

The Moderating Role of Consumer Knowledge in Evaluations of Brand Alliances

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This article examines the essentially neglected impact of consumer knowledge on the brand alliance evaluation process. 110 participants of an empirical study were asked to indicate their attitudes towards presented brand alliances as well as to evaluate the brand and product fits within these interbrand collaborations. The results yielded several key findings: first, the importance of consumers' brand and product fit assessment for the outcome of their evaluations of brand alliances was confirmed. Second, an interaction effect between consumers' knowledge and their weighting of their product fit, as well as brand-fit judgments in their brand alliance evaluations was identified. This indicates that experts focus primarily on product-related information in brand-alliance evaluations, while novices focus on brand-related information in such evaluations. These findings were replicated in a second study (112 partici-

pants) which relied on different types of brand alliances, reflecting deviating contexts, product categories, and brands, and hence confirming the robustness of the herein observed phenomena.

Keywords

1. Introduction

Due to the enormous effort and expenditure that is necessary to build strong brands, managers have intensified their search for alternatives to the in-house development of new brands (Aaker 1991, p. 8; Keller 2003, pp. 28). One prominent outcome of this process is brand extension strategies, which have found tremendous support in the field and been the subject of various investigations in the academic literature (Aaker/Keller 1990; Boush/Loken 1991; Reddy/Holak/Bhat 1994). However, triggered by studies on potentially damaging effects of this brand-leveraging strategy on family brands (Loken/Roedder John 1993; Romeo 1991), new approaches have recently caught the attention of marketers.

Co-branding strategies constitute one of these new approaches. Defined as partnerships in which companies cooperate in order to present their brands jointly to the consumer (Rao/Qu/Rueckert 1999, p. 259), these interbrand collaborations have often evolved into a specific strategic option. The main reasoning behind such approaches is that these alliances might be attractive vehicles through which companies can grow, for example, by accessing the partner's customer base and influencing consumer evaluations of the product (Keller 2003, pp. 581; Sherman 1992, pp. 77; Venkatesch/Mahajan/Muller 2000). The degree of cooperation can range from relatively uncomplicated advertising alliances with a low degree of integration (Samu/Krishnan/Smith 1999) to highly integrated ingredient-branding strategies (Venkatesh/Mahajan 1997).

Prominent examples of this branding strategy can currently be found in many aspects of consumer purchasing



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activities, spanning such diverse industries as airlines (e.g., Star Alliance, One World), high technology (e.g., IBM PCs with Intel microprocessors, Sony Ericsson mobile phones), fast-moving consumer goods (Katjes sweets with MTV), services (the F.C. Bayern Muenchen Master Card from HypoVereinsbank), and the fashion industry (Puma designer sneakers co-branded by Alexander McQueen). Yet, despite the apparent popularity of brand alliances in the field, the academic literature still focuses primarily on single brands with an independent identity, and thus largely disregards the fact that brands often exist in combination with other brands (Rao/Qu/Rueckert 1999, p. 259; Venkatesch/Mahajan 1996, pp. 146). As a result, important aspects of these interbrand collaborations have so far been disregarded (Bucklin/Sengupta 1993).

In particular, the impact of target group characteristics on crucial aspects of branding such as purchase intention, brand loyalty, and brand alliance evaluations, has not received the attention it deserves, given the fact that managers of brand alliances face the problem of diverse consumer characteristics in their everyday activities. Furthermore, within the group of relevant consumer characteristics, the impact of diverse consumer knowledge on brand alliance evaluations appears especially to be worth a closer look. Based on a large number of studies that support the impact of knowledge on choice and evaluation activities (Alba/Hutchinson 1987; Brucks 1985; Fiske/Kinder/Larter 1983; Petty/Cacioppo/Schumann 1983; Simonin/Ruth 1998, pp. 30), we propose that “experts” are likely to give considerable weight in their evaluation to the question of how well the various products within a brand alliance fit with one another (Petty/Cacioppo 1986, p. 165), whereas consumers, who lack the appropriate knowledge structures or find it hard to understand the obtainable product information (so-called novices), focus on brand information that is easy to access and process (Gardner 1983, p. 317; Fiske/Kinder/Larter 1983; Johnson/Russo 1984).

As mentioned before, managers of brand alliances constantly face this challenge of diverging consumer knowledge. Thus, it can be concluded that a thorough examination of the role of consumer knowledge in brand-alliance evaluations would be fruitful and contribute to the understanding of brand alliances. This article therefore offers the first empirical examination of this issue.

The remainder of this article is structured as follows: first, the authors review the most important streams of literature in the relevant fields. Second, based on this literature review, the authors derive the hypotheses for the study. Third, the results of a series of pretests and two studies are presented. Fourth, the observed results are discussed. Fifth, after identifying possible limitations and areas of future research, some implications from the study are presented. Finally, the essence of this research is summed up.

2. Literature Review

The theoretical underpinnings of this article originate from two major research streams: (a) literature dealing with brand-alliance evaluations as well as related branding literature, and (b) literature dealing with the effects of knowledge in consumer behavior.

2.1. Evaluation of Brand Alliances

Although investigating consumer evaluations of individual brands facilitates an exclusive focus on the attitudes of the individual towards the brand (Aaker 1991), the same issue has considerably more facets in the context of brand alliances, given their more complex cooperative structure (Simonin/Ruth 1998). Important factors that have been identified as having a major impact on consumer evaluations of brand alliances are:

- pre-existing attitudes towards the partner brands (Park/Jun/Shocker 1996; Simonin/Ruth 1998). Drawing on findings from the brand extension literature (Aaker/Keller 1990), research on multi-product bundles (Gaeth et al. 1990), and insights from attitude accessibility theory (Hampton 1987), it is evident that prior impressions of the involved brands are retrieved automatically when an individual’s memory stores a sufficiently strong brand cue. This means that pre-existing attitudes towards the individual brands are positively related to the alliance evaluation.
- consumer’s perception of the degree of complementarity between the images of the involved brands (Park/Jun/Shocker 1996; Simonin/Ruth 1998). Information integration psychology (Hampton 1987) demonstrates that brand alliances, which consist of two inconsistent brand images, are likely to force consumers to engage in a causal search. This search ultimately results in questioning the connections between the brands and hence often triggers adverse beliefs towards the presented alliance (Park/Jun/Shocker 1996, p. 455; Simonin/Ruth 1998, p. 33). Therefore, it is proposed that the perceived fit between partner brand images is positively related to the alliance evaluation.
- the cohesiveness between the involved product categories (Samu/Krishnan/Smith 1999, p. 58). Derived from brand extension research, in which this construct is assumed to determine the transportation of attitudes from the parent brand to the brand extension (Boush/Loken 1991; Keller/Aaker 1992; Park/Milberg/Lawson 1991), the product fit in the brand-alliance context relates primarily to consumer’s assessment of whether the product categories within a brand alliance are compatible on a conceptual level (Park/Jun/Shocker 1996; Samu/Krishnan/Smith 1999; Simonin/Ruth 1998; Simonin/Ruth 1998, p. 33). The higher the cohesiveness, the more positive the evaluation of the alliance.
- brand familiarity (Simonin/Ruth 1998). Research on information processing has revealed that differences

in brand familiarity can bias consumer processing behavior (Johnson/Russo 1984). It has been shown that brands with higher levels of brand familiarity contribute more to the brand alliance than their partners (Simonin/Ruth 1998, p. 34).

Finally, consumer attitude formation towards a brand alliance is influenced mainly by four factors: pre-existing attitudes towards the involved brands, consumer perceptions of product fit, the perceived complementarity of the involved brand images, and familiarity with the brands. The possible influence of knowledge in these evaluation processes has so far been neglected.

2.2. Consumer Knowledge

The importance of consumer knowledge – defined as the amount of experience with particular products or product categories (Bettman/Park 1980, p. 234; Sujan 1985, p. 32) – is discussed broadly in the literature (Alba/Hutchinson 1987; Hoyer 1984, p. 828; Jacoby/Troutman/Kuss/Mazursky 1986, pp. 470; Olson 1980, p. 157). The work in the area deals either with selective search behavior that determines the sources of information, or with the depth of analysis of incoming information. In both cases, clear differences between experts and novices can be found: experts tend to include more functional product information in their evaluations, and are not only willing to process a greater amount of information. They also make more substantial processing efforts, whereas novices:

- show a tendency to effortlessly incorporate obtainable information, such as brand names, price, and subjective judgments of salespersons (Olson 1980, p. 157; Sujan 1985), and to discount or ignore important information because of their cognitive limitations (Capon/Kuhn 1980; Shaklee/Fishhoff 1982),
- tend to rely on their prior evaluations and use category-based affective processing more often, instead of engaging in piecemeal processing efforts (Sujan 1985),
- may process the same way as experts, but are not capable of assigning the appropriate weights to the processed information (Brucks 1985, pp. 12; Park 1976, pp. 148).

There is no doubt that the presence or absence of prior knowledge not only affects the amount of information selected, but also the types of information processed and the processing heuristics used (Alba/Hutchinson 1987; Bettman/Park 1980, pp. 244). It is therefore adequate to assume that experts and novices generally assign different weight to product and brand information in evaluation tasks.

Based on the literature review, we therefore posit that experts tend to give more weight to central cues like product information, whereas novices have a tendency to

give greater weight to such peripheral cues as brand information (Bettman/Park 1980, pp. 244; Park/Parker/Lessig 1981, pp. 228; Petty/Cacioppo 1986, pp. 165). This means that the product fit is more important than the brand fit, when an expert evaluates a brand alliance. The opposite should be true for novices. Because they lack information, motivation or cognitive capacity, novices are likely to give more weight to the consistency of brand images than to the consistency of product features.

Hypothesis 1: Experts tend to give relatively more weight to the product fit than to the brand fit in brand-alliance evaluations.

Hypothesis 2: Novices tend to give relatively more weight to the brand fit than to the product fit in brand-alliance evaluations.

Since this article is intended, not only to make a theoretical contribution, but also to have a practical impact in the field, the authors decided to add two hypotheses that clarify the specific impact of current reasoning on evaluations of divergent types of brand alliances. Of special interest are the “crossed” types that combine a high brand fit with a low product fit or vice versa. In terms of the reasoning presented in this section, which emphasizes the special importance of brand (information) for the novice, we propose that “high-brand-fit/low-product-fit” alliances should be evaluated more favorably by novices, whereas “low-brand-fit/high-product-fit” alliances should be evaluated more favorably by experts (emphasis on product information).

Hypothesis 3a: A brand alliance characterized by a high brand fit and a low product fit is evaluated more favorably by novices than by experts.

Hypothesis 3b: A brand alliance characterized by a low brand fit and a high product fit is evaluated more favorably by experts than by novices.

In order to test these predictions, two empirical studies were conducted, in which three factors were manipulated: product fit, brand fit, and consumer knowledge.