



Evaluation of international brand alliances: Brand order and consumer ethnocentrism[☆]

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ABSTRACT

This study investigates how native consumers evaluate international brand alliances (IBA) between a foreign brand and a native brand. The empirical results support the moderating effects of both brand order and consumer ethnocentrism (CET) on the effects of foreign and the native partner brand attitudes on the attitude towards an international brand alliance (IBA). The partner brand (regardless of its being a native or foreign brand) attitude has a stronger effect on the attitude towards an IBA when the partner brand appears first in the IBA than when appearing second. CET enhances the effect of the native brand attitude on IBA attitude unconditionally; but attenuates, only when foreign brand fit is low, the effect of the foreign brand attitude on IBA attitude.

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1. Introduction

Brand alliances involve “the short- or long-term association or combination of two or more individual brands, products, and/or other distinctive proprietary assets” (Simonin & Ruth, 1998, p. 30). Brand alliances have become a popular branding and market growth strategy and received growing academic attention (e.g., He & Balmer, 2006; Lafferty, 2009; Rao, Qu, & Ruekert, 1999; Simonin & Ruth, 1998; Voss & Gammoh, 2004; Votolato & Unnava, 2006). Prior research has accumulated ample evidence on the effects of partner brand (member brand of a brand alliance) attitudes on the alliance attitude and its spillover effect on the partner brand attitudes. Yet, the extant literature pays little attention to two important issues: international brand alliances and the effect of brand order (A-B vs. B-A). This study contributes to the literature on brand alliances by examining the brand order (i.e. the sequence of individual brand names) effect and consumer ethnocentrism (CET) effect on the effects of both native and foreign brand attitudes on native consumers' evaluation of international brand alliances.

International brand alliances (IBA) are common phenomena nowadays (Cooke & Ryan, 2000). Besides conventional benefits of

brand alliances (e.g. quality signal), international brand alliances offer extra benefits such as ease of international market entry (Abratt & Motlana, 2002), immediate brand awareness and equity for local customers (Voss & Tansuhaj, 1999), and leverage of country of origin images (Bluemelhuber, Carter, & Lambe, 2007). International brand alliances also have the potential advantage of alleviating the effect of native consumers' ethnocentric tendency in their responses to international brands. However, empirical research in this area is rare. Brand alliances are not without risks. The potential risks of brand alliances include image tarnishing, contractual issues, opportunity costs, and negative impact from partner brands' behaviors.

Two main approaches exist regarding partnering international and native brands. The first one is A-B, such as the cases of Sony-Ericson and HP-Compaq; and the second one is composite branding (A product by B). Previous research has examined composite branding (Park, Jun, & Shocker, 1996) and ingredient co-branding, such as ‘Intel inside’ (Desai & Keller, 2002; Venkatesh & Mahajan, 1997). The present study focuses on the case of A-B. When two brands join together to form an A-B brand alliance, one of the major issues is to decide the sequence of partner brand names appearing in the alliance. For example, would Nike + iPod vs. iPod + Nike in the alliance between Nike and iPod make any differences regarding consumer attitude towards the new alliance? Knowing how such brand order affects the initial formation of consumer attitude towards a brand alliance is an important issue, since the results will have significant implications for managerial decision on naming a brand alliance. Previous research has confirmed that partner brand attitudes have positive effects on the attitudes towards brand alliances (e.g., Lafferty & Goldsmith, 2005; Rao &

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Ruekert, 1994; Simonin & Ruth, 1998; Washburn, Till, & Priluck, 2004). However, the extant literature is thin on how brand order affects the magnitude of the effect of a focal partner brand attitude on brand alliance attitude. For an international brand alliance, the transfer of partner brand attitudes to the brand alliance does not only depend on the brand order, but also on other factors, such as consumer ethnocentrism (CET)—consumers' beliefs about the appropriateness and morality of buying foreign-made products (Shimp & Sharma, 1987). CET is especially relevant for international brand alliances where the domestic brand has a strong native base, as prior research has found that although CET could affect both domestic and foreign brand attitudes, CET tends to have stronger effects on domestic brand attitudes (Supphellen & Rittenburg, 2001).

This study contributes to the literature by empirically, for the first time, examining the brand order effect and consumer ethnocentrism (CET) on the transfer of partner brand attitudes to international brand alliances (IBA). By doing so, this study sheds some important insights on the issues of IBA and CET. First, this research is a pioneer study on the brand order effect in an international context. Given the increasing popularity of cross-border brand alliances and joint ventures, and the salient issue of branding for international alliances and joint ventures, this study accentuates the role of brand order in the initial process of consumer attitude formation. Second, the study for the first time examines the effect of CET in the context of IBA. Given the nature of IBA involving both domestic and foreign brands, examining the effect of CET is particularly interesting in not only extending knowledge on CET's impact but also testing the moderating effect of CET on brand attitude dynamism within an IBA. Third, this study further tests how CET and brand-specific fit together moderates the brand order effect. Knowing the effects of the above factors has clear implications for managerial decision in international brand expansion and brand naming strategy for international alliances.

2. Literature review and hypotheses development

2.1. Brand alliances

Compared to direct brand extensions or introduction of new brands, brand alliances offer multiple benefits: such as multiple quality and image endorsements, and complementary brand associations for the new products. A brand partner can signal incremental product quality, because a brand alliance conveys the message that only a high quality brand would be combined with another high quality brand (Rao & Ruekert, 1994). Three major themes of research exist in this growing body of literature: effects on brand alliances, effects of brand alliances and international brand alliances. Studies on the effect on brand alliances focus on the various factors influencing the formation of attitude towards the newly formed brand alliances (e.g., Lafferty, Goldsmith, & Hult, 2004; Park et al., 1996; Voss & Gammoh, 2004; Washburn, Till, & Priluck, 2000). For example, Washburn et al.'s (2004) study examines the effect of customer-based brand equity of partner brands on the evaluation of a brand alliance and the evaluation of the search, experience, and credence attribute performance of the alliance brand. Voss and Gammoh (2004) examine how adding one more ally to the brand alliances can enhance brand evaluation of the focal unknown brand. Desai and Keller (2002) find that cobranded ingredient (as compared to self-branded ingredient), in general, facilitates initial brand extension acceptance; whilst Venkatesh and Mahajan (1997) warn that products with branded components need not necessarily lead to better price premium if incongruity between branded components exists or if domination of one of the components over the other is present.

Research on the effects of brand alliances examines the spillover effects of brand alliances on subsequent attitudes towards the partner brands (Gammoh, Voss, & Chakraborty, 2006; Lafferty & Goldsmith, 2005). Lafferty and Goldsmith (2005) investigate how cause-brand

alliances influence both the causes and the brands. They find that forming an alliance with a familiar brand improves the image of an unfamiliar cause, but not a familiar cause; whereas forming an alliance with a cause improves brand attitude regardless of the cause's familiarity. Some studies examine both the effects of and on brand alliances at the same time. Simonin and Ruth (1998) examine how partner brands' attitudes and familiarities affect brand alliances attitudes, and how brand alliances attitudes produce spillover effects on subsequent partner brands attitudes. In addition, Votolato and Unnava (2006) investigate how one partner's negative behavior (immorality vs. incompetence) affects the other partner brand. Gammoh et al.'s (2006) study demonstrates how levels of cognitive elaboration and message argument strength of a reputed brand partner affect consumers' evaluation of an unknown brand.

International brand alliances (IBA) are common phenomena nowadays (Cooke & Ryan, 2000). Companies can use a number of different branding strategies to launch new products into an international market. These strategies include direct brand extension of an existing brand to the new product, introducing a new brand for the new product, and collaborating with a local brand (or another foreign brand) to establish a brand alliance for the new product. Collaborating with a native brand has the benefits of quickly gaining trust, local knowledge, expertise/know-how, established distribution channels, native brand's brand value and category reputation (Abratt & Motlana, 2002; Bluemelhuber et al., 2007; Voss & Tansuhaj, 1999). Similarly, for a native brand, collaborating with an international brand to launch a new product is also a viable strategy, since local brand can also benefit from international brand's global reputation and expertise/know-how.

The above review of the literature on (international) brand alliances suggests that research on the following two areas is rather thin: (a) the effect of brand naming sequence (brand order) on brand alliance attitude; and (b) brand alliances at an international context, despite its popularity in practice. Although brand attitudes are transferable across different brand categories in the context of brand alliances, how they are transferable with different brand strategies is not clear. The present study fills this gap by exploring the moderating effects of brand order and consumer ethnocentrism (CET) on the effects of partner brand attitudes on IBA attitude. Fig. 1 illustrates the conceptual framework of this study.

2.2. Brand order and the effect of partner brand attitude

Prior research finds that partner brand attitudes influence brand alliances attitude (Lafferty et al., 2004; Park et al., 1996; Rodrigue & Biswas, 2004; Simonin & Ruth, 1998). In the case of IBA, such a positive

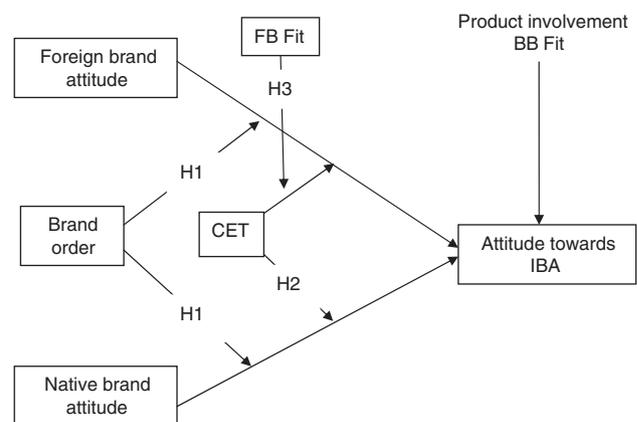


Fig. 1. Research framework. Note: FB=Foreign Brand; NB=Native Brand; BB=Between-Brand; CET=Consumer Ethnocentric Tendency; IBA=International Brand Alliance.

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