The impact of spillover effect and ethnocentrism on brand equity matching in fast fashion alliances

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Abstract. This paper expounds on the study background encompassing the fast fashion co-brands in the Chinese market and the typical factors affecting the co-branding process and consumer purchase intentions. This study mainly explores the relationship between fast fashion brand equity, co-branding match, spillover effect, ethnocentrism, and consumer purchase intention in the Chinese market. The purposive sampling method was used to screen 446 samples from first-tier cities in China to identify those who are Generation Z and millennials. The data showed a positive correlation between the hypotheses made in this study. This study identified the mediating role of the match-up effect and the moderating role of the spillover effect and ethnocentrism. The conclusion emphasizes that ethnocentrism interferes with the implementation of market share in China.

Keywords: Fast fashion, Co-branding, Brand equity, Spillover effect, Ethnocentrism

1 Introduction

In 2022, Chinese consumption achieved US$95.6 billion in the co-branding market, which accounted for 38% of the global co-branding market (Quamina, Xue, and Chawdhary, 2023)[9]. However, some Chinese consumers question the perceived quality and brand association of co-brands, which leads to a decline in the reputation of international fast fashion co-brands in the Chinese market (Jin and Choi, 2022)[3]. The fast fashion brands create spillover effects of national cultural elements, which bring controversy and support from contemporary consumers with ethnocentrism (Cornwell et al., 2022)[2].

1.1 Problem Statement

Co-branding requires attention to brand awareness and loyalty, and combining fashion and luxury brands requires a more precise evaluation of brand image and awareness

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(Patak, Branska, and Pechnov, 2021)[8]. Due to the restructuring of equity values and the short-term pursuit of high returns and productivity strategies, many brand collaboration efforts have neglected the match-up between brand and product in co-branding (Patak, Branska, and Pechnov, 2021)[8]. This study combines fast fashion characteristics and development status to study the match-up between co-brands based on previous research findings and match-up factors based on the brand equity theory. Not all the integration can create a spillover effect, which stems from consumer perception bias of co-branding in the emotional transmission process (Schnittka et al., 2017)[10]. Furthermore, to improve corporate competitiveness, brands use consumer ethnocentrism to stimulate and amplify consumer preference for culturally-backed brands (Koschate, Hoyer, and Wolframm, 2019)[4]. The findings of this research can guide fast fashion companies to quickly understand the influence of Chinese consumers' ethnocentrism on decision-making and estimate possible spillover effects before implementing co-branding. At the same time, the findings can enhance the competitiveness of fast fashion co-brands in the Chinese market and promote the cultural integration of the clothing industry.

1.2 Literature Review

The TRA includes cognitive factors, affective factors, and behavioral tendencies (Yousafzai et al., 2010)[12]. Yousafzai et al. (2010)[12] believed that individual behaviors are controllable, and the TRA model can record the process of individual behaviors[9]. The TRA model summarizes the above as two primary obstacles to consumer purchases; one is personal factors and the other is environmental. Therefore, in line with the direction of this study, co-branding attributes serve as conditions affecting individual factors, and ethnocentrism as social context interferes with consumer attitudes.

The brand equity model of Yoo and Donthu (2001)[13]includes four dimensions: perceived quality, association, awareness, and loyalty, brand association and brand awareness are inseparable dimensions, which have significant impact (Munirah, 2016)[7]. The advantage of the Yoo and Donthu brand equity model is that it is based on empirical analysis in a cross-cultural context and has a relatively mature measurement scale, which provides an important theoretical basis for brand equity research from a consumer perspective (Umar, 2018)[11]. Therefore, the study uses this brand equity model as the theoretical basis and selects the four dimension to measure the co-branding match-up effect.

In the fashion industry, brand match-up is crucial to transferring brand associations and brand recognition co-brands (Mitchell and Balabanis, 2021)[6]. Therefore, combined with the theoretical research on the match-up effect, this study considers the relationship between the brand equity match-up effect of co-branded products. For this study, fast fashion co-branding focuses on the match-up effect of co-branded products, as Mitchell and Balabanis (2021)[6] conclude that if consumers are confused when perceiving both brand images, it will negatively affect the evaluation of co-branding.

Consumer attitudes change according to shifts in emotions (Corbett, 2019)[1]. Because brand associations enable consumers to transfer their emotions toward high-quality co-brands to co-branded and low-quality component brands, they effectively improve

consumer attitudes toward co-branded and low-quality component brands (Lynch and Decena Toni, 2004)[5]. This study constructs its research model based on emotional transfer and the theory of co-brand spillover effects for their relevance to the match-up and awareness transfer in the co-branding process. Most scholars found consumers' rejection of foreign products based on the country image effect (Yu,2020)[14]. Scholars have neither convincingly revealed the cause of this phenomenon nor established the exact context in which it occurred. The lower the co-brand consciousness, the fewer reactions, and the higher the critiques of the co-branded products from consumers

Based on this influence and the above theoretical basis, the study hypothesizes as Figure 1.

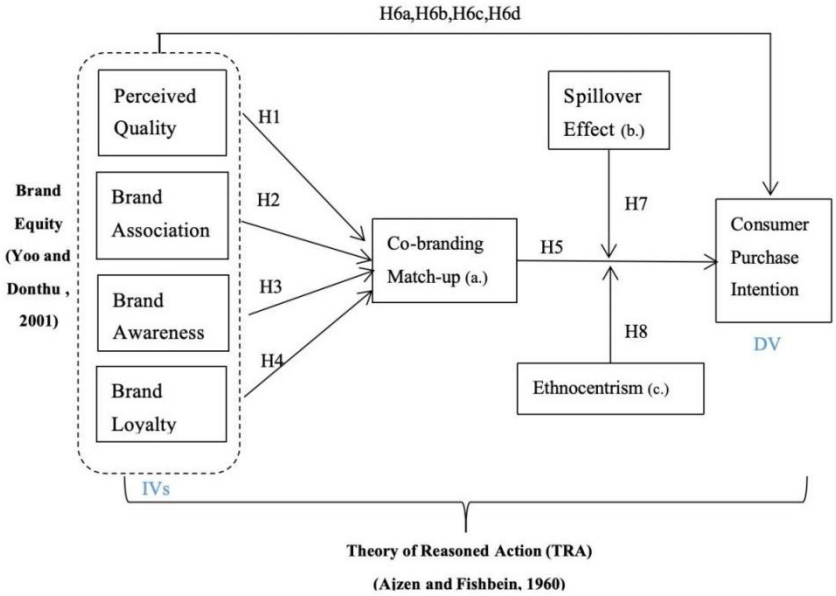

Fig. 1. Conceptual Framework.

2 Research Methodology

This study chose empirical research and explored the causal relationship between fast fashion co-branded product equity and consumer purchase intention through a cross-sectional survey. Purpose sampling is divided into three parts, screening the age range, geographical range and understanding of fast fashion brands of the respondents. This study selected and screened the millennials and Generation Z who consume fast fashion joint products in China's first-tier cities and universities through the China Questionnaire Star platform. This study uses G*Power as a multi-group factor, and the F test in the test family is selected for the variance analysis. Since the number of predictor variables in this article is seven, the minimum sample size is 130.

2.1 Questionnaire Content and Measures

The questionnaire for this study is divided into two parts: screening questionnaires and special surveys. Part A is a mandatory screening questionnaire, which aims to understand fast fashion co-branding. Part B contains the independent variables of this study, which is related to the content of brand equity. Part C mainly understands consumers' views on the matching effect of co-branding. Part D is about the spillover effect of co-branding and the interference of ethnocentrism. Part E aims to understand consumers' real consumption and potential purchasing intentions. Part F retrieves demographic data, including age, gender, education level, occupation, income and city.

2.2 Data Analysis Methods

This study used IBM SPSS version 27 and Smart PLS 4.0.9.2 for data analysis. The full PLS-SEM model consists of an external (measurement) model and an internal (structural) model. This study includes multiple methods for evaluating the reflective index model: index loadings, Cronbach's alpha (CA), composite reliability (CR), and average variance extracted (AVE). Standardized indicator loadings are greater than or equal to 0.708, and loadings below 0.4 should be removed from the analysis. The formative index model also has several indicators: Fornell-Larcker criteria, cross loadings, collinearity variance inflation factor (VIF), confidence intervals, and facet correlations.

3 Data Analysis and Findings

This study designed cognitive screening questions. When the respondents have cognition or memory of the brands and images in the screening questions, they can participate in the questionnaire survey. Up to 263 respondents have a deeper memory of the element joint name. Among the respondents, there are more female participants, accounting for 54.93% (245 respondents). Among them, the largest group is Generation Z. The respondents' occupations are mainly students and employees, and their income is significantly in 7001-9000 RMB.

3.1 Reliability Analysis and Convergent Validity

The reliability of Co-branding Match-up is 0.814, and the reliability values of the other 7 variables are all higher than 0.814. Therefore, the overall reliability of the questionnaire survey results is relatively good. This study conducted confirmatory factor analysis (CFA) analysis on a total of 8 factors and 32 analysis items. The AVE values corresponding to the 8 factors are all greater than 0.5, and the CR values are all greater than 0.7, indicating that the data analyzed in this analysis has good convergent validity.

3.2 Cross-loading and Fornell-Larcker criterion

The questions of each variable in this study are consistent. At the same time, the calculation results show that the loading values of each variable on its own variable are all higher than 0.7, while the loading values of the remaining 7 variables are all less than 0.5. The diagonal position in the following Table 1 is the AVE square root value, and the rest is the correlation coefficient matrix between the variables. The correlation coefficient between each variable is not higher than the diagonal position value of the corresponding variable, and the model has good discriminant validity.

Table 1. Comparison of Variable Correlation Coefficient and AVE Square Root Value.

	PQ	BAS	BAW	BL	CM	SE	ETH	CPI
PQ	0.835							
BAS	0.425	0.828						
BAW	0.377	0.399	0.808					
BL	0.408	0.365	0.441	0.825				
CM	0.482	0.487	0.483	0.495	0.801			
SE	0.412	0.342	0.370	0.414	0.411	0.799		
ETH	0.340	0.431	0.407	0.368	0.331	0.277	0.814	
CPI	0.376	0.397	0.369	0.386	0.398	0.169	0.278	0.814

3.3 HTMT and Structural Model

In the measurement model analysis of this study, the HTMT parameters between the variables are all below 0.6, far below the standard requirement of 0.85, which further verifies that the variables have good discriminant validity. Schematic diagram of the structural model (as Figure 2), testing the comprehensive influence relationship between variables as well as the mediating and moderating effects. The prediction explanation rate (R2) of the four independent variables in the model for Co-branding Match-up is 0.430, which is higher than 0.33 and belongs to the medium and above explanation level. The prediction explanation rate of the four independent variables of co-branding matching and their moderated interaction terms for consumer purchase intention is 0.397, which is also higher than 0.33, and the prediction explanation rate level is good. Except for the two moderating variables, the predictive variable determination coefficient (f2) of each variable in the model for the mediating variable and the predictive variable determination coefficient of the mediating variable and the interaction term of the dependent variable are not less than 0.02, and the model prediction effect is good. The regression coefficient β of all variables and the significance test results p are within the range, so all hypotheses are established.

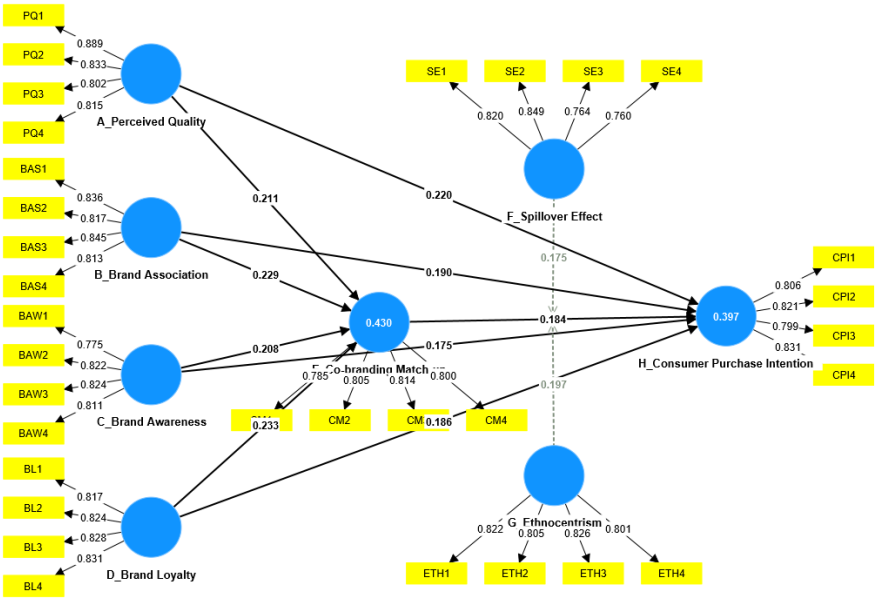

Fig. 2. Schematic diagram of structural model.

3.4 Moderating effect and Mediating effect analysis

The results of the simple slope analysis of the moderating effect show that when the values of spillover effect and ethnocentrism are large, the slope of the impact of co-branding on consumer purchase intention is steeper; conversely, when the values of spillover effect and ethnocentrism are small, the simple slope line is relatively flat, further verifying that the moderating effect of spillover effect and ethnocentrism in the model is significant. The results of the mediation path effect size calculation show that the indirect effects of the four independent variables, perceived quality, brand association, brand awareness, and brand loyalty, on consumer purchase intention through co-branding are 0.039, 0.038, 0.042, and 0.043, respectively (as shown in the Table 2). The significance test result is $p<0.05$, and the 95% confidence interval does not include 0. Therefore, four groups of mediation paths are established. The influence of independent variables on consumer purchase intention is partly achieved through the direct influence on the relationship, and the other part is achieved indirectly through the influence on co-branding.

Table 2. Model Mediation Effect Test.

Path	Effect	SE	t	p	95% Lower	95% Upper
PQ -> CM -> CPI	0.039	0.015	2.641	0.008	0.013	0.071
BAS -> CM -> CPI	0.038	0.016	2.467	0.014	0.012	0.072

BAW -> CM -> CPI	0.042	0.016	2.632	0.009	0.014	0.076
BL -> CM -> CPI	0.043	0.017	2.594	0.010	0.015	0.079

4 Conclusion

To attract the desire of millennials and Generation Z to buy fast fashion co-branded brands, fashion industry marketers can emphasize the improvement of the quality matching of co-branded products, the refinement of design concepts, and the improvement of popularity. In addition, in the fast fashion brand asset theory, it is necessary to emphasize asset innovation that supplements fashion elements and design combinations. Yoo and Donthu's (2001)[13] brand equity theory cannot be more comprehensively segmented in the fast fashion industry. Therefore, in subsequent theoretical research on the fast fashion industry, perceived quality needs to be included in dimensions such as fashion design, element integration, and fashion trends. At the brand association level, consumers' fashion identity and brand belonging need to be considered. Through the data, it is found that consumers' judgment of spillover effects is based on joint collocation. Without a good perception of collocation, it is difficult to produce a positive spillover effect. On the contrary, the spillover effect of popularity can regulate the perception of collocation. Therefore, in the Chinese market, the spillover effect of fast fashion joint brands depends on the degree of collocation of fashion and cultural elements. The data results show that ethnocentrism plays a decisive role in the Chinese consumer groups of millennials and Generation Z. In other words, contemporary Chinese consumers attach great importance to the integration of Chinese cultural elements and the awe of fast fashion co-branded brands. However, a unique finding is that Chinese consumers have less hatred and hostility towards foreign fast fashion co-branded brands, which means that the barriers for foreign fast fashion co-branded brands to enter the Chinese market have been reduced.

This study mainly focuses on the millennials and Generation Z groups in the Chinese market, so the representativeness of the sample in terms of quality and internal consistency has certain limitations. In addition, the research paradigm of this study is based on a cross-sectional hypothesis survey. In future research, it is possible to consider conducting in-depth longitudinal research to explore the behavioral processes that occur therein.

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