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Building online brands through brand alliances in internet

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Abstract

Purpose – The purpose of this paper is to analyze the consequences that brand alliances have on a new and unknown online brand in terms of attitude to its web site, brand trust, brand equity and consumer's willingness to engage in online transactions.

Design/methodology/approach – A sample of 367 subjects participated in an online experiment of buying a travel package from an unknown travel agency which is allied with other known and well-reputed brands. The information provided by the participants in different online designs of brand alliances was used to test the theoretical model proposed in the paper. This model was tested and compared with other alternative models using conventional maximum likelihood estimation techniques.

Findings – The results show that attitude toward brand alliance represents a strategic marketing opportunity to help an unknown online brand to leverage a favourable first impression from consumers in terms of brand trust and attitude toward the brand's web site. Furthermore, online brand trust does not exert a fully-mediated role between the brand alliance's evaluation and subsequent consumers' reactions to the online brand.

Research limitations/implications – The limitations of the study are those typically applied to the experimental methodology. Specifically, a single product category was used which limits the generalizability of the results. No actual behaviour was measured but just intentions and perceptions.

Practical implications – Partnering with well-known and reputed brands improves the equity of the new online brand which, in turn, enhance consumers' disposition to engage in online transactions with the online brand.

Originality/value – Despite the popularity of brands as a symbol that can build trust and enhance the perception of value and quality, to date, the authors have not found research about the use of well-known and reputed brand names as a mechanism of helping new and unknown online brands to persuade consumers to engage in online transactions. The results of this paper add to the growing literature on brand alliance which has been generally focused on an off-line context.

Keywords Brand loyalty, Brand equity, Internet, Online operations, Customer behaviour

Paper type Research paper

Introduction

Brand alliances are popular in the marketplace as far as they are used as:

- a strategy of signalling unobservable product quality and providing information about attributes available in a product (Rao and Ruekert, 1994; Rao *et al.*, 1999; Simonin and Ruth, 1998);
- reaching untapped market segments (Rodrigue and Biswas, 2004);
- introducing new products (Samu *et al.*, 1999); and
- as an alternative brand extension strategy (Park *et al.*, 1996).

However, despite the prevalence of such cooperative ventures between brands, along with the strong academic interest in alliance relationships in marketing and business (Bucklin and Sengupta, 1993), no attention has been paid to examine brand alliances as a mechanism of building online brands. From both a managerial and academic perspectives this is an issue that still deserves serious empirical scrutiny (Shankar *et al.*, 2002).

Given that new and relatively unknown e-brands suffer substantial difficulties to persuade consumers to engage in online transactions (Grabner-Kräuter and Kaluscha, 2003; McKnight *et al.*, 2002; Wang *et al.*, 2004), the rationale behind the use of brand alliances as a mechanism to overcome these difficulties is clear. First, the premise of brand alliances is that brands are valuable assets that may be combined with others to form a synergistic alliance to convince consumers that a double signature on the offer represents increased value (Rao and Ruekert, 1994). Second, the network nature of the electronic medium makes easier for brands to be oriented toward collaborations for market access, reputation endorsement or mutual benefit (Chatterjee, 2002; Davis *et al.*, 2000; Leuthesser *et al.*, 2003).

Being so, we contribute to this growing body of research by investigating the consequences of brand alliances' evaluations on an unknown online brand.

After positioning our research in light of the literature on brand alliances, we use theories of Information Integration and Attitude Accessibility and Signalling and Asymmetric Information research to provide a foundation for proposing and then testing a model of brand alliances' evaluations and their effects on the primary brand (i.e. the online unknown brand) participating in that associations. Subsequently, we describe the methodology conducted to test the hypotheses and analyze the results. The comparison of the theoretical model proposed with other alternative models provides additional evidence to answer our research questions. Finally, we discuss the theoretical and managerial implications of the results, including some directions for future research.

Brand alliances

Rao *et al.* (1999) define brand alliances to include all circumstances in which two or more brand names are presented jointly to the consumer. These alliances or collaborative efforts can take a variety of forms (e.g., true product combinations, bundled products, joint sales promotions) and can be represented physically (e.g., bundled package of two brands) or symbolically (e.g., an advertisement). Furthermore, they can pair two or more well-known brands or a new brand with one that is well reputed and of higher status.

Brand alliances are formed for a variety of reasons with the rationale that they serve as marketplace signals. That is, the primary brand and its brand ally together can signal quality to the marketplace that the primary brand, standing alone, cannot. The extant literature documents this idea when reports the basic findings that brand alliances:

- may improve the image of the focal or primary brand and signal greater product quality (Park *et al.*, 1996);
- may have more effect on less familiar brands triggering the transfer of consumer affect from a high-quality to a low quality brand (Levin *et al.*, 1996; Simonin and Ruth, 1998);

- may positively influence quality perceptions of unobservable product attributes of a partner brand (Rao *et al.*, 1999); and

- may enhance the attitudes toward the partner brands of the alliance (Lafferty *et al.*, 2004; Simonin and Ruth, 1998).

Based on these insights it would appear, then, that brand alliances are of special strategic interest both, for established brands entering new markets, and for new brands to the market. Being so, this brings us to the question of whether brand alliances may also contribute to overcome the difficulties of new online brands to persuade consumers to engage in online transactions. This question is of special relevance because the vast majority of internet-only brands operating today are still unknown to most internet shoppers (Grewal *et al.*, 2003), and the number of "start-ups" remains substantial (Bensebaa, 2004). Furthermore, the importance of having an established and well-defined brand as a component of successful marketing strategies paints a rather black picture for new online brands that are relatively unknown to consumers.

Under such circumstances, a problem that is often debated nowadays is that of how overcoming and mitigating the users' perceptions of risk and uncertainty that arise during the initial contact with unknown brands' web sites. Taking into account that the nature of online transactions generally requires customers to provide personal information, it is undoubtedly true that these perceptions are a substantial barrier to the development of e-commerce.

Drawing on signalling and asymmetric information research and cognition-based theory, previous studies have analyzed how different informational cues (e.g., web site characteristics, site appearance, seals of approval or return policy and privacy disclosures) may help to make inferences about the unknown brand. However, the use of brand names as signalling cues has been scarcely approached as a value and image enhancer in an online environment. This lack of research is quite surprising, especially in view of the widespread opinion that branding is the key in online buying decisions and building online trust (Cheskin Research, 1999; Lee *et al.*, 2005; Shankar *et al.*, 2002; Yousafzai *et al.*, 2005).

Accordingly the current research focuses on whether new, relatively unknown brands may be able to get a first transaction with consumers through the association with reputed and well-known brands. In doing so, we draw mainly on brand alliances literature to offer some insights to the questions of:

- how brand alliances' evaluations affect consumers' subsequent reactions toward an unknown online brand;

- the mediating role of brand alliances' evaluations in the model proposed, and

- how attitude toward the webpage and trust in the unknown online brand help leverage consumers' reactions toward the new online brand.

Conceptual framework and research hypotheses

Brand alliances involve the simultaneous association of two or more brands, being one brand presented in the context of the other and vice versa. Therefore, judgments about the brand alliances are likely to be affected by the characteristics, affect, and beliefs about the brands and products. Several factors have been identified as influencing

consumers' attitudes toward the alliance, including pre-existing attitudes toward the individual brands, and how logical the alliance is in terms of brand fit, and product fit (Lafferty *et al.*, 2004; Simonin and Ruth, 1998). In our research context, a new or unknown online brand (brand A) is associated to one that is well-known (brand C); therefore the factors that are relevant to be analysed are those related to the known brand. For this same reason, it does not make theoretical sense to study the effect of brand fit because the focal brand (brand A) is a neutral or unfamiliar stimulus of which consumers do not have yet any opinion, image and beliefs to conclude that the brand C – brand A pairing is congruent. Therefore, in our study we suggest two antecedents that influence the degree of favourableness toward the brand alliance: product fit and reputation of brand C.

As it is more fully developed subsequently, the fundamental theoretical foundations to understand how these aspects determine consumers' reactions to brand alliances can be found in the theories of Information Integration and Attitude Accessibility.

Antecedents to attitudes toward the brand alliance

Consistent with both theories, when individuals process the brand alliance stimulus information the evaluation associated with the known brand (brand C) will be retrieved automatically as far as its associations and attitudes are more salient and accessible in memory. This same idea is also suggested by Adjustment Theory. According to it, when information exists where the ally brand (brand C) is familiar and well-reputed and the brand A is unknown, subjects anchor on information that is most easily accessible to affect the attitude toward the alliance itself (Tversky and Kahneman, 1973). At this regard, previous research has mainly focused on prior attitudes toward the ally brand as having positive effects on the brand alliances (Lafferty *et al.*, 2004; Rodrigue and Biswas, 2004; Simonin and Ruth, 1998).

Nevertheless, we are of the opinion that in an online buying context brand reputation plays a key role in the evaluations of a brand alliance that has not been explicitly considered in the literature. Several reasons justify the introduction of brand reputation in a model of brand alliances. From a company's point of view, brand reputation is recognized as a valuable intangible asset by numerous authors because it is difficult to create, imitate or substitute (Fombrun and Shanley, 1990; Hall, 1992, 1993). This resource-based view of brand reputation makes apparent that, when there is a lack of it, a new or unknown online brand is interested in pursuing an alliance with other brands that enjoy this intangible resource. Being reputation endorsement the objective of the alliance, the new brand hopes to enjoy image reinforcement and build user awareness as a result of the association with the reputed brand ally.

From a consumers' point of view, brand reputation elicits a greater perceptual enhancement of the brands in their mind (Chaudhuri, 2002). Therefore, it makes the brand more salient and accessible in memory to anchor on it when evaluating the brand alliance. Furthermore, the increased uncertainty and perceived risk that characterize the transactions over the internet, and in particular with unfamiliar web-vendors, increase the function of a brand as a signal that provide clarity in the decision making and a guarantee performance (Erdem and Swait, 1998; Erdem *et al.*, 1999). In this sense, the reputation of a brand provides information as a market signal about the overall value, esteem, and character of a brand as seen or judged by people in

general (Chaudhuri, 2002), which is based on the consistency of the brand to perform in a similar fashion over a prolonged time.

Consequently, and based on the above-reasoning, we propose that when consumers are exposed to a brand alliance the reputation of the brand C influences the favourableness of their attitudes toward the alliance:

H1. Brand C's reputation affects positively the attitude toward the brand alliance.

Consumers' perception of product fit, or the extent to which consumers perceive the two products categories implied in the alliance to be compatible or related, is also expected to play a significant role in consumers' reactions. Particularly, it is expected that attitudes toward the brand alliance are enhanced when a relatively high degree of product fit exists. In support of such a direct effect several distinct research streams can be mentioned to explain processes underlying evaluative judgments including bundling, joint sales promotions, and brand extensions. The rationale behind such a direct effect is that similarity among stimulus (e.g., product classes) facilitates consumers' generalizations of attitudes and evaluations, which is in line with the theoretical postulates of Categorization Theory and Schema Congruence research. Empirically, the positive effect that product fit exerts on the attitudes toward brand alliances is well-documented in previous studies (see Lafferty *et al.*, 2004; Simonin and Ruth, 1998; University of Minnesota, Consumer Behavior Seminar, 1987). Therefore, in line with previous studies we also posit that:

H2. Product fit affects positively the attitudes toward the brand alliance.

Effects of the brand alliance on the new online brand

Previous research has observed that consumers' evaluations of a brand can be enhanced or diluted when new information and associations are provided. For example, brand extension literature has demonstrated that poor brand extensions represent a certain degree of risk by possibly diluting consumers' evaluations of the brand (Loken and Roedder, 1993; Sullivan, 1990). By the same token, brand enhancement rather than brand dilution takes place when extensions are perceived positively.

In a brand alliance setting, similar potential exists for an alliance to influence the partner brands because it potentially represents new evaluations and associations for both brands (Lafferty *et al.*, 2004; Simonin and Ruth, 1998; Washburn *et al.*, 2004). The rationale behind this effect is consistent with Information Integration Theory. It suggests that as new information is received and evaluated, attitudes are modified. Because the alliance represents a new type of association, previous research has demonstrated that more favourably evaluated alliances will end to yield more favourable subsequent evaluations of the partner brands than will less favourably evaluated alliances.

This synergistic effect of a brand alliance is also suggested by Classical Conditioning. According to it, when stimuli that instil positive affect are paired with neutral (unfamiliar) brands, the neutral brand comes to elicit positive affect as well. More specifically Hillyer and Tikoo (1995) affirm that when high-equity brands are paired with low-equity brands the power of the formers will result in favourable feelings toward the latter. In other words, the low-equity brand will enjoy image

reinforcement and/or quality perception boost as a result of its association with the other brand.

Furthermore, according to the brand attitude and advertising literature (Brown and Stayman, 1992; MacKenzie *et al.*, 1986) the positive attitude towards a brand transfer into attitudes towards its advertisements and other communications (e.g., web site) (Balabanis and Reynolds, 2001). Then, being the web site an important cue because it may also contribute to consumers' initial trust (Wakefield *et al.*, 2004), we posit that attitudes of consumers towards the brand alliance transfer into attitudes towards the web site of the new online brand:

H3. Attitudes toward the brand alliance affect positively the attitudes to brand A's web site.

As a result of the brand alliance, we also believe that initial trust beliefs can be formed. Initial trust is characterized by a lack of experience with or firsthand knowledge of the other party (i.e. the brand) (Wakefield *et al.*, 2004). Being so, cognition-based trust theory posits that initial trust heavily relies on cognitive cues (Koufaris and Hampton-Sosa, 2004; Wang *et al.*, 2004). According to Signalling Theory, when consumers determine whether to trust to the new online brand they will take into consideration the brand alliance as a signal to make inferences about the unknown brand. Because the well-known and reputed brand in the alliance puts its good brand name at stake when pairing with an unknown brand, consumers may infer that the brand alliance represents a credible signal. Otherwise there are severe costs in the loss of brand equity and future sales if the reputed brand is linked or paired with untruthful brands. The theoretical basis of context effects in brand evaluations also provides plausible explanations to this effect (Levin and Levin, 2000; Meyers-Levy and Sternthal, 1993). Research on context effects has revealed assimilation effects where contextual information becomes an integral part of the target's description (Levin, 2002). In our theoretical setting, this means that information about the pairing of the reputed brand with the new online one may affect consumers' impressions of the latter. Therefore, a signal about the brand alliance provides a particularly interestingly contextual factor influencing brand evaluation. Consequently we propose that higher positive evaluations of the brand alliance will promote more favourable perceptions of initial trust in the unknown brand:

H4. Attitudes toward the brand alliance affects positively the initial trust to the new online brand A.

Accordingly to Cognition-based Trust Theory initial trust may also be relied on first impressions and in e-commerce the first introduction between a consumer and an e-brand is often through its website. In this line of reasoning, McKnight *et al.* (2002) conclude that first impressions of a web site are significant to make consumers trust, and Wakefield *et al.* (2004) affirm that consumers tend to trust the online brand based on how good the site looks to them. Then, we suggest that attitude towards the website, as an evaluative impression, has a positive effect on initial online trust:

H5. Attitudes toward the new online brand's website affects positively the initial trust to online brand A.

Consequences of initial trust in a new online brand
According to the Theory of Reasoned Action, positive beliefs about an object have a positive effect on attitudes and actions regarding that object (Fishbein and Ajzen, 1975). In the light of this, trust has been claimed as the starting point of any type of relationship (Morgan and Hunt, 1994) because it affects consumers' perceptions and feelings that their vulnerabilities will not be exploited, which is an essential condition to influence consumers' choice and behaviour. In our research context recent studies show that trust is essential for the success of e-commerce activities (Hoffman *et al.*, 1999; Urban *et al.*, 2000). It is an important component of the first transaction between a consumer and the e-brand (Wakefield *et al.*, 2004) because the very nature of online transactions results in a temporal and spatial separation of the two sides of the transaction, which increases the perception of risk and fears of opportunism (Yousafzai *et al.*, 2005). Furthermore, it requires the customers to provide personal information (name, address, credit-card details and so on) which precludes anonymous shopping. Then, in B2C transactions, where parties are often unknown to each other and technology is the channel, initial trust is an important indicator of whether or not a transaction will occur.

Accordingly, research give theoretical and empirical support to the positive affect that trust has on behavioural responses relative to interaction with an online brand in terms of willingness to purchase (Jarvenpaa *et al.*, 2000; McKnight *et al.*, 2002; Yoon, 2002) or share personal information with the brand (McKnight *et al.*, 2002; Wang *et al.*, 2004). Therefore, we propose that the more initial trust conveyed to consumers from a new online brand, the greater the consumers' intention to provide personal information and purchase the new online brand:

H6. Initial trust to the new online brand affects positively the consumers' intention to provide information to the brand.

H7. Initial trust to the new online brand affects positively the consumers' intention to purchase to the brand.

In addition to the consequences that online brand trust has on the development of online transactions, branding literature also points out the connection of brand trust with the equity of that brand (Ambler, 1997; Brandono and Serra, 2006; Delgado-Ballester and Munuera-Alemán, 2005). Under the resource-based approach of the firm there is a growing recognition that brand equity is a relational market-based asset because it exists outside the firm and resides in the relationships of final users with brands (Falkenberg, 1996; Hooley *et al.*, 2005; Srivastava *et al.*, 2001; Srivastava *et al.*, 1998). It is primarily relational because, according to the branding literature (Aaker, 1991; Keller, 1993), much of its value is a result of the brand's external relationships with other members of the value chain (e.g. the final users). This makes brand equity an external asset to the firm because it is often merely "available" and not "owned" by the firm (Delgado-Ballester and Munuera-Alemán, 2005). In other words, it ultimately derives in the market place from the set of brand associations and behaviours that have been developed towards the brand.

Considering brand equity as a relational market-based asset implies that building and maintaining trust is at the core of brand equity because it is a key characteristic of any successful long-term relationship (Garbarino and Johnson, 1999; Larzelere and

Huston, 1980; Morgan and Hunt, 1994). Based on these ideas we put forward the hypothesis that initial trust in a new online brand will affect positively to its equity:

H8. Initial trust to the new online brand affects positively the equity of that brand.

Method

Design of the main study

Our study was designed around the buying of a travel package, i.e. a pre-arranged holiday combination offered for sale at an inclusive price, covering a period of more than 24 hours and including transport, accommodation, and other tourist services, in an internet fictitious (i.e, unknown) travel agency. We chose travel package for two reasons. First, it is one of the primary categories of consumer online purchases (Cheskin Research, 1999), and second, in comparison to other types of products (music, books), they carry more inherent risk for customers, therefore, increasing their level of uncertainty and making initial trust in the company more important.

To control any cues beyond our study's objectives and to eliminate the effects of prior experience with the company and its website on our dependent variables, a fictitious travel agency website was created (todovacaciones.com) to serve as the unknown brand site. This allowed us to keep cues such as navigation appearance, variety of travel packages and prices constant. It has been suggested that these cues influence consumers' perceptions of the characteristics of online retailers, which in turn may influence the trust level (Novak *et al.*, 2000). In the experimental website prices ranged from €305 to €340 with an average price of €321. We believe that such a price range produced adequate risk perceptions among our participants. The average buying decision involvement was 5.37 on a scale of 1 (not all involved) to 7 (highly involved).

Pretest

To test the postulated model, it was necessary to use multiple brands so that the results would not be dependent on the particular brands selected. Moreover, these brands have to vary in terms of brand reputation and product fit with the product category of the unknown brand. For that purpose, a pretest involving 15 individuals was conducted to determine the types of product/service offered by the known brands distinguishable on the basis of perceived fit with the unknown brand product/service. A judgment sample of 15 individuals composed by faculty and consumers was approached to know their opinions about this aspect among a list of examples offered by the researchers. Hotels, car renting, airlines, and cruise lines were all considered as categories of services with high fit with travel agencies. On the contrary, insurance, electric utility, banks, and retailing were initially perceived as having a lower fit. These ideas guided the selection of airlines and electric power services because they were perceived respectively as the most and less similar to the offering of a travel agency.

Based on these results, a second pretest with the same sample of individuals was conducted to select high and low reputed brands in the two services categories previously selected. A list of brands for each type of service (airlines and electric utility) was evaluated. The opinions offered by the sample guided the selection of Iberia and Air Madrid as the most and less reputed airlines brands respectively, and Endesa and Enelviesgo as the most and less reputed brands in their category respectively.

On the basis of these pretests, four different travel agency/airlines – electric power brands associations were created: todovacaciones.com/Iberia (high equity/high fit), todovacaciones.com/Air Madrid (low equity/high fit), todovacaciones.com/Endesa (high equity/low fit), and todovacaciones.com/Enelviesgo (low equity/low fit).

Sample and procedure

The association among brands was presented to participants in the form of corporate group integration, representing the highest level of association between the new online brand and the known one (either an airline company or an electric power company). This link was manipulated by displaying hyperlinks to the known brand on its main webpage. Specifically, the corporate group link is located on the top-left of the unknown brand's web site and signals that both brands belong to the same corporate group. This procedure is similar to that used by Murphy and Blessinger (2003) who used as information cues specific statements such as "Members of the Chamber of Commerce".

Each respondent was randomly assigned one of the four versions of the brands associations designed for the research. They were given study materials through a web page that provided an explanation of the procedure. Instructions explained that subjects would be asked to engage in a shopping exercise related to a weekend trip. In particular, they were asked to imagine they were planning a vacation for a travel package for a weekend and they had enough money to pay for it. They were told to use only their assigned website and try to find a trip that was satisfactory.

After viewing instructions, subjects were then directed to the unknown brand website. Then, when choosing the travel package most preferred subjects completed an online survey. The questionnaire was set up so that the participants were required to answer all the questions before they could submit their responses, eliminating any potential missing values.

Subjects were approached and pre-screened for only those respondents who had made at least one purchase over the internet during the past year. Table I offers some demographic and behavioural data of the respondents.

Measures and measurement properties

The constructs included in the study are product fit, brand reputation, attitude toward brand alliances, attitude toward the web, brand trust, brand equity, willingness to provide personal information, and purchase intention. All but attitude toward brand alliances, attitude toward the web, and product fit are measured on a five-point Likert scale with anchors of strongly disagree (1) to strongly agree (5).

Three seven-point bipolar items were used to assess product fit: not having anything in common/having something in common, not consistent/consistent, and not complementary/complementary (Lafferty et al., 2004; Simonin and Ruth, 1998). Brand reputation is measured with a scale of four items that appraise the individuals' perception of how the brand is known to be and what other individuals have said about the brand. Attitude toward the brand alliances and attitude toward the web are operationalised with five and four seven-point bipolar items respectively based on Simonin and Ruth (1998) and Lafferty et al. (2004).

Brand trust is measured with a five items scale based on Koufaris and Hampton-Sosa (2004) and Wang et al. (2004). It reflects the evaluative, general, and abstract nature of the trustworthiness of online brand e-tailer.

	N	$\%$	Building online brands
Gender			
Male	176	48	
Female	191	52	
Age group			963
18-24 years	83	22.6	
25-34 years	111	30.2	
35-44 years	109	29.7	
45-54 years	44	12	
>55 years	20	5.5	
Hours per week spent on internet	8.4		
Work			
Unemployed	18	4.9	
Retired	7	1.9	
Full-time	256	69.8	
Housewife	10	2.7	
Number of online transactions in 2004			Table I.
1 transaction	28	17.4	Sample information:
2-4 transactions	63	39.1	sociodemographic and
5-10 transactions	30	18.6	behavioral data
>10 veces	40	24.8	

Brand equity is measured with a four items scale developed by Yoo and Donthu (2001), which is in line with the definition of brand equity proposed by Keller (1993). All items reflect the difference in consumer choice between the focal online brand and an unbranded one with the same level of services features.

Willingness to provide personal information is taken from Wang *et al.* (2004) to measure respondents' willingness to provide real and complete personal information to the unknown online brand. Finally, purchase intention is measured using the scale taken from Belanger *et al.* (2002).

Unidimensionality of each of the preceding constructs is assessed by means of confirmatory factor analysis of the eight constructs employing 30 items (Anderson and Gerbing, 1988). The measurement model provides a reasonable fit to the data ($\chi^2 = 721.04$, df $= 377$, $p < 0.00$; GFI $= 0.88$; CFI $= 0.96$; RMSEA $= 0.052$; SRMR $= 0.039$; TLI $= 0.96$; IFI $= 0.96$). Reliability of the measures is calculated with Bagozzi and Yi's (1988) composite reliability index and with Fornell and Larcker's (1981) average variance extracted index. For all the measures both indices are higher than the evaluation criteria of 0.6 for the composite reliability and 0.5 for the average variance extracted (Bagozzi and Yi, 1988). These data for reliability indices seems to confirm that the scales, some of them developed in an off-line context (for example brand equity, attitude toward brand alliance, brand reputation, and product fit), can be used in the online sector with no loss of reliability.

As shown in Table II, all items load on their hypothesized factors and the estimates are positive and significant (the lowest t value is 10.64, which provides evidence of convergent validity (Bagozzi and Yi, 1988). Discriminant validity is indicated since the

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Construct/indicator	Standardized loading	t-value	Reliaibility (SCR[a], AVE[b])
Product fit			SCR = 0.92 AVE = 0.80
Not having anything in common/having something in common	0.88	20.88	
Not consistent/consistent	0.88	20.80	
Not complementary/complementary	0.92	22.56	
Brand reputation			SCR = 0.92 AVE = 0.75
I have heard that this brand is a good company	0.88	21.28	
This brand is reputed to perform well	0.95	24.01	
This brand has a reputation for being good	0.94	23.83	
This brand has a reputation for being better than other brands	0.67	14.32	
Attitude toward the brand alliance			SCR = 0.95 AVE = 0.80
Negative/positive	0.93	23.58	
Unfavourable/favourable	0.94	23.90	
Bad/good	0.96	24.63	
Don't like/like	0.82	18.89	
It does not make sense/it makes sense	0.79	14.18	
Attitude toward the web			SCR = 0.91 AVE = 0.73
Negative/positive	0.85	19.93	
Bad/good	0.94	23.41	
Unfavourable/favourable	0.82	18.89	
Don't like/like	0.80	17.97	
Brand trust			SCR = 0.92 AVE = 0.70
Todovacaciones.com is trustworthy	0.84	19.41	
I believe that todovacaciones.com will keep what it affirms in its web site	0.87	20.63	
Todovacaciones.com is a guarantee that I will not have problems when buying from the web site	0.83	19.09	
Todovacaciones.com can be trusted completely	0.84	19.49	
Todovacaciones.com gives me confidence in buying from its web site	0.81	18.36	
Brand equity			SCR = 0.91 AVE = 0.72
Even if another travel agency has the same features as todovacaciones.com I would prefer to buy in todovacaciones.com	0.83	19.05	
It makes sense to buy in todovacaciones.com instead of any other brand, even if they are the same	0.79	17.72	
Even if another brand is as good as todovacaciones.com, I would prefer to buy in todovacaciones.com	0.90	21.66	
Even if another travel agency is not different from todovacaciones.com in any way, it would buy in todovacaciones.com	0.87	20.61	

Table II.
Constructs measurement summary: confirmatory factor analysis and scale reliability

Construct/indicator	Standardized loading	t-value	Reliaibility (SCR[a], AVE[b])
Willingness to provide personal information			SCR = 0.89 AVE = 0.73
If I were required to register with todovacaciones' web site, I would be comfortable giving personal information	0.81	18.21	
If I were required to register with todovacaciones' web site, I would provide accurate information	0.85	19.47	
If I were required to register with todovacaciones' web site, I would provide complete information	0.90	21.22	
Intention to purchase			SCR = 0.67 AVE = 0.49
I would buy from this web site	0.79	13.65	
I would use my credit card to purchase from this web site	0.59	10.64	

Notes: [a] Scale composite reliability ($\rho_c = (\Sigma\lambda_i)^2 \, \text{var} \, (\xi)/[(\Sigma\lambda_i)^2 \, \text{var} \, (\xi) + E\Theta_{ii}]$ (Bagozzi and Yi, 1988); [b] Average variance extracted ($\rho_c = (\Sigma\lambda_i^2 \, \text{var} \, (\xi)/[\Sigma\lambda_i^2 \, \text{var} \, (\xi) + E\Theta_{ii}]$
Source: Fornell and Larcker (1981)

Table II.

confidence interval (± 2.0 S.E.) around the correlation estimate between any two latent indicators never includes 1.0 (Anderson and Gerbing, 1988). Furthermore, discriminant validity is also assessed by means of the strongest test suggested by Fornell and Larcker (1981). This test suggests that a scale possesses discriminant validity if the average variance extracted by the underlying construct is larger than the shared variance (i.e. the squared intercorrelation) with other constructs. Table III provides an overview of the construct's means, standard deviations, and intercorrelations.

Results
Manipulation checks
A one-way ANOVA showed that, as intended, there was a significant difference in product fit between the travel agency and each allied service type ($F_{1,365} = 11.470$,

Construct	Mean	SD	Matrix of correlations and standard errors*
			1	2	3	4	5	6	7	8
1. Product fit	3.95	1.66		0.05	0.04	0.06	0.06	0.06	0.06	0.07
2. Brand reputation	3.26	0.73	0.11		0.05	0.05	0.05	0.06	0.06	0.06
3. Attitude toward the brands associations	4.42	1.17	0.53	0.37		0.05	0.05	0.05	0.05	0.06
4. Atittude toward the web	4.87	1.15	0.13	0.12	0.27		0.05	0.05	0.05	0.05
5. Brand trust	3.08	0.64	0.12	0.16	0.21	0.37		0.04	0.05	0.05
6. Brand equity	2.85	0.69	-0.02	0.12	0.10	0.36	0.49		0.05	0.06
7. Willingness to provide personal information	3.35	0.95	0.09	0.15	0.18	0.34	0.43	0.30		0.05
8. Intention to purchase	3.34	0.86	0.05	0.16	0.19	0.54	0.53	0.47	0.56	

Notes: * Correlations (Φ) below the diagonal. Φ's standard errors are displayed above the diagonal

Table III. Constructs means, standard deviation, and correlation matrix

$p < 0.00$; $M_{\text{agency\_airlines}} = 4.79$, $M_{\text{agency\_electric}} = 3.08$). A similar analysis showed that the four allied brands differ in reputation as planned ($F_{3,363} = 24.539$, $p < 0.00$): airlines brands ($M_{\text{Iberia}} = 3.59$, $M_{\text{AirMadrid}} = 2.97$), and electric power brands ($M_{\text{Endesa}} = 3.52$, $M_{\text{EnelViesgo}} = 2.96$). Finally, regarding the unknown online brand and its allied brands a familiarity measure, composed of three items with a seven-point scale (1 = not at all familiar, 7 = very familiar), was used to examine familiarity differences between both types of brands. The results suggest that the allied brands received more favourable familiarity ratings than the unknown online brand ($F_{1,366} = -13.324$, $p < 0.00$; $M_{\text{allied\_brands}} = 4.45$, $M_{\text{online\_brand}} = 2.49$).

Hypothesized effects

The proposed structural model is specified from the hypothesized relationships in Figure 1, discussed in the text as *H1-H8*. Conventional maximum likelihood estimation techniques were used to test the model (Jöreskog and Sörbom, 1996). The fit of the model is satisfactory ($\chi^2 = 832.92$, df = 396, $p < 0.0$; GFI = 0.86; CFI = 0.95; RMSEA = 0.057; SRMR = 0.069; TLI = 0.95; IFI = 0.95), thereby suggesting that the nomological network of relationships fits our data –another indicator of support for the validity of these scales (Churchill, 1979).

To provide greater confidence in our model specification we test our theoretical model (M_T) against alternative model specifications (M_A). Anderson and Gerbing (1988) recommend this procedure and suggest the use of a chi-square difference test (CDT) to test the null hypothesis: $M_T - M_A = 0$. Compared with a less parsimonious M_A, a non significant CDT would lead to the acceptance of the more parsimonious M_T. Table IV reports the sequential chi-square tests. We contrast M_T with the alternative model 1 (Figure 2), where brand trust does not exert a full mediating role between its final consequences (brand equity, purchase and provide information) and the attitude to brand's web.

The significant better fit shown by the alternative model leads us to prefer alternative model 1 as a better alternative compared to the theoretical model.

We also compare the alternative model 1 with the alternative model 2 with a less parsimonious specification (Figure 3). Here attitude toward brand alliance also
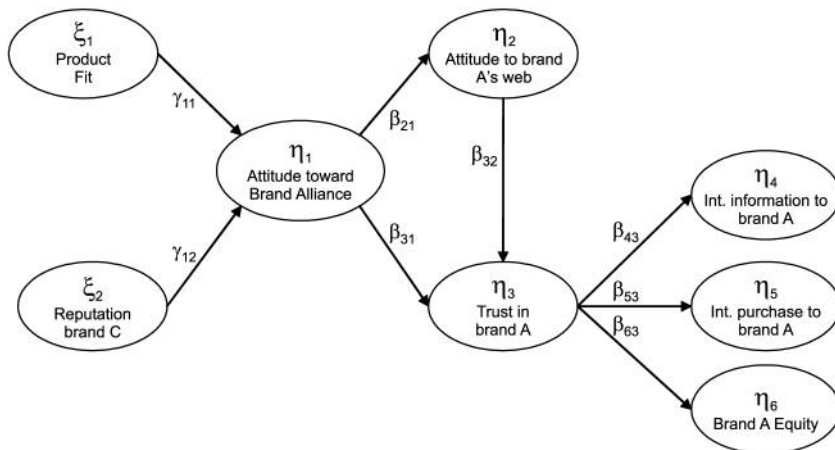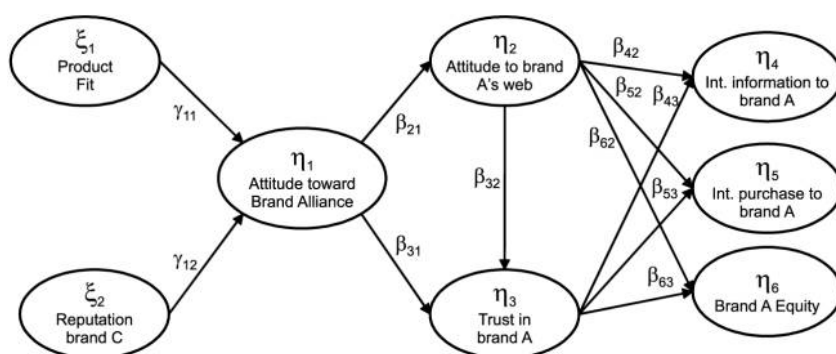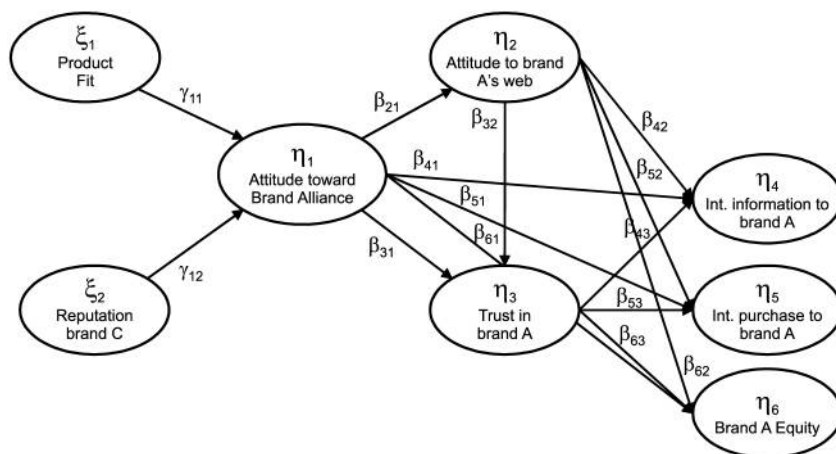

Figure 1.
Theoretical model

Model	Chi-square	Degrees of freedom	Chi-square difference	Degrees of freedom difference	Probability
Proposed model (M_T)	832.92	396			
Alternative model 1	764.92	393	68	3	0.0000[a]
Alternative model 2	762.84	390	2.08	3	0.55[b]
Alternative model 3	761.87	389	3.05	4	0.54[b]

Notes: [a] Compared to the proposed model, this model presents a less parsimonious specification but a significant better fit. Therefore, alternative model 1 is preferred as a better alternative; [b] Compared to the alternative model 1, this model presents a less parsimonious specification and a nonsignificant better fit. Therefore, alternative model 1 is preferred as a better alternative

Table IV.
Sequential chi-square tests

Figure 2.
Alternative model 1

Figure 3.
Alternative model 2

positively affects the consumers' willingness to purchase the new online brand, provide it personal information, and its brand equity. With this model a check of the mediating role of attitude to brand A's web site and trust in brand A is performed.

Compared to the alternative model 1, this second alternative model has a no significant better fit, which leads us to stay with the more parsimonious model 1.

Finally we specify a third alternative model 3 (Figure 4) in which attitude toward brand alliance does not exert a full mediating role between its two antecedents and its two direct consequences (attitude to brand's web and brand trust). Again the better fit shown by this alternative model is not significant, leading us to consider Model 1 as the better specification of the relationships analyzed in this research.

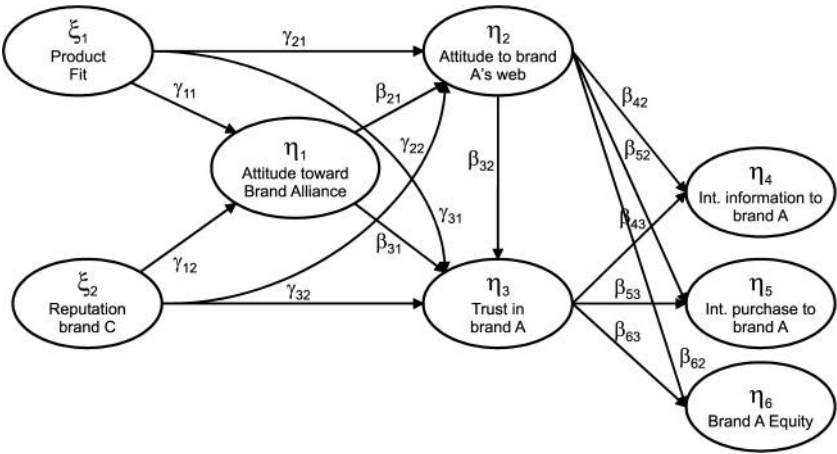In terms of our hypotheses the results are shown in Table V.

Figure 4.
Alternative model 3

Linkages in the model	Hypotheses Number	Sign	Standardized parameter estimates		
			Parameter	Estimate	t-value
$\text{Fit}_{products} \rightarrow \text{Att}_{BA}$	H1	+	γ_{11}	0.49	10.05[**]
$\text{Reput}_{BRAND\_C} \rightarrow \text{Att}_{BA}$	H2	+	γ_{12}	0.31	6.71[***]
$\text{Att}_{BA} \rightarrow \text{Att}_{web\_A}$	H3	+	β_{21}	0.27	4.96[***]
$\text{Att}_{BA} \rightarrow \text{Trust}_{brand\_A}$	H4	+	β_{31}	0.12	2.27[**]
$\text{Att}_{web\_A} \rightarrow \text{Trust}_{brand\_A}$	H5	+	β_{32}	0.34	5.98[***]
$\text{Trust}_{brand\_A} \rightarrow \text{Inf}_{brand\_A}$	H6	+	β_{43}	0.36	6.07[***]
$\text{Trust}_{brand\_A} \rightarrow \text{Purch}_{brand\_A}$	H7	+	β_{53}	0.37	6.20[***]
$\text{Trust}_{brand\_A} \rightarrow \text{Equity}_{brand\_A}$	H8	+	β_{63}	0.42	7.30[***]
$\text{Att}_{web\_A} \rightarrow \text{Inf}_{brand\_A}$	[a]		β_{42}	0.22	3.87[***]
$\text{Att}_{web\_A} \rightarrow \text{Purch}_{brand\_A}$	[a]		β_{52}	0.40	6.71[***]
$\text{Att}_{web\_A} \rightarrow \text{Equity}^{a}_{brand\_A}$	[a]		β_{62}	0.21	3.79[***]

Model diagnostic
$\chi^2_{(393)} = 764.92$; GFI $= 0.87$; SRMR $= 0.051$; RMSEA $= 0.052$; CFI $= 0.96$; NNFI $= 0.95$

Notes: [a] No hypothesis is offered; [***] $p < 0.01$; [**] $p < 0.05$

Table V.
Construct structural model

Antecedents of attitude toward the brand alliance. Overall, a substantial amount of variance in Attitude toward the brand alliance (Att_{BA}) ($R^2 = 0.37$) is explained by the postulated antecedents, which are all significant. Product fit ($Fit_{product}$) ($\gamma_{11} = 0.49$) as well as Brand C's reputation ($Reput_{Brand\_C}$) ($\gamma^{12} = 0.31$) are all related significantly and positively to Att_{BA}, supporting *H1* and *H2*. That is, to the extent that consumers hold more favourable impressions of the partnering brands and perceive the two product categories to be compatible, more favourable their evaluations of the brand alliance tend to be. Consistent with previous research on brand extensions and brand alliance, where product fit plays a significant role, these results also show that brand reputation is related strongly to brand alliance evaluations.

Effects of the brand alliance on the new online brand. The postulated effects of Att_{BA} are significant and positive (see Table V). Both attitude to brand A's web site (Att_{web_A}) ($\beta_{21} = 0.27$) and Trust to Brand A ($Trust_{brand\_A}$) ($\beta_{31} = 0.12$) are positively influenced by Att_{BA}. Furthermore Att_{BA} exerts also an indirect positive effect on $Trust_{brand\_A}$ ($R^2 = 0.15$) through Att_{web_A} ($\beta_{32} = 0.34$). That is, brand alliances do measurably affect trustworthy image of the new online brand involved in the alliance, a relationship of significant theoretical and practical importance that lacked empirical evidence. These results give support to *H3*, *H4*, and *H5* and show that to the extent that consumers hold more favourable assessments of the brand alliance, the spill over effects on the partner brands will be more favourable.

Consequences of initial trust in the new online brand. The hypotheses regarding $Trust_{brand\_A}$ were based on the notion that trust feelings exert a positive influence in consumers' willingness to engage in online transactions (*H6* and *H7*), and also in the assessment of the new online brand in terms of brand equity (*H8*). As we show in Table IV, the coefficient estimates are significant and positive indicating that the consumers' perceptions of the online brand's trustworthiness impact consumers' willingness to provide personal and private information and their purchase intentions, confirming *H6* and *H7*.

Continuing with the effects of $Trust_{brand\_A}$ it is positively associated with brand equity ($\beta_{63} = 0.42$, $p < 0.01$). This confirms that perceptions of trustworthiness enhance the value of the brand as reflected in its equity.

Discussion of findings and implications

This study throws light onto a still not very developed research area: the role of brand alliances signals in building online brands. The fact that new and relatively unknown e-brands suffer substantial difficulties to persuade consumers to engage in online transactions makes this issue of special interest. Compared to previous studies, which have examined different kind of cues (e.g., web site characteristics, site appearance, seals of approval and so on) as a strategy to generate a positive first impression of an unknown e-brand, the originality of our study resides in analyzing another factor: the presence of well-known and reputed brands allied to the unknown e-brands.

On the basis of brand alliances literature and previous research on online consumer behaviour we propose a set of antecedents and consequences of consumers' attitude toward the brand alliance. Specifically, the antecedents are some of those suggested by previous brand-alliance research such as product fit and image of one of the allied brands.

The consequences are primarily focused on the effects that the alliance has on the new online brand in terms of the general impression elicited about its web site and the trustworthy image of the brand itself. Furthermore, because online brand trust appears to be an important basis for predicting subsequent consumers' behaviours, we also posited that, as a result, the equity of the online brand will be enhanced and also the consumers' disposition to purchase and provide information to the online brand.

The hypotheses were tested and totally supported using the data from an experiment. Furthermore, our results suggest that attitude toward brand alliance mediate all of the effects of its antecedents on attitude to brand's web site and online brand trust. Being so, brand alliances could represent a strategic marketing opportunity to help an unknown online brand to leverage a favourable first impression from consumers. This finding is in line with the postulate of brand alliances literature that they serve as marketplace signals providing positive evaluations of the primary brand (Rao and Ruekert, 1994; Simonin and Ruth, 1998).

In addition we found that online brand trust does not exert a fully-mediated role between the brand alliance's evaluation and subsequent consumers' reactions to the online brand. The fact that the attitude toward the brand's web site also fosters brand equity and consumers' willingness to engage in online transactions suggests that an effective brand-building strategy consists of both internal brand-generated factors (e.g., its web site) as well as external third-party factors (e.g. alliance with a well known brand), because both factors exert a positive influence on brand trust and consequently on its equity and consumers' willingness to behave in a favourable manner.

Important theoretical implications are derived from this study. Research on brand alliance is generally focused on an off-line context. In this sense, our study may expand researchers' understanding of the role of brand alliances in an online environment. Furthermore, past research suggests that attitude to the retail web site is an indicator of its effectiveness. Among the web site characteristics that favourably strength that effectiveness our study identifies another factor: the presence of a reputed allied brand. To the best of our knowledge, no empirical research has been conducted about brand alliances as a mechanism to persuade consumers to engage in transactions with unknown online brands. The fact that the network nature of the electronic medium has capitalized the idea of partnering as a way of doing business reflects the managerial and academic interest of this study.

Our study also enriches brand equity literature. Over the past two decades the question of what actually makes a brand strong has been a significant and recurrent theme in the branding literature. Our empirical evidence that brand equity is best explained ($\Delta R^2 = 7$ percent) when the direct effect of attitude to brand's web site is also taken into account (see Figure 2) suggests that, in an online environment, the web site is a key factor not only to generate positive perceptions of brands as trustworthy but also to help the online brand to differentiate from competitors and provide a greater add value to consumers. Therefore whether traditional branding literature has considered brand trust as the essence of brand equity, in an online environment attitude to web site plays a key role in the connexion brand trust-brand equity. The fact that previous research (see Page and Lepkowska-White, 2002) has proposed the concept of web equity as going beyond traditional brand equity is intimately tied to our results that attitude to brand's web site is also important for building consumer value.

Managerial implications

A number of strategic implications for little known brand e-tailers are suggested from our empirical findings. First, Yousafzai *et al.* (2005)'s findings support the concern that customers might not be familiar with third-party signs in the internet. This idea is also supported by research conducted by The Banking Industry Technology Secretariat (BITS, 1998) that reported that customers view these signs as less assuring, difficult to understand, vague, and having no police power. Considering this situation and our empirical findings, a practical implication for new e-tailers could be to collaborate with other commercial brands as a better suited mechanism of trust signaller to the customers.

Second, when choosing a partner brand, our results suggest that reputation of that brand and the fit between the offerings of the allied brands are two important criteria that have to guide the selection of the partner because they contribute to the attitude to the brand alliance.

Third, when partnering with well-known and reputed brands, some improvements in the equity of the new online brand result which, in turn, could generate a number of possible specific benefits to a firm (Hoeffler and Keller, 2003), driving growth and profitability.

Fourth, due to the positive effects that a brand alliance has for the new online brand, practitioners may want to place the well-known allied brand presence in prominent locations on pages (for example in a partner showcase) to ensure they are seen and to make very clear to viewers the relationship between their own brands and other familiar and reputed ones. Consequently, it would be interesting to give partners' brands a graphic button or small banner that they can use on their sites to link to their brand's sites.

Finally, our results are also consistent with the relational assumption that relationships with parties outside the boundaries of the organization can become a particularly important way of accessing critical resources for small and/or new entrepreneurial ventures. Especially in this type of organizations in internet, interorganizational relationships can act as endorsements that influence perceptions of the quality of young organizations when unambiguous measures of quality do not exist or cannot be observed (Stuart *et al.*, 1999).

Limitations and future research avenues

Some of the limitations inherent in the design of the present study provide avenues for future research opportunities. First, this study uses an experimental methodology. Therefore, the limitations that typically apply to this type of methodology also apply here. Although a desirable benefit of an experimental design is the ability to isolate particular variables of interest and test for predicted effects, a weakness is its inability to truly capture other dynamic processes. Therefore, it is likely that effects could be weaker or stronger, depending on the specific context.

Second, the study used a single web site and a single product category. While this controls variation and aids reliability, it also limits the generalizability of the results to other populations and/or products. Further studies are necessary to evaluate the research findings in different situations.

Third, the research task required subjects "to imagine" that they were shopping for a product. Role-playing tasks are frequently used in consumer research, but they are

weaker than real experience. A stronger shopping manipulation may have revealed a stronger role for brand trust that comes into play latter rather than earlier in the shopping process.

Fourth, because of the difficulty of simulating actual behaviour in an experimental setting, the participants were asked to assume that they were buying a travel package. However, they were not actually given an opportunity to do it practically. Consequently, this implies the existence of a lack of interest on the part of the participants that could be affecting the validity of the results.

The conclusions that can be drawn from this study alone are limited to the specific research questions explored and, as such, several areas for future research remain. In line with previous research that found that familiarity and reputation are primary antecedents of trust (Doney and Cannon, 1997; McAllister, 1995), this study identifies an additional mechanism (brand alliance) through which elicits a trustworthy image of an unknown online brand. Because previous research shows that assurance seals also enhance trust perceptions, an interesting topic for future investigation is whether online users will rely more on assurance seals or on well known and reputed commercial brands to infer trustworthy feelings. The interest of this research question resides in the fact that previous research (see Odom *et al.*, 2002; Wakefield and Whitten, 2006) suggests that online shoppers rarely consult the privacy and security statements of the assurance providers or differentiate among them, and that even their specific attributes are generally unknown.

Finally, in our study brand alliance has adopted the form of a corporate group integration which can be viewed as the highest level of collaborative efforts in core competencies. Because forms of brand alliances range along a continuum involving different strategic objectives it will be interesting to analyze, under other different forms of brand alliances, the network of relationships identified in this study.

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