

# **Conceptualising Cross-Category Brand in Emerging Country Context: Merging Associative Network Memory Model and Resource Based View**

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**Extended abstract** (for the track 3. Understanding Cross-cultural Issues in the design and  
Implementation of Marketing Strategy)

## **Introduction:**

Brand alliances between the brands from different categories are increasingly becoming popular (Smarandescu, Rose and Wedell, 2013). This is particular relevant to the emerging countries context where multinational brands due to strong impact of cultural and country-specific political and economic governance policies are establishing cross-category brand alliances with local brands to gain brand success and customer loyalty. Existing studies investigated cross-category brand alliances according to the aspects of brand order, consumer ethnocentrism, the country of origin and brand familiarity. However, these studies primarily incorporate end-user impact factors in measuring and understanding the cross-category brand alliances performance. Brands as business perspective is required to understand the impacts of brand resources and attributes on the cross-category brand alliance. This study focuses on the cross-category brand alliances and attempts to develop a framework to measure the performance of cross-category brand alliances. The framework constructs are derived from Associative Network Memory (ANM) Model and Resource Based View (RBV) theories. The framework is developed by evaluating the interviews with the marketing managers of brands in the brand alliance case studies from an emerging country, Turkey.

## **Research gap:**

Brand alliances are increasingly investigated by the researchers because of their competitive advantage potential, complexity and variety of branding considerations. Majority of the articles focus on the evaluation of brand alliances from the consumer impact perspective measuring brand order and consumer ethnocentrism (Li and He, 2013), brand familiarity, brand fit and country of origin fit (Bluemelhuber, Carter and Lambe, 2007). Other studies look into relationship management aspects of the cross-category brand alliances studying manager's intentions toward the alliance (Cavazos and Varadarajan, 2012) and relational conflicts between alliance partners (Taek, Lee and Dubinsky, 2010). However, these articles do not attempt to develop a model for the performance of the brand alliance accounting each brand's holistic contribution to forming alliance in the form of individual portfolios of resources as well as consumers' reactions with the cross-category brand alliance overall.

#### **Aim of the study:**

The aim of this study is to explore brand attributes and resources in order to design a model to show how brand attributes and resources impact the performance of cross-category brand alliances.

#### **Exploratory field study:**

To develop the framework to measure the performance of cross-category brand alliances, the constructs from ANM model and RBV literature are considered. In order to elaborate and extend review of the literature, we selected three cross-category international brand alliance examples (Vodafone, BP and Fiat) in Turkey as cases for this study. Multinational brands from different categories are chosen as the main partner in the brand alliances for the universality and external validity of examples. To understand the intentions of building cross-category brand alliances we conducted face-to-face in-depth interviews and a focus group with marketing managers of the brands in the alliances. To analyse, consolidate and frame interview results we used NVivo 10.1 software and the framework was developed after the thematic analysis of qualitative narratives..

After preliminary interviews and focus group with the 8 marketing managers from the brands which formed cross-category brand alliances in Turkey, we found that the practice calls to establish a framework which will measure the performance of the cross-category brand alliances holistically accounting both business and consumer impacts. Conceptual model below integrates

themes, which occurred in narratives given by our research participants, as well as themes, which derived from the review of existing research.

### **Conceptual framework:**

Companies use brand extensions, line extensions and different product strategies in order to decrease the risk of brand development and increase market share (Smarandescu, Rose and Wedell, 2013). Mundt, Dawes, and Sharp (2006) point that brands have two major marketing strategies for market share growth: the brand can improve the revenue share of existing consumers or they can attract new customers from the market which are already buying other brands. Instead of extensions within the brand family, companies turn to brand alliances which are defined as *“the short or long term association or combination of two or more individual brands, products and/or other distinctive proprietary assets”* (Abratt and Motlana, 2002, p. 43). Different than new brand introduction or brand extensions, there are various benefits of brand alliances like quality and image endorsements and brand association partnership for new products (Li and He, 2013).

Brand alliance can be in the form of co-branding, ingredient branding, brand collaboration, co-marketing alliances (Ahn, Kim and Forney, 2009) or basic advertising alliances (Bluemelhuber, Carter and Lambe, 2007) and cross-category advertising brand alliances (Smarandescu, Rose and Wedell, 2013). Ahn, Kim and Forney (2009) investigates the harmony in the co-marketing alliances between heterogeneous industries. They point that co-operation of two equal and independent brands in a co-marketing alliance is different than the usual brand extension or alliance. The alliance between different industry brands gives the chance to enhance the brand image, brand awareness and commercial success of the companies. The transnational co-marketing alliances between global and local companies can be used to increase opportunities for global brands in local markets while they provide the local companies access to technology and foreign investment. In addition to expected benefits such as quality signal, transnational brand alliances help the international brands to enter new markets easier (Li and He, 2013). Despite the prospects of success, choice of wrong partner can lead to negative association, misunderstanding and even corrosion of original brand image (Ahn, Kim and Forney, 2009). The alliance strategy should be executed carefully to avoid hurting brands. As a result, brand fit and category fit between the partner brands are important characteristics that influence the success of the alliance.

Brand alliance is a strategic tool in achieving development and growth targets, increasing brand awareness and knowledge thanks to the leveraged strengths of partners and shared costs (Samu, Krishnan and Smith, 1999). RBV brings traditional strategy insights into reasons why brands are forming alliances. Companies continuously seek the rate of return and try to create a competitive advantage to generate above standard rates of return (the differences in information, luck and capabilities lead to the generation of rates of return). The brands can increase the chances of competitive advantage by forming an alliance (Hao, Hu, Bruning and Liu, 2013) to share information and capabilities. Hence, integrating RBV perspective into examining the cross-category brand alliances is paramount to ensuring holistic understanding of what brands gain from forming this type of alliances.

From the ANM model perspective a set of nodes with relational links constitute consumer memory (Ozsomer and Altaras, 2008). Nodes represent product categories, brand names, attributes and product benefits. A unique name identifies the connection and the relationship between nodes. A person establishes a link between two nodes when information is processed in a meaningful way. Direct or indirect stimulus can activate the link between two nodes by stimulating the node from a state of rest (Samu, Krishnan and Smith, 1999). In the brand alliance perspective product categories, brand names and attributes are symbolised as network model nodes (Samu, Krishnan and Smith, 1999). According to brand extension literature, the consumer's current knowledge about a parent brand can be extended to new products with the identical brand name through an associative network process. There are no clear assumptions in brand extension research if the linked brands in a marketing communication have the same associative network model implications for their separate memory nodes (Smarandescu, Rose and Wedell, 2013). Thus, the brand associations that are created in a cross-category brand alliance should be examined to understand the implications on the value, image and equity of the brands in the alliance.

For instance, according to Bluemelhuber, Carter and Lambe (2007) consumer attitude toward cross-border brand alliance is influenced by country of origin fit varying on the conditions of brand familiarity. In addition, Li and He (2013) found that consumer ethnocentrism and brand order in the alliance moderate the impact of consumer attitude towards the brand alliance. They

also point that future research should examine their model on real brand alliances for external validity and realism (Li and He, 2013).

As a result of the above discussion and analysis of pilot set of interviews and focus group discussions, in the conceptual framework (Figure 1) we have integrated (1) the brand attributes of credibility, brand image and awareness, derived from ANM model, and (2) market share of the brand, taken as the variables that constitute the resource portfolio of the partner brands from different categories. When the brands come together for the brand alliance their combined resources comprise the cross-category brand alliance resource portfolio. The success and performance of the alliance depend on the relations of brand resources on the alliance portfolio. Brand fit and category fit are the variables that moderate the performance of cross-category brand alliance.

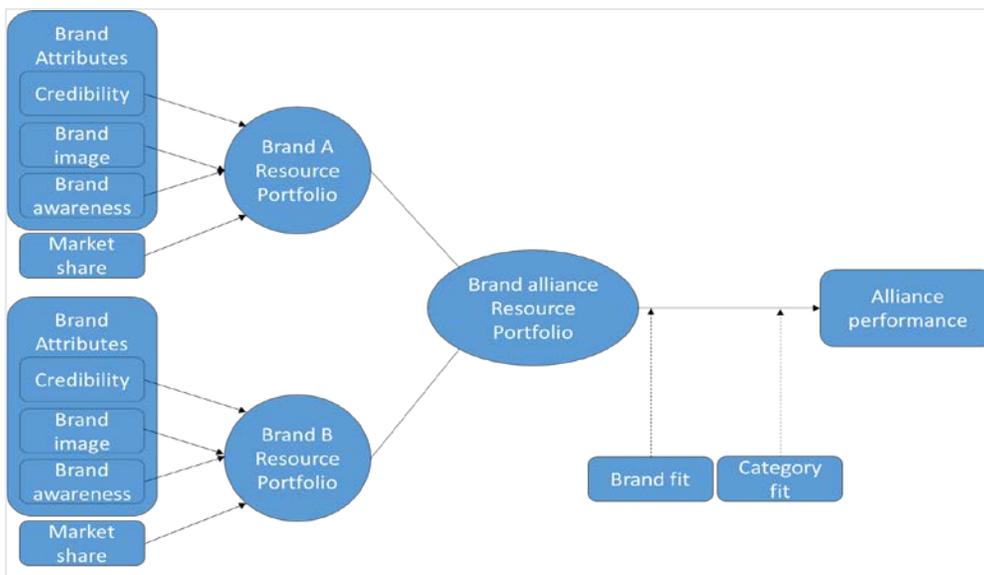


Figure 1: Conceptual Framework

The propositions below have derived from the literature review and analysis of exploratory field study of marketing managers of case study brands.

P1: Credibility, brand image, brand awareness and market share of the partner brands have impact on the performance of cross-category brand alliance.

P2: Brand fit between the partner brands moderate the success of cross-category brand alliance.

P3: Category fit between the partner brand categories moderate the success of category-brand alliance.

### **Research implications:**

The research contributes to existing literature by proposing a model that incorporates associative network memory model and resource based view theories to explain the factors that have impact on the cross-category brand alliances. Case study examples from Turkey will help to examine real life examples of brand alliances rather than using hypothetical brand alliances as in previous researches. Also, previous research did not attempt to develop a model to measure the success of cross-category brand alliances by using brand attributes and brand resources. The model will help marketing managers to decide on the resources and partners they facilitate for the success of their brand alliances.

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