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THE HONG KONG POLYTECHNIC UNIVERSITY

INSTITUTE OF TEXTILES AND CLOTHING

AN EMPIRICAL STUDY ON IVS TOURISTS:

IMPLICATIONS FOR FASHION BRANDING

LIU SHUK CHING

**A thesis submitted in partial fulfillment of the requirements for
the degree of Master of Philosophy**

October 2008

CERTIFICATE OF ORIGINALITY

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Abstract

Brand extension strategy has been widely adopted by different kinds of retailers for decades and its applications in the fashion industry can be traced back to the early 20th century. Owing to a considerably long history, this topic, especially on the issue of consumers' evaluation on brand extensions, has been studied by numerous researchers. However, there is relatively limited research focusing on comparing the consumer attitudes towards the extensions of different types of fashion retail brands. On the other hand, since the implementation of the Individual Visit Scheme (IVS) in 2003 (which simplifies the application procedure for the Chinese mainland residents to visit Hong Kong), the number of IVS tourists has been increasing every year. This unique group of IVS tourists possess a substantial purchasing power and they are the target groups of customers for many different kinds of fashion retailers in Hong Kong. Thus, it is interesting to explore the shopping behaviours of these IVS tourists and their attitudes towards different kinds of fashion brand extensions (FBE).

The main objective of this research is to explore the IVS tourists' attitudes towards designer labels (DLs) and mass-market labels (MLs), and the brand extension strategy executed by these fashion retailers in the Hong Kong. As the IVS tourists come from different regions of the Mainland China, we would also explore whether their attitudes towards these kinds of retailers and FBE are different across regions. In addition, a sexual comparison of the IVS tourists is conducted. Another aim is to compare the attitudes between IVS tourists and the local Hong Kong residents towards DLs, MLs, and FBEs. As revealed from the literature review, factors such as product quality perception, brand loyalty, image

project, concept consistency and product features likeness are known to be important in affecting the consumers' attitudes towards brand extensions. Therefore, we would investigate whether these factors would significantly affect the IVS tourists' evaluation intention of FBE as well as their attitudes towards FBE.

A questionnaire survey using a random sampling approach was conducted. The IVS tourists were the target respondents and 208 successful responses were received. Statistical methods were employed to analyze the collected data. Company interviews with various fashion brands were then carried out to understand their marketing strategies for these IVS tourists and their comments on our findings.

The data analysis indicates that the factors of product quality perception, brand loyalty, and image projection would positively and significantly affect the IVS tourists' evaluation intention towards FBE for both DLs and MLs. As for the IVS tourists' attitudes towards FBE's evaluation, the two factors would affect IVS visitors' attitudes significantly. In addition, by comparing with the literature's findings, it is shown that there is a significant difference on the perceptions towards the FBE in DLs and MLs between the IVS tourists and the local Hong Kong residents. Based on these findings, specific managerial recommendations are suggested.

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Chapter 1 Introduction

The purpose of this dissertation is to explore the *Individual Visit Scheme (IVS)* mainland tourist' attitudes towards the *fashion brand extension (FBE)* strategy implemented by different types of fashion retailers (*designer labels, DLs* versus *mass market labels, MLs*) in Hong Kong. Furthermore, we would also compare the IVS consumers' and Hong Kong local consumers' attitudes towards DLs and MLs, as well as the FBE implemented by these two kinds of fashion retailers in Hong Kong. In this chapter, research background, rationales for conducting this research, research objectives and methodology will be stated. Lastly, thesis outline and chapter summary will be included to provide a precise direction of the entire research.

1.1. Research background

Competition is very keen in the fashion retailing industry nowadays. As such, gaining as much profit as possible and enlarging the clientele are the most dominant objectives for the retailers to pursuit. It is well noticed that fashion retailers from different regions and different classes employ FBE strategy to achieve these goals. For example, Ralph Lauren, a US designer brand, has developed various products from apparels to accessories and home furnishing.

The brand also introduces a new line to target another market segment by launching new brand names like Rugby which targets the youngsters aged from 16 to 25 years old (www.ralphlauren.com). In Hong Kong, Giordano, a fashion chain store, also adopts the brand extension strategy to capture various market segments by offering children and adults' wear and targets at an upper class consumers by launching new brands like Giordano Concept and Giordano Ladies (www.giordano.com.hk). The conventional wisdom underlying the implementation of brand extension is that it can increase the likelihood of trial and purchase of consumers. Since it is expensive to introduce a new product or a new brand and the market failure rate of the new product is usually high (Aaker and Keller 1990; Forney et al. 2005), it is not surprising that marketers seek ways to reduce the introduction cost and improve the likelihood of a successful launch. Therefore, brand extension has become a popular method to reach these goals.

1.2. Research rationales

In the fashion retailing industry, the brand extension strategy has been employed by retailers for many years. Before the First World War (WWI), one of the French couturiers, Paul Poiret, devised a diversification strategy known as umbrella holding. The concept of umbrella holding is very similar to brand

extension and this strategy was widely adopted by the fashion retailers after the Second World War (WWII) (Fernie et al. 1997).

Because of the long history of the brand extension execution, this topic has aroused a number of scholars' interest in the past decades to explore it from different angles, especially to investigate on how consumers react to the brand extension, in the past decades. Aaker and Keller (1990) were the pioneers to address the issue of consumer attitudes towards brand extension and they also discover factors that would affect their attitudes. Undoubtedly, there are extensive research investigating on consumer attitudes towards brand extension after Aaker and Keller (1990)'s publication such as Bottomley and Holden (2001); Bottomley and Doyle (1996) and Park et al. (1991). Although this topic has gained researchers' attention recurrently, there is lack of research in comparing the consumer attitudes towards different kinds of fashion retailers' brand extension. Obviously, there are various types of fashion retail brands in the market and we broadly classify them into two large groups, namely, designer labels (DLs) and mass market labels (MLs). According to Blaire (1992), DL refers to a kind of high fashion which is always fashionable as it denotes the wearing of designer apparels and a fashion forwards appearance. On the other

hand, ML refers to casual wears, in which the style is different from DLs, and the apparels are worn mainly for comfort and non-formal occasions (Blaire 1992).

Both DLs and MLs adopt FBE strategy. The extended merchandises and lines of DLs are the most profitable sections of the company as Nueno and Quelch (1998) state that brand extension is a crucial method to increase the profit of a DL. Additionally, MLs also evolve to provide extensive product assortments and extend the products into different classes under FBE strategy. These two types of brands attract diverse market segments and thus it is necessary for us to study the consumer attitudes towards the FBEs adopted by these two types of fashion retailers.

In addition, the reason for the selection of Individual Visit Scheme (IVS) Chinese tourists as our study target is because this particular group of tourists contributes a marked inflow of retail revenue and it is obvious that tourism enhances Hong Kong's economic growth. Since the implementation of the travelling scheme in 2003, the number of Chinese tourists travelled to Hong Kong under this policy has increased dramatically from 7.9% in 2003 to 55.5% in 2007 (HKTb 2008). In addition, Chinese visitors are found to be the largest group of tourists of Hong

Kong's tourism. Furthermore, Heung and Qu (1998) indicate that tourists almost spend about half of their expenditures on shopping when they visit Hong Kong, while shopping in fashion stores is their favorite activity in Hong Kong. Choi et al. (2007) and Liu et al. (2008) further show that IVS tourists enjoy shopping in fashion stores during their trips in Hong Kong. Since the majority of travellers come from Mainland China and under the IVS policy, it is clearly observed that their spending constitute the largest proportion in the tourism retail trade. The size of this consumption group is considerably large in contributing to Hong Kong's retailing sector. Therefore, this target group should not be neglected in researching their shopping attitudes in Hong Kong. To the best of our knowledge, however, there has been little research to date studying their attitudes towards different types of FBEs.

1.3. Research objectives

The main objective of the study is to compare the IVS visitors' attitudes towards DLs and MLs, as well as the fashion brand extension (FBE) strategy adopted by these two types of fashion retailers in Hong Kong. The specific objectives are listed below:

1. Examine IVS tourists' attitudes towards DLs, MLs, and corresponding FBEs.

2. Conduct a sexual comparison of the IVS tourists' attitudes towards DLs, MLs, and their FBEs.
3. Perform a regional analysis to understand whether the IVS tourists from different areas of Mainland China would have different attitudes towards DLs, MLs, and their FBEs.
4. Compare the Hong Kong local consumers' and IVS visitors' attitudes towards DLs and MLs, as well as the respective FBE.
5. Provide managerial insights to the Hong Kong fashion retailers.

1.4. Research methodology

Both secondary and primary research methods would be employed in this study. Secondary data are obtained from various academic journals, reference books, as well as the Internet. This secondary research method is adopted to conduct a comprehensive literature review, provide materials for designing the questionnaire, and analyzing the data. Primary research method is implemented by the means of questionnaire survey while random sampling approach is adopted for the survey. The survey investigates on the IVS tourists' attitudes towards DLs and MLs fashion brand and the corresponding FBE strategy in Hong Kong. Demographic data of the respondents are also collated. In addition,

company interviews with different fashion brands are carried out.

1.5. Thesis outline

This dissertation is divided into the following eight chapters and the main topic of each chapter is listed below:

Chapter 1: Introduces and explains the research background.

Chapter 2: Provides details of the literature review on brand extension, factors affecting consumer attitudes towards brand extension, and IVS tourists shopping attitudes in Hong Kong. Hypotheses are also constructed based on the literature.

Chapter 3: States the research stimuli which include the reasons for selecting IVS tourists and the importance of understanding IVS visitors' attitudes towards DLs and MLs.

Chapter 4: Explains the research method and data analysis techniques of this study.

Chapter 5: Presents the results and data analysis of the survey.

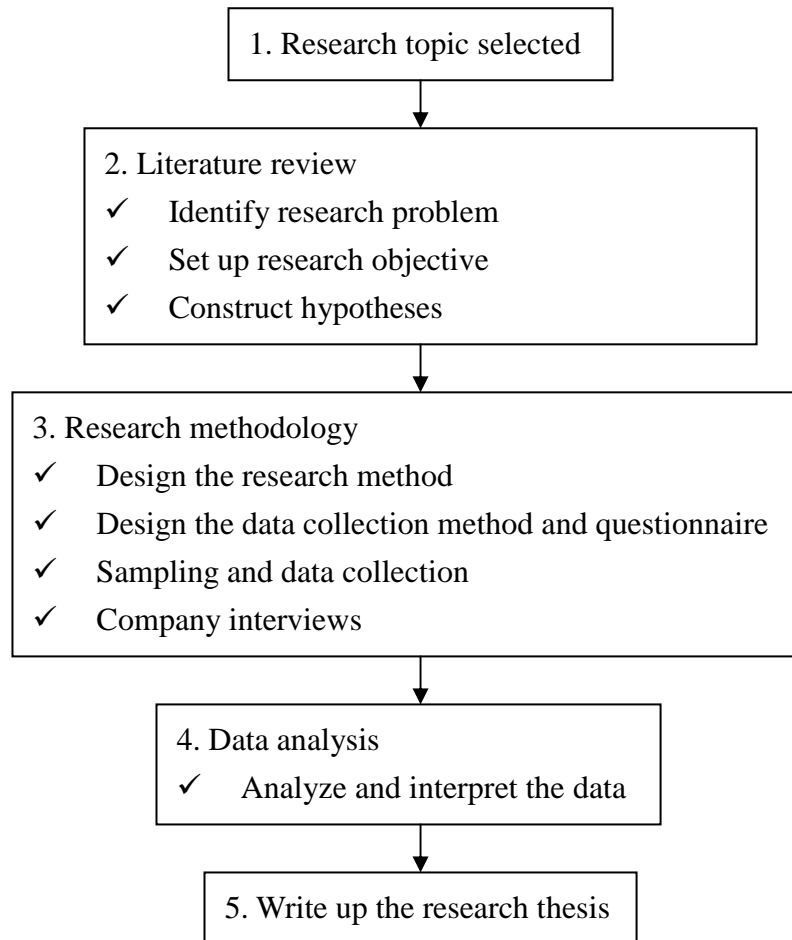
Chapter 6: Discusses and interprets the findings, suggestions and managerial insights are also provided.

Chapter 7: Concludes the whole research, states the research limitations, and

suggests recommendations for future research as well.

Figure 1.1 shows the research process of this dissertation.

Figure 1.1. Research process (Churchill 1983)



1.6. Chapter summary

In this chapter, the overview of this dissertation, including research background, rationales, objectives, methodology, and thesis outline, have been discussed. In the next chapter, a detailed literature review will be presented.

Chapter 2 Literature Review and Development of Research Hypotheses

This chapter is separated into two main parts. The first part is to introduce the topic of brand extension under which the general concepts of brand extension and consumer attitudes towards brand extension will be discussed. The second part concerns tourism, and in particular, how tourism and retailing are interrelated. The regional differences among Mainland Chinese consumers would also be stated.

2.1. Branding

In this part, a generic meaning of branding will be defined. After that, the importance of building a brand in the fashion retailing industry would be discussed.

2.1.1. What is a brand?

Most typically, a number of researchers, like Keller (2003) and Kotler (1998), quoted the definition of brand as proposed by from the American Marketing Association (AMA) in 1960 as a “name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or

group of sellers and to differentiate them from those of competition”. Keller (2003) states that these several components that are used to create a brand are known as brand elements. A brand has been viewed as a logo or a name for many years, however, a brand no longer works just as an image projection in today’s business environment. Aaker (1991) and Kapferer (1992) affirm that brands reflect the company as a whole, recall clear associations in consumers’ minds, and maintain a long-term relationship with the consumers. Branding a product is one of the most essential planning activities of a company. This is because a product can be copied by competitors easily and it can be outdated quickly, whereas a brand is unique and a successful brand is timeless (Aaker 1991). Thus, a brand is the most significant and valuable asset of a company. Over the last two decades, the concept and application of branding have been well spread in various industries such as automobile, electronic appliance, fashion, and catering. Since branding is beneficial to both consumers and companies, the topic of brand management is a crucial issue in academic research and business strategic planning.

2.1.2. Fashion and branding

According to Solomon and Rabolt (2004), fashion is defined as a “style that is

accepted by a large group of people at a given time”. Generally, people use the term “fashion” and “style” interchangeably. In the fashion context, consumers choose a certain fashion brand over others because they are associated with a certain style (Ferney et al. 2005). Individuals have their own distinctive personalities and styles in the manner of living, speaking, as well as dressing. It is interestingly that we do not only think about people with personalities, but also can associate a branded product with a particular personality. For example, Nike, an US originated sports brand, the attribute of “sporty” feeling would be formed in consumers’ mind; whereas Gap, a US fashion chain store, would be associated with the “casual” attribute. These illustrations can conclude that branding is significantly important in fashion retailing as the brand can project a specific image, like personality, sex, lifestyle and age, to the target consumers (Keller 1998). Thus, the brand image allows fashion merchandises to communicate a distinct symbolic meaning, through merchandise, store atmosphere, sales associate attraction with customers, and marketing campaign, between the retailers and the consumers (Evans 1989; Newman and Patel 2002). Newman and Patel (2002) discover that brand image is crucial in this intensely competitive fashion retail sector. As different types of fashion consumers are matched with particular clothing styles (Cholachatpinyo et al. 2002), brand image can create a

point of difference and assist consumers in selecting a suitable fashion brand (Newman and Patel 2002). A successful fashion brand can capture the market share and maintain a positive relationship with its customers, therefore creating an appropriate fashion brand is one of the primary ways for the marketers to differentiate the products from the competitors (Solomon and Rabolt 2004). In brief, fashion and branding are closely related.

2.2. Brand extensions

In the last section, the importance of brand image of a fashion brand has been indicated. Marketers invest substantial capital to establish a brand. In order to enlarge the clientele and gain more profit, this is reasonable that retailers attempt to offer more product assortments to the consumers. Hence, brand extension occurs. Forney et al. (2005) further ascertain that branding is essential in the market as it would influence the perceived worth of a product, increase the brand value to the consumers, and more importantly, it can enhance the effects of the future extensions. Broniarczyk and Alba (1994) state that there is increasing number of brands adopting the brand extension strategy. In the fashion retail industry, the brand extension strategy has been employed for a long period of time by the fashion luxury brands. According to Fernie et al. (1997), in 1920s,

“lifestyle branding”, which means the values, images and associations suggested by a brand reflect those of an actual or aspired to the lifestyle of a customer segment, became a common contemporary branding strategy among the luxury brands. This was because marketers noticed that products could be easily copied by competitors while the brands needed to differentiate themselves through a unique brand image and identity. At that time, two vital branding dimensions were discovered by Coco Chanel: (i) the ability of the fashion brand to become synonymous with a particular lifestyle, and (ii) not everyone who are aspired to a particular lifestyle fashion brand could afford buying it. Consequently, Coco Chanel introduced perfume through the brand extension strategy in order to increase the accessibility of the brand without detriment to the established fashion brand identity. Coco Chanel was the pioneer to adopt the brand extension strategy to extend the merchandise.

The following parts will present the definition of brand extension and objectives of launching brand extension, and describe different kinds of this strategy. The benefits and drawbacks of executing this strategy would then be discussed. Lastly, the market trend of brand extension would be illustrated.

2.2.1. Definitions of brand extensions

The most cited definition of brand extension originates in Keller and Aaker (1992) which define brand extension as “the use of established brand names to enter or introduce new product categories or classes”. Another up-to-date definition is derived from the American Marketing Association (2008), stating that “a product line extension marketed under the same general brand as a previous item or items”. When a new brand is combined with an existing brand that gives birth to a brand extension, the existing brand is known as the parent / original brand (Keller and Aaker 1992; Keller 2003).

2.2.2. Types of brand extensions

Keller and Aaker (1992) propose there are three types of brand extensions which are “near extension”, “moderate extension”, and “far extension”. “Near extension” means that the extended products are similar to the parent brand’s original products. “Moderate extension” is viewed as being somewhat different from the parent brand, and the relevance of inputs associated with the parent brand is diminished. “Far extension” can be defined as “the greater disparity is perceived to exist between the original brand and extension, thus the evaluation transfer should be less likely still” (Keller and Aaker 1992).

Apart from the above classifications, Keller (2003) further suggests brand extension can be broadly classified as line extension and category extension. Line extension occurs when the parent brand is used to brand a new product that targets a new market segment within a product category currently served by the parent brand. For example, the introduction of diffusion lines of DLs, like Prada extending its market from luxury and mature consumers to young ladies by establishing a diffusion line called Miu Miu, is a kind of line extension. In addition, Giordano which introduces Giordano Concept, Giordano Ladies, and BSX to target different market segments demonstrates the practice of line extension. On the other hand, category extension means the parent brand used to enter a completely different product category from that is currently served by the parent brand. Giordano offers other accessories like belts and umbrellas are the examples of category extension. In the fashion retail industry, there are considerable numbers of brands employing this kind of extension. Lacoste, for instance, originated in France, employs this strategy to extend the product category into shoes and leather goods (Kapferer 1992).

2.2.3. Motivations of launching brand extensions

Keller and Aaker (1992) point out that brand extension has been the source of

strategic growth for many firms during the past decades. One of the main motivations for the business to adopt brand extension is the internationalization of the brand in order to increase the brand popularity (Kim and Chung 1997). This phenomenon does not only occur in international DLs, but it is also observed in MLs. For instances, Burberry, a UK DL, apart from Burberry Prorsum by Christopher Bailey, it has established two extended brands called Burberry Blue Label and Burberry Black Label in 1996. These two brands are sold exclusively in Japan and target at young women and young professional males (Moore and Birtwistle 2004). The study of Fernie et al. (1997) also indicate that there was a six-time increase in terms of the number of DLs performing brand extension strategy from 1985 to 1996. In the mass market, a Hong Kong based casual chain store, Bossini, has developed “Sparkle” and “Bossini Style” to target different consumer groups of the residents in China.

Another reason to motivate the brands to offer extended products or lines is the fact that the current market is saturated and the retailers have to explore other markets. As discussed by Nueno and Quelch (1998), the French and Italian brands were facing minimal population growth in Europe, and hence the luxury market was saturated and the middle class consumers were increasing in number

substantially in the 1980s (Djelic and Ainamo 1999). Most of the DLs, therefore, have extended their merchandises from haute couture to ready to wear with the purpose of capturing the middle class market.

Apart from the business strategic growth and external business environment, the high failure rate and huge marketing cost of introducing a new product or brand are the vital factors to push the brand owners to implement brand extension strategy. Owing to the uncertain market potential of a new product, the chance of successfully introducing a new product through brand extension strategy is much higher as consumers have already possessed some exposure and understanding about the original brand (Czellar 2003). Besides, the marketing cost of promoting a new product or brand is extremely substantial. Thus, by implementing the brand extension strategy, the brand can capitalize on a single and well-established brand to reduce the marketing expense.

2.2.4. Advantages and disadvantages of brand extensions

Implementing the brand extension strategy is advantageous because it can reduce the costs of new brand or product introduction and enhance the probability of success in a new category (Keller 2003). Keller (2003), Elliott and Percy (2007),

and Martinez et al. (2008) also ascertain that this marketing strategy can facilitate new product acceptance, improve brand image, increase the probability of gaining distribution and trial, increase market coverage, revitalize the brand and permit subsequent extensions. For example, Giordano Ladies is a brand extension of Giordano, and this new line mainly targets the upper income group consumers with higher fashion conscious. With the introduction of this brand extension, it has definitely upgraded the market positioning of Giordano and improved the brand image. Furthermore, Giordano has established its retail business since the early 1980s, the brand is mature and a majority of Hong Kong local consumers would recognize the brand. Due to the high brand awareness and market acceptance, there are numerous advantages brought to the brand extension, i.e. Giordano Ladies, like the rising the new product acceptance and trial, and an increase in the market coverage of the whole company.

Although there are numerous advantages of launching brand extension, there are still some drawbacks of this strategy. Firstly, this marketing method may confuse and perhaps even frustrate consumers as to which version of the product is suitable for them. Consequently, they may reject new extension and the introduction of the extension will fail. Other disadvantages of brand extension

include damaging of parent brand image, lowering of sales of the parent brand, diminishing identification with any one category and diluting the brand meaning, and cannibalizing of the sales of the parent brand (Elliott and Percy 2007; Keller 2003; Park et al. 1991). One failed brand extension example in the fashion industry is the introduction of eco-fashion of Esprit, a casual wear chain store originated in Germany. The brand launched the eco-fashion line in the early 1990s, however, this line was discontinued in 1995 (Informat Inc., 2007). One of the possible reasons that explains this failure is that this new line confused the consumers in choosing the original brand's products and this new line. As a result, consumers might have rejected the new product, and thus this brand extension failed. Table 2.1 summarizes the benefits and drawbacks of launching brand extension.

Table 2.1. Summary of the advantages and disadvantages of brand extensions

Advantages of launching brand extension	
1.	Reduce the new brand name introduction cost
2.	Enhance the success probability of the new product category / line
3.	Facilitate the new product acceptance and increase the probability of gaining distribution and trial

4.	Improve brand image
5.	Increase market coverage
6.	Revitalize the brand
7.	Permit subsequent extension in the future
Disadvantages of establishing brand extension	
1.	Confuse the consumers
2.	Fail and damage the parent brand image
3.	Cannibalize the sales volume of the parent brand's products
4.	Diminish identification of the brand
5.	Dilute the brand meaning

2.2.5. Trend in brand extensions

Although there are several weaknesses of brand extensions, there is an increasing number of retailers leveraging the brand asset by extending their brand names into new product lines and categories. This marketing tool has been widespread in the past decades. Aaker and Keller (1990) conclude that from 1977 to 1984, about 40% of the new brands introduced in supermarkets per year were extensions. In 1986, more than \$15 billions in retail sales and more than 34% of apparel and accessory sales comprised products that were licenses or trademarks

of brand names. Keller (1998) summarizes that approximately 80% of the new products were brand extensions in the 1990s. Most recently, Keller (2003) reports that most of the new products are line extensions, accounting for 80% to 90% in a year. Since line extension is successful in building incremental sales for the parent brand, the sale volume of line extension is twice the sales volume of the parent brands during the previous year according to the report from Lagrois (2004).

In the fashion industry, brand extension strategy has been employed by retailers for many years. Before the First World War, one of the French couturiers, Paul Poiret, devised a diversification strategy which is known as umbrella holding. The concept of umbrella holding is very similar to brand extension and this strategy was widely adopted by the luxury brands after the Second World War (Ferne et al. 1997). Most of designer houses extended their merchandises from haute couture to prêt-to-porter due to the emergence of the US casual wear brands in 1980s (Ferne et al., 1997; Moore et al., 2000). Later, the FBE strategy has been employed by different kinds of fashion retailers, from DLs to MLs, extensively. For example, DLs like Calvin Klein and Armani, are associated with clothing, perfume, underwear and sunglass. In this luxury fashion market, the

extended products such as leather goods and accessories are the most significant profitable product categories, accounting for 60 percent of the total turnover (Moore and Birtwistle 2005). FBE is well-adopted by DLs (Reddy et al. 2009). While in the mass market, Gap has extended its products from clothing to fragrances, personal care products, and other product lines to target different market segments. Other than Gap, a considerable number of MLs, like Abercrombie & Fitch, American Eagle Outfitters and Esprit, introduce new products and lines through FBE.

From the above illustrations, we can observe that FBE strategy is widely implemented by the fashion retailers and the products that are introduced under this marketing tool are mounting dramatically in the market. Therefore, this topic has gained a substantial attention in academic research.

2.3. Consumer attitudes towards brand extensions

Aaker and Keller (1990) were the leaders to address the topic of how consumers evaluate the brand extensions. In this study, the authors conduct two studies to explore how consumers form attitudes towards brand extensions. The first study proposes twenty brand extension products and this experiment reveals that the

high degree of perceived similarity and product quality perception of the original brand are the major determinants of the formation of positive consumers' attitudes towards the extensions. The authors further employ the proposed brand extension products in the first study to investigate into the effectiveness of different position strategies for the brand extension in the second study. The results find that brand extensions can improve the original brand association. The analysis shows that negative association of the original brand can be neutralized more effectively by focusing the attribute of the brand extensions than by emphasizing on the positive association with the original brand.

After the publication of Aaker and Keller (1990), several researchers, such as Bottomley and Doyle (1996), Bottomley and Holden (2001), Echambadi et al. (2006), and Laforet (2008) pay attention to this topic and explore how consumers evaluate the brand extensions. These prior studies re-analyzed a comprehensive data set that included the original Aaker and Keller (1990)'s data set and the data set of other replication of Aaker and Keller (1990). These studies generalize that perceived similarity is widely proved as the most dominant factor in affecting consumer attitudes to evaluate the extended product. Other crucial factors comprise product quality perception, brand loyalty, image projection, concept

consistency, as well as product feature likeness. Since this dissertation concerns the IVS tourists, and IVS travellers are a kind of consumers and hence this is logical to employ these factors to investigate into the IVS tourist attitudes towards brand extensions. In the following, each of the factors affecting consumers' attitudes towards parent fashion brands and FBE would be discussed.

2.3.1. Attitudes towards parent fashion brands

Attitudes towards the parent fashion brand would affect consumers' evaluation of FBE directly. The consumers' attitudes would be affected by perceived similarity, product quality perception, brand loyalty, and image projection. In the following parts, each of the factors would be discussed and the respective hypothesis would then be constructed.

2.3.1.1. Perceived similarity

Perceived similarity is the degree of similarity between an extension and existing products affiliated with the original brand (DelVecchio and Smith 2005). Gentner and Markman (1994) propose that similarity could be characterized as a comparison of structured representations between the parent brand and the extension. The degree of perceived similarity is high when the extension shares

the important product attributes and brand concept of the original brand.

Bhat and Reddy (2001) suggest two types of perceived similarities, namely category fit and brand-level fit. Category fit means the perceived similarity between the extension category and the existing product category, while brand-level fit refers to the match between the specific images of the brand and the extension.

Many researchers investigate how perceived similarity affects consumers' evaluation of brand extension. Park et al. (1991) and Pitta and Katsanis (1995) identify that brand name recognition and brand knowledge of a consumer would lead to a higher level of perceived similarity. Consumers are more likely to base on their evaluations of the extension on their attitudes towards the parent brand when the perceived similarity of the extension is high (Aaker and Keller 1990).

Czeller (2003) demonstrates that perception of similarity can affect consumers' attitude towards brand extensions in two ways. Firstly, it can mediate the transfer of attitude components from the parent brand to the new extension. Secondly, this factor can moderate the relative influence of brand and category attitude on

extension attitude.

On the other hand, Barone et al. (2000) say that the impact on the perceived similarity is brand breadth, which is the range of products offered by the core brand. Promotion of the perceived similarity should enhance evaluative transfer, the extension also receives more favorable evaluation when the original brand possesses greater brand breadth. Barone (2005) further investigates that positive mood would facilitate the perception of similarity as it provides a greater linkage between the parent brand and the extension by retrieving consumers' memorial information. Positive mood can improve the perceived similarity due to the increase in the consumers' confidence in their evaluation of parent brand as well as its extension.

As stated before, perceived similarity is one of the most widely studied constructs in consumer brand extensions research. This kind of study typically relies on the evaluative measures of brand extensions such as product quality perception (Aaker and Keller 1990; Dacin 1994). Thus, the coming part is going to present the factor of product quality perception.

2.3.1.2. Product quality perception

As stated in the previous section, product quality perception can be classified as perceived similarity. In addition, Aaker and Keller (1990) point out that product quality perception is also a kind of brand attributes and brand associations. Product quality perception is a widely adopted product assessment of consumers to measure a product performance. In other words, the perception of product quality is a factor that affects consumers' judgment on a product and a brand (Zeithaml 1988).

Since product quality perception is a kind of perceived similarities, people would simply transfer this brand association from the parent brand to the extension as quality is one of the obvious product attributes observed by consumers (Aaker and Keller 1990; Dacin 1994; Hansen and Hem 2004). Although Aaker and Keller (1990) postulate that there is an unambiguously impact of product quality perception on the attitude towards the extension, the result of their study fails to claim that quality of the parent brand has a direct influence on the evaluations of brand extensions. In contrast, this claim has been sustained by the research of Sunde and Brodie (1993) and Bottomley and Doyle (1996). On the other hand, with respect to the extension category, a similar extension would be perceived to

be less risky than a dissimilar extension in terms of anticipated quality, ascertained by Yeo and Park (2006).

Bottomley and Doyle (1996) and Sunde and Brodie (1993) support the product quality perception, in terms of performance, features, reliability, durability and serviceability, of the parent brand would lead to a positive influence on the brand extensions. That means if the brand is associated with high quality, the extension should be benefited. However, if the brand is associated with inferior quality, the extension would be harmed. It is logical to predict that consumer would generally possess a positive evaluation intention of the brand extensions when the parent brand has a high level of product quality perception. Therefore, the hypothesis is constructed as follows:

H1: From the IVS tourists' perspective, a higher product quality perception level towards the parent fashion brand implies a higher intention to evaluate its FBE.

2.3.1.3. Brand loyalty

Referring to the previous paragraph (Section 2.3.1), consumers' positive mood towards the parent brand would lead to a higher perceived similarity and thus help customers in a better evaluation of the extension. Indeed, positive mood is a

kind of affective commitments, as suggested by Hem and Iversen (2003). The authors say that “affective commitment is based on emotions and affective attachments to the commitment of an object, and it is grounded on customer partiality and positive feelings for the relationship partner”. This kind of emotional is known as brand loyalty as affective commitment is used to express the extent to which consumers like to keep their relationships with the brand (Boush and Loken 1991; Hem and Inversen 2003). Therefore, brand loyalty is essential in studying the consumer attitudes towards brand extensions.

According to Jacoby and Chestnut (1978)’s definition, brand loyalty refers to “biased behavioral response expressed over time by some decision-making unit with respect to one or more alternative brands out of a set of such brands”. The authors further state that brand loyalty is a function of psychological decision-making and evaluative processes exhibited overtime. This factor is also a key element in sustaining a company’s stable demand and sales flows over time, and reducing advertising and marketing budgets without forgoing effectiveness. (Aaker 1991). Therefore, building brand loyalty and establishing long-term relationship with the consumers are the crucial tasks for the marketers. This topic is also valuable for the researchers to explore how brand loyalty affects IVS

tourist attitudes towards fashion brand extensions.

Liebermann (1999) distinguishes three types of brand loyalty. One of the brand loyalty classifications is named as image-oriented loyalty. It represents a consumer preferring the brand to alternative offers made by competitors. Marketing-oriented loyalty is another type of brand loyalty and it means the customers' tendency to recommend the brand to relatives and friends. Sales-oriented loyalty is another kind of brand loyalty proposed by Liebermann (1999). This type of loyalty indicates the largest sums spent by the consumers. The findings of Liebermann (1999) show that image-oriented loyalty would precede marketing-oriented loyalty, and in turn precede sales-oriented loyalty. To sum up, these three forms of brand loyalty are inter-related.

Past research also employs Liebermann (1999)'s hierarchical method to investigate the relationship between brand loyalty and brand extensions (Hem and Iversen 2003). The first hierarchy allows the consumers to learn about the original brand, use it and then like it better than the competitors' brands. Next, consumers must be satisfied with the original brand that they recommend it to others. Consumers would spend more money on the brand lastly, which indicates

new extension under the parent brand would receive positive attention, evaluation and product trial.

Hansen and Hem (2004) prove that the high level of brand loyalty would motivate the people to evaluate the brand as well as its extension. Therefore, we can forecast that brand loyalty would have a positive impact on consumers' intention to evaluate the brand extensions. The hypothesis is developed accordingly as below:

H2: From the IVS tourists' perspective, a higher brand loyalty level towards the parent fashion brand implies a higher intention to evaluate its FBE.

2.3.1.4. Image projection

Fashion and clothing show people's personality and image by the perception of color, styling and silhouette (Barnard 2002). Most of the brand extensions research, however, adopt a feature match approach. This method would limit researchers to only study the relationship between the parent brand and the extension, and difficult to deal with the image projection between the consumers and the brand. Specifically in the fashion industry, it is important to explore if the brand personality and its target customers image are consistent.

Brand personality is defined as “the set of human characteristics associated with a brand” (Aaker 1997). On the other hand, self-concept represents “the totality of individuals’ thoughts and feelings having reference to them as subjects as well as objects” (Aaker 1997). Self-image has been considered as a multidimensional construct comprising different types of selves, i.e. actual self, ideal self, social self, and sex-role self. Apart from sex-role self, ideal self (the person as I would ideally like to be), actual self (the person that I believe I actually am), and social self (the person as I believe others see me) are retained as important components of the construct (Aaker 1999).

With the purpose of addressing the need of consumers’ image expression, marketers strive to establish a brand with strong personality traits to match consumers’ self-image (Hem and Iversen 2002). Self-image could be applied to examine the product perception, implicit behavioural patterns and specific behaviours. In addition, purchase intention, brand and product preference, or usage in terms of congruence of the brands or products with the consumers’ image could also be explained by the factor of image projection.

Past research works have revealed that the greater the congruency between the

personality traits of the brand and the consumers' actual and ideal self is, the greater the favourability for the brand will be. Sirgy (1982) investigates the relationship between brand preference and self-image. The result reinforces that a favored brand is consistent with consumers' image. The author states that consumers hold positive feeling towards the brand if the brand associations are congruent with their self-images. High level of image projection raises the brand preference of consumers (Hem and Iversen 2002; Sirgy 1982). Aaker (1999) further finds more support for the notion that individual identifying themselves on a particular personality dimension would lead to a greater preference for brands that are largely descriptive on that dimension.

Hem and Iversen (2003) also investigate on whether image projection is relevant to the brand extension evaluation. They find that if the extension image is similar to an individual's image, i.e. actual self and ideal self, this would probably lead to a positive evaluation of the extension. We can conclude that image projection would lead to a higher level of consumers' intention towards the brand extensions. As a result, the hypothesis is formulated as:

H3: From the IVS tourists' perspective, a higher congruency between their self-image and the image projection of the parent fashion brand implies a higher

intention to evaluate its FBE.

2.3.2. Attitudes towards FBE

Concept consistency and product feature likeness are the two major factors in affecting consumers' attitudes towards FBE. In the next section, these two factors would be explained and hypotheses will be developed accordingly.

2.3.2.1. Concept consistency

Brand concept can position a branded product in the consumers' minds, and differentiate the product from its competitors (Park et al. 1991). The authors find that the consistency between the brand concept and the extended product concept could lead to a favorable evaluation of the extension even if the parent brand and the extension are unrelated. Also, Martin et al. (2005) state that despite an extension product is dissimilar to the original brand's products, they may be viewed as fitting together if both the concepts attain consistency. For example, "Rolex china" may be easily accepted by general consumers than "Rolex Kitchenware". Though china and kitchenware were totally dissimilar from Rolex's original products, i.e. luxury watch, the image of china is more prestigious than that of a kitchenware and thus it is more in line with the brand

concept of Rolex. The concept of kitchenware is functional and therefore it may not be accepted by the consumers easily.

Another example to indicate the importance of the brand extension is stated by Broniarczyk and Alba (1994). They propose that Crest, of which its prime attribute is “cavity fighting”, may be suitable to extend into the toothbrush category and the primary benefit sought is “dental protection”. However, it is not possible to extend Crest into the breath mint category since “breath freshening” is perhaps the primary benefit sought.

Referring to the above prior research and examples, consumers would perceive greater similarity between the parent brand and its extension provided that if the extension shares the same or similar brand concept of the parent brand. A high degree of concept consistency between the parent brand and the extension would result in more favorable attitudes of the consumer towards the extension. Thus, the hypothesis is developed as follows:

H4: From the IVS tourists' perspective, a higher degree of the concept consistency between the parent fashion brand and its extension implies a more favorable FBE evaluation.

2.3.2.2. Product feature likeness

Under this product feature likeness category, consumers would base on whether the extension is perceived as sharing physical attributes, performing similar function and sharing the same usage context of the original brand (Park et al. 1991). On the other hand, there is a positive relationship between this factor and consumers' evaluation as well as recommendation and purchase intention. Usage complementarity and skill transferability are the two dimensions to investigate product feature likeness (Aaker and Keller 1990).

Usage complementarity is used to show the extent to which consumers view the brand extension and the existing products of the brand sharing the same usage context (Aaker and Keller 1990). In other words, the extended product is a complement of the existing products, when both of the products are consumed together to satisfy a particular consumers' need. For example, ski clothing is a complement of downhill ski.

When the extension is a complement of the original brand's product from the consumers' point of view, the perceived similarity between the parent brand and the extension will be higher. Since a higher degree of perceived similarity would

certainly transfer the association from the parent brand to the extension (Aaker and Keller 1990; DelVecchio and Smith 2005). Based on these prior research, we can forecast that usage complementarity would trigger a positive influence on consumers' attitudes towards brand extensions. As such, the following hypothesis is constructed as:

H5: From the IVS tourists' perspective, a higher degree of the usage complementarity between the parent fashion brand and its extension implies a more favorable FBE evaluation.

According to Aaker and Keller (1990), skill transferability is the degree to which the manufacturing skill that is required for the extension overlaps with what already exists. This can be reflected by the perceived ability, which involves people, facilities, and skills, of a company using to make the original brand's products that would be transferred and employed effectively in manufacturing the brand extensions.

If consumers judge that the resources a firm employed to produce the original brand's product would be utilized to assemble the brand extension, the perceived similarity between the parent brand and the extension is high. Park et al. (1991)

agree that skill transferability would affect consumer behaviours towards brand extensions. Accordingly, the hypothesis is developed as follow:

H6: From the IVS tourists' perspective, a higher degree of the skill transferability between the parent fashion brand and its extension implies a more favorable FBE evaluation.

2.4. Sexual attitudes differences

Apart from studying general consumers' attitudes, understanding male and female consumers' shopping attitudes is another interesting topic.

As revealed by Otnes and McGrath (2001), the attitudes towards shopping and brand choice between males and females are dissimilar. Although the above factors would affect consumer attitudes towards fashion brands and the corresponding FBEs, the influential levels of these factors vary among males and females. According to Babakus and Yavas (2008), product quality exerts a greater influence on loyalty development by male customers than female customers. The primary focus of males' purchase decision is on the tangible merchandise attributes, i.e. product quality (discussed in Section 2.3.1.2) and product feature likeness (stated in Section 2.3.2.2). As for females, the degree of influence by

brand loyalty tends to be higher than that of males. This is because ladies have greater knowledge of clothing, are more involved with their clothing, and are more satisfied with their purchase (Jin and Koh 1999). Besides, the findings of Taylor and Cosenza (2002) indicate that fit, style, and look are the three important factors which affect female consumers' purchasing decision towards fashion brands. In other words, image projection between ladies' self-image and the brand (explained in Section 2.3.1.4), and the concept consistency (shown in Section 2.3.2.1) between the parent brand and FBEs, are significant in affecting their buying attitudes. Based on these literature works, we believe the proposed factors in this thesis would exhibit different importance levels to affect male and female IVS tourists regarding their consumer attitudes towards DLs, ML, and their FBEs. Therefore, the hypothesis is constructed as:

H7: From the IVS tourists' perspective, attitudes towards fashion brands and their FBE are different between male consumers and female consumers.

2.5. Tourism

This section will firstly present how tourism and retailing are interrelated, and the general tourism environment in Hong Kong. Since this dissertation focuses on the IVS tourists, the culture of China and the people's attitudes will then be

discussed. Chinese travellers' perception towards Hong Kong retailing would also be stated.

2.5.1. Tourism and retailing in Hong Kong

Heung and Qu (1998) state that tourism shopping affects the retailing activities significantly, thus this drives the needs to strengthen the synergy between tourism and the retail business. Heung and Cheung (2000) present that the competitiveness of Hong Kong retailers is decreasing when comparing with other nearby Asia cities such as Singapore, Thailand, and Indonesia. This worsening scenario is mainly attributed to two factors, which are internal and external factors. In our society, the cost of operating a retail store is considerably high as land rentals, wages and interests rate are more expensive than that of the nearby cities. Despite the sign that indicates Hong Kong has recovered from the Asia economic turmoil, local consumers' spending is reducing as stated by Heung and Cheung (2000). On the other hand, the development of new tourism infrastructures of the neighbor cities, such as Taiwan, Malaysia, and South Korea, further boost their international images and these cities also promote themselves as a holiday and shopping destination to attract visitors. These cities compete directly with Hong Kong and this will deteriorate the competitive edge of Hong

Kong being a tourists' shopping destination. As a result, the competition of the Hong Kong tourism industry and retailing is becoming extremely keen (Heung and Cheng 2000; Heung and Qu 1998; Wong and Law 2003).

Though the Hong Kong tourism and retail industries are facing some difficulties, tourism shopping still contributes a substantial inflow of money to the Hong Kong economy and this industry is one of the largest earners of foreign exchange (Heung and Cheng 2000). According to generous literature and the report of the Hong Kong Tourism Board (HKTb) 2007, all these information ascertains that mainland tourists are the dominant market of the Hong Kong tourism industry and they possess marked purchasing power and potential. HKTb (2007) points out that the number of mainland visitors under IVS is increasing, and the board is paying as much as attention and effort to entertain this group of tourists. The ultimate goal of retailers is to provide suitable merchandises to the consumers in order to ensure their economical survival (Heung and Cheng 2000). Understanding the target consumers' attitudes and their satisfaction level, therefore, is a key solution for the marketers to fulfill the customers' needs and wants, and this topic always arouses scholars' attention. In the following sections, the Chinese visitors' shopping attitudes will be examined and how their

particular attitudes affect Hong Kong retail industry will also be demonstrated.

2.5.2. Culture of China and Chinese people attitudes

The most proper way to understand resident attitudes of a particular region is to study how the culture of the area affects the people's attitudes. With the aim of investigating the Chinese culture, Hofstede's Theory, which is one of the most widespread cultural theories, would be applied to this study. This theory summarizes four dimensions, named as (i) power distance, (ii) individualism vs collectivism, (iii) masculinity vs femininity, and (iv) uncertainty avoidance, to measure a country's culture (Hofstede 1980). Shenkar and Glinow (1994) apply this theory to study the Chinese workers as well as the organizations cultures. This research states that China is categorized as long power distance which means that the social status and power are distributed unequally. Another feature of the Chinese society is collectivism and this implies that people are integrated into groups. China is also classified as a masculinity society, therefore success, money and material are the dominant values in the people's mind. High degree of uncertainty avoidance is another characteristic of China under the Hofstede's Theory and thus people would feel uncomfortable in an unstructured, instable, ambiguous situation and they would try to avoid these conditions.

The above distinctive features of China under the Hofstede's Theory are further strengthened by the study of Connection (1987) which reveals that Chinese people are more conservative and collective. Apart from this study, Mehta et al. (2001) conclude that Asian consumers are less individualistic and adhere more to social norms. Hence, the degree of consumers' susceptibility to reference group influence tends to be high, when compare to westerners. Later, Hsu et al. (2006) study the reference group influence power of the Chinese tourists and the results reveal that friends and relatives would affect the decision making of the Chinese visitors most, and this group of tourists is more likely to comply with their reference group. This behaviour would be largely attributed to the fact that China is a collective society, according to the Hofstede's Theory. The group-oriented behaviour is also demonstrated by additional literature, as Mok and Defranco (1999) report that Chinese people prefer travelling in group to individual.

Further, face is a vital factor to build up and maintain the interpersonal relationship among the Chinese people (Mok and DeFranco 1999). This is not surprising that the Chinese people like to possess of materials to show off their status and wealth. Mok and Defranco (1999) further mention that mainland people are brand-conscious and this claim is consistent with the Hofstede's

Theory by which China is featured as a masculinity society and thus money and materials are the principal values of the residents. Based on the prior research and the Theory, the increasing number of luxury fashion brands and merchandises presence in China, such as Emporio Armani, Gucci and Louis Vuitton, can be explained by the fact that Chinese people are material-conscious as well as by the rapid economic growth in this country (Deci 1996). In Hong Kong, we always notice that many IVS travellers visit the well-known branded shops.

On the other hand, tourism style is also an interesting topic for the researchers to explore. Littrell et al. (1994) propose that travellers can be broadly classified into four kinds of typologies. Type 1 is known as Ethnic, Arts and People, which refers to a group of tourists who like to shop at craft goods, clothing boutiques and antique shops. They are more likely to chat with the salespeople who possess professional product knowledge, and they enjoy shopping at the retail stores with simple outlooks. Type 2 refers to History and Parks, and this group of tourists enjoys experiencing the unspoiled nature and seeing natural's beauty and important natural places. Urban Entertainment is the third type of the typology. These travellers have the highest tendency to visit the fashion stores. They prefer

to shop at the stores with a modern appearance and enjoy interacting with the salesperson. Lastly, Active Outdoor is categorized as the forth type of the typology. This type of travellers has a great passion on the outdoor activities and participates in hobbies or sports actively, and they have fewer interests on shopping. Under this classification of tourism typology and according to the Chinese tourists consumer research conducted by the Trade Development Council (TDC) between 2002 and 2004, tourists from the mainland China mainly belong to Type 1 (Ethnic, Arts and People) and Type 3 (Urban Entertainment) because they tend to spend a comparatively large proportion of their time and money on fashion shopping during their trips in Hong Kong. Besides, they also enjoy having interactions with salesperson whose product knowledge is professional and rich.

2.5.3. Chinese visitors' perception towards Hong Kong retailing

Tourists' perceptions towards the Hong Kong retailing have been well documented in the tourism and marketing literature. A number of researchers attempt to find out the Chinese visitors' perceptions towards the Hong Kong retailing in order to enhance and boost Hong Kong's destination image. Wong and Law (2003) investigate on whether there is disconfirmation between the

Chinese visitors' perception and expectation towards Hong Kong's tertiary sector.

The results reveal that "service quality" and "variety of goods" receive a positive disconfirmation, which means that the perception is higher than expectation, from the Chinese tourists' perspective. On the contrary, "quality of goods" and "price of goods" obtain a negative disconfirmation that means the perception of the Chinese visitors is lower than their expectation. These results, however, are not always the same as other research. Some past studies, such as Mak et al. (1999), Heung and Cheng (2000), and Choi et al. (2007) find that service quality and product quality are ranked at a lower position and would not affect a tourist's shopping satisfaction level.

Interestingly, numerous studies, like Mak et al. (1999), Choi et al. (2007), and Wong and Law (2003), reveal that "variety of goods" and "large selection of merchandise" receive positive feedbacks from the tourists and the respondents rank these attributes higher than that of the nearby cities such as Singapore and Malaysia. These noticeable findings can be attributed to the fact that Hong Kong is one of the most famous shopping centers in the world and there are a variety of retailers, and that the retailing industry is sophisticated and prosperous. Another reason may be due to the marketing strategy implemented by the retailers in

Hong Kong. Owing to the increasing number of retailers adopting the brand extension strategy, the retailers are able to offer as many as merchandises to the market as possible. Heung and Qu (1998) also assert that one way to strengthen the competitiveness is to offer a complete product range to the tourists. Thus, we can conclude that the brand extension strategy would be an underlying means to achieve high tourists' shopping satisfaction level and maintain Hong Kong's shopping paradise image. Apart from that, Monga and John (2007) predict that Eastern consumers perceive a higher similarity of the brand extensions, and evaluate brand extensions more favorably than the Western consumers do. This is due to the holistic thinking of Easterners, while Westerners are characterized as analytic thinking. This is, therefore, necessary for retailers to understand the Chinese tourist attitudes towards the fashion brand extensions.

2.5.4. Regional differences in Mainland China

The Mainland China is officially divided into six regions, including East China, North China, Central South China, Southwest China, Northeast China, and Northwest China (Ralston et al. 1996), with both culture and economic environment quite different from one other.

East China is a relatively well-established market. It is located around the mouth of the Yangtze River, which consists of the star city Shanghai, and the provinces of Zhejiang and Jiangsu. This region is more advanced in economic development, has more affluent consumers than other provinces, and is densely populated and highly urbanized. Shanghai, in particular, is one of the most important industrial and financial centers in China, and many foreign companies have been attracted to invest over there. Thus, Shanghai's residents are expectedly more familiar with the international brands and it should be easier for them to accept new things. People in this region are also more innovative, when compared to other regions (Ariga et al. 1997, Cui and Liu 2000).

North, Central South, and Southwest China represent emerging markets and they are becoming increasingly attractive to international companies and brands.

North China includes Beijing, Tianjin, Shanxi, and Neimenggu. This area has long been the geopolitical base of China. The economy is growing rapidly over the last few years and has attracted investments from many other countries. People in North China are relatively conservative and emphasize on intrinsic satisfaction, but they are still reported to be open to new product ideas (Ariga et al. 1997, Cui and Liu 2000).

Central South China consists of Henan, Hubei, Hunan, Hainan, Guangxi, and all the provinces of Guangdong. This region is the heartland of China with heavy emphasis on agriculture. In recent years, this regional area has been trying to energize the economics and catch up with the coastal regions such as East China. People in this region have relatively limited purchasing power, and they would largely follow the trends in major metropolitan cities and coastal areas.

Chongqing, Sichun, Guizhou, and Yunnan are included in **Southwest China**. Due to the industrial output and tremendous population, this area has always been of interest to foreign companies. However, a number of foreign firms find this consumer market to be “sluggish”. On the other hand, due to the rich endowment of natural resources and improved transportation infrastructure and network, this area has a great potential to be one of the dominant manufacturing regions and a consumer market in the near future. Geographically, this region is relatively isolated from the financial hubs of China, and the pace of life of the residents is slow and they are less exposed to foreign brands and goods.

Northeast and Northwest China are regarded as the developing regions.

Northeast China involves the provinces of Liaoning, Jilin, and Heilongjiang.

The major industries of the region are mining, automobile, and machinery manufacturing. Owing to the limited natural resources and agricultural output, and the extremely long distance from the central hub of China, this region is still waiting for foreign firms to invest. The people are still struggling with the remnants of the command economy and have been slow in reaping the benefits of reforms. Furthermore, most of them are not exposed to foreign brands.

Northwest China refers to Shaanxi, Ningxia, Xinjiang, Qinghai, and Gansu. High mountains and deserts are the features of the region. Similar to Northeast China, this area has very limited agricultural and industrial output. There are inadequate numbers of foreign brands which have invested. Thus, people in Northwest China are conservative and less experienced in purchasing from international brands for their products (Cui and Liu 2000).

Obviously, each region contains several cities and the development stage of the each city varies. Although we cannot analyze the cities one by one, the above literature does provide a whole picture of the regions which summarizes the economic developments and consumer attitudes. The above literature works

compare the developments of the regions and some general characteristics can be concluded.

Based on the literature works, a hypothesis considering the regional difference of the IVS visitors' attitudes is developed:

H8: From the IVS tourists' perspective, their attitudes towards fashion brands and FBE are different across various regions.

2.6. Chapter summary

The literature of the topic has been reviewed in this chapter. All the hypotheses are developed according to the past research works and these hypotheses will be adopted to design the questionnaire in order to address the research objectives. Table 2.2 summarizes the hypotheses. The rationales of conducting this research will be presented in the next chapter.

Table 2.2. Summary of hypotheses

Attitudes towards parent fashion brands	
H1	From the IVS tourists' perspective, a higher product quality perception level towards the parent fashion brand implies a higher intention to evaluate its FBE.

H2	From the IVS tourists' perspective, a higher brand loyalty level towards the parent fashion brand implies a higher intention to evaluate its FBE.
H3	From the IVS tourists' perspective, a higher congruency between their self-image and the image projection of the parent fashion brand implies a higher intention to evaluate its FBE.
Attitudes towards FBE	
H4	From the IVS tourists' perspective, a higher degree of the concept consistency between the parent fashion brand and its extension implies a more favorable FBE evaluation.
H5	From the IVS tourists' perspective, a higher degree of the usage complementarity between the parent fashion brand and its extension implies a more favorable FBE evaluation.
H6	From the IVS tourists' perspective, a higher degree of the skill transferability between the parent fashion brand and its extension implies a more favorable FBE evaluation.
Sexual attitudes differences	
H7	From the IVS tourists' perspective, attitudes towards fashion brands and the FBE are different between male consumers and female consumers.
Regional differences in Mainland China	
H8	From the IVS tourists' perspective, their attitudes towards fashion brands and the FBE are different across various regions.

Chapter 3 Research Rationales

This chapter is going to present the reasons for selecting the mainland travellers from the Individual Visit Scheme (IVS) as a target group of this research. The importance of comparing the consumer behaviours towards designer labels (DLs) and mass-market labels (MLs) in the fashion industry would be indicated. The reasons for comparing male and female IVS visitors' attitudes and regional differences in Mainland China would also be stated.

3.1. Motivations of launching Individual Visit Scheme (IVS)

The motivations of launching IVS can be generally attributed to three main reasons, (i) the outbreak of SARS in Hong Kong, (ii) the outbound travel limitation of Chinese residents, and (iii) the economic boom in China. This part will discuss how these situations lead to the presence of IVS.

3.1.1. Outbreak of SARS in Hong Kong

Individual Visit Scheme has been implemented since July 2003. Before the execution of this policy, Hong Kong tourism industry suffered from a huge decline of visitors due to the outbreak of Severe Acute Respiratory Syndrome (SARS) in March 2003. The disaster was terribly serious and consequently the

World Health Organization (WHO) announced that Hong Kong, and other SARS attacked regions (Toronto and Vancouver in Canada, Hanoi in Vietnam, Singapore, and Guangdong Province in China) were confirmed as the major cohort of SARS affected areas (WHO 2003). The disease is a kind of highly infectious respiratory virus and the number of Hong Kong residents infected by SARS increased dramatically in the next few months after the breakout. On 2 April 2003, WHO advised people to postpone all the travel activities to Hong Kong and other SARS attacked areas (WHO 2003). Owing to this health attack and the WHO announcement, the number of Hong Kong visitor arrivals in April and May 2003 declined sharply to an unprecedented low level by nearly 70 percent (HKTb 2004). The entire Hong Kong economy, especially the tourism industry and retailing industry, were negatively affected during that period.

3.1.2. Chinese people outbound tourism limitation

Before the introduction of IVS, the citizens' application procedures for outbound travelling were complicated and it was difficult for them to obtain travel documents in China. The mainlanders had to apply an "exit-entry permit" issued by the Public Security Bureau of People's Republic of China, which is also known as a two-way permit, and they could only travel to Hong Kong for

business purpose or through joining tours. The permit document usually allowed the mainlanders to stay in Hong Kong for seven days up one year (Huang and Hau 2005).

Another limitation for the Chinese residents to travel outbound is the adoption of the Approved Destination Status (ADS) policy by the Chinese government since 1983. ADS is a bilateral agreement which allows the approved ADS country to open a tourist office in China and promote their tourism markets to China, whilst the Chinese government allows Chinese tour operators to organize tours to the ADS country (Li 2005). At the beginning stage of the agreement implementation, there were only four countries / cities (Hong Kong, Macau, Thailand, and Singapore) listed on the ADS list in 1983. Before the handover of Hong Kong to China, the list increased to only six countries in which Malaysia and Philippines were the additional countries after 1983. Therefore, the outbound tourism destinations for the Chinese residents were extremely limited at that time (China Contact 2008).

However, this agreement was released in 1997 and the number of countries listed on the agreement has been growing dramatically. Until 2007, there were

ninety-five countries listed on this agreement. The number of China outbound tourists increased continuously and travelling is becoming an activity for relaxation to the mainlanders. Table 3.1. reveals the increasing trend of the annual China outbound tourists.

Table 3.1. Numbers of China outbound tourists between 1993 and 2003 (before the establishment of IVS)

Year	Total numbers of China outbound tourists	Changes (%)
1993	3,740	-
1994	3,730	-0.27
1995	4,520	21.18
1996	5,060	11.95
1997	5,320	5.14
1998	8,426	58.38
1999	9,230	9.54
2000	10,473	13.47
2001	12,133	15.85
2002	16,602	36.8
2003	20,200	21.67

Source: Li (2005)

3.1.3. Economic boom in China

The success of China's political liberalization and economic prosperity in the 1990s contributed to the growth of outbound travel of the mainlanders (Zhang and Qu 1996). Sachs (2003) further explains that the GDP growth rate in China

would overtake the western countries over the next fifty years, and this market is the “green field” for fashion brands to expand. Owing to these reasons, the purchasing power and disposable income of the mainland people have increased, and there are a mounting number of mainland residents demanding for outbound travelling. Besides, owing to the handover of Hong Kong and Macau to the Chinese government in 1997 and 1999 respectively, the Chinese people were stimulated to travel to these two regions.

Due to the above reasons, IVS policy has been implemented since 28 July 2003. The ultimate objective of this policy is to alleviate the adverse impact on the Hong Kong tourism and retailing industry, which have suffered from the SARS attack, by targeting this lucrative tourism market.

3.2. Importance of Individual Visit Scheme (IVS)

The introduction of the scheme brings a tremendous increase in the number of the mainland visitors. This is because the application procedures of the residents in some regions of China are much more simplified and thus this policy has stimulated the number of Chinese travellers significantly since 2003.

At the commencement stage, this scheme was implemented in Guangdong Province which includes Dongguan, Zhongshan, Jiangmen, and Foshan. By 1 January 2007, the number of cities under IVS have increased to 49 in total. The number of IVS visitors has also increased vividly from 7.9% to 57% between 2003 and 2008 (HKTb 2008). Table 3.2 shows the numbers of Chinese visitors between 2003 and 2007.

Table 3.2. Proportion of IVS visitors among the Mainland Chinese visitors

Year	Numbers of Mainland Visitors (thousand)	Numbers of mainland visitors under IVS (thousand)	Comprise of IVS (%)
2003	8,467	667	7.9
2004	12,246	4,260	34.8
2005	12,541	5,550	44.3
2006	13,591	6,673	49.1
2007	15,486	8,593	55.5
2008	16,862	9,619	57.0

Source: Hong Kong Tourism Board 2008

URL: http://www.partnet.hktb.com/pnweb/jsp/comm/index.jsp?pageContent=/jsp/rso/rso_news.jsp&charset=en

Apart from the tourism industry, the scheme is also beneficial to the Hong Kong retailing sector. As shown in Table 3.3, the amount of total expenditure and

spending on shopping of the mainland tourists escalated recurrently after the execution of IVS.

Table 3.3. Spending of the Mainland Chinese tourists

Year	Numbers of overnight mainland visitors (thousand)	Total expenditure (HK\$M)	Spending on goods and services consumed (HK\$M)
2003	5,686	29,780	23,450
2004	7,794	33,941	23,078
2005	8,030	36,570	23,919
2006	8,434	39,679	26,798
2007	9,090	47,215	34,278

Source: Hong Kong Tourism Board 2008

URL: http://www.partnet.hktb.com/pnweb/jsp/comm/index.jsp?pageContent=/jsp/rso/rso_news.jsp&charset=en

Apart from the increasing number of overnight mainland visitors, the number of non-overnight IVS travellers also amplified, according to the annual report of HKTb (2008). HKTb interprets that the trend of short-term visits of mainland tourists under IVS would increase continuously and they are likely to enjoy this kind of short shopping trips to Hong Kong.

Based on the above discussions and statistics, almost half of the total Chinese

visitor arrivals are under the IVS. HKTb forecasts that there will be a substantial growth potential of the mainland visitors and therefore attracting them, retaining their loyalty, and creating aspirations for them to visit Hong Kong are the top priorities of the HKB promotional campaign. The IVS tourists input a marked inflow of retail revenue and thus their shopping behaviours are necessarily worth investigation.

3.3. Rationales of comparing consumer attitudes between designer labels (DLs) and mass-market labels (MLs)

Brand extension in DLs and MLs appears frequently in the fashion market. As discussed in Chapter 2, there has been extensive research investigating on consumer behaviours towards brand extensions. However, there has been limited research to date comparing consumer behaviours towards brand extension between DLs and MLs. This section, therefore, is going to state the importance of comparing consumer behaviours towards DLs and MLs.

3.3.1. Market positioning of DLs and MLs

According to Solomon and Rabolt (2004), fashion retailers can be generally classified into five categories, namely, designer, bridge, better, moderate, and

budget. In this research, the categories of designer and budget are used to compare the IVS tourist behaviours towards DLs and MLs respectively.

Fernie et al. (1997) mention that DLs should have an international profile by appearing in a major fashion runway shows in the dominant fashion capitals. DLs have to establish their fashion design business for at least two years, market their own label merchandises, as well as produce merchandise for sale in two or more countries. On the contrary, MLs mainly sell casual-wears like jeans and T-shirt. The merchandises are mass-produced in factories and manufactured in a large quantity. Each garment design is made in great volume with common styles and colours.

Pricing strategy is the most obvious difference in market positioning between DLs and MLs, according to Solomon and Rabolt (2004) and Figure 4.1. DLs adopt high mark-up pricing approach whereas loss leader approach is employed by MLs. High mark-up pricing means the retailer charges the margin as much as possible and thus the retail price of the merchandise is high. This pricing approach aims at enhancing the prestige of the brand. In contrast, under the loss leader approach, the products are priced at less than the usual markups, near cost,

or even below cost. The purpose of this strategy is to increase the traffic (Odgen 2005).

3.3.2. Differences in consumer behaviours between DLs and MLs

As stated in the last section, pricing strategy is totally diverse, and consumer brand choice behaviour is largely affected by the product pricing (DelVecchio and Smith 2005). Therefore, the authors believe that consumers would possess different reactions towards various brands and they also ascertain that pricing is a dominant factor which affects people's buying decision and reduces consumers' risk.

Dowling and Staelin (1994) propose three types of risks that are commonly associated with consumers' purchase decisions. The risks are known as financial risk, performance risk, and social risk. Financial risk refers to the economic outlays that may be lost if a product cannot perform adequately. Performance risk is the loss associated with the purchase of a product that fails to meet consumers' performance expectations. Lastly, social risk is represented in a brand choice environment to the extent that consumers believe their peers may evaluate them negatively due to the purchase they make. DelVecchio and Smith (2005) and

Dowling and Staelin (1994) both agree that consumers are willing to pay for a price premium with an attempt to alleviate these associated risks. Thus, we would imagine that consumers would prefer buying DL merchandise to a ML product based on the prior research.

However, Lichtenstein et al. (1993) point out a different view about how pricing affects people's buying behaviours. They state that a higher price would adversely affect the probability of consumers' buying. If we take this study into consideration, we could predict that consumers would more welcome MLs more than DLs.

As per the above past research indication, how pricing strategy affects people's shopping behaviours is a controversial topic. Therefore, it is important to understand how consumer behaviours are different towards DLs from MLs in the fashion market in order to fill a part of the literature gap. Such understanding could also provide managerial insights for both DL and ML marketers.

3.4. Sexual attitudes comparison

As pointed out by Campbell (1997) and Otnes and McGrath (2001), the shopping

attitudes are different between males and females. Campbell (1997) identifies that (i) female consumers are more positively engaged in shopping than men, (ii) a large majority of male consumers perceive shopping as “effeminate”, and (iii) female consumers are shopping for “shopping’s sake” whereas fulfilling an instrumental need is the prime reason for male consumers to shop. As motivated by these research works, this study examines the different attitudes between male and female IVS visitors towards the fashion brands and the FBEs.

3.5. Regional analysis

As presented in Chapter 2, Section 2.5.4, Mainland China consists of six regions. Each of the regions is different in terms of economic development, geographic location, natural resources, as well as residents’ behaviours (Ariga et al. 1997, Cui and Liu 2000). These differences stimulate us to investigate on how the IVS visitors’ attitudes vary across the regions. This regional analysis would fill parts of the literature gap, advance the knowledge in understanding the Chinese visitors’ attitudes and behaviours, and provide insightful information to the Hong Kong fashion retailers.

3.6. Chapter summary

This chapter has provided the rationales for conducting this research in details. In the previous chapters, all the research backgrounds have been studied. The method of conducting this study will be stated in the next chapter.

Chapter 4 Research Methodology

The purpose of this dissertation is to study the IVS visitor's attitudes towards DLs and MLs, and their respective FBEs, as well as to compare the attitudes of Hong Kong local consumers with those of the IVS tourists towards DLs, MLs, and the corresponding FBE strategy. Both secondary research and primary research are employed. In addition, a company interview is conducted in order to verify our findings and to generate additional insights. In this chapter, the methodology adopted in this research will be discussed.

4.1. Secondary research

According to Ghauri and Grønhaug (2005), secondary research refers to the information that has already been gathered and may be relevant to the problem on hand. Literature review is one of the quickest methods to discover the research problem and the previous work of others. This kind of research may include conceptual literature, trade literature, or published statistics (Churchill 1983). In this current study, literature review has been conducted to provide background information of this research topic. The focus of the literature review includes the development of the fashion brand extension strategy, consumer attitudes towards brand extensions, implementation of IVS, Hong Kong tourism

industry, and Chinese travellers shopping attitudes. Academic journals and reference books are the major sources of the literature review. Besides, published statistics from the Hong Kong Tourism Board would be employed in order to indicate the importance of the IVS travellers. After gathering all these related background information, a comprehensive literature review would then be written up and hypotheses have been constructed. These sources also supply background knowledge for the primary research and the questionnaire design.

4.2. Primary research

A questionnaire survey was conducted in order to collect the primary data to analyze the IVS tourist attitudes towards DLs and MLs, as well as the respective FBE proposed for DLs and MLs. In this research, sportswear products are the proposed FBE for both DLs and MLs. Face-to-face interviews were performed between November 2007 and June 2008 at the Avenue of Stars in Tsim Sha Tsui, and the target respondents of this survey were the Chinese mainland visitors who travel to Hong Kong under the Individual Visit Scheme. The reason of selecting the Avenue of Stars as the survey location is mainly due to the fact that it is one of the most popular sightseeing attractions visited by the mainland travelers (Hong Kong Tourism Board 2008). Another attraction of the avenue is that it is a

wonderful place to appreciate the light spectacular which is called “A Symphony of Lights”. Therefore, numerous IVS visitors have been attracted to this avenue.

4.2.1. Pilot test

Before carrying out this survey formally, a pilot test was employed with the aim of ensuring that the content of the questionnaire would not confuse or mislead interviewees. The pilot test was completed by ten IVS visitors in the first surveying day. Constructive comments were gained during this pilot test and modification of the questionnaire was made accordingly. The revision of the questionnaire includes listing out the examples of DLs and MLs respectively, so as to allow the respondents to be more familiar with the brands and more easily to form the associations when they were answering the questions. Furthermore, due to the language and cultural difference between Hong Kong people and the Chinese visitors, some wordings in the questionnaire were modified. More importantly, questions on general shopping attitudes in Hong Kong were canceled since they are not the focus of this research. Such shortening of the questionnaire would avoid the respondents’ impatience as some interviewees complained the questionnaire was too long during the pilot test.

4.2.2. Sampling method

A random sampling approach was adopted by which the interviewer walked along the Avenue of Stars in Tsim Sha Tsui to intercept the target respondents for the survey. A key characteristic of this sampling method is that all units in the population have the same probability of being included (Ghauri and Grønhaug 2005). Every tenth of the Chinese visitors would be selected when they passed by the interviewer. Once the interviewee was chosen, he/she would be asked some screening questions, such as “are you visiting Hong Kong under the Individual Visit Scheme?”, and “do you know any DLs and MLs?” to confirm that they are the targeted respondents of this survey. If the person was a right candidate of this research, he / she would be invited to perform a face-to-face questionnaire survey. However, if that individual was not a targeted interviewee, then the next tenth person would be selected. Eventually, a total of 208 questionnaires were successfully completed.

4.2.3. Scope of study

This questionnaire survey mainly focuses on two main scopes, (i) IVS tourists’ attitudes towards DLs and MLs, and (ii) IVS visitor attitudes towards fashion brand extensions of DLs and MLs. Interestingly, this research scope is similar to

the research of Choi and Liu (2007), which motivates us to compare the IVS tourist attitudes with the Hong Kong local consumer attitudes towards DLs and MLs, and the FBE of DLs and MLs.

Regarding the first scope, IVS tourists' attitudes towards DLs and MLs would be examined by investigating their perceptions of product and brand attributes of DLs and MLs, the satisfaction level towards these two types of brands, and study whether any of the below factors, namely, product quality perception, brand loyalty, and image projection, would affect their purchasing attitudes towards these brands most. Also, the respondents' evaluation intention of FBE would also be investigated.

The focal point of the second scope is the IVS tourist attitudes towards FBE of DLs and MLs, especially how they evaluate FBE. Concept consistency and product feature likeness are the two identified factors affecting their evaluation of the FBE. Their attitudes towards the FBE would be measured by their purchasing and recommendation intention.

Lastly, we would study the difference between the attitudes of IVS visitors and

the Hong Kong consumers toward DLs and MLs, as well as the FBE of DLs and MLs.

4.2.4. Questionnaire design

This questionnaire contains four sections. This first section is the general attitudes of the respondents towards DLs and MLs. Then, the second part of the questionnaire concerns the interviewees' attitudes towards parent fashion brands and their evaluation intention of FBE. Next, the IVS tourist attitudes towards FBE will be studied. Demographic data of the respondents are obtained in the last part of the questionnaire. All the questionnaires are written in simplified Chinese, which is the common written language used in the mainland China.

4.2.4.1. Section A

Section A aims at investigating the IVS tourist general attitudes towards the DLs and MLs, including the perception of the respondents of the brand and product attributes towards DLs and MLs., the satisfaction level of the respondents towards the two kinds of the retail brands, the importance level of product quality perception, brand loyalty, and image projection in affecting their attitudes towards DLs and MLs.

4.2.4.2. Section B

This part is going to examine the IVS tourists' attitudes towards the parent fashion brand which contains product quality perception, brand loyalty, as well as image projection.

For the variables of product quality perception, the measurements are adapted from Bruner and Hensel (1994), while the statements of brand loyalty and self-image consistency are captured from Hem and Iversen (2003) and Aaker (1999). Lastly, the respondents are asked about their intention to evaluate the FBE.

4.2.4.3. Section C

This part focuses on the FBE. Referring to Chapter 2, concept consistency and product feature likeness are the two main dominant factors affecting consumers' evaluation of the FBE. The measurements of the brand concept consistency are taken from Keller and Aaker (1992). For product feature likeness, including usage complementarity and skill transferability, the variables are captured from Aaker (1990). The IVS visitor attitudes towards the FBE are examined at last. The attitudes can be explained by their purchasing and recommendation intention

of the FBE, and these two statements come from Berens et al. (2007).

4.2.4.4. Section D

The demographic information of the respondents is obtained in this section. Such background information includes their gender, age, province of origin, occupation, as well as their monthly income in RMB.

4.2.5. Rating scale

A six-point likert scale is employed in this research. The reason of adopting this rating scale is that it can avoid people from answering the neutral answer, and thus the problem of bias of central tendency can be minimized (Ghauri and Gronhaug 2005). There are three types of rating scales in the questionnaire, namely, agreement level, intention level, and similarity level.

4.3. Data analysis techniques

After the questionnaire survey has completed, all the collected raw data are entered to the software SPSS 13.0 for Windows (Statistical Package for the Social Sciences). With the aids of SPSS, all statistical manipulation will be calculated and analyzed. Descriptive analysis, reliability test, Correlation, and

Liner Regression will be employed to analyze the data and test the hypotheses.

4.3.1. Descriptive analysis

According to Ghauri and Gronhaug (2005), descriptive analysis can transform the data into a form that will be easier to understand and interpret. Calculation of frequency and percentage is the most convenient and common way to summarize the data. In this study, the descriptive analysis of frequency and mean will be employed.

Frequency and percentage are used to sum up the numbers of instances within a particular category. This technique will be performed in summarizing the demographic data of the respondents (Chapter 5, Section 5.1), and counting the brand and product attributes of DLs and MLs (Chapter 5, Section 5.2.1).

Mean is the arithmetic average to calculate the central tendency of the data. The value of mean is the sum of all values in a set of data divided by the sum of the number of values in the dataset (Ghauri and Gronhaug 2005). In this study, calculation of mean will be employed to understand the satisfaction level towards the brands (Chapter 5, Section 5.2.2), to compare the importance level of the

factors affecting the IVS tourist buying attitudes towards the brands (Chapter 5, Section 5.2.3), the factors affecting the respondents' evaluation of the FBE (Chapter 5, Section 5.4.3), sexual attitudes comparison (Chapter 5, Section 5.5.1), and regional analysis (Chapter 5, Section 5.6.1. and Section 5.6.2.)

4.3.2. Hypothesis testing techniques

The hypothesis testing techniques include reliability test, one-sample t-test, correlation, as well as linear regression. In the following section, each of the techniques will be discussed.

4.3.2.1. Reliability test

This test is performed to study the internal consistency of the measurements scales and assess the creditability of the findings (Chakrapani 2004). The measure of this test focuses on the internal consistency of the set of items forming the scale by using the Cronbach's Alpha, which is the average of all possible split-half coefficients resulting from different ways of dividing the scale items. It is suggested that the acceptance threshold of the alpha value is 0.7 (Chakrapani 2004), which means that a value of 0.7 or higher is generally interpreted as satisfactory internal consistency reliability. If the value is lower

than 0.7, the variable is deemed not reliable and thus we could not employ the variable in analyzing the data and testing the hypothesis. This current research would adopt this test in analyzing the satisfaction level towards the brands (Chapter 5, Section 5.2.2), relationship between the attitudes towards the parent fashion brand and the intention to evaluate the FBE (Chapter 5, Section 5.3.1), and attitudes towards FBE evaluation (Chapter 5, Section 5.4.1).

4.3.2.2. One-sample t-test

This test is used to compare the mean of one variable with a known or hypothesized value. Usually, the confidence interval for the difference between the means of the test variable is set as 95% (Ghauri and Gronhaug 2005). The output of the test shows the t-statistic and the significance value, known as the p-value. The t-statistic is t distributed with $n-1$ degrees of freedom, and it approaches the normal distribution when the number of observations increases. When the value of t-statistic is greater than the value in the t-distribution table, and the p-value is larger than 0.05, then we would conclude that there is a significant difference between the variables. This method would be applied in examining the satisfaction level towards the brands (Chapter 5, Section 5.2.2), the importance level of the factors affecting the IVS tourists' evaluation intention

of FBE (Chapter 5, Section 5.2.3), sexual attitudes comparison (Chapter 5, Section 5.5.1), and regional analysis (Chapter 5, Section 5.6.1)

4.3.2.3. Correlation

The aim of using correlation is to study the relationship between two or more variables. In this study, the variables include “evaluation intention of FBE”, “evaluation attitude towards FBE”, “product quality perception”, “brand loyalty”, “image projection”, “concept consistency”, “usage complementarity”, and “skill transferability”. The most widely adopted correlation is the Pearson Correlation which measures the degree and the direction of the linear relationship between two variables (Churchill 1983). It is a measure of the degree of linear association between two variables. The reason for choosing this type of correlation is that the relationship being tested in this present study is linear. The value of the coefficient of correlation ranges from -1 , through zero, to $+1$, and the value is identified by the letter “ r ”. If the value of r is positive, it is a positive correlation which means that increasing value of variable y is associated with increasing value of variable x , and vice versa. A negative value of r , however, implies increasing value of x is associated with decreasing value of y (Worcester and Downham 1978). This analysis method would be employed in testing all

hypotheses (Chapter 5, Section 5.3.2, Section 5.4.2, and Section 5.5.2).

4.3.2.4. Regression

Regression analysis is a technique that used to analyze the relationship between a dependent variable and an independent variable (Ghauri and Gronhaug 2005).

This technique can be interpreted as a proof of a cause-and-effect relationship between the two variables. The dependent variable is the quantity being predicted or estimated, while the independent variable provides the basis for the estimation and it is the predictor variable. Dependent variables include “evaluation intention of FBE”, and “evaluation attitude towards FBE”, while independent variables are “product quality perception”, “brand loyalty”, “image projection”, “concept consistency”, “usage complementarity”, and “skill transferability”. Linear regression is selected in this research which allows us to know the slope (or gradient) and the intercept of the line. Linear regression is well-known, frequently adopted and convenient to apply (Ghauri and Gronhaug 2005). Besides, numerous related literature, such as Bottomley and Doyle (1996), Hem and Iversen (2002), and Hem and Iversen (2003), also adopt linear regression for their analyses, and linear regression is thus selected. This study applies this analysis technique to test all the hypotheses in order to investigate the

relationship between the respondents' attitudes towards the parent fashion brands and their evaluation intention of the FBE (Chapter 5, Section 5.3.2), their attitudes towards the FBE (Chapter 5, Section 5.4.2), as well as the sexual attitudes comparison (Chapter 5, Section 5.5.2).

F-statistic is adopted to analyze the variability of the components. In order to measure the value of the F-statistic, it is necessary to examine the F-Distribution table. When the value of F-statistic is greater than the F-Distribution table value, it means that there is a significant effect of the components (Chakrapani 2004).

4.4. Company interviews

Ten company interviews with both DLs and MLs were conducted in order to strengthen our understanding of how the industry entertains this special and important group of consumers. DLs includes the brands such as Aquascutum (apparel), Fenix HK Ltd. (apparel), and Lane Crawford (specialty store), while MLs include the brands like Arnold Palmer (apparel), and Giordano (apparel). Appendix I shows the description of the interviewed companies. The interviewed questions include (i) the sales percentage contributed by the IVS visitors, (ii) whether the company would consider this group of consumers when they

introduce new products / lines, (iii) which factors would they take into consideration if they consider these visitors, (iv) what actions would be taken in order to better-serve the IVS tourists, and (v) whether the brand would introduce (or have introduced) more products to satisfy the IVS tourists.

4.5. Chapter summary

In this chapter, the methodologies employed for this research have been discussed. Data analysis will be presented in the next chapter.

Chapter 5 Data Analysis

This chapter is going to present and analyze the collected data. The sequences of the data analysis are as follows:

- (i) Demographic information of the respondents
- (ii) IVS tourists' attitudes towards DLs, MLs, and corresponding FBE
- (iii) Sexual attitudes comparison
- (iv) Regional analysis

5.1. Demographic information

This section will report the demographic data of the IVS tourists, including gender, age, province of origin, occupation, and their monthly income (RMB).

5.1.1. Gender

Most of the respondents are females. There are 142 females and 66 males being interviewed, which constitutes 68% and 32% of the total respondents respectively.

5.1.2. Age

The first largest three groups of the interviewees range between age 21 and 25, 26 and 30, and 16 and 20. People aged between 31 and 35 are the forth largest group. The three groups of 36 – 40, 16 or below, and 41 or above, are the smallest groups as each of them shares less than 5% of the respondents.

5.1.3. Provinces / cities of origin

Most of the respondents are originated from Guangzhou and this group of people accounts for nearly one-fourth of the total respondents. Shenzhen and Beijing, which comprise of 15% and 12% respectively, Fuzhou and Shanghai, and

Dongguan and Zhuhai share the same percentages which are 8% and 6% correspondingly. The remaining interviewees come from Chongqing, Zhejiang, and Hefui.

5.1.4. Occupation

A large proportion (40%) of the respondents is students. The second largest group is civil servants which contains 15% of the respondents. The category of white collar workers and managers or executives share the similar percentage, which are 13% and 12% respectively, and they are the third large group. The rest of the interviewees are self-employed, blue collar, and others.

5.1.5. Monthly income (RMB)

About one-third of the respondents earn less than RMB\$1000 which is the largest segment. The income groups of RMB\$3001 – RMB\$4000, RMB\$2001 – RMB\$3000, and RMB 1001 – RMB 2000 contribute similar proportion, about one-fifth of the total respondents. These three income segments can be viewed as the second largest group. The third largest group is RMB\$8000 or above (6%).

5.2. General attitudes towards DLs and MLs

This section is going to examine the general attitudes towards the DLs and MLs, which concern the IVS tourists' perception of brand and product attributes, satisfaction level, and the important factor of affecting their buying decision towards DLs and MLs.

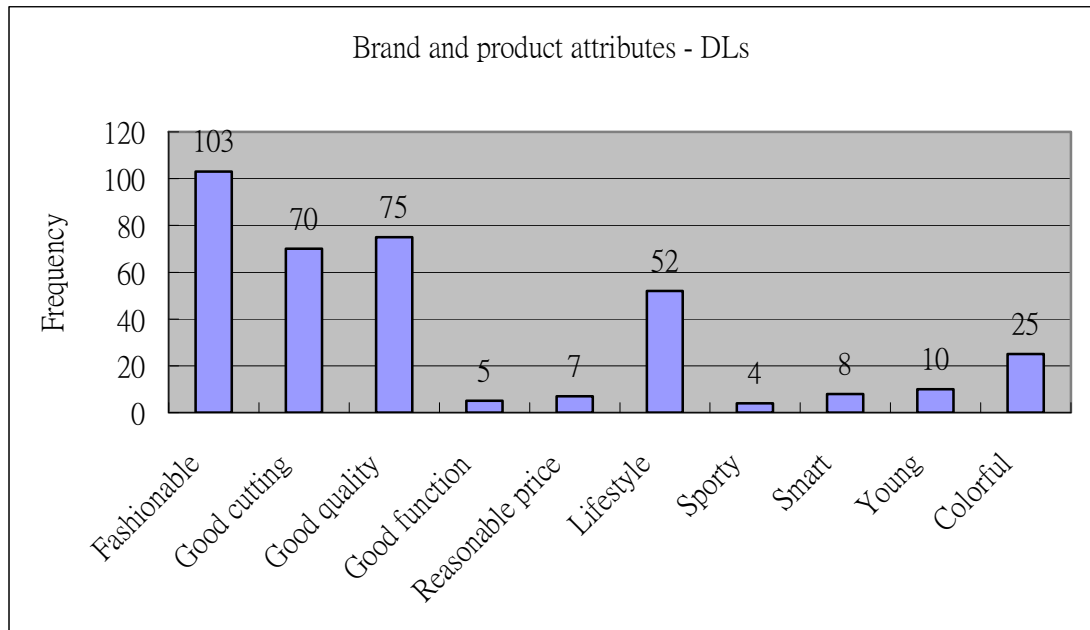
5.2.1. Brand and product attributes

Ten product attributes are proposed in the questionnaire. The suggested attributes are fashionable, good cutting, good quality, good function, reasonable price, lifestyle, sporty, smart, young, and colorful. The attributes of the DLs and MLs will be reported separately in the following section.

DLs

According to Figure 5.1, the most obvious attribute is “fashionable”. “Good quality” and “good cutting” are also the major attributes selected by the respondents, the numbers of counts are 75 and 70 respectively. Figure 5.1 shows the brand and product attributes from the IVS tourists' viewpoint.

Figure 5.1. Brand and product attributes – DLs



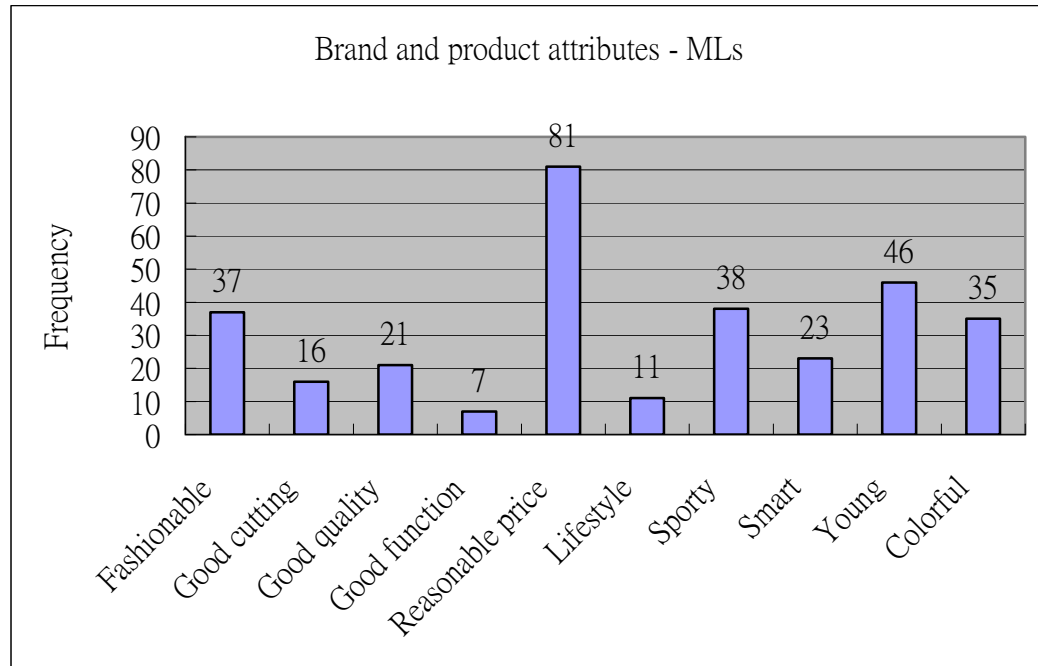
MLs

The results for the MLs are totally different from those for the DLs. IVS tourists rank “reasonable price” as the most dominant brand and product attribute of MLs.

“Young”, and “sporty” are ranked as the second and third distinctive attributes.

Figure 5.2 shows the distribution of the attributes from the IVS tourists’ standpoint.

Figure 5.2. Brand and product attributes – MLs



5.2.2. Satisfaction level towards DLs and MLs

Three questions are employed to test the satisfaction level of the IVS tourists towards DLs and MLs. The scale is measured from 1 (strongly disagree) to 6 (strong agree). Since there are three questions measuring the satisfaction level, this variable is obtained by taking the average of the ratings of the three questions. Before taking the average, reliability test is performed in order to test the internal consistency of the variables. If the value of Cronbach's Alpha is greater than 0.7, this means that the consistency is high and thus we can take the average of the results from the three questions.

According to Table 5.1, the Cronbach's Alpha of DLs and MLs are 0.774 and 0.799 respectively, which are greater than 0.7. The internal consistency of the three questions is high, and thus we can measure the satisfaction level of IVS tourists by taking the average of the results from the three questions.

Then, one-sample t-test is conducted in order to test the significance of the variables. Since the rating scale is measured from 1 to 6, the mean value above 3.5 can be viewed as positive. Therefore, the test value of the one-sample t-test is set as 3.5. As shown in Table 5.1, the values of t-statistic of DLs and MLs are 7.650 and 5.420 respectively, which are both greater than the value in the t-distribution table (i.e., 1.96 at 95% confidence interval). The values of p-value of the three variables for both brands are 0.000, which means that the variables are statistically significant in explaining the satisfaction level. In addition, both the mean values of DLs and MLs are higher than 3.5 and there is a significant difference between the test value and the mean value, and thus we can conclude that the satisfaction level of IVS tourists towards the brands is positive.

Table 5.1. Satisfaction level towards DLs and MLs

	Cronbach's Alpha	Mean	T-statistic	Sig.
DLs				
I am very satisfied with most of my purchases at these brands.	0.774	4.110	7.650	0.000
The product bought from these brands can satisfy my needs and wants.				
I am confident that I generally make the right decisions.				
MLs				
I am very satisfied with most of my purchases at these brands.	0.799	3.933	5.420	0.000
The product bought from these brands can satisfy my needs and wants.				

I am confident that I generally make the right decisions.				
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$$t_{(1, 207)} = 1.96 \text{ (0.05 sig. level)}$$

5.2.3. Important levels of the factors affecting IVS tourists buying decision

As stated in Chapter 2, there are three aspects affecting the IVS visitors' attitudes towards the parent brands and the evaluation intention of FBE, namely, product quality perception, brand loyalty, and image projection. In order to understand the important levels of these factors, this section is going to compare the important levels of the factors by using one-sample t-test. Because of the 6-point likert scale, the test value of the one-sample t-test would be set as 3.5. The larger the positive between the mean score and the test value, the higher the important level of the factor will be). Table 5.2 is the summary of the test to indicate the importance level of the three factors.

Table 5.2. Important levels of the product quality perception, brand loyalty, and
image projection

	Mean	T - statistic	Sig.	Importance level
DLs				
Product quality perception affects me most to buy the product from the brand.	3.241	2.148	0.033	3rd
Brand loyalty affects me most to buy the product from the brand.	4.007	4.905	0.000	1st
Image projection affects me most to buy the product from the brand.	3.800	2.827	0.005	2nd
MLs				
Product quality perception affects me most to buy the product from the brand.	3.152	3.129	0.002	3rd
Brand loyalty affects me most to buy the product from the brand.	3.752	2.446	0.016	2nd
Image projection affects me most to buy the product from the brand.	3.924	4.332	0.000	1st

$t_{(1, 207)} = 1.96$ (0.05 sig. level)

DLs

As presented in Table 5.2, the values of the mean score of product quality perception, brand loyalty, and image projection are 3.241, 4.007, and 3.8 respectively. After manipulating one-sample t-test, the results show that there is significant difference between the factors as the values of t-statistics are greater than the value in the t-distribution table (i.e., 1.96), and each factor's p-value is smaller than 0.05. Brand loyalty is ranked as the most important factor affecting the IVS visitors purchasing decision towards DLs as the difference between the test value and the mean score is the largest among the three factors. The second and third important factors are image projection and product quality perception correspondingly.

MLs

Referring to Table 5.2, the p-values of the three factors are all smaller than 0.05 and the t-statistic values are all larger than 1.96, thus there is a significant difference between the test value and the mean score. The most important factor in affecting IVS travellers buying decision towards MLs is image projection as the positive difference between the test value and the mean score is the largest. Brand loyalty and product quality perception are ranked as the second and third

important factors respectively.

From above information, we know that the three factors, product quality perception, brand loyalty, and image projection, are exhibiting different important roles of the IVS tourists buying decision towards DLs and MLs.

5.3. Relationship between IVS tourists' attitudes towards the parent fashion brands and the intention to evaluate the FBE

As stated in Chapter 2, there are three factors affecting the IVS visitors' attitudes towards the parent fashion brands and their intention to evaluate the FBE. The three factors are product quality perception, brand loyalty, and image projection. These three factors are used to test the Hypothesis 1 to Hypothesis 3 correspondingly. Before that, we have to ensure the internal consistency of each of the factors to be high enough for further analysis.

5.3.1. Reliability test

As shown in Table 5.3, the values of Cronbach's Alpha of the three factors are above 0.7. Therefore, the reliability levels are high and we can take the average of the questions from each of the factors respectively.

Table 5.3. Reliability test result – attitudes towards parent fashion brands

	DLs	MLs
	<i>Cronbach's Alpha</i>	<i>Cronbach's Alpha</i>
Product quality perception	0.757	0.797
The quality of most products I buy is as good as can be expected.		
I am satisfied with most of the products quality I buy and use.		
Most products I buy can be used in long period of time.		
Brand loyalty	0.779	0.834
I have a positive affective feeling towards these brands.		
I enjoy discussing these brands with people outside it.		
I would like to recommend these brands to the people I know.		
I do wish to continue buying / intention to buy and using these brands.		

Image projection	0.913	0.880
The products of these brands can reflect my personality and image.		
The products of these brands can project an image that I would like to be.		

5.3.2. Testing hypotheses

Referring to Chapter 2, three hypotheses are constructed to investigate the IVS visitors' attitudes towards the parent brands and their intentions to evaluate the correspondent FBE. The three hypotheses are:

H1: From the IVS tourists' perspective, a higher product quality perception level towards the parent fashion brand implies a higher intention to evaluate its FBE.

H2: From the IVS tourists' perspective, a higher brand loyalty level towards the parent fashion brand implies a higher intention to evaluate its FBE.

H3: From the IVS tourists' perspective, a higher congruency between their self-image and the image projection of the parent fashion brand implies a higher intention to evaluate its FBE.

Pearson Correlation and Linear Regression are employed to test those hypotheses.

5.3.2.1. Testing hypothesis 1 – product quality perception

H₁₀: From the IVS tourists' perspective, there is no relationship between product quality perception towards the parent fashion brand and the intention to evaluate its FBE.

H₁₁: From the IVS tourists' perspective, there is relationship between product quality perception towards the parent fashion brand and the intention to evaluate its FBE.

Table 5.4. Hypothesis testing result – product quality perception

		Intention to evaluate extension	
Product quality perception		<i>DLs</i>	<i>MLs</i>
	Pearson Correlation	0.351**	0.510**
	Sig. (2-tailed)	0.000	0.000
	F-statistic	20.077	50.165

$F_{(1, 208)} = 6.76$ (0.01 sig. level)

** Correlation is significant at the 0.01 level (2-tailed).

DLs

Table 5.4 shows that the Pearson Correlation (r) is 0.351 and the p -value is 0.000 which is smaller than 0.01. That means there is a significant positive correlation between the product quality perception of IVS tourists towards the parent fashion brand and the evaluation intention of its extension. So $H1_0$ is rejected while $H1_1$ is supported. After conducting regression analysis, Table 5.4 reveals that the value of F -statistic is 20.077 which is greater the 6.76. Therefore, the factor of product quality perception is significant in explaining the relationship between the IVS tourists' attitudes towards the parent fashion brand and the intention to evaluate the FBE.

MLs

There is a significant positive correlation between product quality perception and the evaluation intention of the extension ($r = 0.510$, $p = 0.000 < 0.01$, shown in Table 6.4). Thus, $H1_0$ is rejected and $H1_1$ is supported. That means from the IVS tourists' perspective, a higher product quality perception level towards the parent fashion brand would lead to a higher evaluation intention of its extension. On the other hand, the value of F -statistic is 50.165 which is greater than 6.76. Therefore, we can conclude that product quality perception of IVS tourists towards the

parent fashion brand is significant in explaining their evaluation intention of the extension.

Based on the above analysis, H1 is supported by these two kinds of brands. In other words, a higher product quality perception level towards the parent fashion brands, both DLs and MLs, implies a higher intention to evaluate its FBE.

5.3.2.2. Testing hypothesis 2 – brand loyalty

H2₀: From the IVS tourists' perspective, there is no relationship between brand loyalty towards the parent fashion brand and the intention to evaluate its FBE.

H2₁: From the IVS tourists' perspective, there is relationship between brand loyalty towards the parent fashion brand and the intention to evaluate its FBE.

Table 5.5. Hypothesis testing result – brand loyalty

		Intention to evaluate extension	
Brand loyalty		<i>DLs</i>	<i>MLs</i>
	Pearson Correlation	0.178*	0.502**
	Sig. (2-tailed)	0.032	0.000
	F-statistic	4.691	48.106

$F_{(1, 208)} = 6.76$ (0.01 sig. level)

$F_{(1, 208)} = 3.89$ (0.05 sig. level)

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

DLs

As shown in Table 5.5, the values of Pearson Correlation (r) and the p-value are 0.178 and $0.032 > 0.05$ at 0.05 significance level. The results indicate that there is a significant positive correlation between brand loyalty of IVS towards the parent fashion brand and their evaluation intention of the extension. Therefore, H_{20} is rejected and H_{21} is supported. Besides, the value of F-statistic is 4.691 which is greater than 3.89 at 0.05 significance level. Therefore, the factor of brand loyalty of the parent fashion brand is significant in explaining IVS visitors' evaluation intention of the extension.

MLs

The relationship between brand loyalty of the IVS tourists towards the parent fashion brand and the evaluation intention of the extension is significantly positively correlated. This is because the value of Pearson Correlation is 0.502 and the p-value is $0.000 < 0.01$ at 0.01 significance level, revealed in Table 5.5.

Therefore, H_{20} is rejected and H_{21} is supported. Besides, the value of F-statistic is 48.106 which is greater than 6.67 at 0.01 significance level. Based on the statistical results, we can summarize that the factor of brand loyalty towards the parent fashion brand is significant to explain the FBE evaluation intention of the IVS travellers.

To sum up, H_2 is well supported by DLs and MLs. A higher brand loyalty level of the IVS visitors towards the parent fashion brand implies a higher intention to evaluate its extension.

5.3.2.3. Testing hypothesis 3 – image projection

H_{30} : From the IVS tourists' perspective, there is no relationship between the image projection of the parent fashion brand and the intention to evaluate its FBE.

H3₁: From the IVS tourists' perspective, there is relationship between the image projection of the parent fashion brand and the intention to evaluate its FBE.

Table 5.6. Hypothesis testing result – image projection

		Intention to evaluate extension	
Image projection		<i>DLs</i>	<i>MLs</i>
	Pearson Correlation	0.314**	0.486**
	Sig. (2-tailed)	0.000	0.000
	F-statistic	15.694	44.281

$F_{(1, 208)} = 6.76$ (0.01 sig. level)

** Correlation is significant at the 0.01 level (2-tailed).

DLs

According to Table 5.6, Pearson Correlation (r) is 0.314 at 0.01 significance level which implies that there is a positive correlation between the image projection consistency and the evaluation intention of extension of the respondents. Furthermore, the p -value is 0.000 which is smaller than 0.01. Thus, H3₀ is rejected and H3₁ is supported. A higher congruency between their image projection and the parent fashion brand's image implies a higher intention to evaluate its extension. Also, the value of F-statistic is 15.694 which is greater than 6.76 at 0.01 significance level. These results reveal that the factor, image

projection of the respondents towards the parent fashion brand, is significant in explaining the IVS tourists' evaluation intention of the FBE.

MLs

The Pearson Correlation (r) is 0.486 at 0.01 significance level and the p-value is 0.000 as shown in Table 5.6. H_{3_0} is rejected and H_{3_1} is supported. We can conclude that there is a significant positive correlation between the image projection consistency of the IVS visitors and their extension evaluation intention.

The value of F-statistic is 44.281 which is greater than 6.76. Hence, this factor plays a significant role in explaining the relationship between the image projection of the IVS tourists towards the parent fashion brand and their evaluation intention of the corresponding FBE.

The above analysis demonstrates that a higher congruency between IVS tourists' self-image and the image projection of the parent fashion brand implies a higher intention level to evaluate its extension. H3 is supported by both DLs and MLs.

To conclude, all of the above hypotheses concerning the IVS travellers' attitudes towards the parent fashion brands and their evaluation intention of FBE are

supported by the two types of brands. Table 5.7 summarizes the hypothesis testing results.

Table 5.7. Summary of hypothesis testing results – IVS travellers' attitudes towards the parent fashion brands

Hypothesis	DLs	MLs
H1: From the IVS tourists' perspective, a higher product quality perception level towards the parent fashion brand implies a higher intention to evaluate its FBE.	Supported	Supported
H2: From the IVS tourists' perspective, a higher brand loyalty level towards the parent fashion brand implies a higher intention to evaluate its FBE.	Supported	Supported
H3: From the IVS tourists' perspective, a higher congruency between their self-image and the image projection of the parent fashion brand implies a higher intention to evaluate its FBE.	Supported	Supported

5.4. IVS visitors' attitudes towards FBE evaluation

Referring to Chapter 2, there are two variables to affect IVS visitors' attitudes towards the extension, namely, concept consistency and product feature likeness.

For product feature likenesses, it consists of usage complementarity and skill

transferability.

Concept consistency concerns the level of the brand association consistency between the parent fashion brand and the extension. The other variables, usage complementarity and skill transferability, are used to measure the product feature likeness. Usage complementarity is the level to which the FBE becomes complement of the original brand's product, while skill transferability measures the level which the manufacturing skills and resources of the parent brand's product can be utilized for making the FBE. As for the IVS visitors' attitudes towards FBE evaluation, purchasing and recommendation intention are used to study their attitudes.

5.4.1. Reliability test

Four questions are designed to measure the concept consistency, while two questions are utilized to evaluate the attitudes towards the FBE in the questionnaire. These two variables are obtained by taking the average of the ratings of the questions. Before taking the average, reliability test has to be performed in order to ensure the internal consistency of the questions.

5.4.1.1. Reliability test – concept consistency

The alpha value of this variable for DLs and MLs are 0.791 and 0.703 respectively, shown in Table 5.8. Both of the alpha values are greater than the acceptable level, i.e. 0.7, and this means that the internal consistency and reliability of this variable are high enough for justifying and analyzing the data.

Table 5.8. Reliability test result – concept consistency

	DLs	MLs
	<i>Cronbach's Alpha</i>	<i>Cronbach's Alpha</i>
Concept consistency	0.791	0.703
Do you think that the tangible product characteristics of the sportswear similar to the existing product characteristics of these brands?		
Do you think that the intangible image aspects of the sportswear similar to the image of these brands?		
The new sportswear product fits the image of the brand.		

The new sportswear product is a logical product for the brand to market.		
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5.4.1.2. Reliability test – attitudes towards FBE

The two items considering the attitudes towards the FBE are purchasing and recommendation intention of the respondents. Table 5.9 reveals that the value of alpha of DLs and MLs are 0.847 and 0.777 respectively. The values are higher than 0.7 which implies that the variable is reliable and the internal consistency of the two questions is confirmed. Therefore, we can take the average rating of these questions to analyze the IVS tourists' attitudes towards FBE.

Table 5.9. Reliability test result – attitudes towards FBE

	DLs	MLs
	<i>Cronbach's Alpha</i>	<i>Cronbach's Alpha</i>
Attitudes towards FBE	0.847	0.777
If you were planning to buy a sportswear product, would you like to choose this brand?		

If a friend were looking for a product of this type, would you advise him or her to purchase the sportswear from this brand?		
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Appendix II shows the results of the reliability test of the variables.

5.4.2. Testing hypotheses

Referring to Chapter 2, three hypotheses are developed to investigate the IVS travellers' attitudes towards the fashion brand extension. The four hypotheses are:

H4: From the IVS tourists' perspective, a higher degree of the concept consistency between the parent fashion brand and its extension implies a more favorable FBE evaluation.

H5: From the IVS tourists' perspective, a higher degree of the usage complementarity between the parent fashion brand and its extension implies a more favorable FBE evaluation.

H6: From the IVS tourists' perspective, a higher degree of the skill transferability between the parent fashion brand and its extension implies a more favorable

FBE evaluation.

This part is going to test these three hypotheses. Pearson Correlation and Linear Regression would be conducted to test those hypotheses.

5.4.2.1. Testing hypothesis 4 – concept consistency

H₄₀: From the IVS tourists' perspective, there is no relationship between the concept consistency and the evaluation of FBE.

H₄₁: From the IVS tourists' perspective, there is relationship between the concept consistency and the evaluation of FBE.

Table 5.10. Hypothesis testing result – concept consistency

Concept consistency		Evaluation of FBE	
		<i>DLs</i>	<i>MLs</i>
	Pearson correlation	0.176*	0.165*
	Sig.(2-tailed)	0.034	0.047
	F-statistic	4.558	4.013

$F_{(1, 208)} = 3.89$ (0.05 sig. level)

* Correlation is significant at the 0.05 level (2-tailed).

DLs

According to Table 5.10, the value of r is 0.176 at 0.05 significance level and the p -value is $0.034 < 0.05$. So H_{40} is rejected while H_{41} is supported. We can conclude that there is a significant positive correlation between the concept consistency and the evaluation of the FBE. Besides, the value of F -statistic is 4.558 which is greater than 3.89 at 0.05 significance level. Therefore, this factor does have a significant effect on IVS travellers' attitudes towards FBE.

MLs

As shown in Table 5.10, the p -value is 0.047 which is smaller than 0.05 (at 0.05 significance level). H_{40} is rejected and H_{41} is supported. Regarding the value of r , the value is 0.165 and we can state that there is a significant positive correlation between concept consistency and IVS travellers' evaluation of the FBE. Besides, we would also say that this factor is significant in affecting IVS tourist attitudes towards FBE as the value of F -statistic is 4.013 which is greater than 3.89 at 0.05 significance level.

Both DLs and MLs support H_4 . In other words, from the IVS tourists' perspective, a higher degree of the concept consistency between the parent

fashion brand and its extension implies a more favorable FBE evaluation

5.4.2.2. Testing hypothesis 5 – usage complementarity

H₅₀: From the IVS tourists' perspective, there is no relationship between usage complementarity and the evaluation of FBE.

H₅₁: From the IVS tourists' perspective, there is relationship between usage complementarity and the evaluation of FBE.

Table 5.11. Hypothesis testing result – usage complementarity

Usage		Evaluation of FBE	
		<i>DLs</i>	<i>MLs</i>
Complementarity	Pearson correlation	0.457**	0.191*
	Sig. (2-tailed)	0.000	0.022
	F-statistic	37.837	5.403

$F_{(1, 208)} = 3.89$ (0.05 sig. level)

$F_{(1, 208)} = 6.76$ (0.01 sig. level)

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

DLs

Referring to Table 5.11, the values of Pearson Correlation and p-value are 0.457

and 0.000 respectively. Thus, H_{50} has to be rejected and H_{51} is supported. Consequently, there is a significant positive correlation between the usage complementarity of the FBE and its evaluation. In addition, the result of F-statistic is 37.837, which is larger than 6.76 at 0.01 significance level. We can summarize that usage complementarity significantly contributes to the IVS travellers' attitudes towards FBE.

MLs

As shown in Table 5.11, the value of r is 0.191 at 0.05 significance level. The p-value is 0.022 which is smaller 0.05. H_{51} is supported and H_{50} is rejected. That means there is a significant positive correlation between usage complementarity and IVS tourists' evaluation of FBE. And, the F-statistic is 5.403 and it is greater than 3.89 at 0.05 significance level. As a result, we can conclude that usage complementarity has a significant effect on the IVS visitors' FBE evaluation.

Based on the above analysis, H_5 is supported by both kinds of retailers. That means the higher degree of usage complementarity between the parent fashion brand and its FBE implies a more favorable FBE evaluation.

5.4.2.3. Testing hypothesis 6 – skill transferability

H₆₀: From the IVS tourists' perspective, there is no relationship between skill transferability and the evaluation of FBE.

H₆₁: From the IVS tourists' perspective, there is relationship between usage complementarity and the evaluation of FBE.

Table 5.12. Hypothesis testing result – skill transferability

		Evaluation of FBE	
Skill		<i>DLs</i>	<i>MLs</i>
transferability	Pearson correlation	0.247**	0.338**
	Sig. (2-tailed)	0.003	0.000
	F-statistic	9.311	18.439

$F_{(1, 208)} = 6.76$ (0.01 sig. level)

** Correlation is significant at the 0.01 level (2-tailed).

DLs

According to Table 5.12, the value of r is 0.247 at 0.01 significance level. The p-value is $0.003 < 0.01$, thus H₆₀ is rejected and H₆₁ is supported. The factor of skill transferability and the IVS visitors' evaluation of FBE are significantly positively correlated. The value of F-statistic is 9.311 and it is greater than 6.76

at 0.01 significance level. Therefore, this factor is significant to explain the IVS tourists' evaluation attitudes towards FBE.

MLs

The values of Pearson Correlation and p-value are 0.338 and 0.000 at 0.01 significance level respectively, as revealed in Table 5.11. Therefore, H_{6_0} is rejected and H_{6_1} is supported. There is a positively correlation which means the higher level of skill transferability would lead to more favorable evaluation of FBE. The value of F-statistic is 18.493 which is higher than 6.76 at 0.01 significance level. Based on these outcomes, skill transferability is a significant factor in affecting IVS tourist attitudes towards FBE evaluation.

According to the above analysis, H_6 is supported by both DLs and MLs from the IVS perspective. That means a higher degree of the skill transferability between the parent fashion brand and its extension implies a more favorable FBE evaluation.

To conclude, the hypotheses ($H_4 - H_6$) concerning the attitudes towards FBE evaluation are all supported by DLs and MLs. Table 5.13 is the summary of the

results of the hypotheses testing.

Table 5.13. Summary of hypotheses testing - IVS travellers' attitudes towards the
FBE evaluation

Hypothesis	DLs	MLs
H4: From the IVS tourists' perspective, a higher degree of the concept consistency between the parent fashion brand and its extension implies a more favorable FBE evaluation.	Supported	Supported
H5: From the IVS tourists' perspective, a higher degree of the usage complementarity between the parent fashion brand and its extension implies a more favorable FBE evaluation.	Supported	Supported
H6: From the IVS tourists' perspective, a higher degree of the skill transferability between the parent fashion brand and its extension implies a more favorable FBE evaluation.	Supported	Supported

5.5. Sexual attitudes comparison

Referring back to Chapter 2, prior literature works show that male and female consumers' attitudes towards shopping and fashion brands are different. In this section, we are going to examine the differences between male and female IVS visitors' attitudes towards DLs, MLs, and FBEs.

5.5.1. Satisfaction level towards DLs and MLs

One-sample t-test is adopted to investigate the satisfaction levels towards these two kinds of retailers. The test value is set as 3.5. The results of male and female IVS travellers are summarized in Table 5.14.

As for male IVS visitors, they only satisfy with DLs as the value of t-statistic (3.390) is greater than 1.96, $p\text{-value} < 0.05$, and the mean score is higher than 3.5.

For MLs, whereas, we cannot conclude that they satisfy with MLs as there is no significant difference between the mean score and the test value ($p\text{-value} = 0.202 > 0.05$), indicated in Table 5.14.

As for female IVS visitors, they satisfy with both DLs and MLs. Referring to Table 5.14, the values of t-statistic for both DLs and MLs are greater than 1.96,

p-value are both smaller than 0.05, and the mean scores are also greater than 3.5.

Table 5.14. Sexual attitudes comparison – satisfaction levels

	Mean	T-statistic	Sig.
Male IVS visitors			
DLs	4.042	3.390	0.002
MLs	3.7083	1.297	0.202
Female IVS visitors			
DLs	4.137	6.904	0.000
MLs	4.019	5.705	0.000

$t_{(1, 207)} = 1.96$ (0.05 sig. level)

5.5.2. Sexual attitudes differences between DLs and MLs

This part is going to examine the sexual attitudes differences, in terms of their attitudes towards parent fashion brand, and attitudes towards FBEs. Pearson correlation and linear regression are employed. Back to Chapter 2, the hypothesis is constructed as follows:

H7₀: From the IVS tourists' perspective, regarding attitudes towards fashion brands and the FBE, there is no significant difference between male

consumers and female consumers.

H7₁: From the IVS tourists' perspective, regarding attitudes towards fashion brands and the FBE, there is a significant difference between male consumers and female consumers.

5.5.2.1. Attitudes towards DLs

As for male consumers' attitudes towards DLs, shown in Table 5.15, only the factor of product quality perception towards the parent fashion brand would increase the male consumers' FBE evaluation intention. Brand loyalty and image projection are insignificant to explain their attitudes towards FBE evaluation intention. However, for female IVS visitors, all the factors are significant in affecting their FBE evaluation intention.

For the attitudes towards FBE, the results of both male and female are the same.

Both concept consistency and product feature likeness are not significant to affect their attitudes. The findings are reported in Table 5.15.

Table 5.15. Sexual attitudes difference - DLs

	Pearson Correlation (r)	F-statistic	Sig.	Factor which is significant
Male IVS visitors				
Attitudes towards parent fashion brand				
Product quality perception	0.582**	19.508	0.000	✓
Brand loyalty	-0.175	1.205	0.279	
Image projection	0.000	0.000	0.999	
Attitudes towards FBE				
Concept consistency	0.281	3.258	0.079	
Product feature likeness	-0.012	0.006	0.940	
Female IVS visitors				
Attitudes towards parent fashion brand				
Product quality perception	0.249*	6.791	0.011	✓
Brand loyalty	0.327*	12.341	0.001	✓

Image projection	0.441*	24.871	0.000	✓
Attitudes towards FBE				
Concept consistency	0.127	1.688	0.197	
Product feature likeness	0.344**	13.791	0.000	✓

$F_{(1, 208)} = 3.89$ (0.05 sig. level)

$F_{(1, 208)} = 6.76$ (0.01 sig. level)

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

5.5.2.2. Attitudes towards MLs

Regarding MLs, Table 5.16 indicates that the results of attitudes towards parent fashion brand and attitudes towards FBE evaluation of both male and female IVS visitors are all the same. All the factors included in attitudes towards parent fashion brand (i.e. product quality perception, brand loyalty, and image projection) are significant and positively correlated to the male and female IVS visitors' FBE evaluation intention. For the attitudes towards FBE, the two factors (i.e. concept consistency and product feature likeness) only affect male IVS travelers significantly.

Table 5.16. Sexual attitudes difference - MLs

	Pearson Correlation (r)	F-statistic	Sig.	Factor which is significant
Male IVS visitors				
Attitudes towards parent fashion brand				
Product quality perception	0.449**	9.596	0.004	✓
Brand loyalty	0.341*	5.006	0.031	✓
Image projection	0.384*	6.565	0.014	✓
Attitudes towards FBE				
Concept consistency	0.449**	9.596	0.004	✓
Product feature likeness	0.341*	5.006	0.031	✓
Female IVS visitors				
Attitudes towards parent fashion brand				
Product quality perception	0.534*	40.996	0.000	✓
Brand loyalty	0.553*	45.280	0.000	✓

Image projection	0.528*	39.867	0.000	✓
Attitudes towards FBE				
Concept consistency	0.188	3.782	0.055	
Product feature likeness	0.072	0.536	0.466	

$F_{(1, 208)} = 3.89$ (0.05 sig. level)

$F_{(1, 208)} = 6.76$ (0.01 sig. level)

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

Based on the above sexual attitudes comparison analysis, H7 is supported by both DLs and MLs as the attitudes of the male and female IVS visitors towards the brands and FBEs are significantly different.

5.6. Regional analysis

This section is going to analyze the regional attitude differences of the IVS visitors. Although Mainland China is officially divided into six regions (see Chapter 2, Section 2.5.4), IVS has not yet been launched in Northwest China and it has just been started with one place called Jilin for the Northeastern China. This regional analysis, thus, would focus on the remaining four more well-established regions with respect to IVS, i.e. North China, East China,

Central South China, and Southwest China.

5.6.1. Satisfaction level towards DLs and MLs

One sample t-test with the test value of 3.5 is adopted to measure the satisfaction level of the IVS visitors from the four regions. The results are tabulated in Table 5.17.

As revealed in Table 5.17, it shows that IVS visitors from the all four regions satisfy with DLs in Hong Kong. While for MLs, only the visitors from East China and Central South China satisfy with this type of brands in Hong Kong.

Table 5.17. Regional analysis – satisfaction levels

	Mean	T-statistic	Sig.
North China			
DLs	4.178	3.878	0.002
MLs	3.467	-0.131	0.897
East China			
DLs	4.333	5.089	0.000
MLs	4.044	2.913	0.007

Central South China			
DLs	3.985	4.495	0.000
MLs	4.015	5.188	0.000
Southwest China			
DLs	4.467	3.875	0.004
MLs	3.567	0.279	0.786

5.6.2. Regional attitudes differences between DLs and MLs

This section examines the regional attitudes differences of the IVS visitors.

One-sample t-test with the test value 3.5 is used to investigate whether IVS tourists from the four regions are satisfy with those factors in affecting their attitudes towards parent brand and FBE evaluation. Stated in Chapter 2, the hypothesis of the regional analysis is developed as:

H8₀: From the IVS tourists' perspective, their attitudes towards fashion brands and their FBE are not significantly different across various regions.

H8₁: From the IVS tourists' perspective, their attitudes towards fashion brands and their FBE are significantly different across various regions.

5.6.2.1. Attitudes towards DLs

Table 5.18 is the summary of the regional analysis, regarding the IVS tourists' attitudes towards DLs. The table reveals that only the factor of image projection towards parent fashion brand would not affect the East China visitors' buying decision. In other words, the factors of product quality perception and brand loyalty would have a positive effect in affecting the four regions' IVS visitors' attitudes, while the factor of image projection does significantly affect the visitors from North China, Central South China, and Southwest China.

As for the attitudes towards FBE, the factor of concept consistency is found to be an important factor of the four regions, whereas product feature likeness is only supported by the respondents' of Central South China and Southwest China, as indicated in Table 5.18.

Table 5.18. Regional analysis – DLs

	Mean	T-statistic	Sig.	Factor which is significant
North China				

Attitudes towards parent fashion brand				
Product quality perception	4.022	3.360	0.005	✓
Brand loyalty	3.733	4.458	0.001	✓
Image projection	3.800	3.167	0.007	✓
Attitudes towards FBE				
Concept consistency	3.867	2.864	0.013	✓
Product feature likeness	3.089	0.465	0.649	
East China				
Attitudes towards parent fashion brand				
Product quality perception	3.867	4.573	0.000	✓
Brand loyalty	3.867	7.429	0.000	✓
Image projection	3.217	1.012	0.320	
Attitudes towards FBE				
Concept consistency	3.700	3.232	0.003	✓

Product feature likeness	3.278	1.593	0.122	
Central South China				
Attitudes towards parent fashion brand				
Product quality perception	3.411	3.284	0.001	✓
Brand loyalty	4.008	12.094	0.000	✓
Image projection	3.583	4.290	0.000	✓
Attitudes towards FBE				
Concept consistency	3.661	5.075	0.000	✓
Product feature likeness	3.567	4.532	0.000	✓
Southwest China				
Attitudes towards parent fashion brand				
Product quality perception	4.767	5.183	0.001	✓
Brand loyalty	4.200	5.308	0.000	✓
Image projection	4.550	4.715	0.001	✓

Attitudes towards FBE				
Concept consistency	4.100	3.009	0.015	✓
Product feature likeness	4.400	2.941	0.016	✓

$$t_{(1, 207)} = 1.96 \text{ (0.05 sig. level)}$$

5.6.2.2. Attitudes towards MLs

Table 5.19 shows the results of the regional analysis of MLs. Concerning the attitudes towards parent fashion brand, in North China, only the factor of image projection would affect the visitors. For East China, only the factor of brand loyalty and image projection would affect the IVS travellers of the region. For Central South China, all of these three factors would significantly influence the attitudes of the residents. These three factors, however, are all surprisingly rejected by the respondents from Southwest China.

Considering the attitudes towards FBE, the two factors, concept consistency and product feature likeness, are rejected by both North China and Southwest China.

Feedbacks of the IVS tourists from East China and Central South China, on the

contrary, support these two factors. That means these two factors would lead to a positive impact in affecting these two regions' IVS visitors' evaluation towards FBE.

Table 5.19. Regional analysis – MLs

	Mean	T-statistic	Sig.	Factor which is significant
North China				
Attitudes towards parent fashion brand				
Product quality perception	3.156	0.532	0.603	
Brand loyalty	3.450	1.635	0.124	
Image projection	3.767	2.700	0.017	✓
Attitudes towards FBE				
Concept consistency	3.517	1.443	0.171	
Product feature likeness	3.067	0.445	0.663	

East China				
Attitudes towards parent fashion brand				
Product quality perception	3.267	1.222	0.232	
Brand loyalty	3.867	5.222	0.000	✓
Image projection	3.717	4.119	0.000	✓
Attitudes towards FBE				
Concept consistency	3.558	5.620	0.000	✓
Product feature likeness	2.656	-2.684	0.012	✓
Central South China				
Attitudes towards parent fashion brand				
Product quality perception	3.367	2.823	0.006	✓
Brand loyalty	3.919	7.776	0.000	✓
Image projection	3.600	4.830	0.000	✓
Attitudes towards FBE				
Concept	3.481	4.530	0.000	✓

consistency				
Product feature likeness	3.282	2.717	0.008	✓
Southwest China				
Attitudes towards parent fashion brand				
Product quality perception	3.133	0.375	0.716	
Brand loyalty	3.225	0.623	0.539	
Image projection	3.000	0.000	1.000	
Attitudes towards FBE				
Concept consistency	3.050	0.175	0.865	
Product feature likeness	3.133	0.413	0.689	

$$t_{(1, 207)} = 1.96 \text{ (0.05 sig. level)}$$

From the above regional analysis, we notice that the attitudes towards DLs, MLs, and their corresponding FBE are different between the IVS tourist' from the four regions. As a result, we can conclude that this hypothesis (H8) is supported by

both DLs and ML.

5.7. Chapter summary

In this chapter, all the data analysis results have been presented. Firstly, the demographic data, and the brand and product attributes of DLs and MLs are summarized. Then, the satisfaction level of IVS tourists towards DLs and MLs are measured. The relationships between the IVS travellers' attitudes towards the parent fashion brand and their evaluation intention of FBE have also been analyzed. We find that the factors of product quality perception, brand loyalty, and image projection consistency towards the parent fashion brands would play a different important level in affecting the IVS visitors' buying decision for DLs and MLs. For FBE, we have investigated the relationship between concept consistency and product feature likeness, and the IVS visitors' attitudes towards FBE evaluation. The sexual attitudes comparison and regional analysis are also performed. We find that the IVS visitors' attitudes are different across their sexuality and region of origin. Lastly, all the hypotheses are tested. Table 5.20 is the hypothesis testing results.

Table 5.20. Hypotheses testing results

Hypothesis		Supported / Not supported	
Attitudes towards parent fashion brand		DLs	MLs
H1	From the IVS tourists' perspective, a higher product quality perception level towards the parent fashion brand implies a higher intention to evaluate its FBE.	Supported	Supported
H2	From the IVS tourists' perspective, a higher brand loyalty level towards the parent fashion brand implies a higher intention to evaluate its FBE.	Supported	Supported
H3	From the IVS tourists' perspective, a higher congruency between their image projection and the parent fashion brand's image implies a higher intention to evaluate its FBE.	Supported	Supported
Attitudes towards FBE			
H4	From the IVS tourists' perspective, a higher degree of the concept consistency between the	Supported	Supported

	parent fashion brand and its extension implies a more favorable of the FBE evaluation.		
H5	From the IVS tourists' perspective, a higher degree of the usage complementarity between the parent fashion brand and its extension implies a more favorable of the FBE evaluation.	Supported	Supported
H6	From the IVS tourists' perspective, a higher degree of the skill transferability between the parent fashion brand and its extension implies a more favorable of the FBE evaluation.	Supported	Supported
Sexual attitudes differences			
H7	From the IVS tourists' perspective, attitudes towards fashion brands and the FBE are different between male consumers and female consumers.	Supported	Supported
Regional differences in Mainland China			
H8	From the IVS tourists' perspective, their attitudes towards fashion brands and the FBE are different across various regions.	Supported	Supported

Chapter 6 Discussions and Recommendations

In this chapter, discussion and interpretation of the findings will be stated. Apart from these, a comparison between the consumer attitudes towards FBE of Hong Kong local consumers and IVS visitors will be conducted. The company interviews will also be presented. Then, recommendations will be suggested to the fashion retailers in Hong Kong.

6.1. Implications of general attitudes towards DLs and MLs

This section is going to discuss the IVS tourists' general attitudes towards DLs and MLs which consist of brand and product attributes, satisfaction level, as well as the importance level of the factors that affect IVS travellers' purchasing decision from the brands.

6.1.1. Brand and product attributes

The respondents perceive different brand and product attributes between DLs and MLs utterly (Chapter 5, Section 5.2.1). Regarding DLs, the most outstanding attributes are “fashionable”, “good quality”, and “good cutting”. The finding is consistent with the definition of international designer brands of Fernie et al. (1997) which state that DLs would present their collections of the upcoming

season. They are the trendsetters and their styles are the trendiest. Furthermore, as point out by Dowling and Staelin (1994), consumers are willing to pay a high price in order to minimize the financial risk, performance risk, and social risk. Therefore, the attributes of “good quality” and “good cutting” are perceived to be guaranteed in the respondents’ mind as DLs charge higher price than MLs.

As for the MLs, IVS visitors perceive the brand as “reasonable price”, “young”, and “sporty”. Since MLs adopt the loss-leader pricing strategy (Odgen 2005), the attribute of “reasonable price” is very obvious. On the other hand, a majority of MLs project a happy and energetic image to its customers. For example, Bossini, a Hong Kong ML chain store, creates a harmonious and energetic image by providing colorful merchandises and advertising. Thus, this image has been constructed in consumers’ mind. This may be one of the reasons that explains why a number of IVS tourists perceive MLs as “young” and “sporty”.

6.1.2. Satisfaction level

The satisfaction levels of IVS visitors towards DLs and MLs are deemed to be good as the mean values of the brands are higher than the mean score point of 3.5 (Chapter 5, Section 5.2.2). For DLs, the positive satisfaction level may be due to

a wide and deep product range, like apparels, sportswear, and even cosmetic and body care products. With this full range of product categories, DLs are able to cater consumers' different needs and wants. The principal of brand extension is to extend product range. According to the above illustration, brand extension is an effective way to improve the consumers' satisfaction level. The service provided by DLs may also be another underlying reason for the high satisfaction level of the IVS tourists. Providing higher level of customer service, like personal selling and prestigious shopping environment, is necessary for the DLs to allow their customers to feel like a "VIP" even though the customer is not a VIP of that brand. Ensuring that consumers receive a higher level of customer service would definitely result in a higher satisfaction level.

On the other hand, although the product assortments provided by MLs are mainly limited to clothing items, MLs also diversify the product ranges by extending to different markets. For instance, Giordano, a Hong Kong based ML chain store, targets at the kids wear market in addition to its main adult lines. Besides, MLs also provide a high level of customer service. Giordano is a typical example of ML brand attaining an excellent customer service level. Thus, the execution of FBE and excellent customer services may be the underlying reasons to explain

the positive satisfaction level of the IVS tourists towards MLs.

6.1.3. Importance levels of the factors affecting IVS visitors to buy from the brands

Referring to Chapter 3, product quality perception, brand loyalty, and image projection are the proposed factors in affecting the IVS tourist attitudes towards the original fashion brand. After analyzing the data in Chapter 5, Section 5.2.3, the results reveal that these three factors are playing different importance levels in affecting the respondents' buying decision from the brands. The following parts are going to discuss the difference between DLs and MLs.

6.1.3.1. Most important factor for DLs – brand loyalty

Brand loyalty is rated as the most important factor in affecting IVS visitors' buying decision and intention for DLs. The piece of finding further supports the claims of Hansen and Ham (2004) which prove that a high degree of brand loyalty of consumers towards a brand would directly motivate the people to buy the products from the brand and maintain a long-term relationship with the brand. Besides, the finding is also consistent with the Hofstede's Theory which characterizes China as a masculinity society, therefore the residents treasure for

success, money, and material. This theory would explain why IVS tourists are loyal to the DLs and consider brand loyalty as the most important factor when they make their purchase decision.

6.1.3.2. Most important factor for MLs – image projection

For MLs, the most important factor in affecting the respondents' buying decision is image projection. According to the survey, some interviewees have claimed that they seek for style rather than brand when they select fashion products and they are willing to buy non-branded fashion products. Such attitude is conformed to the research of Forney et al. (2005) which claim that consumers can reflect their image through buying of fashion products without concerning any brand names. The claims of the IVS visitors show that they concern their images with the brand and product image projection.

6.1.3.3. Least important factor – product quality perception

Surprisingly, the respondents rank product quality perception as the least influential factor when they make their purchase from both DLs and MLs. Although it is comparatively considered as the least important factor among the three factors, this factor is also important in affecting IVS visitors' buying

decision. The possible reason behind this finding may be attributed to the fact that Hong Kong is promoted as a “shopping paradise” and thus people may perceive the products bought in Hong Kong are in good quality and they are not too worried about the product quality.

6.2. Implications of IVS tourists’ attitudes towards parent fashion brand and their evaluation intention of FBE

In Chapter 5, the factors of product quality perception, brand loyalty, and image projection have been proved to be significant factors in affecting the relationship between the IVS tourists’ attitudes towards the parent fashion brand and their evaluation intention of FBE. The following sections are going to discuss the results.

6.2.1. DLs

Referring back to Chapter 5, Section 5.3.2, the results of the hypothesis testing show that the intention to evaluate FBE would be affected by the three factors. These findings are in line with the prior research (Aaker and Keller 1990; Bottomley and Doyle 1996; Hem and Iversen 2003; and Hansen and Ham 2004).

As stated in the previous paragraphs, brand loyalty and image projection are the more important factors in affecting the IVS tourists' buying decision than the product quality perception. Although product quality perception is ranked as the least important factor, it would positively affect the IVS visitors' intention to evaluation the FBE. Since the respondents would perceive the DLs products as having high quality standard, this excellent level of product quality perception would be probably transferred from the parent DLs to their FBE. That means IVS tourists would also perceive the quality level of FBE as good as the parent brands. Therefore, this factor is positively correlated to the IVS travellers' evaluation intention of the FBE though this factor is ranked as the least important factor in affecting the respondents' buying decision.

Prestigious brand image of DLs is more likely to be projected by DLs. Once the IVS tourists feel that "the product of the brands can project an image that I would like to be", an image projection of the parent fashion brands would be built in their mind. Thus, this could positively increase the evaluation intention of FBE (Aaker 1999).

Prior research postulates that brand loyalty is an important factor for the success

of a brand extension (Hem and Iversen 2003). Brand loyalty includes the dimensions of “positive affective feeling”, “enjoy discussing the brand with others”, “like to recommend”, and “wish continue to buy and use”. These feelings are possessed by the IVS visitors, thus this may boost the intention willingness of the respondents to evaluate FBE. This finding can also be explained by the Hofstede’s Theory which implies that Chinese people welcome famous brands due to the characteristic of a masculinity society. Hence, IVS tourists possess these positive feelings towards DLs and they would possess more favorable attitudes towards their FBE.

6.2.2. MLs

The results of MLs are the same as DLs, that is, all the factors are significant in affecting the IVS visitors’ intention to evaluate FBE. That means if the IVS tourists possess higher degree of product quality perception, brand loyalty, and image projection towards the parent fashion brands, this would result in higher intention to evaluate the FBE.

Product quality perception is related to the respondents’ experience of buying and using the product in order to judge the product quality. Since the MLs adopt the

loss-leader pricing approach and thus the retail price is very attractive, this pricing strategy would attract the IVS tourists who are more likely to buy MLs rather than luxury brands. In addition, many ML chain stores, like Baleno, Bossini, Esprit, and Giordano, have already entered the China market. Therefore, it is not surprising that the IVS tourists have already consumed the MLs products before. The results also support the study of Bottomley and Doyle (1996) that a high degree of product quality perception would benefit brand extension.

Similar to the above explanation, there is no doubt that numerous IVS visitors have already bought the products from the MLs as many ML chain stores have located in the China market. They may be loyal to the MLs when they are shopping in their stores in China. As a result, a high degree of brand loyalty of IVS visitors towards the MLs would directly lead to the intention to evaluate FBE.

Besides, the relationship between image projection of IVS visitors towards the parent brands and their evaluation intention of FBE might be explained by the reflection of the respondents' personality and image through the product style of MLs. They would recognize the products of MLs as consistent with their image.

Hence, better image projection of the brands would increase the IVS travelers' intention to evaluate the FBE.

6.3. Implications of IVS visitors' attitudes towards FBE

This part is going to examine how the IVS visitors formulate the attitudes towards FBE. The attitudes towards FBE would be explained by concept consistency and product feature likeness (usage complementarity and skill transferability). These attitudes can reflect the favourability of FBE, that is, whether the consumer would purchase FBE products or recommend FBE to other people. The attitudes towards FBE are different between DLs and MLs.

6.3.1. DLs

The results in Chapter 5, Section 5.4.2 reveal that concept consistency and the two elements included in the product feature likeness would affect the IVS visitors' attitudes towards FBE significantly. These findings are consistent with the result of Aaker and Keller (1990) and Park et al. (1991). Specifically, the findings confirm that a high level of concept consistency and product feature likeness between the parent brand and FBE would bring a positive impact on the FBE.

6.3.2. MLs

The IVS tourists' attitudes towards FBE of MLs are similar to that of DLs. All the factors, i.e. concept consistency and product features likeness, are found to be significant in affecting their attitudes towards FBE.

6.4. Comparison of attitudes towards FBE between Hong Kong consumers and IVS visitors

Back to Chapter 1, one of the research objectives is to compare the IVS tourists' attitudes and Hong Kong local consumers' attitudes towards DLs and MLs as well as the corresponding FBE. This part is going to address this aim. The comparison is based on CL's research which studies the Hong Kong local consumers' attitudes towards FBE of DLs and MLs.

Apart from the target respondents, the structures of the two research are similar in which they both study the consumer attitudes towards fashion brand extension as well as their attitudes towards DLs and MLs. The target respondents of CL's research are the Hong Kong general consumers, whilst this research targets the Chinese visitors who travel to Hong Kong under the IVS scheme.

In the coming section, we will state the differences between the Hong Kong consumers' and IVS tourists' attitudes towards DLs and MLs, as well as the FBE of both DLs and MLs.

6.4.1. Comparison of satisfaction level towards DLs and MLs

Surprisingly, the satisfaction levels of Hong Kong consumers and the IVS visitors towards the DLs and MLs are the same. Both of them possess positive satisfaction level towards these two kinds of brands. This result can further reinforce that brand extension strategy can fulfill consumers' variety needs and wants and thus the consumers' satisfaction level would be positive.

6.4.2. Comparison of importance level of the factors in affecting buying decision

The importance levels of the factors, i.e. product quality perception, brand loyalty, and image projection, affecting Hong Kong consumers and IVS visitors to purchase the product from DLs and MLs are quite different. Table 6.1 summarizes the result of the two studies.

Table 6.1. Comparison of importance level of the factors in affecting buying
decision

Importance level	CL's research (Hong Kong consumers)		Current research (IVS visitors)	
	DL	ML	DL	ML
1st	Image projection	Product quality perception	Brand loyalty	Image projection
2nd	Product quality perception	Image projection	Image projection	Brand loyalty
3rd	Brand loyalty	Brand loyalty	Product quality perception	Product quality perception

The research of CL finds that image projection is the most important factor affecting the Hong Kong consumers' buying decision towards DLs, while brand loyalty is the most influential factor for IVS tourists. This result may be due to the fact that Hong Kong people are more fashion conscious than the mainland tourists, so that they would emphasize more on image projection. Hong Kong people are more familiar with DLs as they have established their businesses in Hong Kong for a relatively longer period of time, when compared to their

businesses in China. Thus, Hong Kong consumers can recognize DLs and find out which DLs fit their image.

Regarding the MLs, Hong Kong consumers would consider the product quality perception as the most important factor when they buy MLs. Contrary to the IVS visitors, image projection is the most important factor affecting their buying decision towards MLs. However, Hong Kong consumers tend to disagree that the image of the MLs is suitable for them. MLs mainly sell basic items which may not fit the taste of the Hong Kong consumers who are seeking fantasy and unique image. A majority of the consumers in Hong Kong would expect and appreciate MLs if the brands can offer durable items. If once the quality standard of MLs deteriorates, the Hong Kong consumers would lower the purchasing willingness of the brands. Therefore, it is vital for MLs to maintain a high quality standard of the product.

6.4.3. Comparison of the evaluation intention of FBE

CL's research proves that product quality perception would not affect the Hong Kong consumers' evaluation intention of FBE, which would affect IVS tourists. In CL's research, when asked the respondents were asked about the brand and

product attributes of the DLs, “good quality” is one of the major attributes of the brand. Therefore, the Hong Kong consumers believe that when the quality standard is guaranteed, they would not concern about the product quality problem. Consequently, the product quality perception would not affect the Hong Kong consumers’ intention to evaluate DL’s FBE. This finding is also consistent with the importance levels of the three factors affecting the buying decision, which is stated in the previous section (Section 6.1.3). Since the consumers in Hong Kong rank image-projection as the most important influential factor of DLs, they would consider whether the product of DLs could express and fit their image. As a result, product quality perception could not have direct impact on the evaluation intention of the FBE.

On the other hand, the results of MLs are the same for both Hong Kong consumers and IVS travellers. Table 6.2 is the summary of the comparison of the evaluation intention of FBE between Hong Kong consumers and IVS visitors.

Table 6.2. Comparison of the evaluation intention of FBE

	CL's research (Hong Kong consumers)		Current research (IVS visitors)	
Factors affecting the evaluation intention of FBE				
	DL	ML	DL	ML
Product quality perception	✓	✓	✓	✓
Brand loyalty		✓	✓	✓
Image projection	✓	✓	✓	✓
Factors not affecting the evaluation intention of FBE				
Product quality perception				
Brand loyalty	X			
Image projection				

✓ Factors which would affect the evaluation intention of FBE

X Factor which would not affect the evaluation intention of FBE

6.4.4. Comparison of attitudes towards FBE evaluation

The results of the two studies indicate that both Hong Kong consumers and IVS tourists' attitudes toward FBE evaluation are the same. However, regarding MLs, the results of CL find that concept consistency for ML would not affect the Hong Kong consumers' attitudes of FBE evaluation. This may be due to the fact that

consumers perceive the brand as “reasonable price”, which is one of the brand and product attributes of the MLs. Besides, as stated in Section 6.1.3, product quality perception is an important factor affecting the Hong Kong consumers’ buying decision towards MLs. Accordingly, the degree of concept consistency between the brand and the extension would not affect the consumers to purchase FBE products. They will buy the FBE product if it can satisfy their needs, at a reasonable and attractive price, as well as the product is at an acceptable quality level. Table 6.3 shows the comparison of the consumers’ attitudes towards FBE.

Table 6.3. Comparison of attitudes towards FBE

	CL’s research (Hong Kong consumers)		Current research (IVS visitors)	
Factors affecting the attitudes towards FBE				
	DL	ML	DL	ML
Concept consistency	✓		✓	✓
Usage complementarity	✓	✓	✓	✓
Skill transferability	✓	✓	✓	✓
Factors not affecting the attitudes towards FBE				
Concept consistency		X		

Usage complementarity				
Skill transferability				

✓ Factors which would affect the attitudes towards FBE

X Factor which would not affect the attitudes towards FBE

6.5. Sexual attitudes comparison

This part is going to discuss the differences between male and female IVS tourists' attitudes towards DLs, MLs, and their FBE.

6.5.1. DLs

Back to Chapter 5, Section 5.5.2, the findings reveal that the female IVS visitors possess a more complicated attitude towards DLs and the corresponding FBE than that of the male IVS visitors. Only the factor of product quality perception would significantly affect the male IVS consumers' buying attitudes. This piece of finding is supported by Babakus and Yavas (2008), which states that the male consumers concern more about the product quality than the female consumers. As for the female IVS consumers, prior research claims that brand loyalty and image projection would be the influential factors in affecting their behaviours, and our research findings also support this claim. However, the current research results also indicate that product feature likeness would exert a significant

influence in affecting the female IVS visitors' attitudes towards the FBE evaluation. Product feature likeness is more related to the tangible aspects of the products and male consumers pay more attention to this aspect (Babakus and Yavas 2008). The result of this factor is counter-intuitive and different from the prior literature.

6.5.2. MLs

Regarding the attitudes towards parent ML brands and the corresponding FBE, surprisingly, the attitudes between male and female IVS travellers are the same. The results are interesting as a number of prior research works have shown that the shopping and buying attitudes are different between male and female consumers (Babakus and Yavas 2008, Jin and Hoh 1999, Taylor and Cosenza 2002, Otnes and McGrath 2001).

6.6. Regional analysis

The results of the regional analysis have been reported in Chapter 5, Section 5.6.

Some discussions will be presented in the following parts.

6.6.1. DLs

IVS tourists from East China indicate that the factor of image projection of DLs would not affecting their attitudes and buying decision towards DLs significantly. Since this region is more well-developed when compared to the other regions, the residents are more familiar with the fashion brands as there are numerous fashion brands entering this area. Most of the East China visitors would believe in their judgments on fashion brands and they are more willing to explore and accept new brands. Hence, the factor of image projection is not a significant factor in affecting their buying attitude towards DLs.

Regarding the attitudes towards FBE, the results reveal that the factor of product feature likeness does not affect the visitors from North China and East China significantly. One probable cause is that the IVS tourists from these two regions concern about the intrinsic satisfaction (such as the brand meaning and belief) of a product most (Cui and Liu 2000), product feature likeliness is regarded as an extrinsic component that can be seen and touched by them. Therefore, the visitors from these two regions do not regard this factor as significant.

6.6.2. MLs

According to our findings, IVS visitors from North China and Southwest China are dissatisfied with MLs. One probable explanation is that IVS tourists from these two regions have a high expectation towards MLs in Hong Kong because they are well-exposed to the foreign brands, such as Hong Kong and other foreign originated chain stores, in their host regions. Essentially, for a similar price point, the IVS tourists could probably purchase a higher quality of products than the ones being offered by the MLs in Hong Kong. Besides, the visitors from North China, East China, and Southwest China reject the factor of product quality perception in affecting attitudes towards MLs. The possible reason underlying this finding may be the weather in North China is quite different from that in Hong Kong, e.g. winter is extremely cold with snows in North China. The product offerings of MLs in Hong Kong may be one of the reasons that explains the dissatisfaction of IVS tourists from these three regions. Since Hong Kong's MLs usually sell basic items such as t-shirts, denims and jackets with mainly light fabrics, these kinds of products may not be suitable for the consumers who originated from North, East, and Southwest China.

The factors affecting IVS attitudes towards FBE are all rejected by the IVS

tourists from Southwest China. Ariga et al. (2007) and Cui and Liu (2000) state that the consumer market is slow-moving when compared to the other regions, and this region focuses on manufacturing. Foreign fashion brands, therefore, are relatively reluctant to enter this market comparatively. The residents, thus, are less exposed to foreign brands and they do not concern fashion brands very much. Thus, all the factors are found to be insignificant in affecting their attitudes.

6.7. Company interviews

With an attempt to strengthen our understanding of this topic, company interviews with ten companies, which include both DLs and MLs have been performed.

Through our interviews, we find that both DLs and MLs agree that the IVS tourists are becoming their highly important and potential customers. Among our interviewed companies, the sales percentage contributed by the IVS customers of DLs is much higher than that of MLs, accounting for 50% to 70% of the total sales volume. Concerning MLs, however, IVS tourists only contribute about 30% of the total sales. This piece of finding indicates that the IVS tourists are relatively wealthy and they can afford to buy from the noble brands. One may

even argue that the IVS tourists prefer shopping from DLs to MLs. This phenomenon can be partially explained by Hofstede's theory which characterizes China as a masculinity society, i.e. money and materials dominant people's mind. Chinese people enjoy shopping from DLs to show off their wealth and face. Besides, because of the low exchange rate and the taxation issue in Mainland China, the selling prices of DLs in Hong Kong are comparatively attractive. Moreover, the product authenticity is relatively more guaranteed in Hong Kong compared to that in the Mainland China. Thus, a majority of the IVS visitors shop in DLs.

When asked about which factors would be taken into consideration when the companies introduce new lines or products, DLs claim that IVS visitors' purchasing power and their taste and preference are the most important factors. While for MLs, image consistency between the IVS visitors and the company, and their taste and preference are the crucial factors.

In addition, both DLs and MLs strongly agree that increasing product variety, e.g., establishing brand extension, would be useful in entertaining the IVS tourists. When they offer extended products, DLs would focus more on the

degree of usage complementarity of the extension. As pointed out by Moore and Birtwistle (2005), the extended product such as leather goods and accessories are the most significant profitable product categories of luxury brands, accounting for 60% of the total turnover. DLs would offer more complement products, e.g. accessories, as these brands state that many of these tourists welcome the accessories, such as handbags, shoes, and accessories, for mix-and-match purposes. As for MLs, apparel is the major product category and accessories play a minor role. These kinds of brands are still aware of the degree of usage complementarity of the extended product, but the extent is not as high as DLs.

Regarding the factor of transferability, it is well-supported by both DLs and MLs. For example, when Giordano introduced eyewear a few years ago, which was not the core product of the brand, it would source other expert factory to produce this product in order to enhance the product quality. In the luxury market, some of the interviewed brands claim that they would also co-operate with other professional companies to produce those merchandises which are out of the core business scope and expertise of the brand. This practice would not only increase the consumers' confidence in buying the extended products, but also enhance the brand image due to the guaranteed quality.

6.8. Recommendations to Hong Kong fashion retailers

After analyzing the data and interviewing with the companies, some specific suggestions are provided to the Hong Kong fashion retailers.

First of all, the current research reveals that brand loyalty is the most important factor affecting the IVS travellers' purchasing decision towards DLs, thus it is vital for DLs to further maintain their long-term relationship with the IVS tourists. Apart from inviting the IVS customers to be VIP members, the brands can also send some electronic leaflets and catalogs in simplified Chinese periodically. This can allow the IVS tourists to feel that they are being respected by DLs.

As for MLs, since the IVS tourists rank image projection as the most important factor, these brands should clearly understand the images and characteristics of this group of customers. These are the essential elements in designing the merchandises and selecting the proper product category for extension.

Product quality perception is crucial for both DLs and MLs. Although it is not the most important factor affecting the respondents' buying decision, most of the

interviewees perceive the products are of high standard of quality as Hong Kong is a “shopping paradise”. Quality management is crucial and necessary to the service sector due to the intense competition and high consumer expectation (Cheng et al. 1996). Hence, both DLs and MLs should maintain the product quality level as high as possible. Once the product quality deteriorates, the reputation of the brands as well as Hong Kong would be harmed.

For both DLs and MLs, it is recommended that they should develop various fashion product lines to target different market segments. According to our findings, FBE should be a complement of the original product, thus more choices can be provided to the customers to “mix-and-match” their styles. In order to offer suitable products, both DLs and MLs have to understand the needs and wants of the IVS tourists carefully. Therefore, better FBE products could be presented for the consumers. More importantly, if the extended product is a complement of the original product, it would not cannibalize the turnover of the original product.

Focusing on the regional analysis, North China and Southwest China are found to be not so satisfied and familiar with the MLs in Hong Kong. Due to the low

popularity of these brands, it is recommended that MLs could enter these two regions by means of joint venture or consignment with the mainland brands or department stores. The start up cost of entering the Mainland China market by these methods is relatively low when compared to setting up the company by the brand itself. Besides, it would increase the chance of consumer trial if the products are being sold in some popular stores in the Mainland China. Once the consumers can recognize the brands, they will be more-motivated to explore the brands when they visit Hong Kong. As a remark, usually, if a Hong Kong ML cooperates with a Mainland China company by means of joint venture or consignment, the offered product varieties would be relatively limited. Hence, if the specific ML can foster its image and publicity in Mainland China, it is appropriate to offer just a limited amount of products because the IVS tourists who visit Hong Kong would be exposed to a much more complete assortment in the brand's stores in Hong Kong. Secondly, we have found that the IVS visitors are less satisfied with MLs when compared to DLs, especially for those travellers from North China and Southwest China. Hence, we suggest that MLs should pay more attention to this unique group of consumers. They could take the measures which we have discussed above to better serve the Mainland Chinese visitors. Apart from enhancing staff's Putonghua and showing some simplified Chinese

words in the promotional poster to communicate with the IVS travellers, some salespeople could be trained with some popular and important regional languages such as those in Shanghai. Since there are numerous regions in China and respective IVS tourists are used to speak their home regions' languages, they would feel being warmly welcome and well-respected if the salesperson could talk to them in their language. Besides, China is a big-sized country and the weather is different among regions. The inland region is extremely hot and cold while the weather of coastal area is moderate and the weather is rather similar to that in Hong Kong. Hong Kong fashion retailers, particularly the brands in which Mainland visitors are the major customers, should introduce more "tailored-made" extended products to these IVS tourists. One proposal is to offer thick coats with trendy style, and apply some thermal materials to produce the garments and other products like socks and hats.

VIP programme, such as membership bonus point scheme, can also be launched. Instead of having just one brand exercising its individual scheme, one could consider establishing a joint partnership between DLs in Hong Kong and China. For instance, once the IVS visitors earn some purchase points from one DL in Hong Kong, the points would be saved in this programme and the IVS tourists

would make use of these points for the purchases in another brand (under partnership with the Hong Kong DL) in China. The scheme can be reciprocal and purchase points from China's DL can also be used in the partnership DL in Hong Kong. This would motivate the IVS tourists to shop more in those DLs. As a remark, the airline industry and hotel industry are well-known to be the implementers of this kind of horizontal partnership.

From our surveys, delivery services, such as transfer the merchandises to the IVS tourists' room in the hotel or even the Custom, would be much appreciated by the IVS visitors. The IVS tourists, thus, will be motivated to purchase more from the brand which offers this kind of value-added services.

Apart from the above actions taken by Hong Kong fashion retailers, promotional activities should be conducted by Hong Kong Tourism Board (HKTB). Since the IVS would be further expanded in the other mainland cities in the coming year, HKTB should also organize some large scale activities in these newly implemented cities to promote Hong Kong as a "shopping paradise" of genuine brands, and arouse the Mainland Chinese residents' interests. As retailing is a competitive advantage of Hong Kong among the other Asia cities, with the help

of HKTB, the feature of “shopping paradise” could be further strengthened.

6.8.1. Insights from the company interviews

In order to allow the IVS visitors to be more familiar with the brands, DLs claim that they would invite the Chinese actors / actresses to be the company’s celebrities. Fenix Group, for instance, invited Zhang Zi-Lin, who was the first Chinese lady who won the crown of Miss World in 2007, to be the celebrity of the brand. However, this claim is not supported by MLs. Since the customers of MLs are believed to be highly price conscious, they would purchase the products if the prices are attractive and so the pricing strategy is one of their most commonly adopted promotional methods, regardless who the celebrity of the brand is. This claim of MLs is also well supported by the observation in Hong Kong. MLs in Hong Kong, such as Baleno, Bossini, Giordano, and G2000, seldom invite actors / actresses to be their celebrities over the past few years.

There are some common means for both DLs and MLs to serve the IVS visitors, including continuously improving Putonghua training of the staff, launching promotions during Mainland China public holidays, offering electronic leaflets or catalogs with simplified Chinese words, showing simplified Chinese words in posters / the company’s internet homepages / care labels / invoices, and inviting

the IVS customers to be VIP members.

6.8.2. Other recommendations to Hong Kong fashion retailers

Apart from the above recommendations, timely delivery is another crucial factor affecting the consumers' satisfaction level towards the brands. In the fashion market, fast fashion is an upcoming phenomenon and this kind of fashion retailers has gained a substantial market acceptance and they are the new competitors in the market (Bruce and Daly 2006). In order to increase the competitiveness of the brands, therefore, offering more FBE products and speeding up the delivery time to the store are the essential tactics for both DLs and MLs. These actions would definitely retain customer loyalty as well as satisfy their various needs and wants.

6.9. Chapter summary

In this chapter, the interpretations of the research results, including the general IVS tourists' attitudes towards DLs, MLs, and the respective FBE, sexual attitudes comparison, and regional analysis, are discussed. In addition, the comparisons between the attitudes of Hong Kong consumers and IVS visitors have also been conducted. We have also include the company interview input

Then, corresponding recommendations are suggested to the fashion retailers in Hong Kong. The next chapter is going to conclude this current study.

Chapter 7 Conclusion and Future Research Direction

This chapter is going to discuss the research summary and the limitations of this current study. Eventually, recommendation for future research is suggested.

7.1. Research summary

The main objective of this research is to study the Individual Visit Scheme visitors' attitudes towards DLs and MLs, as well as the corresponding FBEs. The research objectives stated in Chapter 1, Section 1.3, are achieved.

This objective is achieved by examining the IVS tourists' satisfaction level of DLs and MLs in Hong Kong, studying the brand and product attributes of the brands, and finding out the significant factors that would affect their attitudes towards DLs, MLs, and the corresponding FBE (Chapter 5, Section 5.2, Section 5.3, and Section 5.4). The results prove that they satisfy with these two types of brands. All the proposed factors, i.e. product quality perception, brand loyalty, image projection, concept consistency, and product feature likeness, are found to be significant in affecting their attitudes towards the parent brands and the FBE.

The research aim of understanding the sexual attitudes difference between male and female IVS visitors has been achieved in Chapter 5, Section 5.5. To simply conclude, the attitudes towards DLs, MLs, and their FBE of female IVS consumers are more complicated than that of male IVS consumers. Furthermore, female IVS visitors are more satisfied with the brands, both DLs and MLs, in Hong Kong than male IVS consumers.

In Chapter 5, Section 5.6 is performed in order to address the research objection of analyzing the regional attitudes of the IVS visitors. Our research findings reveal that IVS visitors from Central South China evaluating the fashion brands and the FBE, including both DLs and MLs, are more comprehensive than the rest of the regions.

The research aim of comparing Hong Kong consumers and IVS visitors has been attained in Chapter 6, Section 6.4. We discover that the factors of brand loyalty and concept consistency would not effect the Hong Kong consumers' attitudes towards the DLs, and FBE of MLs respectively, while these two factors do affect the IVS visitors' attitudes significantly.

7.2. Research limitations

Time constraint is the main limitation of this research as face-to-face interview is time consuming. Also, not every potential respondents met was willing to be interviewed and to complete the questionnaire. Some respondents complained that the questionnaire was too long and complicated, and some of them were impatient during the interview.

Language barrier is another limitation of this research. We had to spend more time to explain the questionnaire due to the different languages and cultures between the interviewer and the interviewees. Certainly, this would lead to a time consuming problem.

Another limitation of this research is the literature of the regional analysis. Although the past research works provide a general picture of each region, the year of publication of these papers is relatively old. Thus, the literature may not reflect the current development of the regions fully as the development pace of the Mainland China is very fast.

7.3. Future research

The scope of the study is recommended to be expanded further. A larger sample size would induce a higher level of reliability and representative of the findings.

The study of sexual attitudes difference and the regional analysis can be investigated in more details. The findings are expected to be more insightful which are more valuable for the industry practitioners and can better advance our knowledge.

Apart from the sample size, different kinds of FBE are suggested to be studied as fashion brands always introduce various types of FBE. Thus, a more comprehensive analysis can be generalized.

7.4. Chapter summary

This chapter has summarized the entire research findings. Limitations of the current study are listed and future directions of the coming research are suggested.

Appendix I

Interviewed companies' brief descriptions

DLs	
Aquascutum	This brand has been established in London since 1851. Aquascutum always maintains its renowned British tailoring, distinctive fabrics in the check pattern and chic style. And, it mainly sells men and women's wear. (www.aquascutum.com)
Fenix HK Ltd.	The company incepted in 1972 in Hong Kong. It is the founding company of the Fenix Group and continues as the flagship business of the diversified and vertically integrated organization. It mainly sells women's wear with high quality, and it is a market frontrunner in the knitwear market. (www.fenix.com.hk)
Lane Crawford	The company was founded in Hong Kong in 1850, and now it is a leading specialty store in Asia. It offers the largest assortment of designer brands in Hong Kong and the Greater China. The product assortments include women's wear, men's wear, shoes and accessories, lingerie, jewellery, cosmetics, and home appliance from the most luxury brands around the world. (www.lanecrawford.com)
Company A*	This brand was founded in 1927 and it is one of the most prestigious and internationally known made-in-Italy luxury brands. This brand is one of the world's leading designers, producers and distributors of luxury shoes, leather goods, and accessories.
Company B*	The label was established in 1981 in the US, and it exhibits luxurious and American sportswear style. Initially, only women's apparel was launched. In 2001, the labels provided a full range of women's handbags, shoes, belts and eyewear. In 2002, the company launched a full-scale men's collection.
MLs	
Arnold Palmer	The founder was a US golf player. It is a casual wear brand which targets mainly the youngsters and the products are priced at an affordable price level. Only ladies' wear is sold, and this brand is operated by I.T Limited in Hong Kong. (www.arnoldpalmer.com)
Giordano	The company was established in 1981 and headquartered in Hong Kong. It is one of the most well-known and established apparel retailers in the Asia Pacific region. The brand targets the mass market and sells women's wear, men's wear, and children's wear. The brand also develops other brands, such as Giordano Concept, Giordano Ladies, and BSX, to cater different market

	segments. (www.giordano.com.hk)
Company C*	Founded in 1984, it is a design, development, marketing and distribution company that specializes in consumer products predicated on fashion and value. The company's offerings include an extensive line of fashion watches sold under the company's proprietary and licensed brands. The company also offers complementary lines of small leather goods, belts, handbags, sunglasses, jewelry and apparel.
Company D*	The brand is founded in Hong Kong. It mainly provides casual wear with trendy design elements. Women's wear, men's wear, as well as accessories are the main products.
Company E*	The brand is a casual wear brand and it is one of the retail brands under the Glorious Sun Enterprise Limited. Denim is the major product offered of the brand, and the brand sells apparel products for women, men, and maternity denim.

* Companies that do not want to reveal their identity

Appendix II

Measures of the variables

Item	Statements	Cronbach's Alpha	
		DLs	MLs
Satisfaction level		0.774	0.799
	1. I am very satisfied with most of my purchases at this brand. 2. The product bought from this brand can satisfy my needs and wants. 3. I am confident that I generally make the right decisions. <i>(Bruner and Hensel 1994)</i> <i>Anchored by: Strongly disagree (1) to Strongly agree (6)</i>		
Importance level of the factors		0.713	0.736
	1. Perceived quality affects me most to buy the product from the brand. 2. Brand loyalty affects me most to buy the product from the brand. 3. Self-image affects me most to buy the product from the brand. <i>Anchored by: Strongly disagree (1) to Strongly agree (6)</i>		
Perceived quality		0.757	0.797
	1. The quality of most products I buy is as good as can be expected. 2. I am satisfied with most of the products quality I buy and use. 3. Most products I buy can be used in long period of time. <i>(Bruner and Hensel 1994)</i> <i>Anchored by: Strongly disagree (1) to Strongly agree (6)</i>		
Brand loyalty		0.779	0.834
	1. I have a positive affective feeling towards the brand. 2. I enjoy discussing the brand with people outside it <i>(Hem and Iversen 2003)</i> 3. I would like to recommend the brand to the people I know. 4. I do wish to continue buying / intension to buy and using the brand. <i>(Aaker 1999)</i> <i>Anchored by: Strongly disagree (1) to Strongly agree (6)</i>		
Self-Image consistency		0.913	0.880

	<p>1. The usage of the brand is closely connected to the picture I have of myself as a person.</p> <p>2. The usage of the original brand is closely connected to the picture I have of the person I would like to be. (Aaker 1999) <i>Anchored by: Strongly disagree (1) to Strongly agree (6)</i></p>		
Evaluation intention of the FBE			
	<p>1. If the brand introduces a new product, do you have intention to evaluate it? <i>Anchored by: Very low (1) to Very High (6)</i></p>		
Brand concept consistency		0.791	0.703
	<p>1. Do you think that the tangible product characteristics of the sportswear similar to the existing product characteristics of the brand?</p> <p>2. Do you think that the intangible image aspects of the sportswear similar to the image of the brand? (Keller and Aaker 1992) <i>Anchored by: Not at all similar (1) to Highly similar (6)</i></p> <p>3. The new sportswear product fits the image of the brand.</p> <p>4. The new sportswear product is a logical product for the brand to market. (Keller and Aaker 1992) <i>Anchored by: Strongly disagree (1) to Strongly agree (6)</i></p>		
Product feature similarities		0.789	0.708
<i>a. Complementarity</i>			
	<p>1. The new sportswear products and the original products were complements that they could be used together in certain usage to satisfy my particular need. (Aaker and Keller 1990) <i>Anchored by: Strongly disagree (1) to Strongly agree (6)</i></p>		
<i>b. Substantiality</i>			
	<p>1. The new sportswear products and the original products were substitutes that they would select between in certain usage situations to satisfy my particular need. (Aaker and Keller 1990) <i>Anchored by: Strongly disagree (1) to Strongly agree (6)</i></p>		
<i>c. Transferability</i>			
	<p>1. I think that the people, facilities, and skills used in developing, refining, and making the original product be helpful if the company were to make the new sportswear (Aaker and Keller 1990) <i>Anchored by: Strongly disagree (1) to Strongly agree (6)</i></p>		
Purchasing and recommendation willingness		0.847	0.777

	<p>1. If you were planning to buy a sportswear product, would you like to choose this brand?</p> <p>2. If a friend were looking for a product of this type, would you advise him or her to purchase the sportswear from this brand?</p> <p><i>(Berens et al. 2005)</i></p> <p><i>Anchored by: Very Low(1) to Very High(6)</i></p>		
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