

The Future of Co-branding – A Study of Cross-border Brand Alliances

Louise Fenger &

Sarah Maria Carl

**International Business Studies – Cand.Merc.IBs
Copenhagen Business School**

**Vejleder:
Kristine Munkgård Pedersen
Intercultural Communication and Management
(Institut for Interkulturel Kommunikation og Ledelse)**

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Executive Summary

For many years, one of the most efficient methods for creating a competitive advantage on an international scale has been through branding. Therefore, creating a strong and unique brand that appeals to consumers is vital for success. Brand identities are carefully developed in an attempt to achieve the desired brand position. A recent trend that is gaining foothold on an international scale is cross-border brand alliances. Companies engage in co-branding activities across borders in order to innovate and leverage the brand and mitigate replication-risks. This thesis evaluated different brand alliances from a consumer perspective on the Danish market through a questionnaire, in order to investigate how a cross border alliance affects the customer-based brand equity of the parent brand. With point of departure in ingredient co-branding - where a parent brand integrates an ingredient brand in order to add new value - aspects of brand alliances were analyzed.

The two brands that engage in an alliance should match each other on parameters as brand fit, equity fit, and product fit. A fourth parameter – country of origin fit - was added to the analysis of brand alliances as the concept country of origin increasingly is used by consumers when evaluating brands' quality. Brand image fit was found to be the most important dimension of fit, whereas product fit's influence was less significant. Further, country of origin had a tremendous impact on the alliance, when the brand was unknown to consumers. Country of origin seems to influence the alliance more, when the country is perceived negatively and it is vital for companies to consider this dimension of fit in order to avoid a negative impact on its brand's identity. Furthermore, the parent brand was found to be the most influential brand in an alliance; however, the parent brand itself was also influenced by the ingredient brand. It is crucial to know the equity of the parent brand, as the level of this will determine, how the ingredient brand and the alliance will affect the equity post-alliance. Further, as an increasing number of brands enter alliances across borders the aspect of country of origin becomes pivotal in finding a suitable partner. Brands inherit the heritage of the country, which they are associated with and companies must consider how the consumers perceive the particular country and whether it is a dimension worth emphasizing. Especially, as consumers from different countries have different brand-familiarities and as soon as one of the brands in the alliance is unknown, the consumers tend to use the country of origin as a decisive selection parameter. Brand alliances are deemed to be one of the futures most lucrative brand leverage strategies. Therefore this thesis is important reading.

1.0 Introduction	6
1.1 Research Question	8
1.2 Relevance and Purpose	9
1.3 Master Thesis Structure	10
2.0 Methodology.....	11
2.1 Literature Review	11
2.1.1 Literature Review of Co-branding	11
2.1.2. Literature Review of Country of Origin	12
2.1.3 Literature Review of Customer-Based Brand Equity	13
2.1.4 Literature Review Recap	14
2.2 Critique of Theory	14
2.3 Research Philosophy	15
2.4 Research Approach.....	16
2.5 Research Strategy	17
2.5.1 Case Study.....	18
2.6 Multiple Methods	18
2.7 Time Horizon	19
2.8 Demarcation	19
3.0 Branding Fundamentals	21
3.1 Brands	21
3.1.1 Brand Perception.....	21
3.1.2 Brand Attitude.....	21
3.1.3 Brand Quality.....	22
3.1.4 Brand Identity	22
3.1.5 Brand Image	23
3.2 Brand Benefits.....	23
4.0 Global Branding	25
4.1 Global Branding Strategy	25
4.1.1 Global Customer-Based Brand Equity	26
4.1.2 Implications for Global Branding.....	27
4.2 Globalization versus Localization.....	28
4.2.1 Global Brand Strategy	28
4.2.2 Local Brand Strategy.....	28
4.2.3 Glocal Brand Strategy	29
5.0 Branding the Automotive Industry	29
5.1 Automotive Industry Trends	29
5.2 Characterization of the Automotive Industry	30
5.3 Branding Cars.....	30
6.0 Country of Origin	31
6.1 Country of Production	32
6.2 Country of Association.....	32

6.3 Country of Origin in Branding	34
6.4 Country of Origin Drivers	35
6.4.1 Home-Bias Dilemma.....	35
6.4.2 Ethnocentrism.....	35
6.4.3 National Identity	37
6.4.4 Country of Origin Sub-Conclusion	37
7.0 Brand Alliances.....	38
7.1 Brand Expansion Strategies	38
7.2 Co-Branding Development	39
7.3 Co-Branding Definitions	39
7.4 Brand Alliance Categories	40
7.4.1 Knowledge co-branding	41
7.4.2 Values Endorsement Co-Branding.....	42
7.4.3 Ingredient Co-Branding.....	42
7.4.4 Complementary Competence Co-Branding	44
7.5 Co-Branding Consequences.....	45
7.6 Strategic Implications for Co-Branding.....	46
7.6.1 Competitive Advantage.....	47
7.6.2 Differentiation Strategy	48
7.6.3 Value Creation	48
7.6.4 Brand Alliance Sub-Conclusion.....	49
7.7 The Perfect Match.....	49
7.7.1 Brand Image Fit	49
7.7.2 Brand Equity Fit.....	50
7.7.3 Product Fit	51
7.7.4 Country of Origin Fit.....	52
8.0 Brand Equity.....	53
8.1 Brand Equity Evolution.....	54
8.1.1 Brand Equity Definitions.....	54
8.2 Financial Brand Equity	55
8.3 Customer-Based Brand Equity.....	56
8.3.1 Customer-Based Brand Equity Associations	58
8.3.2 Customer-Based Brand Equity Pyramid.....	59
8.4 Signaling Theory	60
8.5 Information Processing Theory	61
8.6 Brand Equity Sub-Conclusion.....	62
9.0 Empirical Research Design	63
9.1 Data Collection Methods.....	63
9.1.1 Primary Data.....	63
9.1.1.1 Focus Group.....	63
9.1.1.2 Questionnaire	65
9.1.1.3 Construction of Question	66
9.1.1.4 Structure of Questionnaire.....	66
10. Empirical Research Analysis.....	67
10.1 Focus Group Interview	67

10.1.1 Probing	68
10.2 Focus Group Analysis	68
10.2.1 Car Brand Images.....	68
10.2.2 Country Image	71
10.3 Focus Group Findings.....	71
10.4 Questionnaire Analysis	72
10.5 Brand Alliances	72
10.5.1 Impact on Quality Perceptions	73
10.5.2 Brand Alliance Fit.....	74
10.5.3 Effects on Reliability.....	76
10.5.4 Competitive Advantage	78
10.5.5 Influence on Parent Brand Image.....	79
10.5.6 Brand Alliance Sub-Conclusion.....	81
10.6 Country of Origin	81
10.6.1 Country of Origin Perceptions	82
10.6.2 Information Processing.....	84
10.6.3 Country of Origin Effects	86
10.6.4 The Danish Consumer	88
10.6.5 Demographics	89
10.7 Customer-Based Brand Equity.....	90
10.7.1 Brand Awareness	90
10.7.2 Brand Image.....	92
10.7.3 Brand Knowledge.....	95
10.8 Sub-Conclusion	96
10.9 Alternative Co-Branding Strategies	97
11.0 Managerial Implications.....	98
12.0 Conclusion.....	99
12.1 Hypothesis 1	100
12.2 Hypothesis 2	101
12.3 Hypothesis 3	102
12.4 Conclusive Findings	103
13.0 Future Perspectives.....	104
14.0 List of References.....	106

1.0 Introduction

When the Seat car ‘Ibiza’ was launched on the Danish market in 2008 with the slogan: *“Spanish on the outside; German on the inside”* it introduced an innovative trend in branding of cars. One of the commercials showed a Spanish tango-dancer accompanied by a classical Spanish guitar that suddenly started yodeling a German folk-song. On the screen the text appears: *“Spanish and German, what a strange combination –except when it’s about cars”* (Schmidt and Fabricius 2010). The exterior stems from delicate Spanish design, whereas the interior promises a reliable and trustworthy German engine, since it is the German car producer Volkswagen who owns the brand Seat. By continuing the original Spanish heritage of the brand they embed certain Spanish characteristics into the brand and position the Seat apart from competitors by creating this unique brand identity as a combination of Spain and Germany that at first seems odd. To make such branding activity succeed, the consumers must judge the product quality based on the signals from the car manufacturer’s brand. The development is interesting, as it requires an analysis of how the consumer evaluates brand equity and brand image. However, it also illustrates an upcoming trend within branding, namely that of Country of Origin. More and more companies are using this attribute as means of positioning, differentiating and leveraging their brands. But is it something that consumers actually utilize in their brand evaluation, and does it affect brand attitude? It is argued that in the car industry, Country of Origin matters a lot to the consumers when they are to choose a car brand (David 2010). The different brands within the automotive industry often brand themselves based on different stereotypes of their respective Country of Origin, whether it is the outstanding German technology, the Spanish temper, Italian design or American size and power. Branding and positioning is decisive in the automotive industry and it is a business embedded with stereotypes, alliances, and strong consumer attitudes towards the brands. Furthermore, it is an industry of brands with strong company heritage and a long history of being first-adopters of new branding initiatives (Holt 2004). The automotive industry is therefore a relevant point of departure for an analysis of how Country of Origin in co-branding affects the consumers.

Furthermore, countries today become increasingly interconnected, markets become integrated, and products become accessible for consumers around the world (Dicken 2007). The premises for surviving on the global marketplace are constantly changing and companies

need to move fast to follow the trends and to position themselves ahead of the changes. Consumers are overloaded with products and there exist thousands of branded options to choose from. The discipline of branding a product in order to make it unique and outstanding is rather old, and brand managers continuously pursue new paths of positioning. While the competition for branded products increases, the consumers are also more involved in the brands' development and companies' actions. In later years, consumers have become aware of the process of branding, and they embed their own meaning and purpose into the brands. They have also become more active in their usage of brands and the attitudes consumers obtain towards a brand, have a tremendous influence on the success of the brand. Therefore, a large part of the branding process to a greater extent now involves and integrates the consumers. Some branding strategists even argue that the brand is created in the mind of the consumers (Keller 2008; Aaker 2002; Fournier 1998). Further, consumers are more skeptical towards brands, because they increasingly consider brands as an extension of their personality (Aaker 1997). The well known theory of first-mover advantage (Mullins et al. 2005: 365) is important in such a setting as the battle for conquering consumers' mind space is fierce.

In order to keep up with the evolutions of branding on the global marketplace, the brands need to reinvent themselves to keep pace with their target group. This needs to be done without compromising the existing values attached to the meaning of the brand. Thus, a phenomenon in brand management that is increasingly employed by the companies is that of brand alliances. Examples of such brand alliances are vast and existing within several industries. However, many aspects need to be considered before utilizing the strategy of a brand alliance and the effects it has on the brand must be scrutinized. The theoretical suggestions for a brand alliance analysis entail evaluations of brand image fit, brand equity fit and product fit between the two brands in question (Simonin and Ruth 1998; Rao and Ruekert 1994; Norris 1992). For an alliance to be successful these dimensions of the respective brands should all *fit*. The number of brand alliances across nations is growing, and it is relevant to examine, how companies can utilize the different possibilities such alliances entail to create a competitive advantage and lucrative differentiation on a global scale.

We believe that the aspect of Country of Origin adds a new dimension to that of co-branding and brand alliance fit. Therefore, this thesis will extend the analysis of brand alliances and investigate, whether Country of Origin should be considered on equal terms as the other dimensions of fit and examine how it affects the consumer evaluation of the brands involved.

1.1 Research Question

The thesis will take point of departure in the following research question supported by three hypotheses:

Research Question:

“How does cross-border co-branding affect customer-based brand equity?”

A case study of ingredient branding within the automobile industry

Since there are many aspects to include when analyzing cross-border co-branding, the above-stated research question will be answered through the subsequent hypotheses that are derived from the three research areas that guide the thesis. Overall, different elements of branding are vital to investigate when considering co-branding, as it is a strategy, which involves two different brands that have to match on different parameters. As this thesis analyzes such a strategy on an international scale the first hypothesis states:

Hypothesis 1 – Brand Alliances:

“Country of Origin fit must be considered before entering a brand alliance”

Additionally, as claimed above, the consumers are increasingly integrated in the process and strategies of branding. This makes an inclusion of consumer perceptions vital for an analysis of brand initiatives, because how they perceive a possible alliance between two brands is crucial for the success of the co-branded product. Further, consumer perceptions are also influenced by the increased globalization, thus the origin of the brands in an alliance should also be considered. Hence the second hypothesis deals with the consumer perspective:

Hypothesis 2 – Country of Origin:

“Consumers will favour a brand alliance, where the one brand is of local origin”

Finally, to determine the extent to which the brand is affected, we need to use a certain brand measurement framework. In order to align the analysis of brand alliances with the consumer perspective, the Customer-Based Brand Equity framework is an appropriate mean for investigating how the consumers perceive brand alliances, hence in the third hypothesis we declare:

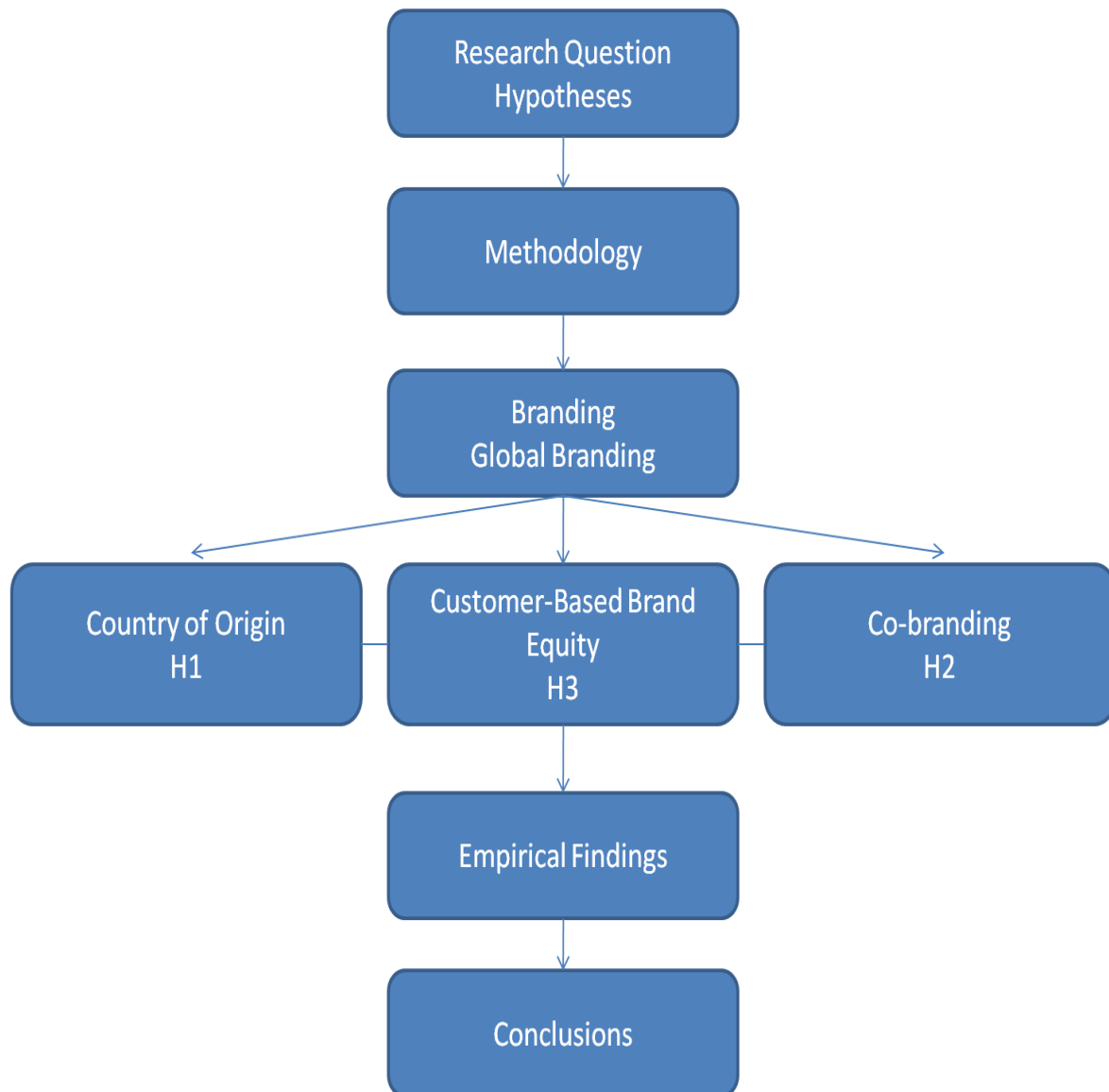
Hypothesis 3 - Customer-Based Brand Equity:

“The effect of brand alliances on consumer’s brand attitude can be measured in terms of Customer-Based Brand Equity”

1.2 Relevance and Purpose

Since the concept of co-branding (used interchangeably with brand alliances) has emerged quite recently, knowledge within the field is still limited. The topic of Customer-Based Brand Equity in relation to cross-border brand alliance has not yet been explored, thus this thesis will extend the literature on this area. As stated above, the world is becoming increasingly globalized, which has enabled the companies to participate in all sorts of cross-border activities. The strategic rationale may be obvious, but the company must be aware that it may entail disadvantages. Therefore, we will examine how the consumer responds to the cross-border co-brand in order to demystify, whether it is a beneficial strategic move or an obstacle, when seen from the company’s perspective. Furthermore, the shift to a more customer-centric approach of measuring brand equity has not been examined in terms of brand alliance and Country of Origin implications and effects. An inclusion of Country of Origin in the analysis of brand alliances strengthens the prospects of such a strategy for future research, as it is an element that increases in importance. By adding and testing an element to the theory of brand alliances, we are able to advance the research and analyze whether it needs revitalizing. The surroundings constantly change and the consumers’ role in branding changes hence strategies must continuously be tested. Country of Origin is a new dimension in the field of co-branding that until recently has been excluded from the research. Strategists have not considered it as a mean of creating a competitive advantage. However, with the development in the marketplace and the consumers’ brand perceptions it is vital to know, whether it is an element that influences the brand alliance or whether it is of too little importance to include.

1.3 Master Thesis Structure



2.0 Methodology

The purpose of this chapter is to elaborate on the methodological considerations that we have taken into account, when assessing the above-mentioned research question and to clarify our contemplation behind the design of the thesis. It lays the ground not only for the way we have approached the topic, but also for the underlying choices we have made in order to reach our conclusion. We have decided to divide the methodology into two sections, thus our reflections on the empirical research design of the thesis will be discussed in chapter 9. Literature review, research -philosophy, -strategy, and demarcation will be discussed in this section. We will begin this chapter by positioning ourselves in relation to the literature employed by reviewing the existing and dominant research in the three fields.

2.1 Literature Review

The three main streams of literature we utilize and combine in this thesis are the existing literature on co-branding, Country of Origin, and Customer-Based Brand Equity. Up till date, research on each of these subjects has been conducted, but the interrelationship of the three components remains yet to be explored. Moreover, the amount of theory is limited, since the concepts have been developed recently, hence theory on their actual impact is scarce. We unite the issues of Country of Origin effect in brand alliances, and their ultimate impact on consumer perception, which is reflected in Customer-Based Brand Equity.

2.1.1 Literature Review of Co-branding

The initial literature on co-branding and brand alliances was published around the early 1990's, which makes it a novel topic in brand theory. Norris was one of the first to conduct research on the subject, where he investigated brand alliances in the form of ingredient branding (Norris 1992). Because of its recent development within the field of brand management, it has been difficult to isolate the effect of brand alliances, and separate these from other brand initiatives. Thus, Helmig et al. emphasized the importance of distinguishing co-branding from other brand disciplines in order for the literature to make clear considerations of the effects of such brand alliances. According to them, it is viable to talk of co-branding when the brands in the alliance exist independently and when they have entered the alliance on purpose (Helmig et al. 2008).

Overall, there can be recognized three perspectives in the research on brand alliances. The first is concerned with the benefits and drawbacks for the company (Boad and Blackett 1999), next is the consumer effects (Rao and Ruekert 1994; Rao and Ruekert 1999), and finally the proposed fit between the brands entering the alliance (Simonin and Ruth 1998; James 2006). Even though much literature stresses the benefits that companies gain from alliances in relation to eliminating costs of entry, competitive advantage, and synergies, research in the field is also very concerned with consumer attitudes and the effect brand alliances have on consumer perceptions of the brands involved. Here, Rao and Ruekert investigated how brand alliances were affecting consumer attitudes through an assessment of brand names (Rao and Ruekert 1994). Simonin and Ruth also investigated brand alliances in relation to consumer attitudes to examine how individual brands are affected by the spillover effects by the brand alliance in which they are involved (Simonin and Ruth 1998).

Based on a model developed by Aaker and Keller, James investigated brand alliances and he found that alliances are dependent on the fit between the two brands. For consumers to purchase the product they have to perceive the brand fit of the alliance as logical and relevant (James 2006). Accordingly, Boad and Blackett have made a book on the science of alliance, which examines how brands can engage in an optimal alliance, thereby also discussing the issues of brand compatibility (Boad and Blackett 1999).

2.1.2. Literature Review of Country of Origin

For the past four decades, the issue of Country of Origin (COO) has been studied across the world within various national contexts. An extensive range of cases from developed, developing and under-developed countries have been conducted to explain the nature of the *country image effect* on goods, services and nations (Jaffe and Nebenzahl 2006). Schooler is considered to be the first researcher to empirically study this effect. He realized that consumers perceived products differently, though they were identical in every respect except for their COO (Schooler 1965). Since then, several studies have shown that consumers tend to have a relative preference for products from their own country, as proven by Shimp and Sharma in *consumer ethnocentrism* (Shimp and Sharma 1987). This concept of consumer ethnocentrism can improve understanding of how consumers and corporate buyers compare domestic with foreign-made products and how and why their judgments may be subject to various forms of bias and error. Moreover, Bilkey and Nes studied the Country of Origin

effects on product evaluations, and they discovered that Country of Origin indeed influence consumer perceptions (Bilkey and Nes 1982).

Country of Origin effects are known to vary by consumer nationality (Johansson et al., 1985) and culture (Balabanis et al. 2002; Sharma et al. 1995; Watson and Wright 2000), and as there has not been made any research on the Danish market this thesis will take point of departure in the Danish consumers' co-brand perception. According to Erickson, Johansson and Chao's study, COO affects the consumers' attitude, but not necessarily their behavior in terms of buying the product (Erickson et al. 1984), indicating that the economic effect of COO on increased sales may not be as decisive as previously assumed.

Even though the topic has been somewhat scrutinized, results have been ambiguous, and apparently there still exists an inability to draw generalizations and consensus regarding the exact influence of COO effects; thus there are still vast gaps within the literature. Moreover, the existing literature on the topic has been developed long ago, therefore, considering the potential impact of rapid globalization, there is a need to review the findings, and analyze whether they still hold true. To advance the knowledge within the field of COO this thesis will contribute with valuable findings on what happens with the consumers' brand perception, when the product to be evaluated has two distinct COO elements, as a result of co-branding across borders.

2.1.3 Literature Review of Customer-Based Brand Equity

Brand equity can have many nuances and theory on the term has evolved much the last decades. Before, it was acknowledged as a financial and economic measurement of brand value (Aaker 1991), whereas the contribution by Keller on Customer-Based Brand Equity (CBBE) stated that consumers participate in brands' value creation. Therefore, they are decisive to incorporate in brand valuation, because they shall purchase the brand eventually (Keller 1993). Recently, Heding et al. made a comprehensive review of the development in the field of brand equity, which contains an overview of the various approaches to brand equity. This overview supports Keller's findings of the consumers becoming more involved in the measurement of brand value (Heding et al. 2009). We have deliberately chosen to focus on CBBE as proposed by Keller, because we consent with the proposed integration of the consumer and its vital influence on brand valuation. Since we analyze the impact of co-branding's identity on consumer's brand image it correlates with this coinciding framework.

2.1.4 Literature Review Recap

The literature review enables us to position ourselves within the research, and clarify what new knowledge we will be contributing with. Thus, as mentioned the theory is rather unexplored, and the interrelationship of the fields has not been studied yet. Even though the issue of brand fit has been discussed, the issue of the match between the brands' origin has not been touched upon. Therefore, this thesis will extend the literature by analyzing how a brand alliance consisting of two distinct Country of Origin will impact the consumers' evaluation of the brand's equity.

2.2 Critique of Theory

The literature on co-branding is in many ways limited. First of all, nearly all literature in the discipline is overly excited and positive of the strategies of brand alliances. Second, most of the literature is based on a small number of researchers (Keller; Aaker; Boad and Blackett), which give all the papers the same starting point and subsequently equal limitations.

Regarding the first aspect, there seems to be disparity between literature and reality. The researchers suggest a vast number of possibilities for the brand alliances and in theory they find that companies can gain from entering alliances needless of product category or company size. In reality, the empirical evidence differs. Boad and Blackett suggest that the literature is optimistic, because failures in co-branding are yet to be seen. However, there are indications that many co-branding activities have failed and that the strategic synergies of brand alliances are difficult to achieve in reality. One of the reasons for this discrepancy might be that the research and findings possess excess delimitations. For instance, many of the research papers use student samples, when testing different alliance categories, despite the fact that these are a narrow respondents group to conclude from. Students might be more aware of different aspects of brands and consumption than the regular consumer, which can influence the results. Furthermore, the age-span of the respondents is defined too constricted.

The fact that much of the literature is based on the same initial researchers also impedes the theoretical development. Keller, Aaker and Kotler argue that brands need to find certain associations that characterize what they stand for and be consistent in the projections of these (Holt 2004: 15). They do include the consumer in their theories to a greater extent than early brand literature; however their point of view is that the company is in control of the entire branding process if the strategies are managed correctly (Heding et al 2009). As these

principles guide the literature, most strategies are implemented in the light of this belief. However, newer brand theorists are starting to question and criticize these aspects, because they see this line of thinking as outdated (Holt 2004; Muñiz 2001). Brand strategies are becoming gradually more complex not only due to the globalized markets, but also because companies need to be more inventive when marketing their brands. The new literature criticizes the element of consistency and suggests that companies analyze the cultural movements in order to adapt their brands to cultural trends and to follow the development of their target group. When analyzing brand strategies in more complex environments and situations it might be relevant to reconsider the theories and models that was applicable to the traditional strategies in order to align the theoretical findings with reality (Holt 2004). The next sections will outline the methodological research framework of this thesis.

2.3 Research Philosophy

The thesis will take point of departure in the positivistic research tradition since we, as researchers, aim to stay detached from the researched object. There will be conducted an objective analysis of the gathered data and only the actual results of the data will be analyzed, not the reasoning behind the results (Delanty and Strydom 2003: 14). The positivistic tradition requires the researchers to be independent and separated from the observed subject and the prejudices of the researchers will not affect the data or the results of the analysis (Saunders et al. 2003: 83). Additionally, this thesis aims at testing existing theories and findings in relation to cross-border brand alliances and has therefore been constructed as a replication study as we have assembled parts of the design from other studies in this particular field. Positivism allows such a replication design, as it requires a structured methodology and uses generalizations as framework (Saunders et al. 2003: 84). One implication of adopting the positivistic philosophy was the creation of three hypotheses, and the construction of a questionnaire to collect the required quantitative data. However, in order for us as researchers to stay detached from the research process and not distort the data, we commenced by conducting a focus group in order to establish the elements and content of the questionnaire in a reliable manner (Riis 2001: 133). The methodological reasoning behind the focus group and questionnaire will be discussed later in chapter 9.

The alignment with positivism made the thesis evolve around the observable trends of brand alliances and the results of the data will be analyzed based on the actual findings and answers of the empirical analysis. If we had relied on the hermeneutic tradition, we would have

contributed with our own interpretations of the findings. However, our point of view, as researchers, will not be considered in this discussion of the data, which correlates with the positivistic tradition of scientific research (Delanty and Strydom 2003: 85). Taking a positivistic perspective implies that we test, whether the theories of not only co-branding and brand equity hold, but also whether the concept of Country of Origin is valid, and if it is possible to transfer these concepts to different contexts.

2.4 Research Approach

Since we are testing the application of a combined theory, we have deemed it appropriate to take on a deductive approach, because the deductive approach allows the researchers to investigate a theory on the basis of the constructed hypotheses, and see whether it holds in a particular setting (Saunders et al 2003: 89). The positivistic tradition of objectively studying a phenomenon correlates well with the deductive approach, explaining why we have developed the three hypotheses to test the validity of the theory (Saunders et al. 2003). However, we will not as such develop a new theory; instead we have combined the theories in a manner not tested on the Danish market before. We found that most literature and research in the theoretical field was based on empirical data gathered in the US or Asia and very few papers had tested the theories in Europe, thereof none in Denmark. The deductive approach allows us to test scientific principles in a reliable, objective setting and it enables us to stay independent of the research (Saunders et al. 2003). We have used this approach as it enables us to go through the theories in a systematic manner in order to present the theoretical background for our empirical study. The deductive approach further supports our objective standpoint in relation to the data collected (Andersen 2002). Moreover, the deductive approach permits us to use the literature that exist on brand management and brand alliances and take it further by elaborating on the findings and prior results. This benefits our thesis as it allows us to go into detail with the specific area we have thought vital, namely brand alliances between brands from different countries. We have further seen it necessary to generalize in our empirical data gathering, as we have selected a sample of the Danish population. Nevertheless, we have emphasized the premise of collecting a large data sample of 200 respondents, as opposed to a qualitative study of e.g. five in-depth interviews. These choices of direction have been founded in our positivistic line of thinking (Saunders et al. 2003: 87). However, at the same time this choice of approach might cause us to leave out the possibility that the perceptions of brand alliances on the Danish market might be influenced by other sources than the chosen theoretical framework. As this thesis is built around deducing findings from the known

theories and literature, it excludes the possibility of discovering new trends (Saunders et al. 2003).

2.5 Research Strategy

The research strategy emerges from our chosen research approach, which we explained in the former section. We go through the existing theory by a combination of a descriptive and explorative study (Andersen 2002: 23). Assessing the existing literature this way, sets the framework for testing and investigating the propositions of the literature in a new setting, which is conducted in practice in the empirical analysis of the thesis.

Instead of making an explanatory study (Saunders et al. 2003); explaining *why* a phenomenon exists, we considered it more suitable to use a different strategy. If we would have made an explanatory study, aimed at generating new knowledge, a qualitative research analysis would have been more appropriate (Saunders et al. 2003: 96), but instead we wanted to provide knowledge on *how* the consumer attitude is towards a certain co-brand. The question *why* consumers act in a certain manner is not as essential as *how* they act; therefore we make use of a combination of an explorative and descriptive research approach (Saunders et al. 2003: 98). Once again, this understanding stems from our conviction of simply observing the surroundings and portraying a reflection of the reality, as we detect it, without questioning its underlying rationale.

The primary research strategy we employ is that of a survey strategy, which is also commonly associated with the deductive approach. We settled on this strategy, as it enables us to attain a large amount of data from a sizeable population (Saunders et al. 2003: 92). We have further chosen to conduct our empirical analysis partially as a replication study, as this method enables us to test existing research and verify it in practice (Baumgarth 2004). Replication studies can be either direct, where the original study is completely copied, or extended, where certain elements of the primary study are altered, in order to generalize the statements of the former research. Replication studies are rare in the field of marketing, and therefore it is an unexploited approach for testing the existing statements in the literature (Baumgarth 2004).

Heding et al. have in their study divided marketing research papers into a paradigmatic funnel. A paradigmatic funnel consists of four layers: empirical observations, analytical methods, specific theories and underlying assumptions, where each level represents different

ways of questioning the existing way of viewing brand management. The first layer tests existing theories in different empirical contexts and provides the research fields with evidence and experiments in practice (Heding et al. 2008). This thesis is positioned in the first layer, because this enables us to contribute to brand management literature regarding brand alliances and the Danish consumers, which provides theoretical evidence of the deeper layers of research in the field. Therefore, the replication method was a relevant choice of analysis and a consequence of previous described methodological choices.

2.5.1 Case Study

To empirically test the theory, we have constructed a case study with four sub-cases. A case study is defined as: “*A strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context...*” (Saunders et al. 2003: 93; Robson 2002: 178). The case study is particularly effective, when the research seeks to answer *how* questions (Saunders et al. 2003: 93).

2.6 Multiple Methods

The employed research design embraces several research methods, namely quantitative and qualitative elements. This paragraph underlines the rationale behind the decision of triangulation. We will go further into detail with the methodological design of our empirical analysis in chapter 9.

Triangulation or multiple methods is characterized, as a combination of several methods (Riis 2001: 131). Thus, the integration of two methods in one analysis is not a seldom sight in empirical research, as it can elucidate a wondering from several angles, and thereby provide a more nuanced and comprehensive result (Riis 2001).

We conducted a qualitative pre-test on the topic of Country of Origin and Customer-Based Brand Equity, as a mean for developing tools to work with in the primary empirical research: the survey. The quantitative findings can be analyzed qualitatively (Riis 2001), which we do with our findings, as we do not conduct any statistical calculations, but rather discuss the interaction between the variables of the findings. In our case, the focus group became a fundament for constructing a more viable and well-founded survey, based on our previous findings. It confirmed us in the suspicion that Country of Origin did appear in the consumer's mind, when making an *associative network model test* (Heding et al. 2009: 96; Keller 1993).

Thus, we continued our analysis by advancing the questions in an organized and meticulously structured manner.

2.7 Time Horizon

Concerning time span this thesis is approached as a snapshot of reality, indicating that we conduct a cross-sectional study. As opposed to longitudinal studies, the cross-sectional approach studies particular phenomenon at a particular point in time, which is present (Saunders et al. 2003: 96). Thus, there will not be explored change and development of the topic co-branding, as it is a study of the contemporary trends and tendencies among the respondents. Because the aim is to provide managerial implications for the business strategists, the thesis must reflect the current situations. Needless to say, these can change, and this thesis's empirical work may have different conclusions, when conducted in the future.

2.8 Demarcation

As the ultimate purpose of this thesis is founded in discovering the implications of co-branding and the effect on consumers' perceptions, delimitation of the thesis should be made in order to concretize the findings. The focal research position is centered on the consumer and the strategic consequences for the company and its branding strategy. Thus, it will amount in a micro-level analysis of the consumer, and a meso-level assessment of the strategic implications for the company. Moreover, the research will be conducted on a B2C market containing consumer goods; which hereby implies that all B2B issues are excluded. More precisely, the empirical research will exclusively analyze co-branding on the automobile market. This was chosen as most consumers have an opinion regarding cars and it is a product category, which also in reality engage in brand alliances, hence it makes the empirical analysis trustworthy and applicable in reality.

In terms of geographical limitation the thesis' centre of attention is narrowed down to include Denmark and the Danish consumers only. Further, as this thesis deals with the consumer-market for automobiles, the product category and its implications for consumers should be reflected upon. The product is situated in the *think, feel, do* hierarchy effect model, where consumers have a more rational approach to the buying situation, and their product involvement is characterized as being high, partly because of the economic investment required (Mullins et al. 2005: 76). This will ensure that the respondents personalize their

answers and make them based on careful considerations which will make the analysis closer to reality.

The co-branded product is object of new product development, which indicates that the product should be market at the introduction stage in the Product Life Cycle (Mullins et al. 2005: 159), where branding becomes essential, as the product is unknown to the consumers. Therefore, the focal stage will be the introductory level of the PLC, and the successive stages of growth and decline and the brand alliance modifications it may entail will not be taken into consideration.

In respect to the various expansion strategies and ways of leveraging the brand, the thesis primarily contains a discussion of brand alliances in terms of a physical co-branded product, as opposed to a symbolic co-created activity. Certain relevant subjects must be excluded from this thesis. When analyzing co-branding across borders, there are numerous related legal issues that should be taken into consideration, but they have deliberately been expelled here. These are among others the matters of copyright, intellectual property right, profit sharing, contract construction and abolition. Nevertheless, these subjects will not have a direct effect on the implications of cross-border alliances in relation to how the consumers perceive the brand image, and we have therefore excluded them as we have chosen to focus on the strategic impact of such alliances.

In relation to the fact that the primary goal for the company is to generate and maximize profit, except from the case of non-profit organizations, it must be stated that this thesis does not include a quantitative discussion of the profitability within and across the companies entering the brand alliance. Thus, there will be no financial calculations, where it otherwise could have been expected to conduct Return on Investment and other financial analyses. Further, as the Customer-Based Brand Equity theory is based on qualitative measures we have exclusively focused on these. Furthermore, to keep a focus on the part of brand alliances impact on brands' equity, the thesis only focuses on one part of the strategic marketing elements that companies should consider when exposing their brands to new settings. Hence topics of marketing, advertising and media-selection that could further extend the analysis have been eliminated.

3.0 Branding Fundamentals

This chapter presents key concepts in brand management, which are essential for this thesis, in order to illuminate our research foundation. It contains an elaboration of branding terms and a justification of branding conduct based on the potential benefits that branding entails.

3.1 Brands

Branding has become a contemporary buzzword, and therefore theorists and practitioners have formed their individual characterization of the term. The official definition of a brand as presented by the American Marketing Association sounds as follows: “*A name, sign, symbol or design, or a combination of these, intended to identify the goods or services of one seller or group of sellers, and to differentiate them from those of a competitor.*” (Pelsmacker et al. 2007: 40). Thus a brand is defined as both the tangible and intangible elements related to the products.

Branding can seem imperative for any product, but in reality branding is more vital for some product categories than others. For generic, homogenous, and undifferentiated products as steel and raw materials branding is the exception rather than the rule (Chernatony 1999). But in the category of consumer goods branding has become essential. “*What distinguishes a brand from its unbranded commodity counterpart and gives it equity, is the sum of consumers’ perceptions and feelings about the product’s attributes and how they perform.*” (Keller 2008: 5). Especially, within the automotive industry branding has become crucial, because the producers must signal trust and quality in order to convince the consumers to buy such an expensive product (Suckling 2005).

3.1.1 Brand Perception

“*Perception is the process by which a person selects, organizes, and interprets information*” (Mullins et al. 2005: 119). When consumers are about to purchase goods, they endure a subconscious process of information gathering, where they collect available information in memory to establish their brand perception (Mullins et al. 2005).

3.1.2 Brand Attitude

Brand attitude is founded in consumer’s brand perception and evaluation (Mullins et al. 2005: 121). Thus, the attitude is a reflection of the consumer’s opinion of the brand (Keller 2008:

385). A brand attitude is formed by several inputs, such as the product's attributes, benefits, the consumer's attitudes towards similar products, environmental factors, previous experience, and information from the consumer's reference group (Mullins et al. 2005: 114). Hence, a brand attitude is made up of several influential factors.

Fishbein and Ajzen's reasoned action theory states that consumer actions are correlated with their beliefs and attitudes towards a certain brand (Fishbein and Ajzen 1980). Therefore, a positive attitude will, according to theory, result in positive action. Based on this argument, we find that a favorable consumer attitude is prerequisite for brand purchase and thereby brand success. Though it is noteworthy to mention, that these reactions vary in strength, hence having a positive brand attitude will not automatically result in brand acquisition (Fishbein and Ajzen 1980).

3.1.3 Brand Quality

We just explained how brand attitude is the consumer's overall assessment of a brand. Therefore, a well-defined value proposition based on quality dimensions plays an important role, when designing a brand, because one of the most decisive attitude formations is based on perceived quality (Mullins et al. 2005: 247). Perceived quality measures are thereby inherent in most brand equity measure (Keller 2008: 68); therefore, we need to establish its meaning now, in order to proceed our Customer-Based Brand Equity analysis. Conclusively, quality is defined as consistency and correlation between what the consumers expect and what they receive (ISO 9000 2010).

3.1.4 Brand Identity

A significant issue regarding the Customer-Based Brand Equity framework is brand identity. According to Aaker, a brand identity is the associations the company aims to place in the mind of the consumer. A brand's identity is an expression of the brand vision and it should be unique as it is a tool for positioning the brand in a strong and reliable manner compared to competing brands. By creating the favorable associations, brand trust and reliability are established (Aaker 2002). Similarly, Keller outlines the brand identity as a differentiating element of the brand that enables the company to be competitive. The identity should involve favorable, strong and unique associations to create awareness and brand knowledge in the consumers' memory (Keller 2003). This design regarding brand identity represents the company's and the brand's value proposition.

Kapferer also sees the brand identity as characterizing what the company wants to communicate, however he takes the customer-angle of the identification of the brand identity even further. Companies should consider not only the internal sides of the brand but also the external elements of the brand e.g. the relationship created with consumers and the outward image of the buyer. When the brand identity reflects all these elements in a consistent, deep and unique manner, the brand will be successfully positioned in the minds of the customers (Kapferer 2008). The consumers' associations of the brand come from cues provided by the company; hence the marketer can be in control of what signals are sent out and which associations are attached to the brand (Heding et al. 2009). Thus, brand identity has significant importance for the producer *and* the consumer simultaneously.

The origin of the brand is in literature also perceived as part of the brand identity (Phau and Prendergast 2000). Promoting this brand origin through the identity of the brand makes the brand associations stronger and reliable, as consumers tend to have certain stereotyped perceptions of certain countries (see chapter 6 on Country of Origin for an explicit discussion of this issue.) Companies implementing the Country of Origin in the brand identity can gain advantages over competitors and add uniqueness to the brand (Aaker 2001).

3.1.5 Brand Image

Brand image is an expression of how consumers interpret the brand's identity. Whereas, brand identity is the sum of brand signals communicated from the company, the brand image is the holistic message the consumer decodes. Brand image is defined as: "*Consumers' perceptions about a brand, as reflected by the brand associations held in consumer memory*" (Keller 2008: 51). Thus, creating an affirmative brand image requires a branding effort that makes consumers link strong, favorable, and unique associations to the brand in their memory. Correspondingly, brand image can be discerned through the *associative network memory model*, as demonstrated via the focus interview later in section 10.1.

3.2 Brand Benefits

If managed correctly, a successful brand can be of great economic value; both in terms of increased sales, and thereby augmented revenue, and in terms of enhanced stock value (Keller 2003; Aaker 1996; Simon et al. 1993). But to manage a brand profitably is easier said than done, as it must live up to the following determinants: differentiation, added value,

innovation, good quality, long-term integrated communications support, and marketing and employee support (Doyle 2000; Pelsmacker 2007: 43). By being differentiated, the brand is perceived as having unique benefits; hence the consumer cannot find a perfect substitute in any other brand. Thereby, the brand is positioned in the mind of the consumer as providing added value. Having trustworthy and committed employee support along with consistent communication can then sustain the brand's leading position. Not all brands live up to these conditions, but as a rule-of-thumb, a thriving brand should meet some of the criteria (Kapferer 2008).

Brands have significant importance for the producer *and* the consumer simultaneously. From the consumer's perspective the brands identify the source behind the product, and thereby it allows the consumer to assign responsibility to a known company, in case of potential damage. Concurrently, the company can establish a strong tie to the consumer by continuously delivering the promised brand value (Keller 2008). Thus, the gains from branding will ultimately have a positive impact on consumer and manufacturer. The advantages of having a strong brand are summarized in the following model:

Consumer Brand Benefits	Company Brand Benefits
<ul style="list-style-type: none"> • Identification of manufacturer • Risk reduction • Assignment of responsibility • Search cost reducer • Signal of quality 	<ul style="list-style-type: none"> • Special attachment to consumer • Competitive advantage • Financial returns • Differentiation/uniqueness • Proved quality = satisfaction

Model 3.1 -Own adaptation based on Keller 2008: 7

Having a strong brand means having high brand equity, and it entails additional advantages. These advantages exemplify why it is worth-while investing resources in building a strong brand, because it will pay off in the long-run (Aaker 1996). The great return can either appear in economic terms, such as the ability to charge a price premium and achieve larger margins, or in terms of loyalty; in case of an unfortunate event, the loyal customers will be more willing to accept an apology due to the stored goodwill (Keller 2008). Nevertheless, it is important to remember that having a well-known brand also implies increased exposure to

critical voices, and the top brands are more vulnerable to criticism and condemnation (Kapferer 2008).

4.0 Global Branding

This chapter presents an amplification of global branding, because co-branding frequently occurs on the international scene, and the global environment has decisive impact on the brands and consumers. Therefore, we contemplate on global branding in the following sections, in order to establish a fundament, on which we can progress our analysis of cross-border brand alliances.

4.1 Global Branding Strategy

The rationale for going international can be manifold. The motivation can be founded in slowing growth, maturing domestic markets, increased competition locally, a belief to enhance growth and profit opportunities by engaging with overseas markets, a desire to reduce costs from economies of scale, a need to diversify risk or the acknowledgement of the customers' global mobility (Beamish et al. 2003).

Product \ Market	Present	New
Present	Market Penetration	Product Development
New	Market Development	Diversification

Product \ Market	Present	New
Present	Market Penetration/ CO-PROMOTION	Product Development/ INGREDIENT BRANDING
New	Market Development/ CROSS-BORDER CO-PROMOTION	Diversification/ CROSS-BORDER INGREDIENT BRANDING

Model 3.2 – Own creation based on Ansoffs Growth Matrix; Beamish et al. 2003:122

Once the company has determined to go abroad, the strategic decision of whether to market own and existing products or whether to engage in product development comes to mind. To diminish the costs and resources spent on in-house R&D in order to create new products or components, the company can decide on entering a brand alliance. Then, the supplied brand enables the company to diversify their products instead. Thus, it reduces the risks and expenditure associated with diversification (Beamish et al. 2003). Model 3.2 exemplifies the traditional strategies of growth and how co-branding strategies can be integrated into the model. This illustrates that when embarking on an international strategy for the brand, companies should select the co-branding strategy equivalent to the wanted growth strategy, whether it is market penetration or development, or product development or diversification.

4.1.1 Global Customer-Based Brand Equity

When creating and executing a global brand the advantages should be exploited to its fullest, while minimizing the drawbacks. According to Keller, there are several issues that must be cautiously considered before building a global brand (Keller 2008). Among these are the following points, we find decisive when operating a brand globally:

1. Understanding similarities and differences in the national cultures
2. Embrace Integrated Marketing Communications
3. Cultivate brand partnerships
4. Balance standardization and customization
5. Balance global and local control (Keller 2008: 609)

These points are important to consider, when creating a cross-border brand alliance too. Not only do the same commandments hold true, but extra caution must be taken, as there are brands with a different Country of Origin present. Thus, emphasis must be placed on the cultivation of the partnership in order to optimize the consumers' brand perception.

Regardless of the encouragement for pursuing foreign markets, the international brand strategy will always entail vast costs and benefits, which will be discussed in the following section.

4.1.2 Implications for Global Branding

In relation to the internationalization strategy, there shall also be decided upon what brand strategy to utilize, when expanding the brand across its national borders. There will probably never be consensus upon the question of whether a global branding strategy implies more costs than benefits. The pro's and con's are numerous and dependent upon the exact market and company analyzed, thus there is no one solution to whether, when and how a company should expand its brand globally (Beamish et al. 2003). Nevertheless, some contemplation on the query can be made. On the affirmative side are the issues of economies of scales, less resources spent on adaptations, and brand consistency (Keller 2008: 596). Some claim that a social and cultural convergence will enable a more homogenous global segment. These are all valid arguments for embarking on a global brand strategy (Beamish et al. 2003). Nevertheless, the story also has its downside, as the issues of varying consumer cultures and market evolutions are essential pointers to the need for a locally adapted strategy (Keller 2008).

Global Branding Advantages	Global Branding Disadvantages
<ul style="list-style-type: none">• Economies of scale in production and distribution• Lower marketing costs• Power and scope• Consistency in brand image• Ability to leverage good ideas quickly and efficiently• Uniformity of brand practices• Integrated Marketing Communications	<ul style="list-style-type: none">• Differences in consumer needs, wants, and usage patterns for products• Incompatibilities in consumer response to branding elements• Differences in brand and product development• Various pace of Product Life Cycle stages• Diversity in the competitive and legal environment

Model 4.1 -Own creation based on Keller 2008: 591-608

At this point, it is decisive to distinguish between brands *exported* globally and global brands. To exemplify the point, Jaguar is an exported brand, since the brand has not been redefined to suite or meet global needs; on the contrary BMW and Porsche has certainly adopted their brands to satisfy the global market, by incorporating the consumers' culture (Kapferer and Schuiling 2004: 429). We will elaborate on the issue of consumer divergence in section 6.4.

In a study made by Kapferer and Schuiling it was analyzed how global brands differ from local ones on 13 parameters. They found that global brands suffered a significant deficit on the following factors: health value, reliability, trust, and serviceability (Kapferer and Schuiling 2004). Opposite, the global brand outperformed at the expense of the local brand in

terms of innovativeness, uniqueness, high quality, fashionable, and sympathy. The study received 9,739 respondents and it was based on 507 brands (Kapferer and Schuiling 2004). Accordingly, it is legitimate to conclude that there is sizeable divergence in the consumers' evaluation and perception of local versus global brands. But whether to opt on a global or local brand strategy will depend upon the corporate objectives for the brand.

4.2 Globalization versus Localization

It is a huge responsibility to create and implement an international brand strategy. The decision of how to design and formulate the brand strategy is not straightforward, because there are many external and internal factors that must be considered. If the company composes an ethnocentric strategy it can entail the risk of lacking awareness and appreciation of opportunities for brand expansion across national borders. Whereas, constructing a polycentric brand strategy can result in miss management and confusion (Beamish et al. 2003: 7). When internationalizing, companies can select from three strategies: *Global*, *Local* or *"Glocal"* (Beamish et al. 2003: 95). In the following paragraphs these strategies will be discussed.

4.2.1 Global Brand Strategy

According to brand consultant Robert Kahn "*Global branding does not mean having the same brand everywhere. It means having an overarching strategy that optimizes brand effectiveness in local, regional and international markets*" (Keller 2008: 602). Thus, a global brand can be defined as one that has a clear and consistent brand equity or brand identity among consumers across geographic markets. A global brand strategy is beneficial in many ways such as economies of scale, consistency, and efficiency (Keller 2008). Nevertheless, consumers should be able to identify with the brand in order to reach higher Customer-Based Brand Equity, therefore, the danger of a global branding strategy lies in the fact that it may become too standardized for consumers to relate to. It has the potential risk of failing to reach any customer, when trying to reach them all (Beamish et al. 2003).

4.2.2 Local Brand Strategy

At the other end of the specter is the local branding strategy, where the brand is adapted to local preferences. This is suitable in terms of being sensitive and responsive to the consumer's varying cultures, needs and peculiarities. It may be effective in terms of reaching the

consumers, but not in terms of cost-effectiveness, as the resources spent to adapt the strategy may not provide sufficient Return on Investment (Beamish et al. 2003).

4.2.3 Glocal Brand Strategy

The last strategy refers to a hybrid of the previous unambiguous internalization strategies of either being global or local. Hence, the glocal strategy is supposedly a combination of the best of both worlds. Rarely are we confronted with companies who strictly follow and execute the global brand strategy. Increasingly, marketers are integrating global objectives with local or regional concerns, as this approach enables them to benefit from the global advantages, while still taking the local needs into account (Beamish et al. 2003).

No matter what strategy is chosen, the fact that the company is entering a new international market entails great risks, because this new market poses many unknown threats. To overcome these barriers, local knowledge will be of enormous support as it assists in uncovering the potential pitfalls and revealing the potential advantages of the market (Beamish et al. 2003). Consequently, co-branding with a local brand may be a beneficial solution as it implies the required local expertise. However, trade-offs always prevail, and when co-branding implies reduced risk and low investment, it simultaneously means loss of control and moderate speed to market (Keller 2008: 616).

5.0 Branding the Automotive Industry

In this chapter we will illustrate, why the automotive industry is an interesting case, when analyzing cross-border brand alliances; both in regards to international aspects of brand alliances and the respective brands' Country of Origin.

5.1 Automotive Industry Trends

Since the 1960's the global production of cars has increased more than threefold, and correspondingly the geographic mapping of the car industry has changed substantially. Currently, production is strongly concentrated in Europe, which is responsible for 43%, followed by a production level of 32% in Asia, and finally an 18% in the US (Dicken 2007: 280). This illustrates how the automobile industry has become condensed within certain geographical areas of the world. Back in the 1960's the US was by far the world leader in terms of car production, and it accounted for more than 50%, whereas it today only

contributes with approximately 12% worldwide. The exact opposite development has been experienced by Japan, who transformed from producing about 2% in 1960s to being the global leader with more than 20% (Dicken 2007: 281). In terms of volume General Motors (US), Toyota (Japan), and Volkswagen (Germany) are the top 3 producing brands (Dicken 2007: 290). These steady changes have slowly changed the consumer perception of car producing nations. But *quantity* is probably not what becomes evaluated most positively in the minds of consumers; rather *quality* is the determinant factor for brand success.

5.2 Characterization of the Automotive Industry

The automotive industry has always received much attention, because it is a very unique industry in many ways. In fact, the automotive industry is in its essence an assembly industry, more precisely an industry of industries, where the manufacturers and brands are interconnected and each final product or unit has received numerous of inputs throughout its production process (Dicken 2007). Therefore, the car is a *hybrid* product, which is a commodity that has been sourced globally and assembled in one country. This indicates that the car per definition has many different countries of origins. Here, the ‘made in’ designation does not seem trustworthy, thus if the car should benefit from being associated with a country, it must be done via promotion of brand origin (Johansson 1988: 54). Car brands are often embedded with stereo-types of who drives the particular car and which country it stems from. It is therefore a paradox that each of the cars’ components is originated in several very distinct countries, however, not all components and their Country of Origin are being included in the branding of the car. Thus, the final customer rarely knows about all of the contributions to the car but only the brand’s origin. The concept of brand origin will be discussed in detail in chapter 6.

5.3 Branding Cars

Branding has for long been prevalent and very much emphasized among providers of cars. Automotive brands are some of the most prominent brands when it comes to embedding a brand with not only a personality, but also a unique relationship with the consumers, thereby providing high brand value. This is reflected and supported in the fact that there are several car brands, which have been rewarded with a position on the list of “The Top 100 Brands”. Among these are the top-rated BMW (no. 25), TOYOTA (no. 26), Honda (no. 46), Mercedes (no. 53), and Porsche (no. 65) (BrandZ 2010). These brands have been rated on economic brand value, on which they have all scored very high. However, all the car brands have

experienced a decline over the last year of up to 31%; and not *one* of the listed brands have maintained or increased its brand value. Overall, the brand category of cars has suffered badly and decreased by 15% the past year (BrandZ 2010). Needless to say, the worldwide economic crisis can be blamed, but most of the other listed brands from distinct industries have enjoyed progress. Apparently, the car brands could benefit from exploiting alternatives to leverage their brand value. Several unconventional techniques can be appropriate to extend brand value, and alternative marketing initiatives, for instance to make use of Country of Origin as a promoted benefit, could be suitable, like the Seat example described in the introduction. The concept of Country of Origin will now be discussed in detail.

6.0 Country of Origin

A concept that is playing an increasingly central role in the international branding literature is that of Country of Origin. The Country of Origin (COO) effect refers to how consumers feel about brands originating from a particular country (Chiou 2003; Maheswaran 1994). The concept is defined as: “*The country where corporate headquarters of the company marketing the product or brand is located.*” (Phau and Prendergast 2000: 2004).

COO is important when discussing cross-border brand alliances, as consumer perceptions of these will also be affected by the origin of the brands, especially when it is an unfamiliar brand, where COO becomes a primary association and signal of quality (Bluemelhuber 2007; Maheswaran and Zeynep 2000: 96). However, many studies of brand alliances have not included this parameter in the analysis (Carter 2002).

Previous studies have supported the existence of COO effects by showing that a product's COO can influence consumers' evaluative judgment of a product (Cordell 1992; Liu and Johnson 2005). It has also been found that consumers have certain stereotyped perceptions of certain countries' images and these are transferred to the products and brands stemming from the particular country (Phau and Prendergast 2000; Dinnie 2008). One interesting thing in the literature on COO is that many studies have used COO as the only variable and excluded elements of e.g. brand name, design, and technical information, and they are in that sense influenced by the COO effects (Dinnie 2008: 85).

In these sections, we will introduce the theory of Country of Origin (COO) and its impact on consumers' brand perceptions, judgment, and interpretations, in order for us to analyze its effect on co-branding. The section contributes with an understanding of the consumer's culture, and its impact in terms of latent bias, when consumers are to evaluate foreign alternatives to domestic brands.

6.1 Country of Production

To start with, there must be distinguished between 'made in' and COO, because many manufacturers are having their goods produced in a low-cost country, e.g. Taiwan, China, or Korea in order to save the expenses from the costly western labor (Dinnie 2008). But the small tag e.g. in clothes is not what is defining the COO; rather the COO effect is being transferred and communicated from the designing country. Thus, when referring to COO or COA (Country of Association) in relation to branding, it must be understood as the implications of the brand's starting point rather than the product's actual production place (Keller 2008). Typically, it is a legal necessity to state, where the product has been made, and one could easily imagine how this can affect the brand's perceived quality (Dinnie 2008). However, based on the different aspects of COO and COA in relation to co-branding, we see it from a strategic perspective of brand alliances where companies can choose to emphasize or undermine the COO. Companies have no choice regarding the "made in" label and it will therefore be excluded from a strategic analysis of brand alliances.

6.2 Country of Association

Country of Association (COA) refers to the consumers' associations with a certain country. Some examples hereof are Scotch whisky, French wine, Japanese technology, or German cars (Dinnie 2008: 84). The COA is based on the country's long history of successful production of a specific product category. Nevertheless, times are shifting, and new countries are emerging on the global scene, which can entail a shift in or a diminishing effect of COA; they may not appear as obvious as they once were (Keller 2008). Just to mention a few changes, today Chile, Spain, Argentina and Australia are also associated with high quality wine production. Before, Latin America and the East were associated with low quality, but today they are struggling to obtain a better image. This transformation is spurred by globalization and the increasingly fierce competition coming from the rise of previously Less Developed Countries make the COA decrease (Phau and Prendergast 2000; Dinnie 2008). Because the

blurring of borders is more apparent and evident than ever before, it renders obscurity of the concept Country of Origin (Phau and Prendergast 2000: 2001).

What makes the concept even more puzzling, is the finding that COO impressions may be the result of perceived hierarchical order of countries based on their levels of development; developed countries are likely to be more positively perceived than developing countries (Lee and Lee 2007: 1). Moreover, foreign market entrants could achieve positive product evaluation and purchase intention by forming strategic alliances with established brands in the local market. Therefore, co-branding is a strategy that could help international companies from developing countries overcome country stereotypes in the global market (Lee and Lee 2007: 4).

Choosing brands with strong national ties may reflect a deliberate choice to express self-image, to maximize conceived product utility or to communicate the personality the consumers believe the country signals (Keller 2008: 286). Thus, some brands intentionally utilize the COA in their brand management, in order to make it a differentiating factor, which distinguishes these brands from competitors with foreign nationalities. However, when a company makes use of the COO or COA effect by explicitly stating the brand's origin in the branding process, it can carry potential disadvantages for the brand (Kapferer 2008). In the case of a disaster or an unfortunate event, consumers may choose to boycott the brand; not on the basis of the brand's function or utility, but due to the fact that the brand originates from a black-listed country. People today are very conscious consumers, and episodes such as the French trial bombing or the Danish Mohammed drawings, exemplify how consumers from all over the world react by rejecting all products from France and Denmark.

The brand may also receive external help to promote the Country of Origin, which is known as Nation Branding. The state may have undergone export initiatives to promote certain industries abroad, and these efforts have an impact on the consumers' perception of the country image too (Dinnie 2008). The overall aim is to build a strong national umbrella brand that contribute with added value and support to the promotional efforts and marketing activities, when positioning and differentiating the country's brands on the international markets (Keller 2008: 287).

6.3 Country of Origin in Branding

When consumers evaluate brands, they make use of various cues in their assessment. As with a brand name, Country of Origin functions as such a cue to facilitate and secure decision-making and reduce risk associated with the brand acquisition (Bluemelhuber 2007). Country of Origin has generally been viewed as an extrinsic product cue, a piece of information readily available to evaluate the brand quality, but of no intrinsic consequence to the quality, functioning, design, social acceptability, etc. of the product (Johansson 1988). Several studies have shown that consumers utilize the extrinsic cue of Country of Origin in order to assess brand quality (Bilkey and Nes 1981; Wall et al. 1991). Correspondingly, the consumer will utilize Country of Origin information in the process of deciding upon a brand.

As we discovered in section 6.2, consumers' evaluation of brands rely upon the brands' Country of Origin, among other things (Keller 2008). Even though Country of Origin is only one cue, it functions as a determinant factor in the consumer's positioning of the brand. In fact, the Country of Origin is found to have a greater effect on consumer evaluation than the brand name (Phau and Prendergast 2000: 2003). Thus, Country of Origin plays a vital role, when establishing a brand. Whether or not the promotion of the brand's origin is worth endorsing, depends upon the fit between the brand's value proposition and its origin (Dinnie 2008: 86). As mentioned, at times consumers can hold a favorable country image in relation to a specific product category. Here, it would be beneficial to integrate the Country of Origin in the brand communication, as it becomes a competitive advantage.

In order to integrate Country of Origin into the field of branding, the term 'brand origin' has been coined to be: "*the place, region or country to which the brand is perceived to belong to by its target group*" (Thakor and Kohli 1996: 86). Hereby indicating that brand managers can mislead or manipulate the brand's origin or the consumers can hold misinterpretations of the brand's origin. This can occur if the consumers exaggerate the quality associations of a certain country, by having an excessively favorable perception of the country's competencies within the product category (Kim and Chung 1997). Finally, a brand can deliberately be created to be perceived as being *country neutral* where the brand's origin is not associated with any country at all (Jaffe and Nebenzahl 2006: 127). Thus, brand managers can either choose to promote the brand's Country of Origin or they can avoid advancing it. But even though they determine to promote the COO, they are not fully in control of what image the consumer holds on the associated country or brand origin.

6.4 Country of Origin Drivers

As declared in the previous paragraphs the concept of Country of Origin has been object to some attention, and it has obtained growing importance in the field of branding. The following sections will provide a clarification of why Country of Origin has once attained considerable focus, and why it is worth reflecting upon.

6.4.1 Home-Bias Dilemma

When our research takes place in Denmark, and analyzes the Danish consumer, Denmark is declared *the home country*, since it inhabits the Danish respondents. Any foreign country would consequently become *the host country*. This terminology can give way to prejudice and discrimination, because the Danes possess a local bias favoring their own country and domestic brands, which may imply unfair preconceptions, when evaluating *home* relative to *host* countries. However there is considerable evidence that the preference for domestic products may be an issue of consumer patriotism or merely emerged for practical reasons (Phau and Prendergast 2000: 2003). We will return to the issue of whether or not the Danes possess home-bias or a skewed preference for national goods in the empirical part.

6.4.2 Ethnocentrism

Several studies have denoted that consumers tend to have a relative preference towards products from their home country, as proven by Shimp and Sharma in Consumer Ethnocentrism (Shimp and Sharma 1987). This concept of *consumer ethnocentrism* can improve the understanding of how consumers compare domestic with foreign brands and why their judgments may be subject to various forms of bias and error. Shimp and Sharma discovered that highly ethnocentric consumers are most prone to biased judgments by being more inclined to accentuate the positive aspects of domestic products and to discount the virtues of foreign brands. Then, consumers may favor a national brand, even though they know that there exist superior alternatives in other countries. Thus, if brands are sold domestically in a market, where the target group is highly ethnocentric, then it appears beneficial to highlight the Country of Origin (Shimp and Sharma 1987).

On the other hand, consumers may have a relative preference for or aversion against brands that originate from certain countries. These have been labeled as *affinity* (Oberecker et al. 2008) and *animosity* countries (Klein et al. 1998). From this point of view, the consumers do

not only prefer home brands relative to foreign, but they may acquire a hostile attitude towards brands from a certain country. Klein demonstrated that animosity toward a foreign nation is related to choices between foreign goods, while consumer ethnocentrism is related to choices between foreign and domestic goods (Klein 2002). Klein discovered that animosity towards a country directly influences consumers' willingness to buy the brands from that country irrespective of the product judgments (Jaffe and Nebenzahl 2006: 97). Moreover, consumer ethnocentrism is positively correlated with nationalism and patriotism, but negatively correlated with internationalism. However, the results showed that neither nationalism nor patriotism had a consistent level of effect on consumer ethnocentrism, since their effects vary from one country to another; hence nationalism and patriotism do not automatically translate into aversion for foreign brands (Balabanis et al. 2001: 164). In this way, the paper actually advises managers to de-emphasize the COO, when branding the product outside the home country, because this will diminish the impact that ethnocentric consumers can obtain. At the same time, there are situations where emphasizing the COO of a brand is advantageous which we will return to in the discussion of the empirical findings.

What is discovered in this section is that consumers' national cultures are dissimilar, thus when consumers' actions are rooted in their cultural norms, they must behave differently across cultures (Hofstede 2001). Furthermore, consumers' cognitive customs are founded in their culture; hence they must perceive and evaluate brands differently, because they observe the brands through their cultural standpoint and perspective (Hofstede 2010). Since the Customer Based Brand Equity framework is founded in the cognitive stream of literature, we assume that the analysis of the Danish consumers' perceptions towards the brand alliance will be influenced by their cultural heritage (Heding et al. 2009). Cognitive psychology focuses on how external stimuli are used by the consumers in a decision-making process. Cognitive psychology analyses how stored knowledge and memory is used in choosing brands (Heding et al. 2009: 88). We will return to the analysis of the framework in the empirical analysis.

Hofstede made an extensive survey on cultural differences based on company cultures, where he classified culture along different dimensions. When comparing countries, the study revealed immense discrepancy, and he established a unique pattern complying with each nation. Denmark scored 74 on Individualism, 18 on Power Distance, 16 on Masculinity, and 23 on Uncertainty Avoidance (out of 100) (Hofstede 2010). It has later been found that consumers from countries characterized as individualistic tend to favor domestic products, but

only when they are superior to competitors. Countries characterized as collectivistic, the opposite pole, tend to favor the domestic products despite of competitors quality (Gürhan and Maheswaran 2000). Hence, the characteristic of ethnocentrism depends on the consumers culture (Hofstede 2001).

As the concepts and authors pinpoint that there may arise cultural clashes, when brands from distinct countries join an alliance. Moreover, the effects on the home country consumers will be detected, because favoritism may surface when e.g. Danish consumers are confronted with a brand alliance that also consists of a Danish brand as opposed to a brand alliance solely consisting of foreign brands. We will return to this discussion in the empirical analysis.

6.4.3 National Identity

Branding is very much related to identity, and many different identities coincide when uniting the brand and the consumer. When the consumer projects an understanding of the brand it will be founded in the consumer's national and personal identity (Keller 2008). Country of Origin is in many ways interrelated with national identity. The explanation is that many determinants of country image perceptions derive from cultural, social, and political contexts that constitute national identity (Dinnie 2008: 136). Accordingly, national identity is reflected in brand origin, therefore the integration of Country of Origin to a brand must be considered. Hence, when the consumer and the brand coincide, brand origin perceptions on behalf of the consumer will materialize. Finally, national identity and Country of Origin comprise similar constructs, as they are objects of ethnocentrism, cultural expression, stereotyping, and challenged by the blurring of boundaries (Dinnie 2008: 137).

6.4.4 Country of Origin Sub-Conclusion

As touched upon in this section, Country of Origin effects are known to vary by *consumer nationality* (Johansson et al. 1985) and *culture* (Balabanis et al. 2002; Sharma et al. 1995; Watson and Wright 2000). Therefore, not only product fit and brand fit must be considered, but also *COO fit*, when wanting to enter a brand alliance that extends across national boundaries. Even though the product fit and the brand fit are perfect matches, the COO can still be a drawback. Previously, literature on brand alliances have stated that product and brand fit have been decisive to succeed; but nowhere in the literature has the cross-border alliances been analyzed in relation to COO complementarities.

In the previous research on Country of Origin effects, consumer motivation and involvement have been core elements in the analysis, which has evolved around how the consumers incorporate Country of Origin in their judgment and product evaluation. We will take the discussion to a strategic level in order to extend our analysis to comprehend the issues of what effects Country of Origin has, when brands enter an alliance, and how this will impact the brand equity. Thus we will discover, how the Country of Origin effects impact the brands' equity, and thereby we can conclude how the companies should approach such a strategic brand alliance in the future.

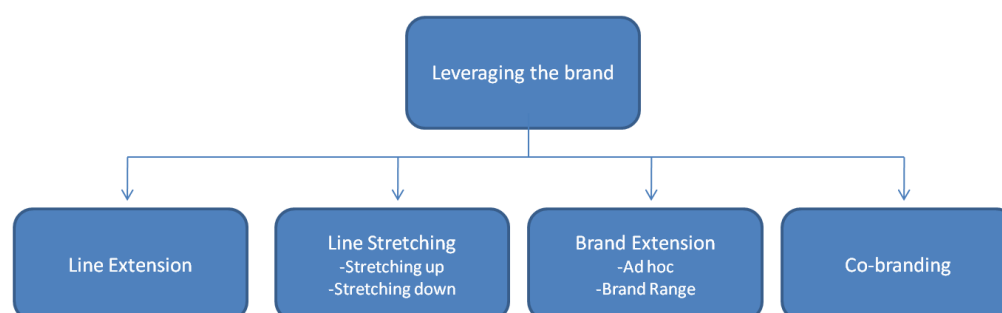
Even though the changes and trends of globalization are apparent, it remains yet to be determined how vast the consequences thereof are. The exact outcome is still dubious and unclear, and therefore, we will progress this thesis in the belief that Country of Origin entail decisive impact on brands, as shown by previous studies.

7.0 Brand Alliances

What exactly is co-branding, why is it relevant for companies, and how can it be utilized as a strategic tool? This chapter deals with the nuances of brand alliances and discusses how they are differentiated from other brand expansion strategies.

7.1 Brand Expansion Strategies

According to Aaker there are 4 brand expansion strategies to pursue; namely line extension, line stretching, brand extension, and co-branding (Aaker 1996: 275).



Model 7.1- Brand expansion strategies; Aaker 1996: 275

Co-branding is actually a hybrid of the three other branding strategies, as it can compromise line extension, stretching and brand extension. As a brand extension strategy, co-branding is different from the rest, as the brand not only takes point of departure in a single brand's

equity, but it includes another brand's equity, in an attempt to create synergy with an expectation of greater added value, than the value each brand could generate on its own. We will elaborate on co-branding and its impact on brand equity in section 7.7.2 and chapter 8. Now, we will continue with a brief overview of the evolvement of co-branding, and then we will start defining what co-branding is all about.

7.2 Co-Branding Development

Co-branding as phenomenon has now existed for some decades, and there has been a sharp development in the amount of companies that engage in brand alliances. One of the first examples of co-branding was developed in 1961, where Betty Crocker paired with Sunkist Growers to successfully market a lemon cake mix (Keller 2008: 289). This inspired more companies to consider similar brand alliances, as a mean for expanding the brand's potential. Already in the mid 80's every 10th American company considered co-branding as a strategic viable strategy they wanted to engage in (Hill et Lederer 2001); today almost every company acknowledge the potential synergy and value that can be derived from brand alliances (Hill and Lederer 2001). During the last two decades, brand alliances have become widespread within several industries, especially the food-, technological-, and financial sector. According to a report conducted by McKinsey the number of companies actively employed in an alliance reached 65% in 1994, and McKinsey forecasted a growth rate in the number of alliances of 40% a year (Spethmann and Bebreza 1994). The same report stated that not only did the figures rise, but the co-branding alliances were also getting more extensive, and the strategy became a greater part of the overall brand strategy. The American Association of Marketing produced a consumer survey that intended to ascertain the value and synergy of co-branding; the survey showed that 80% of respondents said they would be likely to buy a digital-imaging product co-branded by Sony and Eastman Kodak. Whereas only 20% of respondents claimed they would buy the product if only Kodak branded it, and similarly only 20% said they would buy the product if it carried only the Sony brand (Lindstrom 2002b). Thus, co-branding as a strategy for brand leverage has certainly gained foothold during the last decades. Later in this chapter we will explain why.

7.3 Co-Branding Definitions

Because of the rise in brand alliances with an estimated growth rate of 40% (Hadjicharalambous 2006) the concept has been widely debated among theorists and practitioners. Consequently, there has been developed numerous definitions on the exact

meaning of co-branding, and therefore co-branding is often used interchangeably with a variety of terms such as brand alliances, symbiotic marketing, joint branding or cross-promotion (Simonin and Ruth 1998). Thus, the definitions of co-branding and brand alliances are infinite, but we will in the present section aim at clarifying the term, and make it less dubious. Henceforward, we will select and utilize the terms co-branding and brand alliances interchangeably in this thesis, because they have an equivalent definition, and these are the two most frequently applied terms, and widely accepted when discussing co-branding.

Rao and Ruekert initially characterized co-branding as an integration of two or more products that is either short-term or long-term, and either a symbolic or a physical brand alliance (Rao and Ruekert 1994: 87). Later on, they redefined co-branding to be occurring, when two or more independently existing brands are combined into a joint product or are marketed together in some fashion (Rao and Ruekert 1999: 259). Finally, Baumgarth accentuates that the participating brands which market a product must continue to individually appear on the market (Baumgarth 2003: 30).

In its purest form, co-branding is an arrangement that associates a single product or service with more than one brand name, or otherwise associates a product with someone other than the principal producer. The typical co-branding agreement involves two or more companies acting in cooperation to associate any of various logos, color schemes, or brand identifiers to a specific product that is contractually designated for this purpose (Boad and Blackett 1999).

At times it may be cumbersome to distinguish between brand alliances and general strategic alliances. The main difference lies in the fact that co-branding incorporates and embraces both brands in a visible and tangible manner, whereas a strategic alliance such as a joint venture does not necessarily promote the fact that they are cooperating and engaged in an alliance (Boad and Blackett 1999). As stated, there exist many definitions on co-branding, but we consider the above to be the most appropriate, as it has been acknowledged in practice as an all-encompassing concept.

7.4 Brand Alliance Categories

Brand alliances can take many forms, as we will elaborate upon in this section.

According to Boad and Blackett (1999) the level of joint value creation will increase along with the type of co-branding the two companies are entering. The term ‘joint value creation’

covers the added value in the brands equity that stems from the synergy obtained as a result of the brand alliance. The model consists of the following stages: Knowledge co-branding, Values-endorsement co-branding, Ingredient co-branding, and Complementary Competence co-branding (Boad and Blackett 1999: 9). The four levels of co-branding are developed in such way that the fourth level also contains the three lower levels and the third level additionally includes the first and the second, and so forth. Thereby, each individual stage functions as a criterion for reaching the successive stages.



Model 7.2 -Joint Value Creation; Boad and Blackett 1999: 9

7.4.1 Knowledge co-branding

As it appears in the model, knowledge co-branding is the ‘weakest’ form of co-branding, because it does not require much additional financial investment. The purpose at this point is to quickly and easily enhance awareness and exposure levels through elaborate contact to the partner’s target and customer groups. In operational terms, this form of co-branding does not necessarily call for a long-term binding contract. Often, it is more of an ad hoc approach, where the partners settle on a deal corresponding to their immediate needs (Boad and Blackett 1999).

An example of knowledge co-branding is found in the coalition between American Express and Delta Airlines, who designed a Sky Miles program, where they constructed combined promotion activities. The purpose was to facilitate the process of rewarding bonus points for members, simultaneously, the members gained points, when using the credit card in stores. Consequently, the collaboration led to new customers and additional transactions for American Express, while Delta reinforced its benefit packaged offered to their loyal customers (Boad and Blackett 1999: 10).

7.4.2 Values Endorsement Co-Branding

The primary difference between values endorsement and knowledge co-branding lies in the fact that this particular brand alliance emphasizes the inclusion of recommendation or references to the respective brands to accentuate the brand's values, position or associations. Thus the essence of values endorsement is founded in the wish from the participating brands to benefit from spillover effects and enjoy mutual transfer of the brands' value propositions (Boad and Blackett 1999).

Calgon and white goods' conjoint promotion exemplifies the theory in practice. Calgon is a tablet to protect your washing machine; therefore it has made values endorsement deal with leading manufacturers, such as Bosch, Whirlpool, and AEG, to attain a confirmation for quality and satisfaction. Thus, if the consumers have a positive brand image of the values associated with the machines, it can be transferred to the cleansing product.

7.4.3 Ingredient Co-Branding

Ingredient co-branding is the co-branding option that is most widely employed. The rationale behind this type of co-branding is to promote the respective brand's competitive advantage, meaning to combine the brands' perceived values in an extended solution; namely a new united product (Boad and Blackett 1999).

A classical illustration of ingredient co-branding is manifested in the cooperation between IBM and Intel. Provided with high quality software from Intel, IBM could produce a computer that ensured '*quality inside*', as Intel's slogan promised. Thereby, IBM focused its resources at what it did best at the time; namely producing the computer exterior. Needless to say, Intel was dependent on partners, as they exclusively concentrated its production on software, therefore both brands necessitated a collaborator, and they found the match in each other. It should be emphasized that this alliance made IBM become the Primary Brand (PB), whereas Intel became the Secondary brand (SB), as IBM held the final responsibility for marketing and selling the goods (Boad and Blackett 1999).

In relation to the car industry, ingredient branding is extremely common, as it functions as a mean to guarantee value, and make consumers more prone to go on board with such an expensive brand purchase. It can congruently strengthen and differentiate the brands from competitors, and for that reason, it has become a widespread method in this particular

industry (Keller 2008: 293). The co-branding initiatives have been acknowledged as a way to leverage brand value and therefore interesting to investigate further.

Yet another ingredient brand alliance is exemplified by Audi and Bang&Olufsen.

“Innovation, craftsmanship, unique design, superior quality, and outstanding technology” are selected terms that characterize *“one of the world’s strongest brands”*; at least this is how Audi and B&O present their brand alliance (Bang and Olufsen 2010). Apparently, Audi and B&O have several commonalities and share similarities at quite a few levels. The two brands are each specialized at respectively car and audio production and branding, and therefore, since they share brand image and positioning, they have managed to establish a strong co-brand. The value of each brand is enhanced, as the synergistic effects come into play.

Justifications for employing ingredient branding are many; both in respect to the ingredient supplier and the primary product supplier. Gone are the days when ingredient sources were trade secrets; today the co-branding strategy has gained vast foothold in the myriad of brand strategies (Norris 1992). In particular, ingredient branding is frequently utilized in regards to hybrid products, because it enables the manufacturer to save R&D costs by entering a brand alliance with the branded ingredient. In this way co-branding allows manufacturers to capitalize on years of expensive scientific research. The science behind superior, branded ingredients is often based on studies sponsored by the ingredient manufacturers, while the primary brand benefits from the increased sales and exposure (Norris 1992). Furthermore, the primary brand can charge a price premium, because of the added value from the well-established and recognized ingredient brand. Thus, the goal is to build awareness and preferences among consumers for the supplier's ingredient brand combined with the co-branded product (Norris 1992). Based on what we know about ingredient branding up until now, it appears a flawless co-branding strategy; nevertheless, there exist some drawbacks that must be mentioned. As we have mentioned, the co-branding strategy can be a mean for differentiation and competitive advantage; but not necessarily a sustainable one (Norris 1992). The following model contains a sum-up of the benefits and drawbacks that are associated with ingredient branding.

Ingredient Branding	Benefits	Drawbacks
Primary Brand	<ul style="list-style-type: none"> • Price premium • Competitive advantage • Added value • Diminished R&D costs 	<ul style="list-style-type: none"> • Questionable sustainability of competitive advantage • Potential customer confusion
Ingredient Brand	<ul style="list-style-type: none"> • Better profit margins • Increased market 	<ul style="list-style-type: none"> • Loss of control

Model 7.3 -Ingredient branding -own development based on Norris 1992

An example of a consequence of engaging in ingredient branding is that of Audi entering a brand alliance with B&O. Both brands gained superior, innovative technology and design that may not be comparable to competitors' offerings. But B&O recently entered yet another brand alliance with Mercedes, which could potentially erode the competitive advantage of Audi (Bang and Olufsen 2010). For the ingredient supplier, the issue of loss of control is prevalent, as B&O cannot decide how Audi or Mercedes will promote and position the co-branded product. The mentioned examples are based on an assumption that the two brands do not specify branding initiatives or a competition clause in the contract. Thus the primary brand basically purchases the rights to incorporate the ingredient brand. Subsequently, in our empirical part we will go into depth with this exact type of co-branding; *ingredient co-branding*.

7.4.4 Complementary Competence Co-Branding

Finally, the highest and strongest level of co-branding, takes point of departure in brands' complementarities in terms of values and competencies. At this point, the objective is based on developing a product or service that will be superior to a product produced by the companies individually, thus implying synergistic value creation. Moreover, the companies agree to continuously supply expertise and knowledge, whether tangible or intangible, in order to make the alliance progress constantly (Boad and Blackett 1999).

A car industry example is of Ferrari entering a brand alliance with Acer, where both brands enjoy the other's competencies and reputation. Acer made a laptop in cooperation with

Ferrari, which had all the well-known features and attributes of the Ferrari brand, e.g. the Rosso Corso red color. Then, owners of a Ferrari can flaunt their brand loyalty even when they are outside the car, and for the people who are frustrated, because they cannot afford one of the expensive luxury cars, the computer can compensate by offering a cheaper Ferrari version (Pelsmacker 2007: 50). Reviews stated that: *“like the cars on which it is based, the Acer Ferrari One is designed to be fast, fun to use and good-looking, while remaining relatively affordable...what is not to like?”* (Reid 2009). Thus, the compatibility and congruency of the brands were effectively communicated to consumers. Apparently, the two brands have an equivalent brand image, which has made the brand alliance succeed. In this example, the co-brand was not directly integrated into one product, as in ingredient branding, but the two brands still enjoyed brand benefits and spillovers. Actually, it was such a success that Ferrari and Acer chose to prolong their brand alliance, and they have now launched *“the world’s most exclusive smartphone”* (Acer 2010). The objective in this case was to benefit from each other’s brands, and thereby creating synergy by developing a brand that is greater than a brand each could have made individually.

7.5 Co-Branding Consequences

Numerous of articles have already stated that co-branding has an effect on consumers’ brand perception (Simonin and Ruth 1998; Rao and Ruekert 1994). Understandable, if the effect of trust, authenticity, and proved quality as a consequence of previous trial of the particular brand is considered. From this perspective, co-branding may have the beneficial effect of being a ‘quality stamp’ if one well-known brand and a foreign, untried brand team up. It can be perceived as an indication for proved quality (Rao and Ruekert 1999).

But not all authors agree upon the success of co-branding; actually many authors pose a skeptical attitude towards the expectations for a brand alliance; well-founded in the figure revealing that 90% of co-branding ventures fail (Lindstrom 2002a). Hence, indicating that co-branding implies a great amount of risk, not only in terms of lost investments, but also in relation to the long-term recovery of the damaged brand. Furthermore, it may cause substantial confusion in the mind of the single consumer, if they have a great affiliation with a certain brand, to which the consumer is loyal, and this brand then enters a brand alliance with another brand, which the same consumer detests. The result can end up in customer-uncertainty, confusion and misunderstanding, which finally will lead to a loss of loyal customers (Norris and McCarthy 1999).

7.6 Strategic Implications for Co-Branding

When analyzing co-branding, it is important to briefly discuss the many implications of such a strategy. The implications of a thorough brand strategy are becoming increasingly important for the companies, as brands are acknowledged as an important strategic asset. Not only is the value of brands – brand equity - acknowledged among management (see chapter 8), but the whole idea of brands has recently been revitalized (Hanby 1999). The idea of brands being *dead* entities in which the owners can sell more products by only providing a name or a symbol to the product is questionable (Hanby 1999) and brands are seen as a system of meaning rather than objects (Leitch et al. 2007). Consumers are to a large extent aware of the marketing behind branded products and they are no longer only acting rationally and considering the functional benefits of a given product. It is becoming clearer that brands need to provide the consumers with something else than just fulfilling a functional need; whether the brands differentiate themselves from the rest through personality-traits, identity-creations or story-telling, the strategic considerations of the companies has become more than just economic rationalities (Heding et al. 2009). The following sections will discuss different consequences of co-branding and how companies should go about these in order to implement the strategy most successfully and efficiently.

As mentioned above, the focus of branding has turned from a production-oriented strategy to a more holistic strategy, including not only the production and advertising issues but also consumption-related issues where consumer analysis and attitudes are considered at all stages of the branding strategy. This implies that the strategic implications for the companies have increased and need to be assessed differently (Leitch et al. 2007).

The discussed view on branding distinguish brands as much more holistic entities that encompass more than just a name: *“What turns a product into a brand is that the physical product is combined with something else - symbols, images, feelings - to produce an idea which is more than the sum of the parts. The two - product and symbolism - live and grow with and on one another in a partnership of mutual exchange” (Hanby 1999: 2).*

Finally, as stated in the critique of theory, section 2.2, much of the literature and research there has been done on co-branding and brand alliances are rather positive. The different research articles and findings suggest different considerations and strategic implications that

companies should be aware of when entering a brand alliance however we have not found any research suggesting to opt out of such strategies. Boad and Blackett suggest however, that one possibility of the overall positive attitude in the literature on co-branding might be explained by the fact that the research in the field is rather new (Boad and Blackett 1999). The imperative strategic implications for the company are discussed in the following sections.

7.6.1 Competitive Advantage

Nowadays, the interconnectedness of the world makes it easy to produce cheaply in foreign countries. Many companies try to imitate existing popular products, instead of being innovative themselves. In this way, as the marketplace has become increasingly rough, there is a need for fierce brand management as a mean for differentiation, in order for the company to integrate the customer and distance itself from competitors. Innovation is not even enough to maintain a leadership position, because competitors can, as mentioned, replicate your offerings, and overrule you (Keller 2008: 512). Therefore, branding becomes essential in terms of creating the intangible assets and values that the consumer craves. This can lead to true loyalty, because two branded products are not equal, whereas two generic products are identical, and then consumer choice will rely on coincident (Keller 2008). By differentiating, the company has potential for obtaining a *sustainable* competitive advantage, meaning a competitive advantage that *cannot* be imitated by competitors (Porter 1985). The more unique the brand leverage strategies are, the more difficult they are for competitors to replicate. Adding an ingredient brand, or entering other types of brand alliances, reinforces the uniqueness of the brand's position. Hence, co-branding has a great potential in terms of diversification.

Furthermore, competitive advantage creates a unique position in the market for the company, when it is relevant to consumers. The company's strategic advantage is founded in its core competencies; and even if the company does not have any specific initial advantage within its value proposition, value chain or resources, it can establish one through the process of branding; then the brand in itself becomes a competitive advantage, as the brand in itself submits a unique asset. In this vain, co-branding is designed to attain competitive advantage (Prince and Davies 2002). Whereas branding is a means of diversification, co-branding diversifies the product to an even greater extent. Therefore co-branding, and namely ingredient branding, can improve competitive advantage of the brand, but it depends on the product quality of the respective brands (Norris and McCarthy 1999).

7.6.2 Differentiation Strategy

In order to stand out of the crowd on the highly competitive markets, the brand must be differentiated at some level, because it is this edge that makes the consumers decide on a particular brand purchase. In other words, differentiation is why people buy (Mullins et al. 2005: 202). Branding itself can be seen as a differentiation strategy, because it enables companies to make their product stand out from the category by associating the product with factors other than the actual functions of the product. An illustrative example is the Ivory soap, where the company behind, P&G, has created a unique brand in a product-category filled with different products literally providing the same functional benefit to the consumers. However, because Ivory soap has succeeded in associating certain emotions and identities to the brand name the company is a market leader in the category (Kapferer 2008). Accordingly, when engaging in a brand alliance, the co-brand becomes even more distinguished from its competitors and the combination of two unique brands results in an extraordinary, exclusive brand.

7.6.3 Value Creation

The objective of co-branding is to combine the strength of the brands, in order attain synergy, increase the premium consumers are willing to pay, make the product or service more resistant to imitation, or to combine the different perceived properties associated with these brands with a single product (Boad and Blackett 1999). Brand leverage is defined by Aaker as: “...the ability of a brand to capitalize on its equity by increasing its appeal to a broader customer group, extend to new products, and expand to new markets” (Aaker 1996: 272). Thus, the strategy of co-branding provides new opportunities in terms of brand leverage and value creation.

Specialization is another key word in the discussion of spillover effects, when entering co-branding agreements. Instead of investing a large amount of resources on inventing an ingredient to add to your brand, it is more cost-efficient and beneficial to borrow the knowledge from another brand that is already well-established in this product category. According to Simonin and Ruth, it was empirically confirmed that the respective partners in the alliance were affected by entering a brand alliance, but not necessarily to an equal degree. Thus, accentuating that the spillover effects of a brand alliance are present, but still difficult to predict (Simonin and Ruth 1998). Balachander and Ghose agreed that value creation was

present in brand extension strategies, due to their reciprocal spillover effects (Balachander and Ghose 2003).

7.6.4 Brand Alliance Sub-Conclusion

Throughout these sections we have discussed, explored and evaluated the implications of co-branding. To determine whether or not co-branding is a sensation is a complex task. We have established that co-branding has advocates as well as opponents; consensus on whether it is a brilliant or a risky strategy cannot be found at present. What we can conclude is that co-branding is a frequently exercised brand strategy, when companies want to enter new markets. Supposedly, they have a valid reason for entering the brand alliance. What remains yet to be analyzed in this regard is the remaining question about product, brand fit, and country fit and their possible impact on brand equity; this will be discussed now.

7.7 The Perfect Match

As mentioned in section 7.5, co-branding can affect consumers' perceptions of the brands involved, and it can be both a beneficial quality stamp, while it also can create confusing elements in the mind of the consumers. Therefore, one of the most important aspects of entering an alliance is to evaluate, whether the secondary brand is a perfect match. An evaluation of brand fit is a crucial element in the discussion of brand alliances, because consumers evaluate co-branded products on the basis of prior knowledge of both brands (Helmig et al. 2007). The following paragraphs will discuss different aspects and issues of making two individually branded products match. Here, we will round up the discussion of brand alliances by going through three of the most vital aspects of partnership in an alliance.

7.7.1 Brand Image Fit

As emphasized throughout the project, the creation of strong brands is related to the market's perception of the brand identity (Kapferer 2008; Aaker 2002). A brand's success is accredited to its ability of creating a relevant brand identity and the right brand essence, hence it is of crucial importance that these aspects are considered and protected when entering a brand alliance. This brand identity is called *brand image* when seen from the consumer side, hence image fit is the first aspect of creating a perfect match (Keller 1993; Simonin and Ruth 1998). A brand engaging in a co-branding strategy is affected by the partner brand it decides to cooperate with and the brand image can be altered in several ways (Simonin and Ruth 1998). Image fit becomes an essential part of a brand alliance investigation, as consumers tend to

evaluate the favorability of an alliance based on the prior image-perception of the individual brands involved. Additionally, the brand alliance will also influence the attitudes towards both brands independently, thus the company should therefore assume that it will not only be an altered identity for the co-branded product, but also for the separate brand, when apart from the alliance, whether it is primary or secondary. Consumer attitudes are believed to be stable constructs and prior brand image-evaluations are a good source of brand-fit evaluations (Keller 1993). It is worth noticing that the research also concludes that the amount of change a brand will experience due to the alliance depends on familiarity. Brands with higher familiarity are less affected by the brand alliance than brands with less familiarity (Rao and Ruekert 1994).

7.7.2 Brand Equity Fit

Another aspect of the perfect match in a brand alliance is whether there is brand equity fit. All brand initiatives should lead to value creation one way or another. Brand value is measured in terms of brand equity. The concept *brand equity* is rather diffuse and the way it is measured depends on the company's view on not only how the brand's value is measured but also where in the brand process the value is created (Aaker 1991). Brand equity has for many years been associated with financial issues, but later literature has expanded the use of the concept to include a customer perspective in value creation (especially Keller 1993). A further discussion of the definition and usage of brand equity will be taken in chapter 8, where the different aspects of the concept will be elaborated upon. Now, the analysis will evolve around brand equity in terms of creating a fit between the partners in a brand alliance.

When assessing whether there exists brand equity fit between the brands involved, you are obliged to classify each brand's individual brand equity. As mentioned, this section will not go into detail with the methods of establishing, whether brand equity is high or low for a brand. Instead, the discussion will consider whether brands' equity will be altered, when entering an alliance with a brand that has different brand equity. When two brands enter an alliance each brand will have some previous associations and perceptions among consumers (Keller 2008). The associations of one brand will affect the other brand, hence it can influence its existing perceptions; it is therefore crucial to consider the brand equity fit. In relation to ingredient branding, fit is seen from the parent brand's perspective and how connecting a partner brand will affect the former's brand equity (Swaminathan 2006).

A study by Washburn et al. found that brand alliances' effects are positive for both brands, (all other things being equal, as many aspects affect the outcome of the alliance), even when one brand has a higher equity than the other. A brand with high equity is not weakened by the partner and the brand with the lower equity perceptions is improved through the alliance. Hence it is a *win-win strategy* for both brands (Washburn et al. 2000). When consumers already have positive associations of a brand – making it a high equity brand - these associations tend to be transferred to the alliance. Further, the study found that two low-equity brands will continue to be evaluated low even though they have entered an alliance. However, it is worth noticing that brands with very positive images before the alliance will not be improved in an alliance, but neither worsened (Washburn et al. 2000).

7.7.3 Product Fit

Another aspect to consider in brand alliances is whether there is a fit between the products involved. Product fit is characterized as the relatedness and compatibility of the product-categories involved in the alliance, and it is suggested that if consumers do not perceive the products as appropriate partners, then potentially positive attitudes will not be transferred to the alliance (Simonin and Ruth 1998: 33). Product fit is measured by analyzing the similarity among consumer judgments; thereby identifying potential relationships between the products in the alliance (Park et al. 1991). When analyzing product fit, the relatedness of product categories is more decisive than the brands themselves. Two dimensions of product fit can be explored, a complement and a substitute dimension. Products are considered complements, if both are consumed jointly to satisfy some particular need (Aaker and Keller 1990: 30). Whereas substitute products tend to have a common application and use context such that one product can replace the other in usage and satisfy the same needs (Aaker and Keller 1990: 30). Examples of ingredient branding are by far consisting of complement products. When consumers perceive product fit to be high, the brand alliance will be evaluated positively (Simonin and Ruth 1998).

When analyzing the dimension of product fit the concept of *transfer* should be underlined (Simonin and Ruth 1998; Aaker and Keller 1990). When transfer refers to *skills-transfer* it is only relevant for brand extension assessments, since this involves consumers' perception of the competencies of a company, when adding a different product to the existing brand. When engaging in an ingredient co-branding strategy, the parent brand does not need to develop new skills as these are added by the secondary brand (Simonin and Ruth 1998). Hence, an

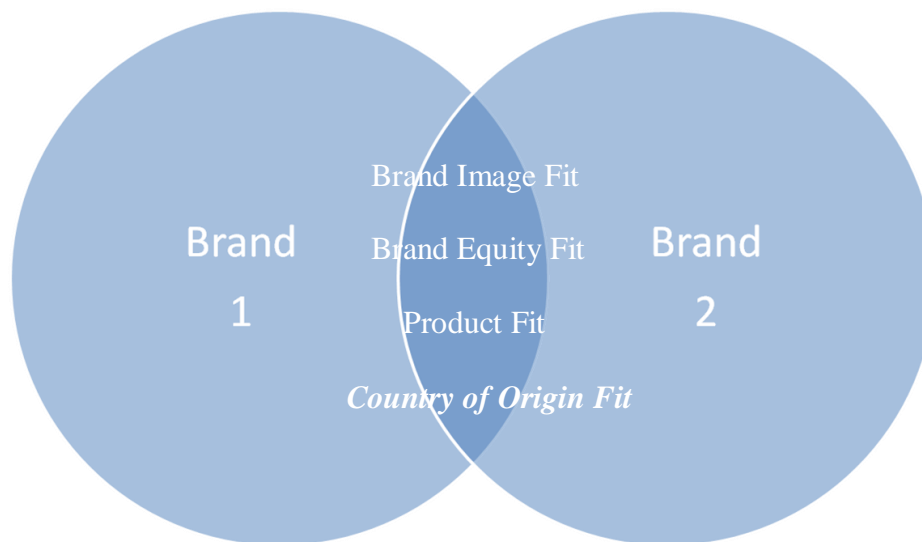
inclusion of this dimension of product fit is relevant for this project. Including this dimension to the theory of fit enables product fit to be investigated in the light of the competences of the companies involved and how they both can *transfer* their skills to the co-brand and enhance the synergy effects (Aaker and Keller 1990).

Finally, product fit is suggested to have an impact on brand fit, meaning that a positive product fit will have a spillover effect on attitudes towards brand fit; thereby this fit has the strongest influence on attitudes towards co-branded products (Helmig et al. 2007). However, this study was conducted on low-involvement products, which might be the reason for the strong relevance of product fit. For high-involvement products brands tend to have a greater influence on consumer attitude and behavior, hence product fit need not be the determinant dimension for all product categories (Pelsmacker 2007).

7.7.4 Country of Origin Fit

When a brand alliance complies with the different elements of fit, the co-branded product is more likely to be purchased by the consumers (James 2006). The different aspects of fit are all relevant in the analysis, as they not only suggest that the success of the brand alliance is affected by the degree of fit, but also that each brand involved will have its image modified when entering an alliance (Simonin and Ruth 1998).

A final fit dimension is the Country of Origin fit. This has not yet been considered in relation to co-branding but we argue that it is a dimension worthwhile examining. Therefore, we will elaborate and investigate this dimension of fit, as the theory on Country of Origin indicates that it will have a greater importance for brands in the future. The subsequent model exemplifies the dimensions of fit in an alliance. We have included the dimension of Country of Origin as we argue that it is of great importance in a cross-border brand alliance.



Model 7.4 -own construction

8.0 Brand Equity

As stated throughout the thesis, brands have never been more important to invest in and optimize, since it is the brands that induce trust in the relationship between company and consumers (Heding et al. 2009). Furthermore, brand names are what make consumers choose one product over another; in fact the consumer decision rule states that: “*Consumers buy only familiar, well-established brands*” (Keller 1993: 3). The brand name is salient, because it acts as the differentiating factor in the competitive marketplace; hence it is worth a lot to the company’s value and success (Kapferer 2004: 11; Chernatony and Christodoulides 2010). It has recently been established in the annual branding-report from the survey-group BrandZ that companies with the strongest most valued brands are those that are in better shape generally, and have recovered the best from the latest international financial crisis (BrandZ 2010).

Brand equity has been developed to capture the notion of brand value in a comprehensive measurement. Brand equity is important to grasp, as it can help companies monitor the brand value over time and evaluate, whether incentives and investments made in the branded product are profitable and successful (Kapferer 2004). Moreover, having a strong brand means having high brand equity, and it entails additional competitive advantages (Aaker 1996). Thus, it is worthwhile investing resources in building a strong brand, because it will pay off in the long-run (Aaker 1996). The great return can either appear in economic terms, such as the ability to charge a price premium and achieve larger margins, or in terms of

loyalty; in case of an unfortunate event, the loyal customers will be more willing to accept an apology due to the stored goodwill (Aaker 1996).

The before-mentioned brand report BrandZ determines the value of brands every year, and in 2010 the highest rated brands had increased by 40% in 5 years (BrandZ 2010: 6). The report is used not only to establish the value for a company's brand, but also as a benchmark for comparing your brand to competitors' brands. This is another reason why brand value is worthwhile considering, as it is an indicator of how a brand is doing compared to the entire product category. This is especially important when analyzing branding on a global scale, as the number of competitors increases and it can be difficult to maintain an overview of the entire global industry in which the company is positioned. All these aspects show why it is important to consider the value of the brand.

8.1 Brand Equity Evolution

One of the reasons why companies started to pay attention to brand value was that marketing decisions and implementations was captured by the financial markets and had an impact on the entire value of the firm (Simon et al. 1993). There was a gap between the company value on the stock market and its equivalent book value, which could only be accounted for, by recognizing brand value as an important asset of the company (Lindemann 2004).

The first brand equity valuations were founded in rational financial calculations as the entire branding discipline was approached rationally. Communication was a one-way stream of information flowing from the marketer to consumers, thus the consumers evaluations of brands were seen as rational choices and fulfillments of functional needs (Heding et al. 2009). In 1993 Keller published his theory of the Customer-Based Brand Equity, where he suggested that branding focused more on the brand knowledge of the consumers. Branding literature today has developed from this line of thinking and has acknowledged that brand value to a great extent is created in cooperation with the consumers (Heding et al. 2009). In the subsequent sections we will go into depth with financial- and Customer-Based Brand Equity.

8.1.1 Brand Equity Definitions

Whereas the theories of co-branding is relatively new in literature, brand equity has been widely discussed and many approaches have been developed, however, none has been able to come up with a complete conclusion of the optimal measurement of the concept (Chernatony

and Christodoulides 2010). Nor has one true definition been agreed upon, and as will be discussed, the chosen definition depends on the perspective of the analyst. The earliest researchers defined brand equity as *“the incremental cash flows branded products earn compared to unbranded products”* (Simon et al. 1993: 1). This definition is clearly derived from a financial perspective on branding, which was the norm in brand management from the 1980’s until the early 1990’s (Heding et al. 2009). Later perspectives on brand equity extended the field to include consumer behavior theories in their evaluation of brand management. Aaker defined brand equity as *“a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers”* (Aaker 1991: 15). Brand equity is in this context viewed as a multidimensional concept, which is based on an analysis of the consumer knowledge structure (Keller 1993). However, Keller is the first to firmly include the customers in the definition of brand equity, because he takes a cognitive perspective on brand management and sees the brand value creation as something taking place in the minds of the consumers: *“Customer-based brand equity is (defined as) the differential effect of brand knowledge on consumer response to the marketing of the brand”* (Keller 1993: 8). Keller developed a framework for evaluating brand equity from a qualitative consumer point of view and this theory laid the ground for most of the forthcoming brand management literature where all stakeholders are included in brand analysis.

8.2 Financial Brand Equity

As stated above, the earlier theories of brand equity were derived from a financial perspective. In this sense, brand equity explains why companies with strong brands outperform the market on several accounts; in many cases one third of the shareholder value is delivered by the brand (Lindemann 2004). This has been evident in many mergers and acquisitions that have taken place in recent years and examples of these incremental cash flows are for instance the acquisition of Kraft by Phillip Morris in 1989. Phillip Morris paid 12.5 billion dollars, which was about four times the book-value of Kraft at the time (Jacobsen 1999). Also more than half of the value of the Coca Cola Company stems from brand-value. In 1999, the company value was estimated at 360 billion dollars of which brand equity was estimated to 300 billion dollars (Jacobsen 1999).

Simon et al. suggest that the financial brand equity is important for companies to consider, because establishing a brand value helps managers avoid the short-run misdoings to the brand

as e.g. promotions or price reductions and instead keeps them focused on the long-run objectives, which are stronger and more profitable (Simon et al. 1993). Establishing a value for the brand facilitates the evaluation and monitoring of the exposures the brand endures through various marketing activities. Lindemann proposes that the best approach to establishing brand equity is an economic approach as it combines marketing principles, such as creating consumer demand, with the financial principle of Net Present Value. This again helps brand managers in keeping a long-term focus on brand value creation, as the NPV method accounts for future cash flows of the brand discounted with a rate of the risks associated with the future value creation (Lindemann 2004).

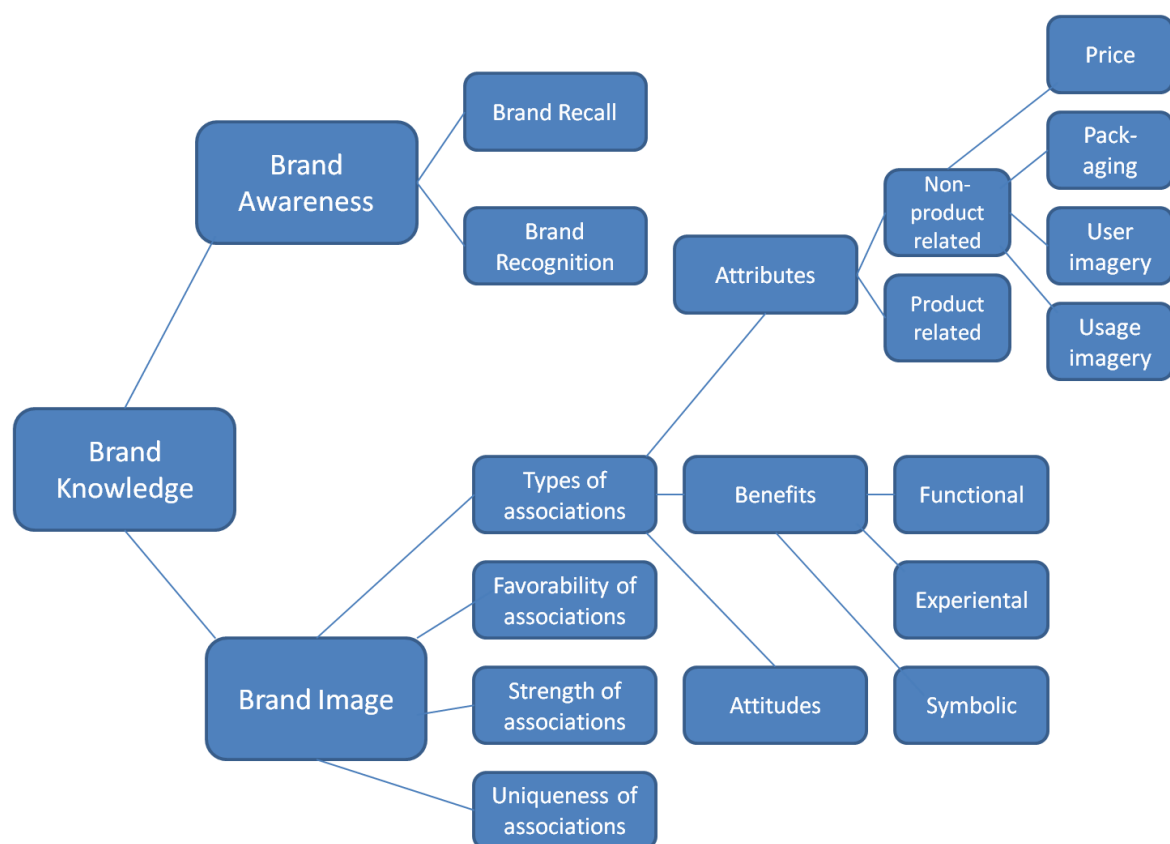
The financial brand equity approaches focus on methods taken from economic literature and even though they claim to give the brand equity a holistic profile, they only view the concept from the sender side. Financial brand equity is still relevant as it keeps the focus on budgeting and accounting, however, the most successful brands have included all stakeholders and not only the shareholders in their brand assessment. These are the brands most likely to stay in business throughout time (Aaker 1996). Hence a financial brand equity evaluation is not an all inclusive measurement. The forthcoming brand equity view includes the customers in brand equity evaluation, which appends a psychological and consumer-behavior facet to the concept.

8.3 Customer-Based Brand Equity

The previously mentioned definition of Customer-Based Brand Equity (CBBE) put forward by Keller was groundbreaking, as it included a cognitive mindset to the analysis of brands. Cognitive psychology is a study of how humans store knowledge, obtain and accumulate information; hence it is an analysis of how brand knowledge is perceived, remembered and evaluated in the minds of the consumers. It is the study of consumers and how their memory store cues regarding the brand (Heding et al. 2009: 88). Therefore, brand equity becomes an analysis of consumers' perception, awareness and attitudes towards different brands (Lindemann 2004). A prerequisite for creating high brand equity in this sense is to create a strong brand identity (Aaker 1996).

Even though both the financial and Consumer-Based Brand Equity stem from consumer awareness, there is a great difference between the way branding, marketing, and communication is perceived. Summing up, the earlier approaches to brand management that

used the financially-based brand equity viewed brand communication as a one-way stream from the company as the sole sender to consumers as receivers. The way of seeing brand equity as value creation in the minds of the consumers was a turning point in branding, as it turned the communication stream by putting the consumer in the centre of attention, making him *the owner* of the brand (Heding et al. 2009: 85). Nevertheless, the brand manager is still able to control which cues are sent out to build brand image (Keller 1993). Thus, the notion of Customer-Based Brand Equity emphasizes the importance of viewing brand value in relation to consumers' brand knowledge and the net present value and discounted cash flow are secondary measurements (Heding et al. 2009).



Model 8.1 – Customer-Based Brand Equity; Keller 1993: 7; Heding et al. 2009: 93

Model 8.1 illustrates Customer-Based Brand Equity (CBBE). If companies want to evaluate brand equity they need to analyze the brand knowledge of the individual consumer. Brand knowledge consists of brand awareness and brand image. Brand awareness is a prerequisite for measuring brand equity, as the customers need to be able to either recognize or recall the brand from their memory. When this is possible, the customers should through certain associations and perceptions, be able to outline the brand image. The associations can be

either attributes, benefits or attitudes, dependent on the type of association the customer relates to the brand. These associations can further have a different degree of strength, favorability and uniqueness (Keller 1993; Heding et al. 2009).

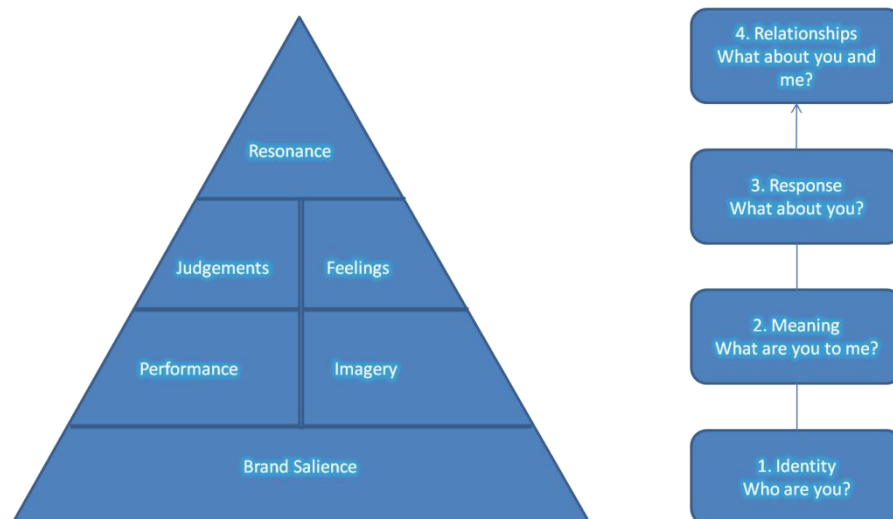
8.3.1 Customer-Based Brand Equity Associations

In the CBBE framework, brand equity is considered high when initiatives of a branded product creates stronger consumer reactions than the same initiatives creates for an unbranded product (Keller 1993). Hence, brand equity increases, when the customer knows the brand and holds some favorable, strong and unique associations in memory. An association is defined as anything that can link the brand to a certain memory or experience that consumers use in evaluating products (Washburn et al. 2000: 594). These associations need to be relevant for the consumer in order for them to be stocked in memory. Therefore, in order to create higher brand equity the brand manager needs to provide the consumer with positive associations. Associations can be either primary or secondary depending on brand familiarity. The secondary associations are not directly linked to the product, however they *“can be leveraged to create favorable, strong, and unique associations that otherwise may not be present”* (Keller 1993: 12). Such indirect activities, e.g. brand alliances or Country of Origin, can create secondary brand associations and they are excellent tools for leveraging brand knowledge. Thus, as opposed to primary brand associations, those associations directly linked to the brand, secondary sources of brand knowledge can be: other brands, places, people, and things (Keller 2008: 280). A relevant secondary association is the Country of Origin element, which becomes especially important when a brand is either unfamiliar or entering a new market (Rao and Ruekert 1999). Some secondary associations appear more appropriate and relevant to promote than others, depending on the brand’s image and identity. By leveraging certain secondary brand associations of the product, the consumers will ideally rethink their values, judgments, and feelings regarding the brand in a more favorable manner. Thus, they can either modify existing brand associations or they can contribute with new ones. Whether or not these brand associations can be leveraged depends on the following linkages: awareness and knowledge of the entity, meaningfulness of the knowledge of the entity, and transferability of the knowledge of the entity (Keller 2008: 282). The brand identity thereby becomes differentiated and competitive. The brand knowledge framework of Keller and its considerations has been the underlying inspiration of our empirical analysis and it will be explained in practice later in the section discussing our empirical analysis.

A final aspect of the CBBE framework to consider in relation to co-branding is the congruence of brand associations. The congruence of brand associations determines the coherence and consistency of the brand image, since associations are mutually affecting each other (Keller 1993). This will in particular be important for co-branded products' images, as they will be a combination of associations from two different brand images. Hence, the significance of congruence becomes even more relevant when investigating brand alliances. We have gone into depth with this issue in the discussion of brand fit in section 7.7, where it was suggested by Washburn et al. that both brands' equity is affected when entering a brand alliance. This is mainly due to the finding that consumers have certain attitudes and associations towards each brand before they engage in co-branding. These prior associations are influential factors for the brand equity of the co-branded product (Washburn et al. 2000). However, if a brand has very high brand equity it is not likely that a lower equity brand will dilute the former brand. The opposite is in force in the research conducted that high equity brands lend the positive associations to the alliance and the new product will be associated positively as well (Washburn et al. 2000). Hence, brand equity is a very important aspect of brand alliances and whether the brands match each other and their identities.

8.3.2 Customer-Based Brand Equity Pyramid

Brand identity plays a vital part in the Customer-Based Brand Equity theory, as high brand equity comes from the creation of strong associations and a noteworthy identity (Aaker 2001; Keller 2001; for a definition of brand identity see section 3.1.4). Keller has summarized the issues regarding CBBE in a pyramid model visualizing how a strong brand identity is created in order to achieve high brand equity (Keller 2001). The pyramid's point of departure is the consumer and how the brand identity is perceived from the receiver's point of view. The CBBE pyramid consists of four fundamental steps that provide answers to the questions concerning the brand, which the consumer asks himself either implicit or explicit. Initially, the consumer becomes aware of the brand and its meaning, hereafter the consumer develops specific associations with the brand. Then, the consumer evaluates the brand based on the perceived associations, and finally, based on the evaluation, the consumer expresses its behavioral and mental loyalty to the brand in question (Keller 2001: 7).



Model 8.2 –Customer-Based Brand Equity Pyramid; Keller 2001: 3

By entering a brand alliance, the existing brands can be affected at all levels of the pyramid. The brand alliance can impact the consumer’s perceptions of the initial brands as well as the co-branded product. This can happen at all stages of the pyramid both in terms of brand salience, performance, imagery, judgments, feelings, and resonance. The brands’ identity and meaning can be influenced either positively or negatively, since the consumer’s evaluation of “what you are” and “who you are” can be disturbed or reinforced. Consequently, the consumer will display increased loyalty or discouraged brand purchase, as a result of the evaluation of the alliance (Keller 2001). How this brand modification will occur depends on the consumer’s perception of the brands separately, and the evaluation of the brands’ match in an alliance. The issues of fit previously discussed are vital for the assessment of the CBBE pyramid as a successful fit will strengthen the brands’ individual identities and hence brand alliances become a way to strengthen the brand equity (Bluemelhuber 2007).

8.4 Signaling Theory

The theory of signaling is important for brand alliances, as brands are used as signals for the products to reduce the market’s information asymmetry. This asymmetry exists especially for high involvement goods such as cars. Signaling theory suggests that companies can use brands to reduce the information-seeking costs and uncertainty consumers experience when searching the market for products (Bluemelhuber 2007). A signal is for instance a brand name. When implementing signals to the product, it increases the costs for the company, hence making the claimed product-quality credible to the consumers (Rao and Ruekert 1994). Signaling theory argues that consumers’ brand preferences are affected by the aspects of

information. When searching for products, brands are used as information in relation to choices and consumption. Signals make the company more vulnerable as more information is available to the consumers however, the more vulnerable position of the company the stronger the signal and hence credibility is added (Rao and Ruekert 1994). Creating a strong signal through the brand not only enhances the brand equity, but also reduces the search costs of the consumer (Erdem et al. 1998: 152).

Signaling theory is especially applicable for co-branding, since brand alliances can be used as a signal in itself. As was discussed in section 7.7 regarding the perfect match, the two brands engaging in the alliance are affected by each other, and how the consumers perceived the brands prior to an alliance. In terms of the signaling theory, this reliance can be used as an advantage especially for unknown or lower-equity brands (Rao and Ruekert 1994). Brand alliances containing at least one familiar brand, are proven beneficial as signals, because they reduce the uncertainty for the consumer, when considering a new product (Rao and Ruekert 1994).

This theory provides an additional way to view the Customer-Based Brand Equity. In signaling theory, brand equity is dependent on credibility, as the signals a product sends through advertising, brand name, and warranties need to have substance and be trustworthy in order for the consumers to believe in them (Erdem et al. 1998). A difference between Keller's CBBE and signaling theory is the issue of loyalty; the cognitive framework regards loyalty as part of the brand equity evaluation, whereas loyalty in the signaling perspective is an outcome of brand equity creation (Erdem et al. 1998). The approach of this thesis includes elements of the signaling theory as brand alliances are seen as a way to reduce the uncertainty and information-seeking costs of the consumers, but the focus analyses the perception of Country of Origin and not how to establish a new brand in the consumers' mind. Hence, it is believed that loyalty towards the selected parent brands is present for some participants; therefore it is a component of the empirical research and not just an outcome (Erdem et al. 1998).

8.5 Information Processing Theory

When consumers favor a brand the judgment is based on the information on the market, among other things. If companies understand the way the existing information is processed by the consumer, they can send out suitable signals in order to enhance brand equity. Information processing theory states that consumer choice is a process; by understanding this, the brand

can be positioned correctly in order to create brand awareness and brand knowledge –the two important aspects of the CBBE framework (Heding et al. 2009: 91). In the information processing theory, consumers' consumption patterns and brand perceptions can be analyzed by understanding how knowledge is stored in memory and how this memory is recalled and used when choosing one branded product over another (Heding et al 2009: 88). One way of looking at this theory is by using a computer-metaphor of the human mind, where the company can program certain cues into the computer (the human mind). In this regard, brand alliances should evaluate how consumers perceive and process the information regarding the combined brands (Heding et al. 2009: 86). Including the perspectives of signaling theory and information processing when analyzing brand alliances, gives a thorough understanding of how the consumers evaluate the co-branded product.

8.6 Brand Equity Sub-Conclusion

Creating and maintaining brand equity is a vital element in brand management, as it is used as not only a measurement of the value of all brand activities, but also a justification for branding budgets from a management perspective. The concept of brand equity has developed from being based purely on financial measurements and micro-economic perspectives, to involving consumer evaluations of the brand and how consumers store brand knowledge in memory. However, no widely accepted definition or usage has been accepted. The way brand equity is viewed depends on the theory chosen to concretize the concept. Broadly speaking, brand equity can be divided into two main fields; financial brand equity and Customer-Based Brand Equity. CBBE is created in the mind of the consumer by establishing awareness and the desired image (Keller 1993). Another perspective of the CBBE is the information economics' perspective, where equity is created via the right signals. By reducing the consumers' information-seeking costs, the brand can increase its equity on the market.

9.0 Empirical Research Design

By now we have analyzed the theoretical background of Customer-Based Brand Equity, Country of Origin and brand alliances. The thesis will continue by testing these theoretical perspectives and investigating, whether they are valid for brand alliances on the Danish market. The further discussion and concluding remarks will be based on our three hypotheses derived from the theory. However, before the findings of this research are discussed, the methodological justification will be elaborated and the composition of the research design will be presented.

9.1 Data Collection Methods

Throughout the thesis we have strived to maintain a high level of up-to-date data, and we have continuously ensured that the secondary data sources we use are of highest reliability. In order to fully comprehend the research question, we have made use of several sources and data collection methods. In the following sections we will discuss the chosen primary data.

9.1.1 Primary Data

Primary data is information collected by ourselves in order to answer this specific research project we are undertaken. Thus, the data has not come from unknown channels, which improves the trustworthiness of the information (Saunders et al. 2003).

9.1.1.1 Focus Group

We have conducted a focus group, because of its utility as an exploratory research tool, thus for us it is a valuable qualitative method to discover and go in depth with this thesis' focus. Furthermore, we wanted a valid argument for selecting the brands and countries, which we then advanced in the questionnaire, instead of deciding randomly upon these based on our own biased interpretation.

A Focus Group can be defined as an unstructured group interview technique where 8 to 12 people are brought together, under the guidance of a trained interviewer, to focus on a specific concept, product, or subject (Andersen 2002). We carried out the *Dual moderator focus group*, where one moderator ensures the session progresses smoothly, while another ensures that all the topics are covered (Morgan 1997). When a skilled moderator leads the interview, the group dynamics will generate ideas and provide insights into consumer reactions and

perceptions. The moderator will introduce the subject and encourage the group to discuss it (Andersen 2002). Most literature on focus groups encourages the construction of a group consisting of people with homogenous characteristics, as it facilitates consistency within the findings (Andersen 2002). Therefore, we composed the focus group of 8 persons who are users and potential users of the car brands in the nearby future. They were of both sexes, and within an age span of 25-35 years; all were from Denmark and from Copenhagen. Thus, we ensured that all participants were within the target group for the car brands, and thereby felt relevance for the discussion. Nevertheless, we are aware that this may cause a bias, because the people from outside Copenhagen can hold distinct attitudes towards these car brands.

The main advantages of focus groups are that they are very time- and cost-efficient in terms of gathering primary data (Morgan 1997); for this thesis, it will provide useful indications of the consumer attitude. Focus groups are a great way to get input, feedback and dialogue with the potential target group (Kvale 1999). It is important to confront your audience before releasing a product to examine whether the ideas you have will be approved in reality. Often, executives get so wrapped up in their project of building brand alliances that they forget to study what the product's supposed audience thinks and feels (Morgan 1997). Hence, they are a good indication for how the brand will be received. Therefore, we employed it as a starting point for our analysis, because we wanted to gather information about two topics that were discussed in two separate sessions: first the car brands, and subsequently the Country of Origin perceptions in relation to car brands and stereotypes. Thus, we initiated our empirical research by conducting a focus group, as this gave us valuable insight to how the consumers evaluate Customer-Based Brand Equity of the selected car brands, and to discover whether Country of Origin comes to their mind, when they are making the associative assignment. Moreover, we obtained answers to why they responded as they did by making use of the *probing technique* (Morgan 1997); thus it was a more open yet structured discussion, on which we then could progress our analysis via the questionnaire.

There are also drawbacks associated with focus group interviews. On the flip side, focus groups are not useful in terms of collecting quantitative data. The researcher has less control over a group than a one-on-one interview, and thus time can be lost on issues irrelevant to the topic (Kvale 1999). Moreover, the issue of observer dependency is potentially destructive: the results obtained are influenced by the researcher, thus raising the question of validity (Kvale 1999). The issue evokes associations with Heisenberg's famous Uncertainty Principle. As

Heisenberg said: *"What we observe is not nature itself, but nature exposed to our method of questioning"* (Heisenberg 1983). Therefore, we advanced our empirical research by composing a questionnaire, to confirm or dismiss the generalizations of the findings in the focus group within a larger population, which will be elaborated upon in the following paragraph.

9.1.1.2 Questionnaire

Based on the analysis and findings from the focus group we have developed a questionnaire, which enables us to provide a broader picture of the theoretical propositions. The questionnaire was created to investigate how Danish consumers perceive two different car-brands, what impact an unknown ingredient brand has on the car-brand, and whether the consumers pay attention to the Country of Origin of the unknown brand or whether they base the perception on other information.

From the focus group findings we have established the level of brand equity for different car brands. We chose to use the two brands with the highest and the lowest brand equity in the questionnaire, since this enables us to analyze a co-branding strategy for brands with different equity levels. As will be elaborated upon in the next section, the brands chosen for the analysis were BMW (High Equity) and KIA (Low Equity). Both brands will be teamed up with the imaginary stereo-brand Star Audio. The respondents of the questionnaire were provided with a list of information regarding the stereo including technology, features and Country of Origin (COO). The reasoning behind choosing an unknown stereo-brand is inspired by the study of signaling theory by Rao and Ruekert, which states that when consumers have less brand familiarity, they tend to rely on signals as the brand name for information regarding quality (Rao and Ruekert 1994). By using a fictive stereo brand we can guarantee that no consumers are expected to rely on familiarity regarding stereo-brands, therefore they should be more focused on the COO aspect of the product.

In order for us to be able to conclude on the issue of COO, we developed four standardized questionnaires. The only information that differed was the car brands (two questionnaires with BMW and two with KIA) and the COO of the Star Audio brand. Here Mexico and Denmark were the chosen Country of Origin. This approach will give our findings a stronger relation to COO and improve our concluding findings. Also Denmark and Mexico were chosen based on the focus group findings, because Denmark was perceived as having stereo

brands of high quality, whereas Mexico was seen as a low quality producer. This selection of COO of the brands is inspired by the article *extending the view of brand alliance effects* by Bluemelhuber et al 2007.

9.1.1.3 Construction of Question

The questions in the questionnaire are partly replicated from studies done by respectively Yoo and Donthu 2001 and Washburn et al 2004. The replication method was chosen in order to provide answers for our analysis when we test the theoretical perspectives clarified throughout the first part of the thesis. The questions are presented as scaling questions in correspondence to the Likert scale, where they are ranked from 1 to 7. This forces the respondent to determine their opinion. The scaling technique balances, as it has a neutral point and an equal amount of positive and negative answer-possibilities (Boolsen 2008). It is frequently used, when analyzing consumer attitudes, which is one reason why we found it appropriate for this analysis (Boolsen 2008: 232). A second reason for choosing the Likert scale is that if the scale had been 1 to 6, there would not have been a neutral point; hence the people in question would be obliged to take a stance even when they had none. Such an approach can result in misleading data (Boolsen 2008). When analyzing the data obtained from the Likert scale, we divide the responses into three categories: Negative (1-3), Neutral (4), and Positive (5-7) (Boolsen 2008: 148).

Furthermore, questions can overall be either open or closed. Open questions allow the respondent to make up their own answer, where in closed questions, the interviewer has outlined a number of alternatives as answers; here the freedom of the respondent becomes limited. It is easier to compare closed questions and it requires less time from the respondents (Saunders et al. 2003: 293-298). We made all the questions closed, except from one, where we allowed the respondent to come with additional suggestions for an answer. The choice of closed questions was because we have outlined four questionnaires and we need to facilitate the comparison of the answers.

9.1.1.4 Structure of Questionnaire

No questions and no phrasings were made randomly. The language was kept simple and each question was kept short, in order to avoid confusion and deviating meanings, as recommended by Andersen (2002). At the beginning, we posed the easier questions initially and then we proceeded with the more difficult ones. The demographic questions were posed at the end,

because they can appear boring, and make the respondents lose interest (Andersen 2002). We spent much time figuring out how to include only the essential questions, as this will enhance the response rate. People are more willing to answer a survey containing 10 questions, because it only steals two minutes from their time. We made the questionnaire online as opposed to an enquête (questionnaire by mail), since it would make it easier to reach more people and it would save time for us as researchers. Furthermore, we organized the questions in a logic manner, corresponding to the framework of the Customer-Based Brand Equity model, which consequently enables a structured and comprehensive analysis in relation to the chosen theory.

Finally, we put a limit on the number of the respondents to the questionnaires at 50 answers for each of the four questionnaires. This gave us the ability to compare the results of the questionnaires since all would have the same response-rate. This strengthens our concluding points, as it enables us to provide the thesis with reliable observations regarding the theories tested. We chose a limit of 50 as it was ambitious yet possible to reach in a realistic time-period. Moreover, a total of 200 answers were judged sufficient to uncover a pattern in the results (Andersen 2002: 252). However, we are aware that 200 respondents is a very small sample compared to the population of Danish consumers, but it still provides a good indication of the trends.

10. Empirical Research Analysis

10.1 Focus Group Interview

The overall purpose of the focus group interview is to determine the Customer-Based Brand Equity (CBBE) of six chosen car brands from different countries. If we recall, CBBE is measured by assessing brand knowledge, which is constructed of brand awareness and brand image. *“In order to talk about CBBE, brand awareness has to exist in the minds of the consumers. The brand has to be recalled and recognized.”* (Heding et al. 2009: 93).

Therefore, at the opening of the focus group session we made sure that all participants were familiar with and recognized the brands that were to be discussed. Then we wanted to attain a comprehensive picture of the brand image of the different cars. Brand image is characterized through an analysis of the type-, favorability-, strength-, and uniqueness of the brand associations. Furthermore, types of brand associations are divided into attributes, benefits, and

attitudes. We strived to divide the following associations into categories in order to map out the brand image of the cars and enable us to choose which brands should be included in the questionnaire.

10.1.1 Probing

One way to capture brand associations in a focus group is by using a probing technique, which entails asking questions of *what*, *how* and *why*. This gives the respondents the opportunity to freely talk about the brand and which adjectives and situations the brand name is associated with (Heding et al. 2009: 101). The probing technique should make the answers more realistic and the respondents become more open-minded. Through the probing technique in this focus group, it became clear that the respondents' ratings were rooted in previous experience, knowledge, and Country of Origin. Repeatedly, the response was due to what the respondents had learned from someone in their reference group; either friends or family. The judgments were affected by what they had heard during their childhood when growing-up. When we questioned 'why' the respondents preferred or disliked a certain brand, the sentence often began with: "I once experienced..." or "I have heard from family members that..." This indicates that the people rely more upon a personal reference than the branding or marketing initiatives. Further, it became clear that when the respondent possess little knowledge of the brands from the particular country, the Country of Origin effect functions as a determinant for the response and the overall product category. The probing technique hereby gave us an insight in the reason for the respondent's answer and it enabled us to verify that Country of Origin is considered when brands are unknown.

10.2 Focus Group Analysis

The analysis of the focus group has been divided into two parts. The first part considered the car brand images and associations were outlined for each brand (Appendices 1-3). The second part dealt with the country image of a number of chosen countries that produce stereo brands (Appendix 4).

10.2.1 Car Brand Images

The participants of the focus group were given a blank piece of paper, which only contained the name and logo of a car brand; next they where to make an associative exercise, wherein they should compose a mind-map of all the associations that came to mind, when being confronted with the respective car brand. The *associative network memory model* was chosen

since it is useful when assessing CBBE (Keller 2008: 51). Associative learning is a theory investigating how consumers process cues and use these when evaluating brands. This model outlines nodes which are extracted from memory and used by consumers in the evaluation of brands. Some nodes are more powerful than others, because not all associations are directly related to the point of departure; here the car brand (Keller 1993).

As mentioned, the associations are divided into attributes, attitudes and benefits (Heding et al. 2009). *Attributes* are seen as descriptive and characterizing features. In this focus group, both product-related attributes as speed, quality properties, and design were noted along with non-product-related attributes such as use imaginary of the car brand being a mother's, CEO's or grand father's car. *Benefits* associations are personal values attached to the brand. In this case, it was the associations which the respondents stated repeatedly and they are therefore the most prevalent associations. Overall, benefits associations were found to be functional (e.g. being suitable for the European roads), experiential (e.g. being nice-to-drive) or symbolic benefits (e.g. Ford being associated with a positive history of Henry Ford). This type of associations express what the brand can do for the consumer. *Attitude* associations are the overall evaluation of the brand. In terms of *attitudes*, the respondents had a strong mind-set towards the brand, whether or not it was negative or positive. At times, their opinion was not founded in any tangible claim; rather it was made up of intangible and personal values.

The most remarkable findings for each of the car brands are listed below. (For a further elaboration of BMW and KIA see appendices 1-2.)

Tata Motors (India)

When we displayed Tata Motors the congruence among the participants was not prevalent. Many words were very resembling and repeated among participants, but still others were contradictory. Associations "low quality, cheap to look at, plastic" were opposed to "value for money" and "innovation"; thus the group did hold different opinions of the brand. The Country of Origin of Tata Motors was noted, and it was commented that it apparently would be suitable for the Indian traffic; hence a valuable brand in the home-country.

Volvo (Sweden)

An interesting finding here, was that one participant associated Volvo with *Swedish quality*. This is actually a biased response, since it states *Swedish* and not just quality in general. It indicates that the consumer has a pre-assumption of Sweden making high-quality cars, and

since Volvo is a Swedish brand, it must be of superior quality. Moreover, the most frequently mentioned associations were “family-car, safety, and solid”, which corresponds well to Volvo’s communicated brand image.

BMW (Germany)

When evaluating BMW, Country of Origin associations were underlined. Actually, each participant mentioned Germany in some relation; and as found in the case of Volvo, BMW was equivalently connected with *German quality*. The strongest nodes were quality, Germany, innovation, and speed. Thus, both functional (safety, fast, high quality) and expressive values (image, expensive, CEO) are cited. BMW received the highest brand equity of the car brands.

KIA (Korea)

The overall brand evaluation of KIA is not overwhelmingly positive. It is deemed to be an “uncle and mom’s car, ugly, and dull”. Surprisingly, one judges the brand to be “very good for European roads”; it is puzzling where this association comes from – maybe the respondent has previous experience with the brand in use. Here, Country of Origin was again mentioned, thus it appears as if the respondents were aware of its Korean origin, though it has a negative impact on the brand evaluation. Overall, KIA was judged to have the lowest brand equity among the brands.

Ford (USA)

As the only of the selected brands, Ford is a brand that leads your thoughts to the founder namely Henry Ford and his home country: The USA. It is “an all American car”, which makes the participants’ associations run to other famous American brands such as “Ray Ban”. The dominant nodes are the states, Henry Ford, and the long history. However, the participants find consensus on the lack of innovation, modernity, enhancement, and improvement.

Fiat (Italy)

The primary associations when confronted with Fiat were “low quality, cheap, not safe, grandfather, and Italy”. But words as “revival, progress, and upgrading” also came into the minds of the test persons. The positive association was conjointly related to expressive (design) and functional (quality) values.

10.2.2 Country Image

In this part, we wanted to establish how the respondents evaluated the image of certain countries. The evaluation was based on the fact that they were a stereo producing country. When questioned to judge the quality of the product category 'stereos' within the chosen countries, we discovered interesting findings. Every respondent, besides two, rated Denmark as being 'excellent' (7) in making stereos. The remaining two respondents awarded Denmark with 6; the second highest possible choice. At the other end of the scale we found Mexico, which was granted the lowest scores (1-2) (appendix 4). Confronted with the question of 'why' they had chosen Denmark as the country producing best quality stereo brands and Mexico having the worst brands, the respondents obviously considered B&O, as a front-figure, while they could not even mention one Mexican stereo brand; nevertheless, they still evaluated Mexico negatively.

10.3 Focus Group Findings

Based on the outlined brand images of the car brands, we found that BMW is the brand with the strongest and most positive associations, whereas KIA was the brand with the lowest overall brand image. Not only does these two brands hold the highest and lowest brand equity among the emphasized brand, but the reason for attaining the rates were also substantiated with their Country of Origin (COO). Further, respondents made references to the exterior as well as the interior of the car product, and the answers were very much founded in their personal- or reference group's experience. In *every* brand example the COO was mentioned; nevertheless, it was not always the correct COO; at times they were confused and did inaccurately propose one brand being from a mistaken country. This indicates how decisive the COO is in relation to the product category of cars, and underlines our initial suspicion that COO is decisive.

We can further conclude from this focus group interview that consumers are evaluating COO effects differently, hence there exist differences within the focus group, even though the respondents stem from a homogenous group in terms of age (Pelsmacker 2007: 79). We have accounted for these potential deviations, by excluding very dissimilar respondents. Moreover, we experienced that the *individual* participant assessed the COO effects of the same country differently according to the chosen product category (e.g. country). The correlation we

experienced among the brands was that every brand was affected by its COO in one way or another.

Based on the findings in the focus group interview we developed our questionnaires. We used the information on how the participants in the focus group interview evaluated the car brands, and with point of departure in these Customer-Based Brand Equity ratings, we selected BMW and KIA as the car-brands that should be included in the questionnaire. Finally, Denmark and Mexico was chosen as the countries where the stereo-brand should originate from in order to analyze effect a low quality and a high quality COO has on an alliance.

10.4 Questionnaire Analysis

The purpose of the next part of chapter 10 is to go into dept with our analysis of the results obtained from the questionnaire. We will discuss each question, when appropriate to our hypotheses; hence the first section relates to hypothesis 1, the second regards hypothesis 2, and the third concerns hypothesis 3. When discussing the results of the different questions a model summing up the answer-percentage is included in order to illustrate the spread of the respondents' answers. For an overview of all the questions see appendices 5-8.

10.5 Brand Alliances

As mentioned in the introduction, co-branding has been prevalent in the car industry, and new brand alliances are frequently presented to the consumer, such as the newest contribution of Mercedes and B&O, where B&O supplies the newest, most exclusive customized sound system for Mercedes (RB 2010). Bentley and Breitling illustrate a similar case of ingredient branding, where Breitling supplies the watch within the Jaguar, spurred by a belief in comparable brand associations (Breitling 2009). Thus, co-branding, more precisely ingredient branding, has proved to gain foothold in the car industry, and its presence is forecasted to increase within the next years.

In our survey, we aimed to gather information on what effect this ingredient branding has on the Parent Brand (in this case: BMW and KIA) in terms of quality perceptions, brand alliance compatibility/match/fit, reliability, competitive advantage, and finally overall CBBE (which will be discussed in detail in section 10.7). In the following sections, we will provide a clarification of our findings in relation to each of the four sub-cases. Subsequently, we will highlight similarities and differences by comparing the cases.

10.5.1 Impact on Quality Perceptions

The brand alliances of BMW, KIA and Star Audio with a Mexican and Danish Country of Origin have the following outcome in regards to quality perceptions:

Question-naire	Brand Alliance	Negative (1-3)	Neutral (4)	Positive (5-7)
1	BMW + Star Audio DK	2%	8%	90%
2	BMW + Star Audio MEX	48%	12%	40%
3	KIA + Star Audio DK	28%	48%	24%
4	KIA + Star Audio MEX	72%	14%	14%

Model 10.1 -Question 3.1 Quality perceptions

As mentioned in section 3.1.3 quality implies consistency and correlation between what the consumers expect and what they receive (ISO 9000). Perceived brand quality is influencing the consumer's perception of brand image, which is a component of brand knowledge; hence it affects Customer-Based Brand Equity (Keller 1993).

The findings in our survey show that consumers' perception of quality is affected, when the parent brand enters a brand alliance with an ingredient brand. Nevertheless, the degree to which the parent brand is changed obviously varies a lot according to whether the parent brand is of high brand equity or low brand equity. Furthermore, the variation also becomes apparent, when analyzing what Country of Origin Star Audio has.

What we can deduce from these responses is that adding an ingredient brand amends consumer's quality perceptions of the brand. But the impact of adding the second brand is ambiguous. Initially, in question 1.4 only 6% and 8% judged KIA to be a high quality brand, whereas BMW received a much more favorable evaluation, where 98% and 100% of consumer's that considered it a high quality brand (see appendices 5-8).

Then, when entering ingredient branding in the case of BMW and Danish Star Audio the outcome is still overwhelmingly positive (90%), whereas KIA and Mexican Star Audio receives a convincing negative evaluation (72%). On the other hand, when BMW enters an alliance with Mexican Star Audio, only 40% of the consumer's consider it to be of high quality. Hence, it appears to have a positive effect to team up a high quality brand with a high quality brand from a country perceived as having brands of good quality. But not in the case of KIA; here it did not have much effect. Moreover, entering a brand alliance with a 'low equity country' was foremost deemed to have a directly negative effect on both BMW and KIA.

It has been proposed that the appropriate partner will depend upon what type of quality the parent brand seeks to gain (Rao and Ruekert 1994). We provided information of observable quality (technological information, features, functionality etc.) and unobservable quality (Country of Origin). As the observable quality remained steady, we modified Country of Origin, and found that it had different effects on the brand alliances. Thus, as insinuated by Rao and Ruekert, the parent brand must consider, whether it necessitates a co-brand that provides functional attributes or rather one of a reputable brand image. Whether the consumers base their evaluations on observable or unobservable quality, we will get back to in the analysis of question 4. By now, it is indicated that the element of Country of Origin in branding should be emphasized as a factor contributing and influencing the co-brand's quality dimensions.

Overall, the results in the various sub-cases varied much, and there was a great dispersion among the four cases. It proved to imply a deteriorating as well as an improving impact, depending on what sub-case was considered. In the case of BMW (high equity brand), it proved successful to enter a brand alliance with a brand from a 'high equity country'. But in the case of KIA (low brand equity), entering such an alliance was not enough to augment the overall brand quality of the parent brand.

10.5.2 Brand Alliance Fit

If we recall from the theoretical section 7.4.3, our case of co-branding is referred to as physical brand alliance entered by a parent brand and an ingredient brand (Rao and Ruekert 1994; Norris 1992). Previous research on this co-branding strategy has emphasized that the compatibility of the two brands is based on the pre-conceived brand attitude, product fit, and

brand fit (Simonin and Ruth 1998). Furthermore, they stated that brand familiarity was a moderating factor (Simonin and Ruth 1998) and for consumers to adopt the brand they have to perceive the brand fit of the alliance as logical and relevant (James 2006).

In our findings the brand alliance that by far has attained the most positive responses is that of BMW and Danish Star Audio (70%). Next come BMW and Mexican Star Audio (36%). The match of the KIA alliances have only received 16% and 12% positive feedback; thus we can confirm the pattern suggested by Simonin and Ruth declaring that high brand familiarity had an affirmative effect on the brand alliance fit as the respondents were more familiar with the BMW brand than the KIA brand. Moreover, the fact that BMW was evaluated as having higher brand familiarity, made the consumers' assess these alliances' match more optimistic. Furthermore, we invented Star Audio as a high quality brand with various Country of Origin. Consequently, the brand fit between BMW and Star Audio is per definition superior to that of KIA and Star Audio. Hence, we can confirm Simonin and Ruth's findings implying that brand fit between the two respective brands entails a more successful brand alliance.

Regarding product fit, we also experience a truth in what Simonin and Ruth suggested. In this case, BMW is high quality, which the respondents confirmed and agreed upon, whereas KIA did not receive a high rating in terms of quality. As mentioned, Star Audio is also a high quality product, thus the product fit between BMW and Star Audio is more identical as opposed to KIA and Star Audio. Hence, the fact that BMW and Star Audio in both cases outperformed KIA illustrates a verification of the case in point. Nevertheless, it is noteworthy that about half of the respondent did not consider the brand alliances to have a suitable match in three of the cases (52%, 56%, and 56%). Thus, there is an overweight of people who do not believe that the fit between the brands is appropriate. We assume that this result is related to what James (2006) proposed; namely that the consumers do not perceive these brand alliances as relevant or logic. In fact, they may be perfectly happy not knowing what audio system their KIA has. Or, they may be dissatisfied knowing that their German BMW contains a Mexican audio system, whose brand existence they are not familiar with.

Question-naire	Brand Alliance	Negative (1-3)	Neutral (4)	Positive (5-7)
1	BMW + Star Audio DK	8%	22%	70%
2	BMW + Star Audio MEX	52%	12%	36%
3	KIA + Star Audio DK	56%	28%	16%
4	KIA + Star Audio MEX	56%	32%	12%

Model 10.2 -Question 3.2 Brand Alliances match

Apparently, high brand familiarity and attitude prior to the establishment of the brand alliance has a positive effect on the subsequent evaluation thereof. In this survey, BMW had received a much more favorable attitude and higher awareness, and the results showed that the alliances with BMW gained more positive response than the ones with KIA.

10.5.3 Effects on Reliability

For a brand to be adopted or purchased by a consumer it is a prerequisite that the consumers find the brand image reliable and trustworthy. Once again, this is related to consistency and quality perceptions, because reliability is partly founded in the consumer's previous experience and reference group's perception of the brand. Furthermore, brand reliability is related to brand familiarity. The more acquainted the consumer is with the brand, the more reliable is the brand's promise (Aaker and Keller 1990). In these cases, obviously the consumer does not have a high brand familiarity nor reliability towards Star Audio, as it is a fictive brand. But BMW has a very high brand familiarity of respectively 90% and 88% (see appendix). The brand reliability of the parent brand BMW has decreased when assessed in the alliance to respectively 72% (Danish, questionnaire 1) and 26% (Mexican, questionnaire 2). Hence, we experience a decline in both cases, but the decrease in reliability is much more severe in the case of BMW and Mexican Star Audio. And even though the brand reliability is rated lower in the case of BMW and Danish Star Audio, it is important to emphasize that only 6% evaluated the alliance to have a low reliability; thus it is still trustworthy.

In the case of the brand with low equity, KIA, the reliability of the brand alliance was rated very negatively (52% and 74%). Thus, the consumers did not have much faith in the brand alliance of KIA; both alliances proved to be evaluated negatively, whether it was with Danish or Mexican Star Audio. Nevertheless, there was a slight majority that preferred the Danish alliance to the Mexican (difference of 8%). However, we must remember that the awareness of KIA was slightly below that of BMW, which can have caused some discrepancies in the reliability evaluation of the brands.

Question-naire	Brand Alliance	Negative (1-3)	Neutral (4)	Positive (5-7)
1	BMW + Star Audio DK	6%	22%	72%
2	BMW + Star Audio MEX	52%	22%	26%
3	KIA + Star Audio DK	52%	30%	18%
4	KIA + Star Audio MEX	74%	16%	10%

Model 10.3 -Question 3.3 Brand Alliance reliability

In terms of effects on the Parent Brand entering the brand alliance we saw various effects. The high equity brand of BMW did attain high brand reliability by partnering up with Danish Star Audio, but the alliance with the Star Audio of Mexican origin showed a worse case. KIA, with low brand equity, did not perform well on the issue of brand alliance reliability. Actually, the majority of the respondents rated it negatively in both cases. Whether this is caused by the low familiarity of Star Audio is difficult to conclude at this point. Thus the ingredient brand alliance did not have a very favorable nor beneficial effect on the parent brand's reliability whether high or low brand equity; only in the case of BMW and Danish Star Audio did it prove to have a positive effect on consumers' perception.

10.5.4 Competitive Advantage

Referring to section 7.6.1, ingredient branding could improve competitive advantage of the brands, as it reinforces the uniqueness of the brands in the alliance (Norris and McCarthy 1999). According to Prince and Davies (2002), co-branding is designed to create competitive advantage and operational benefits. Furthermore, they stated that it is necessary to select co-branding partners carefully, and build flexibility into the co-branding contract (Prince and Davies 2002). Balachander and Ghose analyzed cases for brand extensions, whereof co-branding is one version, and discovered that there exists reciprocal spillover effects (Balachander and Ghose 2003). Thus, the authors agreed that co-branding implies creation of synergy, as the brands in cooperation can achieve more benefits as opposed to operating as a single brand. These observations are confirmed in the brand alliance of BMW and Star Audio with Danish origin, where 64% of the respondents assess the competitiveness of the alliance positively. However, in the three brand alliances, only 18%, 4%, and 2% considered the alliances to be superior to competitors. Actually, 52%, 64% and 82% of the questioned believe that the brand alliances will not contribute to competitive advantage nor be superior to competitors. Therefore, only one out of four sub-cases is in line with the theory.

Questionnaire	Brand Alliance	Negative (1-3)	Neutral (4)	Positive (5-7)
1	BMW + Star Audio DK	8%	28%	64%
2	BMW + Star Audio MEX	52%	30%	18%
3	KIA + Star Audio DK	64%	32%	4%
4	KIA + Star Audio MEX	82%	16%	2%

Model 10.4 -Question 3.4 Value Creation

According to Porters definition of competitive advantage as a mean of differentiation, all the brand alliances are supposed to be competitive, because the co-brand enhances the overall brand's uniqueness (Porter 1985). One explanation to why the respondents did not consider the alliance to create a competitive advantage may be that they do not believe there is a correlation between the brand images in three of the cases, which potentially can cause confusion and erosion of brand image and positioning.

Summing up on the findings in relation to competitive advantage of the brand alliance, we once again experienced differing results. In one case, the brand alliance was given a positive response, but in the other cases, the consumers did not believe that the alliances were superior to competitors. Nevertheless, we discovered that many respondents were neutral on the question, which indicates that they had difficulties replying, because they did not have any specific competitor to compare with.

10.5.5 Influence on Parent Brand Image

As stated in section 3.1.5, brand image refers to the accumulated associations the consumer holds of the brand (Keller 1993). When the parent brand enters a brand alliance with an ingredient brand, the associations can be amended as a consequence thereof; either it can alter and improve brand image, or it can destroy it, depending on the consumer's brand image of the ingredient brand (Boad and Blackett 1999).

When questioned what impact the appended ingredient brand had on the parent brand, the consumers were ambiguous in their responses, depending on the alliance presented. We experienced majorities in both poles of the scale. The most eye-catching observation was that the positive effect of adding a second brand was very significant in the alliance of KIA and Danish Star Audio; here a total of 50% favored the achievement on KIA's brand image. This result surpassed that of BMW and Danish Star Audio, where 32% meant that the ingredient brand improved BMW's brand image.

The respondents were less excited about the impact the ingredient brand had on brand image, when Star Audio was of Mexican origin. Only 1% and 12% deemed it to augment BMW and KIA's brand image, and actually 72% and 50% found that it had a negative outcome. In general, many respondents replied neutrally (44%, 38%, 26%, and 24%), as they have probably not felt fully equipped to answer the enquiry. This could be due to the fact that they have not experienced the co-brand in real life, which makes it harder to judge the overall image.

In terms of brand damage, BMW appears to be more exposed to ruin the brand, most likely because of its status as a high equity brand. On the contrary, KIA has the greatest potential for improving brand image, because there is greater span for improving brand image.

Furthermore, these tendencies could once again relate to the level of brand awareness; when BMW is the most well-known brand, it must enter an alliance with a partner that has an equal brand awareness rank. Hence, Star Audio can become a better match with KIA in terms of brand image, as brand name not is the focal evaluation criteria for brand image, but rather the functional benefits.

According to Boad and Blackett, brand image will be affected by entering an alliance (Boad and Blackett 1999). When the correspondence between the two brand's images is acknowledged, the effect on brand image is beneficial (Simonin and Ruth 1998). Obviously, the respondents found that KIA's image was improved the most, by entering the alliance. Thus, this does not comply with the proposed theory by Simonin and Ruth stating that brand image compatibility entails greater success. But, it is decisive to remember that we measure the effect on the parent brand's image only, not the ingredient brand. Hence, a high quality brand as Star Audio should supposedly have a good brand image, which potentially could be hurt by entering an alliance with a lower equity brand such as KIA.

Question-naire	Brand Alliance	Negative (1-3)	Neutral (4)	Positive (5-7)
1	BMW + Star Audio DK	24%	44%	32%
2	BMW + Star Audio MEX	72%	26%	1%
3	KIA + Star Audio DK	26%	24%	50%
4	KIA + Star Audio MEX	50%	38%	12%

Model 10.5 -Question 5.1 Co-branding effect on parent brand image

The range of evaluations on the brand alliance's effect on the parent brand's image was wide, as it spanned from 1-50%. Thus, potentially it can have a positive effect. But on the other hand, the negative effect was at one point as large as 72%, which implies that the survey shows that there is greater possibility for the brand alliance to entail a negative effect on brand image than a positive one.

10.5.6 Brand Alliance Sub-Conclusion

We encountered much evidence that confirmed many of the theories in which we took point of departure. However, they did not distinguish between what type of brand they were dealing with, in terms of high and low brand equity; thus we included this nuance to the research.

Doing so implied mixed results, as we experienced a much more detailed outcome that emphasized the differences between entering a brand alliance with a brand of the same equity level. Therefore, when verifying the theories, it was mainly done on the basis of one of the sub-cases. Thus, it can be argued that there must be taken a contingency approach to brand alliances, as there does not exist a ‘one-size-fits-all’ explanation.

10.6 Country of Origin

The fact that Country of Origin (COO) has an effect on brand alliances has been proposed and investigated in many research papers due to the increase in co-branding across borders (see chapter 6). Further, as the COO refers to how consumers often perceive the brand in relation to the image of its origin country this theory has become vital for us to include in a survey regarding consumer attitudes. We have been able to investigate whether it matters to consumers if the brand stems from a country perceived as having high quality brands in the stereo industry (Denmark) or from a low brand quality country (Mexico). As mentioned previously, we have chosen the countries based on the focus group, hence the accredited quality of each country is based on the participants’ perceptions; thus they are not necessarily a true reflection of reality. This gives us a stronger reasoning in the conclusion as consumers’ attitudes towards certain brands at times are biased due to a misled perception of their COO. This has been an issue for many developing countries trying to be competitive as they have had to struggle with consumers’ prejudiced views towards the brands (see section 6.2 for examples).

When wanting to measure the effect of brands’ Country of Origin and whether such a feature matters in cross-border alliances the car industry is a very interesting starting point. One of the reasons why we chose this industry for our analysis is that COO plays a very special role herein. Cars are, as mentioned, hybrid products where their components are produced all over the world, hence the COO that consumers associate with cars are exclusively the brands’ COO. The first part of the questionnaire is based on the evaluation of the primary brand of the alliance, namely the car brands (BMW and KIA). The question of Country of Origin is first incorporated in the later part of the questionnaire and focuses on the impact the ingredient

brand has on the alliance. This is why we chose to ask questions regarding COO only in relation to the stereo brand, because we thereby isolate the COO effect of the cross-border alliance and not the primary brand.

Questions 4 and 5 in the questionnaires deal with COO and are mainly included to investigate, whether the consumers consider COO. Hence, we aim at revealing whether COO should be included in the marketing and branding considerations of the companies to a greater extent than it currently is (appendices 5-8). We believed there would be a difference in the perception of COO depending on which country the brand originated from. Our theoretical reasoning of this aspect is based on the investigations done by Phau and Prendergast 2000 and Dinnie 2008, which stated that a country's image affects the brands coming from that country. As we found out through our focus group, consumers have certain pre-associations towards Denmark and Mexico respectively. Hence, we would expect that the questionnaires would confirm this finding and the alliance with Star Audio stereo should achieve better evaluation when the brand was associated with Denmark. With reference to question 3.1 regarding the quality of the four combinations, we can validate the findings of the focus group as the alliances where the car brands are paired with a stereo brand from Denmark are valued higher than when the car brands are paired with the brand from Mexico (for further evaluation of this part of the questionnaire see section 10.5.1).

10.6.1 Country of Origin Perceptions

Consumers form perceptions and assumptions about brands in their minds, based on all the available information there is to be found on the marketplace regarding the given brand (Keller 1993) These perceptions are vital for the brand managers to understand in order to know which parameters the brands are weighed up upon and which touch-points the consumers use in their brand evaluations (Davies and Dunn 2002). As stated in section 6.3, consumers use Country of Origin to a greater extent, when the brand they are confronted with is unfamiliar. The stereotyped perceptions regarding the brand's Country of Origin are projected to the brand; thereby the brand becomes linked with the particular associations surrounding the country. Question 5 in our questionnaire deals with this part of the COO theory, as it measures how the consumers perceive the COO of the stereo brand and whether it matters to them, which country the Star Audio brand is from.

When asked about Denmark and whether it is a country associated with quality stereo brands 90% of the respondents were positive towards Denmark regardless of whether it was in relation to BMW or KIA. Only 2 and 4% respectively responded negatively towards the associations with stereo brands from Denmark, hence we can conclude that Denmark is associated with quality and superiority, when it comes to this type of brands. Those perceptions will have a beneficial effect on the Danish brands, especially, when they are unfamiliar to the consumers. This confirms our findings from the focus group interview.

Regarding Mexico, it is obvious that the country is associated with lower quality in the stereo brand category. Here, the outcome is completely opposite as both questionnaires regarding Mexico has a negative response-rate of 90%. Thus, we can conclude that unfamiliar stereo brands from Mexico will not be evaluated highly and the COO seems to have a negative effect on this type of brands.

Questionnaire	Brand Alliance	Negative (1-3)	Neutral (4)	Positive (5-7)
1	BMW + Star Audio DK	2%	8%	90%
2	BMW + Star Audio MEX	90%	10%	0%
3	KIA + Star Audio DK	4%	6%	90%
4	KIA + Star Audio MEX	90%	10%	0%

Model 10.6 -Question 5.2 Association of quality of the country's stereo brands

The findings indicate that a brand alliance including an unknown technology brand from Mexico will be evaluated more negatively and the primary brand should definitely consider such an aspect when choosing which ingredient brand it will be associated with. Though it is argued that the primary brand's equity will not necessarily be damaged by entering an alliance with a lower-equity brand, there is no indication that the co-branded product will not be evaluated poorly, due to the perception of the COO (Washburn et al. 2000). Further, regarding the considerations of whether explicitly to emphasize the COO of the brands (Kapferer 2008) it seems beneficial to do so, when a car brand teams up with a Danish stereo producer as the

quality perception would increase. Alliances with Mexican brands should not emphasize the COO as it would decrease the evaluation of the alliance.

We found that consumers are overly positive towards stereo brands from Denmark and negative towards brands from Mexico with a strong indication of 90% in both cases. Hence, this finding confirms the assumption that Danish stereo brands benefits more from the COO than the brands from Mexico. The parent brand – in this case BMW and KIA - should consider the COO of the ingredient brand, as it will affect the alliance and the co-branded product.

10.6.2 Information Processing

We wanted to investigate what information the respondents chose to focus on, when they evaluated the alliance between either BMW or KIA and Star Audio. Signaling theory is one of the theories which deal with the considerations of what signals – or information - consumers use when they evaluate brands. Depending on the type of information consumers use, when they judge brands, companies should emphasize this in order to increase the credibility and competitiveness of their brands. We started the questionnaire by presenting the unfamiliar brand Star Audio by displaying different types of information, namely design, Country of Origin, technology, brand name and features. This was used later in the questionnaire in order for us to evaluate which of the chosen sources was used by the respondents in the considerations of the brand alliance.

Question 4 deals with the sources of information and shows whether consumers actually use COO information regarding the unfamiliar brand or whether they tend to place more importance on the other parameters. The question outlines the five before-mentioned sources of information that consumers could have based the evaluation of the stereo on (appendices 5-8). This part is what makes the analysis differ from other analyses of consumer behavior and COO, since the information regarding COO is positioned together with other parameters, which consumers are expected to use when evaluating brands. This enables us to conclude that those respondents who have chosen COO really considered this issue and not only because they were directly and exclusively confronted with it. By not making a single-cue design we have been able to investigate the COO in a setting more close to reality, as consumers often use different parameters in brand perception. By choosing a hypothetical stereo brand we made sure that the COO could be considered on equal terms as e.g. brand

name and technology information. This part of the empirical analysis is based on the signaling theory (Rao and Ruekert 1994), which stated that COO becomes a stronger signal of quality when the brand is unfamiliar compared to familiar brands where consumers have prejudiced perceptions of the brand image and quality.

Our findings suggest that COO has a certain effect on brand evaluation of unfamiliar brands compared to other types of information, since the COO is the parameter most selected in three out of the four surveys. Phau and Prendergast found that COO has a stronger effect on consumer perceptions than brand name (chapter 6). Our results confirm this statement to some extent. In questionnaire 1 (BMW – DK) COO is the most frequently chosen attribute with a response rate of 60%. Next is technology information and design. Questionnaire 2 (BMW – Mexico) and 4 (KIA – Mexico) also have COO as the number 1 determinant, though with slightly less convincing result; a response rate of 48% and 50% respectively. Only questionnaire 3 (KIA - DK) varies, since COO attains a placement as second with a rate of 42%. In this questionnaire brand name comes first. Our findings suggest that COO is a piece of information that matters a lot, when consumers evaluate brands and brand alliances, as the response rate to COO is high for all four questionnaires. Hence, we can conclude that it is important to include Country of Origin effects when assessing brand perception.

Another noteworthy parameter is *Brand name*. Brand name is, as an information-source or signal, suggested to be of great importance, when analyzing brand alliances (Bluemelhuber et al. 2007). However, in our survey it is actually not chosen very often as a source of information. Two questionnaires have brand name coming in third (out of five) and in one questionnaire it ranked fourth. This finding verifies the fact that brand name becomes a secondary association and signal of quality, when the brand is unknown to the consumer. Thus, we can confirm the part of the theory, saying that when a brand is unfamiliar, brand name is no longer the most significant parameter consumers use, when evaluating the quality of the brand. Further, our findings are closely related to reality due to the fact that we have avoided a single-cue questionnaire and instead provided the respondents with 5 sources of information with which they can evaluate the brand.

Further, we have used the information-processing theory as a basis for our empirical data. This suggested that the consumers' mind is seen as a computer that stores knowledge as memories of the brands and this knowledge is used when assessing brands (Heding et al.

2009). Since Country of Origin is chosen frequently by our respondents, we can conclude that it must be a knowledge that consumers tend to store and include when evaluating brand alliances. Hence, the Danish stereo brands should use COO as a source of information when branding their products, whereas Mexican brands should reconsider this strategy as they were evaluated worse in relation to their COO. The fact that companies can emphasize or undermine the COO of their brands is suggested by Kapferer and is here proved to be a relevant point to consider as consumers do use this source of information.

10.6.3 Country of Origin Effects

We asked the respondents to consider whether a different COO of Star Audio would have changed the overall evaluation of the brand alliance. This question was included in order to see how much the COO matters for the entire alliance and whether the co-branded product is in fact affected by the COO of the unknown ingredient brand.

Overall, the respondents were mainly positive towards this question and believed that the evaluation of the alliance would have been different if there had been another COO. The two questionnaires regarding Mexico have a higher response rate of positive answers than those questionnaires regarding Denmark as they are 58% and 54% respectively. The response-rates regarding Denmark “only” have 42% and 38%, indicating that brand alliances with a Mexican ingredient stereo-brand is more affected by the COO. This remark is also supported by the fact that the questionnaires regarding Denmark has a higher percentage of negative answers; 30% and 32% compared to Mexico’s 22% in both questionnaires. There are a large percentage of neutral answers in all four questionnaires, indicating that people are not deliberately aware of the Country of Origin effect. We can however conclude that the COO matters more and has a greater influence on the overall brand alliance, when the brand is from a country with negative perceptions.

Question-naire	Brand Alliance	Negative (1-3)	Neutral (4)	Positive (5-7)
1	BMW + Star Audio DK	30%	28%	42%
2	BMW + Star Audio MEX	22%	20%	58%
3	KIA + Star Audio DK	32%	30%	38%
4	KIA + Star Audio MEX	22%	24%	54%

Model 10.7 -Question 5.3 Evaluation of Country of Origin

In section 7.7 we discussed the importance of fit on different parameters such as brand image fit, brand equity fit and product fit. The theory claims that both brands are affected by one another and this makes the notion of fit so relevant to discuss in an analysis of brand alliances (Simonin and Ruth 1998). One thing that we found missing in the theory was whether there needs to be a Country of Origin fit. Based on the findings from question 5.3 we believe there is a need to investigate this issue further, since we stated that COO fit is considered by the consumers; it is especially important when the ingredient brand comes from a country that is perceived overly negative. The higher percentage of positive answers in the questionnaires regarding Mexico – compared to Denmark - indicates this point, and we advice that the COO match is considered, before entering a brand alliance. Further, as both brands are affected in some way by the alliance this aspect of fit becomes extra relevant, when one of the brands is unfamiliar to the consumers. As concluded above, COO becomes an important parameter with which consumers evaluate the quality of the brand when they do not know it. Brand name becomes less important in most cases, whereas we suggest that COO fit should be taken into account on equal terms as image-, equity-, and product-fit.

COO seems to affect brand alliances more when the perceptions and pre-assumptions of the country are negative (Mexico). However, the responses also state that COO influences the alliance, when the country is seen positively and having high quality brands (Denmark) hence it is not a significant concluding statement that those alliances with a lower-quality COO are more affected by this parameter. Though, one thing we can conclude is that COO does have a

significant impact on brand alliance evaluations regardless of what pre-assumptions consumers have.

10.6.4 The Danish Consumer

Our findings in both the focus group and the questionnaires suggest that the respondents would prefer a stereo-brand from Denmark over one from Mexico. We have shown that one reason for this is the perceptions the consumers hold towards the two countries and how these are further projected to the brands. Thereby, we are able to state that brand alliances across borders are affected by the individual brands' Country of Origin. However, as the respondents are all Danish, the issues of consumer ethnocentrism should be commented upon. In the theoretical section on ethnocentrism, it was illustrated that consumers behave differently dependent on their culture of origin. This thesis aims at discovering the brand alliance perceptions of the Danish consumers; hence the outcome will be affected by the culture, which the Danish consumers are influenced by. Similar studies in other countries with different cultures will most likely have different findings. As we have only included Danish respondents in our analysis we have been able to add this ethnocentric dimension to our discussion of brand alliances as we find it important when discussing global branding.

As mentioned, Hofstede is one of the most influential cultural theorists and his dimensional analysis of countries is widely applied in research on consumers. Hofstede found that Denmark is characterized as an individualistic country like the US, UK and Australia among others (Hofstede 2010). In a study made by Gürhan and Maheswaran 2000, they found that information regarding COO was used differently across cultures. Consumers from countries characterized as individualistic tend to favor domestic products only when they are superior to competitors, whereas collectivistic countries always favor the domestic products. In our analysis on the Danish consumers, the alliance that is evaluated to be most superior to competitors is the one between BMW and Star Audio being from Denmark (question 3.4). This supports the premise of Gürhan and Maheswaran that Denmark's consumers, being from an individualistic country, will prefer alliances with a Danish brand when the alliance is evaluated to be superior to competitors. The alliance between KIA and Danish Star Audio is also preferred over the alliance with the Mexican brand; however, the KIA-DK alliance is influenced by KIA being evaluated as a low-equity brand, since the respondents do not see it as being particularly superior to competitors. We can conclude that there is a tendency that

Danish consumers prefer Danish brands over foreign when they are seen as superior and there are some nationalistic tendencies.

Since we conclude that Danish consumers do prefer domestic products, when they are superior to competitors, we can continue this finding to include other areas than alliances between cars and stereos. Other studies have shown that products from Denmark generally obtained high scores on the attributes high quality (87% and 51%), attractive design (58% and 56%), and modern/innovative (88% and 67%) (Jaffe and Nebenzahl 2006: 84). Combining this with our findings proposes that alliances on the Danish market should emphasize brand origin if one of the brands is Danish. Consumers will evaluate it as a positive attribute as many products from Denmark apparently are seen as having high quality and being attractive. Finally, based on this analysis it is argued that Danish consumers are nationalistic only when the products are seen as superior to competitors; therefore alliances that are not superior to competitors – e.g. the KIA-DK alliance - should not necessarily have an advantage of being partly Danish compared to other alliances.

The analysis of brand alliances is not only dependent on the Country of Origin of the brands and how these countries are perceived but also how the consumers evaluate domestic brands compared to foreign brands. We can conclude that the Danish consumers tend to favor domestic products when they are evaluated to be superior to the competing products. Further, it is found that Danish products are often seen as having superior quality and design and that they are attractive to the consumers. Hence, alliances including a Danish brand should emphasize this when entering the Danish market as the consumers most likely will perceive it as good quality and are more likely to choose the co-branded product. However, it is a prerequisite that both brands are of high equity since we found that an alliance with a low equity brand not necessarily will score high in the quality perceptions of the Danish consumers just because one of the brands is of Danish origin.

10.6.5 Demographics

Since this thesis focuses on strategic implications in regards to cross-border co-branding, we have excluded to elaborate too much on micro level considerations such as consumer behavior. Nevertheless, as we examine Customer-Based Brand Equity, we are obliged to briefly discuss the potential demographic influence on our results. Among the respondents there were a small majority of females (60%, 56%, 56%, and 54%). This can have had an

effect on brand knowledge, as the main target group for car brands is men (Mullins et al. 2005), who we therefore presume have a more extensive knowledge on automotive brands. If the respondents had purely been men, the awareness level could potentially have been even higher. However, since both men and women are active consumers on the car market (Mullins et al. 2005); this would have given us an unrealistic picture of reality. Concerning distribution of age, the mean was found at 26-30 years (60%, 48%, and 42%); but in the last questionnaire the overweight of the group was 18-25 years (36%). Finally, making a thorough analysis of how an ingredient brand affects the parent brand is easier when using two familiar brands and conducting follow-up surveys on the parent brand after the alliance. This has however been out of the scope of this thesis.

10.7 Customer-Based Brand Equity

Customer-Based Brand Equity takes point of departure in the consumer's perceptions, as Keller acknowledged that the true value of the brand resides in the mind of the consumers. Thus CBBE is a customer-centric way of measuring the brand's equity (Keller 1993; for a review of the framework see section 8.3). Since the concept of co-branding came into use recently, it has been discussed what effects the brand alliance has on various elements such as the parent brand, the ingredient brand, pre-conceived perceptions. Further, entering a brand alliance can have implications on several levels of the brand structure (brand pyramid CBBE model). We have determined to examine co-branding's effect on Customer-Based Brand Equity, as it indicates what impact co-branding has on the brand's single components (brand image and brand awareness) as well as the brand's overall value. In the subsequent paragraphs we will discuss the impact of the brand alliances on CBBE based on an analysis by the data gathered from the questionnaire, but also data from the focus group will be used to give the analysis depth.

In the following, we will analyze each building block at a time, and finally compare them and draw overall conclusions on co-branding's effect on CBBE.

10.7.1 Brand Awareness

If we recall from the theoretical section 8.3, brand awareness is one of the components of brand knowledge, which is divided into brand recall and brand recognition (Keller 1993). Therefore, in order to establish a foundation for an analysis of CBBE we initiated the survey by confirming that the respondents possessed some level of brand awareness, because it is a

prerequisite for conducting an evaluation of CBBE. Hence, a preliminary step for measuring the CBBE is to discover, whether the consumers are familiar with the brands of the given alliance. Brand awareness is actually an identification of the brand, where the consumer is contemplating on what brand elements the brand is composed of; situated at the bottom level of the brand identity pyramid (Keller 2008: 60). Entering a brand alliance can affect the brand in terms of depth of awareness (reinforce brand recall) or breadth of awareness (increase the range of usage situations) (Keller 2008: 61).

In relation to the CBBE framework, it is difficult for a consumer to evaluate a brand, when they are unfamiliar with it, because the brand is the totality of the augmented product and the relationship with the brand. Through the questionnaire, we were not able to provide the participants with a literal brand description, thus no visuals nor were personal or symbolic features given. This can complicate the evaluation of Star Audio, because none of the respondents have been acquainted with the brand beforehand. Therefore, the focus of analysis of CBBE centers on the parent brand's equity. It should be noted here, that the brand awareness measure opposes the theory and analysis of Country of Origin. In order for the analysis to isolate the aspect of COO the ingredient brand – Star Audio - was made unknown to the consumers. That way the respondents were forced to rely on the information and characteristics they were given of the stereo brand at the beginning of the questionnaire. By focusing the CBBE analysis on the parent brand (BMW or KIA) it was possible to come around this dilemma however, it is worth mentioning that including the aspect of COO in an analysis of a cross-border alliance to some extent halts the theory on CBBE.

In this analysis on brand awareness, brand recognition was measured in the questionnaires. In all four questionnaires, the consumers recognized the brand to some degree (all of the respondents registered an awareness level above 1), which illustrates the presence of the parent brands in the minds of the consumers. In general, the respondents have a stronger awareness of BMW (82% and 94%) compared to KIA (56% and 74%). In one of the questionnaires, almost one third of the respondents stated they have a medium level of awareness in relation to KIA (28%). But most importantly, it is evident that all respondents are aware of the brands, which enables us to proceed with the CBBE analysis, as we now know that the awareness level exists.

Question-naire	Brand Alliance	Negative (1-3)	Neutral (4)	Positive (5-7)
1	BMW + Star Audio DK	4%	14%	82%
2	BMW + Star Audio MEX	2%	4%	94%
3	KIA + Star Audio DK	16%	28%	56%
4	KIA + Star Audio MEX	12%	14%	74%

Model 10.8 -Question 1.3 Brand Awareness

When conducting a questionnaire it is rather difficult to measure brand recall (one of the components of brand awareness) as this measure is based on cues about the brand given to the consumers (Heding et al. 2009). Brand recall is more appropriate for a focus group, however it is more demanding as well and we had to make a choice of which data we wanted. Brand recall was excluded from the analysis as brand recognition was sufficient for this analysis. Instead, we chose to focus on other parameters more important to an analysis of cross-border brand alliances in general (such as COO) and not particular brands' positions in the minds of the consumers.

10.7.2 Brand Image

Brand image is the second component of brand knowledge. It is based on the associations the consumer hold in memory, when confronted with a brand (Heding et al. 2009: 94). Brand image is formed by the consumers whereas brand identity is formed by the company (Kapferer 2008). Hence, the image contains the imagery and the meaning of the brand in the consumer's mind (Keller 2008: 60). Brand image is influenced by all the encounters (or touch-points) the consumers have with the brand and based on these an image is stored in their minds (Davies and Dunn 2002).

When confronted with the question, whether the respondent had difficulty imagining the brand in their minds, the vast majority answered that they did not (90%, 92%, 64%, and 62%). But some people did struggle to memorize the brand image, though it was the minority (10%, 4%, 24%, and 18%). Once again, we discover the pattern of a greater performance of

the BMW brand image as opposed to KIA in relation to the position of the brand with the consumers. This implies a skewed effect on the succeeding brand alliances evaluations. Generally, BMW is evaluated better than KIA not only when the brands stand alone but also when they are paired with the unfamiliar stereo brand. This indicates that BMW has a higher CBBE than KIA and it can hereby be suggested that CBBE is important to consider, when striving for making the brand highly competitive. Also, brands with a high CBBE will be favorable to engage in an alliance with as BMW transfers many of the positive connotations it holds as a single brand to the alliance with the unknown – and therefore assumed lower - equity brand. This confirms the research that states that high equity brands will not be damaged by entering alliances with low equity brands and such alliances will tend to have an advantage as the positive perceptions from the high equity brand will affect the alliance.

Brand image consists of several types of associations, namely attributes, benefits, and attitudes (Keller 1993). Attributes are descriptive in nature and characterizes the physical appearance of the brands and use-images such as packaging, price, image of the ideal consumer (Heding et al. 2009: 94). As most marketing and advertising elements have been excluded from the analysis, we will exclusively focus on the benefits and attitudes of the brands and the alliance. The benefit-nodes are characterized as the personal values attached to the brand which can be either functional, experiential or symbolic (Heding et al. 2009). In the associative network exercise conducted in the focus group, we discovered that the strongest associations of BMW were the functional and expressive nodes, as the benefits mentioned were *safety, fast, high quality, image, expensive, and CEO (chief-executive-officer)*. One explanation is that the participants of the focus group valued a BMW car highly; however to most people BMW is out of reach of personal ownership due to economic constraints. The values mentioned show that BMW scores high on benefit associations that increase the brands CBBE, as these can also be transferred to the experiential and symbolic benefits of the framework. This is indicated by question 1.4, confirming that BMW is a high quality brand (positive answers of 98% and 100% respectively). This means that BMW is seen as a car expressing the consumer's personality as being successive, quality minded and respected.

Regarding KIA, the functional and symbolic values were the most prevalent, and the favorability of brand associations was little compared to BMW. KIA was evaluated as *an "uncle and mom's car, ugly, and dull"*. These values are negatively loaded and it gives an image of an unfavorable car brand. The focus group participants did not respond

enthusiastically to the brand, leaving an impression that the brand was not suited for self-expression, hence the CBBE is lower than BMW's. The question 1.4 confirmed this trend with negative answers of 76% and 78% respectively, leaving KIA with a lower image based on negative associations. From the associations we can conclude that BMW has a stronger and higher CBBE than KIA. The final type of association of the brand image is brand attitude, which is the overall evaluation of the brand (Heding et al. 2009) which as mentioned seems to be in favor of BMW.

Co-branding can influence each of these associations, as the ingredient brand can modify the consumer's attitude towards the parent brand, add product related attributes, and change the brand's benefits. Based on the mentioned findings, KIA could particularly benefit from entering an alliance, as the brand needs to alter its image on the Danish market and strive for more positive associations. Since an ingredient brand influence the image of the parent brand, entering an alliance with a brand that has a positive image would be a clever strategy. In regards to BMW, it is not as likely to have the same effect as the image on the Danish market is already positive.

Question-naire	Brand Alliance	Negative (1-3)	Neutral (4)	Positive (5-7)
1	BMW + Star Audio DK	90%	0%	10%
2	BMW + Star Audio MEX	92%	4%	4%
3	KIA + Star Audio DK	64%	12%	24%
4	KIA + Star Audio MEX	62%	20%	18%

Model 10.9 -Question 2.3 Consumer based brand image

The final elements of the brand image are the *strength, favorability and uniqueness of the consumer associations* (Heding et al. 2009: 95). These show whether a brand has high Customer-Based Brand Equity in relation to competitors. Based on both the focus group and the questionnaires it becomes clear that BMW is strong on all three parameters, whereas KIA falls behind on all three.

10.7.3 Brand Knowledge

Customer-Based Brand Equity is high when the consumers' brand knowledge is strong and positive towards the particular brand (Keller 1993). Through this analysis of the CBBE of BMW and KIA it becomes obvious that BMW has a stronger CBBE, since it is associated with quality and superiority, where KIA has more negative and unfavorable associations attached to its brand. Hence, the brand knowledge of BMW is more favorable and unique than KIA's, and in terms of CBBE BMW is worth more by being better positioned in the mind of the Danish consumers. As stated, the parent brand was affected most positively, when the ingredient brand was from Denmark; however, in regards to the altered brand knowledge it is also relevant to note that, in most cases, the influence was stronger on KIA than BMW. This proves that brands with a high CBBE are less affected by entering a brand alliance than brands with a weak CBBE. From this point of view the CBBE framework is important for brands that wish to analyze, whether they should optimize their strategy on a certain market. In the case of BMW and KIA on the Danish market, KIA could benefit the most by entering an alliance with a strong Danish ingredient brand as many of the respondents viewed this as an improvement to the KIA image. As BMW already has a strong position on the market, the brand knowledge would not be altered remarkably. This shows that weak equity brands benefit most from alliances with strong ingredient brands. High equity brands do not benefit per se however, entering an alliance neither harms the brand hence such a strategy could still be considered in the light of renewal or staying ahead of competitors. However, this conclusion is based on alliances with ingredient brands that also have a certain level of equity, because our analysis shows that a brand from Mexico actually alters both the high and the low equity brand negatively (question 5.2 and 5.3).

In order to establish the strongest Consumer-Based Brand Equity the issue of brand consistency is pivotal (Heding et al. 2009: 103). Thus, a strategic key consideration in this type of brand management is to ensure a clear and coherent brand communication. From this perspective, co-branding can be a barrier or an enhancer for brand knowledge. If the brand match is compatible and the respective brands have similar value propositions, each brand can be reinforced. On the other hand, when confronted with a mismatch in the brand alliance, both brand's value will decrease as a result of the confusion in brand identity. As brand image is a reflection of brand identity it becomes decisive for the success of the brand alliance to select a brand with related value to alter the parent brand.

10.8 Sub-Conclusion

The different components of the CBBE framework have here been discussed and the effect of the brand alliance was analyzed. A prerequisite for analyzing CBBE is brand awareness and in this empirical design the brand recognition parameter was used. Brand awareness was found to be higher for BMW than for KIA, however the respondents knew both brands to the extent that the rest of the questionnaire was valid for analyzing the CBBE. Next, the brand image was analyzed. It was found that BMW is better positioned than KIA as more respondents had no difficulties in imagining the image of BMW. A general picture emerged that BMW did better than KIA on almost all parameters of the analysis both as a single brand and in the alliance with Star Audio. This illustrates the importance of having a strong position in the mind of the consumers, here seen as a strong CBBE. BMW's positive image and consumer associations are transferred to the alliance making this brand better positioned when exposing it to new marketing strategies. BMW's brand knowledge was established as favorable and unique compared to KIA's (and other car-brands which were discussed in the focus-group) giving the brand a high CBBE, thereby concluding that KIA's CBBE is lower and could be improved.

Question-naire	Brand Alliance	Negative (1-3)	Neutral (4)	Positive (5-7)
1	BMW + Star Audio DK	14%	22%	64%
2	BMW + Star Audio MEX	14%	12%	74%
3	KIA + Star Audio DK	36%	30%	34%
4	KIA + Star Audio MEX	54%	22%	24%

Model 10.10 -Question 2.1 Brand Knowledge

Question-naire	Brand Alliance	Negative (1-3)	Neutral (4)	Positive (5-7)
1	BMW + Star Audio DK	8%	14%	78%
2	BMW + Star Audio MEX	12%	6%	82%
3	KIA + Star Audio DK	32%	28%	40%
4	KIA + Star Audio MEX	38%	22%	40%

Model 10.11 -Question 2.2 Recall of brand logo/symbol

10.9 Alternative Co-Branding Strategies

The above analysis of the empirical data is based on co-branding characterized as ingredient branding. Here it has been analyzed how an alliance with the ingredient brand affects the equity of the parent brand. Furthermore, in section 8.3.2 brand equity was illustrated as a pyramid with four stages of consumer association and evaluation of brands. (See model 8.2 for a detailed description of each stage). These stages will each be affected by a brand alliance; however, some of the stages are more important to pay attention to, depending on which co-branding category the analysis revolves around. Regarding ingredient co-branding, the two last stages (consumers' brand evaluation and attitude-expression) are the most important, since both BMW and KIA's image is seen as affected and altered by the Star Audio brand (question 5.1). The respondents do express that they develop certain attitudes towards the quality, appropriateness and reliability of the alliance (question 3.1, 3.2, 3.3). Hence it is important to evaluate these stages in order to make sure new evaluation and potentially altered attitudes to the parent brand are not deviating drastically from the projected identity.

Besides ingredient branding, three other types of co-branding were characterized namely: knowledge co-branding, values-endorsement co-branding, and complementary competence co-branding (Boad and Blackett 1999; section 7.4). These will briefly be discussed in the light of the CBBE in order to investigate whether they are impacted differently in the light of the framework.

The first two categories of co-branding are more basic than ingredient branding and entail less commitment from the companies, as there is not created a new product. The main arguments for these categories are market expansion and increasing the customer group. Hence, it will primarily be the first two stages of the pyramid that should be monitored as what is measured is whether brand recognition has increased and whether there is a possibility of affecting new customers associations. In the final category –complementary competence co-branding- the final stage of the pyramid is most important as this alliance creates a new product which is supposed to be superior to the brands' individually “older” products. Much dedication and financial and strategic resources are invested in this type of alliance and it is therefore vital that the consumer attitudes towards the companies' co-branded product are even better than the consumer attitudes to the brands individually. Otherwise, it makes no sense to invest the resources needed in such an alliance. It seems as though the deeper the cooperation and interconnectedness between the brands, the deeper or later stages of the pyramid are affected. This implies that the level of commitment to a brand alliance tells something about the level of consumer evaluation and how much the brand perceptions are influenced. This is worth considering for companies when assessing which category of co-branding they should enter.

11.0 Managerial Implications

This project has contributed with new information within the field of branding, more specifically, in relation to co-branding. As illustrated in the thesis, co-branding has grown to become a great support for brand leverage and a frequently utilized brand extension strategy. This development is reflected in the vast opportunities that brand alliances provide. But as with everything else in this world, there is a flipside to the benefits; entering a brand alliance still entails many impediments, and yet unexplored hazards. Therefore, this thesis explored the implications in terms of cross-border brand alliances. As the world becomes increasingly interconnected and interrelated, co-branding follows a similar pattern. The alliance expands across national borders, and the consequences thereof have not yet been fully investigated. We discovered that the brand managers must be aware of the fact that Country of Origin has a significant effect on Customer-Based Brand Equity. Consumers perceive brands differently, and they are obviously affected by their nationality. We realized that the Danish consumer holds more favorable associations of Danish brands, thus if generalized, the brand alliance can be employed in a lucrative manner, as an entry strategy into a foreign market. In this way, the brand alliance can be exploited by implementing it as a localized strategy to circumvent

the national bias to achieve superior local success. In reality, it may be cumbersome, time-consuming and inefficient, to adopt a local strategy for each country, in order to adapt the brand offerings to make it suite the local consumer's need. But the investment may pay off due to higher Customer-Based Brand Equity, which finally results in growing sales, and increased earnings. This cost-benefit analysis must be conducted before each initiated activity.

Brand management has existed for decades now; but up till date the focus has concentrated on issues as brand name, brand benefits, brand features, and brand attributes. Furthermore, brand managers must deliberate on whether they want to make Country of Origin explicit or implicit in promotion, because as proved in the thesis, it can have a positive as well as negative impact on the alliance, depending on the country and the consumer. Country of Origin must be aligned with these well known key components of brand management, in order to conduct a comprehensive revive of the potential alliance. From a consumer's perspective, the perceived fit between the brand's Country of Origin is also being evaluated and it is affecting Customer-Based Brand Equity. Previous research has accentuated the importance of an appropriate match in terms of brand, product, and strategy. But none has proved the worth of Country of Origin in relation to compatibility within the alliance. Now, we can advice brand managers to always consider the brand's origin; especially when the brand is about to enter an alliance.

12.0 Conclusion

In order to keep up with the environmental developments and opportunities of the global marketplace, companies develop new strategies and reinvent the way they brand their products. This thesis sets out to clarify the strategy of brand alliances – also known as co-branding - and it analyzes the impact such a strategy has for the companies and their brands. Furthermore, the empirical data was gathered from a consumer perspective in order to provide insights into how these perceive brand alliances and how their views on the brands in question might be altered when they engage in co-branding. The thesis contains theories dealing with the strategic implications of brand alliances, and the Customer-Based Brand Equity (CBBE) was chosen as the dominant framework for the empirical analysis. CBBE is a relevant structure for an analysis that combines implications of brand strategy and consumer perceptions, as it blends brand identity and brand image in an analysis.

The constructed research question was therefore:

“How does cross-border co-branding affect Customer-Based Brand Equity?” The fact that the thesis evolved around cross-national brand alliances gave the analysis an original edge, since very little of the literature found analyzes co-branding from an international perspective, thus thorough knowledge on this inquiry was needed.

The empirical analysis was composed of a multiple methods research design, which we found appropriate to answer the research question. The design consisted of a qualitative focus group that gave us elaborate and exhaustive information on perceptions of Customer-Based Brand Equity in relation to several car brands. Moreover, it gave us valuable insights into the practice of Country of Origin in relation to brand evaluation. Subsequently, we advanced our research by constructing a questionnaire, with the purpose of contributing with quantitative figures that represented a larger sample of the population, which enabled us to generalize our findings. The questionnaire advanced our knowledge of how the cross-border brand alliances affect Customer-Based Brand Equity, as it was build up around the CBBE framework. By making four different, yet standardized questionnaires, we were able to compare cases of respectively low- and high brand equity for the parent brand, and brand alliances with various Countries of Origin. Thereby, we obtained a nuanced foundation for the analysis, which made our empirical results more comprehensive and detailed.

In order to analyze the stated research question we constructed three hypotheses to emphasize each component of the posed question. Therefore, the conclusion will be divided into subsections, with the purpose of answering each hypothesis and finally draw a comprehensive, integrated conclusion.

12.1 Hypothesis 1

On one hand, brand alliances were found to be a quality stamp and strengthen companies' competitive advantage as it is a strategy that enables them to differentiate the brands on other parameters than price and innovation, which nowadays can be replicated. However, to exploit these advantages the companies should carefully consider the strategy to avoid uncertainty, confusion and loss of loyalty towards their brand. One way this can be done is by assessing the different dimensions of fit. The overall remarks on this part of the analysis were that the image and equity of the brands prior to an alliance affect the perception of the brands in the alliance. This was supported by our findings, as the results obtained from the BMW

questionnaires, which had a favorable prior image, were overall more positive regardless of Country of Origin. Hence, we can conclude that brand image fit is even *more* important than the other dimensions of fit in regards to ingredient branding. The dimension of product fit in relation to quality seems less important as this theory was only partly supported. When two brands of high quality fit enter an alliance, there is a positive outcome. However, the case of a lower-quality brand teaming up with a high-quality brand did not show any particular effect and it cannot be concluded that a product miss-match is harmful in an alliance. Hence, we conclude that this dimension of fit is less important.

We can conclude that brand managers must be alert and more conscious in considering the brand alliances, when they are defined as cross-border alliances. We found verification of the insinuation that co-branding can benefit the parent brand, when establishing a brand alliance, with an appropriate match. Nevertheless, we can conclude that when dealing with ingredient branding, the ingredient brand can more easily harm the parent brand, compared to its potential for improving the parent brand's image and brand equity. The parent brand will still be the determinant factor, when the consumers evaluate the overall brand equity of the alliance. Therefore, the parent brand must undergo a careful assessment of the potential ingredient brand, before entering an alliance.

Regarding Country of Origin's impact, we found that it can have a positive as well as negative effect on the brand alliance and the perception of the parent brand. However, an ingredient brand with an unfavorable brand origin could cause more damage than a brand with a favorable nationality can cause benefits. Hence, the first hypothesis H1 "COO fit must be considered before entering a brand alliance" can be verified, as we conclude that this dimension of brand alliances is important regardless of its impact on the parent brand, especially when the ingredient brand is unknown to the consumers. Companies should consider this in order to mitigate or utilize the influence the COO fit has on the alliance.

12.2 Hypothesis 2

The analysis included the theory of Country of Origin (COO), as this concept is very relevant to include, when dealing with cross-border co-branding. Previous studies found that COO has an impact on consumers' attitude, when choosing brands, and it is a cue that becomes increasingly significant, when the brand is unfamiliar to the consumers. Accordingly, we discovered that consumers make use of the parameter Country of Origin in their brand

evaluation, which imply that we support the theory. The urge to rely on Country of Origin becomes more apparent, when the consumer is less acquainted with the brand. Noteworthy evidence showed that Country of Origin was the single piece of information that was mainly utilized in consumer brand evaluation; thus it was applied as a significant cue for brand perception and subsequent formation of brand attitude, and it was more frequently employed than brand name, design, and technology.

This leads the analysis to the second hypothesis H2: “Consumers will favor a brand alliance where one brand is of local origin”. This was seen in the light of the Danish consumers, as these were the target group of the questionnaire. We found that the Danish consumers favor brand alliances that contain a local or national brand, when these are evaluated as superior and of high quality. The alliance with the low equity parent brand was not preferred over competitors; hence a prerequisite for supporting this hypothesis is the level of equity and quality of the brands in the alliance. This hypothesis can therefore only partly be supported.

Thus, we can confirm the theory of home-bias to some extent. But the choice may not only be founded in ethnocentrism, but rather in the fact that the Danish product category in this case is considered to be of superior quality. Therefore, integrating a local ingredient brand can have a positive effect on the parent brand, but the impact should not be exaggerated. In this case, a preferred national ingredient brand will not have sufficient leverage on a low equity parent brand if used as a nationally adapted entry strategy.

12.3 Hypothesis 3

Finally, the Customer-Based Brand Equity was measured and analyzed in relation to the two parent brands. The findings in relation to the CBBE showed that BMW was evaluated to be of high quality, having a strong, positive image and being highly competitive. These characteristics were not changed significantly, when the brand was paired with the ingredient brand sharing the same perceived qualities (Danish Star Audio). This indicates that a brand that already has a high CBBE transfers these traits to the alliance and the CBBE of the parent brand is not influenced by the alliance. When the same brand was paired with a non-matching brand (Mexican Star Audio) the cross-border alliance did have an impact on the CBBE however, the parent brand was not harmed significantly. Hence, when one dimension of fit does not match it will impact the other dimensions as well.

The brand with the lower CBBE, KIA, did not have as many positive traits to transfer to the alliance; hence it was influenced more significantly by the co-branding. When the ingredient brand was perceived as being from a favorable country (Danish Star Audio) the parent brand's CBBE was positively affected by the alliance, whereas when the ingredient brand was from a negative COO the parent brand was harmed; however a lot less than was the case with the high equity brand. This supports the suggestions of fit and that a low equity ingredient brand harms the parent brand less when this also is characterized as low CBBE.

Therefore, brands with a high CBBE prior to entering a cross-border brand alliance are less likely to be affected than brands with a lower CBBE. The brands with a low CBBE on a particular market should be aware that their brand knowledge and image will have higher potential of being altered by cross-border co-branding and such a strategy should therefore be carefully considered. However, we can also conclude that since COO has proven to be a highly important dimension of fit in a cross-border brand alliance, the framework needs some revision. Due to the awareness parameter, it proved difficult to analyze the complete impact of the COO and further research should take this aspect into consideration.

The findings show that the hypothesis H3 “the effect of brand alliances on consumers brand attitude can be measured in terms of CBBE”, is partly supported as the framework includes aspects that the companies could use when investigating whether adding a second brand alters brand equity. However, we used the framework based on one of the brands and not on the complete alliance, as we wanted to include the Country of Origin dimension. When investigating a complete alliance it is necessary to analyze the co-branded product's CBBE and here it is easy to overlook the dimension of Country of Origin. Hence, as suggested above, the CBBE framework should be revised to include the COO aspect in order for the companies to understand the entire consumer brand attitude.

12.4 Conclusive Findings

We have in this thesis discovered that brand alliances and co-branding is a strategy that gains foothold in the branding theory and practice. The many aspects of cross-border brand alliances that affect the CBBE of the brands have been analyzed. Many considerations should be taken into account, when two brands join an alliance and form a product with which they will both be associated. Further, they have to consider the prior perceptions of the brands they choose to collaborate with, as these are bound to affect the cooperation and the outcome of

alliance. It is crucial to know the CBBE of the parent brand as the level of this will determine how the ingredient brand and the alliance will affect the alliance's CBBE. Further, as many of the brands enter alliances across borders, the aspect of Country of Origin becomes vital in finding a suitable partner. Brands inherit the image of the country, which they are associated with and companies must consider how the consumers perceive the particular country, and whether it is a dimension worth emphasizing. Especially, as consumers from different countries have different brand familiarities; because as soon as one of the brands in the alliance is unknown, the consumers tend to use the COO as a decisive selection parameter. We have analyzed how the CBBE is affected by cross-border brand alliances and have come up with different perspectives on what the companies shall incorporate in their future co-branding strategies. Thus, we have contributed with new knowledge that will impact how the companies shall approach cross-border brand alliances in the future.

13.0 Future Perspectives

Without a doubt, this project could have had many different outcomes, if some of its sections or focal points were to be changed. Even though we have made a comprehensive study, it has been very detailed and in-depth, which obliged us to eliminate the broader perspectives. Subsequently, there are many remaining issues to be examined.

This thesis had its point of departure in a case study of ingredient branding, where we uncovered that Country of Origin had an immense effect on the consumers' assessment of the alliance. This finding could be caused by the fact that we studied ingredient branding, which as brand alliance category is more judged on COO. If future research were to measure the opinion of cross-border alliances of e.g. co-promotion, the Country of Origin effect may not be as prevalent. Therefore, it would be exciting to see, if the consumer emphasizes Country of Origin as heavily in other cases of co-branding.

Moreover, forthcoming research should be made on various industries and product categories. As we stated in the beginning, the automotive industry is one of the prime examples of global sourcing. Hence, in reality the brand is one of several Country of Origins, but only the brand origin is communicated to the final consumer. A brand, where the Country of Origin is singular and thereby easier to isolate, would maybe reach different conclusions.

Other industries such as the food industry and clothing are also very aware of signaling its Country of Origin. In relation to food, the raw materials probably play an important role in this strategy, but still if we look at France, they have managed to build a brand around cities, and thereby obtained exclusivity of the brand (Cognac, Brie, Champagne). Regarding the clothing industry, certain cities have also become symbols of brand quality (Paris, NYC, and Milan). Thus, if the brand stems from a country that has a comparative advantage in its industry, it may be more effective and reasonable to endorse its Country of Origin. Therefore, we encourage a study of Country of Origin in industries and countries that are not under regular circumstances famous for its brands in this category. Additionally, the product category of cars is defined as being high involvement, as it requires a large investment, and much information searching. Therefore, a suitable extension of this thesis would be to analyze other categories that are classified as low involvement. Here, the consumers may not be as attentive to the brand origin nor the fit of the alliance.

Another obviously interesting elaboration of this thesis would be to replicate the study in another country, in order to examine whether our findings hold true in other countries as well. Furthermore, if the results from a new study deviate from ours, the analysis could be extended to a comparative study that should analyze, why the results differ across countries.

Future research could ideally make an analysis of cross-border alliances' influence on financial brand equity, in order to compare the quantitative effect with the qualitative effect on the Customer-Based Brand Equity. The qualitative influence we found in the minds of the consumers may not be directly related to an equal effect on the financials.

In the future, it would be interesting to analyze whether an identical survey, which included well-known ingredient brands would entail equivalent results. Furthermore, to complete the circle, there should be conducted a focus group interview to elaborate on our findings. It should emphasize what parts of brand image is mostly affected by co-branding; whether it is type, favorability, strength, or uniqueness of brand associations that are affected the most.

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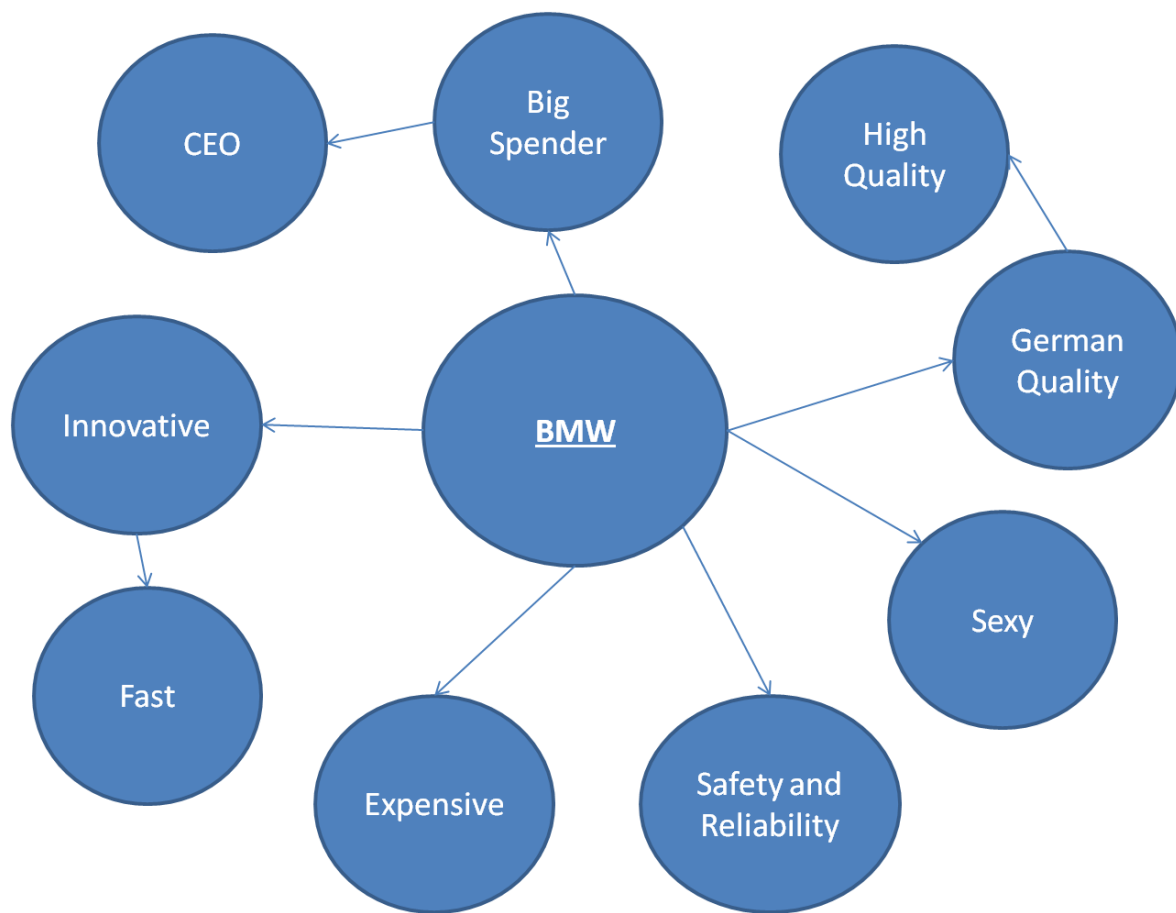
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List of Models

- Model 3.1, p.22: Own adaptation based on Keller 2008: 7
- Model 3.2, p.23: Own creation based on Ansoffs Growth Matrix Beamish et al. 2003:122
- Model 4.1, p.26: Own creation based on Keller 2008: 591-608
- Model 7.1, p.37: Brand expansion strategies, Aaker 1996: 275
- Model 7.2, p.40: Joint Value Creation, Boad and Blackett 1999: 9
- Model 7.3, p.42: Ingredient branding -own development based on Norris 1992
- Model 7.4, p.51: Own construction.
- Model 8.1, p.56: Customer-Based Brand Equity Keller 1993: 7; Heding et al. 2009: 93
- Model 8.2, p.58: Customer-Based Brand Equity Pyramid, Keller 2001: 3
- Model 10.1, p.72: Question 3.1 Quality perceptions
- Model 10.2, p.75: Question 3.2 Brand Alliances match
- Model 10.3, p.76: Question 3.3 Brand Alliance reliability
- Model 10.4, p.77: Question 3.4 Value Creation
- Model 10.5, p.79: Question 5.1 Co-branding effect on parent brand image.
- Model 10.6, p.82: Question 5.2 Association of quality of the country's stereo brands
- Model 10.7, p.86: Question 5.3 Evaluation of Country of Origin
- Model 10.8, p.91: Question 1.3 Brand Awareness
- Model 10.9, p.93: Question 2.3 Consumer based brand image
- Model 10.10, p.95: Question 2.1 Brand Knowledge
- Model 10.11, p.96: Question 2.2 Recall of brand logo/symbol

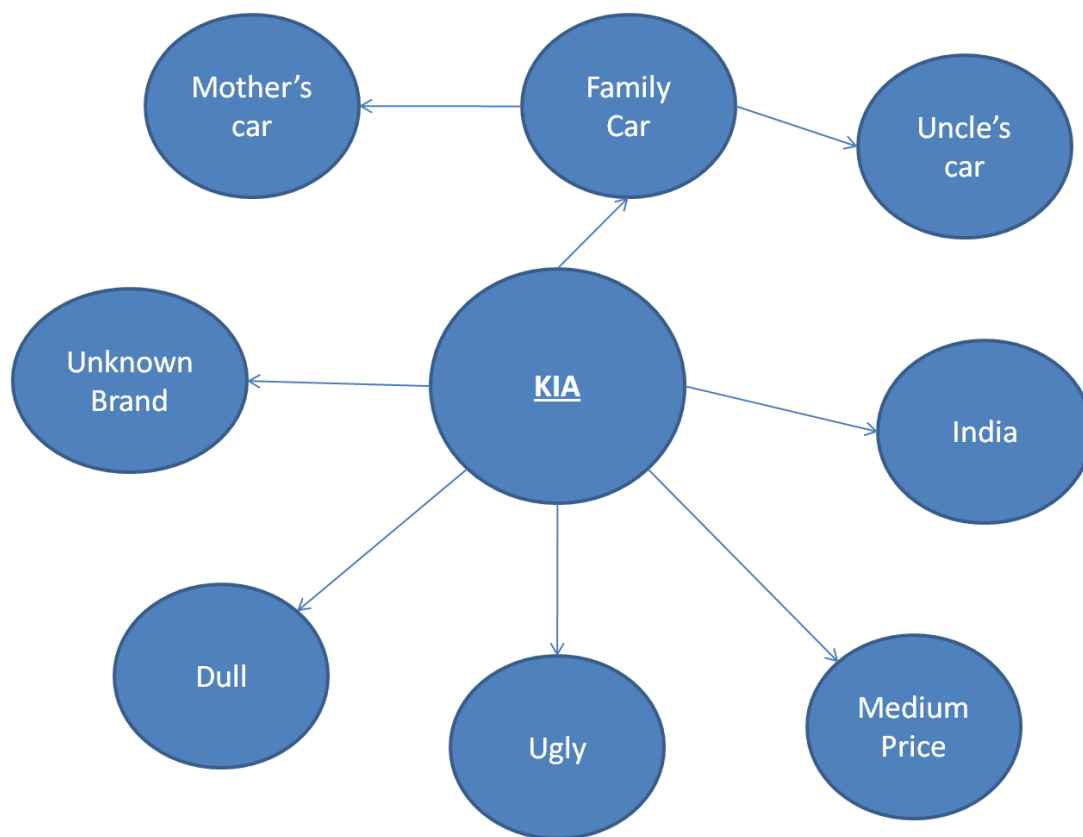
Appendix 1

Associative network model – car brand BMW:



Appendix 2

Associative network model – car brand KIA:



Appendix 3

Focus Group Evaluation of Country Image of Car Brands as Product Category

“In the following question you are provided with 10 countries which you are asked to rate from 1-7; where 1 is given for the very poor quality, and 7 is given for excellent quality. You shall evaluate the countries on their perceived image and quality in relation to the product category of cars.”

(The model illustrates the average of the 8 participants):

Country	1 (Poor)	2	3	4	5	6	7 (Excellent)
China		X					
France			X				
Germany							X
India			X				
Italy					X		
Japan					X		
Korea				X			
Poland		X					
Sweden						X	
USA						X	

Appendix 4

Focus Group Evaluation of Country Image of Stereo Brands as Product Category

“In the following question you are provided with 10 countries which you are asked to rate from 1-7; where 1 is given for the very poor quality, and 7 is given for excellent quality. You shall evaluate the countries on their perceived image and quality in relation to the product category of stereos.”

(The model illustrates the average of the 8 participants):

Country	1 (Poor)	2	3	4	5	6	7 (Excellent)
China				X			
Denmark							X
Germany						X	
Italy			X				
Japan						X	
Korea					X		
Mexico		X					
Netherlands				X			
Taiwan			X				
USA						X	



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Opsummering af besvarelser

Personer i alt, der påbegyndte spørgeundersøgelsen: 50
Personer i alt, der gennemførte spørgeundersøgelsen: 50 (100%)

SIDE: DEFAULT SECTION

1. In the following questionnaire you are asked to evaluate the mentioned products based on the given information: The car-producing BMW has entered an alliance with the Danish sound-system brand Star Audio. The Star Audio multimedia device will be incorporated in the BMW cars. The Star Audio stereo is a latest multimedia device that allows you to enjoy music while driving car. It lets you play a lot more musical formats including DVD/CD/MP3/AAC/WMA and DivX. Further features of the Star Audio stereo is: 7 inch mechanical flip-up QVGA monitor XM or SIRIUS satellite radio HD radio with multicasting Bluetooth devices Voice activated dialing CD changers Dock connector for all kinds of iPods Country of origin: Denmark The design is exquisite and delicate and it is streamlined with the design of the BMW. Please rank the following questions on a scale from 1-7 where 1 is do not agree at all and 7 is I agree to a great extent. These questions are related to the brand BMW:

[Opret diagram](#) [Download](#)

	1	2	3	4	5	6	7	Svarantal
I know what BMW looks like	0,0% (0)	0,0% (0)	4,0% (2)	8,0% (4)	22,0% (11)	26,0% (13)	40,0% (20)	50
I can recognize BMW among other competing brands	0,0% (0)	2,0% (1)	4,0% (2)	8,0% (4)	30,0% (15)	18,0% (9)	38,0% (19)	50
I am aware of BMW	0,0% (0)	0,0% (0)	4,0% (2)	14,0% (7)	12,0% (6)	20,0% (10)	50,0% (25)	50
BMW is a high-quality brand	0,0% (0)	0,0% (0)	0,0% (0)	2,0% (1)	28,0% (14)	30,0% (15)	40,0% (20)	50
spørgsmål, der blev besvaret								50
spørgsmål, der blev sprunget over								0

2. Please rank the following questions on a scale from 1-7 where 1 is do not agree at all and 7 is I agree to a great extent. The following questions are related to the associations and perceptions of the brand BMW:

[Opret diagram](#) [Download](#)

	1	2	3	4	5	6	7	Svarantal
Some characteristics of BMW come to my mind quickly	0,0% (0)	0,0% (0)	14,0% (7)	22,0% (11)	20,0% (10)	20,0% (10)	24,0% (12)	50
I can quickly recall the symbol or logo of BMW	0,0% (0)	4,0% (2)	4,0% (2)	14,0% (7)	28,0% (13)	20,0% (10)	32,0% (16)	50
I have difficulty in imagining BMW in my mind	48,0% (24)	26,0% (13)	16,0% (8)	0,0% (0)	8,0% (4)	2,0% (1)	0,0% (0)	50
spørgsmål, der blev besvaret								50
spørgsmål, der blev sprunget over								0

3. The following questions regards the perceived quality of the alliance of BMW and Star Audio:

[Opret diagram](#) [Download](#)

	1	2	3	4	5	6	7	Svarantal
The brand alliance BMW/Star Audio appears to be of high quality	2,0% (1)	0,0% (0)	0,0% (0)	8,0% (4)	44,0% (22)	34,0% (17)	12,0% (6)	50
The brand alliance BMW/Star Audio appears to be an appropriate match	2,0% (1)	4,0% (2)	2,0% (1)	22,0% (11)	18,0% (9)	40,0% (20)	12,0% (6)	50
The brand alliance BMW/Star Audio appears to be reliable	2,0% (1)	0,0% (0)	4,0% (2)	22,0% (11)	28,0% (14)	32,0% (16)	12,0% (6)	50
spørgsmål, der blev besvaret								50
spørgsmål, der blev sprunget over								0

3. The following questions regards the perceived quality of the alliance of BMW and Star Audio:

Opret diagram

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The brand alliance BMW/Star Audio will be superior to competitors	2,0% (1)	0,0% (0)	6,0% (3)	26,0% (14)	36,0% (18)	24,0% (12)	4,0% (2)	50
spørgsmål, der blev besvaret								50
spørgsmål, der blev sprunget over								0

4. In the previous questions you have evaluated the brands BMW and Star Audio and their brand alliance. What information did you base your answers on regarding the evaluation of Star Audio? You are allowed to select more than one answer.

Opret diagram

Download

	Svarprocent	Svarantal
Design <input type="text"/>	50,0%	25
Country of origin <input type="text"/>	60,0%	30
Technology information <input type="text"/>	52,0%	26
Brand name <input type="text"/>	42,0%	21
Features <input type="text"/>	36,0%	18
Vis svar: Other (please specify) <input type="text"/>		3
spørgsmål, der blev besvaret		50
spørgsmål, der blev sprunget over		0

5. Please rank the following questions on a scale from 1-7 where 1 is do not agree at all and 7 is I agree to a great extent.

Opret diagram

Download

	1	2	3	4	5	6	7	Svarantal
Star Audio has improved the BMW's brand image	6,0% (3)	0,0% (0)	16,0% (9)	44,0% (22)	14,0% (7)	16,0% (8)	2,0% (1)	50
Denmark is associated with high-quality brands in the category of sound-systems	0,0% (0)	2,0% (1)	0,0% (0)	8,0% (4)	38,0% (19)	32,0% (16)	20,0% (10)	50
The evaluation of the brand alliance would have been different if Star Audio was from a different country than Denmark	2,0% (1)	12,0% (6)	16,0% (8)	26,0% (14)	16,0% (8)	30,0% (15)	2,0% (1)	50
spørgsmål, der blev besvaret								50
spørgsmål, der blev sprunget over								0

6. Please state your gender

Opret diagram

Download

	Svarprocent	Svarantal
Male <input type="text"/>	40,0%	20
Female <input type="text"/>	60,0%	30
spørgsmål, der blev besvaret		50
spørgsmål, der blev sprunget over		0

7. Please state your age-group

Opret diagram

Download

	Svarprocent	Svarantal
18-25 <input type="text"/>	34,0%	17
26-30 <input type="text"/>	48,0%	24
31-35 <input type="text"/>	10,0%	5
spørgsmål, der blev besvaret		50
spørgsmål, der blev sprunget over		0

7. Please state your age-group		Opret diagram	Download
36-40	<input type="checkbox"/>	6.0%	3
41-50	<input type="checkbox"/>	2.0%	1
51-75		0.0%	0
spørgsmål, der blev besvaret			50
spørgsmål, der blev sprunget over			0



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Opsummering af besvarelser

Personer i alt, der påbegyndte spørgeundersøgelsen: 50
Personer i alt, der gennemførte spørgeundersøgelsen: 50 (100%)

SIDE: DEFAULT SECTION

1. In the following questionnaire you are asked to evaluate the mentioned products based on the given information: The car-producing BMW has entered an alliance with the Mexican sound-system brand Star Audio. The Star Audio multimedia device will be incorporated in the BMW cars. The Star Audio stereo is a latest multimedia device that allows you to enjoy music while driving car. It lets you play a lot more musical formats including DVD/CD/MP3/AAC/WMA and DivX. Further features of the Star Audio stereo is: 7 inch mechanical flip-up QVGA monitor XM or SIRIUS satellite radio HD radio with multicasting Bluetooth devices Voice activated dialing CD changers Dock connector for all kinds of iPods Country of origin: Mexico The design is exquisite and delicate and it is streamlined with the design of the BMW. Please rank the following questions on a scale from 1-7 where 1 is do not agree at all and 7 is I agree to a great extent. These questions are related to the brand BMW:

[Opret diagram](#) [Download](#)

	1	2	3	4	5	6	7	Svarantal
I know what BMW looks like	2,0% (1)	0,0% (0)	0,0% (0)	8,0% (4)	16,0% (8)	32,0% (16)	42,0% (21)	50
I can recognize BMW among other competing brands	0,0% (0)	2,0% (1)	4,0% (2)	8,0% (4)	22,0% (11)	28,0% (14)	36,0% (18)	50
I am aware of BMW	0,0% (0)	0,0% (0)	2,0% (1)	4,0% (2)	16,0% (8)	30,0% (15)	48,0% (24)	50
BMW is a high-quality brand	0,0% (0)	0,0% (0)	0,0% (0)	0,0% (0)	16,0% (8)	42,0% (21)	42,0% (21)	50
spørgsmål, der blev besvaret								50
spørgsmål, der blev sprunget over								0

2. Please rank the following questions on a scale from 1-7 where 1 is do not agree at all and 7 is I agree to a great extent. The following questions are related to the associations and perceptions of the brand BMW:

[Opret diagram](#) [Download](#)

	1	2	3	4	5	6	7	Svarantal
Some characteristics of BMW come to my mind quickly	2,0% (1)	2,0% (1)	10,0% (5)	12,0% (6)	28,0% (14)	24,0% (12)	22,0% (11)	50
I can quickly recall the symbol or logo of BMW	2,0% (1)	2,0% (1)	8,0% (4)	8,0% (4)	20,0% (10)	28,0% (14)	34,0% (17)	50
I have difficulty in imagining BMW in my mind	46,0% (23)	34,0% (17)	12,0% (6)	4,0% (2)	0,0% (0)	0,0% (0)	4,0% (2)	50
spørgsmål, der blev besvaret								50
spørgsmål, der blev sprunget over								0

3. The following questions regards the perceived quality of the alliance of BMW and Star Audio:

[Opret diagram](#) [Download](#)

	1	2	3	4	5	6	7	Svarantal
The brand alliance BMW/Star Audio appears to be of high quality	2,0% (1)	16,0% (8)	30,0% (15)	12,0% (6)	18,0% (9)	14,0% (7)	8,0% (4)	50
The brand alliance BMW/Star Audio appears to be an appropriate match	16,0% (8)	22,0% (11)	14,0% (7)	12,0% (6)	12,0% (6)	20,0% (10)	4,0% (2)	50
The brand alliance BMW/Star Audio appears to be reliable	16,0% (8)	24,0% (12)	12,0% (6)	22,0% (11)	8,0% (4)	12,0% (6)	8,0% (4)	50
spørgsmål, der blev besvaret								50
spørgsmål, der blev sprunget over								0

3. The following questions regards the perceived quality of the alliance of BMW and Star Audio:

Opret diagram

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The brand alliance BMW/Star Audio will be superior to competitors	4,0% (2)	20,0% (10)	28,0% (14)	30,0% (15)	10,0% (5)	8,0% (4)	0,0% (0)	50
spørgsmål, der blev besvaret								50
spørgsmål, der blev sprunget over								0

4. In the previous questions you have evaluated the brands BMW and Star Audio and their brand alliance. What information did you base your answers on regarding the evaluation of Star Audio? You are allowed to select more than one answer.

Opret diagram

Download

	Svarprocent	Svarantal
Design <input type="checkbox"/>	32,0%	16
Country of origin <input type="checkbox"/>	48,0%	24
Technology information <input type="checkbox"/>	48,0%	23
Brand name <input type="checkbox"/>	36,0%	18
Features <input type="checkbox"/>	20,0%	10
Vs svar: Other (please specify) <input type="text"/>		3
spørgsmål, der blev besvaret		50
spørgsmål, der blev sprunget over		0

5. Please rank the following questions on a scale from 1-7 where 1 is do not agree at all and 7 is I agree to a great extent.

Opret diagram

Download

	1	2	3	4	5	6	7	Svarantal
Star Audio has improved the BMW's brand image	34,0% (17)	24,0% (12)	14,0% (7)	26,0% (13)	2,0% (1)	0,0% (0)	0,0% (0)	50
Mexico is associated with high-quality brands in the category of sound-systems	34,0% (17)	34,0% (17)	22,0% (11)	10,0% (5)	0,0% (0)	0,0% (0)	0,0% (0)	50
The evaluation of the brand alliance would have been different if Star Audio was from a different country than Mexico	6,0% (3)	6,0% (3)	10,0% (5)	20,0% (10)	28,0% (14)	24,0% (12)	6,0% (3)	50
spørgsmål, der blev besvaret								50
spørgsmål, der blev sprunget over								0

6. Please state your gender

Opret diagram

Download

	Svarprocent	Svarantal
Male <input type="checkbox"/>	46,0%	23
Female <input type="checkbox"/>	54,0%	27
spørgsmål, der blev besvaret		50
spørgsmål, der blev sprunget over		0

7. Please state your age-group

Opret diagram

Download

	Svarprocent	Svarantal
18-25 <input type="checkbox"/>	32,0%	16
26-30 <input type="checkbox"/>	60,0%	30
31-35 <input type="checkbox"/>	6,0%	3
spørgsmål, der blev besvaret		50
spørgsmål, der blev sprunget over		0

7. Please state your age-group		Opret diagram	Download
36-40		0.0%	0
41-50		2.0%	1
51-75		0.0%	0
spørgsmål, der blev besvaret			50
spørgsmål, der blev sprunget over			0



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Standardrapport

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Opsummering af besvarelser

Personer i alt, der påbegyndte spørgeundersøgelsen: 50

Personer i alt, der gennemførte spørgeundersøgelsen: 50 (100%)

SIDE: DEFAULT SECTION

1. In the following questionnaire you are asked to evaluate the mentioned products based on the given information: The car-producing KIA Motors has entered an alliance with the Danish sound-system brand Star Audio. The Star Audio multimedia device will be incorporated in the KIA cars. The Star Audio stereo is a latest multimedia device that allows you to enjoy music while driving car. It lets you play a lot more musical formats including DVD/CD/MP3/AAC/WMA and DivX. Further features of the Star Audio stereo is: 7 inch mechanical flip-up QVGA monitor XM or SIRIUS satellite radio HD radio with multicasting Bluetooth devices Voice activated dialing CD changers Dock connector for all kinds of iPods Country of origin: Denmark The design is exquisite and delicate and It is streamlined with the design of the KIA. Please rank the following questions on a scale from 1-7 where 1 is do not agree at all and 7 is I agree to a great extent. These questions are related to the brand KIA:

Opret diagram

Download

	1	2	3	4	5	6	7	Svarantal
I know what KIA looks like	2,0% (1)	8,0% (4)	12,0% (6)	16,0% (8)	22,0% (11)	28,0% (14)	12,0% (6)	50
I can recognize KIA among other competing brands	4,0% (2)	8,0% (3)	16,0% (9)	10,0% (5)	26,0% (13)	22,0% (11)	14,0% (7)	50
I am aware of KIA	2,0% (1)	4,0% (2)	10,0% (5)	28,0% (14)	26,0% (13)	14,0% (7)	16,0% (8)	50
KIA is a high-quality brand	14,0% (7)	24,0% (12)	38,0% (19)	18,0% (9)	4,0% (2)	2,0% (1)	0,0% (0)	50
spørgsmål, der blev besvaret								50
spørgsmål, der blev sprunget over								0

2. Please rank the following questions on a scale from 1-7 where 1 is do not agree at all and 7 is I agree to a great extent. The following questions are related to the associations and perceptions of the brand KIA:

Opret diagram

Download

	1	2	3	4	5	6	7	Svarantal
Some characteristics of KIA come to my mind quickly	8,0% (4)	10,0% (5)	18,0% (9)	30,0% (15)	22,0% (11)	6,0% (3)	6,0% (3)	50
I can quickly recall the symbol or logo of KIA	10,0% (5)	10,0% (5)	12,0% (6)	28,0% (14)	12,0% (6)	16,0% (8)	10,0% (5)	50
I have difficulty in imagining KIA in my mind	28,0% (14)	28,0% (14)	8,0% (4)	12,0% (6)	8,0% (4)	8,0% (4)	8,0% (4)	50
spørgsmål, der blev besvaret								50
spørgsmål, der blev sprunget over								0

3. The following questions regards the perceived quality of the alliance of KIA and Star Audio:

Opret diagram

Download

	1	2	3	4	5	6	7	Svarantal
The brand alliance KIA/Star Audio appears to be of high quality	12,0% (6)	4,0% (2)	12,0% (6)	48,0% (24)	20,0% (10)	4,0% (2)	0,0% (0)	50
The brand alliance KIA/Star Audio appears to be an appropriate match	14,0% (7)	16,0% (8)	26,0% (13)	28,0% (14)	16,0% (8)	2,0% (1)	0,0% (0)	50
The brand alliance KIA/Star Audio appears to be reliable	10,0% (5)	22,0% (11)	20,0% (10)	39,0% (19)	12,0% (6)	6,0% (3)	0,0% (0)	50
The brand alliance KIA/Star Audio will be superior to competitors	12,0% (6)	14,0% (7)	38,0% (19)	32,0% (16)	4,0% (2)	0,0% (0)	0,0% (0)	50
spørgsmål, der blev besvaret								50
spørgsmål, der blev sprunget over								0

4. In the previous questions you have evaluated the brands KIA and Star Audio and their brand alliance. What information did you base your answers on regarding the evaluation of Star Audio? You are allowed to select more than one answer.

[Opret diagram](#)
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	Svarprocent	Svarantal
Design <input type="text"/>	36,0%	19
Country of origin <input type="text"/>	42,0%	21
Technology information <input type="text"/>	42,0%	21
Brand name <input type="text"/>	62,0%	31
Features <input type="text"/>	12,0%	6
Vits svar Other (please specify)		2
spørgsmål, der blev besvaret		50
spørgsmål, der blev sprunget over		0

5. Please rank the following questions on a scale from 1-7 where 1 is do not agree at all and 7 is I agree to a great extent.

[Opret diagram](#)
[Download](#)

	1	2	3	4	5	6	7	Svarantal
Star Audio has improved the KIA's brand image	6,0% (3)	6,0% (3)	14,0% (7)	24,0% (12)	20,0% (10)	20,0% (10)	10,0% (5)	50
Denmark is associated with high-quality brands in the category of sound-systems	0,0% (0)	2,0% (1)	2,0% (1)	6,0% (3)	24,0% (12)	34,0% (17)	32,0% (16)	50
The evaluation of the brand alliance would have been different if Star Audio was from a different country than Denmark	10,0% (5)	4,0% (2)	18,0% (9)	30,0% (15)	18,0% (9)	14,0% (7)	8,0% (3)	50
spørgsmål, der blev besvaret								50
spørgsmål, der blev sprunget over								0

6. Please state your gender

[Opret diagram](#)
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	Svarprocent	Svarantal
Male <input type="text"/>	44,0%	22
Female <input type="text"/>	56,0%	28
spørgsmål, der blev besvaret		50
spørgsmål, der blev sprunget over		0

7. Please state your age-group

[Opret diagram](#)[Download](#)

	Svarprocent	Svarantal
18-25 <input type="checkbox"/>	36,0%	18
26-30 <input type="checkbox"/>	42,0%	21
31-35 <input type="checkbox"/>	12,0%	6
36-40 <input type="checkbox"/>	6,0%	3
41-50 <input type="checkbox"/>	2,0%	1
51-75 <input type="checkbox"/>	2,0%	1
spørgsmål, der blev besvaret		50
spørgsmål, der blev sprunget over		0



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Standardrapport ☒ Tilføj rapport ☐

Opsummering af besvarelser

Personer i alt, der påbegyndte spørgeundersøgelsen: 50
Personer i alt, der gennemførte spørgeundersøgelsen: 50 (100%)

SIDE: DEFAULT SECTION

1. In the following questionnaire you are asked to evaluate the mentioned products based on the given information: The car-producing KIA Motors has entered an alliance with the Mexican sound-system brand Star Audio. The Star Audio multimedia device will be incorporated in the KIA cars. The Star Audio stereo is a latest multimedia device that allows you to enjoy music while driving car. It lets you play a lot more musical formats including DVD/CD/MP3/AAC/WMA and DivX. Further features of the Star Audio stereo is: 7 inch mechanical flip-up QVGA monitor XM or SIRIUS satellite radio HD radio with multicasting Bluetooth devices Voice activated dialing CD changers Dock connector for all kinds of iPods Country of origin: Mexico The design is exquisite and delicate and it is streamlined with the design of the KIA. Please rank the following questions on a scale from 1-7 where 1 is do not agree at all and 7 is I agree to a great extent. These questions are related to the brand KIA:

[Opret diagram](#) [Download](#)

	1	2	3	4	5	6	7	Svarantal
I know what KIA looks like	4,0% (2)	6,0% (3)	12,0% (6)	18,0% (9)	28,0% (14)	20,0% (10)	12,0% (6)	50
I can recognize KIA among other competing brands	6,0% (3)	6,0% (3)	16,0% (8)	20,0% (10)	18,0% (9)	26,0% (13)	8,0% (4)	50
I am aware of KIA	0,0% (0)	4,0% (2)	6,0% (4)	14,0% (7)	28,0% (14)	26,0% (13)	20,0% (10)	50
KIA is a high-quality brand	6,0% (3)	18,0% (9)	54,0% (27)	14,0% (7)	6,0% (3)	2,0% (1)	0,0% (0)	50
spørgsmål, der blev besvaret								50
spørgsmål, der blev sprunget over								0

2. Please rank the following questions on a scale from 1-7 where 1 is do not agree at all and 7 is I agree to a great extent. The following questions are related to the associations and perceptions of the brand KIA:

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	1	2	3	4	5	6	7	Svarantal
Some characteristics of KIA come to my mind quickly	12,0% (6)	16,0% (8)	26,0% (13)	22,0% (11)	16,0% (8)	6,0% (3)	2,0% (1)	50
I can quickly recall the symbol or logo of KIA	6,0% (3)	16,0% (8)	16,0% (8)	22,0% (11)	20,0% (10)	12,0% (6)	8,0% (4)	50
I have difficulty in imagining KIA in my mind	20,0% (10)	30,0% (15)	12,0% (6)	20,0% (10)	8,0% (4)	8,0% (4)	2,0% (1)	50
spørgsmål, der blev besvaret								50
spørgsmål, der blev sprunget over								0

3. The following questions regards the perceived quality of the alliance of KIA and Star Audio:

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	1	2	3	4	5	6	7	Svarantal
The brand alliance KIA/Star Audio appears to be of high quality	10,0% (5)	28,0% (14)	34,0% (17)	14,0% (7)	6,0% (3)	6,0% (3)	2,0% (1)	50
The brand alliance KIA/Star Audio appears to be an appropriate match	8,0% (4)	8,0% (4)	40,0% (20)	32,0% (16)	8,0% (4)	4,0% (2)	2,0% (1)	50
The brand alliance KIA/Star Audio appears to be reliable	4,0% (2)	38,0% (19)	32,0% (16)	16,0% (8)	8,0% (4)	0,0% (0)	2,0% (1)	50
The brand alliance KIA/Star Audio will be superior to competitors	20,0% (10)	30,0% (15)	32,0% (16)	16,0% (8)	2,0% (1)	0,0% (0)	0,0% (0)	50
spørgsmål, der blev besvaret								50
spørgsmål, der blev sprunget over								0

4. In the previous questions you have evaluated the brands KIA and Star Audio and their brand alliance. What information did you base your answers on regarding the evaluation of Star Audio? You are allowed to select more than one answer.

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	Svarprocent	Svarantal
Design <input type="text"/>	30,0%	15
Country of origin <input type="text"/>	50,0%	25
Technology information <input type="text"/>	48,0%	24
Brand name <input type="text"/>	40,0%	20
Features <input type="text"/>	14,0%	7
Vis svar Other (please specify)		1
spørgsmål, der blev besvaret		50
spørgsmål, der blev sprunget over		0

5. Please rank the following questions on a scale from 1-7 where 1 is do not agree at all and 7 is I agree to a great extent.






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	1	2	3	4	5	6	7	Svarantal
Star Audio has improved the KIA's brand image	6,0% (4)	22,0% (11)	20,0% (10)	38,0% (19)	6,0% (3)	4,0% (2)	2,0% (1)	50
Mexico is associated with high-quality brands in the category of sound-systems	32,0% (16)	40,0% (20)	18,0% (9)	10,0% (5)	0,0% (0)	0,0% (0)	0,0% (0)	50
The evaluation of the brand alliance would have been different if Star Audio was from a different country than Mexico	4,0% (2)	0,0% (0)	18,0% (9)	24,0% (12)	30,0% (15)	18,0% (9)	6,0% (3)	50
spørgsmål, der blev besvaret								50
spørgsmål, der blev sprunget over								0

6. Please state your gender

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	Svarprocent	Svarantal
Male <input type="text"/>	44,0%	22
Female <input type="text"/>	56,0%	28
spørgsmål, der blev besvaret		50
spørgsmål, der blev sprunget over		0

7. Please state your age-group		Opret diagram	Download
		Svarprocent	Svarantal
18-25		36,0%	18
26-30		32,0%	16
31-35		18,0%	9
36-40		12,0%	6
41-50		0,0%	0
51-75		2,0%	1
spørgsmål, der blev besvaret			50
spørgsmål, der blev sprunget over			0