It affects, it affects not: A quasi-experiment on the transfer effect of co-branding on consumer-based brand equity of hospitality products

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ABSTRACT

Although co-branding is postulated to be beneficial for hospitality brands, empirical test of either transfer effect or spillover effect of co-branding on consumer-based brand equity (CBBE) of hospitality brands is yet to receive attention from researchers. A quasi-experiment design was applied to test the transfer effect of co-branding on the CBBE of the composite brand, controlling for its familiarity, compatibility (fitness) and complementary of the partner brands. A within-subject (repeated measures) design with four steps measuring the CBBE of internationally known and compatible hotel and restaurant brands and their co-brand, as well as respondents’ own most familiar hotel and restaurant brand and their co-brand was applied in four steps to a class of 46 students enrolled for a tourism and hospitality class at a Tourism and Hotel Management School based in Asia. The t-test of differences revealed that the co-brand of the internationally known and compatible hotel and restaurant brands lead to synergy with both brands being winners and none losers, while the co-brand of respondents’ own most familiar brands lead to losses mostly, despite their high ratings individually. Implications and future research suggestions are provided.

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1. Introduction

Although well-studied in the manufactured product context since 1990s, co-branding is a new construct of empirical research in hospitality industry. Co-branding is “a strategic alliance that connects two or more brands in the marketplace” (Askegaard and Bengtsson, 2005), which is praised for its potential financial, managerial and marketing-related benefits to the partners. The potential of co-branding is realized to be achieving “best of all worlds’ synergy that capitalizes on the unique strengths of each contributing brand” (Leuthesser et al., 2003, p. 35). Some of the early researchers of co-branding, proposed the assumption behind the expected benefits of co-branding to be the transfer effect, namely, one partner brand’s positive attribute transferring onto the co-brand and thus onto the other partner brand as well (Park et al., 1996). A reverse assumption defined the effects in reverse direction, positive consumer attitudes about the co-brand affecting attitudes about the partner brands individually, namely, the spillover effect (Siminon and Ruth, 1998). In other words, the influence of co-branding is proposed to be bidirectional, partner brands affecting the co-brand and the co-brand affecting the partner brands in return. However, the level of these effects depends on both consumer’s familiarity with the partner brands or brand characteristics such as partner brand strength, perceived fit/compatibility between brands, complementarity of the partner brands and the core brand of the co-brand (Denizci-Guillet and Tasci, 2010a,b; Hadjicharalambous, 2006; Helmig et al., 2007; Leuthesser et al., 2003; Siminon and Ruth, 1998; Tasci and Denizci, 2010; Washburn et al., 2000).

In measuring the success level of co-branding, consumers’ perspective is measured in terms of behavioral or attitudinal variables. One of the affected attributes in both the transfer effect and the spillover effect is claimed to be brand equity, “the incremental value added to a product by virtue of its brand” (Washburn and Plank, 2002, p. 46) usually conceptualized with a consumer behavior perspective, namely consumer-based brand equity (CBBE). Thus, there is ample research on the success level of co-branding in terms of CBBE in marketing of manufactured products. Although co-branding is postulated to be beneficial for hospitality brands, empirical test of either transfer effect or spillover effect of co-branding on CBBE of hospitality brands is yet to receive attention from researchers. Therefore, the purpose of the current study is to test if co-branding of a hotel with a restaurant will have a transfer effect on one or more of the brand equity dimensions for the composite brand, controlling for the intervening factors.

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2. Theoretical background

A diverse body of the literature is reviewed to set the theoretical background of the current study since co-branding is related with other marketing concepts including multi-branding, brand extension, ingredient or component branding, dual branding, composite branding, joint sales promotions, advertising alliance, product bundling, cross promotion, joint branding and symbiotic marketing (Aaker and Keller, 1990; Dickinson and Barker, 2007; Dipietro, 2005; Hadjicharalambous, 2006; Helming et al., 2007; Leuthesser et al., 2003; Muller, 2005).

2.1. Consumer-based brand equity (CBBE)

Aaker (1991) and Keller (1993) are the two marketing researchers that set the basis for brand and brand equity research, whose work is also considered as the starting point of studies on co-branding and other related concepts in marketing. Aaker defined brand equity as “a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers” (1991, p. 15); while Keller defined CBBE as “the differential effect of brand knowledge on consumer response to the marketing of the brand” (1993, p. 2). In measurement of CBBE, Aaker (1991) included brand awareness, brand associations, perceived quality and brand loyalty while Keller (1993) included brand awareness (recall, recognition), brand associations (image) and consumer response in the form of preference and choice. Aaker (1991) mentioned brand value in his definitions but did not identify value as a separate dimension of CBBE. In his later studies, Aaker (1996) added more dimensions to CBBE: loyalty (price premium, satisfaction), perceived quality and leadership, associations and differentiation (perceived value, brand personality, organizational associations), brand awareness, and market behavior measures (market share, price and distribution indices).

Although there is no universally accepted measure of brand equity applicable to different product contexts, Aaker’s (1991) four dimensional brand equity scales including brand awareness, brand associations, perceived quality and brand loyalty are accepted and used by many researchers, including co-branding researchers (Cobb-Walgren et al., 1995; Low and Lamb, 2000; Lassar et al., 1995; Lin and Kao, 2004; O’Cass and Lim, 2001; Park and Srinivasan, 1994; Simon and Sullivan, 1993; Washburn and Plank, 2002; Washburn et al. 2000; Yoo and Donthu, 2001). Modified versions of Aaker’s dimensions, sometimes including value as a separate dimension and image as representing brand associations, are also used in different tourism and hospitality tourism contexts (Gartner et al., 2007; Kim and Kim, 2004; Lee and Back, 2008; Prasad and Dev, 2000).

2.2. Factors intervening with co-branding’s effect on CBBE

Review of the literature reveals that some factors define the level of effect that co-branding has on CBBE, related to either consumer characteristics such as familiarity with the partner brands or brand characteristics such as partner brand strength, perceived fit/compatibility between brands, complementarity of the partner brands and the core brand of the co-brand (Denizci-Guiliet and Tasci, 2010a,b; Hadjicharalambous, 2006; Helming et al., 2007; Leuthesser et al., 2003; Simonin and Ruth, 1998; Tasci and Denizci, 2010; Washburn et al., 2000).

2.2.1. Consumer familiarity with the partner brands

Familiarity is based on consumers’ past experiences with the brand (Alba and Hutchinson, 1987). Denizci-Guiliet and Tasci define familiarity on a “continuum that starts with brand awareness and increases with the degree of use. The more brand-related experiences consumers have, the higher their level of familiarity” is (2010a, p. 146). Familiarity intervenes with the impact of co-branding on CBBE directly and indirectly by affecting the other intervening factors as well; hence, its impact is twofold. Helming, Huber and Leeflang state that “high brand awareness ... and positive brand evaluations lead to positive evaluations of co-branded products” (2007, p. 288). Washburn et al. (2000) results show positive impact of product trial (familiarity) on CBBE of the co-brand. Dickinson and Barker (2007) found a relationship between the level of familiarity with brands and the fit perception of the co-brands. Denizci-Guiliet and Tasci state that “concepts of “fit”, “match”, “compatibility” and “complementarity” that consumers use to base their perceptions of individual brands and the success of the co-branded product will depend on consumer awareness of and familiarity with the individual brands. The underlying rationale is hypothesized to be twofold: familiarity eases the consumers’ task of information processing, and it induces positive feelings” (2010a, p. 146).

Tasci and Denizci (2010) state that consumer perception of fit, match or compatibility between hotel and other brands may not be favorable when there is a lack of familiarity, which poses an inherent challenge for the hospitality industry. As Denizci-Guiliet and Tasci (2010a) suspect, some hospitality products are not readily available for consumer expose or use on daily basis as in the case of a manufactured product such as potato chips. Especially luxury or high-end hospitality brands are far from frequent consumer contact, hence, may lack adequate consumer perception of brand equity dimensions leading to undesirable fit perception between brands.

Washburn and Plank (2002) speculate that brand awareness is a necessary condition but not sufficient for high CBBE. Hence, Denizci-Guiliet and Tasci’s (2010b) findings in terms of familiarity’s impact on brand equity perception is contrary to the common proposition in the literature. In their study, Asians with less experience and familiarity with McDonald’s and Disney, the two Western brands, rated the majority of the CBBE dimensions of the parent brands and the co-brand higher than the Westerners. They reason this contradictory finding by attributing to cultural differences in perception and such Western brands’ likely elements of variety and diversity for the markets driven by the Asian popular culture.

2.2.2. Perceived fit or compatibility between brands

Dickinson and Barker (2007) clarified the concept of perceived fit or compatibility by listing its dimensions as concept consistency, typicality, relatedness and similarity. Previous research suggest that if consumers see co-branded products as a “fit”, “match” or “compatible” with each other, their positive attitude towards the partner brands may transfer to the co-branded product as well (Aaker and Keller, 1990; Dickinson and Barker, 2007). Simonin and Ruth (1998) assert that perceived fit or compatibility have positive impact on consumer evaluations of the co-brand, the transfer effect, as well as the spillover effect back to the original brands. Hadjicharalambous (2006) extended the importance of the level of fit to include not only between the partner brands but also between the partner brands and the co-brand as well. However, similar to familiarity, research results indicate that “even in the presence of perceived compatibility, consumer liking and favorable behavior are not guaranteed towards a hotel and retail co-brand” (Tasci and Denizci, 2010, p. 496).

2.2.3. Complementarity of the partner brands

Leuthesser, Kohli and Suri assert that product complementarity of the original or parent brands is “a key appeal in co-branding, because complementarity allows the co-brand to inherit the desirable qualities of each of the parent brands” (2003, p. 39). Tasci
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