research, however, that effect is not caused but suppressed by the asymmetry between the brands (i.e. low PF), suggesting that, upon raising the PF between the cobrand and the PB, this suppression effect could be counteracted. This, however, only holds true upon omitting the effect of PQ that will be discussed in the following.

5.1.4 RQ4: What is the effect of PQ of the PB in the relationship between BES and WTP?

Notably, adding PQ of the PB as a moderator leads to striking shifts in the previous findings and, firstly, strips the serial mediation effect of its significance. Past research lends findings to assume that PQ influences the direction of the effect of BES on PF, BA and WTP, suggesting that high PQ leads to favorable effects between the variables, given the spillover of high-quality perceptions while low PQ achieves the contrary due to negative quality spillover, especially in vertical extensions, given that no collaborating brand might counteract such effect (Aaker & Keller, 1990; Bottomley & Doyle, 1996; Bottomley & Holden, 2001; Carter & Curry, 2013; Chowdhury, 2007; Martínez & Chernatony, 2004; J. W. Park & Kim, 2001). PQ has, indeed, been found to have a significant effect, yet solely in its interactive role with the vertical extension group in its effect on WTP. In fact, a major contradiction to the literature findings has been detected in the result that low PQ does not lead to unfavorable direct effects of vertical extensions on WTP. More so, low levels of PQ are associated with positive effects of vertical extensions on WTP while high PQ was detected to negatively affect this relationship. This may possibly be reasoned by the fact that customers already perceive the usual offering of the PB as being qualitative, therefore not viewing any reason to pay more for an extension. An interesting further finding on PQ, revealed by the additional analysis, displayed that the overall low-quality brand Shein was perceived as being of higher quality by those that have never heard of it.

5.2 Managerial / Academic Implications

In the beginning sections, *masstige* has been established as a concept frequently studied from the perspective of luxury brands extending downwards. Research thereby lagging behind industry practice was the trigger that gave rise to the core purpose of this work: Would customers be willing to pay a higher price for an extension originating from a brand associated with lower prices? The answer is yes. Stopping research at this point and suggesting that brand extensions into premium lines could unconditionally allow mass brands to charge higher prices with successful reception, would be severely ineffective. Indeed, this work has contributed to academia by showing that the differentiation between vertical and cobranded extensions is a crucial one. In fact, the initial findings show that consumers would not accept a higher price for upward vertical extensions. From a managerial perspective, this suggests the following:

1. You can attract *masstige* customers with an upward brand extension, yet only in collaborating with an established luxury brand. A premium vertical extension, on the other hand, would raise production costs without reaping any benefit as to higher revenue.

The work, however, further expanded academic findings on the potential positive effect of asymmetry between brands. Past research suggested that lower fit between mass and luxury brands could counteract the negative stigmatization originating from the mass PB. However, the contrary has been proven for cobranded extensions, thus positing that low fit, in fact, leads to a negative effect on BA, thus creating a suppressing effect on WTP. Therefore:

2. It is crucial to highlight the similarities between the luxury and mass brands in fashion collaborations. Karl Lagerfeld's former communication assistant stated that "It would have been super easy for Karl to say 'no.' The **surprise** was that he said 'yes,'" when referring to a collaboration with H&M. Collaborations of such kind, should, however, not be conveyed as a paradox, or surprise but positioned as natural alliances of brands embodying similar taste perceptions or creative visions. This would enhance the PF from the consumer's side and reap more favorable attitudes.

However, this thesis has also revealed potential conditions in which vertical extensions lead to positive effects on WTP:

3. It is crucial to conduct research on the quality perceptions of the managed brand to understand whether an upward vertical extension might be a promising alternative to cobranding. Should the managed brand be of low PQ, customers can actually be drawn to pay a premium for an upward vertical extension. However, the effects of a cobranded extension would be substantially higher in terms of WTP. In this case, it would therefore be necessary to weigh the costs against the revenue to ascertain whether a vertical extension would be a viable alternative.
4. If the managed brand is an overall low-quality brand, a segmentation of clients can be effective. For the clients that have previously bought the brand, thus, as detected, rather evaluate it as being of lower quality, a vertical extension can persuade them to pay a premium compared to the usual offering. This offers potential to retain past clients that are not satisfied with the brand's usual quality. Again, the effectiveness of a cobranded extension would be higher, once more highlighting the necessity of weighing the costs against the potential revenue. Contrary, new customers, given their relatively higher quality perception of that brand, should be acquired via cobranded extensions, refraining from vertical extensions.

5.3 Limitations and Further Research

While this research shed light on some major opportunities of brand extensions in the relevant context of *masstige*, it is crucial to provide a balanced assessment upon critically highlighting its limitations as to matters of robustness and generalizability. Likewise, this uncovers potential directions of future research.

Firstly, the generalizability of the findings is limited by the choice of subcategory (i.e. sneakers) which was selected for being a high involvement category where premium extensions might be effective. This thesis does not provide any insights on the market dynamics, consumer behavior and eventually any difference in results that the same study could yield when observing, i.e. low-involvement categories or other industries. Henceforth, future research could extend the perspective towards including categories of varying involvement or decision criteria. This could uncover specific potentials of extension strategies in different industries, respectively subcategories. It must further be noted that the majority of the sample were female German students. This does not represent the diverse fashion consumer population. Further, while the age and household income represent a fair share of mass brands' target consumers, it would be interesting to include individuals that more closely resemble the target consumers of luxury brands in future research, to uncover their receptiveness and attitudes, especially from the standpoint of the cobranding examples.

Further, while it was intended to grasp the nuances of consumer-decision-making in as much detail as possible within the stimuli creation, it must still be noted that the final stimuli were artificially created. Consumer perceptions of actual extensions might differ from what was studied. This could be overcome by real-world cases, yet it would be hard to achieve objective comparability, as attempted by this study. However, the studied stimuli could be replicated with different designs to ensure that the latter did not distort the results. Further, measurement bias limits the interpretation of findings. While the reliability of the constructs has been proven, the constructs offered different item sets in academia. The influential effects of the variables can therefore only be interpreted based on the definitions that the selected researchers have assigned to them. It must also be noted that a limited number of mediators and moderators has been chosen, given the restricted scope of this work. The findings of the SLR suggest a multitude of further possible constructs. It has been found that PQ substantially changed the causalities of the model upon inclusion. The same could apply to other variables. Specifically, in terms of future research, a variable on the PQ of the extension, not PB, could be included to test whether the intended quality upgrade was indeed achieved. Only following the findings of this thesis

does not reveal if the higher WTP for cobranding, for instance, is due to the higher product quality, not any other variable. The model should therefore be extended and reflect further influential constructs to ensure causality.

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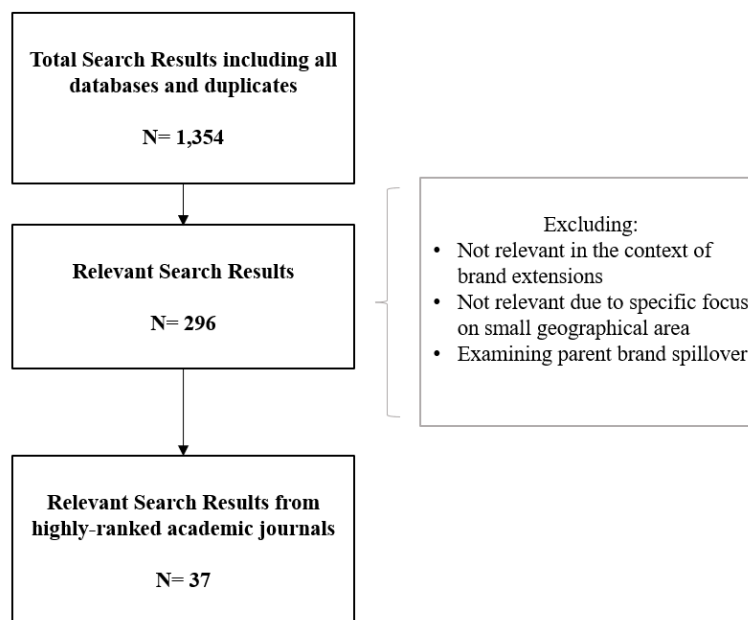
APPENDICES

Appendix 1: Systematic Literature Review - Search Results by Field and Query

Field	Search Query	Results
TI-AB	brand AND ("extension" OR "stretch")	1,007
TI-AB	vertical AND ("line extension" OR "brand extension" OR "brand stretch" OR "line stretch")	33
TI-AB	"cobranding" OR "cobrand" OR "cobranded" OR "co-branding" OR "co-brand" OR "co-branded"	309
TI-AB	masstige AND ("extension" OR "stretch")	5

Note: AS Complete, APA Psyc, BS Complete; Advanced: full text, peer-reviewed, English/ German

Appendix 2: Systematic Literature Review - Inclusion/ Exclusion Summary



Appendix 3: Focus Group Report - Participant Demographics

Identifier	Age	Gender	Occupation	Nationality
1	23	Female	Student	Portuguese
2	24	Female	Full-time employee	Austrian
3	24	Female	Full-time employee	German
4	25	Male	Working Student	German
5	26	Male	Working Student	German
6	27	Male	Full-time employee	German
7	27	Female	Working Student	German
8	28	Female	Working Student	Portuguese

Appendix 4: Focus Group Script

0) INTRODUCTION

(Introductory Text)

1) SHOPPING EXPERIENCE

Can you describe your most recent experience when shopping for clothing online? Do you have any approach that you use in the selection process?

Can you describe your most recent experience when shopping for footwear online? Do you have any approach that you use in the selection process?

Do you typically buy clothing or footwear from the same brands, or do you like to experience and try new ones?

2) SUBCATEGORIES

Think about specific subcategories of clothing & footwear. In which of the subcategories do you typically spend more time in the shopping process because you need more consideration time?

Follow up: Why do you spend more time on your decisions within the [selected category]?

In what subcategories do you tend to value the quality of the items more?

Follow up: Why do you value the quality of items in this subcategory compared to other subcategories?

3) DECISION FACTORS

Please imagine that you are in a situation where you need to buy [subcategories where you value the quality of the items more than in other subcategories] of good quality online, how would you decide where to shop?

Follow up A: What would be the information on the website that you would specifically look for?

Follow up B: What factor would make you include that product in your wishlist or basket?

Can you describe a time where you had a negative experience when looking for a product online? What made that experience negative?

Follow up: How could this specific experience be improved by the brand or retailer?

Can you describe a time where you had an exceptionally positive experience when looking for a product online? What made that experience better in comparison to other experiences?

4) PREMIUM PRICING

When thinking about the [subcategories where you value the quality of the items more than in other subcategories], would you be willing to spend a premium price on the items within it, if they satisfy your quality criteria?

Are there also subcategories of [subcategories where you value the quality of the items more than in other subcategories] where you would not be willing to pay a higher price, regardless of quality?

What is your budget when it comes to purchasing high-quality items from [subcategories where you value the quality of the items more than in other subcategories]? Think about the subcategory where you specifically value quality when answering this question.

5) MASS AND LUXURY BRANDS

Please take a piece of paper and divide it into two sides. In the following part, you will be asked to think about three mass clothing brands that are of high quality, and three that are of low-quality. This is entirely based on your own perception of the quality, which means that there is no right or wrong answer. Please write down the names that come to your mind. If you cannot come up with three each, just write down as many as you can think of. (Go around the group and ask to present)

Please repeat the same exercise for luxury brands that come into your mind when it comes to high quality and low quality. If you cannot come up with three each, just write down as many as you can think of.

5) PREMIUM LINE EXTENSIONS

I have gathered a few examples of brands that have extended their offering into premium clothing or footwear lines (H&M Premium Selection, Uniqlo U, ASOS Luxe). Please take a few minutes to have a look at these examples.

Imagine, you see these items in the brand's online store. Would you want to learn more? If yes, what information would you look for on the product detail page?

How would you describe the difference between these lines and the brand's usual offering?

Do you prefer any of these lines over the brand's usual offering? If yes, why? If not, what are the reasons?

What factors would make you willing to pay more for any of these lines than for the company's usual offering?

7) PREMIUM COBRANDING

I have gathered a few examples of brands that have extended their offering into premium clothing or footwear lines (H&M x Karl Lagerfeld, Nike x Dior, Adidas x Gucci). Please take a few minutes to have a look at these examples.

Imagine, you see these items in the mass brand's online store. Would you want to learn more? If yes, what information would you look for on the product detail page?

How would you describe the difference between these lines and the brand's usual offering?

Do you prefer any of these lines over the brand's usual offering? If yes, why? If not, what are the reasons?

What factors would make you willing to pay more for any of these lines than for the company's usual offering?

8) END OF THE SESSION AND THANK YOU.

Appendix 5: Focus Group Report - Participants Demographics

Section	Findings
Shopping experience	<p>For clothing & footwear:</p> <p>Mostly via smartphone app of a store or a retailer, looking for something specific in a brand's online store, getting inspired on a multi-brand retailer</p> <p>Asked for more focus on looking for something specific: start by going to the category, then applying as many filters as possible, saving a few options for further consideration and then looking at all images and the product description, some look more for material, some care more about the images</p> <p>Footwear-specific: mostly staying with same brands because they are used to quality/ good experience, clothing can also be inspiration-based, browsing for something new</p>
Subcategories	<p>More time spent in the subcategories of outerwear (jackets, coats) and footwear, especially sneakers.</p> <p>Asked for reasons:</p> <ul style="list-style-type: none"> • usually items that you wear everyday • need quality • need to like them longer, material plays bigger role • because they need to last longer <p>Quality especially looked for in winter jackets and sneakers (durability)</p>
<p>Footwear was chosen as the focal category for the subsequent sections because it was most frequently mentioned in the previous section, thus most relevant for the study's purpose</p>	
Decision factors	<p>Decision on brand or shop depending on price focus or quality focus, if focus on quality, then shop for specific brand, if focus on price, then would browse different brands and compare where there is best value for the money</p> <p>Need product photos from different angles, information on material, some need information on composition/ material to evaluate sustainability</p> <p>Asked, what about reviews? Usually not many in clothing/footwear so most don't need them</p> <p>Would add in basket if they like the appearance and know how it looks from all different angles, if material promises good quality and if price is within what they look for.</p>
Premium Pricing	<p>Repeat what criteria are most important to evaluate quality: material, composition, origin</p> <p>Would pay a premium price if all of the criteria would be satisfied, some would also use brand as an indicator</p>

	Would not spend a premium on sandals or shoes for wearing at home, would not spend a premium price on shoes that are from lesser known brands (no experience)
Mass and Luxury Brands	Most frequently named low-quality mass brands: Primark, Shein; high-quality mass brands: ZARA, Uniqlo High-quality luxury brands: Hermès, Louis Vuitton
Premium Line Extension	Would expect from all of these extensions to have a better material or better sustainability than the original, some especially mentioned H&M because of the “Conscious” which they believe has to do with increased sustainability; Would therefore mainly, again, need information on sustainability and material.
Premium Cobranding	Mainly same answers but less focus on sustainability, material is still important to them but they believe that the items would be far more expensive so they would also want the luxury brand logo in the design

Appendix 6: Preliminary Survey - Questionnaire

Note: All items are randomized.

Q1 How often do you buy clothing? SDaily (1), Weekly (2), Every two weeks (3), Once a month (4), Every two months (5), Once a quarter (6), Every six months (7), Once a year (8), Less than once a year (9)

Q2 How often do you buy clothing items from the following subcategories?

	Daily (1)	(...(see above)...) (2-7)	Less than once a year (9)
Trousers, Shorts, Skirts (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
T-Shirts, Sweaters, Sweatshirts (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jackets, Coats (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Footwear (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Underwear (5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q3 How aware are you of the following brands? Please select the statement that best represents your awareness of the individual brand.

	I have never heard of the brand. (1)	I have heard of the brand but don't know anything about it. (2)	I am familiar with the brand but never purchased it. (3)	I have purchased the brand before (4)
ZARA (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Primark (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Uniqlo (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shein (7)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Louis Vuitton (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Hermès (5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Chanel (6)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Participant is randomly assigned to one of the following groups:

Q4-Q7 (same for Zara, Uniqlo, Primark, Shein) Please indicate your agreement or disagreement with the following statements.

	Strongly disagree (1)	(...)	Strongly agree (7)
X is of high quality.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The likely quality of X is extremely high.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The likelihood that X would be functional is very high.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The likelihood that X is reliable is very high.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
X must be of very good quality.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
X appears to be of very poor quality.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Demographics (Q8-16): Age, Nationality, Gender, Occupation, Marital Status, Household income

Appendix 7: Preliminary Survey - Reliability Statistics

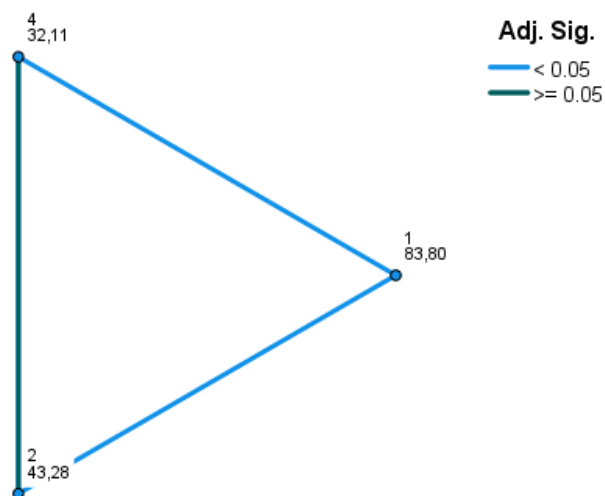
<i>Reliability Statistics (Zara)</i>	
Cronbach's Alpha	N of Items
.966	6
<i>Reliability Statistics (Primark)</i>	
Cronbach's Alpha	N of Items
.939	6
<i>Reliability Statistics (Uniqlo)</i>	
Cronbach's Alpha	N of Items
.987	6
<i>Reliability Statistics (Shein)</i>	
Cronbach's Alpha	N of Items
.981	6

Appendix 8: Preliminary Survey - Kruskal-Wallis

Independent-Samples Kruskal-Wallis Test Summary

Total N	110
Test Statistic	55.952 ^a
Degree Of Freedom	2
Asymptotic Sig.(2-sided test)	<,001

Appendix 9: Preliminary Survey - Kruskal-Wallis Test - Pairwise Comparison



Appendix 10: Stimuli Co-Creation - Scorecard 1

Interviewer explains what vertical vs cobranding extensions are.

Naming of Vertical Line Extensions: These additions are frequently combined with the overall mass brand in vertical line extensions. Which one do you prefer the most and why?

1. Premium 2. Studio 3. Conscious 4. Luxe 5. Masterpiece 6. Design

Naming of Cobranding Extensions: not relevant as they are always the same

Design: Now imagine that you are searching for a sneaker, which one of these would you prefer (shown in larger size)



Appendix 11: Stimuli Co-Creation - Scorecard 2



Appendix 12: Final Stimulus 2 - Zara (High PQ - No Extension)

× ZARA



Sneakers

EUR

ADD TO BAG

< 0 |||

Sole Height: 3cm. / 1.1"

ZARA sneakers are designed with a mix of PU leather and Polyester

Ecru White | 5247/XXX



Sole Height: 3cm. / 1.1"

ZARA sneakers are designed with a mix of PU leather and Polyester

Ecru White | 5247/XXX

Appendix 13: Final Stimulus 3 - Zara x LV (High PQ - Cobranding)



Sole Height: 3cm. / 1.1"

ZARA x LOUIS VUITTON © is designed for increased durability with a stitched mix of sustainable leather fibres

Ecru White | 5247/XXX



Sole Height: 3cm. / 1.1"

ZARA x LOUIS VUITTON © is designed for increased durability with a stitched mix of sustainable leather fibres
Ecru White | 5247/XXX

Appendix 14: Final Stimulus 4 - Shein (Low PQ - No Extension)

SHEIN

← Search  



Sneakers 
From

 **ADD TO BAG**

← ○ |||

Sole Height: 3cm. / 1.1"

SHEIN sneakers are designed with a mix of PU leather and Polyester

Ecru White | 5247/XXX



Sole Height: 3cm. / 1.1"
SHEIN sneakers are designed with a mix of PU leather and Polyester
Ecru White | 5247/XXX

Appendix 15: Final Stimulus 5 - Shein Studio (Low PQ - Vertical Extension)



Sole Height: 3cm. / 1.1"



SHEIN STUDIO COLLECTION © is designed for increased durability with a stitched mix of sustainable leather fibres


Ecru White | 5247/XXX





Appendix 16: Final Stimulus 6 - Shein Studio (Low PQ - Cobranding)

SHEIN

← Search  



SHEIN x LOUIS VUITTON
Sneakers
From 





 **ADD TO BAG**

← ○ |||

Sole Height: 3cm. / 1.1"

SHEIN x LOUIS VUITTON © is designed for increased durability with a stitched mix of sustainable leather fibres

Ecru White | 5247/XXX



Sole Height: 3cm. / 1.1"

SHEIN x LOUIS VUITTON © is designed for increased durability with a stitched mix of sustainable leather fibres

Ecru White | 5247/XXX

Appendix 17: Main Study - Questionnaire

All items and questions were randomized.

Q0 Have you ever purchased a pair of sneakers or intend to purchase a pair of sneakers in the future?
(Yes/No)

Skip To: End of Survey If No

Q1 Please indicate your level of awareness with the following brands.

	I have never heard of the brand. (1)	I have heard of the brand but I don't know anything about it. (2)	I am familiar with the brand but never purchased it. (3)	I have purchased the brand before. (4)
ZARA (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SHEIN (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

After that, randomly assigned to one of the six stimuli (either mobile or desktop version of the animation = branching logic)

Stimulus: Please imagine that you are searching for a pair of white sneakers and find the following item while browsing brands' online stores. Please assume that the shoe satisfies your general criteria as to the measurements (sole height etc.)

Take some time and scroll through the product images and read the product material description that appears after the images carefully. You will be asked to answer some questions on the product in the following. The "next" button will appear in 20 seconds.

Q2 In how far do the following expressions reflect your attitude towards the shown product brand?

	1 (1)	(...)	7 (7)	
Bad	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Good
Dislike very much	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Like very much
Unpleasant	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Pleasant
Poor quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	High quality

Q3: Please indicate your level of agreement with the following statements with regard to the sneakers that you previously saw.

	Strongly disagree (1)	(...)	Strongly agree (7)
ZARA's usual products and the sneakers are similar in terms of their specific features and attributes (e.g. size,color, look)? (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ZARA's usual products and the sneakers are similar in terms of their basic functions, benefits and functionality? (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ZARA's usual products and the sneakers are similar in terms of the resources required to develop the products (e.g. skills, expertise)? (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ZARA's usual products and the sneakers are similar in terms of their abstract images and concepts (i.e. associations, concepts or images that come to you mind when you think about the brand/product)? (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ZARA's usual products and the sneakers are similar in terms of their usage occasions (i.e., where or when you would wear them)? (5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ZARA's usual products and the sneakers are similar in terms of their target markets (i.e., consumers at which a product is aimed)? (6)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q4 WP1 Below what price would the product become **so inexpensive that you would doubt its quality** and not consider buying it? (too cheap) Please indicate the amount in Euros.

Q5 At what price do you consider the product to become **inexpensive but you would still consider it to be a bargain?** (cheap) Please indicate the amount in Euros.

Q6 At what price do you consider the product to become **expensive but you would still consider buying it?** (expensive) Please indicate the amount in Euros.

Q7 Above what price would the product become **too expensive so that you would not consider buying it?** (too expensive) Please indicate the amount in Euros.

Q8 Which sneaker brand did you see on the product page? (Single choice from all 6 brand combinations)

Q9 Please indicate your level of agreement with the following statements.

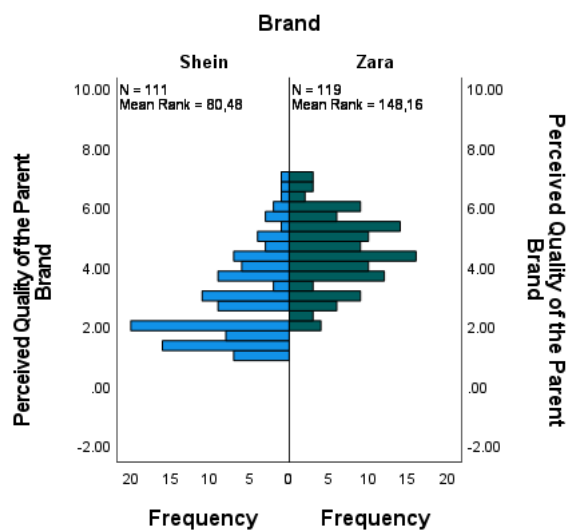
The term "original brand" refers to the brand of which you saw the app (Zara or Shein).

	Strongly disagree (1)	(...)	Strongly agree (7)
The original brand is of high quality. (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(...) (see pre-survey)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The original brand appears to be of very poor quality. (6)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

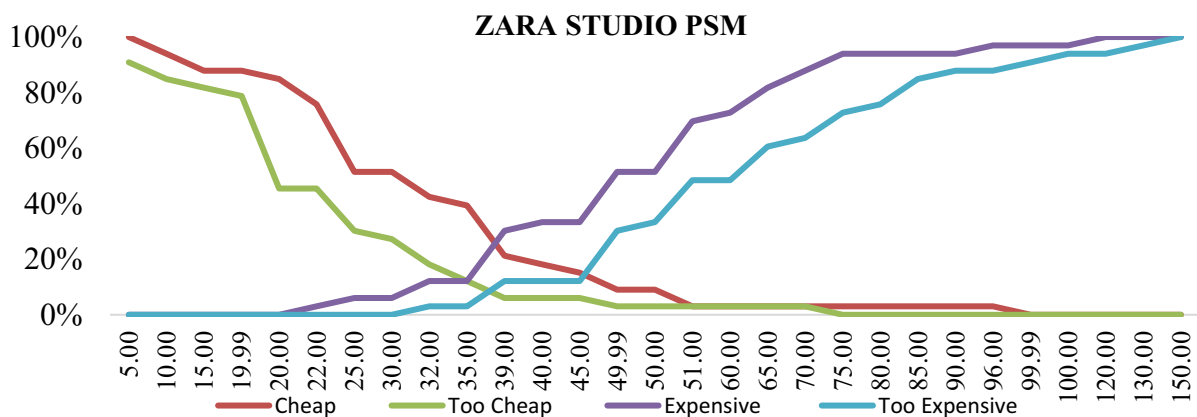
Appendix 18: Manipulation Check - Mann-Whitney U - Test Summary and Statistic

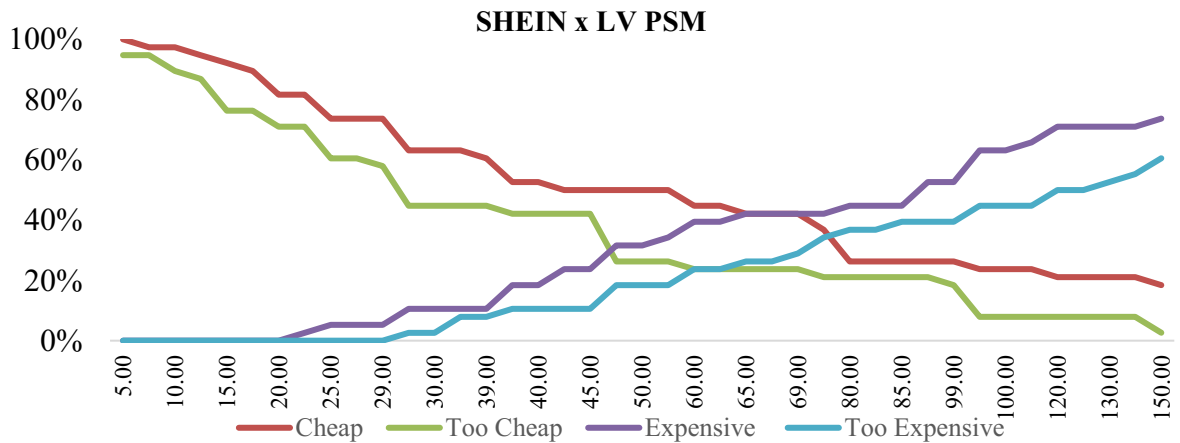
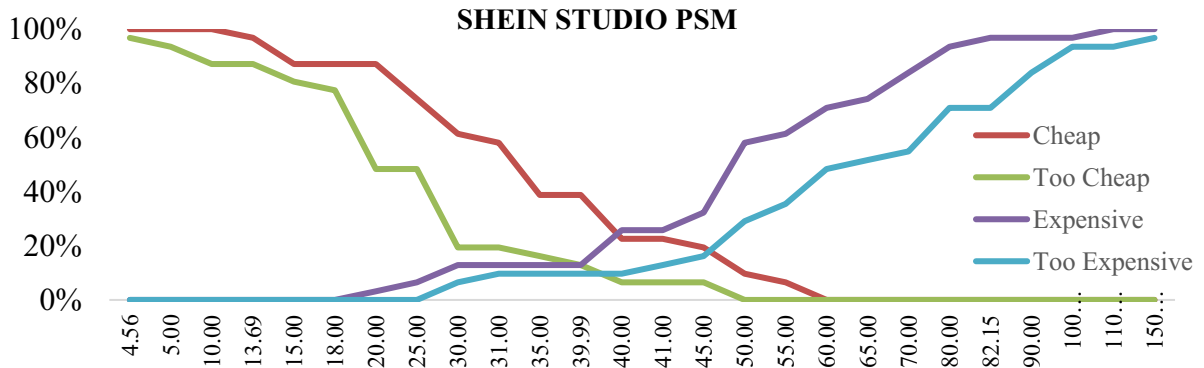
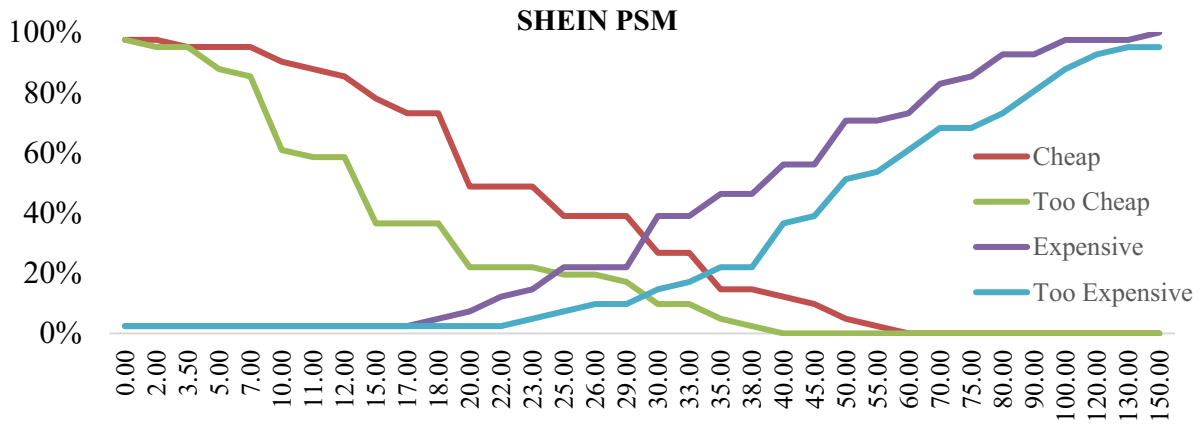
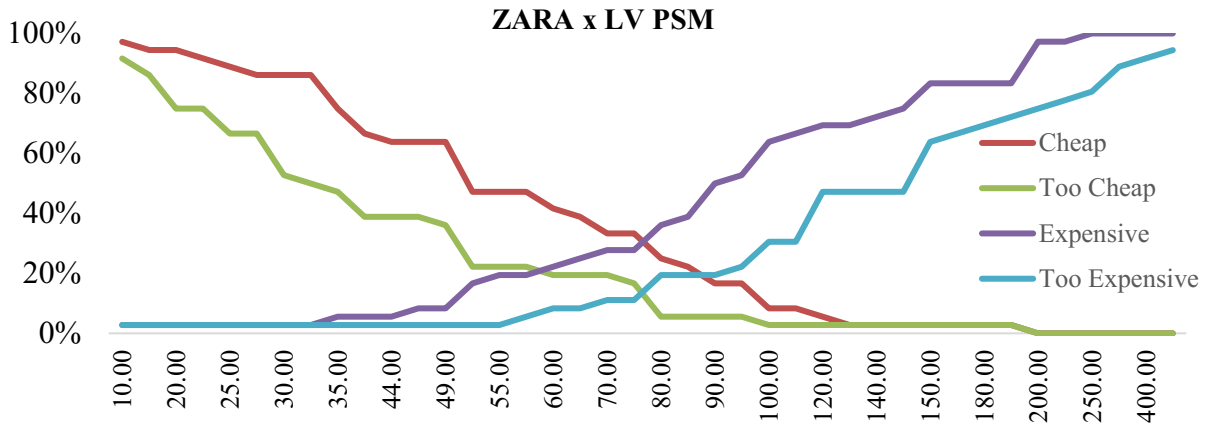
Total N	230
Mann-Whitney U	10491.500
Test Statistic	10491.500
Asymptotic Sig.(2-sided test)	<,001

Appendix 19: Manipulation Check – Mann-Whitney U – Distribution of Scores



Appendix 20: VW Price Sensitivity Meters

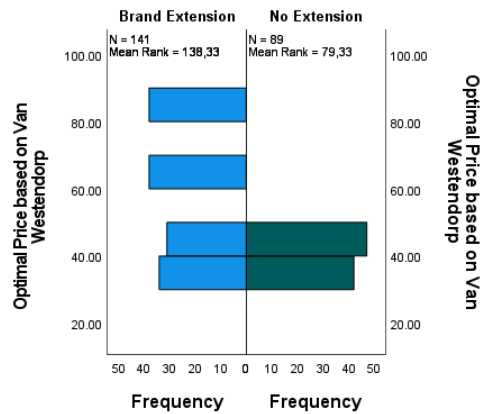




Appendix 21: H1a – Kolmogorov-Smirnov – Test of Normality

	Statistic	df	Sig.
Optimal Price based on Van Westendorp	.193	230	<,001

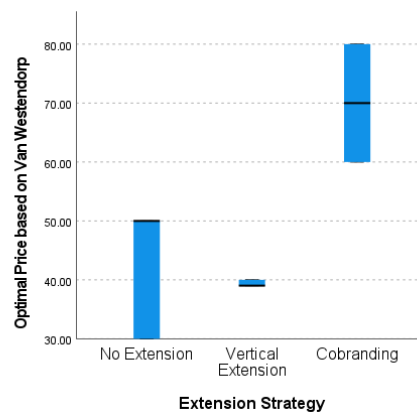
Appendix 22: H1a – Mann-Whitney U – Distribution of Scores



Appendix 23: H1a – Mann-Whitney U – Test Statistic

Total N	230
Mann-Whitney U	9494.000
Wilcoxon W	19505.000
Test Statistic	9494.000
Standard Error	484.241
Standardized Test Statistic	6.649
Asymptotic Sig.(2-sided test)	<,001

Appendix 24: H1b – Kruskal-Wallis H – Distribution of Scores



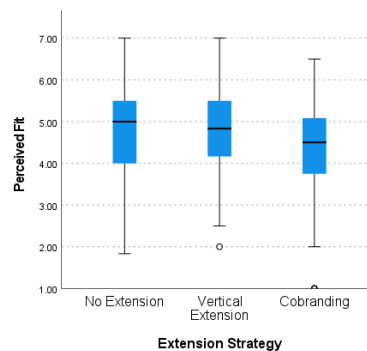
Appendix 25: H1b – Kruskal-Wallis H – Test Statistic

Total N	230
Test Statistic	156.752 ^a
Degree Of Freedom	2
Asymptotic Sig.(2-sided test)	.000

Appendix 26: H1b – Kruskal-Wallis H – Pairwise Comparison

Sample 1-Sample 2	Test Statistic	Std. Error	Std. Test Statistic	Sig.	Adj. Sig. ^a
Vertical Extension-No Extension	4.326	10.696	.404	.686	1.000
Vertical Extension-Cobranding	-117.500	11.076	-10.609	.000	.000
No Extension-Cobranding	-113.174	10.239	-11.053	.000	.000

Appendix 27: H2a – Kruskal-Wallis H – Distribution of Scores



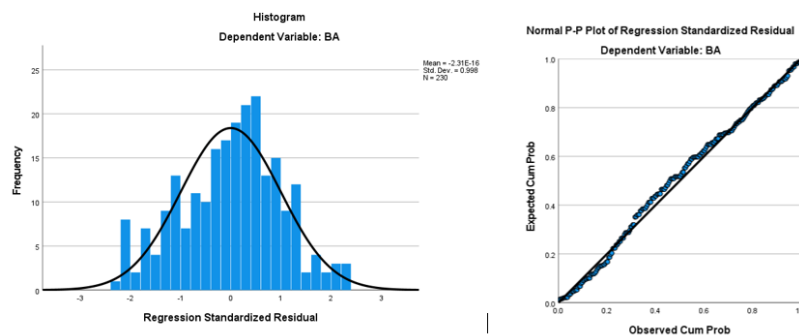
Appendix 28: H2a – Kruskal-Wallis H – Test Statistic

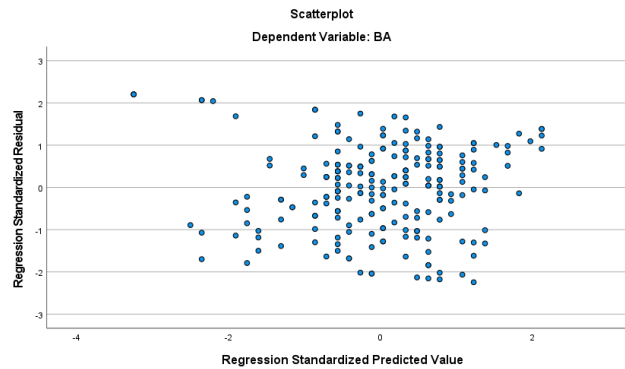
Total N	230
Test Statistic	9.778 ^a
Degree Of Freedom	2
Asymptotic Sig.(2-sided test)	.008

Appendix 29: Kruskal-Wallis H – Pairwise Comparison

Sample 1-Sample 2	Test Statistic	Std. Error	Std. Test Statistic	Sig.	Adj. Sig. ^a
Cobranding-Vertical Extension	24.202	11.220	2.157	.031	.093
Cobranding-No Extension	31.510	10.372	3.038	.002	.007
Vertical Extension-No Extension	7.308	10.835	.674	.500	1.000

Appendix 30: H2b – Linear Regression – Visual Assumptions Check





Appendix 31: H2b – Simple Linear Regression

Correlations

		BA	Perceived Fit
Pearson Correlation	BA	1.000	.151
	Perceived Fit	.151	1.000
Sig. (1-tailed)	BA	.	.011
	Perceived Fit	.011	.
N	BA	230	230
	Perceived Fit	230	230

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.151 ^a	.023	.019	1.59340	1.133

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.518	1	13.518	5.324	.022 ^b
	Residual	578.875	228	2.539		
	Total	592.393	229			

Coefficients^a

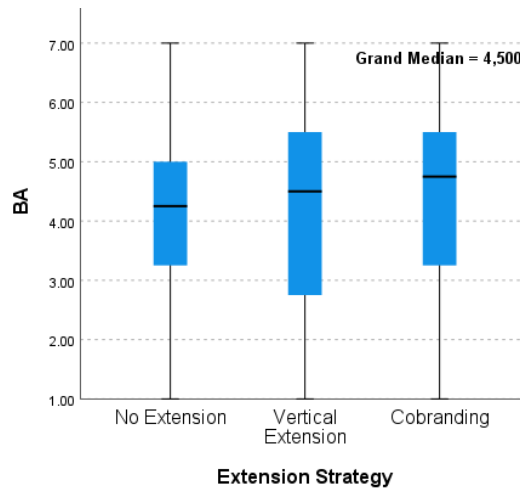
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.272	.448		7.297	<.001		
	Perceived Fit	.217	.094	.151	2.307	.022	1.000	1.000

Appendix 32: H2c – Simple Linear Regression – Insignificance

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	699.777	1	699.777	2.602	.108 ^b
	Residual	61314.141	228	268.922		

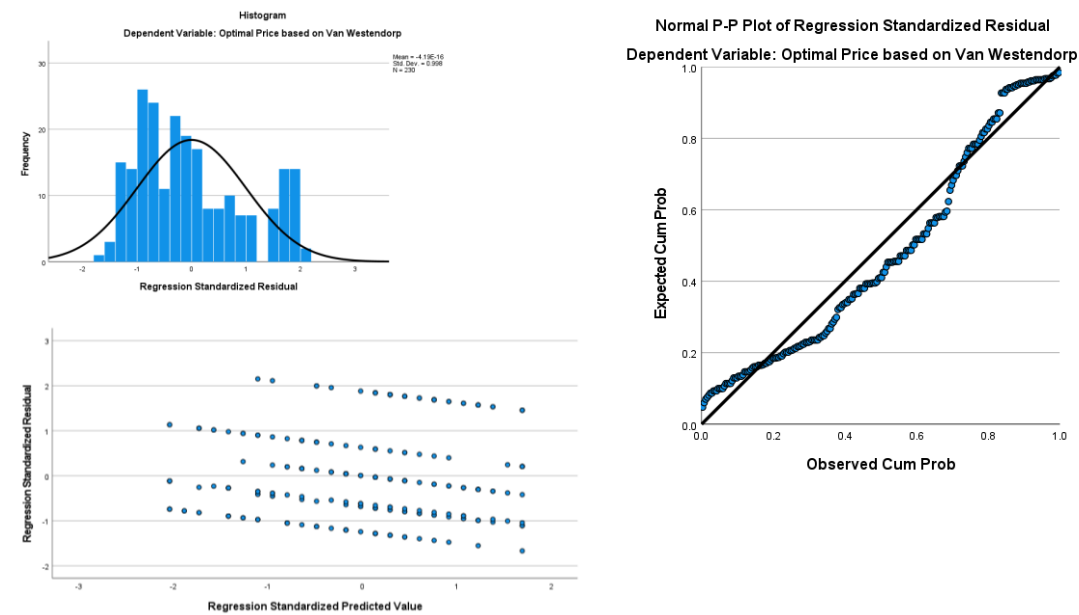
Appendix 33: H2d – Kruskal-Wallis H – Distribution of Scores



Appendix 34: H2d – Kruskal-Wallis H – Test Summary

	Null Hypothesis	Test	Sig. ^{a,b}	Decision
1	The distribution of BA is the same across categories of Extension Strategy.	Independent-Samples Kruskal-Wallis Test	.350	Retain the null hypothesis.

Appendix 35: H2e – Simple Linear Regression – Visual Assumptions Check



Appendix 36: H2e – Simple Linear Regression

Correlations

		Optimal Price based on Van Westendorp	
			BA
Pearson Correlation	Optimal Price based on Van Westendorp	1.000	.242
	BA	.242	1.000
Sig. (1-tailed)	Optimal Price based on Van Westendorp	.	<,001
	BA	.000	.
N	Optimal Price based on Van Westendorp	230	230
	BA	230	230

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.242 ^a	.058	.054	16.00287	.146

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3624.963	1	3624.963	14.155	<,001 ^b
	Residual	58388.955	228	256.092		
	Total	62013.918	229			

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
		B	Std. Error	Beta	t	Sig.	Toleranc e	VIF
1	(Constant)	39.400	3.004		13.117	<,001		
	BA	2.474	.657	.242	3.762	<,001	1.000	1.000

Appendix 37: Serial Mediation Model Testing – Process 6

Model : 6
 Y : WTP_OP
 X : Ex_Strat
 M1 : PF
 M2 : BA

Coding of categorical X variable for analysis:

Ex_Strat	X1	X2
1,000	,000	,000
2,000	1,000	,000
3,000	,000	1,000

OUTCOME VARIABLE:

PF

Model Summary

R	R-sq	MSE	F	df1	df2	p
,2473	,0611	1,1827	7,3917	2,0000	227,0000	,0008

Model

	coeff	se	t	p	LLCI	ULCI
constant	4,8801	,1153	42,3333	,0000	4,6530	5,1073
X1	-,1571	,1774	-,8852	,3770	-,5067	,1926
X2	-,6367	,1699	-3,7486	,0002	-,9714	-,3020

Standardized coefficients

	coeff
X1	-,1406
X2	-,5698

OUTCOME VARIABLE:

BA

Model Summary

R	R-sq	MSE	F	df1	df2	p
,1970	,0388	2,5195	3,0401	3,0000	226,0000	,0298

Model

	coeff	se	t	p	LLCI	ULCI
constant	2,8395	,5018	5,6586	,0000	1,8507	3,8283
X1	,2024	,2594	,7800	,4362	-,3089	,7136
X2	,4946	,2555	1,9360	,0541	-,0088	,9980
PF	,2631	,0969	2,7162	,0071	,0722	,4540

Standardized coefficients

	coeff
X1	,1258
X2	,3075
PF	,1828

OUTCOME VARIABLE:

WTP_OP

Model Summary

R	R-sq	MSE	F	df1	df2	p
,8781	,7711	63,0765	189,5387	4,0000	225,0000	,0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	28,1972	2,6827	10,5106	,0000	22,9107	33,4837
X1	-1,1815	1,2998	-,9090	,3643	-3,7429	1,3798
X2	29,5843	1,2888	22,9548	,0000	27,0446	32,1240
PF	1,0950	,4926	2,2232	,0272	,1244	2,0656
BA	1,7013	,3328	5,1116	,0000	1,0454	2,3571

Standardized coefficients

	coeff
X1	-,0718
X2	1,7978
PF	,0744
BA	,1663

***** TOTAL EFFECT MODEL *****

OUTCOME VARIABLE:

WTP_OP

Model Summary

R	R-sq	MSE	F	df1	df2	p
,8569	,7343	72,5958	313,6176	2,0000	227,0000	,0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	40,5565	,9032	44,9055	,0000	38,7769	42,3362
X1	-1,0796	1,3902	-,7766	,4382	-3,8189	1,6597
X2	29,4435	1,3307	22,1255	,0000	26,8213	32,0657

Standardized coefficients

	coeff
X1	-,0656
X2	1,7892

***** TOTAL, DIRECT, AND INDIRECT EFFECTS OF X ON Y *****

Relative total effects of X on Y

	Effect	se	t	p	LLCI	ULCI	c_ps
X1	-1,0796	1,3902	-,7766	,4382	-3,8189	1,6597	-,0656
X2	29,4435	1,3307	22,1255	,0000	26,8213	32,0657	1,7892

Omnibus test of total effect of X on Y

```

R2-chng      F      df1      df2      p
,7343      313,6176      2,0000      227,0000      ,0000
-----

Relative direct effects of X on Y
Effect      se      t      p      LLCI      ULCI      c'_ps
X1      -1,1815      1,2998      -,9090      ,3643      -3,7429      1,3798      -,0718
X2      29,5843      1,2888      22,9548      ,0000      27,0446      32,1240      1,7978

Omnibus test of direct effect of X on Y:
R2-chng      F      df1      df2      p
,6918      340,0917      2,0000      225,0000      ,0000
-----

```

Relative indirect effects of X on Y

```

Ex_Strat  ->  PF      ->  WTP_OP

Effect      BootSE      BootLLCI      BootULCI
X1      -,1720      ,2139      -,6576      ,2181
X2      -,6972      ,4033      -1,5893      -,0274

Ex_Strat  ->  BA      ->  WTP_OP

Effect      BootSE      BootLLCI      BootULCI
X1      ,3443      ,4630      -,4944      1,3327
X2      ,8415      ,4191      ,0577      1,7256

Ex_Strat  ->  PF      ->  BA      ->  WTP_OP

Effect      BootSE      BootLLCI      BootULCI
X1      -,0703      ,0911      -,2862      ,0855
X2      -,2850      ,1635      -,6568      -,0250

```

Partially standardized relative indirect effect(s) of X on Y:

```

Ex_Strat  ->  PF      ->  WTP_OP

Effect      BootSE      BootLLCI      BootULCI
X1      -,0105      ,0130      -,0400      ,0130
X2      -,0424      ,0247      -,0984      -,0017

Ex_Strat  ->  BA      ->  WTP_OP

Effect      BootSE      BootLLCI      BootULCI
X1      ,0209      ,0281      -,0305      ,0814
X2      ,0511      ,0249      ,0036      ,1034

Ex_Strat  ->  PF      ->  BA      ->  WTP_OP

Effect      BootSE      BootLLCI      BootULCI
X1      -,0043      ,0056      -,0173      ,0052
X2      -,0173      ,0101      -,0406      -,0015

```

Appendix 38: H3 – Moderation Model – Process 1

```

Model : 1
Y : BA
X : Ex_Strat
W : PQ

```

Coding of categorical X variable for analysis:

```

Ex_Strat      X1      X2
1,000      ,000      ,000
2,000      1,000      ,000
3,000      ,000      1,000

```

OUTCOME VARIABLE:

BA

Model Summary

```

R      R-sq      MSE      F      df1      df2      p
,5578      ,3111      1,8219      20,2302      5,0000      224,0000      ,0000

```

Model	coeff	se	t	p	LLCI	ULCI
constant	1,8576	,3928	4,7286	,0000	1,0835	2,6317
X1	,4875	,5658	,8616	,3898	-,6275	1,6024
X2	,4858	,5591	,8690	,3858	-,6159	1,5875
PQ	,6396	,1033	6,1935	,0000	,4361	,8430
Int_1	-,1004	,1460	-,6879	,4922	-,3881	,1872
Int_2	-,0860	,1412	-,6095	,5428	-,3642	,1921

Product terms key:

Int_1 : X1 x PQ
Int_2 : X2 x PQ

Test(s) of highest order unconditional interaction(s):

	R2-chng	F	df1	df2	p
X*W	,0017	,2805	2,0000	224,0000	,7557

Appendix 39: H4 – Moderation Model – Process 1

Model : 1
Y : PF
X : Ex_Strat
W : PQ

Coding of categorical X variable for analysis:

Ex_Strat	X1	X2
1,000	,000	,000
2,000	1,000	,000
3,000	,000	1,000

OUTCOME VARIABLE:

PF

Model Summary

R	R-sq	MSE	F	df1	df2	p
,4099	,1680	1,0622	9,0450	5,0000	224,0000	,0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	4,4807	,3000	14,9377	,0000	3,8896	5,0718
X1	-,8921	,4320	-2,0649	,0401	-1,7434	-,0407
X2	-1,1522	,4269	-2,6990	,0075	-1,9934	-,3109
PQ	,1128	,0788	1,4300	,1541	-,0426	,2681
Int_1	,2026	,1115	1,8178	,0704	-,0170	,4222
Int_2	,1276	,1078	1,1836	,2378	-,0848	,3400

Product terms key:

Int_1 : X1 x PQ
Int_2 : X2 x PQ

Test(s) of highest order unconditional interaction(s):

	R2-chng	F	df1	df2	p
X*W	,0126	1,6924	2,0000	224,0000	,1864

Appendix 40: H5 – Moderation Model – Process 1

Model : 1
Y : WTP_OP
X : Ex_Strat
W : PQ

Sample

Size: 230

Coding of categorical X variable for analysis:

Ex_Strat	X1	X2
1,000	,000	,000
2,000	1,000	,000
3,000	,000	1,000

OUTCOME VARIABLE:

WTP_OP

Model Summary

R	R-sq	MSE	F	df1	df2	p
,8906	,7931	57,2739	171,7521	5,0000	224,0000	,0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	28,8219	2,2026	13,0854	,0000	24,4814	33,1624
X1	11,3105	3,1722	3,5655	,0004	5,0593	17,5618
X2	29,7572	3,1346	9,4931	,0000	23,5801	35,9344
PQ	3,3120	,5790	5,7205	,0000	2,1711	4,4529
Int_1	-3,4942	,8184	-4,2694	,0000	-5,1070	-1,8814
Int_2	-,3120	,7915	-,3943	,6938	-1,8717	1,2476

Product terms key:

Int_1	:	X1	x	PQ
Int_2	:	X2	x	PQ

Test(s) of highest order unconditional interaction(s):

R2-chng	F	df1	df2	p	
X*W	,0210	11,3637	2,0000	224,0000	,0000

Focal predict: Ex_Strat (X)
Mod var: PQ (W)

Conditional effects of the focal predictor at values of the moderator(s):

Moderator value(s):

PQ 1,9933

	Effect	se	t	p	LLCI	ULCI
X1	4,3454	1,7863	2,4327	,0158	,8254	7,8655
X2	29,1352	1,7777	16,3895	,0000	25,6321	32,6384

Test of equality of conditional means

F	df1	df2	p
150,3720	2,0000	224,0000	,0000

Estimated conditional means being compared:

Ex_Strat	WTP_OP
1,0000	35,4238
2,0000	39,7692
3,0000	64,5590

Moderator value(s):

PQ 3,6667

	Effect	se	t	p	LLCI	ULCI
X1	-1,5016	1,2375	-1,2134	,2263	-3,9402	,9371
X2	28,6131	1,1866	24,1138	,0000	26,2748	30,9514

Test of equality of conditional means

F	df1	df2	p
378,1976	2,0000	224,0000	,0000

Estimated conditional means being compared:

Ex_Strat	WTP_OP
1,0000	40,9659
2,0000	39,4643
3,0000	69,5790

Moderator value(s):

PQ 5,3333

	Effect	se	t	p	LLCI	ULCI
X1	-7,3252	1,8993	-3,8568	,0002	-11,0680	-3,5825
X2	28,0930	1,7748	15,8289	,0000	24,5956	31,5905

Test of equality of conditional means

F	df1	df2	p
221,3007	2,0000	224,0000	,0000

Estimated conditional means being compared:

Ex_Strat	WTP_OP
1,0000	46,4859

2,0000 39,1606
 3,0000 74,5789

Appendix 41: Full Moderated Serial Mediation Model 85

Model : 85
 Y : WTP_OP
 X : Ex_Strat
 M1 : PF
 M2 : BA
 W : PQ

Sample
 Size: 230

Coding of categorical X variable for analysis:

Ex_Strat	X1	X2
1,000	,000	,000
2,000	1,000	,000
3,000	,000	1,000

OUTCOME VARIABLE:

PF

Model Summary

R	R-sq	MSE	F	df1	df2	p
,4099	,1680	1,0622	9,0450	5,0000	224,0000	,0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	4,4807	,3000	14,9377	,0000	3,8896	5,0718
X1	-,8921	,4320	-2,0649	,0401	-1,7434	-,0407
X2	-1,1522	,4269	-2,6990	,0075	-1,9934	-,3109
PQ	,1128	,0788	1,4300	,1541	-,0426	,2681
Int_1	,2026	,1115	1,8178	,0704	-,0170	,4222
Int_2	,1276	,1078	1,1836	,2378	-,0848	,3400

Product terms key:

Int_1	:	X1	x	PQ
Int_2	:	X2	x	PQ

Test(s) of highest order unconditional interaction(s):

	R2-chng	F	df1	df2	p
X*W	,0126	1,6924	2,0000	224,0000	,1864

OUTCOME VARIABLE:

BA

Model Summary

R	R-sq	MSE	F	df1	df2	p
,5578	,3112	1,8299	16,7884	6,0000	223,0000	,0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	1,7999	,5562	3,2359	,0014	,7038	2,8961
X1	,4989	,5724	,8717	,3843	-,6290	1,6269
X2	,5006	,5693	,8793	,3802	-,6213	1,6226
PF	,0129	,0877	,1468	,8835	-,1600	,1857
PQ	,6381	,1040	6,1380	,0000	,4332	,8430
Int_1	-,1030	,1474	-,6991	,4852	-,3934	,1874
Int_2	-,0877	,1419	-,6179	,5373	-,3673	,1920

Product terms key:

Int_1	:	X1	x	PQ
Int_2	:	X2	x	PQ

Test(s) of highest order unconditional interaction(s):

	R2-chng	F	df1	df2	p
X*W	,0018	,2884	2,0000	223,0000	,7498

OUTCOME VARIABLE:

WTP_OP

Model Summary

R	R-sq	MSE	F	df1	df2	p
,8960	,8028	55,0919	129,0922	7,0000	222,0000	,0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	22,9300	3,1229	7,3425	,0000	16,7756	29,0843
X1	11,6364	3,1460	3,6988	,0003	5,4365	17,8364
X2	30,3203	3,1293	9,6891	,0000	24,1533	36,4872
PF	,9053	,4812	1,8813	,0612	-,0430	1,8536
BA	,9881	,3674	2,6893	,0077	,2640	1,7122
PQ	2,5780	,6167	4,1801	,0000	1,3626	3,7933
Int_1	-3,5784	,8095	-4,4207	,0000	-5,1736	-1,9832
Int_2	-,3425	,7793	-,4395	,6607	-1,8784	1,1933

Product terms key:

Int_1	:	X1	x	PQ
Int_2	:	X2	x	PQ

Test(s) of highest order unconditional interaction(s):

	R2-chng	F	df1	df2	p
X*W	,0216	12,1774	2,0000	222,0000	,0000

 Focal predict: Ex_Strat (X)
 Mod var: PQ (W)

Conditional effects of the focal predictor at values of the moderator(s):
 (These are also the relative conditional direct effects of X on Y)

Moderator value(s):

PQ 2,1075

	Effect	se	t	p	LLCI	ULCI
X1	4,0948	1,7048	2,4019	,0171	,7351	7,4544
X2	29,5984	1,7354	17,0559	,0000	26,1785	33,0183

Test of equality of conditional means

	F	df1	df2	p
	165,6870	2,0000	222,0000	,0000

Estimated conditional means being compared:

Ex_Strat	WTP_OP
1,0000	36,7769
2,0000	40,8717
3,0000	66,3753

Moderator value(s):

PQ 3,6457

	Effect	se	t	p	LLCI	ULCI
X1	-1,4092	1,2158	-1,1590	,2477	-3,8052	,9868
X2	29,0716	1,2117	23,9916	,0000	26,6836	31,4595

Test of equality of conditional means

	F	df1	df2	p
	373,3749	2,0000	222,0000	,0000

Estimated conditional means being compared:

Ex_Strat	WTP_OP
1,0000	40,7421
2,0000	39,3329
3,0000	69,8136

Moderator value(s):

PQ 5,1838

	Effect	se	t	p	LLCI	ULCI
X1	-6,9131	1,7749	-3,8948	,0001	-10,4111	-3,4152
X2	28,5447	1,6730	17,0622	,0000	25,2478	31,8417

Test of equality of conditional means

	F	df1	df2	p
	246,2617	2,0000	222,0000	,0000

Estimated conditional means being compared:

Ex_Strat	WTP_OP
1,0000	44,7072

2,0000 37,7941
 3,0000 73,2520

***** CORRELATIONS BETWEEN MODEL RESIDUALS *****

	PF	BA	WTP_OP
PF	1,0000	,0000	,0000
BA	,0000	1,0000	,0000
WTP_OP	,0000	,0000	1,0000

***** DIRECT AND INDIRECT EFFECTS OF X ON Y *****

Relative conditional direct effects of X on Y

	PQ	Effect	se	t	p	LLCI	ULCI
X1	2,1075	4,0948	1,7048	2,4019	,0171	,7351	7,4544
X1	3,6457	-1,4092	1,2158	-1,1590	,2477	-3,8052	,9868
X1	5,1838	-6,9131	1,7749	-3,8948	,0001	-10,4111	-3,4152
X2	2,1075	29,5984	1,7354	17,0559	,0000	26,1785	33,0183
X2	3,6457	29,0716	1,2117	23,9916	,0000	26,6836	31,4595
X2	5,1838	28,5447	1,6730	17,0622	,0000	25,2478	31,8417

Relative conditional indirect effects of X on Y:

INDIRECT EFFECT:

Ex_Strat	->	PF	->	WTP_OP
		PQ	Effect	BootSE
X1		2,1075	-,4210	,3358
X1		3,6457	-,1389	,1674
X1		5,1838	,1432	,2766
			BootLLCI	BootULCI
X1			-1,1977	,1168
X1			-,5127	,1707
X1			-,2961	,8447

Index of moderated mediation:

PQ	Index	BootSE	BootLLCI	BootULCI
	,1834	,1678	-,0604	,5827
	PQ	Effect	BootSE	BootLLCI
X2	2,1075	-,7996	,5175	-1,9037
X2	3,6457	-,6220	,3846	-1,4346
X2	5,1838	-,4444	,3598	-1,2819
			BootULCI	
X2			,0955	
X2			,0725	
X2			,0860	

Index of moderated mediation:

PQ	Index	BootSE	BootLLCI	BootULCI
	,1155	,1464	-,1431	,4481
	Ex_Strat	->	BA	->
			WTP_OP	
	PQ	Effect	BootSE	BootLLCI
X1	2,1075	,2785	,4277	-,4893
X1	3,6457	,1219	,2338	-,3288
X1	5,1838	-,0346	,2708	-,6183
			BootULCI	
X1			1,2460	
X1			,6323	
X1			,4884	

Index of moderated mediation:

PQ	Index	BootSE	BootLLCI	BootULCI
	-,1018	,1762	-,4957	,2250
	PQ	Effect	BootSE	BootLLCI
X2	2,1075	,3121	,3939	-,3818
X2	3,6457	,1788	,2114	-,2047
X2	5,1838	,0456	,2729	-,5401
			BootULCI	
X2			1,1841	
X2			,6428	
X2			,5956	

Index of moderated mediation:

PQ	Index	BootSE	BootLLCI	BootULCI
	-,0866	,1722	-,4687	,2306
	Ex_Strat	->	PF	->
			BA	->
			WTP_OP	
	PQ	Effect	BootSE	BootLLCI
X1	2,1075	-,0059	,0686	-,1647
X1	3,6457	-,0020	,0278	-,0663
X1	5,1838	,0020	,0408	-,0715
			BootULCI	
X1			,1255	
X1			,0542	
X1			,1091	

Index of moderated mediation:

PQ	Index	BootSE	BootLLCI	BootULCI
	,0026	,0319	-,0585	,0795

	PQ	Effect	BootSE	BootLLCI	BootULCI
X2	2,1075	-,0112	,1160	-,2538	,2285
X2	3,6457	-,0087	,0890	-,2023	,1710
X2	5,1838	-,0062	,0708	-,1722	,1344

Index of moderated mediation:

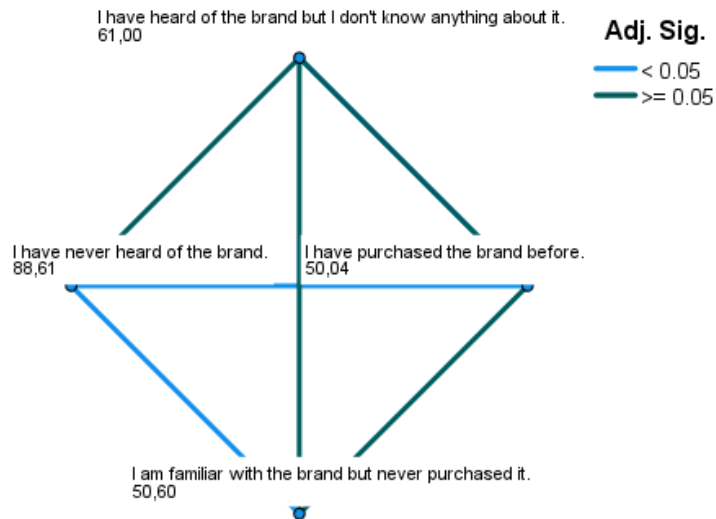
	Index	BootSE	BootLLCI	BootULCI
PQ	,0016	,0235	-,0508	,0552

Appendix 42: PQ of the Parent Brand across Awareness Shein

Independent-Samples Kruskal-Wallis Test Summary

Total N	111
Test Statistic	17.396 ^a
Degree Of Freedom	3
Asymptotic Sig.(2-sided test)	<,001

Appendix 43: Pairwise Comparison of Awareness Shein



Appendix 44: Pairwise Comparison of Awareness Shein

	Test Statistic	Std. Error	Std. Test Statistic	Sig.	Adj. Sig. ^a
I have purchased the brand before.-I have never heard of the brand.	38.565	9.787	3.940	<,001	.000