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Spillover Effects of Brand Alliance and Service Experience on Host Brands in Loyalty Program Partnerships

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SPILLOVER EFFECTS OF BRAND ALLIANCE AND SERVICE EXPERIENCE ON HOST BRANDS IN LOYALTY PROGRAM PARTNERSHIPS

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ABSTRACT

Three studies explored the consequences of loyalty program partnership on individual brands. The first study sought to determine what kinds of brand equity and category similarity would result in customers' higher perceived attractiveness of and intention to join the loyalty program partnership. The study finds that higher category similarity increases both perceived attractiveness and joining intention towards a loyalty program partnership. When loyalty program partnership consisted of similar category businesses, individual brands also experienced changes to their brand equity levels. Low equity brands when partnered with high equity brands experienced a significant improvement in their brand equity levels. A high-high pairing increased the brand equity for the both host and partner brands while a low-low pairing increased the brand equity for the host brand.

The second study investigated if participation in a loyalty program partnership affected the brand identity distinctiveness of the host brand. Contrary to expectations, host brand did not experience any loss in brand identity distinctiveness after a loyalty program partnership. The third study examined the possible effects of negative spillover in a loyalty program partnership in a partner service failure situation. In line with predictions, this study found that host brands were not immune to service failures by the partner brand. Even though the host brand did not cause the service failure, they were negatively affected by the service failure due to their association with the partner brand through loyalty program partnership. Negative effects on the host brand included decline in brand equity and lessened future behavioral intentions towards the host brand. Category similarity was again a significant factor in determining the effects of the negative spillover among the partner brands. Decline in the host brand equity was significant when the partner brand causing the service failure was a similar brand. Findings of these studies are helpful in understanding the pros and cons of loyalty program partnerships and can help managers select the best partners for their loyalty programs.

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CHAPTER I

INTRODUCTION

In 1981, American Airlines introduced the first frequent flyer program called AAdvantage. American Airlines' goal was to retain their best customers by rewarding them for their loyalty. Since then, loyalty programs have become a common tool for relationship marketing. Within months other airlines would follow American Airlines and introduce their own frequent flyer programs.

It's been over three decades since the humble beginning of frequent flyer programs. Now loyalty programs are widespread. Even a small local coffee shop may have stamp or punch loyalty cards used to reward their customers for repeat purchases. As for airlines, it is almost impossible to imagine an airline without a frequent flyer program anymore; however the programs may constantly evolve. As having a frequent flyer program can no longer differentiate an airline from the rest, airlines had to change and improve the format of their frequent flyer programs and provide more features. Now frequent flyer programs typically consist of many partners across different business categories. Frequent flyer program members can earn points not only by flying, but also by staying at hotels, renting cars, buying flowers and even by using special credit cards. With more options to earn points, customers can more quickly accumulate points and redeem them for free flights or other rewards offered by the airlines.

While current frequent flyer programs consist of many partner businesses, not all participating brands in a frequent flyer program are equal. First there is the host brand, the airline, which owns and manages the frequent flyer program. Partner brands join the host airline brand's frequent flyer program. While adding multiple partners across a variety of business categories can make the frequent flyer program more attractive to members, adding partners also opens the host brand to several vulnerabilities. These vulnerabilities can include losing brand identity distinctiveness due to partnership with other brands and the possibility of negative spillovers due to the actions of partner brands such as service failures.

One of the most important aspects of brands is the value of the brand known as brand equity. A high equity brand experiences a positive response from consumers. It is easily recognizable, easily recalled, and consumers are willing to pay premium prices. Given the advantages of having a high equity brand, companies should focus their efforts on managing and improving their brand equity. The brand equity concept has also attracted the attention of marketing scholars who examined the effect of brand equity on several organizational outcomes such as stock prices, firm value, and future success of brand extension, brand alliances and co-branding strategies (Aaker and Jacobson, 1994; Simon and Sullivan, 1993; Costa and Evangelista, 2008; Barth et al., 1998; Kerin and Sethuraman, 1998; Madden, Fehle, and Fournier, 2006; Knowles, 2008). It has been mentioned countless times that, in these situations, having strong brand equity benefits the organizations (Aaker, 1991; Aaker and Keller, 1990; Dickinson and Heath, 2006; Erdem et al., 1999).

Despite the vast literature on brand equity, one of the topics lacking research is the effects of brand equity in a loyalty program setting. Loyalty program research has been limited and has mainly focused on the success factors of loyalty programs or on determining if loyalty programs really work. How brand equity both affects and is affected by loyalty programs is lacking. Furthermore, previous research has mostly focused on single-vendor loyalty programs and has neglected for the most part multi-firm loyalty programs in the form of loyalty program partnerships. While the current marketing literature discusses factors that contribute to the success of brand alliances in general as well as the short-term financial benefits from these alliances, it has paid limited attention to possible positive and negative effects on the individual brands from brand alliances in the form of loyalty program partnerships. This dissertation first and foremost aims to contribute to the loyalty program research by examining loyalty program partnerships.

Furthermore, previous research done on brand alliance and brand extension is generally focused on the notion that such strategies are used to benefit from already existing high brand equity being transferred to newly introduced products or newly formed alliances (Czellar, 2003; Park, Jun, and Shocker,1996; Chan and Cheng, 2012). Therefore they are mostly focused on examining high-low brand equity pairings with no or limited attention given to other equity pairings such as high-high and low-low brand equity pairings. This is surprising as a high-high brand equity pairing is probably the most beneficial as it combines two strong brands to create a synergy (Washburn, Till, and Priluck, 2000; Washburn, Till, and Priluck, 2004). But little is known about whether combining high brand equities can overcome category dissimilarity or a lack of perceived fit between the brands. It is also not clear whether two dominant brands can potentially interfere with each other in an alliance and cause loss of brand identity distinctiveness. Similarly we need a better understanding of low-low brand equity pairings. Low equity brands can try to increase their equity by going into alliances with other low equity brands to form synergies in terms of growth opportunities, economies of scale, and knowledge exchange. However, research is lacking in examining if low-low brand equity pairings are beneficial to the partners.

A third contribution of this dissertation is to examine the cross-partner effect of service failure and how service failure affects consumers' future evaluation of the brand equity of the host brand. Alliances aren't immune to negative incidents such as service failures. Although the current marketing literature has studied how service failure affects consumer behavior in high and low brand equity conditions, the examination of how brand alliances react to service failures of a single alliance member is limited. For example, how is the host brand affected when a partner brand causes a service failure? The literature mentions spill-over of positive reputation and attitudes as one of the factors that determines the success of brand alliance or brand extensions. But negative scenarios especially in terms of service failure still need further examination. Likewise, category similarity is mentioned as one of the most dominant factors that determine the success of brand extensions in the literature, but the role that category similarity plays in negative scenarios has yet to be examined in detail. This dissertation will fill these gaps and investigate the roles of brand equity and category similarity on the possible spillover of negative incidents in a loyalty program partnership setting.

This dissertation will consist of three studies. Study 1 will first and foremost seek to include a more comprehensive set of brand equity pairing contexts (high/low host brand equity and high/low partner brand equity and category similarity/dissimilarity) to identify what makes a great loyalty program partner combination with regard to joining intention and perceived attractiveness of the loyalty program.

In Study 2 and Study 3, this dissertation turns its focus to possible negative consequences of loyalty program partnership for the host brand. Study 2 examines possible decrease in brand identity distinctiveness for the host brand due to the loyalty program partnership and what factors may influence that loss. Study 3 extends into the services literature by examining the effect of service failure in a loyalty program alliance context.

CHAPTER II

LITERATURE REVIEW

BRAND EQUITY – DEFINITION AND MEASUREMENT

Marketing focuses on brands as a way for companies to communicate to customers how special and unique their products are. A brand can be defined as a name, term, logo, design, trademark, symbol or any other feature that identifies or distinguishes one seller's goods from other sellers' goods (Aaker, 1991; Dibb et al., 1997). As brands allow companies to differentiate themselves from their competitors, they can be critical to the success of a firm (Porter, 1990; Wood, 2000). Keller (1993) listed the benefits of brand names as (i) greater loyalty from customers, (ii) less vulnerability to competitive marketing, (iii) less vulnerability to marketing crises, (iv) larger margins, (v) less elastic consumer response to price increases, (vi) increased marketing communication effectiveness, (vii) possible licensing opportunities, and (viii) additional brand extension opportunities. A brand's strength comes from satisfying and fulfilling customer expectations over time (Etenson and Knowles, 2008). Brand recognition results in higher sales. Firms should focus their marketing efforts on brand management strategies aimed to increase a product's perceived value to customers and, as a result, brand equity.

What is Brand Equity?

The terms "brand value" and "brand equity" must be clearly defined before entering into a more extensive discussion. Generally, brand value and brand equity are used interchangeably, although there has been some disagreement over the nuances of the two terms. These concepts vary depending on whether they are customer or company-focused. Brand equity is defined as one of the factors that affect brand value by moderating the impact of marketing activities on customer actions. By definition, brand equity is customer focused, whereas brand value is defined as the sale of replacement value of brand and it is a company focused term (Raggio and Leone, 2007).

Scholars have examined brand equity from financial and marketing perspectives using firm-based, product-based and customer-based approaches (Costa and Evangelista, 2008; Knowles, 2008). In essence, according to the financial perspective, brand equity can be determined from current and future cash flows which require the examination of actual purchases. In contrast, the marketing perspective positions customers at the center of brand equity and seeks to define brand equity through the influence of brand on customer behavior and attitudes and therefore the propensity to purchase (Knowles, 2008).

From a financial point of view, the incremental earnings and cash flows generated by a strong brand name are labeled as brand equity. It has been suggested in the literature that as strong brands mean stronger cash flows and more earnings, the result will be higher shareholder value (Aaker and Jacobson, 1994). These cash flows are created by loyalty and higher margins due to favorable customer associations and attachment to the brand, as well as the extension and licensing opportunities created by strong brand names. Brand equity will not only have financial effect, but it will also affect the perceptions of the investors as well. Investors' more favorable perceptions about the brand will play a role in determining stock prices of the firms (Simon and Sullivan, 1993).

Product-based brand equity, also known as the price premium, happens when customers pay more for branded products than other branded products and non-branded products. Assuming all things equal, this difference is contributed to the brand (Aaker, 1996). The problems with this approach starts with this assumption. "All things equal" is almost impossible to achieve while comparing brands. Simply put, different products can have different cost schemes that might have resulted in different and higher prices. Similarly, price differences can result from performance and technical quality aspects of the products, high quality products may be priced higher than their counterparts (Simon and Sullivan, 1993). This approach is especially limited in determining the brand equity for value (discount) brands and luxury brands. In the case of value brands as they offer lower prices, brand equity will be zero or negative. This brings the assumption that value brands cannot have brand equity. In reality these products offer price advantages instead to price premium to get repeat purchase from the customers therefore creates purchase intention and brand loyalty (Ponnam and Krishnatray, 2008). In customer-based brand equity models this has been seen as one of the sources of brand equity. In the case of the luxury brands the question becomes is it enough to determine brand equity by looking to the price premium or should we examine the actual purchases. For example a Rolex has high price but the majority of the customers may not be purchasing it. So how do we determine the brand equity of Rolex, by only looking to the price or looking to the purchases (Ailawadi, Lehmann, and Neslin, 2003)?

Product-based brand equity models can be biased as they only look to one aspect of a brand, price premium and do not necessarily go in depth about the reasons for this price difference. It is simply assumed that the brand is the reason for the difference when actually there is a need to separate brand equity from its cause or source (Keller and Lehman, 2006). In order to come with meaningful measures while using these metrics, the findings need to be adjusted for differential product quality and product costs (Simon and Sullivan, 1993). In order to overcome the limitation presented above about the value brands and luxury brands, it will be beneficial to add a volume metric (sales volume) in addition to the price metric (price premium/ difference) (Ponnam and Krishnatray, 2008).

Customer-based brand equity seeks to define brand equity through customer behavior, customer attitudes and their propensity to purchase (Knowles, 2008). Customer-based brand equity occurs when customers are not only aware of the brand, but also have strong favorable perceptions of the brand (Keller, 1993). Brand equity can be created by providing high-quality products and creating customer awareness, customer associations, customer attitudes, customer attachment and customer experience through advertising and communication between the organization and the customer (Aaker, 1991).

From this marketing perspective, Keller (1993) defined brand equity as the "differential effect of brand knowledge on customer response to the marketing of a brand" (p.8) Aaker (1991) further defined brand equity as "a set of brand assets and liabilities linked to a brand, its name and symbol that add or subtract from the value provided by a product or service to a firm and/or to that firm's customers" (p. 15). When operationalizing brand equity, Keller (1993) proposed two dimensions: brand image and brand knowledge. In his model, brand knowledge includes familiarity, usage and favorability, whereas brand image consists of favorability, uniqueness and strength of brand associations. Aaker's (1991) brand equity concept consisted of five dimensions: brand awareness, brand associations, perceived quality, brand loyalty and other proprietary assets.

Most of the brand equity literature builds upon the work of Aaker (1991), as it is widely accepted as the most comprehensive framework of brand equity. However, many studies only focus on the first four dimensions proposed by Aaker (1991) since those in the industry generally believe that these four dimensions are the most important determinants of customer-based brand equity (See Table 1 for a description of these dimensions).

Table 1 Brand Equity Dimensions (Source Aaker -1991)

Dimension	Description	Characteristics
Brand Awareness	Ability of consumers to recognize or recall the brand.	- Awareness can range from low to high; proposed levels are unaware of brand, brand recognition, brand recall and top of mind. - Initial key step of forming brand equity. - Is not enough to create sales by itself. - The higher the recognition levels, the harder for the competitor's products to challenge the brand with high advertising levels or superior products/services.
Brand Association	Anything linked in memory to a brand.	- Association can range from weak to strong: with many experiences or exposures the brand association will get stronger. - Creates value through differentiation, reason to buy, creates positive attitudes. - Can provide basis for brand extension by creating a sense of fit.
Perceived Quality	Customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives.	- Allows customer to differentiate the product from its competitors. - Gives customers a reason to buy and/or pay a premium price. - Allows the introduction of brand extensions.
Brand Loyalty	Measure of the attachment that a customer has to a brand.	- Directly linked to future sales. - Reflects likelihood of product switching. - As brand loyalty increases, the effect of the competitive actions is reduced. - Tied more closely to use experience than the other dimensions.

The fifth dimension of other proprietary assets, which consists of patents, trademarks, etc., is considered too broad and not relevant to determining customer-based brand equity (Yoo and Donthu, 2001; Pappu, Quester, and Cooksey, 2005). Subsequently, it is left out in many of the articles that examine consumer-based brand equity. In 1996, Aaker redefined the fifth dimension as market behavior, which includes the examination of market share, market price and distribution indices. This modification can be classified as an attempt to combine customer-based brand equity with product-market outcomes. It has yet to be empirically tested and validated (Wang, Wei, and Yu, 2008).

Customer-based brand equity models place customer opinions first. These types of models survey customers regarding several aspects of a brand such as brand awareness, brand association, perceived quality and brand loyalty. The strength of customer-based brand equity models comes from examining the needs and desires of customers (Costa and Evangelista, 2008). Their limitations come from the subjectivity involved in the evaluation. Customer perceptions are highly personal and idiosyncratic (Miller, 2007). These methods also completely ignore financial aspects such as the cost element and the effects of organizational strategies (Costa and Evangelista, 2008). Furthermore, it is unclear how to transform customer perceptions into profits and increased firm value (Simon and Sullivan, 2003). According to Mizik and Jacobson (2008), it is nearly impossible to translate a customer's mindset into objective and meaningful financial numbers.

Moreover, effective brand-equity models require significant time and resources, including access to a large number of customer participants and ample time and resources. As a result, research using customer-based brand equity has been focused on a limited number of brands and categories. This reduces the generalizability of the findings from customer-based brand equity models.

Measuring Brand Equity

Firm-based brand equity is introduced by Simon and Sullivan (1993). By applying a financial perspective, brand equity is calculated from market value of the firm. According to this approach brand equity can be calculated by first determining market value of the firm by computing the stock price by the number of shares outstanding. Later tangible assets and other intangible assets are subtracted from this to find the total value of the brands. Furthermore if the firms have more than one brand, each brand's value is determined by looking to its share in total revenues.

The advantage of the Simon and Sullivan (1993) approach is the relatively easy calculation of brand equity from readily available secondary data. It can also be said that this approach has a future focus as the market value of the firm calculation uses stock prices which incorporates the expected value of future returns (Simon and Sullivan, 1993). One limitation is that in this model researchers have to divide intangible assets as brand intangible assets and other intangible assets such as trademarks, patents and goodwill. This task can be difficult and subjective in nature. These models also totally ignore the customer role in generation of brand equity and brand management aspects of brand awareness and brand loyalty, which is addressed in depth at the customer-based equity models (Costa and Evangelista, 2008).

For customer-based brand equity models, Yoo and Donthu (2001) are credited with developing the first Multidimensional scale for Brand Equity (MBE) (Washburn and Plank, 2002), as well as a four-item Overall Brand Equity (OBE) scale. The main purpose of OBE is to develop a one-dimensional brand equity measure to determine the convergent validity of the

MBE. Although Yoo and Donthu (2001) had initially developed the MBE scale with the four dimensions from Aaker (1991), their analysis demonstrated that a three-dimensional model that combines brand awareness and brand associations was a better fit than the four-dimension model. The authors therefore proposed a final ten-item three-dimension scale rather than the initial 15-item four-dimension scale.

One main question about the MBE scale is whether or not it is appropriate to combine brand awareness and brand association. Both Aaker (1991) and Keller (1993) differentiated between these constructs in their definitions. It is nevertheless clear that brand awareness and brand association are closely related concepts. Logic dictates that a consumer cannot have associations about a brand if they are not aware of the brand itself first. Therefore it can be argued that brand awareness is a prerequisite to forming brand associations. However, the level of brand awareness cannot determine the level, richness or favorability of brand associations. Washburn and Plank (2002) validated the MBE and OBE scales with their study but still expressed concerns about combining brand awareness and associations and called for a refined scale that includes items better discriminating between brand awareness and brand associations.

Building on the evaluation of Washburn and Plank (2002), Pappu, Quester, and Cooksey (2005) attempted to improve upon the brand equity scale by hypothesizing and testing a four-factor model consistent with Aaker's (1991) conceptualization of brand equity. This method has particular strengths and limitations. Its strengths include separation of brand awareness and associations and inclusion of brand personality. The one-item measure of brand awareness may initially appear to be a significant limitation; however, Pappu, Quester, and Cooksey (2006) addressed this problem by incorporating aided recall items into the scale. In a follow-up study conducted in 2007, Pappu, Quester, and Cooksey slightly modified the brand equity scale related to the brand personality dimension. Aaker's (1997) brand personality dimensions of sincerity, excitement, competence, sophistication and ruggedness are used instead of up-market and tough personality dimensions. Also in Pappu, Quester, and Cooksey (2006) another item is added to the brand loyalty dimension as "Brand X would be my preferred choice."

Benefits from Brand Equity

In previous research, high brand equity levels have been shown to provide several advantages for a firm. It has been demonstrated that brands with high equity levels lead to higher customer satisfaction and higher purchase and repurchase intentions (Cobb-Walgren, Beal, and Donthu, 1995). This results in price premium and higher profit margin for the firm. A high-equity brand also has financial value and can affect firm performance by creating higher cash flows (Aaker and Jacobson, 1994). These cash flows are created through loyalty and higher margins due to favorable customer associations with and attachment to the brand, as well as extension and licensing opportunities created by strong brand names. From an information economics point of view, a high level of brand equity is also helpful in reducing the uncertainty and perceived risk associated with purchasing a product (Erdem et al., 1999). Similarly, Aaker (1991) states that high perceived quality will result in lower perceived risk among consumers, which in turn will reduce information costs and risks associated with a brand; all of these factors improve consumers' evaluation of the brand.

Furthermore, the effect of brand equity on stock prices/returns and firm value has been documented (Aaker and Jacobson, 1994; Barth et al., 1998; Kerin and Sethuraman, 1998; Madden, Fehle, and Fournier, 2006; Simon and Sullivan, 1993). Kerin and Sethuraman (1998) reported a positive relationship between financial brand value and market-to-book ratio for the Interbrand's 1995 and 1996 most valued brands. Similarly, Barth et al. (1998) demonstrated that

Interbrand's brand values are significantly and positively related to stock prices and returns. Using monthly stock returns for the period of 1994 to 2000, Madden, Fehle, and Fournuer (2006) reported that the portfolio of Interbrand's most valuable brands displays statistically and economically significant increases in performance in comparison to the overall market.

Simon and Sullivan (1993) examined the effect of brand equity and marketing activities on the market value of a firm. The results indicated that brand equity affects firm value and that, contrary to some scholars' assertions, financial markets do not ignore marketing activities. Simon and Sullivan (1993) concluded that marketing factors such as branding, advertising and R&D are reflected in stock prices. In a related study, Eng and Keh (2007) examined 1390 firm year observations from 1992 through 1996 to show the simultaneous effects that advertising expenses and brand value have on stock returns and ROA. The results demonstrated that brand value had a positive impact on ROA lasting up to three years in duration. However, in terms of stock returns, brand value had a minimal effect. As stock price was mostly influenced by cash flows, earnings and dividends, the most important part of brand value came from future cash flow attributed to a brand, which involved the level of the cash flow, how fast the cash flow comes in, its longevity, and the risk associated with the cash flow (Eng and Keh, 2007). Because of better image and quality perception among consumers, successful brands can generate high levels of sustained cash flow through premium prices and increased sales. Strong brands also enjoy lower risks and reduced vulnerability to competition due to consumer loyalty (Doyle, 2001). It is thus clear that brands are economic assets that improve firm value and simultaneously generate shareholder value.

BRAND ALLIANCE - DEFINITION AND ITS EFFECTS ON BRAND EQUITY

An examination of brand alliance research is also essential to this current research on cross-brand partnership in the context of loyalty programs. Brand alliance represents a joint effort by multiple brands to more effectively access the market and benefit from each brand's respective strengths. Brand alliances come in a variety of forms, such as the sale of two separately branded products in a bundle; two brands coming together to create a product or a product extension; the use of one brand as a component in a product from another brand; or offering a joint sales promotion by multiple brands (Dickinson and Heath, 2006). Another component of brand alliance is brand extension, which generally involves different products from a single brand that are based on similar logic as brand alliances. In both cases, a company either introduces a new product or forms a partnership to benefit from already established brand awareness. In the case of brand extension, companies build upon their own brand equity, whereas in a partnership the goal is to benefit from the equity of partner brands through spill-over, and to build stronger brand equity through synergy created by the alliance.

Potential Benefits and Problems Associated with Brand Alliance

Brand alliances aim to profit from the established brand equity or image of partner brands so as to engender positive reputation and attitudes among consumers through a positive spill-over effect. Other benefits include reduced risk and costs, shared expenses, increased market exposure and access to a new market(s) (Aaker and Keller, 1990; Dickinson and Heath, 2006).

These alliances or partnerships can also be very risky for the partner firms, as unsuccessful business attempts or negative qualities of the partner brands can be transferred to the focal firm and therefore affect their brand equity accordingly. One such negative influence is brand dilution, or the blurring of brand images among partnering brands. Blurring happens when a consumer no longer sees the brand as unique due to its perceived association with other brands. This loss of perceived uniqueness and weaker brand association can result in lower brand equity and consumer loyalty since it can reduce the likelihood of customers purchasing the brand in the future (Pulling, Simmons, and Netemeyer, 2006).

In addition to brand dilution, brands also risk negative associations from consumers due to the actions of the partner brand. Whereas brand dilution refers to the loss of distinctiveness in the consumers' minds, negative associations are lowered evaluations and attitudes towards a brand due to its association with a partnering brand. For example, in the case of a service failure by a co-branding partner, companies can face a negative spill-over effect meaning that they can be inadvertently affected by the incident in a negative manner (Kahuni, Rowley, and Binsardi, 2009). The level of spill-over is determined by the strength of the association between the brands. Furthermore, certain products with greater safety concerns, such as pharmaceuticals and children's products could be more sensitive to such negative spill-over effects than other products (Lei, Dawar, and Lemmink, 2008). Therefore before any company makes a brand partnership decision, the potential benefits of the alliance should be weighed against its possible risks.

Determinants of Brand Alliance Success and Failure

Both brand extension and co-branding literature suggest that one way to ensure that the favorable perception of the parent brand is transferred to the new extension or co-brand is through perceived category fit and brand image (concept) fit. Category fit happens when the category in which the extension product is being introduced is seen as similar to the category in which the parent brand traditionally operates (Aaker and Keller, 1990; Dickinson and Heath, 2008; Lei, Dawar, and Lemmink, 2008).

Perceived fit has been well examined in the marketing literature, and it is seen as a major factor that determines the success of brand extension and brand alliance. The majority of the initial research has focused on category similarity between the two (existing and newly introduced) products. Existing scholarship has demonstrated that when costumers perceive a match or fit between the original brand and the new extension or co-branded product, the positive associations of one brand can be transferred to the newly introduced brand.

Aaker and Keller (1990) and Chen and Chen (2000) demonstrated that brand associations will not transfer to newly extended or co-branded products if there is no category fit. Moreover, Pulling, Simmons, and Netemeyer (2006) found category similarity to be an important determinant of reinforcement or dilution effects experienced by brands. Their results demonstrate that category similarity is one of the factors that determine how connected two brands are and to what extent brand images and associations will be transferred between the brands. Pulling, Simmons, and Netemeyer (2006) demonstrated that if category similarity is high, brand associations will be reinforced, while they will in turn be diluted when category similarity is low. Threat of dilution is most severe when consumers perceive the two brands as highly dissimilar. Furthermore, any future actions from the partner brands can affect focal brands through association. Brand choice also does not benefit from dissimilar pairings, as when the brands are perceived as being dissimilar, they are less likely to be considered and chosen for purchase.

Park, Millberg, and Lawson (1991) expanded the perceived fit concept by adding brand image (concept) fit into the mix, suggesting that simply looking at category similarity does not provide adequate explanation of success of brand extension and brand alliance. Their research revealed that the effect of brand image (concept) fit is stronger than that of category fit, and that brands with strong images can extend into diverse product categories without facing negative evaluations and associations. Similarly, Broniarczyk and Alba (1994) provided empirical evidence that brand-specific attributes that differentiate products from those of their competitors are more dominant factors over category similarity in determining success. This explains why some brands can successfully expand into unrelated product categories and still maintain positive perceptions in customers' minds. It also demonstrates that extensions, co-branding and alliances do not need to be limited by product category. According to brand image (concept) fit, a product extension will be successful if customers are able to make a concept connection between the parent brand and the extension brand. For example, if Mercedes Benz's product concept is seen as luxury and Mercedes adds luxury watches to its product line, it could be successful regardless of category dissimilarity (car – watches) if the concept of luxury is transferred between the products (Dickinson and Heath, 2008). Furthermore, when two brands are seen as so different and inconsistent in terms of their images, customers can be skeptical about the intention behind such collaborative effort even if category fit is present (Simonin and Ruth, 1998).

The above discussion of perceived fit, either in the form of category fit or concept (image) fit, shows the importance of partner selection in any type of brand alliance. Choosing the right partner is vital for the success of the partnership program and protecting an organization from any negative consequences. However, the present literature is limited in identifying any possible negative aspects that can arise from these alliances. It fails to mention how partner selection, number of partners, and lack of fit between the members could potentially dilute the brand equity of the alliance and the firms involved.

RESEARCH CONTEXT – LOYALTY PROGRAM PARTNERSHIPS

While the aforementioned literature provides insight into the success and failure of brand alliances, there has been limited attention given to the potential positive and/or negative effects of brand alliance on the individual brands. Specifically, existing research is not clear regarding how brand alliance may enhance or dilute the image and equity of the brands, beyond the partnership itself. This research aims to fill that gap and examine the financial and consumer impact of brand alliances on the individual brands. To do so, the current study focuses on a specific form of brand alliance, loyalty program partnership, which has seen increasing use in recent years (Liu and Yang, 2009).

The choice of loyalty program partnership as the focus of this research derives from the increasing importance of customer relationship management in successful marketing. Over the years, marketing theory became more focused on the customers, after the concept of relationship marketing was initially introduced in the 1980s. Today, concepts like customer retention, customer lifetime value, and customer relationship management (CRM) receive increasing attention from marketing scholars. This shift in focus can be attributed to the saturation of the markets and a need to retain customers instead of going after new market segments (Wendlandt and Schrader, 2007). In order to increase our understanding of the ever-changing marketing environment, the Marketing Science Institute (MSI, 2004) listed CRM and its associated issues as one of the top research priorities. This caused an increase in marketing scholars' emphasis on loyalty programs, as such programs are seen as tools of CRM that stimulate usage of a product or service and encourage repeat purchases (Meyer-Waarden and Benavent, 2006).

Loyalty Program Definition

Loyalty programs are defined as programs that allow customers to accumulate points over time that can be redeemed for rewards (Liu, 2007). By instituting such a program, businesses attempt to establish and maintain long-term relationships with loyal customers by providing tangible and intangible incentives to their participants rewarding their repeated patronage (Gee, Coates, and Nicholson, 2008; Yi and Yeon, 2003; Meyer-Waarden and Benavent, 2006). From an organizational perspective, the main benefits of loyalty programs can be summarized as i) increasing revenues through increased sales or cross-selling other products/services from the company; ii) building relationships with customers to increase customer retention; iii) increasing customer insights through data collection; and iv) enhancing value (Kim, Shi, and Srinivasan, 2001; Liu, 2007; Liu and Yang, 2009; Gee, Coates, and Nicholson, 2008; Uncles, Dowling, and Hammond, 2003; Stone et al., 2004).

The first airline loyalty program introduced was AAdvantage by American Airlines in 1981. In the 30 years since their emergence, airlines' loyalty programs have gradually expanded to include other domestic and international airlines as well as hotel, rental car, credit card and retail partners, which enable consumers to earn miles or points by doing business with all of the partnering businesses.

For consumers, the benefits of the loyalty programs are both economic and psychological. Economic benefits are rewards that can be direct (incentives relevant to the product) or indirect (incentives not relevant to the product) and can have immediate (given in every visit) or delayed (given at the 'nth' visit) timing (Dowling and Uncles, 1997). Psychological rewards such as special invitations, services and conveniences offered exclusively to members are not necessarily financial in nature, but are still valuable to consumers.

Psychological benefits are unique in nature; they provide an emotional bond between the customer and the brand (Gable, Fiorito, and Topol, 2008). In a successful loyalty program, customers are made to feel like they are taking an active role in shaping the brand and overall, this would positively impact the relationship between the customer and the brand creating brand associations and brand loyalty. Similarly, Yi and Yeon (2003) demonstrated that brand loyalty is affected and can be established by program loyalty if customers perceive the program as valuable. The consensus among researchers is that successful loyalty programs will positively impact brand equity.

According to the 2015 COLLOQUY loyalty census on the US loyalty marketing industry, there are more than 3.3 billion memberships in US loyalty programs. Membership in loyalty programs has increased by 25.5% from 2012 to 2014 (COLLOQUY, 2015b). Three industries, financial services, travel and retail, are the most popular in regards to loyalty programs, and show the highest enrollment levels. The airline industry loyalty programs have enrollment of 355.9 million members. Airline loyalty program membership has increased by 14% from 2010 to 2012, but decreased by 4% from 2012 to 2014 (COLLOQUY, 2013; COLLOQUY, 2015b). Frequent flyer programs also show clear patterns of polygamous loyalty, as 60% of frequent flyer members in the US also have memberships in one or more other frequent flyer programs (MRI, 2002). These multiple memberships in different programs suggest that customers aim to increase the rewards/benefits that can be attained from such loyalty schemes. COLLOQUY research further demonstrated that membership does not always translate into active participation. Although the average household belongs to about 29 loyalty programs, they actively participate in just 42% of these programs. The 2012 Google/Ipsos OTX MediaCT research examined the differences between leisure and business travelers in regards to the usage of loyalty programs. Research showed that the percentage of leisure travelers who plan to make travel plans based on loyalty programs or incentives has been increasing over the years (30% in 2010 versus 31% in 2011 and 35% in 2012). In this regard, differentiation of loyalty programs through already established brand equity becomes more relevant.

Although marketing scholars in general have shown an interest in examining loyalty programs, research in this area is still limited. The research conducted in recent years focused mainly on the ability of these programs to yield financial benefits and improve market performance of the firms, and whether or not loyalty programs actually create customer loyalty [and if so, what kind of loyalty (behavioral or attitudinal)] (Lacey and Sneath, 2006; Rowley, 2007). Because of the dramatic growth of both the number of loyalty programs offered and their enrollment numbers, it is important for businesses to better understand consumer perception of these programs. A more detailed examination of the factors that can affect consumer attitudes, choices and responses is crucial for organizations to provide unique benefits, and thus differentiate themselves from other loyalty programs and improve the performance and outcome of their loyalty programs. Further research into these areas is critical to better understand the impact of loyalty programs on individual brands.

Consequences of Loyalty Program Partnership

Companies engage in loyalty program partnerships to increase their customer base by acquiring customers from their partners. As a result, both firms and their customers benefit from shared expertise and economies of scale. The customer gains additional opportunities to earn rewards more quickly without sacrificing their choices in services. The focal firm, in turn, gains an additional revenue source and the opportunity to attract more partners, choices and opportunities through the loyalty program. Furthermore, the partnering firm is able to offer customers rewards without straining their budget or resources.

The pitfalls of loyalty programs must be examined alongside their numerous benefits. Alliances are not immune to negative associations that can arise from brand dilution or service failures that affect partnering brand image and equity. As mentioned by Liu and Yang (2009), loyalty program partnerships blur the lines between the partner organizations, and customers may not necessarily be loyal to the focal firm. As for service failures, when companies form alliances or partnerships with other firms, they are motivating their customers to use the services of these partner firms (Weber, 2002), and when a service failure occurs, the success of a loyalty program partnership can be affected. Customers may not only evaluate the firm that is providing the service, but they are likely to also evaluate the partnering members and the overall alliance brand (Weber and Sparks, 2010).

Kalligiannis, Iatrou, and Mason (2006) surveyed 27 marketing managers of airlines that are part of an airline alliance such as Star Alliance, OneWorld and Sky Team. The subjects of the study indicated that customer expectations of harmonized service could be disadvantageous to their own brand. The study also showed that 89% of the marketing managers surveyed were apprehensive that their own brand may be absorbed by the alliance brand. Seventy nine percent also stated that they believe the firms within their alliance provide lower service quality and fail to meet the alliance's standards. The authors attributed this finding to the selection of alliance partners that is not based on service quality or brand equity but based on flights offered (Kalligiannis, Iatrou, and Mason, 2006). When asked to rate quality of service and airline image for both their own airline and the alliance, respondents gave lower ratings to the airline alliance.

Although the above study focuses on airline alliances, it provides the foundation for further study of brand dilution and service failure in frequent flier loyalty programs. Weber and Sparks (2010) suggest further research into vertical alliances which involve companies that provide different services, such as airlines partnered with hotels. Considering the increasing use of loyalty program partnerships, this phenomenon warrants further examination in regards to its possible negative effects on individual brands.

Summary of the Key Gaps and Research Questions

There's no question that brands are important and that brand equity – especially high brand equity – brings several advantages to a firm. The literature reviewed in this chapter reinforces this simple yet central fact. This literature review has also demonstrated that firms engage in brand alliances and brand extension, and subsequently use their brand equity as a tool to help the success of that brand alliance or extension. However, while a positive spillover effect can result and enhance the success of the alliance or the extension, negative consequences such as brand dilution are also possible.

While the current literature is focused on evaluating the final outcome of a brand alliance or extension, it fails to examine the effects of such alliances or extensions on the original partner brands. This research therefore aims to fill that gap by looking beyond the partnership itself to examine the effects of such alliances or extensions on individual brands. In order to achieve this objective, a setting with different types of brands coming to form a partnership was needed. Loyalty programs provided the perfect fit. A loyalty program setting was chosen due to its relevance to consumer relationship marketing, its popularity among customers, and its partnership structure. Current loyalty programs include many business partners across different industries. A loyalty program setting allows for the examination of the positive and/or negative effects of partnership on focal and partner brands. It also allows for an analysis of the partnership itself and a consideration of different pairings of brand equity levels, as well as pairings of similar and dissimilar brand categories. This research therefore makes a unique intervention in scholarship on the topic. To date, marketing scholars have not explored loyalty program partnerships in-depth despite its prevalent and increasing use in real life. Hence, this study will provide valuable information that will expand scholars' current understanding of loyalty program partnerships, as well as the effects of brand alliance and brand extension on partner brands.

This research aims to answer the main question, "What are the consequences of partnership in a loyalty program for individual brands?" In order to properly answer this question, this dissertation will encompass three studies that will address the following related research questions: "What kind of brands and categories would make for the most appealing loyalty program partnership?", "How does participation in a loyalty program partnership affect the brand identity distinctiveness of the individual brands?", and "What potential effects could a service failure of one brand have on other brands in the partnership?" The first two studies will seek to determine what kind of pairing would result in customers' higher joining intention to the loyalty program, and examine the change in the brand identity distinctiveness of the individual brand post partnership. The third study will focus on the specific situation of a service failure and will examine the possible effects of a negative spillover in a partnership.

In addition to filling a gap in the literature by both examining the partnership and individual brands, this research will also have practical applications in real life. This study aims to provide companies with information about how to choose the best partners for their loyalty programs. The results of this research will potentially help companies understand the possible positive or negative changes in their brand equity and brand identity distinctiveness based on their partner selection, and aid them to be better prepared in the event of a negative spillover.

CHAPTER III

PRELIMINARY QUALITATIVE ANALYSIS

As mentioned in the previous chapter, loyalty programs have been around since the 1980s (Travel Insider, 2010). However, loyalty programs today are no longer as simple as their earlier counterparts. In the last three decades, frequent flyer programs have grown and changed dramatically. For example, airline frequent flyer programs no longer consist of a single program that allows you to earn free miles through your travel. Frequent flyer programs have gradually expanded to include other domestic and international airlines as well as hotel, rental car, credit card, and retail partners (COLLOQUY, 2014). This gives consumers the ability to earn miles or points by making purchases with some or all of the partnering businesses. The increased number of partners offers consumers more chances to earn and redeem incentives, which has contributed to the current popularity of frequent flyer programs. COLLOQUY Chase Merchant Services 2014 Survey showed similar trends for all loyalty programs. In COLLOQUY Chase survey, 60% of the people surveyed said they would be more likely to join a retailer's loyalty program if they could earn extra points by using their own bank's cards. Forty nine percent of the respondents said they would be more likely to join the retailer's loyalty program if they could transfer the points they earned to their bank card's loyalty program. Findings of the COLLOQUY Chase 2014 survey suggest that at least some consumers preferred partnership loyalty programs. Similarly in another COLLOQUY May 2014 survey, 34% of the respondents said their frequent flyer programs now include more ways to earn points (Fasig, 2014).

In order to better understand the current frequent flyer programs and their partnership structures a preliminary analysis was completed by reviewing their respective websites to gather more information about their partnership structures. Table 2 and the discussion below explain the findings.

All of the US airlines maintain a section about their frequent flyer programs on their websites. Similarly all of the frequent flyer program websites have clearly labeled “earn miles” or “partners” sections which list the loyalty program partners and explain how purchases through partners will help to speed up earning points. For example Delta SkyMiles website states “Earn when you travel with us and let your miles take you to new places. Make purchases through SkyMiles partners and earn even faster.” JetBlue TrueBlue website states “Get to award flights faster by earning points with our partners”.

This examination also led to some basic discoveries that helped shape the design of the studies in this dissertation. Every frequent flyer program has a host brand whose name is associated with it, and which manages every aspect of the program, including partner selection and the reward system employed. The host brand is the original loyalty program provider. For example, Delta SkyMiles is the frequent flyer program for Delta Airlines. This designates Delta Airlines the host brand, while the other brands are the partner brands.

One can see from Table 2 that current frequent flyer programs have divergent partnership structures; both the number of partner firms and the distribution of partner businesses vary greatly from one frequent flyer program to another. For example, while Spirit Airlines Free Spirit only has 15 partner businesses, American Airlines AAdvantage boasts 120 partners.

Table 2 Preliminary Airline Analysis–As of February 2015

Airline Name	Frequent Flyer Program Name	Year	Airline	Hotel	Car Rental	Credit Card	Financial Institution	Florist	Home and Health	Retail and Dining	Cruises and Vacations	Other	Total
Alaska Air Group Inc	Mileage Plan	1983	14	14	7	3	0	2	0	3	1	5	49
AMR (American Airlines) Corp.	AAdvantage	1981	27	53	12	4	6	3	6	4	2	9	120
Delta Air Lines Inc	Delta Skymiles	1981	26	19	9	27	0	1	0	7	6	4	99
Frontier Airlines Holdings Inc	Early Returns	2001	0	5	6	1	0	1	0	2	1	6	22
Hawaiian Holdings Inc	Hawaiian Miles	1983	8	54	7	1	0	8	20	9	1	10	118[1]
Jetblue Airways	TrueBlue	2002	4	7	5	4	0	1	3	2	1	12	39
Southwest Airlines	Rapid Rewards	1987	0	10	9	4	0	1	3	2	0	4	33
Spirit Airlines	Free Spirit	2006	0	1	3	1	0	0	0	3[3]	1	6	15
UAL Corp.	Mileage Plus	1981	38	20	7	23	3	1	5	11	2	8	118
US Airways Group [2]	Dividend Miles	1984	16	29	8	1	2	3	4	2[3]	18	22	105

[1] Hawaiian Miles also has cardholder members. In order to earn points participants should have Hawaiian Airlines credit card.
[2] In the second quarter of 2015, Dividend Miles will be integrated into American Airlines AAdvantage.
[3] Dividend Miles and Free Spirit have their own storefront and dining rewards network that consists of multiple businesses.

As for differences in the distribution of partner businesses, from Table 2 it can be seen that while Southwest Airlines does not partner with any other airlines for their Rapid Rewards Program, UAL Mileage Plus has 38 partner airlines. Similarly while JetBlue TrueBlue, Spirit Airlines Free Spirit and Frontier Airlines Early Returns only have a few hotel partners, Hawaiian Airlines Hawaiian Miles and American Airlines AAdvantage have over 50 hotel partners. Furthermore partnership structures reveal that the partners can be in the same business category (airline) as the host brand, they could be in a closely related business category, such as hotels, or they could belong to a very dissimilar category, such as a florist.

Based on these findings, in this dissertation each brand will be labeled either as the host brand or the partner brand and as a high-equity or low-equity brand. Furthermore, partner brands will be classified as similar or dissimilar brands. This will allow the examination of the different pairings in terms of equity tier of the host and partner brands, and conceptual fit of the partnership brands, as well as how that conceptual fit affects the appeal of the loyalty program partnership.

Frequent flyer programs are not the only loyalty programs that allow several brands to form partnerships simultaneously. Coalition loyalty programs offer incentives to customers of multiple businesses while using a single loyalty program. Air Miles Canada is an example of a coalition program. Air Miles Canada has over 100 partners. Members of Air Miles Canada can earn points from the participating businesses and they can redeem their Air Miles for travel, merchandise and even cash (Air Miles Canada (www.airmiles.ca)). Such coalition programs provide customers with value and attractive offers beyond what a single company can offer. Quickly earning rewards points across partners and greater selection of rewards makes the coalition programs attractive for consumers. For companies, as the administrative costs are shared among program participants, it is a cost effective way to offer loyalty programs (SLI, 2014). Furthermore it is possible to benefit from the customer base of other companies. However, such multi-vendor coalition loyalty programs do not necessarily have a dominant host brand, like frequent flyer programs. For example, American Express Plenti, the first large scale coalition program in the USA, is administered by American Express but the members of Plenti aren't required to use American Express cards. Even competing credit cards such as Visa and MasterCard are an acceptable form of payment (COLLOQUY, 2015). The lack of a distinct dominant host identity among brands is the reason why the studies in this dissertation do not focus on coalition loyalty programs.

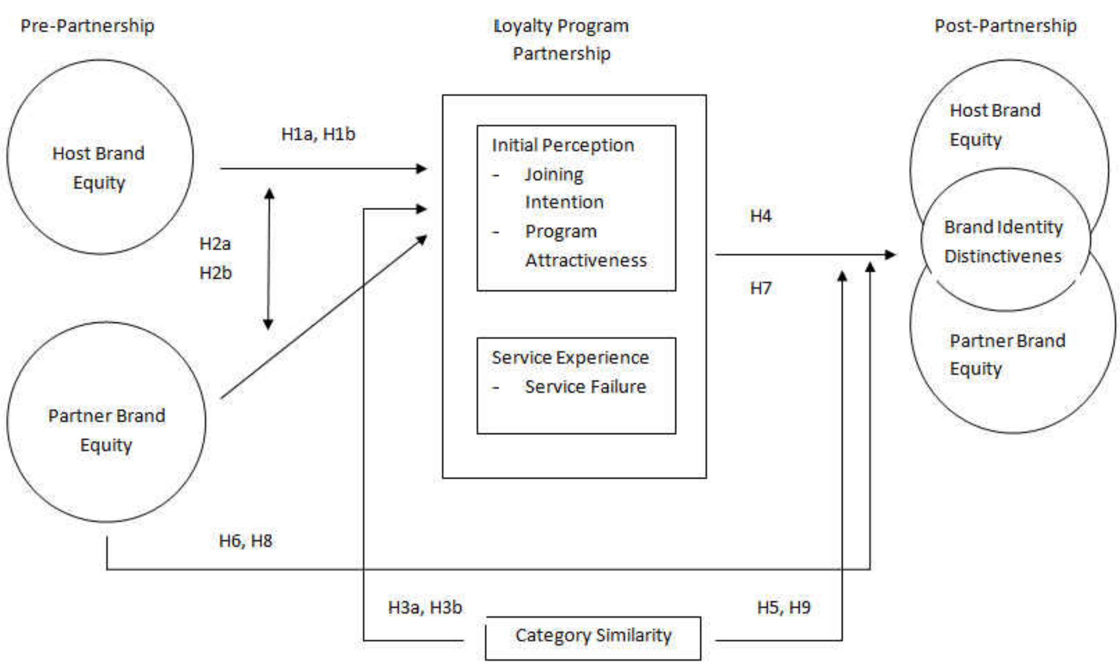


Figure 1 – Proposed Model

CHAPTER IV

STUDY 1

HYPOTHESES FORMULATION

In order to examine the consequences of partnership in a loyalty program for individual brands, the first study will focus on identifying what makes a partnership loyalty program appealing to the consumer.

In a partnership loyalty program, there are several possible equity pairings. A high-high pairing is the most desired form, which entails a high-equity brand logically pairing with another strong brand. For example consumers are more likely to buy a co-branded product with two high-equity brands than a high-low equity pairing (Besharat, 2010). A high-low pairing is also plausible, however it might not be always desirable for high-equity brands. High-equity brands might want to protect their brand equity and brand image from any possible negative consequences that can happen by pairing with a low-equity brand. According to Washburn, Till, and Priluck (2004), low-equity brands can create a negative synergy hurting consumers perceptions about the high-equity brands. Although low-equity brands would like to partner up with a high-equity brand to benefit from their already established name, knowledge, and consumer base, what occurs if low-equity brands cannot find high-equity brand partners? This does not automatically mean that they have no chance to form partnerships; they could form a low-low pairing. There is a gap in the literature in regards to partnerships between low-equity brands (low-low pairings), as they are generally neglected in extant research. This is mainly because all brand extension, co-branding, and partnerships are based on the notion that these connections will benefit companies through the transfer of already established brand names and associations, knowledge and risk sharing, and economies of scale. Therefore prior studies either examined pairings of two high-equity brands or a pairing between one high-equity brand and a low-equity brand (Simonin and Ruth, 1998; Voss and Gammoh, 2004). Even though a low-low pairing might not be as desirable as other types of pairings, it can still occur. Two low-equity brands can form a partnership and benefit from the synergy that such an alliance generates. In some cases, such alliances might even be crucial for low-equity brands' survival in order to compete with bigger and stronger brands. This situation demonstrates the importance of further examination of a low-low brand equity pairing. Study 1 will examine all possible brand equity pairings: high host equity/ high partner equity, high host equity/ low partner equity, low host equity/ high partner equity and low host equity/ low partner equity.

Brand alliances are formed by companies to benefit from the established brand equity of parent and partner brands, which creates positive spillover effects for the partnering brands. For example, according to Park, Jun, and Shocker (1996), associations to the host and the partner ingredient brand would transfer to the extension. Chan and Cheng (2012) demonstrated that, in the case of brand alliance, customers' prior attitudes about the original brands influence their evaluations of brand alliance. When examining co-branding, Washburn, Till, and Priluck (2000, 2004) found that two high-equity partners experience greater positive spillover effects. In addition, Washburn, Till, and Priluck (2000,2004) showed that while brands with lower equity benefit most from co-branding, products with high brand equity do not experience a downgrade in their equity when paired with a low-equity brand. Cobb-Walgren, Beal, and Donthu (1995) demonstrated that high-equity brands experience higher levels of customer satisfaction as well as higher purchase and repurchase intentions. Aaker's (1991) examination of brand equity dimensions indicated that high-equity brands experience higher current and future purchases. Buil, Matinizez, and de Chernatony (2013) provided additional support for Aaker's (1991) study by demonstrating that brand extension evaluations are more favorable for high-equity brands and that purchase intention increases with brand equity. Taken together, these findings clearly demonstrate the significant role that brand equity plays in consumer evaluations of brand extensions or brand alliances and transfer of perceptions from parent to the extension (Czellar, 2003). This literature review informs the following hypotheses:

H1a: High-equity brand will lead to higher joining intention in a loyalty program than low-equity brands.

H1b: High-equity brand will lead to higher perceived attractiveness of a loyalty program than low-equity brands.

In addition to the differences between high-equity and low-equity brands, the effect of host brand and partner brand equity needs to be examined. As mentioned previously, host brands are the original providers of the loyalty program and they manage all aspects of said program. Furthermore, host brands not only give their names to the loyalty program partnership, but the loyalty program currency (e.g., points) is also determined by the host brand currency. In other words, members of the loyalty program partnership earn frequent flyer miles for the host brand airline rather than earning reward points from the partner brands. For example, if someone joins Delta SkyMiles and shops with partner brands, they would be earning Delta SkyMiles points that can be redeemed for rewards or benefits provided by none other than Delta Airlines. Brand extension literature provides support for the difference between host and partner brands. Aaker and Keller (1990) and Keller and Aaker (1992) stated that the manufacturer's ability to make the extension product is an important factor in consumer evaluation of the brand extension.

Similarly, Smith and Andrews (1995) demonstrated that consumers will cognitively assess fit of the parent brand and the extension. Furthermore, in the case of co-branded extension with multiple brands, Hariharan, Bezewada, and Talukdar (2012) found that host brand loyalty would have a greater effect on a trial of a co-branded extension than the partner ingredient brand. The literature discussed here, as well as the structure of the loyalty program partnerships, demonstrate the dominant role that the host brand plays in the loyalty program. This leads to the next hypotheses:

H2a: The effect of host brand equity will be greater than the effect of the partner brand equity on joining intention in of a loyalty program.

H2b: The effect of host brand equity will be greater than the effect of the partner brand equity on perceived attractiveness of a loyalty program.

Perceived fit is another major factor that determines the success of brand alliances and brand extensions. Aaker explained that "a meaningful association that is common to both the brand and the extension can provide the basis of fit" (1990, p. 51). Tauber (1988, p. 28), in turn, defined fit between the parent and extension as customers' perception of the new extension as "logical and would expect it from a [parent] brand." In co-marketing alliances, Aaker and Keller (1990) explained that when consumers perceive two products as well paired and can imagine that, in certain situations, the two different products can be used together as a complement, they would be considered complementary. Research has shown that when customers perceive a fit between brands, brand images and positive associations will be more easily transferred to the extension or the co-branded product (Aaker and Keller, 1990 ; Chen and Chen, 2000). However, the effect of perceived category fit has not been examined in a loyalty program setting. Murphy and Medin (1985) stated that customers will form their own theories of fit between the parent brand and the extension. Park, Millberg, and Lawson (1991) stated that the extension needs to be consistent with the parent brand's concept. Moreover, Park, Jun, and Shocker (1996) and Simonin and Ruth (1998) confirmed that compatibility between partnering brands is an important factor in influencing customers' evaluation of brand alliances; they also recognized that customers prefer brand alliances consisting of complementary brands rather than partnerships between non-complementary but highly favorable brands. Other researchers argued that extensions can benefit from positive synergy effects when they are complementary but not from the same category (Shine, Park, and Wyer, 2007). Although this information might seem contradictory to the general discussion of category similarity in the previous chapter, it is nevertheless crucial to remember that conceptual fit theory suggests that extensions will be successful as long as customers can make a concept connection between the parent and the extension brand.

What does perceived fit and/or conceptual fit mean in a loyalty program setting? As discussed in the previous chapter, one of the benefits of loyalty programs for consumers is rewards. Reward-oriented consumers want a loyalty program in which they can have plenty of opportunities to receive rewards. This is one of the reasons why host brands partner with a variety of businesses to give customers the ability to earn points more quickly from a wide range of transactions with the partnering companies. In a single-company loyalty program setting, customers can only earn rewards from using the services or buying the products of one company. For example, a very basic "buy ten cups of coffee, get one free" program requires the consumer to make ten trips to the coffee shop to earn the reward. However, in a loyalty program partnership setting where there are several partner firms across different industries, the consumer can earn points quickly. For example, a member of a frequent flyer program is not limited to earning points from their air travel. They can also earn points from their hotel stay, car rental, special credit cards, flower purchases, and so forth. This setting affords customers more freedom in their choices, more options to earn points, and it results in the ability to earn higher points more quickly and therefore redeem rewards faster as well. When all of these benefits are taken into consideration in a loyalty program setting, dissimilar partners across multiple different categories will be seen as logistically complementary to any partnership loyalty program by consumers. More options to earn points from a wide variety of purchases can be valued more than similar partners that limit the types of purchases that can be used to earn points. This suggests that in a loyalty program partnership setting, the consumer will see dissimilar but complementary partners as a better conceptual fit than same category partners. This leads to the next hypotheses:

H3a: Consumers will have higher joining intention towards a loyalty program partnership consisting of dissimilar brands than a loyalty program partnership consisting of similar brands.

H3b: Consumers will have higher perceived attractiveness towards a loyalty program partnership consisting of dissimilar brands than a loyalty program partnership consisting of similar brands.

METHODOLOGY

Design

The design for Study 1 was a 2 (high vs. low host brand equity) x 2 (high vs. low partner brand equity) x 2 (high vs. low category similarity) between-subject factorial design with two control groups. The control groups were baseline conditions where reaction to the host loyalty program (high vs. low brand equity host brand) was measured without any partnership. Each participant was randomly assigned to one of the ten scenarios. To test the hypotheses host, partner brand equity and category similarity were manipulated. The survey took 10 to 15 minutes.

Amazon Mechanical Turk was used for all of the pretests and two of the main studies in this dissertation. Mechanical Turk is an online platform that brings together requesters with on-demand workforce and is run by Amazon.com. Mechanical Turk allows requesters to create and publish Human Intelligence Tasks (HIT). Every HIT has a reward determined by the requester payable to the participant after the acceptance of the work submitted by the requester. Mechanical Turk has been increasingly used by researchers in the social sciences to collect data. There have been several studies comparing Mechanical Turk samples to more traditional samples, and consistently researchers have recommended Mechanical Turk as providing high quality, reliable and valid samples (Horton, Rand, and Zeckhauser, 2011; Paolacci, Chandler, and Ipeieratis, 2010; Bates and Lanza, 2013).

Pretests

Three pretests were done to determine the high/low equity for host and partner brands as well as the category similarity.

Pretest 1

The goal of the first pretest was to determine high vs. low category similarity and high vs. low host brand equity for the airlines. For Pretest 1, 50 participants were recruited from Amazon Mechanical Turk and were paid for their participation in this pretest. Previous examination of the airline partnership structures (see Table 2) identified that common partners in frequent flyer programs include other airlines, hotels, car rental companies, credit cards, financial services, florists, home services, health services, retailers, restaurants, cruises, vacations, and other miscellaneous businesses. Although this dissertation focuses on airlines as the host brand and the provider of the original loyalty program, several commonly found non-airline pairings of the above business categories were also included in category similarity questions as filler pairs to make it less obvious to the participants that the focus was on airlines. A total of 22 business pairings were included. Both the order of the pairs and the order of business categories in each pair were randomized so there was no consistent response pattern for any pair. Utilizing a 7-point Likert scale anchored at not at all similar / very similar, participants were asked to rate how similar each of the 22 pairs of businesses was (Montaner and Pina, 2009).

After the similarity questions participants were also asked to evaluate several airlines to determine the high and low brand equity airlines. Pretest 1 asked the participants to evaluate the following 9 airlines: Alaska Airlines, Allegiant Airlines, American Airlines, Delta Airlines, Frontier Airlines, Jet Blue, Southwest Airlines, Spirit Airlines and United Airlines. These airlines were chosen to reflect diverse brand equity levels. As the participants were asked to evaluate brand equity for several brands, a shorter five–item brand equity scale was used in this pretest. This five-item scale has been established using Aaker (1996) and has been previously used by

Rust, Zeithaml, and Lemon (2000) and Brady et al., (2008). See Appendix 1 for the Pretest 1 questionnaire.

The results showed that in comparison to airlines, cruises were the most similar business category ($M = 5.06$, $SD = 1.57$) followed by car rental ($M = 4.58$, $SD = 1.35$). Florists are the most dissimilar business category ($M= 2.12$, $SD = 1.46$). Although results showed that cruises are the most similar business category, they are too different in amount of spending than florist. In order to make sure that the amount of spending wouldn't be a factor in study respondent's answers, car rental was selected as the most similar business category to use in the studies. In order to make sure that the mean scores of similar and dissimilar pairings were statistically different, multiple comparisons and Tukey post hoc tests were done. Results showed that the mean difference between car rental and florists was statistically significant (Mean difference = 2.46, $p = .000$)

In order to measure brand equity, mean scores of the five item scale were used to create a composite variable. For the nine airlines tested, the brand equity scale Cronbach's alpha ranged from .693 to .896. The results showed that Southwest Airlines has the highest brand equity score ($M = 4.11$, $SD = 1.36$) and Spirit Airlines has the lowest brand equity score ($M = 3.08$, $SD = 0.95$). In order to make sure that the mean scores of Southwest Airlines and Spirit Airlines were statistically different, multiple comparisons and Tukey post hoc tests were done. Results showed that the mean difference between Southwest Airlines and Spirit Airlines was statistically significant (Mean difference = 1.03, $p = .000$). Based on these findings Southwest Airlines and Spirit Airlines were selected to be used in the first study.

Pretest 2

After the similar and dissimilar product categories were determined, two more pretests were conducted to determine brands with high and low brand equity in car rental and florists partner categories. Several brands in each category were chosen and the participants were asked to rate them on brand equity.

Pretest 2 was done to determine high and low brand equity florists. Seven florists were chosen for Pretest 2. Florists used in Pretest 2 were 1800Flowers, Blooms Today, The Bouqs, From You Flowers, FTD, Just Flowers and Teleflora. Data for Pretest 2 were collected in the same manner as Pretest 1. Amazon Mechanical Turk was used to recruit a total of 50 participants and they were paid for their participation. The same five – item brand equity scale was used in this pretest. See Appendix 2 for the Pretest 2 questionnaire.

In order to determine brand equity for florists, mean scores of the five item scale were used to create a composite variable. For the seven florists tested, the brand equity scale Cronbach's alpha ranged from .721 to .860. The results showed that FTD florists had the highest brand equity score ($M = 3.93$, $SD = 1.12$) and Blooms Today florists had the lowest brand equity score ($M = 3.15$, $SD = 0.67$). In order to make sure that the mean scores of FTD florists and Blooms Today florists were statistically different, multiple comparisons and Tukey post hoc tests were done. Results showed that the mean difference between FTD and Blooms Today was statistically significant (Mean difference = 0.78, $p = .001$). Based on these findings FTD florists and Blooms Today florists were selected to be used in further research.

Pretest 3

Pretest 3 was done to determine high and low brand equity car rental companies. Ten car rental companies were chosen for Pretest 3. Car rental companies used in Pretest 3 were Ace

Rent a Car, Advantage Rent a Car, Alamo Rent a Car, Avis car rental, Budget car rental, Dollar Rent a Car, Enterprise Rent a Car, Hertz Rent a Car, National car rental and Thrifty car rental. Data for Pretest 3 was collected in the same manner as Pretests 1 and 2. Amazon Mechanical Turk was used to recruit a total of 50 participants and they were paid for their participation. The same five – item brand equity scale was also used in this pretest. See Appendix 3 for the Pretest 3 questionnaire.

In order to determine brand equity for car rental companies, mean scores of the five item scale were used to create a composite variable. For the ten car rental firms tested, the brand equity scale Cronbach's alpha ranged from .754 to .886. The results showed that Enterprise Rent a Car had the highest brand equity score (M = 4.87, SD = 1.19). However Enterprise Rent a Car has a different business model than the other car rental firms and focuses on inner-city and corporate rentals. Due to this, Hertz, the second highest brand equity score (M= 4.39, SD = 1.32) car rental firm, was selected for future analysis. Dollar Rent a Car had the lowest brand equity score (M = 2.83, SD = 0.94). In order to make sure that the mean scores of Hertz Rent a Car and Dollar Rent a Car were statistically different, multiple comparisons and Tukey post hoc tests were done. Results showed that the mean difference between Hertz and Dollar Rent a Car was statistically significant (Mean difference = 1.56, p = .000). Based on these findings Hertz and Dollar Rent a Car were selected to be used in further research.

Main Study Procedure

300 participants from Amazon Mechanical Turk took part in the main study in exchange for nominal financial compensation. The sample consisted of 123 female (41%) and 177 male (59%) participants. Respondents mainly traveled for leisure reasons (75%) and 73% of the

participants have at least traveled once in the last 12 months. Sample characteristics can be seen in Table 3.

In the main study, the participants were first asked to rate the brand equity of the host and the partner brands. Then participants were given the partnership scenario. In the partnership scenario, initially participants were told about the host brand and its frequent flyer program. They were then told that the host brand announced that the partner brand will be joining this program, and that they can earn points from their purchases at the partner brand and can redeem these points at the host brand's frequent flyer program. Then participants were asked about their likelihood of joining the frequent flyer program and asked to rate the perceived program attractiveness. Respondents were asked to rate brand equity of both the host and the partner brand once again after the partnership.

Table 3 – Study 1 Sample Characteristics

		n	Percentage
Gender	Female	123	41%
	Male	177	59%
Age	16-19	2	0.7%
	20-24	38	12.7%
	25-34	153	51%
	35-44	64	21.3%
	45-54	24	8%
	55-64	18	6%
	65 and older	1	0.3%
Fly for Business or Leisure	Business	17	5.7%
	Leisure	225	75%
	Both	58	19.3%
How often fly during the past 12 months	0	81	27%
	1-2	136	45.3%
	3-4	52	17.3%
	5 or more	31	10.3%

In the last part as a manipulation check, category similarity was checked by asking the respondents to rate how similar the host and the partner brands are. Participants then were asked a series of questions about their general preferences of a loyalty program partnership structure as well as about their perceptions about the partnership scenario they were presented. Survey ended with several demographic questions. Study 1 questionnaire can be found in Appendix 4. In comparison, control groups participants were only asked to evaluate the host brand equity and host brand frequent flyer program without any mentioning of a new partner. Study 1 control group questionnaire can be found in Appendix 5.

Measurements

In order to determine program joining intention, participants were asked to rate the likelihood that they would join this program (Kivetz and Simonson, 2003). An 11-point scale ranging from "very unlikely to join" to "very likely to join" was used.

Program attractiveness scale was adapted from Mimouni-Chaabane and Volle (2010). It contains four items measured on a 7-point scale anchored at "strongly disagree" and "strongly agree". In addition to basic category similarity, a more detailed perceived fit measurement was included to capture the perceptions of the respondents about the partnership. The measure was adapted from Dwivedi, Merrilees, and Sweeney (2010). Scales used in Study 1 can be found in Table 4.

For brand equity measurement composite scores were averaged from the five items. Internal consistency of the brand equity scale was assessed which yielded a Cronbach's alpha between .762 and .890.

Table 4 – Study 1 Scales

Name	**Scale Items**	**Adapted from**
Category Similarity	On a 7-point scale, with 1 being very different and 7 being very similar, please rate how similar each of the following pair of businesses are to each other.	Montaner and Pina(2009)
Brand Equity Scale	How loyal are you to this airline? (scaled from "Not at all Loyal" to "Very Loyal") What kind of attitude do you have about this airline? (scaled from "Negative Attitude" to "Positive Attitude") What kind of image does this airline have? (scaled from "Negative Image" to "Positive Image") How would you rate the quality delivered by this airline? (scaled from "Low Quality" to "High Quality") Would you be willing to pay more for this airline than you would another airline? (scaled from "Definitely Not" to "Definitely")	Aaker (1996) Rust, Zeithaml, and Lemon (2000) Brady et al, (2008)
Joining Intention	How likely would you be to join to this program? (scaled from "0 very unlikely to join" to "10 very likely to join")	Kivetz and Simonson (2003)
Program Attractiveness	My overall evaluation of this program is good I would recommend this program to others I would prefer this program to other frequent flyer programs I like this program more so than other programs (scaled from "Strongly Disagree" to "Strongly Agree)	Mimouni-Chaabane and Volle (2010)
Perceived fit scale	The [partner brand] joining as a partner to [Host brand Miles] makes sense. According to me, the decision to add [partner brand] to the [host brand Miles] is very surprising. According to me [host brand]'s decision to add [partner brand] to their [host brand Miles] seems logical. (scaled from "Strongly Disagree" to "Strongly Agree)	Dwivedi , Merrilees and Sweeney (2010)

Manipulation Checks

Effectiveness of the category similarity manipulation was examined, and respondents correctly identified the car rental company as more similar to airline than the florist. The difference between the similarity scores for car rental and florist was statistically significant. (For car rental M = 4.21 SD = 1.43, For florists M = 1.75 SD = 1.24; t (236) = 14.166, p = .000)

Effectiveness of the host and partner brand equity manipulation was examined. For the host brand equity manipulation check respondents correctly identified Southwest Airlines as the high equity airline and Spirit Airlines as the low equity airline. The difference between the brand equity scores for Southwest Airlines and Spirit Airlines were statistically significant. (Southwest Airlines M = 4.10 SD = 1.17, Spirit Airlines M = 3.23 SD = 1.10; t (298) = 6.617, p = .000)

Partner brand equity manipulation checks were also done for florists and car rental companies. For florists respondents correctly identified FTD as the high equity florist and BloomsToday as the low equity florist. The difference between the brand equity scores for FTD and Blooms Today were statistically significant. (FTD Florists M = 3.66 SD = 1.04, BloomsToday Florists M = 3.30 SD = .48; t (117) = 2.394, p = .018) For car rental firms Hertz and Dollar were correctly rated as the high equity and low equity car rental firm respectively. The difference between the brand equity score for Hertz and Dollar Rent a car was statistically significant as well. (Hertz M = 3.91 SD = 1.17, Dollar Rent a Car M = 3.30 SD = 1.10; t (117) = 3.676, p = .000)

Tests of Hypotheses and Results

Hypotheses 1a, 2a and 3a were about joining intention into the loyalty program. Hypothesis 1a proposed that high equity brand will lead to a higher joining intention in a loyalty program than low equity brands. Hypothesis 2a proposed that the effect of the host brand equity will be greater than the effect of the partner brand equity on joining intention in a loyalty program partnership. Hypothesis 3a proposed that consumers will have higher joining intention towards a loyalty program partnership consisting of dissimilar brand than similar brands.

As an exploratory analysis related to these hypotheses, the treatment groups were compared to the control groups. Multiple comparisons and Tukey post hoc tests showed differences between equity levels. For the high equity host brand control group mean of joining intention was 7.10 with a standard deviation of 2.99. When compared to the control group, high equity host brands with dissimilar partners had significantly lower joining intention (For high equity host brand with high equity dissimilar partner M = 4.37 SD = 2.87 Mean Difference = 2.730 p = .005. For high equity host brand with low equity dissimilar partner M= 4.35 SD = 3.09 Mean Difference = 2.742 p = .005). For the low equity host brands there was no statistically significant difference between the groups for joining intention. (See Table 5)

Table 5 Mean Joining Intention

Treatments	Southwest Airlines	Spirit Airlines
Control group	7.10	5.19
FTD	4.37*	4.34
Blooms Today	4.35*	4.41
Hertz	6.10	5.52
Dollar Rent a Car	6.06	5.43

.* Significant mean difference with control group at the 0.05 level

To test these hypotheses an ANOVA was done by using joining intention as the dependent variable, and host brand equity, partner brand equity, similarity, and all their two-way and three-way interactions as independent variables. Flying frequency was used as a covariate (see Table 6). There was no statistically significant three-way or two-way interactions. The main effect of host brand equity (F (1, 229) = .397 p = .529) and partner brand equity (F (1, 229) =. 004 p = .953) was also not statistically significant. A planned contrast was used to compare the strength of the effect of host brand equity and partner brand equity to test hypothesis 2a. This contrast was not significant (p = .314). **Therefore, hypothesis 1a and hypothesis 2a were not supported for joining intention.**

Table 6 Study 1 ANOVA for Joining Intention

Variables	Mean Square	F	p-value
Flying frequency	63.070	6.820	.010*
Host Brand	3.674	.397	.529
Partner Brand	.033	.004	.953
Similarity	119.743	12.948	.000*
Host Brand * Partner Brand	.073	.008	.929
Host Brand * Similarity	2.979	.322	.571
Partner Brand * Similarity	.034	.004	.952
Host Brand * Partner Brand * Similarity	.104	.011	.916

.* Significant at the 0.05 level

ANOVA for joining intention showed significant main effects for similarity (F (1, 229) = 12.948 p = .000). Planned contrast for the similarity variable was significant for joining intention to the loyalty program (Similar mean = 5.78, Dissimilar mean = 4.37, p = .000). This means while similarity variable had demonstrated significant main effects, it worked in the opposite direction to what was hypothesized. In other words respondents had lower joining intention towards loyalty program partnership consisting of dissimilar brands. **Based on this hypothesis 3a was not supported.**

Perceived attractiveness of the loyalty program was examined in hypotheses 1b, 2b and 3b. Hypothesis 1b proposed that the high equity brand will lead to higher perceived attractiveness of a loyalty program than the low equity brand. Hypothesis 2b proposed that the effect of the host brand equity will be greater than the effect of the partner brand equity on perceived attractiveness of a loyalty program. Hypothesis 3b proposed that consumers will have higher perceived attractiveness towards a loyalty program partnership consisting of dissimilar brand than similar brands.

As an exploratory analysis related to these hypotheses, treatment groups were compared to the control groups. Multiple comparisons and Tukey post hoc tests showed differences between equity levels (See Table 7). When compared to the control group, high equity host brands with low equity dissimilar partners had significantly lower perceived attractiveness (Mean Difference = .847 p = .049). High equity host brand partnering with high equity similar partner brand had significantly higher perceived program attractiveness than high equity host brand partnering with dissimilar partners (For high equity dissimilar partner Mean difference = .969 p = .020; For low equity dissimilar partner Mean difference = .981 p = .016). This suggests high equity host brands partnering with dissimilar brands, especially low equity dissimilar brands, lowers the program attractiveness. For the low equity host brands there were no statistically significant difference between the groups for perceived attractiveness.

Table 7 Mean Perceived Attractiveness

Treatments	Southwest Airlines	Spirit Airlines
Control group	4.70	4.21
FTD	3.87	3.63
Blooms Today	3.85*	3.61
Hertz	4.84	4.41
Dollar Rent a Car	4.66	4.21

.* Significant mean difference with control group at the 0.05 level

To test these hypotheses an ANOVA was done by using program attractiveness as the dependent variable and host brand equity, partner brand equity, similarity and all their two-way and three-way interactions as independent variables. Flying frequency was used as a covariate (see Table 8). There was no statistically significant three-way or two-way interaction. Main effect of host brand equity ($F(1, 229) = 3.967$ $p = .048$) was statistically significant while the main effect of partner brand equity ($F(1, 229) = .358$ $p = .550$) was not statistically significant.

A planned contrast was used to compare the strength of the effect of host brand equity and partner brand equity to test hypothesis 2b. This contrast was not significant (p = .165). **Based on these findings, hypothesis 1b was supported for program attractiveness for the host brand while hypothesis 2b was not supported.**

Table 8 Study 1 ANOVA for Perceived Attractiveness

Variables	Mean Square	F	p-value
Flying Frequency	.634	.375	.541
Host Brand	6.714	3.967	.048*
Partner Brand	.605	.358	.550
Similarity	36.914	21.808	.000*
Host Brand * Partner Brand	.001	.001	.980
Host Brand * Similarity	.500	.295	.587
Partner Brand * Similarity	.367	.217	.642
Host Brand * Partner Brand * Similarity	.002	.001	.976

.* Significant at the 0.05 level

Similar to joining intention analysis, ANOVA for perceived attractiveness also showed a significant main effect for similarity ($F(1, 229) = 21.808$ $p = .000$). Planned contrast for similarity variable was also significant for perceived attractiveness of the loyalty program (Similar mean = 4.53, Dissimilar mean = 3.74, p = .000). For perceived attractiveness similarity variable was significant but it once again worked in the opposite direction to what was hypothesized. **Therefore hypothesis 3b was not supported.**

It's important to note that although hypotheses 3a and 3b weren't supported, the findings for similarity variable are consistent with the current brand extension literature. As discussed previously in the literature review chapter, previous research suggests conceptual fit to be an important factor in success of brand alliances and brand extensions. In this dissertation it was hypothesized that loyalty program setting would be a unique setting and consumers would see dissimilar partners as more desirable as they will allow the customers to earn loyalty points quickly across different types of partners. According to the ANOVA results for both joining intention and perceived attractiveness, loyalty program setting wasn't as unique as hypothesized and participants preferred similar partners more. However when asked about their general preferences for a loyalty program partnership, participants gave answers that supported the logic behind the 3a and 3b hypotheses. 81.1% of the respondents agreed (somewhat agree, agree, strongly agree) that different types of partner firms makes it easier to earn points in a loyalty program setting. 78.5% of the respondents agreed that they are more likely to become a member of a loyalty program that has many partners across different business categories. These somewhat conflicting answers suggests there is more at play here than simple category similarity. It is possible that complementarity of the businesses (airline and car rental) and joint demand towards these complementary services played a role in these findings. It is also possible that the respondents did not use florists frequently. Therefore it is possible that although the respondents found dissimilar businesses desirable, an infrequently used florist partner brand wouldn't bring much benefit to the loyalty program members. This could explain why florists as a partner brand did not demonstrate the hypothesized higher joining intention and perceived program attractiveness. The reasons for the findings of this study need to be explored further in future research.

Although not hypothesized, the effect of the loyalty program partnership on the brand equity of the host and partner brands were also examined. Participants were asked to rate the brand equity of the host brand and the partner brand both before and after the partnership scenario. These ratings were used to derive both the host and partner brand equity change (i.e., post-partnership rating minus pre-partnership rating) as a result of the loyalty program partnership. To examine the effects of host brand equity, partner brand equity and similarity on host brand equity change, a third ANOVA was done with host brand equity change as the dependent variable and the same set of independent variables and covariate (See Table 9). Results showed significant main effects of partner brand equity (F (1, 229) = 5.707 p = .018), significant main effects of similarity (F (1, 229) = 20.332 p = .000) and significant two-way interaction between partner brand equity and similarity (F (1, 229) = 4.946 p =.027). Three-way interaction among host brand equity, partner brand equity and similarity was significant at the 90% confidence level (F (1, 229) = 3.276 p = .072).

Table 9 Study 1 ANOVA for Host Brand Equity Change

Variables	Mean Square	F	p-value
Flying Frequency	.193	.515	.474
Host Brand	.010	.026	.872
Partner Brand	2.135	5.707	.018*
Similarity	7.607	20.332	.000*
Host Brand * Partner Brand	.101	.270	.604
Host Brand * Similarity	.025	.068	.795
Partner Brand * Similarity	1.851	4.946	.027*
Host Brand * Partner Brand * Similarity	1.226	3.276	.072**

.* Significant at the 0.05 level ** Significant at the 0.10 level

For dissimilar pairings there was no significant change in the pre and post partnership brand equity measures for either the host brand or the partner brand. When partnership scenario presented a similar partner pairing there were significant changes to the post partnership brand equity measures.

High – high pairing lead to positive changes for both the host brand (Mean difference = .703 p = .000) and partner brand (Mean difference = .483 p = .002). High – low or low-high pairing resulted in positive changes for the low equity brands (Respectively Mean difference = .290 p = .011 and Mean difference = .517 p = .001). Finally in a low-low pairing only the host brand experienced significant positive changes to their brand equity (Mean difference = .304 p =

.018). See Table 10 for the full examination of the changes in host and partner brand equity post loyalty program partnership.

Figure 2 Study 1 Host Brand Equity Change at Similarity = Similar

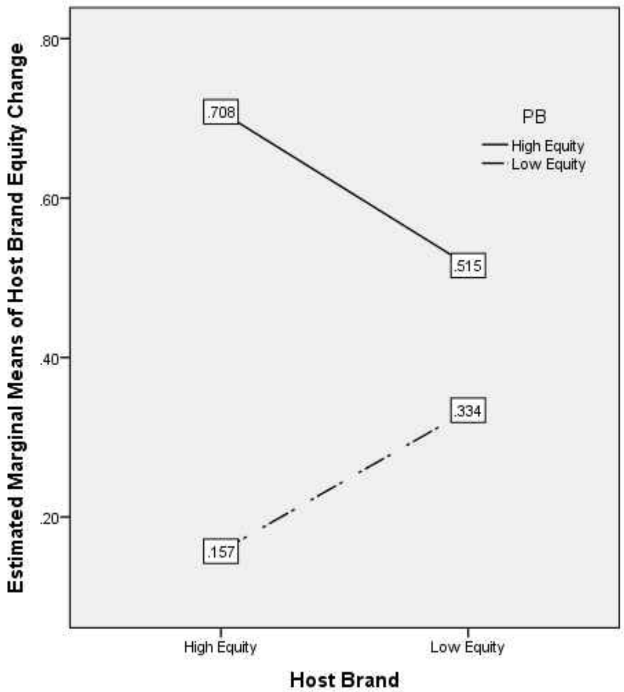
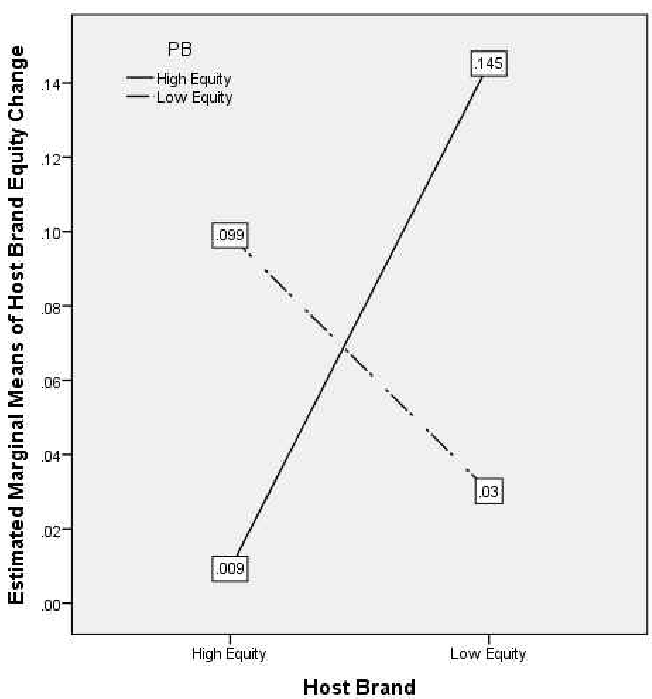


Figure 3 Study 1 Host Brand Equity Change at Similarity = Dissimilar



Based on these findings, although some of the hypotheses in regards to joining intention and program attractiveness were not supported, partnership with other businesses still had some positive effects for the companies. In other words even though partnering with other brands may not necessarily benefit the loyalty program itself, it does bring something beneficial to the business by increased levels of brand equity under certain conditions.

Table 10 – Pre and Post Partnership Host and Partner Brand Equity Measures

Condition		Pre Partnership Brand Equity	Post Partnership Brand Equity	Mean Difference	Standard Deviation	Sig.
High Equity Host Brand, High Equity Similar Partner	Host Brand	4.02	4.72	-.703	.899	.000*
	Partner Brand	3.98	4.46	-.483	.740	.002*
High Equity Host Brand, Low Equity Similar Partner	Host Brand	4.19	4.35	-.155	.543	.123
	Partner Brand	3.20	3.49	-.290	.600	.011*
Low Equity Host Brand, High Equity Similar Partner	Host Brand	3.32	3.84	-.517	.738	.001*
	Partner Brand	3.83	3.99	-.159	.818	.305
Low Equity Host Brand, Low Equity Similar Partner	Host Brand	3.27	3.61	-.340	.739	.018*
	Partner Brand	3.41	3.71	-.300	.979	.104
High Equity Host Brand, High Equity Dissimilar Partner	Host Brand	4.39	4.40	-.013	.364	.842
	Partner Brand	3.37	3.41	-.040	.390	.579
High Equity Host Brand, Low Equity Dissimilar Partner	Host Brand	3.58	3.68	-.097	.521	.309
	Partner Brand	3.25	3.33	-.077	1.070	.690
Low Equity Host Brand, High Equity Dissimilar Partner	Host Brand	3.13	3.28	-.145	.456	.099
	Partner Brand	3.95	4.06	-.110	.673	.385
Low Equity Host Brand, Low Equity Dissimilar Partner	Host Brand	3.15	3.17	-.028	.443	.740
	Partner Brand	3.36	3.48	-.117	.554	.264

.* Significant at the 0.05 level

CHAPTER V

STUDY 2

HYPOTHESES FORMULATION

After identifying the most appealing loyalty program partnership in Study 1, Study 2 aims to examine the possible positive and negative effects of that loyalty program partnership on brand distinctiveness of the host brand. While host brands hope to benefit from the positive spillover of high brand equity and the positive image of the partnering brands, negative effects such as brand dilution are also possible, especially for host brands.

In Study 1 it was hypothesized that high-equity brands and dissimilar partnerships would make the loyalty program partnership more appealing to consumers. If the partnership makes the loyalty program more attractive to consumers, this can spill over to the host brand such that the host brand equity will also be positively affected. This is called the reciprocity effect, which can be defined as “any changes in the beliefs and attitudes toward the parent brand caused by the extension” (Boisvert, 2012, p.548). The brand extension literature mentions such reciprocity spillover effects extensively and some of the literature is as follows. According to Aaker and Keller (1990), extensions can enhance or dilute the equity of the host brand. Therefore these reciprocity effects on the host brand can be positive or negative. In other words, host brands can either experience brand enhancement or brand dilution. A successful extension can spill over and enhance equities of both host and partner brands (Simonin and Ruth, 1998). Chen and Liu (2004) stated that favorable evaluation of the extension can result in strengthening, while poor evaluation of the extension can result in weakening of the parent brand’s image and equity. Both Dwivedi and Merrilees (2012) and Arslan and Altuna (2010) demonstrated that consumer attitudes towards the brand extension have significant positive effects on host brand image and equity after the extension.

Regardless of any possible positive effects of loyalty program partnerships, brands are still vulnerable to negative consequences, such as brand dilution and – the loss of brand identity distinctiveness. Aaker (1990) stated that, no matter whether an extension is a success or failure, dilution of brand equity is still a possibility. Sheinin (2000) noted that parent brands can experience negative effects even if there is a successful brand extension, as the extension may weaken the beliefs in the parent brand. Morrin and Jacoby (2000, p. 266) define brand dilution as "lessening the uniqueness or distinctiveness of a famous brand in the minds of consumers". When brands share similar brand elements such as brand names and logos, it creates a link between them in the minds of the consumers even though the brands are unrelated to each other in the aspect of ownership (Pulling, Simmons, and Netemeyer, 2006). When multiple brands come together under a loyalty program partnership, consumers perceive them as linked. As explained previously, every partner brand is listed under the loyalty program and consumers are able to buy products or use services from these brands and earn loyalty points. At this point, the loyalty program is no longer limited solely to the host brand. The identity and uniqueness of the host brand might decrease because of the addition of the partner brands. As a result, the exclusivity of the host brand could potentially be lost. Leong, Ang, and Liau (1997) observed that, as consumers have strong perceptions about high-equity parent brands, such brands can experience brand dilution when they launch brand extensions. Buil, de Chernatony, and Hem (2009) demonstrated that the parent brand equity dilution is higher when the brand used to launch the extension has high equity. Similarly, in co-branding situations, host brands are more likely to experience brand dilution than the ingredient brand (Leuthesser, Kohli, and Suri, 2003).

This makes the high-equity host brands that give their names to the loyalty program partnership more vulnerable to a loss of brand identity distinctiveness. This is hypothesized as follows:

H4: Loyalty program partnership will decrease the brand identity distinctiveness of the host brand.

The above discussion and hypotheses demonstrate the possible risks that high-equity host brands can experience when they form a partnership. As the high-equity brands do not appear to be immune to the negative effects of forming a loyalty program partnership, managers should carefully evaluate any possible partnership and assess the possibility of risk. In order to achieve this, the final aspect that needs to be further examined involves the circumstances under which the loss of the host brand's identity distinctiveness will be stronger. What factors will blur the identity of the host brand to a greater extent? The literature shows that parent brand dilution is likely when the extension is seen as typical with the parent brand and when the perceived quality of the extension is low (Ping and Lei, 2010). Loken and John (1993) stated that, under the typicality model, the less typical the brand extension, the less dilution will occur. Their research revealed that brand dilution does not occur when the extension is seen as clearly different from the parent brand. Pulling, Simmons, and Netemeyer (2006) demonstrated that newly-introduced brands can dilute already existing brands if they are in similar categories. Pulling, Simmons, and Netemeyer (2006) stated that similar brands will have close associations, and actions by the newly-introduced brand can cause a high future risk of dilution for the already existing brands. As mentioned before, under a loyalty program partnership setting, partnering brands are linked in the minds of consumers. This association is likely to be stronger for similar brands than dissimilar brands. Therefore, in the case of similar vs. dissimilar partners in a loyalty program setting, it is expected that the loss of host brand identity distinctiveness will be stronger when the partner brand category is similar to the host brand category than for when it is dissimilar. This discussion forms the basis of the following hypothesis:

H5: Loss of host brand identity distinctiveness will be stronger when the partner brand is similar than when the partner brand is dissimilar.

As for the brand equity effect, Chen and Chen (2000) demonstrated that the level of the dilution effect is directly related to the brand equity level of the original brand. While low-equity brands showed no dilution effects, high-equity brands experienced dilution effects in the case of extension failure (Chen and Chen, 2000). Although the researchers' study was not about partner brand equity in particular, it is possible that a high brand equity partner could result in stronger host brand identity distinctiveness loss. Research has shown that two high-equity partners experience greater positive spillover effects (Washburn, Till, and Priluck, 2004). Additionally, well-known brands appear more vulnerable to reciprocity effects than lesser-known brands (Thorbjornsen, 2005). Given that high-high equity pairings experience greater spillover effects and well-known brands are more vulnerable to reciprocity effects, it is expected that the loss of host brand identity distinctiveness will be stronger when the partner brand is high equity. Consumers will have already established perceptions, beliefs, and attitudes about the high-equity partner brands. When the loyalty program partnership is established and the host brand and partner brand are linked to each other in the minds of the consumers, it is possible that the perceptions, beliefs, and attitudes towards the high-equity host and high-equity partner brand might create confusion in the minds of the consumers and hence result in a loss of host brand identity distinctiveness. This discussion forms the basis of the following hypothesis:

H6: Loss of host brand identity distinctiveness will be stronger when the partner brand is high equity than when the partner brand is low equity.

METHODOLOGY

Design

The design for Study 2 was a 2 (high vs. low partner brand equity) x 2 (high vs. low category similarity) between-subject factorial design with a control group. Both partner brand equity and category similarity were manipulated. Control group was included as a baseline condition where the reaction to the host brand was measured without any partnership. For all groups, the host brand was a high-equity brand as this is the most common in practice. Each participant was randomly assigned to a single scenario. Host brand identity distinctiveness was measured pre and post program partnership. The survey took 10 to 15 minutes. Similar to Study 1 Amazon Mechanical Turk was used to recruit the respondents.

Main Study Procedure

150 participants from Amazon Mechanical Turk took part in the main study in exchange for nominal financial compensation. The sample consisted of 67 female (44.7%) and 83 male (55.3%) participants. Respondents mainly traveled for leisure reasons (85.3%) and 68.7% of the participants have at least traveled once in the last 12 months. Sample characteristics can be seen in Table 11.

Table 11 – Study 2 Sample Characteristics

		n	Percentage
Gender	Female	67	44.7%
	Male	83	55.3%
Age	16-19	1	.7%
	20-24	24	16.0%
	25-34	75	50.0%
	35-44	32	21.3%
	45-54	14	9.3%
	55-64	4	2.7%
	65 and older	0	0%
Fly for Business or Leisure	Business	3	2%
	Leisure	128	85.3%
	Both	19	12.7%
How often fly during the past 12 months	0	47	31.3%
	1-2	77	51.3%
	3-4	20	13.3%
	5 or more	6	4.0%

In the main study, initially participants were told about the high equity host brand airline and participants were asked to rate the host brand identity distinctiveness and host brand equity. Participants was also asked to rate the partner brand equity. In the next step similar to Study 1 participants were given the partnership scenario. Participants were told about the host brand frequent flyer program and that a partner firm was joining this program. Survey participants were told that they can earn points from their purchases at partner firm and can redeem these points at the host brand frequent flyer program. Then participants were asked to rate the host brand identity distinctiveness and host and partner brand equity again post-partnership. As a manipulation check the respondents were asked to rate how similar the host and partner brand categories were. Survey ended with several demographic questions. Study 2 questionnaire can be found in Appendix 6. In comparison, control group participants were only asked to evaluate the host brand equity and host brand identity distinctiveness without any partnership. Study 2 control group questionnaire can be found in Appendix 7.

Measurements

In Study 2, the same five-item brand equity scale from the earlier studies was used. Brand identity distinctiveness was adapted from Yoo, Donthu and Lee (2000) and Zhou and Nakamoto (2007). Brand identity distinctiveness scale can be found in Table 12.

For brand equity measurement composite scores were averaged from the five items. Internal consistency of the brand equity scale was assessed which yielded a Cronbach's alpha between .835 and .868. Similarly for brand identity distinctiveness measurement composite scores were averaged from the eight items. Internal consistency of the brand identity distinctiveness scale was assessed which yielded a Cronbach's alpha between .903 and .912.

Table 12 – Brand Identity Distinctiveness Scale

Name	Scale Items	Adapted from
Brand identity distinctiveness	I know what X looks like. I can recognize X among other competing brands. I am aware of X. Some characteristics of X come to my mind quickly. I can quickly recall the symbol or logo of X. I have difficulty in imagining X in my mind. (reverse coded) This brand is different from other brands. This brand can be easily distinguished from other brands. (scaled from "Strongly Disagree" to "Strongly Agree")	Yoo, Donthu and Lee (2000) Zhou and Nakamoto (2007)

Manipulation checks

Effectiveness of the category similarity manipulation was examined and respondents correctly identified car rental as similar to airline and florist as dissimilar to airline. The difference between the similarity scores for car rental and florist was statistically significant. (For car rental M = 4.49 SD = 1.43, For florists M = 1.69 SD = 1.32; t (118) = 11.146, p = .000)

Effectiveness of the partner brand equity manipulation was also examined for florists and car rental companies. For florists FTD was correctly identified as the high equity florist while BloomsToday were rated as the low equity florist. The difference between the brand equity scores for FTD and Blooms Today was statistically significant. (FTD Florists $M = 3.85$ $SD = 1.21$, BloomsToday Florists $M = 3.09$ $SD = .43$; $t(59) = 3.219$, $p = .002$) For car rental firms as expected Hertz and Dollar were rated as the high equity and low equity car rental firms respectively. The difference between the brand equity score for Hertz and Dollar Rent a car was statistically significant as well. (Hertz $M = 3.90$ $SD = .97$, Dollar Rent a Car $M = 3.22$ $SD = .85$; $t(57) = 2.854$, $p = .006$)

Tests of Hypotheses and Results

Hypothesis 4 proposed that the host brand identity distinctiveness will decrease due to loyalty program partnership. To test hypothesis 4 two t-tests were done. The first t-test was done to compare the means of the control group and the experiment groups. Multiple comparisons and Tukey post hoc tests were done to determine if any of the experiment group post partnership brand identity distinctiveness mean scores was statistically different than the control group. According to this t-test there weren't any statistically significant difference ($F(4, 145) = .155$ $p = .960$).

The second a t-test was done to compare pre and post partnership brand identity distinctiveness to see if there was any statistically significant difference. According to this t-test there was no statistically significant difference (See Table 13). **Therefore hypothesis 4 was not supported.**

Table 13 – Study 2 Pre and Post Partnership Host Brand Identity Distinctiveness

Partner Brand Condition	Pre Failure Host Brand Identity Distinctiveness	Post Failure Host Brand Identity Distinctiveness	Mean Difference	Standard Deviation	Significance
High equity similar	5.49	5.50	-.014	.380	.851
Low equity similar	5.25	5.32	-.070	.414	.344
High equity dissimilar	5.40	5.38	.012	.531	.900
Low equity dissimilar	5.34	5.31	.025	.319	.671

Hypothesis 5 proposed that the loss of host brand identity distinctiveness will be stronger if the partner brand is similar. Hypothesis 6 proposed that the loss of host brand identity distinctiveness will be stronger if the partner brand is a high equity brand. ANOVA was used to test for hypothesis 5 and 6. Change of brand identity distinctiveness was the independent variable while partner brand equity and category similarity was the independent variables. For every participant, change of brand identity distinctiveness was calculated as post-partnership brand identity distinctiveness minus pre-partnership brand identity distinctiveness. Flying frequency was added as a covariate (See Table 14). According to the ANOVA results there were no significant main effects or interaction effects. **Therefore hypotheses 5 and 6 were not supported.**

Table 14 Study 2 ANOVA for Host Brand Identity Distinctiveness Change

Variables	Mean Square	F	p-value
Flying Frequency	.298	1.701	.195
Partner Brand	.009	.052	.820
Similarity	.127	.725	.396
Partner Brand * Similarity	.024	.137	.711

According to the results of Study 2, the host brand did not experience any loss of brand identity distinctiveness due to the loyalty program partnership. One possible explanation for these findings is the characteristics of the host brand, in other words Southwest Airlines, used in Study 2. Southwest Airlines was determined to be the highest equity airline in Pretest 1. The lack of loss of brand identity distinctiveness could have been due to the use of Southwest Airlines, given how distinctive Southwest Airlines is, with a really strong image. To confirm or debunk this conclusion, Study 2 was redone with another airline.

Study 2b (United Airlines)

Study 2 was conducted with a high-equity host brand as this is the most common practice in real life. For the revision of Study 2, a high equity airline which was not as distinctive as Southwest Airlines was needed. Going back to the findings of Pretest 1, United Airlines was chosen. In Pretest 1, United Airlines was rated as a high equity airline but lower than Southwest Airlines.

Main Study Procedure

153 participants from Amazon Mechanical Turk took part in the main Study 2b in exchange for a nominal financial compensation. 6 participants that answered the attention check question wrong was removed from the sample. The sample consisted of 80 female (54.4%) and 67 male (45.6%) participants. Respondents mainly traveled for leisure reasons (86.4%) and 62.6% of the participants have at least traveled once in the last 12 months. Sample characteristics can be seen in the Table 15.

Table 15 – Study 2b United Airlines Sample Characteristics

		n	Percentage
Gender	Female	80	54.4%
	Male	67	45.4%
Age	16-19	2	1.4%
	20-24	27	18.4%
	25-34	58	39.5%
	35-44	28	19.0%
	45-54	20	13.6%
	55-64	11	7.5%
	65 and older	1	0.7%
Fly for Business or Leisure	Business	3	2%
	Leisure	127	86.4%
	Both	17	11.6%
How often fly during the past 12 months	0	55	37.4%
	1-2	61	41.5%
	3-4	22	15.0%
	5 or more	9	6.1%

Measurements

For brand equity measurement composite scores were averaged from the five items. Internal consistency of the brand equity scale was assessed which yielded a Cronbach's alpha between .855 and .921. Similarly for brand identity distinctiveness measurement composite scores were averaged from the eight items. Internal consistency of the brand identity distinctiveness scale was assessed which yielded a Cronbach's alpha between .895 and .904.

Manipulation checks

Effectiveness of the category similarity manipulation was examined and respondents correctly identified car rental as similar to airline and florist as dissimilar to airline. The difference between the similarity scores for car rental and florist was statistically significant. (For car rental $M = 3.83$ $SD = 1.36$, For florists $M = 1.84$ $SD = 1.15$; $t\ (116) = 8.498$, $p = .000$)

Effectiveness of the partner brand equity manipulation was also examined. For florists FTD was correctly identified as the high equity florist while BloomsToday was rated as the low equity florist. The difference between the brand equity scores for FTD and Blooms Today was statistically significant. (FTD Florists M = 4.21 SD = 1.32, BloomsToday Florists M = 3.30 SD = .80; t (53) = 3.139, p = .003) For car rental firms, Hertz was rated as the high equity car rental firm. Dollar Rent a Car was rated as the low equity car rental firm. The difference between the brand equity score for Hertz and Dollar Rent a car was statistically significant as well. (Hertz M = 3.83 SD = .97, Dollar Rent a Car M = 3.22 SD = .94; t (61) = 2.553, p = .013)

Tests of Hypotheses and Results

Hypothesis 4 proposed that the host brand identity distinctiveness will decrease due to loyalty program partnership. To test hypothesis 4 two t-tests were done. The first t-test was done to compare the means of the control group and the experiment groups. Multiple comparisons and Tukey post hoc tests were done to determine if any of the experiment group post partnership brand identity distinctiveness mean scores were statistically different than the control group. However there wasn't any statistically significant difference (F (4, 142) = 1.154 p = .0334).

Second t-test was done to compare pre and post partnership brand identity distinctiveness to see if there was any statistically significant difference. According to this t-test there was no statistically significant difference. (See Table 16) **Therefore hypothesis 4 was not supported for United Airlines.**

Table 16 – Study 2b Pre and Post Partnership Host Brand Identity Distinctiveness

Partner Brand Condition	Pre Failure Host Brand Identity Distinctiveness	Post Failure Host Brand Identity Distinctiveness	Mean Difference	Standard Deviation	Significance
High equity similar	4.98	5.03	-.054	.416	.482
Low equity similar	4.88	4.33	.045	.507	.610
High equity dissimilar	5.27	5.17	.096	.468	.305
Low equity dissimilar	5.19	5.17	.017	.347	.791

Hypothesis 5 proposed that the loss of host brand identity distinctiveness will be stronger if the partner brand is similar. Hypothesis 6 proposed that the loss of host brand identity distinctiveness will be stronger if the partner brand is a high equity brand. ANOVA was used to test for hypothesis 5 and 6. Change of brand identity distinctiveness was the independent variable while partner brand equity and category similarity was the independent variables. For every participant, change of brand identity distinctiveness was calculated as post partnership brand identity distinctiveness minus pre partnership brand identity distinctiveness. Flying frequency was used as a covariate (See Table 17). According to the ANOVA results there were no significant main effects or interaction effects. **Therefore hypotheses 5 and 6 were not supported for United Airlines either.**

Table 17 Study 2b ANOVA for Host Brand Identity Distinctiveness Change

Variables	Mean Square	F	p-value
Flying Frequency	.485	2.539	.114
Partner Brand	6.776E-5	.000	.985
Similarity	.057	.301	.585
Partner Brand * Similarity	.139	.725	.396

The redo of Study 2 using United Airlines confirmed the results of the original Study 2 with Southwest Airlines. According to the results, the host brands did not experience any loss of brand identity distinctiveness due to the loyalty program partnership.

There could be several explanations for this finding. First of all both Southwest Airlines and United Airlines were high equity brands and for high equity brands more than a loyalty program partnership might be needed to negatively affect their brand identity. Study 3 will explore this by adding the more severe situation of a service failure to the mix. Secondly all throughout this dissertation it was argued that customers will want loyalty programs with several partners as it will give them more chance to collect points more quickly. Findings of Study 1 confirmed this as well. Therefore it is possible that respondents saw the partnership scenario presented in Study 2 as a beneficial and desirable situation for loyalty program members and thus host brands did not experience any negative effects such as loss of brand identity distinctiveness.

CHAPTER VI

STUDY 3

HYPOTHESES FORMULATION

Study 2 aimed to examine the possible positive and negative effects of forming a loyalty program partnership for the host brand. Study 3 aims to build on that investigation by adding service quality to the mix. More specifically, Study 3 examines the effect of service failure by the partner brand on the host brand.

Before going into the details of Study 3, a brief overview of service quality and service failure concepts would be beneficial. Service quality can be defined as consumer's cognitive judgment about an organization and its services (Fogli, 2006). According to Parasuraman, Zeithaml, and Berry (1988), who developed the SERVQUAL scale, in addition to tangibles, service quality also has several other dimensions such as reliability, assurance, responsiveness and empathy. Service failure can be defined as the gaps between expected and perceived service levels (Lin, Wang and Chang, 2011). In other words service failure happens when the consumers perceive the service they received to be below what they anticipated or below the minimum acceptable service level or zone of tolerance (Zeithaml , Leonard, and Parasuraman ,1993;Palmer, 2001; Steyn et al., 2011).

Service quality is an important factor that affects not only future purchases from the host brand but also cross-buying from partners. Previous research has shown a direct link between service quality and consumer behavioral intentions (Zeithaml, Berry, and Parasuraman, 1996). It is also suggested that service quality is an important determinant of brand equity, as high service quality could result in higher customer satisfaction, leading to increased customer retention (Rust, Moorman, and Dickson, 2002). Services marketing research still focuses mainly on the examination of the relationship between the individual firm and customer, despite the increased trend of alliances (Gittell, 2002). The effect of service quality on the success of brand alliances has been given very limited attention. Tsantoulis and Palmer's (2008) research examined airline companies' service quality levels before and after becoming a member of an alliance and failed to show any convergence of service quality levels between the partner airlines. Although it can be argued that airline alliances do not necessarily have a goal of consistent service quality, the limited research in this area points to a gap in the literature. This gap leads to the question: How is brand equity of the host firm affected by a service failure of a partner firm in an alliance?

In their 2010 research, Weber and Sparks examined service failure in an airline alliance setting. Their findings showed that the source of the service failure resulted in different evaluations by customers. When host airlines caused the service failure, they still received the highest satisfaction and behavior intention ratings compared to the alliance and partner airline. However, when a partner airline caused the service failure, it was rated harshly and experienced the biggest negative impact in customer satisfaction and behavioral intention ratings, followed by the alliance and host airline. Weber (2005) demonstrated that service failures cannot only have important implications for airlines with a reputation for high service quality, but also for the partner airlines by means of association through airline alliances. As alliances consist of partner brands, it is possible that all partnering brands could be affected by any problems faced by the alliance (Gammoh and Voss, 2011). Although positive customer attitudes can spill over between the loyalty program and the partnering brands, negative attitudes can spill over as well. Schumann,Wunderlich, and Evanschitzky (2013) showed that loyalty programs can experience negative effects resulting from service failure caused by a partner in a coalition loyalty program. One of the most important trends among those identified by past research is that host brands are not immune to service failure of the partner brand (Kahuni, Rowley, and Binsardi, 2009; Weber and Sparks, 2010). Considering that host brands give their names to the loyalty program partnership and manage the program, they are the faces of the program, and their reputation is thus tied to the loyalty program. Therefore any service failure by the partner brands can reflect badly on the loyalty program and the host brand. This discussion forms the basis of the following hypotheses.

H7a: In the case of a service failure by a similar partner brand, the host brand will suffer a decline in brand equity.
H7b: In the case of a service failure by a dissimilar partner brand, the host brand will suffer a decline in brand equity.

With regard to service failure and brand equity, two outcomes are possible. One outcome is that high brand equity can offset the negative effects of service failure. This is possible because high levels of brand awareness, strong loyalty toward the brand, and high perceived brand quality can make consumers forgive a service failure more easily. The opposite outcome stems from the perspective that such high and favorable evaluations of a brand come with higher expectations of said brand and consumers will therefore be more disappointed with service failures. Oliver (1997) demonstrated that the latter is the most probable outcome. Customers have high expectations for high-equity brands and when those expectations are not satisfied, consumer evaluation of the high-equity brands would be harsher compared to their evaluations of low-equity brands. Brady et al. (2008) examined the effect of brand equity on service failure and recovery in a single brand setting. They measured pre-failure, post-failure, and post-recovery satisfaction, and behavioral intention to determine how service failure affects consumer behavior in high and low brand equity conditions. Results demonstrated that although high-equity service brands reported higher satisfaction levels than low-equity brands both before and after a service failure, high-equity brands experienced a greater decrease in satisfaction and behavioral intention after a service failure than low-equity service brands. In addition, even following a recovery effort, evaluations of the brands do not return to the same levels as before the service failure. Therefore Brady et al. (2008) study was unable to demonstrate a service recovery paradox where satisfaction and behavioral intentions return to or exceed pre-failure levels. These findings reveal that although high-equity brands have an advantage in a service failure situation over low-equity brands, the consumers are more unforgiving if the high-equity brand causes the service failure. This could be explained by consumers' probable expectation of better service quality from high-equity brands. Similar results from Chen and Chen (2000) show that high-equity brands are the ones most affected by an unsuccessful brand extension regardless of category similarity of the extension. Moreover, Gremler (2004) demonstrated that, after service failure, the high-equity brands will face a sharper immediate drop in satisfaction than low-equity brands.

The studies reviewed above examine the effect of brand equity in service failure in a single brand setting. However, the goal of this study is to examine the impact of service failure by a partner brand on the host brand. In order to form the next hypothesis, a few connections can be drawn within the existing literature. First, service failure by a partner brand can affect the host brand negatively by means of association; second, high-equity brands are more vulnerable to service failures (Kahuni, Rowley, and Binsardi, 2009; Gremler, 2004). Given that high-equity brands experience more negative evaluations after a service failure, when a high-equity partner brand causes a service failure, it would experience greater negative effects than a low-equity partner brand (Brady et al., 2008; Chen and Chen, 2000). Furthermore, these negative effects could impact the host brand through association (Weber, 2005). In other words, the more negative consequences the partner brand experiences, the more these effects would be transferred to the host brand. Therefore it becomes especially important for these high-equity brands to select the best partners for their loyalty programs. This leads to the next hypothesis.

H8: The decline in host brand equity due to a service failure by a partner brand will be larger if the partner brand is a high-equity brand than if the partner brand is a low-equity brand.

The effects of similar and dissimilar partners in a service failure setting will also be examined. Positive or negative association or spillover effects will be more easily transferable across similar product categories. Therefore it is expected that a service failure will have a stronger effect on similar partners. Keller and Sood (2003) discovered negative effects on the host brand when customers had an unfavorable experience with a brand extension in a similar product category. Kahuni, Rowley, and Binsardi (2009) demonstrated that the strengthening of the negative spillover after service failure by a partner was determined by the strength of the association between the brands. This finding is logical considering what is already known about these alliances. Loken and John (1993) found perceptions about a parent brand decreased with a low quality extension in a similar product category. Therefore, for example, if the customer experiences a service failure from an airline in the loyalty program partnership, they may think that all of the other airlines in the loyalty program partnership will have the same-day low quality of service. However, a negative experience with a flower shop will not easily transfer over to a dissimilar airline host brand. This leads to the next hypothesis:

H9: The decline in host brand equity due to a service failure by a partner brand will be larger if the partner brand is a similar brand than if the partner brand is a dissimilar brand.

Although there has been some past research with regard to the effect of service failure on brand equity, little past research examined what this dissertation aims to examine. For example, Brady et al. (2008) looked at the role of brand equity to offset service failures in a single brand setting. Their hypotheses were not tested in a partnership setting; moreover, the study did not examine the effect of service failure by a partner. Any failure examined in a brand extension setting considers products manufactured by a single company and therefore does not account for a partnership with different companies across different industries. Weber and Sparks (2010) examined service failure in an airline alliance setting, which consists of an airline partnering with the exact same business category: another airline. Therefore vertical alliances involving different businesses across similar and dissimilar categories have still yet to be researched. The limited research in this area indicates a gap in the literature. This dissertation aims to help fill that gap by examining how the service failure of a partner brand may affect not only the brand that caused the service failure, but the host brand as well.

METHODOLOGY

Design

The design for Study 3 was a 2 (high vs. low partner brand equity) x 2 (high vs. low category similarity) between-subject factorial design. Each participant was randomly assigned to a single scenario. Host brand equity was measured pre and post service failure. Similar to Study 2, the host brand used in this study was also a high-equity brand across conditions to more closely resemble real life business practice. In Study 3 host and partner brand equity was manipulated. The survey took 10 to 15 minutes. For Study 3, the Qualtrics panel was used to recruit the respondents.

Pretest

This third study adds service failure to the mix and aims to examine the cross-partner effect from service failure. This started with a pretest to determine plausible service failure scenarios suitable for both the similar and dissimilar loyalty program partners. Therefore unavailable service was selected as the service failure scenario. Unavailable service failure scenario was adapted from Smith, Bolton, and Wagner (1999).

In the service failure scenario, participants were told that they either ordered a flower arrangement or reserved a car for an important event. When they go to pick up their item, store clerk informs the customer that there is no record of their order or reservation and the store is sold out of the item the customer wanted to get. Customer tries to get another flower arrangement or rent another class of car. However the store is sold out of the second item as well. Customer has to go to another store several miles away to get the item they want.

Participants were asked to read the scenarios carefully and then on a 7-point scale were asked to assess the realism of each scenario by answering questions about how realistic and believable the scenario is. Then the participants were asked to rate if the service interaction in the scenario was negative or positive. Finally to ensure that the service failures across different business categories were seen as equal, participants were asked to rate the severity of the service failure using failure severity scale by Maxham and Netemeyer (2002). A copy of the Pretest 4 questionnaire can be seen in Appendix 8.

Pretest 4 was carried out the same way as the previous pretests. Amazon Mechanical Turk was used to recruit 80 participants and participants were compensated. Participants were randomly assigned to either florist or car rental service failure scenario.

Realism check was done by looking to the mean scores of the two realism items. Results showed that the scenario was realistic (For florists $M = 5.23$, $SD = 1.37$, For car rental $M = 5.43$, $SD = 1.01$; $t(78) = -.74$, $p = .459$) and believable (For florists $M = 5.35$ $SD = 1.42$, For car rental $M = 5.68$ $SD = 1.02$; $t(78) = -1.17$, $p = .245$). Participants rated the service interaction as negative (For florists $M = 2.18$ $SD = 1.28$, For car rental $M = 1.93$ $SD = 1.05$; $t(78) =. 96$, $p = .342$). For failure severity respondents rated the service interaction scenario as a major problem (For florists $M = 5.03$ $SD = 1.41$, For car rental $M = 5.18$ $SD = 1.22$; $t(78) = -.51$, $p = .611$), a big inconvenience (For florists $M = 5.38$ $SD = 1.51$, For car rental $M = 5.45$ $SD = 1.26$; $t(78) = -.24$, $p = .810$) and a major aggravation (For florists $M = 5.33$ $SD = 1.49$, For car rental $M = 4.88$ $SD = 1.65$; $t(78) = 1.28$, $p = .205$). Finally the mean rating of the service failures for florists and car rental were compared to each other. The difference was not statistically significant. Therefore the service failure scenario was rated equally severe across different business categories.

Main Study Procedure

The Qualtrics panel was used to recruit 131 participants for Study 3. Participants were compensated for their participation. Age was used as a screener question to ensure that the participants were 18 and older. An attention check question was included in the questionnaire and 2 respondents were removed due to wrongly answering the attention check question. The final sample size was 129.

The sample consisted of 76 female (58.9%) and 53 male (41.1%) participants. Respondents mainly traveled for leisure reasons (71.3%) and 58.1% of the participants have at least traveled once in the last 12 months. Sample characteristics can be seen in Table 18.

Table 18 –Study 3 Sample Characteristics

		n	Percentage
Gender	Female	76	58.9%
	Male	53	41.1%
Age	16-19	0	0%
	20-24	6	4.7%
	25-34	33	25.6%
	35-44	23	17.8%
	45-54	24	18.6%
	55-64	30	23.3%
	65 and older	13	10.1%
Fly for Business or Leisure	Business	12	9.3%
	Leisure	92	71.3%
	Both	25	19.4%
How often fly during the past 12 months	0	54	41.9%
	1-2	36	27.9%
	3-4	27	20.9%
	5 or more	12	9.3%

In the main study, repeated measures of host and partner brand equity were taken before and after the service failure. First respondents were told about the loyalty program partnership. Similar to the previous studies survey participants were told they can earn points from their purchases at partner firm and can redeem these points at the host brand frequent flyer program. After this introduction participants were asked to rate brand equity for both the host and partner brand. Respondents were also asked about their behavioral intentions towards both the host and the partner brand. Then the survey participants were presented with the service failure scenario.

They were first told to assume they were a member of the loyalty program and that they were purchasing a product or service from the partner brand to earn points. Later participants were told about the service failure scenario and asked to imagine it happened to them. After the service failure scenario was presented, participants were asked to rate the host and partner brand equity and behavioral intentions again. Category similarity was checked by asking the respondents to rate how similar host and partner brand categories were Survey ended with several demographic questions. Study 3 questionnaire can be found in Appendix 9.

Measurements

The same brand equity scale from the previous studies was used in Study 3 as well. For brand equity measurement composite scores were averaged from the five items. Internal consistency of the brand equity scale was assessed which yielded a Cronbach's alpha between .863 and .948.

Manipulation Checks

Effectiveness of the category similarity manipulation was examined and respondents correctly identified car rental as similar to airline and florist as dissimilar to airline. The difference between the similarity scores for car rental and florist was statistically significant (For car rental $M = 3.50$ $SD = 1.74$, For florists $M = 2.80$ $SD = 1.87$; $t(127) = 2.201$, $p = .030$). As the participants weren't asked to rate pre partnership brand equity for the partner brands, effectiveness of the partner brand equity manipulation couldn't be examined.

Tests of Hypotheses and Results

Hypothesis 7a and 7b proposed that the host brand will suffer a decline in brand equity due to service failure by a similar and a dissimilar partner brand respectively. In order to test this hypotheses a t-test was done to compare the pre and post service failure host brand equity measures to see if there was any statistically significant difference. Results of the t-test can be found in Table 19.

According to the results United Airlines experienced significant decline in brand equity when the partner was similar but not when the partner was dissimilar. **Therefore hypothesis 7a was supported while hypothesis 7b was not supported**.

Table 19 – Study 3 Pre and Post Service Failure Host Brand Equity Measures

Partner Brand Condition	Pre Failure Host brand Equity	Post Failure Host Brand Equity	Mean Difference	Standard Deviation	Significance
High equity similar	5.02	4.26	.764	1.121	.000*
Low equity similar	4.25	3.81	.439	.905	.011*
High equity dissimilar	4.95	4.75	.200	.687	.104
Low equity dissimilar	4.91	4.84	.069	.462	.406

.* Significant at the 0.05 level

Although not hypothesized pre and post failure partner brand equity measures as well as pre and post failure behavioral intentions for the host brand and partner brand was also measured and analyzed.

As expected partner brand who is responsible for the service failure experienced significant decline in their brand equity and behavioral intentions in every condition. Host brand also experienced significant declines in behavioral intentions in three out of the four conditions. Host brand did not experience a significant decline in behavioral intentions when the partner brand causing the service failure was a high-equity dissimilar brand. Results of the t-test done to compare the pre and post service failure host brand behavioral intentions can be found in Table 20.

Table 20 – Pre and Post Service Failure Host Brand Behavioral Intentions

Partner Brand Condition	Pre Failure Host Brand Behavioral Intentions	Post Failure Host Brand Behavioral Intentions	Mean Difference	Standard Deviation	Significance
High equity similar	7.97	6.24	1.727	2.613	.001*
Low equity similar	7.10	6.10	1.000	2.543	.036*
High equity dissimilar	8.30	7.91	.394	1.802	.218
Low equity dissimilar	8.34	7.63	.719	1.818	.033*

.* Significant at the 0.05 level

Hypothesis 8 proposed that the decline in the host brand equity will be larger if the partner brand causing the service failure was a high equity brand. Hypothesis 9 proposed that the decline in the host brand equity will be larger if the partner brand causing the service failure was a similar brand. ANOVA was used to test hypothesis 8 and 9. For ANOVA, change in the host brand equity was the dependent variable while the partner brand and the category similarity were the independent variables. Change in host brand equity was computed by subtracting pre service failure host rand equity from the post service failure host brand equity for every participant. Flying frequency was used as a covariate (See Table 21).

ANOVA showed statistically significant negative main effects of category similarity but not statistically significant main effects of partner brand equity. Two-way interaction was also not statistically significant. Based on the previous t-test analysis, United Airlines as a host brand did not experience any decrease in brand equity when the dissimilar brands caused the service failure but experienced significant decrease in brand equity when the similar brands caused the service failure (F (1,124) = 10.130 p = .002). Therefore the decrease in host brand equity after partnership was statistically significantly larger for similar partners than for dissimilar partners. **Based on these findings, hypothesis 8 was not supported while hypothesis 9 was supported.**

Table 21 Study 3 ANOVA for Host Brand Equity Change

Variables	Mean Square	F	p-value
Flying Frequency	3.937	5.911	.016*
Partner Brand	1.488	2.234	.138
Similarity	6.747	10.130	.002*
Partner Brand * Similarity	.605	.909	.342

.* Significant at the 0.05 level

Results of Study 3 showed that host brands are not immune to service failures by the partner brand. Even in a loyalty program partnership setting when the host brands aren’t directly responsible for the service failure, they experience negative spillover effects due to association created among the brands due to the loyalty program. These negative spillover effects can be in the form of loss of host brand equity as well as lessened behavioral intentions to use the host brand in the future. Both of these are serious consequences for a host brand. Similar to Study 1, in Study 3 category similarity was also the most important factor in determining the negative effects of the partner brand service failure on the host brand. In Study 3, host brands were more likely to experience negative spillover effects when the partner brand causing the service failure was from a similar business category.

CHAPTER VII

DISCUSSION AND RECOMMENDATIONS

SUMMARY OF FINDINGS

Study 1 aimed to identify the most desirable loyalty program partner combination. Findings of this study indicated similarity was the single most important factor in determining joining intention and perceived attractiveness of a loyalty program. This supports the previous marketing literature. Results showed that consumers prefer frequent flyer programs that consist of similar partners. Consumers who are booking flights probably also need hotel rooms and/or car rentals and they value the ability to combine these types of complementary services. Findings of the similarity variable suggested that researchers need to look at similarity in more detail. Overall findings suggest host brands, especially high equity host brands, lead to higher perceived attractiveness for the loyalty program. However, this higher perceived attractiveness does not necessarily translate into a higher intention to join the program.

Examination of the brand equity pre and post partnership also showed some interesting findings. First of all high equity brands did not experience any significant loss in their brand equity due to pairing with a low equity partner brand. Low equity brands experienced a significant increase in their brand equity when they partnered with similar high equity brands. These findings support previous marketing research. Even a low equity host brand experienced significant increase in their brand equity when partnering with a similar low equity host brand. This confirmed that even a low-low equity pairing situation can create synergy effects and improve the equity of the host brand.

Study 2 aimed to examine possible decrease in the brand identity distinctiveness of the host brand due to loyalty program partnership. None of the hypotheses was supported, this suggested that the host brands used in this study, Southwest Airlines and United Airlines, have fairly strong and well established brand identities and it wouldn't be affected by the loyalty program partnership alone. Alternatively, regardless of the host brand equity level loyalty program partnership alone might not be enough to cause decrease in the brand identity distinctiveness of the host brand. Host brands are the face of the loyalty program partnerships as they name and manage the loyalty programs. As the findings of Study 1 suggested consumers want loyalty programs to form partnerships. Given partnerships are desirable by the consumers; it could explain why partnership alone was not able to cause a loss of brand identity distinctiveness.

Study 3 investigated the effect of service failure by the partner brand on the host brand. Not surprisingly partner brands that caused the service failure experienced sharper declines in their brand equity than the host brands. However host brands also experienced negative consequences due to the service failure by the partner brands. Study 3 results showed that the high equity host brand, United Airlines, experienced significant decline in brand equity whenever the similar partner brand caused a service failure. Behavioral intentions for the host brand also declined after a service failure by the partner brand. This result showed that the host brands aren't immune to the service failures of the partner brand. Host brands can be negatively affected by the actions of the partner brands.

In summary this dissertation aimed to examine both the effects of partnership on the loyalty program and the effects of the loyalty program partnership on individual brands. Loyalty programs consisting of similar partners demonstrated higher joining intentions and perceived program attractiveness. Host brands had more influence on the perceived program attractiveness than the partner brands. In addition to the loyalty program, under certain conditions individual brands were positively affected by the loyalty program partnership. A desirable partnership condition was able to improve the brand equity of the host brand and partner brand. Overall this finding demonstrated the benefits of partnering with the right brands for both the individual brands and the loyalty program partnership itself. However what seemed as desirable partnership combination turned into a disadvantage when the service failure was added to the mix. Under certain conditions, especially when the partner brands causing the service failure were similar brands, host brands experienced negative effects in the terms of decline in brand equity and future behavioral intentions. Key findings of this dissertation suggested that the partnership decision is a very crucial decision for the companies and shouldn't be taken lightly. This dissertation contributes to the marketing literature as it provides businesses the advantages and disadvantages of loyalty program partnership.

LIMITATIONS AND FUTURE RESEARCH

Besides some contributions, this dissertation has several limitations as well. First of all, an average frequent flyer program consists of multiple partners from several business categories. Study 1 only examined two of those categories: car rental and florist. More comprehensive examination of the categories could be conducted to see if the type of the business would be a factor in joining intention and perceived attractiveness of the loyalty program and effect on the brand identity distinctiveness of the host brand. Especially partnership with another airline – the exact same business category- warrants further research.

As the results of Study 1 demonstrated the similarity variable is the most important factor in joining intention and perceived attractiveness of the loyalty program, similarity also needs to be examined in more detail. In Study 1 similarity concept was simplified as similarity was determined by asking respondents to rate how similar two businesses were to each other. As the findings showed respondents preferred airline and car rental pairing over airline and florist, whether the level of the complementary of the businesses is a factor still needs to be examined. For example could similar and complementary pairing (Ex: airline and car rental) result in a different reaction than the similar but non-complementary (Ex: airline and cruise) pairing?

Study 2 failed to find support for any of the hypotheses, suggesting host brands do not experience any dilution or loss of brand identity distinctiveness due to loyalty program partnership. However before it can be concluded that brand dilution isn't a possible negative consequence of partnership, more research needs to be done. One possible limitation of Study 2 is the brand choices. This dissertation focused on airlines, a well-established industry with only a few major brands. Therefore while such high equity brands could be immune to brand dilution, this might not apply to other brands that are either from different business categories or aren't as well established as airlines. Furthermore Study 2 only considered similarity variable in very basic terms and more detailed examination of similarity might be required for a more comprehensive analysis of possible brand dilution during a loyalty program partnership.

Study 3 only focusing on high equity host brand is a limitation. Future research should include examination of host brands across high, moderate and low levels of brand equity to more comprehensively examine the effects of service failure by partner brand on the host brands. It's possible that the effects of the service failure might be different for host brands with different levels of brand equity. For example while high equity host brand experience decrease in their brand equity due to partner service failure; low equity host brands might not. Furthermore, in Study 3 there was no recovery effort. This is another limitation, as in real life service recovery is pretty common. Future research should correct for this by considering service recovery being present or not. Also the difference in service recovery by the partner brand that caused the service failure versus the service recovery by the host brand that runs the loyalty program also needs to be examined. Finally Study 3 only examined one instance of service failure. As a future research several instances of service failure by the partner brand could be examined.

MANAGERIAL IMPLICATIONS

As loyalty programs become more and more prominent tools for customer relationship marketing, this dissertation has important implications for practitioners. This dissertation enhances the understanding of how to select the best partners for loyalty programs. Partnering with other brands can have both positive and negative consequences. As a positive consequence, partnering with the right brand can improve how the host brand is perceived by the consumers. It can also result in increase in behavioral intentions. As a negative consequence, service failure by the partner brand can negatively influence the host brand through association.

First the results tell the practitioners, partnering with brands in similar business categories to the host brand increases the joining intention and perceived attractiveness of a loyalty program. Partnership with brands in similar businesses categories can also significantly increase brand equity of the host brand or the partner brand depending on the situation. Therefore, it is very important that the practitioners carefully evaluate the partner brand business category and determine whether or not the customers will see these brands a good fit or complementary to the host brand.

However just selecting the complementary partner brands isn't enough. Results of the dissertation tell the practitioners, selecting high quality partner brands is also equally important. According to the findings host brand was not immune to service failures caused by the partner brands. Although the host brand had nothing to do with the service experience and their only association to the partner brand was from a loyalty program partnership, host brands still experienced decrease in their brand equity when partner brand caused service failures. Customers also reported decreased intentions to use the host brands in the future. This finding alone suggested that selecting a high quality partner is important to avoid possible negative spillover effect.

Furthermore results demonstrated that the effects of the negative spillover in the case of a service failure would be significantly larger for similar partner brands than the dissimilar partner brands. This makes similarity a double edged sword. While similarity of the partner brand enhances the joining intention and the program attractiveness, in the case of a service failure similarity of the partner brand would increase the negative effects on the host brand. This brings a dilemma to the practitioners, as the similarity of the partner brand can work to both to the advantage and disadvantage of the host brand depending on the situation. A partner that makes the loyalty program more attractive to the consumers can end up hurting the host brand directly during a service failure situation.

According to COLLOQUY (2015b), consumers actively participate in 42% of the loyalty programs for which they are members. This means practitioners will most likely try to make their loyalty program more attractive to the consumers to increase active participation. Based on the findings of this dissertation, this can be achieved by adding partners from similar business categories that the consumers will consider to be complementary to the host brand. However the negative consequences of the spillover effects of service failure by the partner brand can cause practitioners to find themselves in the dilemma of wanting to protect their brand equity from negative consequences rather than trying to make their loyalty program more attractive to the consumers.

Overall the results suggested that it is not an easy decision to determine who to partner with in a loyalty program. Managers should select their partners after carefully considering the positives and the negatives of such partnership and decide between wanting to preserve their existing brand equity or wanting to increase the attractiveness and joining intention of their loyalty program. Any possible partner brand's service quality also needs to be vigorously examined before deciding to add them to the loyalty program.

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APPENDICES

Appendix 1: Pretest 1 Questionnaire

On a 7-point scale, with 1 being very different and 7 being very similar, please rate how similar each of the following pair of businesses are to each other[4]:

Restaurant and Florist

Not at all similar	1	2	3	4	5	6	7	Very similar

Airline and Hotel

Not at all similar	1	2	3	4	5	6	7	Very similar

Credit Card and Cruise

Not at all similar	1	2	3	4	5	6	7	Very similar

Car Rental and Airline

Not at all similar	1	2	3	4	5	6	7	Very similar

Hotel and Retailer

Not at all similar	1	2	3	4	5	6	7	Very similar

Airline and Credit card

Not at all similar	1	2	3	4	5	6	7	Very similar

Florist and Hotel

Not at all similar	1	2	3	4	5	6	7	Very similar

Cruise and Airline

Not at all similar	1	2	3	4	5	6	7	Very similar

Restaurant and Retailer

Not at all similar	1	2	3	4	5	6	7	Very similar

Florist and Airline

Not at all similar	1	2	3	4	5	6	7	Very similar

Car Rental and Hotel

Not at all similar	1	2	3	4	5	6	7	Very similar

Credit Card and Restaurant

Not at all similar	1	2	3	4	5	6	7	Very similar

Retailer and Airline

Not at all similar	1	2	3	4	5	6	7	Very similar

Car rental and Credit Card

Not at all similar	1	2	3	4	5	6	7	Very similar

Airline and Restaurant

Not at all similar	1	2	3	4	5	6	7	Very similar

Credit Card and Retailer

Not at all similar	1	2	3	4	5	6	7	Very similar

[4] Determination of similar vs. dissimilar partners

Hotel and Credit Card

Not at all similar 1 2 3 4 5 6 7 Very similar

Hotel and Restaurant

Not at all similar 1 2 3 4 5 6 7 Very similar

Restaurant and Car rental

Not at all similar 1 2 3 4 5 6 7 Very similar

Credit Card and Florist

Not at all similar 1 2 3 4 5 6 7 Very similar

Hotel and Cruise

Not at all similar 1 2 3 4 5 6 7 Very similar

Restaurant and Cruise

Not at all similar 1 2 3 4 5 6 7 Very similar

Now we are interested in how you feel about a few airlines.

Please answer a few questions about Alaska Airlines

How loyal are you to Alaska Airlines?

Not at all Loyal 1 2 3 4 5 6 7 Very Loyal

What kind of attitude do you have about Alaska Airlines?

Negative Attitude 1 2 3 4 5 6 7 Positive Attitude

What kind of image does Alaska Airlines have?

Negative Image 1 2 3 4 5 6 7 Positive Image

How would you rate the quality delivered by Alaska Airlines?

Low Quality 1 2 3 4 5 6 7 High Quality

Would you be willing to pay more for Alaska Airlines than you would another airline?

Definitely Not 1 2 3 4 5 6 7 Definitely

Please answer a few questions about Allegiant Airlines

How loyal are you to Allegiant Airlines?

Not at all Loyal 1 2 3 4 5 6 7 Very Loyal

What kind of attitude do you have about Allegiant Airlines?

Negative Attitude 1 2 3 4 5 6 7 Positive Attitude

What kind of image does Allegiant Airlines have?

Negative Image 1 2 3 4 5 6 7 Positive Image

How would you rate the quality delivered by Allegiant Airlines?

Low Quality 1 2 3 4 5 6 7 High Quality

Would you be willing to pay more for Allegiant Airlines than you would another airline?

Definitely Not 1 2 3 4 5 6 7 Definitely

Please answer a few questions about American Airlines

How loyal are you to American Airlines?

Not at all Loyal	1	2	3	4	5	6	7	Very Loyal

What kind of attitude do you have about American Airlines?

Negative Attitude	1	2	3	4	5	6	7	Positive Attitude

What kind of image does American Airlines have?

Negative Image	1	2	3	4	5	6	7	Positive Image

How would you rate the quality delivered by American Airlines?

Low Quality	1	2	3	4	5	6	7	High Quality

Would you be willing to pay more for American Airlines than you would another airline?

Definitely Not	1	2	3	4	5	6	7	Definitely

Please answer a few questions about Delta Airlines

How loyal are you to Delta Airlines?

Not at all Loyal	1	2	3	4	5	6	7	Very Loyal

What kind of attitude do you have about Delta Airlines?

Negative Attitude	1	2	3	4	5	6	7	Positive Attitude

What kind of image does Delta Airlines have?

Negative Image	1	2	3	4	5	6	7	Positive Image

How would you rate the quality delivered by Delta Airlines?

Low Quality	1	2	3	4	5	6	7	High Quality

Would you be willing to pay more for Delta Airlines than you would another airline?

Definitely Not	1	2	3	4	5	6	7	Definitely

Please answer a few questions about Frontier Airlines

How loyal are you to Frontier Airlines?

Not at all Loyal	1	2	3	4	5	6	7	Very Loyal

What kind of attitude do you have about Frontier Airlines?

Negative Attitude	1	2	3	4	5	6	7	Positive Attitude

What kind of image does Frontier Airlines have?

Negative Image	1	2	3	4	5	6	7	Positive Image

How would you rate the quality delivered by Frontier Airlines?

Low Quality	1	2	3	4	5	6	7	High Quality

Would you be willing to pay more for Frontier Airlines than you would another airline?

Definitely Not	1	2	3	4	5	6	7	Definitely

Please answer a few questions about Jet Blue

How loyal are you to Jet Blue Airlines?

Not at all Loyal	1	2	3	4	5	6	7	Very Loyal

What kind of attitude do you have about Jet Blue Airlines?

Negative Attitude	1	2	3	4	5	6	7	Positive Attitude

What kind of image does Jet Blue Airlines have?

Negative Image	1	2	3	4	5	6	7	Positive Image

How would you rate the quality delivered by Jet Blue Airlines?

Low Quality	1	2	3	4	5	6	7	High Quality

Would you be willing to pay more for Jet Blue Airlines than you would another airline?

Definitely Not	1	2	3	4	5	6	7	Definitely

Please answer a few questions about Southwest Airlines

How loyal are you to Southwest Airlines?

Not at all Loyal	1	2	3	4	5	6	7	Very Loyal

What kind of attitude do you have about Southwest Airlines?

Negative Attitude	1	2	3	4	5	6	7	Positive Attitude

What kind of image does Southwest Airlines have?

Negative Image	1	2	3	4	5	6	7	Positive Image

How would you rate the quality delivered by Southwest Airlines?

Low Quality	1	2	3	4	5	6	7	High Quality

Would you be willing to pay more for Southwest Airlines than you would another airline?

Definitely Not	1	2	3	4	5	6	7	Definitely

Please answer a few questions about Spirit Airlines

How loyal are you to Spirit Airlines?

Not at all Loyal	1	2	3	4	5	6	7	Very Loyal

What kind of attitude do you have about Spirit Airlines?

Negative Attitude	1	2	3	4	5	6	7	Positive Attitude

What kind of image does Spirit Airlines have?

Negative Image	1	2	3	4	5	6	7	Positive Image

How would you rate the quality delivered by Spirit Airlines?

Low Quality	1	2	3	4	5	6	7	High Quality

Would you be willing to pay more for Spirit Airlines than you would another airline?

Definitely Not	1	2	3	4	5	6	7	Definitely

Please answer a few questions about United Airlines

How loyal are you to United Airlines?

Not at all Loyal	1	2	3	4	5	6	7	Very Loyal

What kind of attitude do you have about United Airlines?

Negative Attitude	1	2	3	4	5	6	7	Positive Attitude

What kind of image does United Airlines have?

Negative Image	1	2	3	4	5	6	7	Positive Image

How would you rate the quality delivered by United Airlines?

Low Quality	1	2	3	4	5	6	7	High Quality

Would you be willing to pay more for United Airlines than you would another airline?

Definitely Not	1	2	3	4	5	6	7	Definitely

Appendix 2: Pretest 2 Questionnaire

We are interested in how you feel about a few florists.

Please answer a few questions about 1800Flowers

How loyal are you to 1800Flowers?
Not at all Loyal 1 2 3 4 5 6 7 Very Loyal
What kind of attitude do you have about 1800Flowers?
Negative Attitude 1 2 3 4 5 6 7 Positive Attitude
What kind of image does 1800Flowers have?
Negative Image 1 2 3 4 5 6 7 Positive Image
How would you rate the quality delivered by 1800Flowers?
Low Quality 1 2 3 4 5 6 7 High Quality
Would you be willing to pay more for 1800Flowers than you would another florist?
Definitely Not 1 2 3 4 5 6 7 Definitely

Please answer a few questions about Blooms Today

How loyal are you to Blooms Today?
Not at all Loyal 1 2 3 4 5 6 7 Very Loyal
What kind of attitude do you have about Blooms Today?
Negative Attitude 1 2 3 4 5 6 7 Positive Attitude
What kind of image does Blooms Today have?
Negative Image 1 2 3 4 5 6 7 Positive Image
How would you rate the quality delivered by Blooms Today?
Low Quality 1 2 3 4 5 6 7 High Quality
Would you be willing to pay more for Blooms Today than you would another florist?
Definitely Not 1 2 3 4 5 6 7 Definitely

Please answer a few questions about The Bouqs

How loyal are you to The Bouqs?
Not at all Loyal 1 2 3 4 5 6 7 Very Loyal
What kind of attitude do you have about The Bouqs?
Negative Attitude 1 2 3 4 5 6 7 Positive Attitude
What kind of image does The Bouqs have?
Negative Image 1 2 3 4 5 6 7 Positive Image
How would you rate the quality delivered by The Bouqs?
Low Quality 1 2 3 4 5 6 7 High Quality
Would you be willing to pay more for The Bouqs than you would another florist?
Definitely Not 1 2 3 4 5 6 7 Definitely

Please answer a few questions about FromYouFlowers

How loyal are you to FromYouFlowers?

Not at all Loyal	1	2	3	4	5	6	7	Very Loyal

What kind of attitude do you have about FromYouFlowers?

Negative Attitude	1	2	3	4	5	6	7	Positive Attitude

What kind of image does FromYouFlowers have?

Negative Image	1	2	3	4	5	6	7	Positive Image

How would you rate the quality delivered by FromYouFlowers?

Low Quality	1	2	3	4	5	6	7	High Quality

Would you be willing to pay more for FromYouFlowers than you would another florist?

Definitely Not	1	2	3	4	5	6	7	Definitely

Please answer a few questions about FTD

How loyal are you to FTD?

Not at all Loyal	1	2	3	4	5	6	7	Very Loyal

What kind of attitude do you have about FTD?

Negative Attitude	1	2	3	4	5	6	7	Positive Attitude

What kind of image does FTD have?

Negative Image	1	2	3	4	5	6	7	Positive Image

How would you rate the quality delivered by FTD?

Low Quality	1	2	3	4	5	6	7	High Quality

Would you be willing to pay more for FTD than you would another florist?

Definitely Not	1	2	3	4	5	6	7	Definitely

Please answer a few questions about JustFlowers

How loyal are you to JustFlowers?

Not at all Loyal	1	2	3	4	5	6	7	Very Loyal

What kind of attitude do you have about JustFlowers?

Negative Attitude	1	2	3	4	5	6	7	Positive Attitude

What kind of image does JustFlowers have?

Negative Image	1	2	3	4	5	6	7	Positive Image

How would you rate the quality delivered by JustFlowers?

Low Quality	1	2	3	4	5	6	7	High Quality

Would you be willing to pay more for JustFlowers than you would another florist?

Definitely Not	1	2	3	4	5	6	7	Definitely

Please answer a few questions about Teleflora

How loyal are you to Teleflora?

Not at all Loyal 1 2 3 4 5 6 7 Very Loyal

What kind of attitude do you have about Teleflora?

Negative Attitude 1 2 3 4 5 6 7 Positive Attitude

What kind of image does Teleflora have?

Negative Image 1 2 3 4 5 6 7 Positive Image

How would you rate the quality delivered by Teleflora?

Low Quality 1 2 3 4 5 6 7 High Quality

Would you be willing to pay more for Teleflora than you would another florist?

Definitely Not 1 2 3 4 5 6 7 Definitely

Appendix 3: Pretest 3 Questionnaire

We are interested in how you feel about a few car rental companies.

Please answer a few questions about Ace Rent a Car

How loyal are you to Ace Rent a Car?
Not at all Loyal 1 2 3 4 5 6 7 Very Loyal
What kind of attitude do you have about Ace Rent a Car?
Negative Attitude 1 2 3 4 5 6 7 Positive Attitude
What kind of image does Ace Rent a Car have?
Negative Image 1 2 3 4 5 6 7 Positive Image
How would you rate the quality delivered by Ace Rent a Car?
Low Quality 1 2 3 4 5 6 7 High Quality
Would you be willing to pay more for Ace Rent a Car than you would another car rental company?
Definitely Not 1 2 3 4 5 6 7 Definitely

Please answer a few questions about Advantage Rent a Car

How loyal are you to Advantage Rent a Car?
Not at all Loyal 1 2 3 4 5 6 7 Very Loyal
What kind of attitude do you have about Advantage Rent a Car?
Negative Attitude 1 2 3 4 5 6 7 Positive Attitude
What kind of image does Advantage Rent a Car have?
Negative Image 1 2 3 4 5 6 7 Positive Image
How would you rate the quality delivered by Advantage Rent a Car?
Low Quality 1 2 3 4 5 6 7 High Quality
Would you be willing to pay more for Advantage Rent a Car than you would another car rental company?
Definitely Not 1 2 3 4 5 6 7 Definitely

Please answer a few questions about Alamo Rent a Car

How loyal are you to Alamo Rent a Car?
Not at all Loyal 1 2 3 4 5 6 7 Very Loyal
What kind of attitude do you have about Alamo Rent a Car?
Negative Attitude 1 2 3 4 5 6 7 Positive Attitude
What kind of image does Alamo Rent a Car have?
Negative Image 1 2 3 4 5 6 7 Positive Image
How would you rate the quality delivered by Alamo Rent a Car?
Low Quality 1 2 3 4 5 6 7 High Quality

Would you be willing to pay more for Alamo Rent a Car than you would another car rental company?

Definitely Not 1 2 3 4 5 6 7 Definitely

Please answer a few questions about Avis Car Rental

How loyal are you to Avis Car Rental?

Not at all Loyal 1 2 3 4 5 6 7 Very Loyal

What kind of attitude do you have about Avis Car Rental?

Negative Attitude 1 2 3 4 5 6 7 Positive Attitude

What kind of image does Avis Car Rental have?

Negative Image 1 2 3 4 5 6 7 Positive Image

How would you rate the quality delivered by Avis Car Rental?

Low Quality 1 2 3 4 5 6 7 High Quality

Would you be willing to pay more for Avis Car Rental than you would another car rental company?

Definitely Not 1 2 3 4 5 6 7 Definitely

Please answer a few questions about Budget Car Rental

How loyal are you to Budget Car Rental?

Not at all Loyal 1 2 3 4 5 6 7 Very Loyal

What kind of attitude do you have about Budget Car Rental?

Negative Attitude 1 2 3 4 5 6 7 Positive Attitude

What kind of image does Budget Car Rental have?

Negative Image 1 2 3 4 5 6 7 Positive Image

How would you rate the quality delivered by Budget Car Rental?

Low Quality 1 2 3 4 5 6 7 High Quality

Would you be willing to pay more for Budget Car Rental than you would another car rental company?

Definitely Not 1 2 3 4 5 6 7 Definitely

Please answer a few questions about Dollar Rent a Car

How loyal are you to Dollar Rent a Car?

Not at all Loyal 1 2 3 4 5 6 7 Very Loyal

What kind of attitude do you have about Dollar Rent a Car?

Negative Attitude 1 2 3 4 5 6 7 Positive Attitude

What kind of image does Dollar Rent a Car have?

Negative Image 1 2 3 4 5 6 7 Positive Image

How would you rate the quality delivered by Dollar Rent a Car?

Low Quality 1 2 3 4 5 6 7 High Quality

Would you be willing to pay more for Dollar Rent a Car than you would another car rental company?

Definitely Not 1 2 3 4 5 6 7 Definitely

Please answer a few questions about Enterprise Rent a Car

How loyal are you to Enterprise Rent a Car?

Not at all Loyal 1 2 3 4 5 6 7 Very Loyal

What kind of attitude do you have about Enterprise Rent a Car?

Negative Attitude 1 2 3 4 5 6 7 Positive Attitude

What kind of image does Enterprise Rent a Car have?

Negative Image 1 2 3 4 5 6 7 Positive Image

How would you rate the quality delivered by Enterprise Rent a Car?

Low Quality 1 2 3 4 5 6 7 High Quality

Would you be willing to pay more for Enterprise Rent a Car than you would another car rental company?

Definitely Not 1 2 3 4 5 6 7 Definitely

Please answer a few questions about Hertz

How loyal are you to Hertz?

Not at all Loyal 1 2 3 4 5 6 7 Very Loyal

What kind of attitude do you have about Hertz?

Negative Attitude 1 2 3 4 5 6 7 Positive Attitude

What kind of image does Hertz have?

Negative Image 1 2 3 4 5 6 7 Positive Image

How would you rate the quality delivered by Hertz?

Low Quality 1 2 3 4 5 6 7 High Quality

Would you be willing to pay more for Hertz than you would another car rental company?

Definitely Not 1 2 3 4 5 6 7 Definitely

Please answer a few questions about National Car Rental

How loyal are you to National Car Rental?

Not at all Loyal 1 2 3 4 5 6 7 Very Loyal

What kind of attitude do you have about National Car Rental?

Negative Attitude 1 2 3 4 5 6 7 Positive Attitude

What kind of image does National Car Rental have?

Negative Image 1 2 3 4 5 6 7 Positive Image

How would you rate the quality delivered by National Car Rental?

Low Quality 1 2 3 4 5 6 7 High Quality

Would you be willing to pay more for National Car Rental than you would another car rental company?

Definitely Not 1 2 3 4 5 6 7 Definitely

Please answer a few questions about Thrifty Car Rental

How loyal are you to Thrifty Car Rental?

Not at all Loyal 1 2 3 4 5 6 7 Very Loyal

What kind of attitude do you have about Thrifty Car Rental?

Negative Attitude 1 2 3 4 5 6 7 Positive Attitude

What kind of image does Thrifty Car Rental have?

Negative Image 1 2 3 4 5 6 7 Positive Image

How would you rate the quality delivered by Thrifty Car Rental?

Low Quality 1 2 3 4 5 6 7 High Quality

Would you be willing to pay more for Thrifty Car Rental than you would another car rental company?

Definitely Not 1 2 3 4 5 6 7 Definitely

Appendix 4: Study 1 Questionnaire

We are conducting a research on how consumers interact with brands. The survey should only take 10-15 minutes and your responses are completely anonymous. We appreciate your input.

We are interested in how you feel about [Southwest Airlines/ Spirit Airlines]. Please answer a few questions about Southwest Airlines/ Spirit Airlines.

How loyal are you to [Southwest Airlines/ Spirit Airlines]?

Not at all Loyal 1 2 3 4 5 6 7 Very Loyal

What kind of attitude do you have about [Southwest Airlines/ Spirit Airlines]?

Negative Attitude 1 2 3 4 5 6 7 Positive Attitude

What kind of image does [Southwest Airlines/ Spirit Airlines have]?

Negative Image 1 2 3 4 5 6 7 Positive Image

How would you rate the quality delivered by [Southwest Airlines/ Spirit Airlines]?

Low Quality 1 2 3 4 5 6 7 High Quality

Would you be willing to pay more for [Southwest Airlines/ Spirit Airlines] than you would another airline?

Definitely Not 1 2 3 4 5 6 7 Definitely

Are you a member of [Southwest Airlines/ Spirit Airlines] frequent flyer program?

Yes No

We are interested in how you feel about [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car]. Please answer a few questions about [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car].

How loyal are you to [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car]?

Not at all Loyal 1 2 3 4 5 6 7 Very Loyal

What kind of attitude do you have about [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car]?

Negative Attitude 1 2 3 4 5 6 7 Positive Attitude

What kind of image does [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] have?

Negative Image 1 2 3 4 5 6 7 Positive Image

How would you rate the quality delivered by [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car]?

Low Quality 1 2 3 4 5 6 7 High Quality

Would you be willing to pay more for [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] than you would another florist / car rental?

Definitely Not 1 2 3 4 5 6 7 Definitely

Below we would like to provide you some information about the two brands mentioned earlier. Please read the information carefully.

[Southwest Airlines / Spirit Airlines] has a frequent flyer program where members can earn frequent flyer miles by flying with Southwest Airlines/ Spirit Airlines, which can then be redeemed for free flights. [Southwest Airlines / Spirit Airlines] announces that [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] will join as a partner in their Frequent Flyer Program. Members of the Program can earn [Southwest Airlines/Spirit Airlines] miles through their purchases from [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car].

If you were not a member of the [Southwest Airlines/ Spirit Airlines] frequent flyer program, how likely would it be that you will join this loyalty program as described in the above scenario?

Very Unlikely to Join 0 1 2 3 4 5 6 7 8 9 10 Very likely to join

We want to ask how you feel about the [Southwest Airlines / Spirit Airlines] frequent flyer program as described in the scenario.

Based on the description, my overall evaluation of this program is good

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I would recommend this program to others

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I would prefer this program to other frequent flyer programs

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I like this program more so than other programs

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Please rate how similar [airline] and [florist/car rental] are to each other:

Not at all similar 1 2 3 4 5 6 7 Very similar

Please rate how similar [Southwest Airlines/ Spirit Airlines] and [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] are to each other:

Not at all similar 1 2 3 4 5 6 7 Very similar

Please evaluate the following statements:

The [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] joining as a partner to [Southwest Airlines / Spirit Airlines] Frequent Flyer Program makes sense.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

According to me, the decision to add [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] to the [Southwest Airlines / Spirit Airlines] Frequent Flyer Program is very surprising.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

According to me [Southwest Airlines/ Spirit Airlines]'s decision to add [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] to their [Southwest Airlines / Spirit Airlines] Frequent Flyer Program seems logical.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Now that you have received new information about [Southwest Airlines/ Spirit Airlines] and [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] from the scenario above, we want to ask you to evaluate the [Southwest Airlines/ Spirit Airlines] and [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] brands again. Please answer the questions based on you feel NOW after you have read the scenario above.

How loyal are you to [Southwest Airlines/ Spirit Airlines]?

Not at all Loyal 1 2 3 4 5 6 7 Very Loyal

What kind of attitude do you have about [Southwest Airlines/ Spirit Airlines]?

Negative Attitude 1 2 3 4 5 6 7 Positive Attitude

What kind of image does [Southwest Airlines/ Spirit Airlines] have?

Negative Image 1 2 3 4 5 6 7 Positive Image

How would you rate the quality delivered by [Southwest Airlines/ Spirit Airlines]?

Low Quality 1 2 3 4 5 6 7 High Quality

Would you be willing to pay more for [Southwest Airlines/ Spirit Airlines] than you would another airline?

Definitely Not 1 2 3 4 5 6 7 Definitely

How loyal are you to [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car]?

Not at all Loyal 1 2 3 4 5 6 7 Very Loyal

What kind of attitude do you have about [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car]?

Negative Attitude 1 2 3 4 5 6 7 Positive Attitude

What kind of image does [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car have]?

Negative Image 1 2 3 4 5 6 7 Positive Image

How would you rate the quality delivered by [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car]?

Low Quality 1 2 3 4 5 6 7 High Quality

Would you be willing to pay more for [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] than you would another florist / car rental?

Definitely Not 1 2 3 4 5 6 7 Definitely

Please evaluate the following statements

Higher number of partner firms makes it easier to earn points in a frequent flyer program.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Different types of partner firms make it easier to earn points in a frequent flyer program.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I'm more likely to become a member of a frequent flyer program that has many partners across different business areas.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I prefer diversity of partner firms in a frequent flyer program.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Finally, we would like to ask you some demographic questions for classification purposes:

Are you a member of the following frequent flyer programs? Check all that apply.
Alaska Airlines Mileage Plan
American Airlines AAdvantage
Delta Airlines Skymiles
Frontier Airlines Early Returns
Hawaiian Airlines Hawaiian Miles
JetBlue Airlines TrueBlue
SouthWest Airlines Rapid Rewards
Spirit Airlines Free Spirit
United Airlines Mileage Plus

Do you mainly fly for business or leisure?
Business Leisure Both

How often did you fly during the past 12 months?
0 , 1-2 times , 3-4 times, 5 or more

How often did you fly with [Southwest Airlines/ Spirit Airlines] during the past 12 months?
0 , 1-2 times , 3-4 times, 5 or more

What is your age?
Less than 16, 16-19, 20-24, 25-34, 35-44, 45-54, 55-64 , 65 or over

What is your gender?
Male, Female

Appendix 5: Study 1 Control Groups Questionnaire

We are conducting a research on how consumers interact with brands. The survey should only take 10 minutes and your responses are completely anonymous. We appreciate your input.

We are interested in how you feel about [Southwest Airlines/ Spirit Airlines]. Please answer a few questions about [Southwest Airlines/ Spirit Airlines].

How loyal are you to [Southwest Airlines/ Spirit Airlines]?

Not at all Loyal 1 2 3 4 5 6 7 Very Loyal

What kind of attitude do you have about [Southwest Airlines/ Spirit Airlines]?

Negative Attitude 1 2 3 4 5 6 7 Positive Attitude

What kind of image does [Southwest Airlines/ Spirit Airlines] have?

Negative Image 1 2 3 4 5 6 7 Positive Image

How would you rate the quality delivered by [Southwest Airlines/ Spirit Airlines]?

Low Quality 1 2 3 4 5 6 7 High Quality

Would you be willing to pay more for [Southwest Airlines/ Spirit Airlines] than you would another airline?

Definitely Not 1 2 3 4 5 6 7 Definitely

Are you a member of [Southwest Airlines/ Spirit Airlines] frequent flyer program?

Yes No

Below we would like to provide you some information about the brand mentioned earlier. Please read the information carefully.

[Southwest Airlines / Spirit Airlines] has a frequent flyer program where members can earn frequent flyer miles by flying with [Southwest Airlines/ Spirit Airlines], which can then be redeemed for free flights.

If you were not a member of [Southwest Airlines/ Spirit Airlines] frequent flyer program, how likely would it be that you will join this loyalty program?

Very Unlikely to Join 0 1 2 3 4 5 6 7 8 9 10 Very likely to join

We want to ask how you feel about the Southwest Airlines / Spirit Airlines frequent flyer program as described in the scenario.

My overall evaluation of this program is good

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I would recommend this program to others
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I would prefer this program to other frequent flyer programs
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I like this program more so than other programs
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Finally, we would like to ask you some demographic questions for classification purposes:

Are you a member of the following frequent flyer programs? Check all that apply.
Alaska Airlines Mileage Plan
American Airlines AAdvantage
Delta Airlines Skymiles
Frontier Airlines Early Returns
Hawaiian Airlines Hawaiian Miles
JetBlue Airlines TrueBlue
SouthWest Airlines Rapid Rewards
Spirit Airlines Free Spirit
United Airlines Mileage Plus

Do you mainly fly for business or leisure?
Business Leisure Both

How often did you fly during the past 12 months?
0, 1-2 times, 3-4 times, 5 or more

How often did you fly with [Southwest Airlines/ Spirit Airlines] during the past 12 months?
0, 1-2 times, 3-4 times, 5 or more

What is your age?
Less than 16, 16-19, 20-24, 25-34, 35-44, 45-54, 55-64 , 65 or over

What is your gender?
Male, Female

Appendix 6 - Study 2 Questionnaire

We are conducting a research on how consumers interact with brands. The survey should only take 10-15 minutes and your responses are completely anonymous. We appreciate your input.

We are interested in how you feel about [Southwest Airlines/ United Airlines]. Please answer a few questions about [Southwest Airlines/United Airlines].

I know what [Southwest Airlines/United Airlines] looks like.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
I can recognize [Southwest Airlines/ United Airlines] among other competing brands.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
I am aware of [Southwest Airlines/ United Airlines].
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
Some characteristics of [Southwest Airlines/United Airlines] come to my mind quickly.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
I can quickly recall the symbol or logo of [Southwest Airlines/United Airlines].
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
I have difficulty in imagining [Southwest Airlines/United Airlines] in my mind.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
[Southwest Airlines/United Airlines] is different from other brands.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
[Southwest Airlines/United Airlines] can be easily distinguished from other brands.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

How loyal are you to [Southwest Airlines/ United Airlines]?
Not at all Loyal 1 2 3 4 5 6 7 Very Loyal
What kind of attitude do you have about [Southwest Airlines/United Airlines]?
Negative Attitude 1 2 3 4 5 6 7 Positive Attitude
What kind of image does [Southwest Airlines/United Airlines] have?
Negative Image 1 2 3 4 5 6 7 Positive Image
How would you rate the quality delivered by [Southwest Airlines/United Airlines]?
Low Quality 1 2 3 4 5 6 7 High Quality
Would you be willing to pay more for [Southwest Airlines/United Airlines] than you would another airline?
Definitely Not 1 2 3 4 5 6 7 Definitely

Are you a member of [Southwest Airlines/United Airlines] frequent flyer program?
Yes No

We are interested in how you feel about [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car]. Please answer a few questions about [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car].

How loyal are you to [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car]?

Not at all Loyal 1 2 3 4 5 6 7 Very Loyal

What kind of attitude do you have about [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car]?

Negative Attitude 1 2 3 4 5 6 7 Positive Attitude

What kind of image does [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] have?

Negative Image 1 2 3 4 5 6 7 Positive Image

How would you rate the quality delivered by [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car]?

Low Quality 1 2 3 4 5 6 7 High Quality

Would you be willing to pay more for [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] than you would another [florist / car rental]?

Definitely Not 1 2 3 4 5 6 7 Definitely

Below we would like to provide you some information about the two brands mentioned earlier. Please read the information carefully.

[Southwest Airlines/United Airlines] has a frequent flyer program where members can earn frequent flyer miles by flying with [Southwest Airlines/United Airlines], which can then be redeemed for free flights. [Southwest Airlines/United Airlines] announces that [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] will join as a partner in their Frequent Flyer Program. Members of the Program can earn [Southwest Airlines/United Airlines] miles through their purchases from [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car].

Please rate how similar [airline] and [florists/ car rental] are to each other:

Not at all similar 1 2 3 4 5 6 7 Very similar

Please rate how similar [Southwest Airlines/ United Airlines] and [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] are to each other:

Not at all similar 1 2 3 4 5 6 7 Very similar

Please evaluate the following statements:

The [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] joining as a partner to [Southwest Airlines/ United Airlines] Frequent Flyer Program makes sense.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
According to me, the decision to add [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] to the [Southwest Airlines/ United Airlines] Frequent Flyer Program is very surprising.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
According to me [Southwest Airlines/ United Airlines]'s decision to add [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] to their [Southwest Airlines/United Airlines] Frequent Flyer Program seems logical.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Now that you have received new information about [Southwest Airlines/ United Airlines] and [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] from the scenario above, we want to ask you to evaluate the [Southwest Airlines/ United Airlines] and [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] brands again. Please answer the questions based on you feel NOW after you have read the scenario above.

I know what [Southwest Airlines/United Airlines] looks like.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
I can recognize [Southwest Airlines/ United Airlines] among other competing brands.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
I am aware of [Southwest Airlines/ United Airlines].
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
Some characteristics of [Southwest Airlines/United Airlines] come to my mind quickly.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
I can quickly recall the symbol or logo of [Southwest Airlines/United Airlines].
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
I have difficulty in imagining [Southwest Airlines/United Airlines] in my mind.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
[Southwest Airlines/United Airlines] is different from other brands.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
[Southwest Airlines/United Airlines] can be easily distinguished from other brands.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

How loyal are you to [Southwest Airlines/ United Airlines]?
Not at all Loyal 1 2 3 4 5 6 7 Very Loyal

What kind of attitude do you have about [Southwest Airlines/United Airlines]?

Negative Attitude 1 2 3 4 5 6 7 Positive Attitude

What kind of image does [Southwest Airlines/United Airlines] have?

Negative Image 1 2 3 4 5 6 7 Positive Image

How would you rate the quality delivered by [Southwest Airlines/United Airlines]?

Low Quality 1 2 3 4 5 6 7 High Quality

Would you be willing to pay more for [Southwest Airlines/United Airlines] than you would another airline?

Definitely Not 1 2 3 4 5 6 7 Definitely

How loyal are you to FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car?

Not at all Loyal 1 2 3 4 5 6 7 Very Loyal

What kind of attitude do you have about FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car?

Negative Attitude 1 2 3 4 5 6 7 Positive Attitude

What kind of image does FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car have?

Negative Image 1 2 3 4 5 6 7 Positive Image

How would you rate the quality delivered byFTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car?

Low Quality 1 2 3 4 5 6 7 High Quality

Would you be willing to pay more for FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car than you would another florist / car rental?

Definitely Not 1 2 3 4 5 6 7 Definitely

Finally, we would like to ask you some demographic questions for classification purposes:

Are you a member of the following frequent flyer programs? Check all that apply.

Alaska Airlines Mileage Plan
American Airlines AAdvantage
Delta Airlines Skymiles
Frontier Airlines Early Returns
Hawaiian Airlines Hawaiian Miles
JetBlue Airlines TrueBlue
SouthWest Airlines Rapid Rewards
Spirit Airlines Free Spirit
United Airlines Mileage Plus

Do you mainly fly for business or leisure?
Business Leisure Both

How often did you fly during the past 12 months?
0, 1-2 times, 3-4 times, 5 or more

How often did you fly with [Southwest Airlines/ United Airlines] during the past 12 months?
0, 1-2 times, 3-4 times, 5 or more

What is your age?
Less than 16, 16-19, 20-24, 25-34, 35-44, 45-54, 55-64 , 65 or over

What is your gender?
Male, Female

Appendix 7 – Study 2 Control Group Questionnaire

We are conducting a research on how consumers interact with brands. The survey should only take 10-15 minutes and your responses are completely anonymous. We appreciate your input.

We are interested in how you feel about [Southwest Airlines/ United Airlines]. Please answer a few questions about [Southwest Airlines/United Airlines].

I know what [Southwest Airlines/United Airlines] looks like.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
I can recognize [Southwest Airlines/ United Airlines] among other competing brands.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
I am aware of [Southwest Airlines/ United Airlines].
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
Some characteristics of [Southwest Airlines/United Airlines] come to my mind quickly.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
I can quickly recall the symbol or logo of [Southwest Airlines/United Airlines].
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
I have difficulty in imagining [Southwest Airlines/United Airlines] in my mind.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
[Southwest Airlines/United Airlines] is different from other brands.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
[Southwest Airlines/United Airlines] can be easily distinguished from other brands.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

How loyal are you to [Southwest Airlines/ United Airlines]?
Not at all Loyal 1 2 3 4 5 6 7 Very Loyal
What kind of attitude do you have about [Southwest Airlines/United Airlines]?
Negative Attitude 1 2 3 4 5 6 7 Positive Attitude
What kind of image does [Southwest Airlines/United Airlines] have?
Negative Image 1 2 3 4 5 6 7 Positive Image
How would you rate the quality delivered by [Southwest Airlines/United Airlines]?
Low Quality 1 2 3 4 5 6 7 High Quality
Would you be willing to pay more for [Southwest Airlines/United Airlines] than you would another airline?
Definitely Not 1 2 3 4 5 6 7 Definitely

Are you a member of [Southwest Airlines/United Airlines] frequent flyer program?
Yes No

Finally, we would like to ask you some demographic questions for classification purposes:

Are you a member of the following frequent flyer programs? Check all that apply.
Alaska Airlines Mileage Plan
American Airlines AAdvantage
Delta Airlines Skymiles
Frontier Airlines Early Returns
Hawaiian Airlines Hawaiian Miles
JetBlue Airlines TrueBlue
SouthWest Airlines Rapid Rewards
Spirit Airlines Free Spirit
United Airlines Mileage Plus

Do you mainly fly for business or leisure?
Business Leisure Both

How often did you fly during the past 12 months?
0, 1-2 times, 3-4 times, 5 or more

How often did you fly with [Southwest Airlines/ United Airlines] during the past 12 months?
0, 1-2 times, 3-4 times, 5 or more

What is your age?
Less than 16, 16-19, 20-24, 25-34, 35-44, 45-54, 55-64 , 65 or over

What is your gender?
Male, Female

Appendix 8 - Pretest 4

The following scenario describes a service interaction. Please read the scenario carefully.

You are a member of Southwest Airlines' frequent flyer program. The program has several partners and you earn Southwest Airlines frequent flyer miles if you shop from those partners. [FTD Florists / Hertz Rent a Car] is one of those partners that you can use.

For Florist

You order a flower arrangement from FTD Florists for an important special occasion. You go to the local store of FTD to pick up your flower arrangement. The store clerk informs you that the FTD system does not have a record of your order and the particular type of flower arrangement that you want to buy has been sold out at that location. You want to buy another flower arrangement, but the store clerk informs you that the flowers needed for the other arrangement are also not available. You have to go to another store several miles away to get the flower arrangement you want.

For Car rental

You reserve a car from Hertz Rent a Car for an important business trip. You go to the local store of Hertz to pick up your rental car. The store clerk informs you that the Hertz system does not have a record of your reservation and that the particular class of car that you want to rent is completely rented out at that location. You want to rent another class of car, but the store clerk informs you that the store is out of that class of car too. You have to go to another location several miles away to rent the car you want.

Questions

The scenario was realistic
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
The scenario was believable
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
Please rate the above service interaction
Very Negative 1 2 3 4 5 6 7 Very Positive
In my opinion, the problem described in the scenario is a
Minor Problem 1 2 3 4 5 6 7 Major Problem
In my opinion, the problem described in the scenario is a
Big Inconvenience 1 2 3 4 5 6 7 Small Inconvenience
In my opinion, the problem described in the scenario is a
Major Aggravation 1 2 3 4 5 6 7 Minor Aggravation

Appendix 9 - Study 3 Questionnaire

We are conducting a research on how consumers interact with brands. The survey should only take 10-15 minutes and your responses are completely anonymous. We appreciate your input.

How old are you?

13-17, 18-25, 26-34, 35-54, 55-64, 65 or over

Below we would like to provide you some information about two brands. Please read the following information carefully.

United Airlines has a frequent flyer program where members can earn frequent flyer miles by flying with United Airlines, which can then be redeemed for free flights. [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] is a partner business at United Airlines frequent flyer program. Members of the program can earn United Airlines miles through their purchases from [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car].

Please answer a few questions about United Airlines.

How loyal are you to United Airlines?
Not at all Loyal 1 2 3 4 5 6 7 Very Loyal
What kind of attitude do you have about United Airlines?
Negative Attitude 1 2 3 4 5 6 7 Positive Attitude
What kind of image does United Airlines have?
Negative Image 1 2 3 4 5 6 7 Positive Image
How would you rate the quality delivered by United Airlines?
Low Quality 1 2 3 4 5 6 7 High Quality
Would you be willing to pay more for United Airlines than you would another airline?
Definitely Not 1 2 3 4 5 6 7 Definitely

How likely is it that you will use United Airlines in the future?
Not at all likely 0 1 2 3 4 5 6 7 8 9 10 Very Likely

We are interested in how you feel about [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car]. Please answer a few questions about [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car].

How loyal are you to [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car]?
Not at all Loyal 1 2 3 4 5 6 7 Very Loyal

What kind of attitude do you have about [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car]?

Negative Attitude 1 2 3 4 5 6 7 Positive Attitude

What kind of image does [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] have?

Negative Image 1 2 3 4 5 6 7 Positive Image

How would you rate the quality delivered by [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car]?

Low Quality 1 2 3 4 5 6 7 High Quality

Would you be willing to pay more for [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] than you would another [florist / car rental]?

Definitely Not 1 2 3 4 5 6 7 Definitely

How likely is it that you will use [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] in the future?

Not at all likely 0 1 2 3 4 5 6 7 8 9 10 Very Likely

Below we would like to provide you some information about the two brands mentioned earlier. Please read the following scenario carefully and assume this scenario has just happened to you.

You are a member of United Airlines frequent flyer program. [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] is a partner business at United Airlines frequent flyer program. You can earn United Airlines miles through your purchases from [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car].

For Florist

You order a flower arrangement from [FTD Florists/ BloomsToday Florists] for an important special occasion. You go to the local store of [FTD Florists/ BloomsToday Florists] to pick up your flower arrangement. The store clerk informs you that the [FTD Florists/ BloomsToday Florists] system does not have a record of your order and the particular type of flower arrangement that you want to buy has been sold out at that location. You want to buy another flower arrangement, but the store clerk informs you that the flowers needed for the other arrangement are also not available. You have to go to another store several miles away to get the flower arrangement you want.

For Car rental

You reserve a car from [Hertz Rent a Car/ Dollar Rent a Car] for an important business trip. You go to the local store of [Hertz Rent a Car/ Dollar Rent a Car] to pick up your rental car. The store clerk informs you that the [Hertz Rent a Car/ Dollar Rent a Car] system does not have a record of your reservation and that the particular class of car that you want to rent is completely rented out at that location. You want to rent another class of car, but the store clerk informs you that the store is out of that class of car too. You have to go to another location several miles away to rent the car you want.

Now that you have received new information about United Airlines and [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] from the scenario above, we want to ask you to evaluate the United Airlines and [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] brands again. Please answer the questions based on you feel NOW after you have read the scenario above.

How loyal are you to United Airlines?
Not at all Loyal 1 2 3 4 5 6 7 Very Loyal
What kind of attitude do you have about United Airlines?
Negative Attitude 1 2 3 4 5 6 7 Positive Attitude
What kind of image does United Airlines have?
Negative Image 1 2 3 4 5 6 7 Positive Image
How would you rate the quality delivered by United Airlines?
Low Quality 1 2 3 4 5 6 7 High Quality
Would you be willing to pay more for United Airlines than you would another airline?
Definitely Not 1 2 3 4 5 6 7 Definitely

Given the incident described earlier, how likely is it that you will continue to use United Airlines in the future?
Not at all likely 0 1 2 3 4 5 6 7 8 9 10 Very Likely

How loyal are you to [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car]?
Not at all Loyal 1 2 3 4 5 6 7 Very Loyal
What kind of attitude do you have about [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car]?
Negative Attitude 1 2 3 4 5 6 7 Positive Attitude
What kind of image does [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] have?
Negative Image 1 2 3 4 5 6 7 Positive Image
How would you rate the quality delivered by [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car]?
Low Quality 1 2 3 4 5 6 7 High Quality
Would you be willing to pay more for [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] than you would [florist/car rental]?
Definitely Not 1 2 3 4 5 6 7 Definitely

Given the incident described earlier, how likely is it that you will continue to use [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] in the future?
Not at all likely 0 1 2 3 4 5 6 7 8 9 10 Very Likely

Please rate how similar [airline] and [florists/ car rental] are to each other:
Not at all similar 1 2 3 4 5 6 7 Very similar

Please rate how similar United Airlines and [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] are to each other:
Not at all similar 1 2 3 4 5 6 7 Very similar

Please evaluate the following statements:

The [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] joining as a partner to United Airlines Frequent Flyer Program makes sense.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
According to me, the decision to add [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] to the United Airlines Frequent Flyer Program is very surprising.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
According to me United Airlines's decision to add [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent a Car] to their United Airlines Frequent Flyer Program seems logical.
Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Please answer the following questions:

Have you ever experienced a service failure with [FTD Florists/ BloomsToday Florists/ Hertz Rent a Car/ Dollar Rent] a Car before?

Yes / No

[If yes] Was the service failure resolved successfully?
Yes/No

Finally, we would like to ask you some demographic questions for classification purposes:

Are you a member of the following frequent flyer programs? Check all that apply.
Alaska Airlines Mileage Plan
American Airlines AAdvantage
Delta Airlines Skymiles
Frontier Airlines Early Returns
Hawaiian Airlines Hawaiian Miles
JetBlue Airlines TrueBlue
SouthWest Airlines Rapid Rewards
Spirit Airlines Free Spirit
United Airlines Mileage Plus

Do you mainly fly for business or leisure?
Business Leisure Both

How often did you fly during the past 12 months?
0, 1-2 times, 3-4 times, 5 or more

How often did you fly with United Airlines during the past 12 months?
0, 1-2 times, 3-4 times, 5 or more

What is your age?
Less than 16, 16-19, 20-24, 25-34, 35-44, 45-54, 55-64 , 65 or over

What is your gender?
Male, Female

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BA, Business Administration, Marmara University, Istanbul, Turkey, 2000
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Associate of Computer Programming, Marmara University, Istanbul, Turkey, 1996

TEACHING EXPERIENCE

Roanoke College, Salem, VA August 2011 – Present
Adjunct Senior Lecturer / Visiting Assistant Professor of Marketing

Old Dominion University, Norfolk, VA August 2007- July 2010
Instructor, Department of Marketing

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Graduate Research Assistant, Department of Marketing

Radford University, Radford, VA 2006 Spring Semester
Adjunct Faculty, Department of Accounting, Finance and Business Law

Radford University, Radford VA August 2003- May 2005
Graduate Teaching Fellow, Department of Accounting, Finance and Business Law

PUBLICATIONS, CONFERENCE PROCEEDINGS and PRESENTATIONS

Kutlu, Gulfem (2009), "Linking Brand Equity to Organizational Outcomes", 2009 AMS Annual Conference, Baltimore, Maryland

Kutlu, Gulfem (2008), "The Antecedents and Effects of Web Site Content Localization", 2008 Society for Marketing Advances Annual Conference, St. Petersburg, Florida

REVIEWER

Ad-hoc reviewer for the Academy of Marketing Science World Marketing Congress, 2014
Ad-hoc reviewer for the Academy of Marketing Science World Marketing Congress, 2013
Ad-hoc reviewer for the American Marketing Association Summer Educator's Conference, 2010
Ad-hoc reviewer for the American Marketing Association Summer Educator's Conference, 2009
Ad-hoc reviewer for Society for Marketing Advances Annual Conference, 2008

HONORS and AWARDS

2013	Delta Mu Delta (Honorary Member)
2009	Nominated for ODU Outstanding Classroom Graduate Teaching Assistant Award
2008	Phi Kappa Phi (Collegiate Honor Society)
2007 -2008	ODU Constant Fellowship
2007	Golden Key International Honour Society
2005	Outstanding MBA Graduate Award, Radford University
2005	Beta Gamma Sigma (Business Honor Society)