The Influence Factors of Consumers' Subjective Effect toward Brand Extension

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ABSTRACT

This study investigates the cause and effect relationship among fit (product-country match, prototype fit and exemplar fit), brand trust (process-based trust, characteristic-based trust, and institutional-based trust) and perceived value and uses the multiple regression analysis to test the cause and effect relationship among every variable. This study focuses on those consumers who shopping at department stores in four areas in Taipei city in Taiwan using the quota sampling method. Empirical results indicate positive relationships to the targeted hypothesis: the three variables of product-country match, prototype fit, and exemplar fit will enhance perceived value through brand trust while a business launch a new product and the most important variable to affect perceived value is product-country match. Consequently, the managerial implications of this study can provide appropriate suggestions for global enterprises to develop their brand extension strategy to build positive and strong value for consumers.

Keywords: *Brand Extension, Fit, Brand Trust, and Perceived Value.*

INTRODUCTION

The percentage of brand extension has increased. It is obvious that brand extension is an important method for business launching a product to enter a new market. Setting up a new brand will also bear higher risk and uncertainty than brand exension. If a strong brand has existed in a market, it is difficult to enter the market for a new brand. They need to invest more cost and the survival rate is low for that company. Brand extension can strengthen the brand image of original product (Sheinin, 2000), further broaden organization field and promote organization relationship to prolong brand's life circle (Dawar and Anderson, 1994), such as a series of SONY 3C products.

There are some reasons why a business carries out the strategy of brand extension. First, the major benefit of brand extension is that business can use the cognition and image of core brand which is established before in consumer's mind to assist company into new market. Second, brand extension can save the time and money of establishing a new brand. Third, it enhances the advertising efficiency and increase the sales volume of products of core brand. No matter the ads of original product or extension product can also emphasize the core brand impression to further increase sales volume (Tauber, 1981; 1988). In addition, brand extension can transfer brand value to strange service or product; it was look like another types of diversification (Athaide, 1994). So enterprises use this kind of diversification to extend their product scope and enhance brand awareness.

But why we only pick the perceived value rather than perceived quality and purchase intention to discuss about the topic of brand extension is because consumers' subjective evaluation toward the extension product is a more useful advice than others for business to develop brand strategy. First, there are too many papers to discuss the topic of perceived value and purchase intention. Second, the perceived value is the core decision factor of consumer to purchase products. Third, perceived value can determine the true or false of purchase intension.

We all know that building a successful brand is not easy; it costs much time and money. In addition, the existing of advantage firms which increase the barriers for a new brand to entry market. So it is more and more popular for enterprises to take the strategy of brand extension to get into the new market. We divide fit into prototype fit, exemplar fit, and product-country match on brand extension. In this research, we want to know the following

three factors which one has the most influence on brand extension: (1) the level of consistency between the brand image of extension product and the generalized imagery of the brand (i.e., prototype fit), (2) the level of consistency between an extension product and an existing product of the brand (i.e., exemplar fit), (3) the important dimensions for a product category are also related to a country's image (i.e., product-country match). After understanding which one was the best policy, we can give enterprises appropriate suggestion to increase their benefit. The purposes of our paper are as follows:

1. To discuss the causal relationship between prototype fit, exemplar fit, product-country match and process-based trust.
2. To analyze the causal relationship between prototype fit, exemplar fit, product-country match and characteristic-based trust.
3. To examine the causal relationship between prototype fit, exemplar fit, product-country match and institutional-based trust.
4. To discover the causal relationship between brand trust (process-based trust, characteristic-based trust, and institutional-based trust) and perceived value.
5. To discuss the trust's mediator effect between prototype fit, exemplar fit, product-country match and perceived value.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

We propose the following perspectives, product-country match, prototype fit, and exemplar fit will influence process-based trust, characteristic-based trust, and institutional-based trust, and brand trust will affect perceived value. Through observing this structure we can understand the variables' relative position and interrelationship. Therefore, the structure of our study is established by seven variables. Product-country match, prototype fit, and exemplar fit are independent variables, process-based trust, characteristic-based trust, and institutional-based trust are intermediary variables, and perceived value is dependent variable.

The definition of product-country match is that there is the product comes to your mind when you think of a specific country. If the country image is good for you, and the product attribute is important, then we will consider the product-country match is favorable (Etzel and Walker, 1974; Nagashima, 1970, 1977; Roth and Romeo, 1992). The definition of trust is that consumers are willing to believe and rely on the service and product provide from the brand (Chaudhuri and Holbrook, 2001). That is to say, when the product and service are reliable, it will cause consumer to trust that brand. Process-based trust is build up by long-term interaction with another people, characteristic-based trust is established by someone's feature is similar with you, and institutional-based trust is based on relevant laws, regulations, and mechanisms, such as the acquirement of certification (Ali and Birley, 1998; Zucker, 1986).

When brand come from a country which has favorable country image, we will increase our trust toward the brand for sure. So we naturally suppose country image may affect brand trust. In the previous literature review, many researchers define country image as consumers' general views of quality for products made in a given country (Bilkey and Nes, 1982; Han, 1989). So the country image which consumers generate is caused by the contact of products or represent product from the country. According to above definition, the meaning of country image is similar with country-product match. Basing on previous inference, we understand that country image is associated with product-country match. In addition, we also find country image has the impact on brand trust. Favorable country image resulted in higher trust toward the brand from the country. In this way, it is a reasonable supposition to infer country-product match also affect brand trust.

National origin was included in the definition of characteristic-based trust (Zucker, 1986), so we could reasonably suspect product-country match had the relationship with characteristic-based trust. Besides, according to above inference, we know that country image is an important factor of product-country match. If we have good impression on a country, it will easier for consumers to both make a long-term relationship and trust the country's law, regulation, and social institution with that brand which comes from the country (Zucker, 1986; Ali and Birley, 1998). Therefore, basing on the definition of process-based trust and institutional-based trust, we can suppose that product-country match positively affect process-based trust and institutional-based trust.

Thus, we propose hypotheses H1a, H1b and H1c as follows:

   H1a. Product-country match has a positive relationship with process-based trust.
   H1b. Product-country match has a positive relationship with characteristic-based trust.
   H1c. Product-country match has a positive relationship with institutional-based trust.

Prototype fit is defined as the image of extension product is the same or similar with the general image of parent brand (Posner and Keele, 1968; Mao and Krishnan, 2006; Bhat and Reddy, 2001). Therefore, the prototype fit can be seen as brand image consistency, which is similar with the conception of Park, Milberg and Lawson (1991).

Brand trust was build up through a combination of familiarity, privacy, security, advertising, word-of-mouth, and brand image (Wernerfelt, 1991; Garbarino and Johnson, 1999; Delgado-Ballester and Munuera-Aleman, 2001). In short, brand image is one of the elements of brand trust. Ha (2004) indicated the development of brand trust derived from the operation of a range of antecedent factors included brand awareness, familiarity, prior experience, image and so on. Therefore, we find brand image may influence brand trust.

Richardson, Dick and Jain (1994) indicated brand image was considered as external cues to evaluate product quality by consumer. Consumer used the brand image to maintain or infer the perceived quality of brand. Brand image also represented whole information about the brand (Dodds, Monroe and Grewal, 1991). Due to the above definition of brand image, we think the meaning of brand image is associated with prototype fit. According to above inference, we know that brand image is associated with prototype fit, and brand image has the impact on brand trust. Therefore, it makes sense to suppose prototype fit can affect brand trust.

If the brand image of extension product is consistent with the brand (i.e., prototype fit), it is likely for consumers to transfer the trust, which is established from buyer and seller in long-term interaction, from overall brand image to the image of extension product. Hence, according to the definition of process-based trust, we assume prototype fit has the positive impact on process-based trust (Zucker, 1986). If the brand image of extension product is consistent with the brand (i.e., prototype fit). Consumers would love the extension product is likely to base on the common characteristic with core brand (Ali and Birley, 1998; Zucker, 1986). Hence, we inferred that prototype fit could influence characteristic-based trust.

Basing on the paper of "Effects of prototype and exemplar fit on brand extension evaluations: A two-process contingency model" suggested by Mao and Krishnan (2006), we knew that prototype fit was same with top-down process (a person was judged according to the group she belonged to), so we inferred that prototype fit would influence institutional-based trust, because they all focused on the group or institution it belonged to. Likewise, because the image of extension product is consistent with core brand, if the parent brand has a lot of certification, pass law and regulation, consumers will think the extension product also can establish the brand trust through them (Zucker, 1986; Mao and Krishnan, 2006). Therefore, we thought prototype fit would affect institutional-based trust.

Thus, we propose hypotheses H2a, H2b and H2c as follows:
    H2a. Prototype fit has a positive relationship with process-based trust.
    H2b. Prototype fit has a positive relationship with characteristic-based trust.
    H2c. Prototype fit has a positive relationship with institutional-based trust.

Exemplar fit is defined as the product attributes of extension product are the same or similar with original product (Loken and Ward, 1990; Mao and Krishnan, 2006; Bhat and Reddy, 2001). Therefore, the idea of exemplar fit is little consistent with product-level similarity suggested by Park, Milberg and Lawson (1991).

If consumers know product attributes well and have favorable impression, and it is easy to build up or improve trust toward the brand (Yamagishi and Hill, 1983). It is easy to understand through imagining the following situation. Two brands X and Y launch new products A and B respectively, and you are familiar with A's product attribute and do not know B's product attribute well. The result is easy to anticipate, consumers will establish stronger brand trust toward product A's brand than B's, because of familiarity of product attribute. So we suppose product attribute can affect brand trust.

Product attribute was defined as the composition of all the product tangible and intangible characteristics which was perceived by consumers (Aaker and Shansby, 1982). When the product feature of extension product is similar with original product we call it as exemplar fit. Therefore, it is obviously product attribute is related with exemplar fit. Nevertheless, when the product attributes of extension product was similar with original product, we may infer that consumers are more familiar with the extension product. Therefore, as we propose before, product attribute is related with exemplar fit, and product attribute can affect brand trust. According to above inference, we suggest that exemplar fit have the impact on brand trust.

According to the paper of "Effects of prototype and exemplar fit on brand extension evaluations: A two-process contingency model" suggested by Mao and Krishnan (2006), we knew that exemplar fit was same with parallel process (a person was evaluated according to a similar other person). Therefore, we inferred characteristic-based trust would affect exemplar fit, because they all focused on similar attributes. If the product attribute of extension product is consistent with original product (i.e., exemplar fit), it is probable for consumers to transfer the brand trust, which is build up from buyer and seller in long-term interaction, from original product to extension product. Hence, according to the definition of process-based trust, we can infer that exemplar fit has the positive impact on process-based trust (Zucker, 1986). Because the product attribute of extension product is similar with original product, if the original product has a lot of certification, and then consumers will think the extension product also can establish the certification, it would make consumers to trust its brand (Zucker, 1986; Mao and Krishnan, 2006). Consequently, we consider exemplar fit positively influence institutional-based trust.

Thus, we propose hypotheses H3a, H3b and H3c as follows:
    H3a. Exemplar fit has a positive relationship with process-based trust.
    H3b. Exemplar fit has a positive relationship with characteristic-based trust.
    H3c. Exemplar fit has a positive relationship with institutional-based trust.

The effects of brand extension takes place under the situation of consumers have high-trust toward the brand. Hence, we can say that consumers would like to try brand extension when the brand is highly trusted (McWilliam, 1993). Selnes (1998) find that trust can reduce consumer's perceived risk and thus making "relationship enhancement" in buyer-seller interplay. Hence, brand trust has indirectly impact on brand extensions through perceived risk. Reast (2003) proposed that a brand with higher trust ratings would result in significantly higher brand extension ratings. And Reast (2005) use two dimensions to measure brand trust, they are credibility and performance satisfaction. According to the finding of empirical research, when credibility and performance satisfaction are high, the effects of brand extension will also increase. Therefore, we suppose brand trust and brand extension exist cause and effect relationship.

According to the definition of perceived value which suggested by Sweeney and Soutar (2001), perceived value was related with consumer's experience and a transaction process between buyer and seller. Besides, process-based trust was build up by a long-term relationship which included transaction experience and prior experience between buyer and seller. Therefore, we inferred process-based trust had the positive relationship with and perceived value.

Perceived value is described as the consumer's overall perceived level which is generated from personal characteristic when consumer contacts the brand (Weng, 1993). So we suspect that characteristic-based trust maybe affect perceived value because of characteristic. Comparing to a product without guarantee, consumers must have high perceived value toward the product with certification because consumers can feel security and reliability from the product with certification. Therefore, it is possible for consumers to trust the brand which has products with certification. In addition, certification can enhance the consumer's perceived value, so we suppose institutional-based trust has the positive impact on perceived value.

Thus, we propose hypotheses H4a, H4b, and H4c as follows:
    H4. Process-based trust has a positive relationship with perceived value.
    H5. Characteristic-based trust has a positive relationship with perceived value.
    H6. Institutional-based trust has a positive relationship with perceived value.

The research issues in this paper focus on the consumers' perceived value about consumer goods industry. Consumer good is a mass market, so you can purchase it no matter what you are, a man, a woman, a kid, even an old man. Besides, the industry is close to consumer's life, so it is easier for them to contact. Moreover, population and urbanization are the main factors to influence the consumption of consumer goods. The population of Asia countries account for 60% of world population and the markets of developing countries in Asia are growing quickly due to the urbanization, so the purchase potential of the area is amazing.

RESEARCH METHOD AND SURVEY

We use the variable of product-country match suggested by Roth and Romeo (1992), and adopt the four dimensions of innovativeness, design, prestige, and workmanship to measure it in our study. We use the variable of prototype fit suggested by Mao and Krishnan (2006), and adopt the four dimensions of type, favorability, strength, and uniqueness proposed by Keller (1993) to measure it in our study. We use the variable of exemplar

fit also suggested by Mao and Krishnan (2006), and adopt the three dimensions of complement, substitute, and transfer proposed by Aaker and Keller (1990) to measure it in our study. We use the variable of brand trust and adopt the three dimensions of process-based trust, characteristic-based trust, and institutional-based trust proposed by Zucker (1986) in our study. We use the variable of customer perceived value and adopt the four dimensions of performance/ quality value, emotional value, value-for-money, and social value proposed by Sweeney and Soutar (2001) in our study. The questionnaire design consults the literature review related with domestic and foreign researcher. A 6-point Likert scale which is ranged from 6 for "strongly agree" to 1 for "strongly disagree" is used to measure the responses to questions.

The reasons why we do not choose a specific business to be our research target is because that would make the thesis only contribute to that enterprise. Therefore, we divide the research target into two levels of product involvement and choose the two brands, SONY and Macdonald's. We suppose Big Mac is the core product of McDonald's. The Big Mac is available to a common specification in many countries around the world. The well known Big Mac Index is a way of measuring the purchasing power parity (PPP) between two currencies and provides a test of the extent to which market exchange rates result in goods costing the same in different countries. For these reasons, Big Mac is chosen to be the origin product of McDonald's. We suppose LCD TV is the core product of SONY, because the TV has the better 3D function than other competitors. It also occupies the biggest market share in Taiwan's LCD TV market. The product of high and low involvement are LCD TV and hamburger respectively, the countries which are consist with those products are Japan and America respectively, the products of prototype fit which are consist with those products are notebook and fries respectively, and the products of exemplar fit which are consist with those products are digital camera and grilled chicken burger (Figure 1 displays the high and low levels of product involvement).

	Product-Country Match	Prototype Fit	Exemplar Fit
High Involvement	Japan- LCD TV	SONY: LCD TV- Notebook	LCD TV- Digital Camera
Low Involvement	America- Big Mac	McDonald's: Big Mac- Fries	Big Mac- Grilled Chicken Burger

Figure 1 The High and Low levels of Product Involvement.

For the accuracy and convenience of data collection, the respondents are directly selected from Taipei City by quota sampling. We draw samples from Taipei area and divide it into four parts; they are East, West, South, and North Side respectively. The research is directed to the three demographic statistic variables of age, area, and brand proceeding to quota sampling investigation. We adopted the Mall Intercept Method, so quota sampling is adopted to determine the ratio of dispatched questionnaires to Taipei's department stores. The level of high and low product involvement account for half of the total questionnaires, respectively. Samples are draw from general consumers of department stores to yield two age ranges (under 39 and over 39 years old) and sex ratios (the samples contain an even distribution of males and females). Tables 1 display the sample structure. It is noted that we also conduct pretest; we dispatch 60 pre-test questionnaires (half of the pretest are high involvement questionnaires, and the others are low involvement) before going to formal questionnaire.

Table 1 Sample Structure

	High Involvement		Low Involvement		Sample Structure	Sampling Location (Department Stores)
	Under 39		Over 39			
	Male	Female	Male	Female		
East Side in Taipei	44	44	44	44	176	*Living Mall* and *Hankyu*
West Side in Taipei	36	36	36	36	144	*Miramar* and *Shin Kong Mitsukoshi (Taipei Station)*
South Side in Taipei	43	43	43	43	172	*Breeze Center* and *Sogo(Fuxing)*
North Side in Taipei	41	41	41	41	164	*Dayeh Takasimaya* and *Q square*
Total	164	164	164	164	656	

Data Source: Department of Civil Affairs Taipei City Government.

EMPIRICAL RESULTS

In order to examine the hypothesis and the constructs in the study, we adopt some statistic analysis to test it. We use one-way ANOVA to determine whether or not there is no differences in values are attributed to other factors. According to the one-way ANOVA, if there is no significant differences (P-value > 0.05), it implies that the sample is reasonably representative of consumers in terms of the demographic variables tested. The ANOVA result is show in Table 2.

able 2 ANOVA Analysis

McDonald's	Gender	Education level	Occupation	Age	Income
F-value	0.011	1.239	0.633	2.079	0.178
P-value	0.916	0.296	0.750	0.127	0.950
SONY	**Gender**	**Education level**	**Occupation**	**Age**	**Income**
F-value	2.537	0.885	0.706	0.923	2.561
P-value	0.112	0.449	0.667	0.430	0.069

By using quota sampling, the study sent out questionnaires to the consumers who had used the product of McDonald's and SONY, the two brands in Taipei. In total, we sent out 656 questionnaires and 591 were returned from January to March 2010. The ratio of questionnaires returned was 91%.

In total, 36.2% (McDonald's) and 61.6% (SONY) of respondents were male and 63.8% (McDonald's) 38.4% (SONY) and were female. In the age distribution, most respondents ranged from 15 to 29 years old, and the ratio were approximately 89.1% (McDonald's) and 82.8% (SONY). Our research brands are the SONY and McDonald's; the SONY's product is a recently invented product that utilizes new technology, and fast food is more preferred by teenagers, so most users of SONY and McDonald's are younger persons. Respondents resided in the west, east, north, and south of Taipei, according to the following ratios: 22%, 27%, 25%, and 26%. The income per month of most respondents was under 20,000 NT dollars and the ratio was 69.2% (McDonald's) and 65.2% (SONY).

According to the one-way ANOVA, no significant differences were found (P-value > .05), indicating the sample was reasonably representative. From the result of Table 2, it appears that gender, age, education, area of residence, occupation, and income has no significant differences in relation to perceived value (P-value > .05). Therefore, consumers with different demographic characteristics do not have different cognitions of perceived value.

Reliability stands for the accuracy and precision of questionnaire. The reason and purpose why we do the reliability analysis is to test the level of measurement scale of individual items in the questionnaire whether they are same and consistent or not. We use the coefficient of Cronbach's α and items to total correlation to test the internal consistence of the variables. The Cronbach's α coefficient of constructs of product-country match, prototype fit, exemplar fit, brand trust, and perceived value are 0.823, 0.800, 0.653, 0.867, and 0.855 respectively of McDonald's and 0.842, 0.852, 0.609, 0.828, and 0.851 of SONY from the samples. Because all the Cronbach's α value are above 0.5, it stands for the internal consistency of the factor should be accepted.

In the LISREL model show in Table 3, we adopt various fitness indices to examine the validity of the model and fit indices of the proposed measurement model are shown in Table 4. The Chi-square test is the regular statistics test used to check the similarity of fit between the observed covariance matrix and the model shown of the covariance matrix. In our model, the Chi-square are 7145.11(McDonald's) and 5513.94 (SONY), the degree of freedom is 1209, and we calculate that the $\chi 2$ /df are 4.42(McDonald's) and 4.05 (SONY). The value of $\chi 2$ /df is between 2 and 5, and $\chi 2$ /df in our model are approximated to 5; consequently our model is well-settled (Anderson and Gerbing 1988).

There are many different indices to examine the goodness of fit of a structural equation model besides the Chi-square test. The *GFI* (goodness-of fit index) is a measure of the relative amount of variance and covariance in sample data that is jointly explained by sample data (JÖreslog and SÖrbom 1984). If the model possesses a good fit, then the value is usually above .90. Moreover, the *AGFI* (adjusted goodness-of-fit index) adjusts for the number of degrees of freedom in the specified model. If the model possesses a good fit, then the value is usually above .80. Besides, the *NFI* (normed fit index) and *CFI* (comparative fit index) use an "independence model" as a basis of comparison by which to assess the hypothesized model. These values range from 0 to 1. In our model, *CFI* is 0.967, *NNFI* is 0.961, *NFI* is 0.955, *GFI* is 0.781, and *AGFI* are 0.723 individually of McDonald's and *CFI* is 0.957, *NNFI* is 0.950, *NFI* is 0.942, *GFI* is 0.777, and *AGFI* are 0.717 individually of SONY. In our study, the *RMR* (root mean square residual) are 0.105 (McDonald's) and 0.0797 (SONY). The *RMSEA* (root mean error approximation) are both 0.105 (McDonald's and SONY).
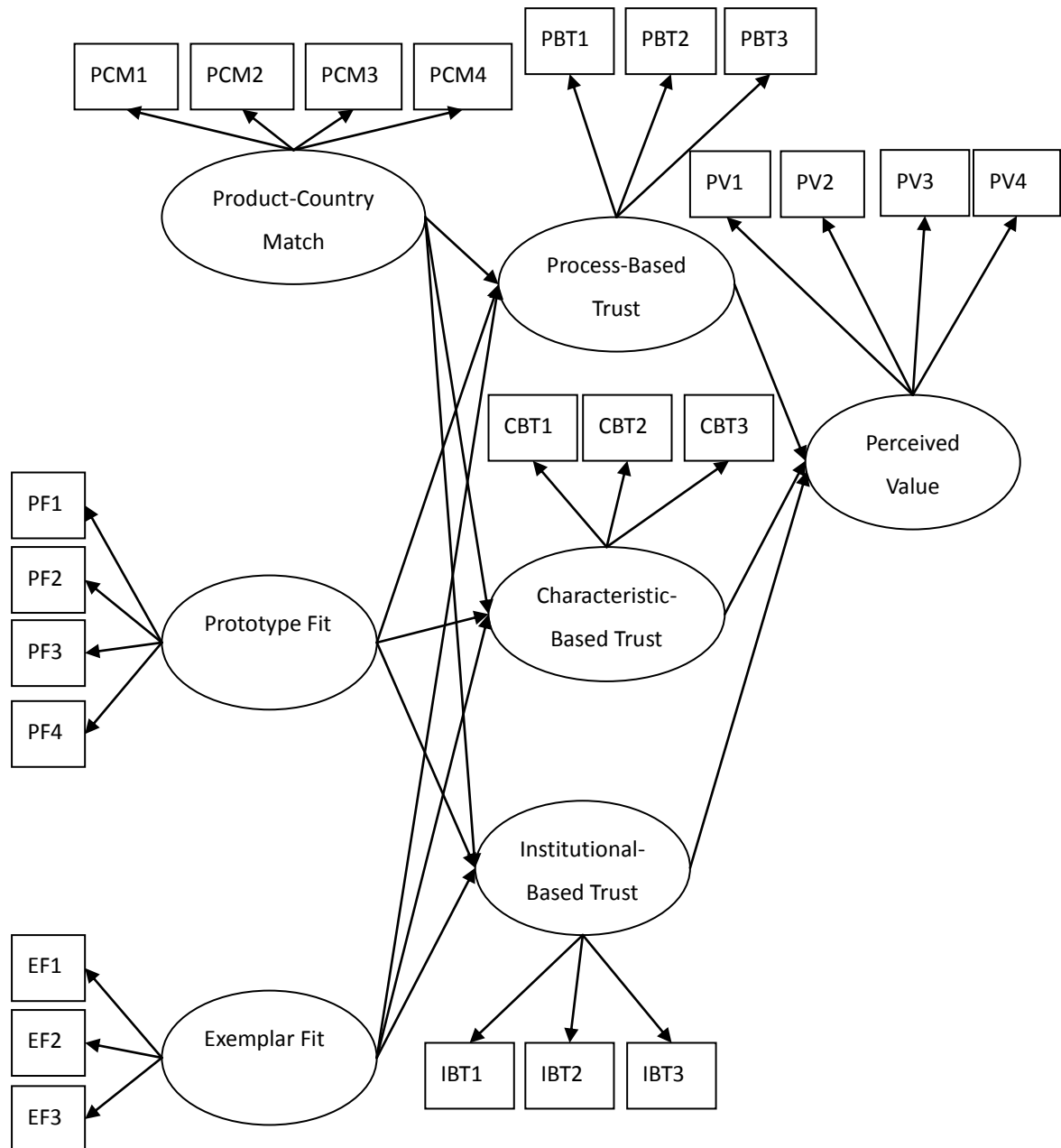

Figure 2 Path Diagram of LISREL Model

Table 4 shows the structural model with the coefficient and almost significant relationship between variables, and variables follow the hypothesized direction. These results provide us reasonable evidence for the model. According to the following result, the former one is McDonald's and the latter one is SONY, product-country match has an effect on process-based trust (H_{1a}: β_{1a}= 0.57 and 0.69), characteristic-based trust (H_{1b}: β_{1b} = 0.37 and 0.71), and institutional-based trust (H_{1c}: β_{1c}= 0.45 and 0.77). Prototype fit influences process-based trust (H_{2a}: β_{2a} = 0.58 and 0.35), characteristic-based trust (H_{2b}: β_{2b} = 0.51 and 0.14), and institutional-based trust (H_{2c}: β_{2c} = 0.64 and 0.35). Furthermore, Exemplar fir has significant effect on process-based trust (H_{3a}: β_{3a} = 0.15 and 0.15), characteristic-based trust (H_{3b}: β_{3b} = 0.12 and 0.20), and institutional-based trust (H_{3c}: β_{3c} = 0.13 and 0.06). Process-based trust, characteristic-based trust, and institutional-based trust all influence perceived value (H_4: β_4 = 0.42 and 0.36; H_5: β_5 = 0.15 and 0.73; H_6: β_6 = 0.28 and 0.27). Therefore, we can know that the main path for McDonald's is prototype fit → process-based trust → perceived value, and the second path is product-country fit → process-based trust → perceived value. We also can know the main path for SONY is product-country match → characteristic-based trust → perceived value, and the second path is product-country match → process-based trust → perceived value.

Table 4 Empirical Results of the Hypotheses

Hypothesized Path (McDonald's)	Estimated Coefficient	T-value	Reject or Non-Reject
H_{1a}: Product-Country Match→Process-Based Trust	β =0.57	6.38**	Non-Reject
H_{1b}:Product-Country Match→Characteristic-Based Trust	β =0.37	3.71**	Non-Reject
H_{1c}: Product-Country Match→Institutional-Based Trust	B =0.45	4.37**	Non-Reject
H_{2a}: Prototype Fit→Process-Based Trust	β =0.58	6.53**	Non-Reject
H_{2b}: Prototype Fit→Characteristic-Based Trust	β =0.51	5.11**	Non-Reject
H_{2c}: Prototype Fit→Institutional-Based Trust	β =0.64	6.22**	Non-Reject
H_{3a}: Exemplar Fit→Process-Based Trust	β =0.15	1.73*	Non-Reject
H_{3b}: Exemplar Fit→Characteristic-Based Trust	β =0.12	1.18	Reject
H_{3c}: Exemplar Fit→Institutional-Based Trust	β =0.13	1.27	Reject
H_4: Process-Based Trust→ Perceived Value	β =0.42	9.96**	Non-Reject
H_5: Characteristic-Based Trust→ Perceived Value	β =0.15	3.86**	Non-Reject
H_6: Institutional-Based Trust→ Perceived Value	β =0.28	7.21**	Non-Reject
Hypothesized Path (SONY)	**Estimated Coefficient**	**T-value**	**Reject or Non-Reject**
H_{1a}: Product-Country Match→Process-Based Trust	β =0.69	7.03**	Non-Reject
H_{1b}:Product-Country Match→Characteristic-Based Trust	β =0.71	5.61**	Non-Reject
H_{1c}: Product-Country Match→Institutional-Based Trust	β =0.77	6.79**	Non-Reject
H_{2a}: Prototype Fit→Process-Based Trust	β =0.35	6.10**	Non-Reject
H_{2b}: Prototype Fit→Characteristic-Based Trust	β =0.14	1.75*	Non-Reject
H_{2c}: Prototype Fit→Institutional-Based Trust	β =0.35	2.26**	Non-Reject
H_{3a}: Exemplar Fit→Process-Based Trust	β =0.15	5.29**	Non-Reject
H_{3b}: Exemplar Fit→Characteristic-Based Trust	β =0.20	4.94**	Non-Reject
H_{3c}: Exemplar Fit→Institutional-Based Trust	β =0.06	1.82*	Non-Reject
H_4: Process-Based Trust→ Perceived Value	β =0.36	2.02**	Non-Reject
H_5: Characteristic-Based Trust→ Perceived Value	β =0.73	10.36**	Non-Reject
H_6: Institutional-Based Trust→ Perceived Value	β =0.27	5.71**	Non-Reject

Indicator	McDonald's	SONY
χ^2/df	4.42	4.05
Comparative fit index (CFI)	0.967	0.957
Non-normed fit index (NNFI)	0.961	0.950
Normed fit index (NFI)	0.955	0.942
Goodness of fit index (GFI)	0.781	0.777
Adjusted goodness of fit index (AGFI)	0.723	0.717
Root mean square residual (RMR)	0.105	0.0797
Root mean square error of approximation (RMSEA)	0.105	0.105

Note: Based on one-tailed tests: for t-values greater than 1.65(*); for t-values greater than 2.33(**).
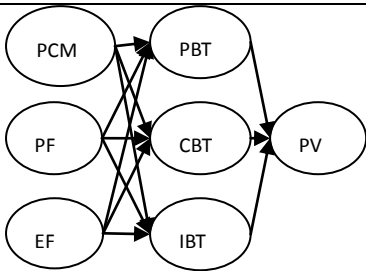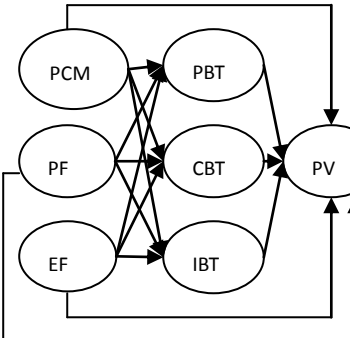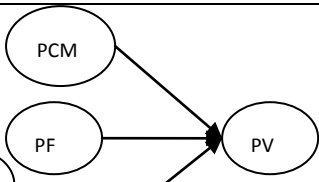
It is generally agreed that researchers would compare rival models and not just examine the results of hypothesized model (Bollen and Long, 1992). Krishnan and Mao (2006) provide the necessary rival model to this research. In addition to examining the current model, a rival model should be compared in order to find the better model. For the sake of influence effect of consider the mediator variable, rival model then suppose neglect mediator variable. And discuss product-country match, prototype fit, and exemplar fit have direct influence perceived value.

Given that our primary suggested model allows no direct effect from prototype fit and exemplar fit to perceived value. A paralleling rival model would investigate direct effects from product-country match, prototype fit, and exemplar fit to perceived value, according to the two key papers of my thesis, "Effects of prototype and exemplar fit on brand extension evaluations: A two-process contingency model" and "Matching product category and country image perceptions: a framework for managing country-of-origin effects" which are proposed by Mao and Krishnan (2006) and Roth and Romeo (1992) respectively. We compared our originally hypothesized model with the rival model 1 on the overall fit, parsimony, and percentage of either model's parameters that were statically significant. Furthermore, the ratio of significant path in rival one is much smaller than our original model. Thus, the rival model 1 is not better than our study model.

To make the differentiation with our original model, a rival model is hypothesized neglected the effect of mediator variable. It is implying that process-based trust, characteristic-based trust, and institutional-based trust are not allowed to mediate variable of perceived value. We also base on the two key paper of Mao and Krishnan (2006) and Roth and Romeo (1992) to discuss the direct influence of product-country match, prototype fit, and exemplar fit to perceived value without mediator variable. This suggests that the explanatory power of product-country fit, prototype fit, and exemplar fit, as direct factors of perceived value are not stronger than the combined explanatory power of process-based trust, characteristic-based trust and institutional-based trust together in indirect way. We find that the two rival models are worse than our study model because of the identical results in the former indices. Thus, we conclude that our study model is robust and valid. We present the compared indices of the original model and rival models in Table 5.

**Table 5 Fit Indices of the LISREL Model and Rival Model**

Measurement Indices	Original Model	Rival Model 1	Rival Model 2
LISREL Structural Model			
Significant Ratio	10/12=83.3% 12/12=100%	12/16=75% 14/16=87.5%	2/3=66% 2/3=66%
χ^2/df	4.42 4.05	4.03 3.83	37.83 43.61
AGFI	0.723 0.717	0.741 0.729	0.234 0.160
CFI	0.967 0.957	0.971 0.962	0.538 0.590
GFI	0.781 0.777	0.798 0.788	0.394 0.335
RMSEA	0.105 0.105	0.0987 0.101	0.344 0.392

RMR	**0.105**	**0.0996**	**0.395**
	0.0797	0.0712	0.366
NNFI	**0.961**	**0.965**	**0.489**
	0.950	0.955	0.547
NFI	**0.955**	**0.958**	**0.528**
	0.942	0.946	0.580

Note: The values in bold type are McDonald's and the rest values are SONY.

CONCLUSION

There are 12 hypotheses in our research model, and they are almost significant in our empirical results presented in figure 3. From the empirical result, there are 4 main paths in our model, and they are product-country match to perceived value through process-based trust and prototype fit to perceived value through process-based trust of McDonald's. Product-country match to perceived value through characteristic-based trust and product-country match to perceived value through process-based trust of SONY.
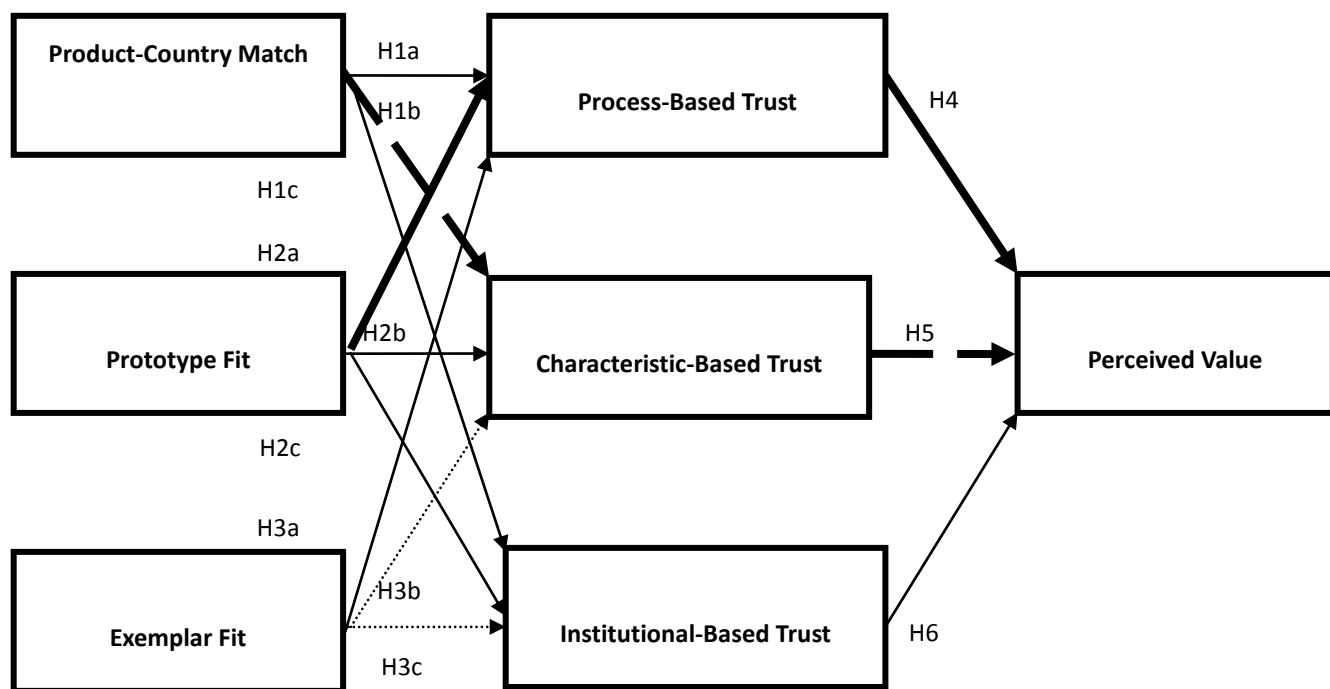

Figure 5.1 Result of Hypothesis Test

Note: ——————▶ is the main path of McDonald's.
     ━━━ ━━▶ is the main path of SONY.
     ·············▶ is the rejected path of McDonald's.

Firstly, from the empirical results, prototype fit is the most important variable to influence perceived value through process-based trust, because the coefficient ($\beta2a = 0.58$) is greater than other ones. We find the effect of path from prototype fit to perceived value through process-based trust (0.2436) is greater than the effect of path from product-country match to perceived value through characteristic-based trust (0.0765) and institutional-based trust (0.1792). We accept Sweeney and Soutar (2001) that perceived value is related with consumer's experience and a transaction process between buyer and seller.
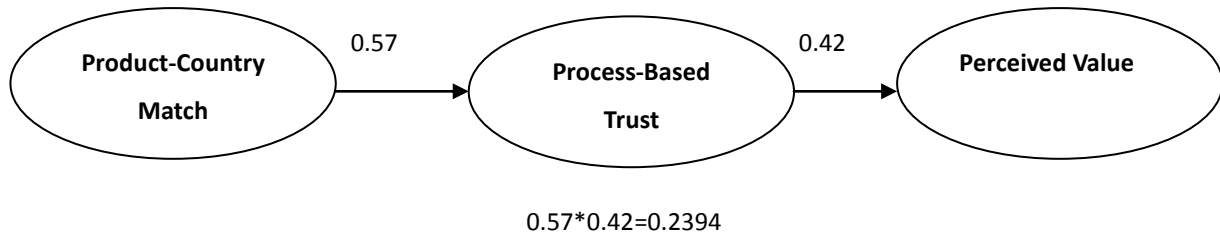
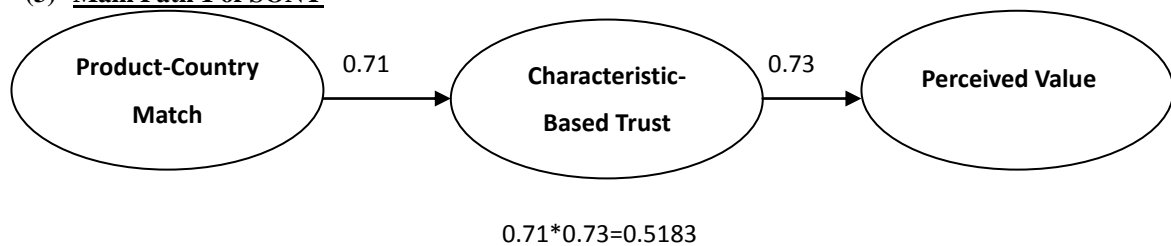**(1) Main Path 1 of McDonald's**
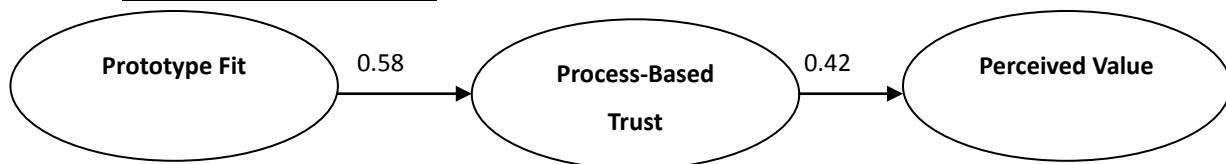
0.58*0.42=0.2436

Secondly, from empirical results, we find the effect of path from product-country match to perceived value through process-based trust (0.2394) is greater than the effect of path from product-country match to perceived value through characteristic-based trust (0.0555) and institutional-based trust (0.126). Based on the result, we agree on the study of Roth and Romeo (1992) that product-country match is a critical factor to affect consumer's quality evaluation.

**(2) Main Path 2 of McDonald's**

0.57*0.42=0.2394

Thirdly, from the results, we know the effect of path from product-country match to perceived value through characteristic-based trust (0.5183) is greater than the effect of path from product-country match to perceived value through process-based trust (0.2484) and institutional-based trust (0.2079). From the result, we agree with Zucker (1986) that national origin is an factor of characteristic-based trust. We also comply with Weng (1993) that characteristics-based trust plays a central rule for consumers in purchasing a new product, so it would influence consumers' perceived value.

(3) Main Path 1 of SONY

0.71*0.73=0.5183

Fourthly, from the results, we know the effect of path from product-country match to perceived value through process-based trust (0.2484) is greater than the effect of path from product-country match to perceived value through institutional-based trust (0.2079). From the result, we agree with Zucker, (1986) that product-country match could easier for consumers to trust and make a long-term relationship with that brand or product from the country. We also accept Sweeney and Soutar (2001) that perceived value is related with consumer's experience and a transaction process between buyer and seller.

(4) Main Path 2 of SONY

0.69*0.36=0.2484
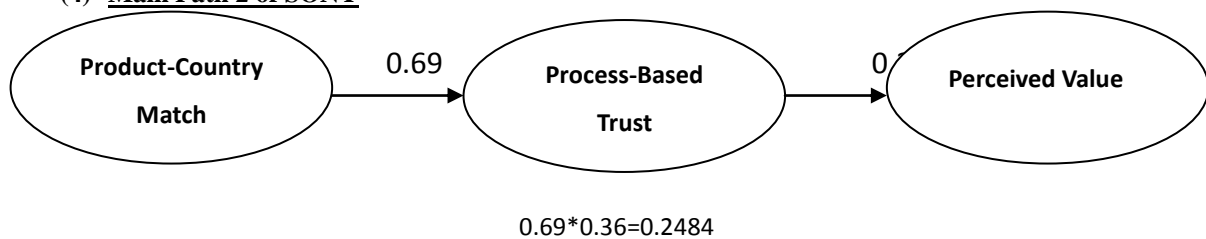
This research provides empirical evidence about different kinds of fit (product-country match, prototype fit, and exemplar fit) for business launching a new product into the market. In the research framework, we use the three independent variables (product-country match, prototype fit, and exemplar fit), three intermediary variables (process-based trust, characteristic-based trust), and one dependent variables (perceived value). From the empirical results, we determine three main ways for managers to increase the consumer's perceived value toward the new product, and three main ways are proposed as following paragraph. We get the four main ways for managers to decide their strategies. We also can investigate the main path more deeply. After doing the research, we get the information that the business which produces the product of low involvement, such as McDonald's product, can use prototype fit to be the strategy to launch new product into the market. The reason is the product of low involvement often gives us the image of low quality, therefore, if the product fit the good image of the brand, and then consumers will get higher value. Besides, according to our finding, we also can

know consumers are more considered about the country where product of high involvement comes from, such as SONY product, so the main and second path both focus on the independent variable of product-country match. It is often the first step and most important thing for consumers to sure the product comes from good image country. For example, we usually care the mark "Made in Japan" or "Made in America" which can stand for the good quality of product. Besides, the four constructs of product-country match, innovativeness, design, prestige, workmanship are usually used to measure the product of high involvement. According to the main path 2 of McDonald's, we also can know that product-country match is a significant variable influencing perceived value no matter what the product involvement it is in our research structure. All in all, brand extension is a tendency for business to introduce new products to market. We know that a successful brand extension can save time and money, reduce risk, enhance advertising efficiency, decrease financial pressure and so on. So brand extension is really a good method for managers to increase company's benefit.

Therefore, I conclude all the contributions of our study for manager as follows: (1) it can be an advice to suggest managers to launch new product by using brand extension rather than new brand for decreasing the cost and risk, (2) when businesses decide to launch new products, it can be their reference to consider which type of fit (prototype fit, exemplar fit, and product-country match) can create the better perceived value for company to get the greater profit, (3) when enterprises decide to launch new products, it can be their reference to consider different levels of product involvement suit what types of fit for achieving better brand extension evaluations. The demand of consumer goods is high in the country of huge population and rapid economic growth, so business can use brand extension to response the large demand quickly. It's a common strategy for consumer goods industry to launch a new product by using brand extension. The critical points of they extend a new product usually focuses on brand image or product attribute. Due to the huge demand of consumer goods, enterprise usually set up their firms in the low development country, so the fit between country and product is becoming an important factor of this industry. Therefore, our research framework is suitable for this industry. Because the range of consumer goods industry is widely which includes food, drink, clothes, shoes, cleanser and so on. Hence, we can apply our research framework to almost every industry except the industry which supply intangible product, such as service industry.

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