Evaluation of brand alliances between an international brand and a native brand: The Moderating Effects of Branding Order and Consumer Ethnocentrism

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Abstract

A field experiment was conducted to investigate how consumers evaluate international brand alliances (IBA) between an international brand and a native brand. This study supports the moderating effects of both brand order and consumer ethnocentrism (CET) on the relative contributions of international vs. native partner brand attitudes to the attitude towards international brand alliance (IBA). The brand appearing first in the IBA has stronger effect on attitudes towards IBA regardless of its being a native or international brand. It also finds that the effects of partner brand attitudes on IBA attitude are also subject to the level of CET. CET enhances the effect of native brand attitude unconditionally and attenuates the effect of international brand attitude on IBA attitude, only when international brand fit is low. The brand order effect is further moderated by CET. For native brand attitude, brand order effect exists unconditionally. But for international brand, the brand order effect exist only when CET is low and fit is high, or when CET is high and fit is low. These results offer managerial implications for both international and native marketers. It is advisable to strategically consider the sequence of partner brand names in an IBA. And such decision should be made based on the relatively desired levels of contributions from individual partner brands’ equities to the alliance.

Key words: brand alliances; international brand alliances; branding order; brand attitude; consumer ethnocentrism.
1. Introduction

Various brand naming strategies can be used to launch new products into an international market. These strategies include direct brand extension of an existing brand to the new product, introducing a new brand for the new product, and partnering with a local brand (or another international brand) to establish a brand alliance for the new product. Partnering with native brands has the benefits of quickly gaining trust, overcoming the psychological barrier (e.g., consumer ethnocentrism), local knowledge, expertise & know-how, established distribution channels, native brand’s brand value and category reputation, etc. Similarly, for a native brand, partnering with an international brand to launch a new product is also a viable strategy, since local brand can also benefit from international brand’s global reputation, expertise and know-how, etc.

One key unexplored issue on international brand alliance is how such branding strategy can affect the initial formation of consumer attitude towards the product associated with the brand alliance. There are two main approaches to combine international and native brands. The first one is A-B, such as the cases of Sony-Ericson and HP-Compaq, and the second one is composite branding (A product by B). Previous research has examined composite branding (Park, Jun, & Shocker, 1996) and ingredient co-branding, such as ‘Intel inside’ (Desai & Keller, 2002; Venkatesh & Mahajan., 1997), the present study focuses on the case of A-B.

When two brands join together to form an A-B international brand alliance, one of the major issues is to decide the sequence of partner brand names appearing in the alliance. For example, in the brand alliance between Sony and Erickson, should the alliance be named Sony-Erickson or Erickson-Sony? It is important to know how such brand ordering affects the initial formation of consumer attitude towards a brand alliance, since it can have significant implications for managerial decision on naming a brand alliance. Little guidance exists in the literature on this issue.

The present study aims to shed new insights on how brand order (sequence of partner brand names in the alliance) influences the transfer of individual brand attitudes (international and native brands) to brand alliance attitude. Although previous research has confirmed the positive effect of attitudes toward partner brands on brand alliance attitude (Lafferty & Goldsmith, 2005; Lafferty, Goldsmith, & Hult, 2004; Rao, Qu, & Ruekert, 1999; Rao & Ruekert, 1994; Simonin & Ruth, 1998; Washburn, Till, & Priluck, 2004), little is known on the determinants of the relative contributions of different partner brands to brand alliance attitude. For an international brand alliance, the transfer of partner brand attitudes to the brand alliance does not depend only on the brand name ordering, but also on other factors, such as consumer ethnocentrism (CET). The results of our study suggest that the transfer of attitudes toward partner brands to the international brand alliance is moderated by both brand order (i.e. the sequence of individual brand names) of the alliance and consumer ethnocentrism (CET). Specifically, the brand appearing first in the IBA has stronger effect on attitudes towards IBA regardless of its being a native or international brand. It also finds that the effects of partner brand attitudes on IBA attitude are also subject to the level of CET. CET enhances the effect of native brand attitude unconditionally and attenuates the effect of international brand attitude on IBA attitude, only when international brand fit is low. The brand order effect is further moderated by CET. For native brand attitude, brand order effect exists unconditionally. But for international brand, the brand order effect exist only when CET is low and fit is high, or when CET is high and fit is low.

2. Literature review and hypotheses development

2.1. Brand alliances

Brand alliances have become a popular brand strategy in practice and are gaining increasing academic attention. Compared to direct brand extensions or introduction of new
brands, brand alliances offer the benefits of a) multiple quality and image endorsements and b) complementary brand affects and associates for the new products. As noted by (Rao & Ruekert, 1994), a brand partner can signal incremental product quality, because a brand alliance conveys the message that only a high quality brand can be combined with another high quality brand. There are three major themes of research in this growing body of literature: effects on brand alliances, effects of brand alliances and international brand alliances. Studies on the effect on brand alliances focus on the various factors influencing the formation of attitude towards the newly formed brand alliances (Lafferty, et al., 2004; Park, et al., 1996; Voss & Gammoh, 2004; Washburn, Till, & Priluck, 2000). For example, Washburn et al.’s (2004) study examines the effect of customer-based brand equity of partner brands on the evaluation of a brand alliance and the evaluation of the search, experience and credence attribute performance of the alliance brand. Voss and Gammoh (2004) examine how brand evaluation of the focal unknown brand can be enhanced by adding one more ally to the brand alliances. Desai and Keller (2002) find that cobranding ingredient (as compared to self-branded ingredient), in general, facilitates initial brand extension acceptance; whilst Venkatesh and Mahajan (1997) warn that products with branded components need not necessarily lead to better price premium if there exists incongruity between branded components or domination of one of the components over another.

Research on the effects of brand alliances examines the spillover effects of brand alliances on subsequent attitudes towards the partner brands (Gammoh, Voss, & Chakrabarty, 2006; Lafferty & Goldsmith, 2005). Lafferty and Goldsmith (2005) investigate how cause-brand alliances influence both the causes and the brands respectively. They find that forming an alliance with a familiar brand improves the image of an unfamiliar cause, but not a familiar cause; whereas forming an alliance with a cause improves brand attitude regardless of the cause’s familiarity. Some studies examined both the effects of and on brand alliances at the same time. Simonin and Ruth (1998) examine how brand alliances attitudes are affected by partner brands’ attitudes and familiarities, and how brand alliances attitudes produce spillover effects on subsequent partner brands attitudes. In addition, Votola and Unnava (2006) investigate how one partner’s negative behavior (immorality vs. incompetence) affects the other partner brand. Gammoh et al.’s (2006) study demonstrates how levels of cognitive elaboration and message argument strength of a reputed brand partner affect consumers’ evaluation of an unknown brand.

International brand alliances are common phenomena nowadays (Cooke & Ryan, 2000). For example, in the airline and loyalty program industries, there are international brand alliances such as Sony-Ericson, HP-Compaq, oneworld alliances, Star alliances, Nectar, Airmiles, and etc.. Besides conventional benefits of brand alliances (e.g. quality signal), international brand alliances offer extra benefits such as ease of international market entry (Abratt & Motlana, 2002), immediate brand awareness and equity for local customers (Voss & Tansuhaj, 1999), and leverage of country of origin images (Bluemelhuber, Carter, & Lambe, 2007). International brand alliances also have the potential advantage of alleviating the effect of native consumers’ ethnocentric tendency in their responses to international brands.

The above review of literature on (international) brand alliances suggests that research on the following two areas is rather thin: (a) the effect of brand naming sequence (brand ordering) on brand alliance attitude and (b) brand alliances at an international context. Although brand attitudes are transferable across different brand categories in the context of brand alliances, it is not clear how they are transferable with different brand strategies, such as different sequences of partner brands. The extant literature is thin on this issue. The present study aims to fill such a gap by exploring the moderating effects of brand ordering and
consumer ethnocentrism (CET) on the effects of partner brand attitudes on the attitude towards international brand alliances.

2.2. Brand order and the effect of partner brand attitude

Prior research finds that attitudes towards partner brand influence attitude towards brand alliances (Lafferty, et al., 2004; Park, et al., 1996; Rodrigue & Biswas, 2004; Simonin & Ruth, 1998). In the case of international brand alliances, such positive effect could also exist. An important issue of brand alliances is brand ordering – the sequence of partner brand names that appear in the brand alliances. Research on brand ordering of brand alliances is rare with exception of a study by Park et al. (1996) on composite brand extension. Composite brand extension which involves combining two existing brand names to create a composite brand name in the form of Brand A – product- by Brand B. According to concept specialization model in the composite concept literature (Cohen & Murphy, 1984; Murphy, 1988), when two nouns are combined (in the case of brand alliances, two brand names) the noun on the right side represents the modified concept (the header) whereas the noun on the left represents a modifying concept (modifier). Park et al.’s (1996) study finds that the attribute of the partner brand in the header (Brand A) position than in the modifier (Brand B) position has stronger impact on composite brand extension attitude.

Yet there are some differences between composite brand extension and the type of brand alliances this paper refers to. First, composite brand extension clearly indicates the ownership/producer of the product ‘…by Brand B’. Unlike composite brand extension, brand alliances (i.e. Brand A + Brand B – product) do not assume ownership of the product, but could imply status or significance of partner brands to the alliances via the sequence of their brand names appearing in the alliances. Second, composite brand extension suggests explicitly the header and modifier in the composite concepts (Brand A as the header and Brand B as the modifier); whist brand alliances, in the case of Brand A + Brand B, do not. When two equal brands are presented together like A-B, the effect of header vs. modifier does not hold. Instead, it (A-B) could indicate the relative powers, responsibilities and controls of the partner brands over the alliance. When a brand alliance is established due to a joint venture or a merger, it is normal practice that the brand of the party with stronger power and dominance would precedes the brand of the other party. In the case of Sony-Ericsson handset, Sony would be perceived having more control and power over the handset. Power and control are associated with responsibility. Thus the preceding brand would be perceived more responsible for the performance (e.g. quality) of the alliance product. According to signaling theory and brand equity theory (Erdem & Swait, 1998; Kirmani & Rao, 2000; Rao, et al., 1999), brand equity and brand allies can send signals to individual consumers about the quality of focal products; similarly the branding order (A-B vs. B-A) of a brand alliance also signal the relative impacts (e.g., power, responsibilities and control) of partner brand on the brand alliance. We conducted a pre-test of the above proposition by surveying a convenience sample (n=70)². The result strongly supports that the brand at the preceding position is perceived to have stronger control and power and more responsibility over the performance of the brand alliances. In other words, the preceding brand has stronger signaling power for consumers to evaluate the brand alliance. Therefore, the preceding brand attitude would have stronger effect on attitude toward the brand alliance. An order effect may exist simply because of a primacy effect in impression formation. Primacy effect suggests that the first piece of

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¹ Although they acknowledge the difficulty in locating the header/modifier in their Brand A product by Brand B composite brand extension, their pre-test suggests that Brand A is the header, and brand B is the modifier.
² We asked participants to rate the control, power, and responsibility of the partner brands of three brand alliances: Sony-Ericsson, and HP-Compaq. 100% participants selected Sony and HP as the brands having more control and power over the alliances. Only 10% rated Ericsson as the brand having more responsibility, and 21% rated Compaq as the brand having more responsibility.
information exposed to consumers carries the highest weight in the consumers’ formation of impression on the focal object (Anderson, 1965). Thus in the case of A-B brand alliance, brand A would have stronger effect on the impression on the brand alliance. Similar order effect has also been noticed in other areas of consumer research (Diehl, 2005; Diehl & Zauberman, 2005; Scarpi, 2004; Xu & Kim, 2008). Thus we posit:

**H1:** Attitude toward a focal brand has stronger effect on attitude toward IBA when the focal brand precedes the partner brand in the IBA. Such effect exists regardless of whether the focal brand is an international or native brand.

### 2.4. CET and the effect of partner brand attitude

CET refers to consumers’ beliefs about the appropriateness and morality of foreign-make products. Consumers who have stronger ethnocentric orientation in their buying behavior believe that purchasing international products/brands is wrong because it hurts the native economy, causes loss of jobs, and is unpatriotic (Shimp & Sharma, 1987). Many studies support the positive relationship between CET and preference to native products, and negative relationship between CET and attitudes towards and willingness to buy international products (Netemeyer, Durvasula, & Lichtenstein, 1991; Nijssen & Douglas, 2004; Sharma, Shimp, & Shin, 1995; Shimp & Sharma, 1987). However the effect of CET on brand evaluation can be different from product evaluation. Supphellen and Rittenburg (2001) examine the impact of CET on international and native brands (not just products) and find that CET has stronger positive relationship with native brand perception, but little or no relationship with international brand perception, even when international brands are superior to native ones.

Although CET is positively associated with attitudes towards native products, it does not necessarily affect products that involve both native and international brands. Although CET is not necessarily associated with negative attitudes towards IBA, people with different levels of CET may go through different psychological processes to evaluate IBA that involves both native and international brands. In general, consumers with higher (lower) CET tend to favor more (less) native brands and be indifferent to an international brand. Thus consumers with higher CET tend to pay more attention to native brand within a brand alliance than those with lower CET. Both native and international brands are potential pieces of information for IBA evaluation. Accessibility-dia gnosticity perspective suggests that information is more likely to be used when it is more accessible in the person’s memory; when the information is more relevant, useful and diagnostic for the task; and when competing information is less accessible (Feldman & Lynch, 1988; Lynch, Marmorstein, & Weigold, 1988). Since attitude strength/favorability is positively related to its accessibility and diagnosticity (Feldman & Lynch, 1988; Lynch, et al., 1988), and since native brand attitude is more likely to be stronger and more favorable for consumers with higher CET (Balabanis & Diamantopoulos, 2004; Supphellen & Rittenburg, 2001; Wang & Chen, 2004), native (international) brand attitude is more (less) likely to be accessed and used by consumers with higher CET (than by consumers with lower CET) to evaluate international brand alliances. Hence, their attitudes towards the brand alliance are more (less) likely to be influenced by their attitudes towards the native (international) brand, as compared to consumers with lower CET. In addition, consumers in less-developed countries with higher CET would feel more proud of the native brand being associated with prestigious international brands, because it arouses and reinforces the national identification that is highly associated with people with higher CET (Balabanis, Diamantopoulos, Mueller, & Melewar, 2001). Thus they are more likely to pay more attention to the native brand (thus less attention to the international brand) to evaluate the brand alliances. Hence:
H2a: CET enhances the effect of native brand attitude on attitude towards IBA, in that native brand attitude has stronger (weaker) effect on IBA attitude for consumers with higher (lower) CET.

H2b: CET reduces the effect of international brand attitude on attitude towards IBA, in that international brand attitude has stronger (weaker) effect on IBA attitude for consumers with lower (higher) CET.

Previous studies on brand alliances suggest that perceived fit is a major determinant of attitude towards brand extensions (Kumar, 2005; Levin & Levin, 2000; Park, et al., 1996; Akshay R. Rao, et al., 1999; Simonin & Ruth, 1998). For brand alliances, perceived fit has multiple aspects. First, consumers would assess how relevant the different partner brands are for the product category associated with a brand alliance. This brand-specific fit involves the comparison between the partner brands’ typical product categories and the product category associated with the focal brand alliance. Second, consumers would assess the fit between the images of partner brands (between-brand fit/congruity) (Walchli, 2007), in other words, whether these two brands are sensible to be together. We expect both brand-specific fit and between-brand fit to be positively related to IBA evaluation. Moreover, brand-specific fit will be more relevant for the influence of brand attitude on IBA attitude. Similar to fit perception in other contexts (e.g., brand extension and general brand alliance), brand-specific fit provides a conducive platform for attitudes transfer from partner brands to international brand alliances. Therefore, when brand-specific fit is high for native brand, the enhancing effect of CET on the effect of native brand attitude on IBA attitude will be stronger; whist when brand-specific fit is high for international brand attitude is high, the alleviating effect of CET on the effect of international brand attitude on IBA attitude will be weaker. Thus we posit:

H3a: CET enhances the effect of native brand attitude on attitude towards IBA, especially when brand-specific fit is high.

H3b: CET reduces the effect of international brand attitude on attitude towards IBA, especially when brand-specific fit is low.

CET and the moderating effect of brand ordering

We further predict that the branding order effect (that is preceding position enhances the focal brand attitude’s effect on IBA attitude) will be conditional on CET and brand-specific fit. Prior discussion establishes that the effect of native brand attitude on IBA is stronger for Native - International (N-I) brand alliance or when CET is high. As noted earlier, for consumers with higher CET, brand alliance with native brand preceding international brand would evoke positive feeling and affect (e.g. being proud), since such N-I brand alliance suggests that native brand has stronger control and power than the international brand over the brand alliance. Such positive feeling and affect can then be translated into positive and more favorable attitude towards the IBA, as Broniarczyk and Alba (1994) have confirmed such attitude transfer in the context of brand extension. Thus, CET enhances the branding order effect for the native brand. Such enhancing effect of CET on the branding order effect will be even stronger when the native brand-specific fit is higher, since such fit provides additional conducive platform for attitude transfer. For international partner brand, on the contrary, the brand order’s (I-N) moderating effect exists mainly for low CET, and especially when the international brand-specific fit is high. This is because when CET is low, there is absence of the negative feeling towards the fact that the international brand has stronger power and control over the native brand, which provides better condition for the branding order effect to occur. That means stronger attitude transfer from the preceding international brand to IBA. In addition, such moderating effect of CET on the branding order effect will further depend on the international brand-specific fit. When the fit is higher, because of its generic facilitating effect on attitude transfer, it reinforces the facilitating effect by low CET to the branding order effect. Specifically, we posit:
H4a: Native brand attitude have stronger effect on IBA for D+F brand alliance, especially when CET is high and when brand-specific fit is high. Native brand attitude has weaker effect on IBA for F+D brand alliance, especially when CET is low and when brand-specific fit is low.

H4b: International brand attitude has stronger effect on IBA for F+D brand alliance, especially when CET is low and when brand-specific fit is high. International brand attitude has weaker effect on IBA for D+F brand alliance, especially when CET is high and when fit is low.

Figure 1 illustrates the conceptual model on the determinants of IBA attitude.

3. Methods

A field study was undertaken to test our hypotheses. Two real brands were used to form fictitious brand alliances. The international brand was Heineken from the Netherlands, whilst the native brand was Uni-President from Taiwan. Heineken was chosen because it was a well known international brand in the Taiwan’s beverage market, and Uni-president was used for its high familiarity and native root in Taiwan’s beverage market. Brand familiarities are 4.32 and 4.41 on a five-point scale for Heineken and Uni-President respectively in our final sample. The product of the brand alliances was beer flavored cha (tea). Two brand alliances were developed. The first one was Heineken-Uni-President to represent the International - Native (F-D) brand alliance, and the second one was Uni-President-Heineken to represent the Native - International (D-F) brand alliance. A statement (sample for I-N brand alliance), “if Heineken decides to corporate with Uni-President and have a new product “Heineken Uni-President” before respondents were asked to answer questions regarding their attitudes towards the product associated with the brand alliance. Two hundred and sixty consumers (one hundred and thirty for each brand alliance) in Taipei, Taiwan participated in the field study. They were recruited from an English language school. The questionnaires were randomly distributed to the respondents during the classes. It took about 5 minutes to fill in the questionnaire. Our sample has similar profiles for both groups (group one answered the Heineken Uni-President brand alliance; and group two answered the Uni-President Heineken brand alliance). Appendix One explains the sample profile, measures and scale validity tests. The descriptive statistics of our sample were presented in Table 2. We checked any random biases that could be occur due to assigning participants to groups by testing any significant differences in all our independent variables. None of the independent variables is significantly different across the two groups.

3 To enhance external validity, we chose beer-flavored tea, instead of tea-favored beer, because the former is more realistic and actually already exists in the Taiwanese market, and it fits the product categories associated with both beverage brands.

3. Results

Moderated hierarchical multiple regression models were run to analyze the data. To avoid the problems of multicollinearity, continuous variables were mean-centered before interaction products were created (Jaccard, Wan, & Turrisi, 1990). The results of the regression models are presented in Table 3.
group and native brand attitude is significantly positive (b=.29, b=3.54), which means that the
effect of native brand attitude is stronger when group dummy is 1 (i.e. D+F IBA). These
results suggest that the branding order effect in IBA in that a partner brand preceding the IBA
has stronger effect on IBA attitude regardless of it being an international or native brand.
Thus H1 is supported. Step 2 also shows that CET enhances the effect of native brand attitude
on IBA attitude (b=.15*). Thus H2a is supported. But H2b is not supported (b=-.08). Step 3
shows that the three-way interaction of international brand fit, CET and international brand
attitude is significant (b=.22*). We plot Graph 1 to interpret this result. Following the
customary practice, we take one standard deviation above/below the means of focal
independent variables as high/low level to calculate the scores of the dependent variable under
different high/low levels conditions. Graph 1 (Panel A and B) shows that when CET
attenuates the effect of international brand attitude on IBA attitude only when international
brand fit is low; when international brand fit is high CET does not moderate the effect of
international brand attitude. Thus H3b is supported. It also means that H2b is partially
supported. However, H3a is not supported, meaning that CET enhances the effect of native
brand attitude regardless of native brand fit. Step 4 shows that there is significant interaction
between brand order, international brand fit, CET and international brand attitude (b=.38†).
Graph 2 Panel B shows that international brand attitude has weaker effect on IBA for N-I
brand alliance, when CET is higher and international brand fit is low; and Panel C shows that
IB attitude has stronger effect on IBA for I-N brand alliance, when CET is low and IB fit is
high. Thus H4b is supported. H4a is not supported (b=-.20, p>.10).

4. Discussion

Our study addresses two important issues in international alliances: the brand order
effect and the CET effect. The relevance of the positions of partner brand names in a brand
alliance receives little attention in the literature, with exception of Park, et al.'s (1996) study.
However, their study focuses on one type of alliances: composite brand extension (e.g., Slim-
Fast chocolate cakemix by Godiva) that has a clear hierarchical ownership structure. However,
as noted earlier, A-B type of brand alliances is becoming increasingly popular. Yet no
research has examined how the ordering of partner brands (brand naming strategy) in an A-B
brand alliance affect the initial attitude towards the brand alliances. The sequence of brand
names in a brand alliance represents power, control and responsibility of individual brands.
The brand appearing first (on the left side) is generally seen having high status and reputation
than the brand appearing second. Brand order effect exists also because of primacy effect.
This study suggest that in the domain of international brand alliances, besides traditional
factors such as perceived fit, more factors, such as brand order and consumer ethnocentrism,
should be considered. Moreover, taking on board the potential moderating effect of CET on
brand partners’ effect on IBA and the brand order’s moderating effect on brand partner’s
effect, by itself, is an innovative application of CET theory to explain international branding
phenomena (e.g. IBA). These results offer managerial implications for both international and
native marketers. It is advisable to strategically consider the sequence of partner brand names
in an IBA. And such decision should be made based on the relatively desired levels of
contributions from individual partner brands’ equities to the alliance. Appendix 2 presents
more discussion of the theoretical implications, managerial implications and future research
avenues
References


Appendix One: Sample profile and measures

It consists of 46.9% consumers from 20 to 30 and 53.1% over 30 for group one; 54.6% from 20 to 30 and 45.4 over 30 for group two; 56% male and 44% female for group one; and 53.1% male and 46.9% female for group two. Questionnaires were prepared in English and then translated into Chinese following the double-translation method. Brand attitudes toward both Heineken and Uni-President were measured at the beginning of the questionnaires. Demographic questions and CETScale followed brand attitudes questions. Starting from a new page, the brand alliance was presented with the new product. This was followed by questions regarding attitude toward the brand alliance, and perceived fit. Demographic and CETScale were placed between attitudes towards individual partner brands and presentation of brand alliances, because these questions can reduce the halo effects of attitudes towards individual partner brands (Feldman & Lynch, 1988) and common method bias (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003).

Measures

Brand attitudes toward both partner brands and the brand alliance were measured by bipolar scales (1-5): bad/good, negative/positive, dislikeable/likeable, unfavorable/favorable (Berens, van Riel, & van Bruggen, 2005). Perceived fits were measured by three items. Brand-specific fit was measured by ‘The product fits the brand image of (the partner brand)’. It was measured twice, once for each brand. Between-brand fit was measured by ‘The two brands have similar brand image’. Ethnocentrism was measured by 10 items from a shortened scale of CETSCALE (Shimp and Sharma 1987). We also control for the effect of consumer involvement on attitude towards IBA. Although consumer involvement has received little attention in studies on brand alliances, it has been well examined in studies on brand extension and corporate brand associations (Berens, et al., 2005; Czellar, 2003). Involvement can be defined as “an unobservable state of motivation, arousal, or interest evoked by a particular stimulus” (Jain & Srinivasan, 1990), p. 594). We focus on consumer involvement with a product category in this study, since the major object of a brand alliance is the product. Product involvement thus refers to consumers’ interest in the product category, and motivation to buy such products. Hence, consumers with higher product involvement are more likely to buy products within the category (Coulter, Price, & Feick, 2003; Mittal & Myung-Soo, 1988). People who are more interested in a product category are also more likely to possess favorable attitude towards the brands of the product category. For example, (Coulter, et al., 2003) propose that consumers could develop involvement with branded products and product involvement leads to higher brand commitment. And since a brand alliance also involves brands of the focal product category, consumers with higher involvement with the product category associated with a brand alliance are more likely to develop positive attitude towards the focal brand alliance. Product involvement was measured by two items of the relevance subscale from the new involvement profile (Jain and Srinivasan 1990) which has been used as a cognitive product involvement by (Berens, et al., 2005).

Scale validation. We computed item-to-total correlation and confirmatory factor analysis (CFA) to purify our measures. As a result, item 3 (‘purchasing foreign-made product is un-Taiwanese’) from CET scale and item 4 (socially responsible) of IBA attitude were removed due to low item-to-total correlation and low factor loading. CFA of the final scales produced satisfactory results: Standardized RMR = .052, CFI=.938, RMSEA=.058, CMIN/DF= 372.369 (199), =1.871. Cronbach’s alphas for our multiple-item measures are as follows: International brand attitude (.88), native brand attitude (.91), brand alliance attitude (.74), CET (.89), and PI (.67). All exceed or are close to the recommended .70 or .60 threshold. In addition, all factor loadings exceed or are very close to the threshold of .50 (Hair, Black, Babin, & Tatham, 2006) and are significant at .001 level. Table 1 presents the measurement model results.
Appendix Two: Expanded discussion

First, consistent with the results of previous studies on brand alliances (Lafferty, et al., 2004; Park, et al., 1996; Rodrigue & Biswas, 2004; Simonin & Ruth, 1998), this study finds the brand attitudes towards partner brands have significant main effects on the attitude towards the an international brand alliance. This confirms brand alliance’s advantage of multiple brand endorsements. Second, it finds that brand order effect exists for both native and international brand attitudes. It also finds that the effects of partner brand attitudes on IBA attitude are also subject to the level of CET. CET enhances the effect of native brand attitude unconditionally and attenuates the effect of international brand attitude on IBA attitude, only when international brand fit is low. The brand order effect is further moderated by CET. For native brand attitude, brand order effect exists unconditionally. But for international brand, the brand order effect exist only when CET is low and fit is high, or when CET is high and fit is low. Brand order effect does not exist either when fit is low and CET is low, or when fit is high, CET is high. Such results seem to suggest that CET and international brand fit neutralizes each other’s moderating effect on the brand order effect.

This study has implications for both international brand managers and native brand managers regarding branding strategies of international brand alliances. The major rationale of international brand alliances is to leverage and synthesize the brand equities of both native and international brands. However, partner brands do not necessarily contribute equally to the initial attitude towards an IBA. And it is also important to control the relative contributions of partner brands to the alliances, driven by the purposes of the alliances and relevance of partner brand equity to the alliance products. Our study suggests that the relative contributions of partner brands do not only depend on the sequence of ally brands, but also ethnocentric tendency of the consumers. Decision on the sequence of partner brand names in the alliances should not be made arbitrarily or without considering its potential effect on initial attitude towards the alliance product. It suggests that if a brand alliance desires for more contribution from an international partner brand, the international brand should precede native brand in the alliance; whereas if more contribution from a native brand is more desirable to the new alliance product, the native brand should precede international brand in the alliance. In addition, it is important to consider and monitor the CET of potential target customers of the alliance products, since it finds that CET can enhance the effect of native partner brand attitude on the attitude toward brand alliances and reduce the effect of international partner brand attitude when international partner brand fit is low. We suggest that if it is desirable for native brand attitude to contribute more to an alliance, it is advisable to highlight the native partner brand especially to those consumers who possess higher level of CET.

Limitations and future research

The present study has the following limitations which create opportunities for future studies. First, this study was undertaken in Taiwan, which has a high level of international trade and relatively low level of consumer ethnocentrism. Future study should examine consumers in other regions, where CET is more ubiquitous. Would CET have significant main negative effect on attitude towards IBA in those regions? Second, we chose a Dutch brand as the international brand partner. Since Netherlands has a national image of producing high quality products, future research should examine international brand alliances with brands from less developed countries or countries whose products are seen lower in quality. Third, as an exploratory experiment, we used a convenient sample. Future study should apply our framework and similar experimental design to other more randomly-selected samples. Fourth, only one product type (beverage) was chosen to represent the new product of the brand alliances. Future study should examine more products, especially those products which are not produced domestically. In addition, it would offer more insights to examine brand...
alliances where all partner brands are international brands, and assess the effect of country of origin images of partner brands.

Fifth, it is important to notice that our brand alliances are different from composite brand extension. This study examined only one type of brand alliances: A-B. Composite branding can also be applied to international brand alliances. Thus future study should investigate how the sequence of brand names in composite branding affects the relative contributions of native and international brands to attitude towards international brand alliances. In addition, another brand strategy for international brand alliances is to introduce new brand names for the new products, and endorse the new brands with partner brands. The present study does not examine such brand strategy. Thus future research should examine how native consumers evaluate such brand alliances. Moreover, this study only examines the initial brand alliances evaluation. Although the initial brand name strategy can have immediate impact on brand alliances evaluation, the long-term effect is unknown. Thus future study should examine its long-term effect as well. Brand alliances attitude is not only a function of a short-term brand strategy, but is also determined by subsequent brand communications. Future studies can examine how initial brand name strategy can interact with subsequence brand communications in influencing consumers’ evaluation of and attitude towards international brand alliances. Finally, A-B brand alliances only involve two partner brands. Brand alliances with more than two partners become increasingly popular. Future research should examine how many partner brands can satisfy the ‘diagnosticity threshold’ so that the remaining partner brands play little role in evaluating multiple-partners brand alliances.
Figure 1: Research framework

Note: IB= international brand; NB=native brand; BB=between-brand; CET=consumer ethnocentric tendency; IBA= International brand alliance.
Table 1: CFA measurement model results

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Note: IB= international brand; NB=native brand; BB=between-brand; CET=consumer ethnocentric tendency; IBA=International brand alliance; P.I.=product involvement; AVE=average variance extracted.
Table 2: Descriptive statistics and correlations of variables

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I+N brand alliance

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N+I brand alliance

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Notes: IB= international brand; NB=native brand; BB=between-brand; CET=consumer ethnocentric tendency; IBA= International brand alliance; P.I.= product involvement; I-N=International brand-Native brand; N-I=Native brand-International brand; S.D.=standard deviation.

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).
### Table 3: Regression results

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**Two-way interactions**

- Group × IB Fit
- Group × DB Fit
- Group × BB Fit
- Group × IB
- Group × NB
- Group × CET
- IB Fit × IB
- NB Fit × NB
- BB Fit × NB
- BB Fit × IB
- CET × IB
- CET × NB
- IB Fit × CET
- NB Fit × CET
- BB Fit × CET

**Three-way interactions**

- Group × IB Fit × CET
- Group × NB Fit × CET
- IB Fit × CET × IB
- NB Fit × CET × NB
- Group × CET × IB
- Group × CET × NB
- Group × BB Fit × IB
- Group × BB Fit × NB
- Group × BB Fit × CET

**Four-way interactions**

- Group × IB Fit × CET × IB
- Group × NB Fit × CET × NB
- Group × BB Fit × CET × IB
- Group × BB Fit × CET × NB

| R² | .43 | .53 | .55 | .56 |
|ΔR² | .10*** | .02* | .01† |

1: Group = Brand order (Dummy variable, 0= I-N brand alliance, 1= N-I brand alliance

*** Coefficients are significant at .001 level. ** Coefficients are significant at .01 level. * Coefficients are significant at .05 level. † Coefficients are significant at .1 level.
Graph 1, Panel A: Moderating effect of CET on IB attitude when IB fit is low

Graph 1, Panel B: Moderating effect of CET on IB attitude when IB fit is high
Graph 2, Panel A: Brand odor effect when CET is low, IB fit is low

Graph 2, Panel B: Brand odor effect when CET is high, IB fit is low
Graph 2, Panel C: Brand order effect when CET is low, IB fit is high

Graph 2, Panel D: Brand order effect when CET is high, IB fit is high