Successful Brand Alliance and Its Negative Spillover Effect on a Host Brand: Test of the Cognitive Response Hypothesis

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Successful Brand Alliance and Its Negative Spillover Effect on a Host Brand: Test of Cognitive Responses

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ABSTRACT

The current research demonstrates that a high-favorability host brand can benefit from co-branding with a moderate-favorability partner brand due to greater (fewer) positive (negative) cognitive responses. By contrast, a moderate-favorability host brand can enhance the evaluation of its co-branded product by partnering a high-favorability partner because the partner brand can facilitate more positive cognitive responses while blocking cognitive responses. We also found that a high-favorability partner brand may do more harm than good to a moderate-favorability host brand’s new product because the partner brand does not block the activation of counter-arguments after co-branding is terminated.

INTRODUCTION

Brand alliance, defined as the situation in which two or more brands are joined together in some fashion (Rao, Qu, and Ruekert 1999; Rao and Ruekert 1994; Simonin and Ruth 1998), provides means to examine the effects of brand equity on consumer reaction to brand combinations. Several empirical studies on brand alliance have documented mostly positive effects of brand alliance on consumer brand evaluations. Rao and Ruekert (1994), for example, have claimed that brand alliance allows consumers to assume that high-quality products will only partner with other high-quality products. Brand alliance triggers the transfer of positive affect from the high-quality brands to the low-quality brands (Levin, Davis, and Levin 1996), improves the image of one or the other partners and signals greater product quality (Park, Jun, and Shocker 1996), and conveys information about the quality of a product even when its quality has not or cannot be observed (Rao et al. 1999). Relatedly, Simonin and Ruth (1998) demonstrate that an attitude toward a co-branded product influences subsequent impressions of each partner’s brand such that positive spillover effects emerge.

The current research, however, maintains that partnering with high-quality brands may do more harm than good to host brands. Sternthal, Phillips, and Dholakia (1978), for example, have demonstrated that individuals who are favorably predisposed to message appeal are more persuaded by a moderate-credibility than a high-credibility message source because individuals are not highly motivated to retrieve thoughts that are presumably positive or the high-credibility source may engender a feeling that the position is adequately represented and thus no more support argumentation is necessary when the high-credibility message source advocates a view that individuals initially favor. In contrast, individuals freely generate and rehearse their own repertoire of thoughts as well as those included in the message when a moderate-credibility source endorses the message. However, a high-credibility message source exerts a greater persuasive impact on attitudes of message recipients with a negative initial opinion toward an advocated issue because the high credibility blocks the retrieval and rehearsal of counterarguments (Sternthal, Dholakia, and Leavitt 1978; Sternthal et al. 1978). For example, Voss and Tansuhaj (1999) find that consumer evaluation of an unknown brand from another country becomes more positive when it partners with a well-known domestic brand. Drawing on the cognitive response theory, we thus hypothesize that consumer evaluation of a co-branded product will be moderated by the degree of a partner brand’s favorability in the brand alliance context.

Regarding the spillover effect of brand alliance, Keller and Aaker (1992) maintain that a prior, successful extension increases consumer evaluation of not only a proposed brand extension but also of a core brand itself. By contrast, a poor brand extension dilutes consumer evaluation of a core brand (Loken and Roedder John 1993; Sullivan 1990). Considering a brand alliance between a moderate-favorability host brand and a high-favorability partner brand, one would expect a positive spillover of the brand alliance on a host brand to emerge because consumer evaluation of a co-branded product between these two brands becomes positive based on the cognitive response account. We hypothesize, however, that negative cognitive responses will be activated once the host-brand does not carry the high-favorability partner brand any more, resulting in a contrast effect, a negative spillover effect of the brand alliance. To test these hypotheses, we conduct an experiment in which the favorability of a host and that of a partner brand are varied to examine their impact on consumer evaluation of the brand alliance and its spillover effect on the host brand’s new product.

BURBERRY AND LOUIS VUITTON STUDY

Overview of the Study

The objectives of the current research were twofold. First, we intended to investigate how a host brand’s favorability and a partner brand’s favorability would influence the evaluation of their co-branded product. Second, we aimed to examine whether or not the favorability of the co-brand evaluation would help or hurt the evaluation of the host brand’s new product launched after their brand alliance is terminated. Toshiba and Sony were chosen as representing a moderate- and a high-favorability host brand respectively, and Burberry and Louis Vuitton were selected as representing a moderate- and a high-favorability partner brand respectively.

Method

Participants and Design. Two-hundred and ten adults participated in this experiment for a cyber-money gift certificate. Of 210 participants, females were 102 (51.9%), and their mean age was 32.3 years old. Their occupation were undergraduates (27.6%), graduates (6.2%), businessmen (58.6%), and self-employed and housewives (7.6%).

The current research employed a 2 (host brand’s favorability: Toshiba or Sony) x 2 (partner brand’s favorability: Burberry or Louis Vuitton) between-subjects design in which Toshiba (Sony) represents a moderate (high) favorability host brand, and Burberry (Louis Vuitton) represents moderate (high) favorability partner brand.

Procedure and Measures. At the beginning of the experiment, participants were asked to read a product description about either a Toshiba’s or a Sony’s new laptop partnered with either Burberry or Louis Vuitton. As shown in the appendix, participants were shown the color pictures of the co-branded laptop including one standard interior cut and one exterior cut embroidered with the partner brand’s prototypical patterns and colors. In addition, identical hardware specifications such as CPU, memory, hard disk, and LCD size were provided across all treatment conditions. Next, participants were asked to evaluate the co-branded laptop on the following...
six seven-point bi-polar items: dissatisfied-satisfied, unfavorable-favorable, dislike-like, unreliable-reliable, unappealing-appealing, and unattractive-appealing. These six items were loaded on a single factor and were averaged to form a reliable co-brand’s evaluation index (α=.92). Right after the evaluation of the co-branded laptop, participants were asked to list their thoughts about the co-branded laptop, which were coded and categorized into positive, neutral, and negative thoughts by three independent judges.

Next, participants were told that either Toshiba or Sony would launch this new laptop of its own, and were shown its pictures that did not vary across the treatment conditions except for brand logos. Participants were then asked to evaluate the host brand’s new laptop on the identical bi-polar items to the co-branded laptop. Again, the six evaluative items were averaged to form a reliable host brand evaluation index (α=.92). After participants evaluated the host brand’s new laptop, they were asked to list their thoughts about the laptop. Participants were then asked to evaluate the partner brand on the following eight seven-point scale items (1=not at all, 7=very much): interested, attention-getting, familiar, preferred, aspiring, luxurious, unique, and valuable. These eight evaluative items were also averaged to form a reliable evaluation index for the partner brand (α=.95). Last, participants’ prior attitude toward the host brand was evaluated on the same bi-polar items used for the co-branded and the host brand laptop. Again, these six evaluative items were averaged to form a reliable prior attitude index toward the host brand (α=.93). Participants were then debriefed and thanked.

Results and Discussion

Manipulation Checks. A 2 (host brand’s favorability) x 2 (partner brand’s favorability) ANOVA was conducted to check participants’ prior attitude toward the host brand and their evaluation of the partner brand. Our analysis first yielded a significant main effect of the host brand on the prior attitude toward the host brand, indicating that participants preferred Sony (M=5.0) to Toshiba (M=4.5, F(1, 185)=10.02, p<.01). Our analysis also found that participants evaluated Louis Vuitton (M=4.7) more favorably than Burberry (M=3.4, F(1,183)=62.95, p<.001).

Co-Brand and Host Brand Evaluation Indices. First, the analysis conducted a 2 (host brand’s favorability) x 2 (partner brand’s favorability) ANOVA on the evaluation index for the co-brand. As shown in figure 1, the analysis only yielded a significant host-partner brand interaction (F(1,206)=18.05, p<.001), suggesting that participants evaluated the Toshiba-Louis Vuitton laptop (M=5.1) more favorably than the Toshiba-Burberry laptop (M=4.6, t(104)=2.67, p<.01). By contrast, participants preferred the Sony-Burberry laptop (M=5.4) to the Sony-Louis Vuitton laptop (M=4.7, t(102)=3.33, p<.01).

Second, a 2 (host brand’s favorability) x 2 (partner brand’s favorability) ANOVA on the evaluation index for the host brand’s new laptop was conducted. As figure 2 indicates, the analysis yielded a significant main effect of the host brand, suggesting that participants liked the Sony’s laptop (M=4.9) more than the Toshiba’s (M=4.6, F(1, 206)=5.1, p<.05). The analysis also revealed a significant host-partner brand interaction (F(1,206)=6.2, p<.05), demonstrating that participants evaluated the Sony’s new laptop more favorably after exposure to the Sony-Burberry’s laptop (M=5.2) than the Sony-Louis Vuitton’s laptop (M=4.8, t(102)=2.65, p<.01), whereas no significant difference was found for the Toshiba’s own laptops.

Spillover Effect of Co-Branding on the Host Brand Evaluation. Consistent with Simonin and Ruth (1998), the analysis offered strong support for the spillover effects of co-branding on the hostbrand evaluation except for the Toshiba-Louis Vuitton condition. As shown in figures 1 and 2, participants’ evaluations of the Toshiba’s and the Sony’s new laptops were assimilated to their prior evaluations of the Toshiba-Burberry, the Sony-Burberry, and the Sony-Louis Vuitton co-branded laptops. However, the analysis found a contrast between the Toshiba’s own laptop (M=4.7) and the Toshiba-Louis Vuitton’s laptop (M=5.1, t(52)=2.45, p<.05). To further examine the underlying cognitive mechanism of the spillover effects, we analyzed participants’ cognitive responses next.

Test of the Cognitive Response Hypothesis. First, our analysis demonstrated significant host-partner brand interactions for positive thoughts (F(1, 204)=23.64, p<.001) and negative thoughts (F(1,
204)=27.48, p<.001) for the co-brand evaluation. As table 1 shows, the findings suggested that participants generated more positive (M_{POSITIVE}=.147) and fewer negative thoughts (M_{NEGATIVE}=.18) for the Toshiba-Louis Vuitton laptop than for the Toshiba-Burberry laptop (M_{POSITIVE}=.89, t(102)=3.28, p<.01; M_{NEGATIVE}=.74, t(102)=3.36, p<.01, respectively). By contrast, participants generated more positive (M_{POSITIVE}=.160) and fewer negative thoughts (M_{NEGATIVE}=.14) for the Sony-Burberry laptop than for the Sony-Louis Vuitton laptop (M_{POSITIVE}=.91, t(102)=3.59, p<.01; M_{NEGATIVE}=.67, t(102)=4.28, p<.01, respectively).

On the other hand, only a significant main effect of the partner brand on negative thoughts emerged for the evaluation of the host brand’s new laptop (F(1, 204)=5.77, p<.05), suggesting that participants generated more negative thoughts when two host brands, Toshiba and Sony, did not carry the Louis Vuitton (M=.50) name than when they did not carry the Burberry brand name (M=.28). These findings were considered providing empirical support for the cognitive response hypothesis such that a moderate-favorability partner brand (Burberry) prompted greater elaboration of positive thoughts when partnered with a high-favorability host.

### TABLE 1

<table>
<thead>
<tr>
<th>Partner brand</th>
<th>Louis Vuitton</th>
<th>Burberry</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Host brand</strong></td>
<td>Co-brand’s</td>
<td>Host brand’s</td>
</tr>
<tr>
<td>Toshiba</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive</td>
<td>1.47 (.14)</td>
<td>1.00 (.12)</td>
</tr>
<tr>
<td>Neutral</td>
<td>.16 (.06)</td>
<td>.13 (.05)</td>
</tr>
<tr>
<td>Negative</td>
<td>.18 (.05)</td>
<td>.46 (.11)</td>
</tr>
<tr>
<td>Sony</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive</td>
<td>.91 (.12)</td>
<td>.96 (.11)</td>
</tr>
<tr>
<td>Neutral</td>
<td>.19 (.07)</td>
<td>.30 (.08)</td>
</tr>
<tr>
<td>Negative</td>
<td>.67 (.11)</td>
<td>.54 (.10)</td>
</tr>
</tbody>
</table>
brand (Sony), whereas a high-credibility partner brand (Louis Vuitton) generated greater positive thoughts and blocked the activation of negative thoughts when partnered with a moderate-favorability host brand (Toshiba). Of particular, when a moderate-favorability host brand (Toshiba) introduced its own brand after the co-branded product with a high-credibility partner brand (Louis Vuitton), the deactivated negative thoughts were released, resulting in a negative spillover, the contrast effect.

SUMMARY AND CONCLUSION

The current research has successfully tested and supported the cognitive response hypothesis that the high-favorability host brand can benefit from co-branding with the moderate-favorability partner brand because greater (fewer) positive (negative) cognitive responses are generated. By contrast, the moderate-favorability host brand can enhance the evaluation of its co-branded product by partnering with the high-favorability partner brand because its partner brand can facilitate more positive cognitive responses while blocking the activation of negative cognitive responses. The current research has also shown that the evaluation of the high-favorability host brand may backfire when co-branding a high-favorability partner brand because individuals generate more counter-arguments than supporting arguments. From the managerial standpoint, these findings suggest that marketers for moderate-favorability host brands should keep in mind that high-credibility partner brands both help and hurt their brand. In addition, marketers for high-favorability host brands should be reminded that teaming-up with equally high-favorability partner brands may do more harm than good in certain conditions. From the theoretical standpoint, the current research contributes to brand alliance research in that the underlying cognitive mechanisms of consumer evaluation of co-branding and its spillover effects are identified. Also, the current research has provided further empirical support for the cognitive response such that the favorability of a partner brand either enhance or undermine consumer evaluation of brand alliances. However, the current research is limited in that the role of cognitive resources is not taken into consideration. Individuals with lack of cognitive resources, for example, low-involvement individuals may prefer a high-favorability host and partner brand because their thought generations are restricted and thus use a brand-name heuristic.

REFERENCES


APPENDIX

EXPERIMENTAL STIMULI

(a) Toshiba-Burberry Co-Branded Laptop

TOSHIBA-BB-1

CPU: Intel Core2 Duo Santarosa T7700 (2.4GHz)
RAM: 2GB DDR2 667 SDRAM
L2 CACHE: 4MB
LCD: 14.1" TFT
RESOLUTION: WXGA+ (1,440 x 900)
VGA: Intel GMA X3100
VRAM: 128MB
HDD: 120GB (SATA, 5,400rpm)
OPTICAL DRIVE: DVD+RW
WIRELESS LAN: 802.11a/b/g/n
WEIGHT: 5.9 lbs
PRICE: 2,150,000 (Won)

(b) Sony-Louis Vuitton Co-Branded Laptop

SONY-LV-1

CPU: Intel Core2 Duo Santarosa T7700 (2.4GHz)
RAM: 2GB DDR2 667 SDRAM
L2 CACHE: 4MB
LCD: 14.1" TFT
RESOLUTION: WXGA+ (1,440 x 900)
VGA: Intel GMA X3100
VRAM: 128MB
HDD: 120GB (SATA, 5,400rpm)
OPTICAL DRIVE: DVD+RW
WIRELESS LAN: 802.11a/b/g/n
WEIGHT: 5.9 lbs
PRICE: 2,150,000 (Won)

(c) Toshiba’s Own Laptop

TOSHIBA Satellite S40

CPU: Intel Core2 Duo Santarosa T7700 (2.4GHz)
RAM: 2GB DDR2 667 SDRAM
L2 CACHE: 4MB
LCD: 14.1" TFT
RESOLUTION: WXGA+ (1,440 x 900)
VGA: nVIDIA Quadro NVS 140M
VRAM: 256MB
HDD: 160GB (SATA, 5,400rpm)
OPTICAL DRIVE: DVD+RW
WIRELESS LAN: 802.11a/b/g/n
WEIGHT: 5.6 lbs
PRICE: 2,300,000 (Won)

(d) Sony’s Own Laptop

SONY VAIO S40

CPU: Intel Core2 Duo Santarosa T7700 (2.4GHz)
RAM: 2GB DDR2 667 SDRAM
L2 CACHE: 4MB
LCD: 14.1" TFT
RESOLUTION: WXGA+ (1,440 x 900)
VGA: nVIDIA Quadro NVS 140M
VRAM: 256MB
HDD: 160GB (SATA, 5,400rpm)
OPTICAL DRIVE: DVD+RW
WIRELESS LAN: 802.11a/b/g/n
WEIGHT: 5.6 lbs
PRICE: 2,100,000 (Won)