

**THE IMPACT OF BRAND EXTENSION STRATEGY ON
BRAND IMAGE: THE MEDIATING ROLE OF
CUSTOMER EXPERIENCE
(THE CASE STUDY OF GO-JEK IN BANDUNG)**

THESIS



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**MASTER OF SOCIAL SCIENCE PROGRAM
POSTGRADUATE SCHOOL
PARAHYANGAN CATHOLIC UNIVERSITY
BANDUNG
JULY 2017**

ENDORSEMENT PAGE

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Declared : in Bandung

Date : July 3rd, 2017



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**PENGARUH STRATEGI PERLUASAN MEREK PADA CITRA MEREK:
PERAN PENGALAMAN PELANGGAN SEBAGAI VARIABEL MEDIASI
(STUDI KASUS GO-JEK DI KOTA BANDUNG)**

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ABSTRAK

Sebagai pionir dalam penyedia jasa transportasi berbasis aplikasi, GO-JEK menghadapi persaingan yang ketat dengan penyedia bisnis serupa. GO-JEK berusaha untuk menjaga posisinya sebagai pemimpin pasar melalui sejumlah strategi yang inovatif. GO-JEK memperluas produk-produk yang ditawarkan melalui banyak perluasan merek untuk memperkuat posisi GO-JEK. Penelitian ini bertujuan untuk menganalisis pengaruh strategi perluasan merek pada citra merek dengan pengalaman pelanggan sebagai variabel mediasi. Jenis penelitian yang dilakukan tergolong eksplanatif, metode penelitian dilakukan melalui survei dengan pendekatan kuantitatif, dan data kemudian diolah dengan tes Sobel untuk mengetahui pengaruh strategi perluasan merek pada citra merek dengan pengalaman pelanggan sebagai variabel mediasi. Berdasarkan hasil pengolahan data dari 378 sampel, diperoleh hasil bahwa strategi perluasan merek memberikan kontribusi yang signifikan terhadap pengalaman pelanggan, pengalaman pelanggan memberikan kontribusi yang signifikan terhadap citra merek, strategi perluasan merek memberikan kontribusi yang signifikan terhadap citra merek, dan strategi perluasan merek melalui variabel mediasi pengalaman pelanggan memberikan kontribusi yang signifikan terhadap citra merek. Sehingga dapat disimpulkan bahwa terdapat peran variabel mediasi dari pengalaman pelanggan untuk memediasi pengaruh strategi perluasan merek pada citra merek GO-JEK di Kota Bandung.

Kata Kunci: strategi perluasan merek, pengalaman pelanggan, citra merek, GO-JEK

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ABSTRACT

As the pioneer in transportation service based mobile application, GO-JEK faces tight competition from other similar type of businesses. GO-JEK tries to manage its position as a market leader through some innovational strategy. GO-JEK extends its product through a lot of extensions to strengthen GO-JEK's position. This research aims to analyze the impact of brand extension strategy on brand image with customer experience as the mediating role. The type of research is explanative, research method using survey with quantitative approach, and data analyze using Sobel test to determine the impact of brand extension strategy on brand image with customer experience as the mediating role. Based on data analyze result from 378 samples, brand extension strategy give significant contribution to customer experience, customer experience give significant contribution to brand image, brand extension strategy give significant contribution to brand image, and brand extension strategy through customer experience give significant contribution to brand image. So can be concluded there's mediating role of customer experience to mediating the impact of brand extension strategy on brand image of GO-JEK in Bandung.

Keywords: brand extension strategy, customer experience, brand image, GO-JEK

摘要

随着世界经济的发展与商业环境的变化，企业与企业间的竞争愈加激烈，企业急需提升竞争优势。目前在一些产业中，品牌延伸作为一种典型的策略经常被企业采用以提升品牌形象。企业通过扩展现有品牌，提供多类型，多层次的产品以满足消费者多样化的需求，强化品牌在顾客心中的形象。但是，品牌延伸策略有利有弊，利处在于它能发挥规模经济的优势，帮助企业更好地争夺市场份额；弊端在于它能对顾客形成心理冲击，造成顾客针对品牌的心理混乱。因此，研究品牌延伸策略对于品牌形象的影响具有现实价值。

本研究基于品牌延伸策略，顾客体验，品牌形象概念与理论以及三者之间的关系，研究了品牌延伸作用于品牌形象的机理与路径。具体而言，以印度尼西亚著名的移动App交通服务提供商GOJEK为例，本研究通过问卷调查的方式搜集了印度尼西亚第三大城市万隆的用户针对GOJEK各类型服务的使用情况，共计获得378份有效问卷。在具体实证分析之前对问卷信度与效度进行了检验，并依据数据针对品牌延伸策略对品牌形象的影响进行解释性研究。

本文研究结论表明，品牌延伸策略通过顾客体验这一调节变量而对品牌形象形成影响，因此通过提供优质服务而产生的积极顾客体验是维持企业发展的关键。本文结论为

GOJEK提供具有实践价值的管理建议，GOJEK需进行严格的质量管控以提升GOJEK骑手的整体质量与素质，进而保障品牌延伸策略的实施。另外，GOJEK必须合理设计与实施品牌延伸策略以在保留忠诚顾客的同时不断吸引新客户。

关键词：品牌延伸策略， 客户体验， 品牌形象， GO-JEK

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Bandung, July 3rd, 2017

Author

Daniel Hermawan

TABLE OF CONTENTS

TITLE PAGE	
ENDORSEMENT PAGE	
ABSTRAK	
ABSTRACT	
摘要	
ACKNOWLEDGEMENTS.....	i
TABLE OF CONTENTS.....	iii
LIST OF TABLES	vii
LIST OF FIGURES	x
LIST OF APPENDIX	xi
CHAPTER 1 INTRODUCTION	1
1.1. Background of the Research.....	1
1.2. Problem Statements	5
1.3. Research Objectives	6
1.4. Research Significance	6
1.5. Scope of Research	7
CHAPTER 2 LITERATURE REVIEW	9
2.1. Brand	9
2.2. Brand Extension Strategy.....	11
2.2.1. Benefit of Brand Extension Strategy	12
2.2.2. Brand Extension Strategy Indicators	13
2.3. Customer Experience.....	15
2.3.1. Customer Experience Dimensions.....	16
2.4. Brand Image	18
2.4.1. Understanding Brand Image	18
2.4.2. Brand Image Indicators.....	19
2.5. Relation between Brand Extension Strategy, Customer Experience, and Brand Image.....	20

2.6. Previous Research Results	21
2.7. Conceptual Framework	23
2.8. Research Hypothesis	23
CHAPTER 3 RESEARCH METHODOLOGY	25
3.1. Type of Research	25
3.2. Research Method	25
3.3. Research Model and Steps	25
3.4. Operationalization Variables	27
3.5. Population and Sample	30
3.5.1. Research Population	30
3.5.2. Research Sample	30
3.6. Data Collection Time	32
3.7. Data Collection Method	32
3.8. Data Analysis	33
3.8.1. Descriptive Statistic Analysis	34
3.8.2. Validity and Reliability Test	35
3.9. Classic Assumption Analysis	37
3.9.1. Normality Test for Mediating Variable	37
3.9.1.1. Skewness and Kurtosis	37
3.9.1.2. Kolmogorov-Smirnov Statistic Test	38
3.9.1.3. Normality Test Using Graph	39
3.9.1.4. Data Transformation	39
3.9.2. Heteroscedasticity Test	39
3.10. Data Analysis Technique	40
3.10.1. Multicolonarity Test	40
3.10.2. Autocorrelation Test	42
3.10.3. Counting Determination Coefficient	43
3.10.4. t Test Statistic	44
3.10.5. Determination and Hypothesis Testing	44
3.10.6. Sobel Test and Bootsraping	46

3.10.7. Path Analysis	48
CHAPTER 4 RESEARCH OBJECT	53
4.1. GO-JEK Profile	53
4.2. GO-JEK Vision and Mission.....	54
4.3. Organization Structure	55
4.4. GO-JEK Brand Extension Strategy	57
CHAPTER 5 RESULT AND DISCUSSION	63
5.1. Descriptive Analysis Result	63
5.1.1. Profile of the Respondent	63
5.1.2. Respondent Feedback about Brand Extension Strategy	69
5.1.2.1. Affective Relationship towards the Original Brand.....	70
5.1.2.2. Loyal Behavioral Intention towards the Original Brand.....	71
5.1.2.3. Self-Image Relationship towards the Parent Brand	72
5.1.2.4. Similarity between the Original Brand and Extension.....	73
5.1.3. Respondent Feedback about Customer Experience.....	74
5.1.3.1. Sense	75
5.1.3.2. Feel.....	76
5.1.3.3. Think	77
5.1.3.4. Act.....	77
5.1.3.5. Relate.....	78
5.1.4. Respondent Feedback about Brand Image.....	79
5.2. Crosstab Analysis	80
5.2.1. Crosstab Analysis between Sex and GO-JEK's Brand Extension Strategy	80
5.2.2. Crosstab Analysis between Domicile and Location of Reservation.....	82
5.2.3. Crosstab Analysis between GO-JEK's Brand Extension Strategy and Age	83
5.2.4. Crosstab Analysis between Income Level per Month and Spending Level for GO-JEK Service per Month.....	85
5.2.5. Crosstab Analysis between Spending Level for GO-JEK Service per Month and Sex.....	87

5.3. Verificative Analysis Result	89
5.3.1. Normality Test for Analysis Mediating Variable.....	89
5.3.1.1. Skewness and Kurtosis	90
5.3.1.2. Kolmogorov-Smirnov Statistic Test.....	92
5.3.1.3. Normality Test with Graph.....	93
5.3.1.4. Transformation Data.....	95
5.3.2. Heteroscedasticity Test	96
5.3.3. Multicoloniarity Test.....	98
5.3.4. Autocorrelation Test.....	100
5.3.5. Coefficient Determination Equation (r^2).....	101
5.3.6. Hypothesis Test (t Test)	102
5.3.7. Scatterplot Diagram Brand Extension Strategy on Customer Experience	104
5.3.8. Scatterplot Diagram Customer Experience on Brand Image	105
5.3.9. Scatterplot Diagram Brand Extension Strategy on Brand Image.....	106
5.3.10. Sobel Test and Bootsraping.....	107
5.3.11. Path Analysis.....	112
CHAPTER 6 CONCLUSION AND RECOMMENDATION	119
6.1. Conclusion	119
6.2. Recommendation	120
REFERENCES	125
APPENDIX	131

LIST OF TABLES

Table 3.1. Operationalization Variables.....	27
Table 3.2. Range and Class Categorization on Likert Scale	35
Table 3.3. Transformation Data Shape (Ghozali, 2016)	39
Table 3.4. Decision Making Based on There's or No Autocorrelation	43
Table 3.5. Coefficient Correlation Interpretation.....	47
Table 4.1. Job Description of GO-JEK's Organizational Structure (Choirina, 2015)	55
Table 5.1. Profile of the Respondent.....	63
Table 5.2. Criteria Categories for Decision Making	69
Table 5.3. Respondent Answer Recapitulation about Brand Extension Strategy	69
Table 5.4. Respondent Responses Recapitulation about Brand Extension Strategy on Affective Relationship towards the Original Brand Indicator	70
Table 5.5. Respondent Responses Recapitulation about Brand Extension Strategy on Loyal Behavioral Intention towards The Original Brand Indicator	71
Table 5.6. Respondent Responses Recapitulation about Brand Extension Strategy on Self-Image Relationship towards the Parent Brand Indicator	72
Table 5.7. Respondent Responses Recapitulation about Brand Extension Strategy on Similarity between the Original Brand and Extension Indicator	73
Table 5.8. Respondent Answer Recapitulation about Customer Experience of GO-JEK Service.....	74
Table 5.9. Respondent Responses Recapitulation about Customer Experience on Sense Indicator	75
Table 5.10. Respondent Responses Recapitulation about Customer Experience on Feel Indicator	76
Table 5.11. Respondent Responses Recapitulation about Customer Experience on Think Indicator.....	77
Table 5.12. Respondent Responses Recapitulation about Customer Experience on Act Indicator	78
Table 5.13. Respondent Responses Recapitulation about Customer Experience on Relate Indicator	78
Table 5.14. Respondent Responses Recapitulation about Brand Image.....	79
Table 5.15. Chi-Square Test for Sex and GO-JEK's Brand Extension Strategy	80
Table 5.16. Relation between Sex and GO-JEK Brand Extension Strategy	81
Table 5.17. Chi-Square Test for Domicile and Location of Reservation.....	82
Table 5.18. Relation between Domicile and Location of Reservation	82
Table 5.19. Chi-Square Test for GO-JEK's Brand Extension Strategy and Age	84
Table 5.20. Relation between GO-JEK Brand Extension Strategy and Age	84

Table 5.21. Chi-Square Test for Income Level per Month and Spending Level for GO-JEK Service per Month	86
Table 5.22. Relation between Income Level per Month and Spending Level for GO-JEK Service per Month	86
Table 5.23. Chi-Square Test for Spending Level for GO-JEK Service per Month and Sex	87
Table 5.24. Relation between Spending Level for GO-JEK Service per Month and Sex	88
Table 5.25. Descriptive Analysis for Normality Test.....	91
Table 5.26. Kolmogorov-Smirnov Test.....	92
Table 5.27. Transformation Data Shape (Ghozali, 2016).....	95
Table 5.28. Sqrt Kolmogorov-Smirnov Test	96
Table 5.29. Coefficient Correlations	99
Table 5.30. Coefficients.....	99
Table 5.31. Model Summary	100
Table 5.32. Durbin Watson Table (Ghozali, 2016)	101
Table 5.33. R Square Value.....	101
Table 5.34. Hypothesis Test	102
Table 5.35. SPSS Results for Path Analysis Effect.....	115

LIST OF FIGURES

Figure 2.1. The Impact of Brand Extension Strategy through Customer Experience on Brand Image	23
Figure 3.1. Impact of Brand Extension Strategy on Brand Image through Customer Experience.....	26
Figure 3.2. Panel B Indirect Relations X Impact Y, Via M.....	46
Figure 3.3. Path Analysis Diagram	50
Figure 4.1. Organization Structure of GO-JEK Headquarter (Choirina, 2015).....	55
Figure 5.1. Brand Extension Strategy Histogram	93
Figure 5.2. Customer Experience Histogram.....	94
Figure 5.3. Brand Image Histogram.....	94
Figure 5.4. Heteroscedasticity Test.....	97
Figure 5.5. Scatterplot Brand Extension Strategy on Customer Experience	104
Figure 5.6. Scatterplot Customer Experience on Brand Image.....	105
Figure 5.7. Scatterplot Brand Extension Strategy on Brand Image	106
Figure 5.8. Panel B Indirect Relations X Impact Y, Via M.....	107
Figure 5.9. Path Diagram	114
Figure 5.10. Path Diagram Analysis	116

LIST OF APPENDIX

APPENDIX 1. RECAPITULATION VALIDITY AND RELIABILITY TEST RESULTS	131
APPENDIX 2. SPSS OUTPUT	133
APPENDIX 3. QUESTIONNAIRE (ENGLISH)	152
APPENDIX 4. QUESTIONNAIRE (BAHASA INDONESIA)	156
APPENDIX 5. FEEDBACK AND SUGGESTION (ENGLISH).....	161
APPENDIX 6. FEEDBACK AND SUGGESTION (BAHASA INDONESIA).....	168
APPENDIX 7. GO-JEK BRAND EXTENSION STRATEGY	174
APPENDIX 8. GO-JEK PROMOTIONAL CAMPAIGN	178
APPENDIX 9. PROFILE OF THE RESPONDENTS	180
APPENDIX 10. QUESTIONNAIRE STATISTICAL RESULT.....	184

CHAPTER 1

INTRODUCTION

1.1. Background of the Research

Nowadays, internet plays an important role in the business world. Internet penetrated into business process to give value added to customer. One of the internet existences in business process is mobile application. Through mobile applications, customers can order and buy something using internet, either products or services. Easy, fast, and reliable are some characteristics of mobile applications.

In Indonesia, there are quite a lot of mobile application companies providing transportation service. They are GO-JEK, GrabBike, UBER, and many more. Each company tries to show its competitive advantage to attract customer. As the pioneer in mobile application company in transportation service, GO-JEK faces tight competition from other similar type of businesses. GO-JEK tries to manage its position as a market leader through some innovational strategy aimed at maintaining customer loyalty.

GO-JEK extends its product through a lot of extensions. From the core product GO-RIDE as motorcycle transportation service, GO-JEK now extends into GO-CAR, GO-FOOD, GO-MART, GO-SEND, GO-BOX, GO-PULSA, GO-MASSAGE, GO-CLEAN, GO-GLAM, GO-TIX, GO-AUTO, GO-MED, GO-BUSWAY, GO-BLUEBIRD, and GO-SHOP. This GO-JEK's brand extension strategy does to strengthen GO-JEK's position in Indonesia market.

Brand can be defined as a special name and/or symbol, such as logo, trademark, or package design intended to identify the products or services of either one seller or a group of sellers, and to differentiate those products or services from those of competitors (Broniarczyk & Alba, 2004). Managing strong brand is very important for company to reduce their marketing cost. At the same time, strong brand also make customer easy to remember and repeat purchases in the future. In this approach, companies can access new market through an existing brand, known to reduce both the risk of product failure and the cost of the introduction of new products. Therefore companies use brand extension strategy considering this factor (Martinez & Pina, 2003).

Brand extension strategy is a new style for brand management, which creates the value for a single name and makes it a mega brand (Kapferer, 2001). The companies' rational behind extending brands are to attain economies of scale (Iversen & Hem, 2011).

Basically, companies use the one brand name and introduce products in different categories as this will reduce their communication expenditure since an extended brand uses the well positioned parent brand (Fedorikhin, 2008). Developing new brand requires much more investment than creating brand extension, therefore, due to this reason firms use brand extension strategy to enter new markets (Chun, 2015). Brand extension strategy is used by many companies not only to reduce cost but also to minimize the risk of product failure (Milewicz & Herbig, 2004). It increases the chances of customer acceptance due to awareness about parent brand.

The advantages and disadvantages brand extension strategy depends on the fitness of parent brand and the extended brand. If a new brand is close to the existing brand then there is a lot of chances that new product may be successful and survive. If new product is at distance of the parent brand then the chances of failure are increased (Sheinin & Schmitt, 2004).

The result of brand extension strategy usage, either its successful or failed can be seen from correlation and attachment between brand extension strategies with parent brand (Pina, Martinez, Chernatony, & Drury, 2006). A successful brand extension strategy story can be seen from Unilever company, which produces a lot of different brands alongside its parent brand. Brand extension makes Unilever brand stronger and reputable in providing customers' daily needs. Failure brand extension strategy can be seen from Harley-Davidson. Harley-Davidson extended its product into perfume. The problem was that customers did not associate this brand with a good smell. Instead, customers think of the smell of motor oil and sweat. Harley-Davidson learnt from this mistake and is now focusing on its areas of expertise.

Customer experience is considered as an outcome of interaction between service companies and customers (Ding, Hu, Verma, & Wardell, 2010). Customer experience is therefore defined as the outcome of customers' interactions with the company, including the interaction with the staff, self-service technologies, and the service environment. These interactions influence not only what they think and feel about a brand but also the strength of their relationship with the brand (Xu & Chan, 2010).

There're seven reasons for the importance of customer experience, such as improves customer satisfaction, fosters repeat customers and customer loyalty, increases customer advocacy and referrals, reduces customer churn, creates a competitive advantage, increases revenue and sales, and builds stronger customer relationships (Client Heartbeat, 2014). Positive customer experience can build its own momentum, creating an 'ecosystem of goodwill' that costs relatively little to maintain, but can deliver a loyal fan base and tangible bottom-line returns (KPMG LLP, 2011).

Brand image is defined as the perceptions about a brand as reflected by the brand associations held in customer memory (Keller, 2008). In other words, brand image is what comes to the mind of the customer when a brand name is mentioned. There are three important aspects of image, such as favorability, strength, and uniqueness of brand associations.

A positive brand image reduces the customer's perceived risk about the brand and increases the level of customer's satisfaction and loyalty. Similarly, a brand which has a good image in the customer's mind will facilitate the process of determining the product's line, because a strong and positive brand image is easier to be carved in the customer's mind (Mohammadian & Ronaghi, 2010).

A good brand extension strategy can strengthen the parent brand (Chen & Liu, 2004). Since developing a new brand requires much more investment than creating brand extension, as such GO-JEK uses brand extension strategy to enter new markets. In this study, research will focus on the impact of brand extension strategy on GO-JEK brand image through customer experience as mediating variable. Also, research

will find out the significance of brand extension strategy on GO-JEK's business progress.

1.2. Problem Statements

GO-JEK implements brand extension strategy through customer experience to strengthen its brand image. From this approach, the author can define some main problems that this research seeks to solve.

1. How is the impact of GO-JEK's brand extension strategy on customer experience?
2. How is the impact of customer experience on GO-JEK's brand image?
3. How is the impact of GO-JEK's brand extension strategy on GO-JEK's brand image?
4. How is the impact of GO-JEK's brand extension strategy through customer experience on GO-JEK's brand image?

Brand extension strategy success or failure depends on the usage and approach. The main reason of brand extension failure is lack of new brand linkage in respect of its functions, similarity, and familiarity with parent brand (Swaminathan, Fox, & Reddy, 2001). From this case, GO-JEK needs to use proper brand extension strategy to strengthen GO-JEK's brand image to avoid blunder of using brand extension strategy.

1.3. Research Objectives

The main objective of this study is to analyze the impact of brand extension strategy through customer experience on brand image. In this study, the author uses GO-JEK as the case. Also, there some specific objectives, such as:

1. Knowing the impact of GO-JEK's brand extension strategy on customer experience.
2. Knowing the impact of customer experience on GO-JEK's brand image.
3. Knowing the impact of GO-JEK's brand extension strategy on GO-JEK's brand image.
4. Knowing the impact of GO-JEK's brand extension strategy through customer experience on GO-JEK's brand image.

1.4. Research Significance

From this study, GO-JEK will find out the impact of GO-JEK's brand extension strategy through customer experience on GO-JEK's brand image. This study also gives a brief understanding to improve brand extension strategy so that, GO-JEK can get competitive advantages and win in tough business market for mobile application industry.

This study also lets GO-JEK know how to allocate resources among different services, since brand extension strategy also need different approach to perform service to customer. The need of employee, recruitment, skill, also investment that GO-JEK needs to prepare through this brand extension strategy will be discuss in this thesis.

1.5. Scope of Research

This research will focus on brand extension strategy, customer experience, brand image, influence between brand extension strategy and customer experience, influence between customer experience and brand image, influence between brand extension strategy and brand image, and influence between brand extension strategy through customer experience on brand image for Bandung market. Research will use questionnaire to gather and summarize customers' perceptions about brand extension through customer experience on GO-JEK's brand image. Questionnaire participant would be GO-JEK's customer in Bandung, Indonesia.

