Brand alliances are becoming more frequent in a wide variety of industries, especially in the airline industry. In contrast to the positive effects of brand alliances on individual brands, effects of entry or even exit of brand alliance members on the brand alliance itself seem to be under researched. Against this background, the main objective of our experimental study is to gain an insight into the effects of network entry/exit on the perception of both airline brands and network brands. Our results indicate that withdrawing from an alliance can have negative effects on the consumers’ perceptions both of the airline brand and the network brand.

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The “Dark Side” of Brand Alliances: How the Exit of Alliance Members Affects Consumer Perceptions

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INTRODUCTION

Brand alliances are becoming more frequent in a wide variety of industries (Levin and Levon 2000; McCarthy and Norris 1999). Consequently, academic research in this area has expanded over the last few years (Gammoh, Voss and Chakraborty 2006). This has increased our understanding of the nature and different forms of brand alliances (Washburn, Till and Priluck 2004), and its effects on partners (Lafferty, Goldsmith, Hult 2004) and consumers (Samu, Krishnan and Smith 1999; Gammoh et al. 2006; Vaidyanathan and Aggarwal 2000; Lebar, Buehler, Keller, Sawicka, Aksehirili and Keith 2005). One of the most significant findings in brand alliance research is that an unknown brand can benefit from joining a brand ally with a favourable reputation (Rao and Ruekert 1994; Simonin and Ruth 1998; Washburn, Till, Priluck 2000). However, while such positive effects of brand alliances are currently being investigated more thoroughly (Gammoh et al. 2006), less attention is paid to the “dark side” of brand alliances that might appear, for example, if an alliance partner experiences negative feedback effects due to quality problems relating to the partner brand (McCarthy and Norris 1999) or when brand alliances fail. Nevertheless, some authors have acknowledged the negative effects that can derive from brand alliances (Hillery and Tikoo 1995; Washburn et al. 2000; Janiszewski and van Osselaer 2000). Given these potential drawbacks, brand alliances are not necessarily win/win strategies for the alliance partners (Washburn et al. 2000).

To analyze the pros and cons of brand alliances the airline industry is a prominent and generally relevant example. Almost ten years ago, Air Canada, Lufthansa, SAS, Thai Airways International and United Airlines launched the first strategic airline network, the Star Alliance. Since then, the number of such alliances has grown rapidly, reaching about 500 strategic and tactical alliances (including code share agreements) in the year 2005 (Mountford and Tacoun 2005). The three largest alliances, Star Alliance, SkyTeam Alliance, and Oneworld, account for more than 55% of all passengers travelling each year (IATA 2005; staralliance.com; skyteam.com; oneworld.com). The benefits for member airlines derive mainly from cost reduction due to economies of scale and economies of scope. This has become even more important, since the increasing price of fuel has seriously reduced airline profitability (IATA 2005). In addition, being an airline alliance member also provides potential for growth, due to the greater number of hubs for arrival and departure. Experts anticipate continuous growth, especially in China and Central Europe (IATA 2005; Dudley and Choueke). Therefore, the leading airline alliances are keen to develop their networks in these regions. SkyTeam Alliance included Aeroflot as the tenth member of its alliance in May 2006, and recently signed an agreement with China Southern Airlines indicating that the Chinese carrier is on track for official membership (skyteam.com). Japan Airlines will become part of Oneworld in April 2007 (oneworld.com) and Star Alliance has invited Air China to join their alliance (staralliance.com).

However, returning to the “dark side” of alliances, the number of examples of carriers quitting alliance agreements is growing. Star Alliance encounters severe problems in South America: Mexicana left the alliance in 2004 after their decision to end its seven-year code share agreement with Star Alliance member United Airlines (Shifrin 2003). Since then, the major Brazilian carrier Varig has been the only partner in South America. Recently, Star Alliance has coped with a possible liquidation of Varig. Due to major restructuring the Brazilian carrier is no longer a member of Star Alliance since January 2007. (staralliance.com). Alike, Oneworld experienced drawbacks, as Aer Lingus announced that they would quit the alliance in May 2006 (Dudley and Choueke 2006). As one of Oneworld’s longest-standing members, Aer Lingus responded to the fierce competition of no-frills airlines, adopted its low-cost model to survive, and therefore, was no longer able to maintain service standards required by Oneworld.

In addition to effects on operational efficiency, airline movements in and out of network alliances have an impact on customer evaluations of both airline brands and network brands, which will be subsequently defined. Against this background, the main objective of our study is to increase understanding of the effectiveness of brands in a dynamic environment such as airline alliances (Weber 2005). Therefore, the effects on consumer perceptions that occur when an alliance member quits an alliance, in comparison with the impact of a new brand joining an alliance are examined. Thus, the results of this study are relevant to both airline brand managers and managers of the network brand.

In accordance with this research objective, the paper is organized as follows. First, we briefly discuss the theoretical background to the study. Drawing on the literature, a conceptual model is introduced that links the stimulus of airlines to join/quit the Star Alliance and the impact on the brand images of both airlines and the Star Alliance. After presenting the results of the empirical test, which is based on an experimental study including 415 respondents, the paper concludes with a discussion of key findings and their managerial implications.

THEORETICAL BACKGROUND AND HYPOTHESES DEVELOPMENT

The Nature of Brand Alliances

In marketing research, brand alliances have not yet been defined consistently, since there are various different types of brand alliances. Washburn et al. (2004) have identified some of these forms of brand alliance, including joint promotions (Rao, Qu and Ruekert 1999; Blackett and Russell 1999), dual branding (Levin and Levon 2000; Saunders and Guoquon 1997) and co-branding (Levin and Levon 2000; Spethman and Benezra 1994; Shocker 1995, Hillery and Tikoo 1995). Other types can also be identified: composite branding (Park, Jun and Shocke 1996), affinity partnering (Swaminathan and Reddy 2000), complementary branding (Thompson 1998), symbiotic marketing (Varadarajan and Rajaratnam 1986), co-advertising (Bergen and John 1997), cross promotion (Varadarajan 1986), component branding (Venkatesh and Mahajan 1997) and ingredient branding (Vaidyanathan and Aggarwal 2000; Smit 1999; Norris 1992). In an earlier study,
Washburn et al. (2000) do not differentiate between joint promotion and co-branding, but define joint promotion as a co-branding strategy. It is evident that the concept of brand alliances is used quite broadly. However, it can also be used in a narrower sense, when co-branding and brand alliance, for instance, are defined synonymously (Keller 2003). In the following analysis, we use brand alliances in a broader sense. Following Aaker’s (1996) approach, brand alliances can be differentiated into horizontal brand alliances (composite branding) and vertical brand alliances (ingredient branding). Vertical brand alliances play different roles in the value chain (e.g. Intel as the supplier and Dell as the manufacturer), whereas horizontal brand alliances belong to the same industry or similar product category (e.g. Häagen-Dazs and Baileys). Against this background, airline alliances can be classified as a form of horizontal brand alliances. However, they differ from composite branding, since they involve the creation of a new “master” brand (Blackett and Russell 1999). In our study, we refer to this new “master” brand (i.e. Star Alliance) as the network brand.

**Consumer Perceptions of Network Brands**

Most recently, several studies have dealt with consumers’ evaluation of brand alliances, focusing mostly on positive effects of brand alliances on the members’ brand images (Washburn et al. 2004): Rao and Ruekert (1994) found that brand alliances can increase perceived quality of a weak brand especially in case of a service brand with an unobservable quality. In general, a second brand provides additional information for potential customers (Abratt and Motlana 2002). In this respect, the fact that the stronger brand is perceived to be willing to use its own reputation is accounted for a stronger signal of quality for a weaker brand (Rao et al. 1999, Park et al. 1996, Wernerfelt 1988). Therefore, Rao et al. (1999) propose that weak brands should join alliances of strong brands. In this case, consumers may assume that strong brands will only partner with other strong brands since managers will not risk damaging their own brand’s favourable reputation (Levin and Levin 2000). Drawing on Simonin and Ruth (1998), it can be assumed that each partner’s brand (i.e. also the strong brand) can benefit from spillover effects deriving from consumer attitudes towards the brand alliance. In contrast to these positive effects of brand alliances on individual brands, effects of entry or exit of brand alliance members on the brand alliance itself seem to be under researched.

However, also negative spillover effects might occur if two brands engage in joint branding (Hillyer and Tikoo 1995; Washburn et al. 2000). In a series of experiments, Janiszewski and van Osseelaer (2000) found that the value of one or both brands can be undermined in brand alliances, especially when novel brands join established brands. Pullig et al. (2006) state that even partners of similar product categories can harm each other if they are positioned on dissimilar attributes. But also a high degree of similarity instead does not protect brands from negative spill-overs. Dahlén and Lange (2006) found out that a brand can be affected by a crisis of another brand in the same product category. The effect is stronger the more similar the brand associations of the brand are. As Weber (2005) points out, services failures occurring with a partner of an airline might have a severe effect for the airline itself, especially if it has built up a reputation for a high service level.

**Travelers’ Perceptions of Airline Alliances**

In the case of airline alliances, network membership promises a number of additional benefits for travelers. Among the most cited ones in the literature are the extended number of connections, improved airport transfer processes and improved frequency of services (Weber 2005). Going along with increased safety standards (as a condition for membership), and the extension of frequent-flyer programs from single airlines to the entire network, it could be assumed that the utility of flying with a network member is likely to be higher than with a single airline. Nevertheless, empirical evidences of consumers’ perceptions in the specific case of airline alliances are scarce (Weber 2002). Goh and Uncles (2003) found that travelers basically are aware of most of these benefits, especially concerning improved network access and frequent flyer program advantages. In an intercultural study conducted by Weber (2005), easier transfers between flights, smoother baggage handling and one-stop check-ins were identified as most important advantages for travelers.

Drawing on signaling theory, it can be supposed that a reputable network brand can successfully signal information that a weak brand could not communicate itself (Rao and Rueckert 1994, Gammoh et al. 2006). Empirical findings on the brand-alliance phenomenon (e.g. Gammoh et al. 2006, Rao and Rueckert 1994, Rao et al. 1999, Simonin and Ruth 1998) validate this interrelation. Thus, we propose that the announcement by an airline that it will be joining a well-known, reputable network, should lead to a more positive evaluation of the airline’s brand image. However, empirical findings also suggest that established brands can be quite resistant to change (c.f. Keller and Aaker 1992; Lane and Jacobson 1997). In line with these findings, we expect the positive effect of network entry to be stronger for unknown (weak) brands than for known (strong) brands. The brand alliance, thus, will act as an endorsement for the unknown brand (Gammoh et al. 2006).

In contrast, consumers will have negative associations with an airline’s decision to exit the network. For two reasons we expect that this negative effect will be stronger in the case of a weak brand leaving the alliance: First, referring to the change-resistance-hypothesis, an exit should harm weaker brands to a greater extent than strong brands that are connected with more associations in the consumers’ minds (Keller and Aaker 1992; Lane and Jacobson 1997). Second, we assume that consumers might give the weak airline the responsibility for the decision. Attribution theory (Heider 1958, Jones and Harris 1967, Ross 1977) provides a reasonable explanation for this: Consumers attempt to understand why an airline exits a network. In attributing a cause to this event, people are subject to a fundamental attribution error: Even if external or situational factors are evident which could provide a good reason for the airline’s behavior, people tend to over-emphasize dispositional or personality-based explanations, if they do not favour the specific airline (i.e. weak airline).

**Hence, we hypothesize:**

**Hypothesis 1a:** The announcement of an airline to join the network alliance leads to a more positive evaluation of the airline’s brand image compared to the announcement of withdrawal from the alliance.

**Hypothesis 1b:** The effect of entry (exit) on the evaluation of the airline’s brand image will be more positive (negative) in the case of a weak airline brand.

In an empirical study that compares single-brand advertising and joint advertising for both a weak and a strong brand, Dahlén and Lange (2005) found that brand attitude for the weak brand is lower in the joint ad and higher for the strong brand. This relationship is tautological, because one important characteristic of a strong brand, in contrast to a weak brand, is its favorable brand attitude. Therefore, in our model, we include a direct effect of the brand’s strength on brand attitude without stating a hypothesis, but propose an interaction effect of brand strength with network entry/exit on the evaluation of the network brand. We use congruity theory (Osgood
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and Tannenbaum 1955) as a theoretical explanation of this interaction effect. According to congruity theory, attitude change occurs in the direction of increased congruity within the subject’s cognitive schema (Dean 2002). In the case of our research, we expect that the evaluation of the network’s brand image after the announcement of the airline to join (leave) the network, will depend on the strength of the airline brand. We expect a positive (negative) effect on the network’s brand image in the case of a strong airline brand deciding to join (leave) the network. The entry of an airline brand can be seen as having a positive relationship with the network brand from the consumer perspective (see Cases 1 and 3 in Figure 1).

In the case of the strong brand, consumers will try to balance their perceptions of the network brand in a favorable direction (Case 1). The striving of individuals for consistency will lead to a poorer evaluation of the network brand when a weak brand joins the network (Case 3). The same rationale is proposed for the cases when an airline decides to leave a network (Cases 2 and 4).

Hence, we propose:

Hypothesis 2a: In the case of a strong airline brand, the announcement that the airline will join (exit) the network alliance leads to a positive (negative) evaluation of the network’s brand image.

Hypothesis 2b: In the case of a weak airline brand, the announcement that the airline will join (exit) the network alliance leads to a negative (positive) evaluation of the network’s brand image.

In addition, we include flying frequency and participation in frequent flyer programs as covariates in our analysis to increase the power of the statistical tests. We expect that frequent travelers and participants of frequent flyer programs evaluate the image of the network brand more positively in all cases. Since the network provides utility especially to these groups, their attitude is likely to be more favorable than that of people who fly seldom or are not participants of a frequent flyer program.

Our conceptual model is presented as a whole in Figure 2.

FIGURE 1
Congruity Effects

(1) Airline + Network + Person (+) → (+) (3) Airline + Network + Person (-) → (-)
(2) Airline – Network + Person (+) → (-) (4) Airline – Network + Person (-) → (+)

METHODOLOGY

Sample and Data Collection

We tested our hypotheses in an online study using a web survey design. In contrast to face-to-face studies, online surveys do not require interviews to be conducted and therefore avoid interviewer effects that might be an issue in this research context (Duffy et al. 2005, p. 617). We developed an experimental fixed-factor 2x2 between-subjects research design. Our stimuli were four different fictitious scenarios which presented randomly to the participants as articles in a well-known and reliable German newspaper:

Air France/ Aeroflot joins/ exits Star Alliance. As announced by officials in Frankfurt yesterday, Air France/ Aeroflot has become a member/ is no longer a member of Star Alliance. Star Alliance was founded in 1997, and currently has 17 members. Air France/ Aeroflot is an international airline which runs daily flights from 5 German airports to over 100 destinations.

Two company brands from the airline sector (Air France vs. Aeroflot) and its membership status of Star Alliance (Exit vs. Entry)–as the largest and most prominent airline alliance with a market share of about 25 % (IATA 2005; staralliance.com)–were selected as independent variables. Network brand image and airline brand image were selected as the dependent variables. As stated, the tautological link–brand image as both the independent and the dependent variable–is not part of the study.

The sample was derived from an existing list of registered users of an online research portal which consists of more than 5,000 individuals who have registered their personal information (including email addresses). Invitations for participation in this study were sent out to 2,000 individuals, especially students in order to control the sample’s homogeneity. A number of prizes were drawn in a small lottery, to ensure a high response rate. We collected data from 415 German respondents, equaling a response rate of 20.8 %, but had to eliminate questionnaires in which extensive data were missing. Almost 97 percent of all respondents had flown at least
once. The remaining 3 percent were retained for the analysis, since, in general, brand evaluations do not require brand experience. In contrast, brand awareness is an essential condition with respect to consumers’ attitudes towards an airline brand. Respondents who did not recognize any or at least one of the examined airlines were excluded from the following analysis. Cell sizes over the four stimuli combinations ranged from 93 to 99. In order to reach an equal cell size for the MANCOVA analysis, some questionnaires were eliminated randomly, finally leading to a cell size of 93 for each stimulus and 372 in total. Most of the Germans respondents were either students (43 percent) or white-collars (42 percent), 5 percent were freelancers, 3 percent unemployed, 0.5 percent were housewives and 4 percent retired people, others accounted for 2.5 percent. The average age was 31.12 years; 58.3 percent were male, 39 percent were female (missing values: 2.7 percent). To check for possible biases due to heterogeneity across the four cells, the distribution of respondents’ characteristics (age, participation in frequent flyer program, frequent flyer) was compared, revealing no significant differences in cell structure. A comparison of late and early respondents ruled out the possibility of non-response bias on the basis of response to a number of variables (age, flight experience and frequency, and means of dependent constructs).

Questionnaire Development and Pretesting

In order to measure respondent perceptions with regard to airline brand image and airline network image, we generated a pool of sample measures based on a literature review. The items were pretested on a sample of 35 German undergraduate management students. These subjects did not participate in the following online survey. The respondents did not indicate any problems with respect to question content, wording, format, or layout.

In order to differentiate between strong and weak brands in an airline context, we conducted a pilot study. The examined airlines had to meet two main criteria: high level of recognition, and no association with a specific airline alliance. Indeed, Air France is a member of SkyTeam AllianCe but barely associated in this context by German consumers. Aeroflot has also been a member of the same alliance for a short period of time. However, they joined SkyTeam after the survey was conducted. As the main result, Air France was evaluated as the strong, Aeroflot as the weak brand. Additionally, we found out that Star Alliance had a favorable network brand image.

Measurement

We measured attitude-related variables with multi-item scales. We took 5 items that are regularly used in the literature (e.g. Keller 1993, Mitchell 1986) to measure both the general image of the airline brand and the network brand (brand image: $\alpha=.889; \rho_c=.895; \text{VE}=.682$; network image: $\alpha=.912; \rho_c=.915; \text{VE}=.731$). As covariates, participation in a frequent flyer program and flight frequency is included. All items except the dichotomously coded covariates were measured on 7-point-Likert-type scales, with anchors of 1=strongly disagree and 7=strongly agree.

The measurement reliability of the reflective constructs brand image and network image, was examined through a confirmatory factor analysis following an explorative factor analysis, each with half of the sample (n=208, 207 respectively). It can be noted that composite reliabilities for the three reflective constructs exceed 0.6, the generally recommended threshold (Bagozzi and Yi 1988). Moreover, discriminant validity between the constructs is given, since none of the squared correlation coefficients between any of the constructs exceeds the average variance extracted for a construct (Fornell and Larker 1981).

RESULTS

A manipulation check verified that subjects evaluated Air France more favorably (MV=4.95; SD=1.37) than Aeroflot (MV=3.09; SD=1.53), indicating a difference significant at below the 1% level. For the entry-exit variation, a manipulation check was not carried out due to its dichotomous nature. The effects of brand and network entry/exit on the dependent constructs were tested by conducting a MANCOVA. Two covariates (participation in a frequent flyer program and flight frequency) are included in the model. We use factor scores as values for the dependent constructs.

We checked for the required assumptions discussed in the existing literature (e.g. Tabachnik/Fidell 2001).

Results of the MANCOVA indicate significant main effects and a significant interaction effect. The influence of the covariate
"participation in frequent flyer program" is also significant. The effect of the covariate "flight frequency" is not significant and thus will not be analyzed below.

We conducted Follow-Up-ANCOVAs to determine the effect of the stimuli and covariates on each dependent construct. Following Cohen (1988), the strength of the effects is small (only "partici-
The "Dark Side" of Brand Alliances: How the Exit of Alliance Members Affects Consumer Perceptions

Participation in frequent flyer program yields the 5.9% level of a middle-sized effect. As can be seen from Table 4, the main effect of network entry/exit is significant for the airline brand image. The effect is small (Eta-Square of 1.4%). The image of the network brand (Star Alliance) is influenced by an interaction effect (airline brand * network entry/exit, Eta-Square: 1.5%). In contrast to our proposition in H1b, we did not find a significant interaction effect on the airline image. Therefore, H1b must be rejected. Participation in a frequent flyer program influences both dependent constructs with a small effect on airline brand image (Eta-Square: 1.7%) and a moderate effect on network brand image (Eta-Square: 7.8%).

Lastly, we conducted post-hoc tests to determine whether the hypothesized effects work in the proposed direction. As depicted in Table 5, the statistically different factor score means of the airline brand confirms the choice and classification of the brands as "strong" (Air France) and "weak" (Aeroflot). Network entry/exit has a significant main effect on airline image. The announcement that the airline joins the network alliance leads to a more positive evaluation of the airline's brand image than the announcement of withdrawal. This finding confirms our hypothesis H1a. Since the image of the network brand is influenced by an interaction effect, network entry/exit must be analyzed in both cases for (1) a strong brand and (2) a weak brand. The image of the network brand benefits (.11) (suffers, -.14)) significantly from the decision of a strong airline brand to join (leave) the network. In the case of a weak brand, an entry into the alliance leads to a poor evaluation of the network brand (-.07), in contrast to the announcement of withdrawal (.08). However, the differences are not statistically significant. Therefore, H2a can be accepted while H2b must be rejected.

IMPLICATIONS, LIMITATIONS, AND FUTURE RESEARCH

Networks of independent service companies have increased in importance over the last few years. Given the dynamics of such networks (Weber 2005), the purpose of this study was to gain an insight into the effects of network entry/exit on the perception of service brands and of the network brand in the airline industry. Our results indicate a significant positive (negative) main effect of an announcement of a strong brand’s network entry (exit). This finding is important for airline brand management. Since some conflicts among network partners or strategy shifts (e.g. in the case of Aer Lingus) are likely to occur over time, the airline should be aware that the decision to withdraw from an alliance has negative effects on the consumers’ perceptions of the airline brand. Communicating the reasons for withdrawal could diminish the image loss, depending, of course, on the nature of these reasons. If consumers understand and accept the reasons for an exit from an alliance (e.g. adoption of a “no-frills” strategy that does not leave room for standards like business class seats, that are required by an alliance), a negative impact (e.g. perceived lack of quality) of the specific airline is less likely.

### Table 4
Results of Follow-up Ancovas

<table>
<thead>
<tr>
<th>Factor</th>
<th>Airline Brand Image (adj. R²=29.1%)</th>
<th>Network Brand Image (adj. R²=9.4%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airline Brand</td>
<td>115.203*** (27.2%)</td>
<td>.215 (0.1%)</td>
</tr>
<tr>
<td>Network Entry/Exit</td>
<td>4.421** (1.4%)</td>
<td>.670 (0.2%)</td>
</tr>
<tr>
<td>Airline Brand x Network</td>
<td>.181 (0.1%)</td>
<td>4.730** (1.5%)</td>
</tr>
<tr>
<td>Network Entry/Exit</td>
<td>5.204** (1.7%)</td>
<td>26.098*** (7.8%)</td>
</tr>
<tr>
<td>Participation in FF Program</td>
<td>2.774* (0.9%)</td>
<td>1.323 (0.4%)</td>
</tr>
</tbody>
</table>

F-Values (η² in Percent) of Follow-Up-ANCOVAs; ***p<0.01; **p<0.05; *p<0.1.

### Table 5
Results of Post-hoc-tests

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Airline Brand</th>
<th>Network Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Brown-Forsythe</td>
<td>MV (SD) Strong</td>
</tr>
<tr>
<td>Airline Brand Image</td>
<td>126.221***</td>
<td>.50 (.81)</td>
</tr>
<tr>
<td>Network Brand Image (interaction effect)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strong brand</td>
<td>2.774*</td>
<td>.11 (.98)</td>
</tr>
<tr>
<td>Weak brand</td>
<td>.747</td>
<td>-.07 (1.06)</td>
</tr>
</tbody>
</table>

***p<0.01; **p<0.05; *p<0.1; MV=Mean Value; SD=Standard Deviation
Moreover, the interaction effect of the entry (exit) decision with a strong airline brand on the image of the network brand indicates that the network brand image is much more fragile when a strong brand announces a membership change. While the entry of a strong brand leads to an improved evaluation of the network brand, the opposite occurs in the case of a weak brand. However, the effects in case of a weak brand are smaller. This means that the network brand image is more resistant if smaller airlines change their network membership status, probably because the network brand is associated with stronger brands in the minds of consumers. Therefore, the network brand management must avoid the loss of strong brands, in order to maintain the reputation of the network. This might be especially critical when the considering brand is the only partner in a certain market (e.g. Varig). In the case of a weak brand, network brand management can demand rigorous terms and conditions, without the risk of harming the network brand in case of withdrawal. This finding is somewhat critical for the brand management of weaker airlines. In the long run, especially participants of frequent flyer programs will expect the airline to be part of an alliance as a qualifying criterion (Dudley and Choueke 2006). This fact will put pressure on smaller airlines that have not decided to join a network yet but also do not want to operate as a “no-frills”-airline. Therefore, building of alliances might be only an intermediate step toward a further consolidation in the airline industry.

Our findings may be relevant as well for other forms of alliances, e.g. participating companies in loyalty card programs (e.g. payback, a loyalty program with more than 18 participating retailers and other companies in Germany). Smaller partners may--in the long run--in fact face the same negative consequences on their brand image when deciding to leave the loyalty program.

Further research should focus on communication strategies for brands in the case of an exit from a network. Attribution theory (Settle and Golden 1974) and congruity theory (Osgood and Tannenbaum 1955) could provide a suitable theoretical basis for experimental studies related to this problem. Additionally, the influence of a change in network membership status on other brands in the network could be analyzed. Especially for strong brands in their domestic markets, there is a potential risk that their superior brand image is transferred (partly) to the network brand and, over the long run, transferred to weaker brands. Because network alliances generally suffer from a lack of control, such strengthened brands constitute a threat if they change to another network. The long-term effects of image transfer from strong partner brands to the network should be analyzed longitudinally. Furthermore, replications with different brands in different service industries and consumer segments are needed to confirm our findings. Finally, brand image as an attitudinal construct, should not be the only dependent variable. Factors that influence the brand image of both companies and networks like alliance orientation (Kandemir, Yaprak and Cavusgil 2006) and outcome variables like market performance should be analyzed in a multi-level setting.

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