CONSUMER ATTITUDES TOWARD CROSS-BORDER BRAND ALLIANCES: ADDING A CONSIDERATION OF COUNTRY OF ORIGIN FIT

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(ABSTRACT)

This research examines the growing phenomenon of cross-border brand alliances and the potential factors that influence consumers' attitudes toward these alliances. Building on an existing framework, it establishes country of origin fit as a new variable that influences consumer attitudes toward brand alliances and examines its relationship with brand fit under various conditions of brand familiarity. The results of two studies replicate previous research findings and demonstrate a new relationship between country of origin fit and brand fit in predicting consumer attitude towards cross-border brand alliances. These results extend research in understanding the relationship between the fit variables and the strength of their effects on brand alliance evaluations.

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CHAPTER 1

INTRODUCTION

Recognizing the value of improved global services to customers and the potential increase of market share, several airline brands have consolidated their resources under a single brand name. For example, Sky Team is a world travel network that is composed of Delta, Korean Air, Aeromexico, Air France and CSA Czech Airlines. These airlines work together to offer consumers flights worldwide through an extensive global hub network, providing customers with less travel complications and more benefits, such as earning sky miles that are redeemable on any member airline's flight. The airline brands created this alliance to build brand equity by transferring favorable brand associations from the stronger airline brands to the weaker ones and by developing unique brand associations by providing distinctive customer benefits that are not found among stand-alone airlines. In application, the stronger airline brands are able to increase their customer servicing capabilities and the image of the weaker airline brands are bolstered by the alliance. Both of these elements would help all parties of the alliance potentially gain market share.

Cross-border brand alliances, such as Sky Team, are a form of alliance between companies of brands from different countries. This branding strategy is becoming more prevalent due to the constant increase in market globalization (Lee and Brinberg 1995), resulting in new challenges within the area of brand management for marketers. By definition, "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 and Ruth 1998, pg.30). The most prominent reason for a company to form a brand alliance is to build brand equity, an intangible asset defined by Keller (1998) as the value added to a product, service, or idea as a result of previous marketing investments for the brand. Brand equity occurs when consumers become aware of the brand and develop strong, favorable, and unique associations to the brand within their memory.

The purpose of this research is to explore the influences of country of origin (a secondary brand association) upon consumers' attitudes toward cross-border brand alliances. Drawing on branding literature, a new variable called country of origin fit is defined. Study 1 examines its relationship with brand fit and its influence upon brand alliance evaluations under various conditions of brand familiarity. Study 2 addresses certain limitations of the first study and re-evaluates the relationships between country of origin fit, brand fit, and brand familiarity from an idiothetic perspective. Primary data is collected and analyzed on diagnostic measures for both studies, and the research concludes with a discussion of results and limitations. By determining how country of origin information interacts with variables influencing consumer attitudes toward brand alliances, marketers can determine when and how to use this information to potentially increase the probability of consumer favorableness of their cross-border partnerships. Marketers can then boost both market share and their customer-based brand equity by developing the most effective branding strategies.

THE NATURE OF BRAND ALLIANCES

Brand Alliance Research

The foundation for this research lies within Simonin and Ruth's (1998) framework for evaluating consumer attitude towards a brand alliance. The authors propose several factors that influence the favorableness of these attitudes and evaluate possible carryover effects of these attitudes toward consumer post-attitudes (attitudes toward each brand after exposure to the brand alliance). They indicate a positive direct effect of pre-existing brand attitudes toward post-alliance brand attitudes for each of the partner brands of the alliance. The authors also provide support that pre-existing consumer attitude towards the brands are related positively to consumer attitude towards the brand alliance itself.

In addition to preexisting consumer attitude towards the brands, Simonin and Ruth suggests two additional predictors of consumer attitude towards the brand alliance. These two variables, referred to as brand fit and product fit, pertain to consumer perceptions of compatibility between brand images and product functionality, respectively. The notion of fit has been used extensively in brand extension research to capture product category similarities between a brand and its extension (e.g., Park, Milberg, and Lawson 1991). Research had suggested that favorable brand attitudes would not be transferred to the brand extension if the product category fit is poor between the brand and its extension since a poor fit between product categories would foster negative associations and undesirable beliefs toward the brand and its extension (Aaker and Keller 1990).

Building on Aaker and Keller's product fit notion for brand extensions, Simonin and Ruth (1998) extends its application to suggest that the consumer's perception of product fit between the products represented by each allied brand is expected to have a direct positive effect on consumer attitude towards the brand alliance. Product fit is referred to as the consumer's perception of the compatibility between the two product categories, irrespective of the brands. For example, a bicycle brand would have a high degree of product fit with a tire brand since bicycles need tires to function properly. Aligning a bicycle brand with a cake mix brand would most likely have a low level of product fit since these two products are not typically utilized together to serve a similar purpose.

While product fit tends to be analyzed at a functional level (i.e., by comparing the compatibility of each product's utility), brand fit is generally a quality-based assessment (i.e., by comparing the level of quality for each brand) and is also positively related to consumer attitude towards the brand alliance. Brand fit refers to the consumer's perception of brand image cohesiveness and associative consistency between the brands of the marketing alliance (Simonin and Ruth 1998). The process of evaluating a brand typically evokes certain brand-specific associations stored within the consumer's memory that make up an overall brand image (Broniarczyk and Alba 1994). These brand-specific associations include attributes that help consumers differentiate a brand from other competing brands, increasing the recallability of the brand over its competitors (MacInnis and Nakamoto 1990). By comparing these associations for similarities across the partner brands, a level of brand fit can be determined by the consumer. For example, an alliance between Rolex watches and Taco Bell fast food would most likely elicit a perception of

bad brand fit, since Rolex is associated with high quality products and exquisite taste while Taco Bell is known for inexpensive and hastily prepared food products.

Brand Associations

Consumers' perceptions of brand fit and product fit as well as their attitudes toward brands are developed through memory-based associations with the brands. The associative network theory provides a basis for understanding how brand associations are used to formulate brand image. This theory is the foundation for a host of memory models that are widely accepted among scholars as valuable and comprehensive conceptualizations of semantic memory structure (Anderson 1983; Wyer and Srull 1989). It suggests that a person's semantic memory space consists of a network of memory nodes linked together through associations (Collins and Loftus 1975; Raaijmakers and Shiffrin 1981; Ratcliff and McKoon 1988). Each node is basically a separate piece of information that has been encoded in the person's mind and is linked to other nodes that share some type of association with that piece of information. Both the consumer's awareness of the brand (i.e., brand awareness) and perception of the brand (i.e., brand image) form the consumer's degree of brand knowledge. According to Keller (1993), brand knowledge consists of a brand node that is linked to various associations within this associative network memory framework. Brand associations can be distinguished by the amount and type of information that is subsumed in each association (Alba and Hutchinson 1987; Chattopadhyay and Alba 1988; Johnson 1984; Russo and Johnson 1980). Keller (1993) suggests that the different types of brand associations may include

product-related and non-product-related attributes, consumers' overall brand attitudes, and functional, experiential, or symbolic benefits of the brand.

Due to the constantly changing nature of the market, consumers are forced to operate in a state of imperfect information. In many situations, consumers' existing brand associations are deficient in some way, therefore secondary brand associations may be leveraged to form the associations needed to bolster brand image (Keller 1998). According to Keller, secondary associations are established by linking the brand to information that is not directly related to the product or service. By identifying the brand with this other entity, consumers may infer shared associations between the entity and the brand, leading to a transfer of global associations or specific attributes related to the product or service meaning. Secondary associations are generally formulated through primary attribute associations that relate to the company, the country of origin, the distribution channels, a spokesperson or endorser of the product, or an event (Keller 1993). It is important to keep in mind that a leveraging strategy of secondary associations will only be successful if consumers have associations in memory to the other entity that are congruent with desired brand associations.

Country of Origin Fit

Leading research publications have established country of origin information as an indicator used by consumers to infer the quality of products from a country (e.g., Hong and Wyer 1989, 1990; Klein, Ettenson, and Morris 1998; Gürhan-Canli and Maheswaran 2000). This notion is typically used to describe the overall quality of goods within a particular product category, such as electronics or automobiles. Considered as a secondary brand association, it is information that is typically available to consumers

through business journals and databases, however its strength as a brand association depends on the emphasis it receives. Companies may wish to accentuate a brand's country of origin if consumers are expected to infer specific beliefs and evaluations from this association (Erickson, Johansson, and Chao 1984; Hong and Wyer 1989, 1990). These consumers may allow the information to serve as a heuristic cue to simplify the construction of their brand evaluation in the absence of primary brand associations (Keller 1993).

In previous research, Hong and Wyer (1989) compare the effects of product-attribute information and country of origin on product evaluations, suggesting that consumers' awareness of the product's country of origin has a direct influence on consumers' quality perceptions, providing a heuristic basis for inferring the product quality without considering other attribute information. Similarly, Gürhan-Canli and Maheswaran (2000) postulate that consumers, as cognitive misers, prefer shortcuts for evaluating a product and therefore use country of origin as an overall basis for judging product quality. Other studies (e.g., Maheswaran 1994; Hong and Wyer 1990) also suggest that favorable country of origin perceptions lead to favorable consumer inferences about product attributes and subsequent favorable evaluations. Two specific requisites are generally met in order to provide justification to the union of a product or brand and a country of origin. First, the product is made in the country and second, the product is produced by a manufacturer from that particular country (Gürhan-Canli and Maheswaran 2000).

Previous research suggests that country of origin has a profound effect on product evaluations through consumers' use of the information to stereotype the overall quality of

the goods from that product category. Many countries have established a belief of expertise among consumers in certain product categories and have conveyed a particular image of quality and superiority. "Choosing brands with strong national ties may reflect a deliberate decision to maximize product utility and communicate self-image based on what consumers believe about products from those countries. Thus, a number of brands are able to create a strong point of difference in part because of consumers' identification of and beliefs about the country of origin" (Keller 1998).

Following suit with the notion of fit from previous literature, country of origin fit is described as the consumer's perception of the overall compatibility of the two countries of origin involved in the brand alliance. Compatibility is assessed by comparing the consumer's overall perceptions of the countries' ability to produce quality goods within their respective product category. For example, assume that a consumer is evaluating a brand alliance that involves a Taiwanese computer manufacturer and a Japanese microprocessor chip manufacturer. When analyzing country of origin information, the consumer will rely on his or her perception of the overall quality of computers made in Taiwan and microprocessor chips made in Japan. If there is an inconsistency within this country of origin fit, the consumer may either weigh each country in terms of relative importance to the brand alliance or simply view the alliance unfavorably due to its dissimilarities of perceived product quality of the brands. Therefore country of origin fit will directly influence consumer attitude towards a cross-border brand alliance for specific product categories.

H_1: Country of origin fit is related positively to consumer attitudes toward the brand alliance.

Brand Familiarity

It is assumed that consumers having higher levels of brand familiarity will have more developed brand associations with the familiar brand. Consumers with more brand familiarity also tend to evaluate products based on attributional information, while brand novices engage in a more holistic approach by using limited information to help summarize their product evaluations (Han 1989). Given that country of origin information tends to be more stereotypical in nature, it provides brand novices a logical heuristic for evaluating across a product category, which leads to its influence towards forming brand attitudes. Therefore, country of origin fit is postulated to influence brand alliance evaluations more than brand fit in situations where the consumer harbors low brand familiarity.

Alternatively, consumer evaluations of brand fit may have more influence than country of origin fit on consumer attitude towards the brand alliance during higher levels of brand familiarity. According to the hierarchy of brand associations (Keller 1990), primary brand associations (e.g., brand image) take precedence over secondary brand associations (e.g., country of origin). Consumers who are highly familiar with the brands should compare the brand associations of each brand for fit before comparing country of origin information. Within these cases, brand fit would have a stronger effect on consumer attitude towards the brand alliance than country of origin fit. Since both brand fit and country of origin fit are both quality-based assessments, the effects of country of origin fit should be mediated by brand fit under conditions of high brand familiarity, thus indirectly influencing consumer attitude towards the brand alliance. However, under low

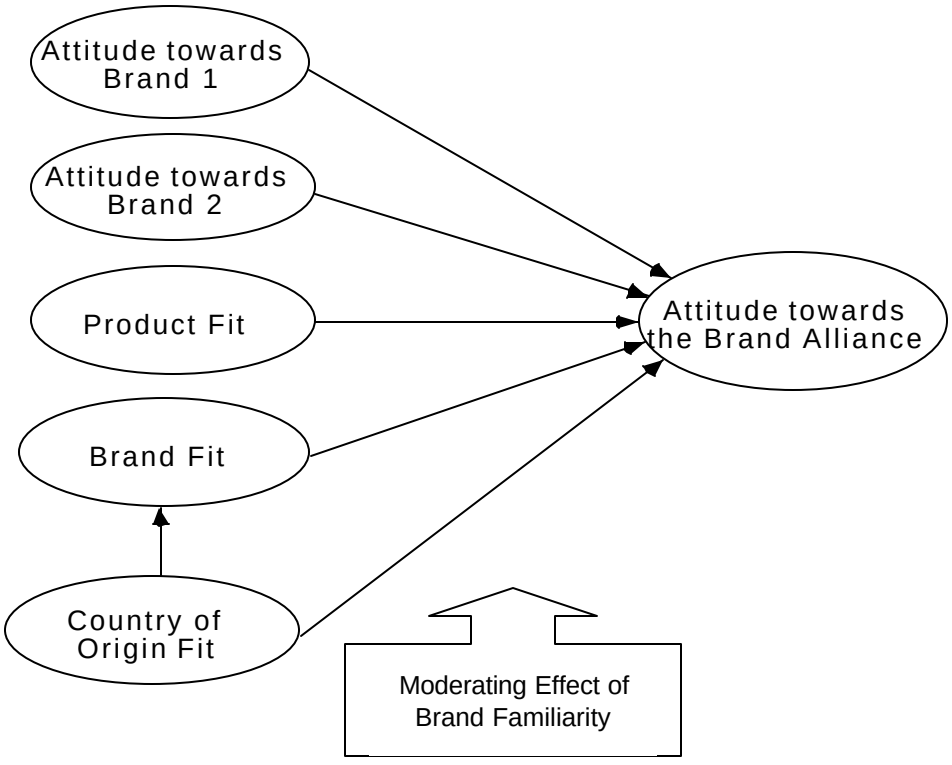
brand familiarity conditions, the mediation should not exist and country of origin fit will directly influence consumer attitudes toward the brand alliance.

H_2: Under the high brand familiarity condition, brand fit will mediate the effect of country of origin fit on consumer attitude towards the brand alliance.

H_3: Under the low brand familiarity condition, country of origin fit will have a main effect on consumer attitudes toward the brand alliance. Brand fit will not mediate the effect of country of origin fit on consumer attitudes toward the brand alliance.

Figure 1 illustrates the conceptual framework for this study and outlines the proposed relationships between the predictor variables and the outcome variable.

Figure 1: Simonin and Ruth's Framework with Country of Origin Fit Added



CHAPTER 2

STUDY 1

Method

To test the conceptual model, various levels of brand familiarity of at least one of the brands were needed to test for the moderating effects of brand familiarity. Real brands were used in the familiar conditions to provide the study with genuine existing brand effects. Fictitious brands were used in the unfamiliar conditions to ensure low levels of familiarity of these brands among the subjects. To test the relationship between country of origin fit and brand fit, various levels of both constructs were also used. The study examined consumer attitude towards a brand alliance consisting of a joint venture between a car brand and a stereo brand. The alliance involved integrating a sophisticated stereo system within all of the upcoming vehicles associated with the particular car brand. The decision to present this type of brand alliance was based on two precepts: (1) the alliance is realistic and products involved are of relative interest to the subject pool used, and (2) the alliance is comparable to the brand alliance presented in the study providing the theoretical foundation for this study (Simonin and Ruth 1998), contributing to a degree of replication to provide additional research support for their findings.

Pretest

Various levels of brand familiarity, country of origin fit and brand fit must be established in the main study to compare the effects of each level on consumer attitude towards the brand alliance. A pretest was conducted to determine countries of origin for

car brands and stereo brands that have high levels of familiarity among the subject pool of marketing undergraduates. Pretest subjects (n = 42) recruited at a major university were asked to list all countries which they felt made the highest and lowest quality vehicles overall. After each list was completed, they were asked to prioritize the list by rating the countries of origin and providing brand examples for each listed country. The procedure was repeated for high and low quality stereo systems. Sixty-nine percent of the respondents identified Germany among their top two choices for countries that produced the highest quality vehicles. Japan earned the second place distinction from forty-five percent of the respondents. BMW and Honda were distinguished as the best car brand examples from their respective country of origin. The countries identified with producing the lowest quality automobiles were South Korea (twenty-nine percent) and USA (twenty-six percent). Kia and Ford were selected as the best examples of poor quality car brands. As for stereo systems, the top two high quality countries of origin were Japan (sixty-nine percent) and USA (forty percent). The respective brands chosen as best examples of high quality stereo systems were Sony and Bose. The lowest quality countries of origin identified by the pretest respondents were USA (twenty-four percent), Japan (ten percent), and Mexico (eight percent). The respondents identified Jensen and Sanyo as the top brand examples within this category. It is interesting to note that the respondents had a much greater recall of high quality brands due to the drastic decrease in the number of low quality countries of origin and brand examples given. The pretest did serve its function by providing the car brands, stereo brands, and countries of origin for each product category used within the main study to ensure various levels of brand familiarity.

Design

Respondents (n = 128) for the main study were undergraduate students from a major university. Each was randomly assigned to one of eight brand alliances illustrated in Table 1. These brand alliances were differentiated by the car brand and stereo brand presented and was introduced within the stimulus material as a print advertisement in its preliminary stages of development to decrease advertisement-based evaluation effects. This advertisement described the partnership between the car brand and the stereo brand, making the country of origin for each brand salient within the ad text. The car brands used were extracted from the pretest results, eliminating USA from the choices to alleviate potential ethnocentrism due to the recent resurgence of American patriotism and national pride. The car brands presented as the highest quality brand and the lowest quality brand were BMW (from Germany) and Kia (from South Korea), respectively. By making brand selections based on the pretest results, the car brands were held at a relatively constant level of high familiarity as a control while stereo brands varied in terms of brand familiarity. Sony (from Japan), Sanyo (from Japan) and a fictitious brand name, Star Audio, were presented as the stereo brands to allow for a full range of variability of brand familiarity. Star Audio was associated with either Japan or Mexico as its country of origin to allow for variations in consumers' perceptions of product quality based on the country of origin. Japan was presented as the country generally known for producing high quality stereo systems, while Mexico was used as the country known for poor quality stereo equipment. The brand name Star Audio was represented for both countries to control for biases resulting from potential brand name assertions or existing discriminations.

Table 1: Eight Brand Alliances Presented to Respondents in Study 1

Brand Alliance	Car Brand	Car Brand's COO	Stereo Brand	Stereo Brand's COO
1	BMW	Germany	Sony	Japan
2	Kia	South Korea	Sony	Japan
3	BMW	Germany	Sanyo	Japan
4	Kia	South Korea	Sanyo	Japan
5	BMW	Germany	Star Audio	Japan
6	Kia	South Korea	Star Audio	Japan
7	BMW	Germany	Star Audio	Mexico
8	Kia	South Korea	Star Audio	Mexico

Procedure

The respondents were given a booklet of marketing materials that included the stimulus (see Appendix) embedded within the questionnaire. They first answered a series of questions regarding familiarity with and attitude towards both brands and their countries of origin, as well as relevant fit perceptions. After completing an unrelated cognitive task that lasted approximately seven minutes, the respondents observed the target stimulus. They viewed the stimulus concerning the brand alliance between the car brand and the stereo brand and followed up by answering questions about their attitude towards the brand alliance, brand fit, product fit, country of origin fit, and general demographics. For participating in the study, the respondents received extra credit towards a required undergraduate course they were currently enrolled in.

Measures

All measures were assessed through seven-point bipolar semantic differential scales. Building on Simonin and Ruth's (1998) model, consumer attitude towards the brand alliance was the dependent variable, while product fit, brand fit, country of origin

fit, and consumer attitude towards each brand were the independent variables. Measures of attitude towards each partner brand and the brand alliance were anchored by negative/positive, unfavorable/favorable and bad/good (Osgood, Suci, and Tannenbaum 1957). Brand fit, product fit, and country of origin fit were grounded by is/is not consistent and is/is not complementary (Aaker and Keller 1990). Brand familiarity was measured by assessing the degree in which respondents were familiar/unfamiliar, recognized/did not recognized, and had heard of/had not heard of the brand before (Simonin and Ruth 1998). Cronbach's alpha is .98 for attitude towards the car brand, .98 for attitude towards the stereo brand, .95 for product fit, .93 for brand fit, .96 for country of origin fit, .98 for brand familiarity, and .95 for consumer attitude towards the brand alliance.

Consistent with the pretest results, car brand familiarity was uniformly high (mean = 5.78, standard deviation = 1.13) and stereo brand familiarity was variable (mean = 3.69, standard deviation = 2.51). Following Simonin and Ruth's (1998) methodology, a median split was used to divide the sample into two groups on the basis of stereo brand familiarity to develop a two-group comparison of brand familiarity conditions. Statistical comparisons of the data under conditions of high brand familiarity, low brand familiarity, and across both familiarity levels were assessed to examine the potential moderating effect of brand familiarity onto the conceptual model.

Analysis Results

To test the first hypothesis, multiple regressions were used to analyze the relationships between the predictor variables and the outcome variable, consumer attitude

towards the brand alliance. An interaction term, country of origin fit by brand familiarity, was created to test for moderation between the two variables (Baron and Kenny 1986). All of the predictors analyzed in the regression models were computed as mean-centered variables for standardization of their values.

Table 2: Regressions of Predictors onto Consumer Attitudes toward the Brand Alliance

Predictor:	Number of Items:	Cronbach's Alpha	â	t-value	p-value
Attitude towards the Car Brand	3	.98	.214	3.255	.001*
Attitude towards the Stereo Brand	3	.98	.482	6.228	.000*
Product Fit	2	.95	.125	1.820	.073**
Brand Fit	2	.92	.246	3.051	.003*
COO Fit	2	.95	.162	2.149	.034*
Stereo Brand Familiarity	3	.98	-.033	-.439	.662

(* denotes significance and ** denotes marginal significance at the .05 level)

Overall, the predictors explained a substantial amount of variance in the outcome variable (R^2 = .538). Attitude towards the car brand, attitude towards the stereo brand, brand fit, and country of origin fit were significant at the .05 level. Product fit was marginally significant with a p-value of .073 and brand familiarity was insignificant with a p-value of .662. Given these results, H_1 is supported.

Country of origin information is hypothesized to have different influences on consumer attitude towards the brand alliance, depending on the level of brand familiarity that the consumer possesses at the time of the alliance evaluation. Accordingly, H_2 proposes that brand fit mediates this relationship under high brand familiarity conditions. The series of regression analyses recommended by Baron and Kenny (1986) was

conducted to test this hypothesis. First, country of origin fit's (i.e., the independent variable) influence on brand fit (i.e., the mediator) was statistically significant with a reported beta weight of .491 and p-value of .000. Secondly, country of origin fit's influence on consumer attitude towards the brand alliance (i.e., the dependent variable) was significant with a beta weight of .339 and a p-value of .006. Finally, when both variables are regressed onto the dependent variable, the brand fit was significant with a beta weight of .559 and a p-value of .000. Brand fit also reduced the influence of the independent variable, country of origin fit. The beta weight of country of origin fit decreased from .339 to an insignificant .045 (p-value = .695), supporting H_2.

The same test was used to analyze the third hypothesis, which posits that under conditions of low brand familiarity, brand fit does not mediate the influence of country of origin fit onto consumer attitude towards the brand alliance. First, country of origin fit's influence on brand fit was statistically significant with a beta weight of .487 and p-value of .000. Secondly, country of origin fit's influence on consumer attitude towards the brand alliance was significant with a beta weight of .403 and a p-value of .001. However, when both variables were regressed onto the dependent variable, brand fit's influence on consumer attitude towards the brand alliance was not statistically significant with a beta weight of .029 and a p-value of .997. Given this result, brand fit does not meet the conditions as a mediator, according to Baron and Kenny's mediation test. This finding supports that brand fit does not mediate the relationship between country of origin fit and consumer attitude towards the brand alliance under low brand familiarity conditions, supporting H_3.

Baron and Kenny's test of moderation was administered to provide support for the notion that brand familiarity moderates the model instead of the country of origin variable. The interaction of country of origin by brand familiarity was insignificant with a beta weight of -.097 and a p-value of .160. Table 2 illustrates the results of these mediation tests under both high and low conditions of brand familiarity and the moderating test of brand familiarity onto country of origin fit.

Table 3: Results of Mediation Tests Under Brand Familiarity Conditions and the Test of Interaction Between Country of Origin Fit and Brand Familiarity

High Brand Familiarity Condition:	â	t-value	p-value
1. COO Fit (onto Brand Fit)	.491	4.439	.000*
2. COO Fit (onto Attitudes Toward The Brand Alliance)	.339	2.840	.006*
3. COO Fit (with both regressors included in the equation)	.045	.395	.695
Brand Fit (with both regressors included in the equation)	.599	5.201	.000*
Low Brand Familiarity Condition:			
1. COO Fit (onto Brand Fit)	.487	4.396	.000*
2. COO Fit (onto Attitudes Toward The Brand Alliance)	.403	3.469	.001*
3. COO Fit (onto Attitudes Toward The Brand Alliance)	.401	2.990	.004*
Brand Fit (with both regressors included in the equation)	.004	.029	.977
Interaction:			
COO Fit x Brand Familiarity	-.097	-1.414	.160

(* denotes significance at the .05 level)

Discussion

The results of the first study show that country of origin fit influences consumer attitudes toward cross-border brand alliances differently under various conditions of brand familiarity. Under high levels of consumer brand familiarity, the effect of country of origin fit is mediated through brand fit upon consumer attitudes toward the brand

alliance. For conditions of low consumer brand familiarity, the mediation dissolves and country of origin fit has a main effect on consumer attitudes toward the brand alliance. The study also replicated the findings of Simonin and Ruth's (1998) framework by showing that product fit, brand fit, and consumer attitudes toward each partner brand also influences consumer attitudes toward the brand alliance. Overall, these results are consistent with the notion that primary brand associations (e.g., brand image) take precedence over secondary brand associations (e.g., country of origin information) under conditions where the consumer has a high level of familiarity for the partner brands. Alternatively, consumers must rely on secondary information to base their brand evaluations on when their level of brand familiarity is low.

In application, managers must take both primary and secondary brand associations into account when considering the potential impact of an alliance with a new partner brand towards consumer attitudes. By the same token, managers of less-known brands should search out other brands that are familiar to consumers and have a potentially high degree of product fit, brand fit and country of origin fit with their own brand and product line. Although a high degree of product fit and brand fit is desirable between two brands that are highly familiar to consumers, a high degree of country of origin fit is not necessary to facilitate positive consumer attitudes toward an alliance between the brands.

Limitations

When analyzing the results in Study 1, one must assume that the response scales were equal valid indicators across all subjects and were used in the same fashion and with

the same experiences as a referent. Otherwise, the differences in observed correlations or mean scores may actually be an artifact of differential validity (Brinberg and Lutz 1986). Consumers could have different associations linked to brands that vary across several dimensions, depending on their own unique experiences. For example, the car brand Kia was represented in the study as a low quality vehicle from a country that is known to produce low quality cars (according to the pretest, previous research, and various consumer reports). Despite the rationale behind this categorization, many respondents expressed favorable perceptions of the car brand Kia due to their specific associations with the brand, such as previous positive experiences with Kia or another car brand from that country. This phenomenon led to the report of positive attitudes toward that country of origin, which may transfer to all car brands from that country. These brand associations contain several factors that vary across each respondent, and further research is needed to tease out specific factors driving the consumer's overall evaluation of the brand.

Respondents also evaluated only one brand alliance consisting of a car brand and a stereo brand in the absence of any other brands in those two product categories. Therefore, the respondents were not given any frame of reference in which to compare these brands to. For instance, the same consumer may reasonably consider both BMW and Honda as high quality car brands during an individual evaluation of each brand. However, if the consumer compares the two brands to each other, he or she may evaluate BMW higher than Honda due to the added value from its much higher price and level of prestige associated with the brand name. If given a frame of reference that included all

car brands and stereo brands being evaluated in the study, respondents might have a uniform anchoring point in which to base their brand evaluations.

CHAPTER 3

STUDY 2

Method

An idiothetic design is used in Study 2 to overcome these limitations concerning the idiosyncrasy of consumers' perceptions of brands and countries of origin. The design also provides respondents with a frame of reference by exposing them to their entire list of brand pairs to evaluate. Study 2 was designed to provide support against the potential differential validity issue within Study 1 and to further investigate the relationships between brand fit, country of origin fit, and brand familiarity. Idiothetic experiments are a combination of idiographic and nomothetic methodologies that are typically used to identify clusters of homogeneous subjects (based on there responses) and to determine potential correlations with the other variables being examined (Brinberg and Lutz 1986). A 2x2x3 within-subject design is used in the study, varying in: 1) low and high quality car brands and their associated countries of origin, 2) low and high quality stereo brands and their associated countries of origin, and 3) familiar, unfamiliar, and mixed levels of brand familiarity for the alliance. The surveys were first analyzed individually and then assessed at an aggregate level to find commonalities across all respondents.

Procedure

Respondents (n = 22) for the two-part idiothetic study were undergraduate and graduate students from a major university. For the first part of the study, respondents were asked to list all known brand names for each of the following categories: high

quality cars, low quality cars, high quality stereos and low quality stereos. They were also asked to indicate their perceived country of origin for each brand listed. Finally, they were asked to rank order each list, indicating their best choices for each category. An individual survey consisting of 108 brand alliances was generated for each respondent by using his or her top three choices from each category. These brand alliances consisted of all possible car-stereo combinations from three low quality car brands/countries of origin, three high quality car brands/countries of origin, three low quality stereo brands/countries of origin, three high quality stereo brands/countries of origin and three conditions of brand familiarity. The entire range of stimuli was presented for evaluation to allow each respondent to set appropriate anchors in using the scale. The respondents were asked to rate their attitude towards each brand alliance by indicating their level of favorability towards the brand pair. For participating in the study, the respondents received extra credit towards a required marketing course they were currently enrolled in.

Measures

All measures of consumer attitude towards the brand alliance as the outcome variable were assessed through seven-point bipolar semantic differential scales. These measures were anchored by extremely unfavorable and extremely favorable. Brand familiarity was divided into three groups for a three-way comparison; familiar (indicated in the figures as FAM =1), unfamiliar (FAM = 2), and mixed familiarity (FAM =3). Both car brands and stereo brands were divided into two groups based on high quality or low quality perceptions from each respondent (indicated in the figures below as 1 = high quality brands and 2 = low quality brands).

Analysis Results

Multivariate testing using repeated measures was used to analyze the relationships between the predictor variables and the outcome variable, consumer attitude towards the brand alliance. All possible main effects and interactions were evaluated separately for each respondent at each of the three levels of brand familiarity. Figures 2 through 5 represent the most common findings across all of the respondents under each of the three brand familiarity conditions. Note that the unfamiliar brand condition (i.e., FAM = 2) has two graphs to illustrate two common findings.

Figure 2: Relationship of Car and Stereo at Familiar Brands Condition

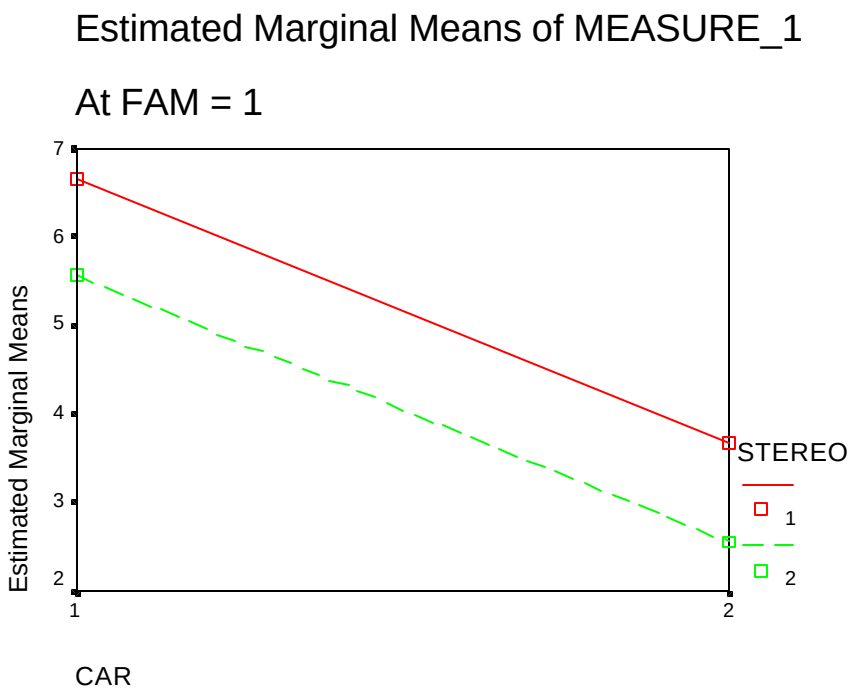


Figure 3: First Relationship of Car and Stereo at Unfamiliar Brands Condition

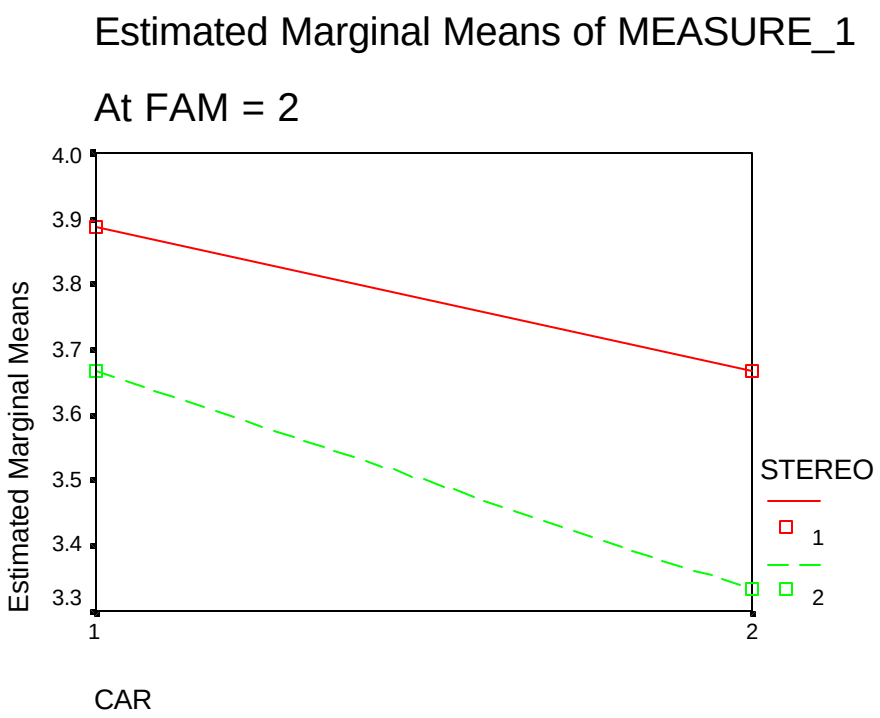


Figure 4: Second Relationship of Car and Stereo at Unfamiliar Brands Condition

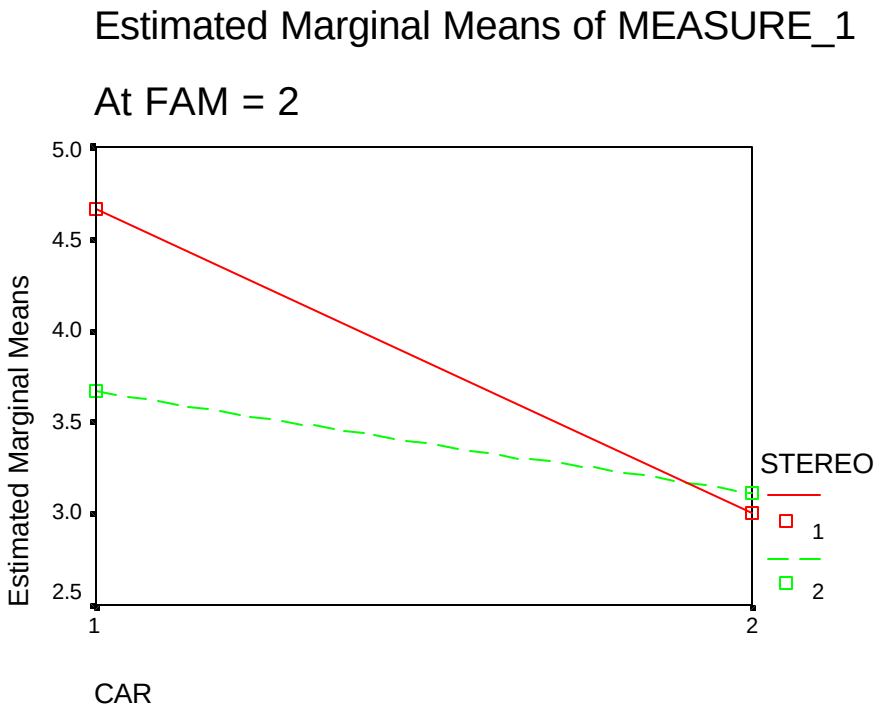
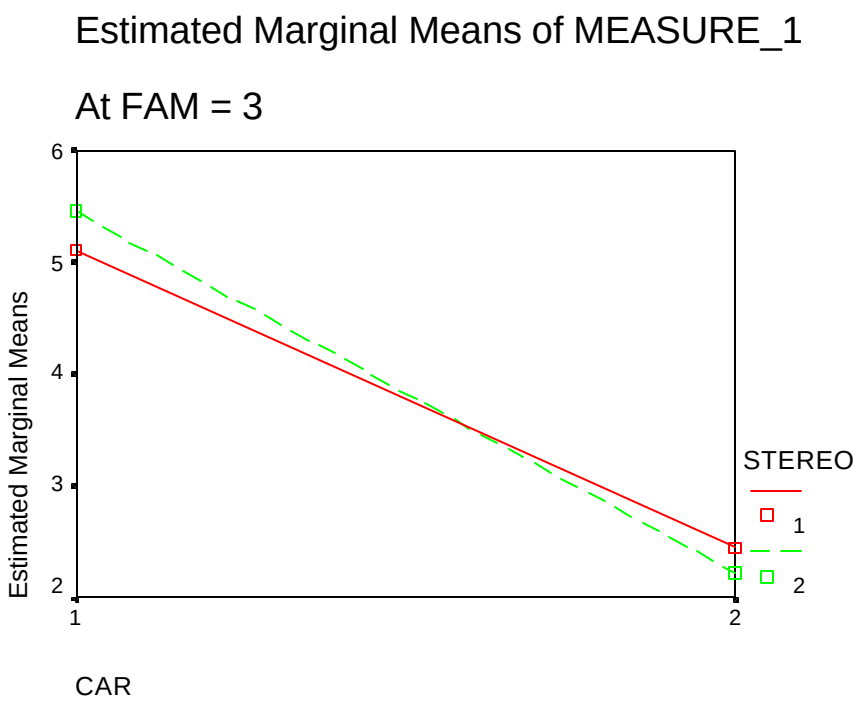


Figure 5: Relationship of Car and Stereo at Mixed Brand Familiarity Condition



For conditions where both brands were familiar to the respondent (i.e., Figure 1), both cars and stereos performed as expected in the brand alliance evaluations, suggesting a main effect of brand fit. In other words, allying a car brand with a lower-quality stereo brand will generally result in a decrease in the consumer's evaluation of the brand alliance. For unfamiliar levels of brand familiarity (i.e., Figures 2 and 3), both brands were unfamiliar to the respondent, making the country of origin information more salient to the respondent as the only piece of information to base his or her brand evaluation upon. The responses from fourteen of the twenty-two respondents demonstrate that perceptions of low quality stereo brands reduced the overall evaluations for each car brand. However, eight of the respondents reported an effect upon the high quality car brand ratings, but not the low quality car brand ratings. This finding suggests that

installing high quality stereo systems in low quality cars will not improve the consumer's evaluation of the car, but installing them in high quality cars will increase the car evaluations. For mixed levels of brand familiarity (i.e., Figure 4), where one of the brands in the alliance is unknown to the respondent, the high quality car brands (for familiar brands) and the countries of origin perceived to manufacture high quality cars (for unfamiliar brands) are rated most favorably with little regard to the stereo brand quality evaluations.

All of the above figures support a stronger distinction between high quality and low quality brand evaluations for car brands than for stereo brands by the respondents. This phenomenon can be rationalized by the belief that cars are typically more important than stereos and therefore may carry significantly more weight in the ratings.

Table 4: P-values from Multivariate Testing with Repeated Measures

Respondent	Car Main Effect	Stereo Main Effect	Familiarity Main Effect	Car x Stereo	Car x Familiarity	Stereo x Familiarity	Car x Stereo x Familiarity
1	.000*	.301	.000*	.608	.000*	.049*	.105
2	.000*	.000*	.004*	.020*	.000*	.235	.003*
3	.000*	.331	.009*	.479	.000*	.570	.758
4	.000*	.020*	.000*	.920	.002*	.000*	.827
5	.000*	.000*	.013*	.000*	.000*	.000*	.000*
6	.000*	.347	.000*	.347	.000*	.571	.571
7	.000*	.417	.000*	.453	.002*	.386	.785
8	.000*	.003*	.000*	.425	.000*	.529	.059
9	.000*	.301	.000*	.017*	.000*	.013*	.308
10	.287	.002*	.023*	.011*	.149	.000*	.006*
11	.016*	.004*	.040*	.021*	.357	.692	.001*
12	.000*	.237	.000*	.602	.000*	.097	.240
13	.000*	.000*	.520	.001*	.063	.000*	.024*
14	.000*	.028*	.000*	.252	.002*	.000*	.391
15	.000*	.142	.014*	.938	.012*	.001*	.065
16	.000*	.347	.000*	.548	.005*	.011*	.833
17	.000*	.032*	.019*	.617	.001*	.022*	.467
18	.000*	1.00	.000*	.081	.000*	.060	.140
19	.000*	.008*	.000*	.824	.000*	.017*	.066
20	.002*	.317	.001*	.659	.211	.566	.611
21	.000*	.013*	.000*	.013*	.000*	.021*	.021*
22	.000*	.006*	.000*	.782	.000*	.002*	.327

(* denotes significance at the .05 level)

To further analyze the data at an aggregate level across all respondents, the p-values were evaluated across all main effects and interactions. From the results reported in Table 2, there is a significant brand main effect for car brands at the .05 level with very little variance across all twenty-two respondents. Twelve of the respondents supported a significant main effect for stereo brands. There is also support for a significant brand familiarity main effect and a significant car by brand familiarity interaction. A car by stereo interaction was not significant, nor was there evidence of a three-way car by stereo

by brand familiarity interaction. Thirteen of the respondents revealed a significant stereo by brand familiarity interaction.

Table 5: Analysis of Homogeneity

Effect Type:	Range	Mean	Variance
Car Main Effect	.287	.014	.004*
Stereo Main Effect	1.00	.175	.058**
Familiarity Main Effect	.520	.029	.012*
Car x Stereo	.938	.392	.109
Car x Familiarity	.357	.037	.008*
Stereo x Familiarity	.571	.175	.061**
Car x Stereo x Familiarity	.833	.300	.096

(* denotes significance and ** denotes marginal significance at the .05 level)

An analysis of homogeneity was also conducted to assess commonalities among the main effects and interactions across all respondents. The results reinforce the findings from the previous analysis, revealing a significant car main effect, brand familiarity main effect and car by brand familiarity interaction at the .05 level. The stereo main effect and the stereo by familiarity interaction are marginally significant at the .05 level.

Discussion

It is important to note that the only information provided to the respondents to measure their attitudes toward the brand alliances with were the brand names and their country of origin. The purpose of this procedure was to alienate brand fit and country of origin fit from the other variables that potentially influence consumer attitudes toward the brand alliance. Under conditions of low brand familiarity, one

fictitious brand name was presented to the respondent to make the country of origin information more salient. The respondent was forced to rely solely on the country of origin information to ascertain a level of fit and make an evaluation towards the brand alliance. For conditions of high brand familiarity, the respondents based their alliance evaluations on the degree of fit between the existing memory associations that were linked with each brand name. Product fit was held at a high level by providing a feasible combination of products that existed in the market. And consumer attitudes toward each of the brands were assessed prior to the presentation of the main survey with the 108 brand alliances.

The results of the second study provide additional evidence for a relationship between brand fit and country of origin fit under various conditions of brand familiarity. There was support for an existing main effect of car brand/country of origin, stereo brand/country of origin and brand familiarity upon consumer attitudes toward the brand alliance. There was also evidence of an interaction between the car brand/country of origin and brand familiarity as well as between the stereo brand/country of origin and brand familiarity, signifying that the consumer's level of brand familiarity moderates the effect that the brand information has on the brand alliance evaluation. In practice, managers must be attentive to the level of familiarity that consumers have toward a brand to accurate forecast the effects of a potential brand alliance with that brand. If consumers have low levels of brand familiarity, these managers must look beyond primary brand associations to uncover strong secondary associations that may be influencing consumer attitudes toward the brand. Understanding these associations will assist managers in

evaluating their own fit assessments and developing potentially successful leveraging strategies between their brand and the partner brand.

CHAPTER 4

LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

These two studies primarily focused on determining the relationship between country of origin fit and brand fit when influencing consumer attitude towards a cross-border brand alliance. They examined the change in the nature of these relationships when each partner brand is highly familiar and when one partner brand is highly familiar and the other is not. Limitations of this research are considered for improving future related studies and potential research directions are provided for consideration.

Limitations

The potential weight of importance that consumers contribute to each product in the brand alliance is an important factor that was not taken into account in this research, but may have had significant influences on its results. In particular, respondents may tend to place more importance on the car than on the stereo when considering their attitudes toward the brand alliance. It is feasible for consumers to assume that the car carries dramatically more monetary value within the alliance and should receive a much greater weight of importance in their evaluations. It is also relatively inexpensive and easy to replace an existing stereo system within a car without major modifications to the vehicle itself. So for many respondents, their evaluations may have primarily reflected how favorable their attitudes were toward the car itself rather than the overall brand alliance.

For a future study, combining two brands with product categories that are similar in terms of monetary value, functional importance, and substitutability would alleviate the dominating effect of one brand over the other in the evaluation of the alliance. One example would be to use two allied food brands that are providing consumers with a new food product. Pretest studies can be conducted to gain insight of food product categories that have strong country of origin associations (e.g., German beer or French pastries) and to determine existing familiarity levels of brands within these categories.

Another dilemma that may have influenced the outcome of these studies concerns the biases that may occur when rating brands based on brand familiarity. Some respondents will automatically rate an unfamiliar brand lower without considering any additional information about the brand. Consumers may consider the unknown brand to automatically be inferior to the well-known brands consumers favor within that product category. In other words, they may assume that known brands have high levels of familiarity among shoppers for the simple reason that they are preferred over less known brands for better attributes. These well known brands have acquired a reputation from their success in the market and are recommended by existing users to new shoppers through word-of-mouth, continually boosting market share. The unknown brand will have a negative appeal to the respondent if he or she uses favorability as a proxy for familiarity. Similarly, a known brand being compared to an unfamiliar brand may receive higher evaluations for the sole reason that the respondent is more familiar with it. Future research should further examine the possible interaction between brand familiarity and favorability to understand the nature of this relationship. Researchers should also

strive to develop studies that avoid or control these potential biases for more accurate measures of consumer attitudes.

Testing Alliance Types

In both studies, a physical brand alliance involving the placement of stereos within cars was used to test the relationships of predictors upon consumer attitude towards cross-border brand alliances. Testing the robustness of the proposed framework across various types of brand alliances will allow researchers to understand the strengths and limitations of the framework, leading to insightful directions for potential modifications.

Symbolic brand alliances should be studied due to their extreme importance and common occurrence within the market. As mentioned earlier, brand alliances can take on a symbolic form of co-branding, such as a joint promotion of the complementary use of each brand (Rao et al., 1999). Samu et al. (1999) conducted an important research study that examined using advertising alliances to introduce new products. They refer to an advertising alliance as a type of "horizontal joint advertising" when the companies involved are basically at equivalent levels within the product's channel of distribution. According to these authors, symbolic alliances are unique because the two brands featured can be from similar or dissimilar product categories (e.g., Fruit of the Loom and Dodge Ram), disregarding product fit and making brand management more complicated.

There are logical reasons why managers choose to participate within symbolic brand alliances that may constitute a poor product fit. An advertising alliance involving dissimilar product categories may invoke more elaborative cognitive processing by

consumers seeking to understand each brand's association with the other. This line of reasoning is based on the associative memory network theory (previously discussed) as well as both incongruity (Park et al.1996) and attribution theories (Jones and Davis 1965). Three major factors must be included to maximize brand strength outcome through a symbolic alliance strategy: 1) the degree of complimentarity between the involved brands, 2) the type of differentiation strategy (common versus unique advertised attributes), and 3) the type of information processing strategy (either top-down or bottom up). Future research should evaluate various combinations of these three factors in terms of their effects on brand accessibility, brand awareness, brand beliefs, belief accessibility, and brand attitudes.

Another important differentiation of cross-border alliances results from new manufacturing practices that potentially dilute country of origin effects. The afore-mentioned increase of market globalization has given rise to cross-border manufacturing of goods by brands that have strong country of origin ties. For instance, several popular car brands (e.g., BMW, Toyota and Honda) all have automobile plants within the United States to facilitate the domestic demand for their cars within that country. This phenomenon has created interesting directions within country of origin research
For example, researchers have modified the traditional country of origin variable into more meaningful variables (e.g., country of manufacture and country of assembly) that incorporate manufacturing distinctions. A potential research issue may be to incorporate these distinctions to analyze their effects on the country of origin fit variable to unveil possible changes upon consumer attitudes toward the brand alliance. One future study could involve the testing of the resiliency of country of origin effects by comparing

differences in consumer attitudes toward a brand that either manufactures exclusively within its native country or engages in cross-border manufacturing practices.

Fit Dimensions

For researchers to better understand the process of consumer attitude formation towards the brand alliance, they first need to understand the components influencing the process. This would involve the decomposition of the fit variables into more precise units that contribute to the transfer of perceived quality, similarity, or cognitive consistency between the products, brands, and countries of origin. For example, country of origin fit may have elements of pre-existing attitudes toward each country, differing levels of country familiarity, or a dominant country image that eclipses other country images within a consumer's evaluation set. Brand fit may be based on evaluations of the similarity of brand associations that are relevant to each consumer. In other words, individuals may possess different associations for the same brand that depend on their own unique experiences. One consumer may prefer "Brand A" soap for its ability to clean while another consumer prefers it for its environmental safety promotions. Other consumers may prefer "Brand A" soap simply on the basis that its scent reminds them of their childhood since their parents used it regularly. Differentiating these prominent influences of brand fit evaluations will give researchers better assessments of why consumers think "Brand A" and another brand are a good fit. This information may be helpful for marketers in several ways. They can accentuate these elements to reinforce the goodness of fit between their current allied brands and strive to maintain the brand fit in future joint ventures (e.g., new product developments or advertising campaigns).

As a starting point for future research involved in assessing the components of the fit variables, three measures have previously been recognized as the basic dimensions of fit (Aaker and Keller 1990). "Complement" products are goods that satisfy a specific need through their joint consumption. "Substitute" items can satisfy the same need when used in place of each other by the consumer. "Transfer," the final fit dimension, takes manufacturing into account by measuring a firm's ability to employ its existing resources towards production within a new product class. Testing the model's fit variables within these three fit dimensions may reveal: 1) the fit dimensions that are relevant for each fit variable, 2) the roles these relevant dimensions play in contributing to consumer evaluations, and 3) evidence of new fit dimensions that should be considered.

Information Economics

Brand alliance research has generally taken a static approach in which consumers are identified as passive players within the brand evaluation process. As indicated by Rao and Ruekert (1994), brand alliances can serve as quality signals when one of the individual brands is unable to successfully signal quality as a stand-alone entity. For example, Sunkist receives millions of dollars in royalties for licensing its name for use on various branded products. According to the signaling theory in information economics, a branded product's claim about unobservable attributes will most likely be true and can be utilized by consumers to determine product quality. The repercussions from making false or unrealistic claims about product performance are too costly for the brand and are generally avoided. If the product does not meet its claims, then the brand itself and other brands associated with it stand to loose both market share and brand equity.

A common phenomenon occurring in the market is the "information asymmetry" between the seller and the buyer. The seller generally know more about a product than does the buyer, creating a "hidden information" dilemma for the buyer. Signaling theory can provide justification for leveraging an unknown brand name with a familiar brand when product quality is unobservable under the implicit premise that the product is not a repeated purchase. In this situation, consumers should not be viewed as only a passive receiver of information. The brand evaluation process is also an information search process and consumers will incur costs associated with searching. The brand names within the alliance can substantially reduce a consumer's information search cost by its credibility of positive information.

If the product category has strong, positive country or origin ties, the country of origin information may also substitute as a signal of quality for the product. For example, tire manufacturers may benefit by claiming that their tires are used on all newly sold BMWs, a top German automobile manufacturer. Consumers may infer high product quality from either the BMW brand name or the reputation of German auto engineering. This scenario suggests that the consumer's product knowledge, level of familiarity with the brand and country of origin, and potential variety-seeking behavior may all moderate the effect of product fit, brand fit and country of origin fit associated with the brand alliance. Thus, information economics provides another promising research revenue in which the characteristics of consumers will influence how a brand alliance is evaluated.

Conclusion

By creating studies that deal with these potential limitations and future research questions, a more accurate assessment of the relationships between factors that predict consumer attitude towards the brand alliance can be examined. As globalization increases, this line of research will become more critical for both academics and marketers alike. Notwithstanding the limitations of this research, its findings carry useful implications for managerial practice. Cross-border brand alliances offer fresh opportunity for companies to gain new markets that may otherwise be difficult to reach effectively. Deciding which foreign brands to ally with is a managerial decision based on the alliance's potential to leverage resources and build brand equity. Given the influence of both brand fit and country of origin fit upon consumer attitude towards the brand alliance, understanding how the two factors interact could help managers make important decisions about brand alliances from consumer perceptions. By determining these interactions, managers can create effective marketing strategies to maximize the effects of consumer attitude towards these alliances, increasing the success rate of their brand alliance portfolio.

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APPENDIX

Brand Alliance Stimulus Material

Headline

_____ (car brand) and _____ (stereo brand) are the right partners for you.

Body

The engineers at _____ (car brand) search relentlessly for the ideal parts and accessories to use in producing their vehicles. With these efforts, _____ (car brand) has continued to set the standards for _____ (country of origin of car brand) automobile manufacturers. Through a joint venture with _____ (stereo brand), _____ (car brand) has included a fully integrated stereo sound system within all of its 2002 vehicles. The system comes complete with both compact disc and cassette playback, a built-in full spectrum equalizer, and integrated amplifiers to drive the premium 8-speaker set-up. Over the years, _____ (stereo brand) has made its mark within the _____ (country of origin of stereo brand) electronics community by expanding the boundaries of audio technology.

Tagline

_____ (car brand) and _____ (stereo brand), partners for you.

VITA

Larry L. Carter, Jr., son of Mr. and Mrs. Larry Carter, was born on June 2, 1970 in Sahatsakan, Thailand. In 1997 he graduated from Virginia Polytechnic Institute and State University, earning the Bachelor of Science degree in Marketing Management. He promptly applied his business education and entrepreneurial acumen towards developing a small business in Roanoke, Virginia.

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