

Ceiling and Negative Feedback Effects in Brand Alliances

Marion Garaus
MODUL University Vienna
Arnd Florack
University of Vienna

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Abstract

Partnering with strong brands has become common practice for many companies. Conventional wisdom suggests that combining two strong brands results in an even stronger co-brand. Nevertheless, some studies observed the absence of any effects or even negative effects in strong brand alliances. Extant literature offers only limited theoretical explanations on this effects. The present research builds on adaptive learning models and develops a theoretical framework on brand associative learning in strong brand alliances. This research explains the occurrence of ceiling and negative feedback effects for strong brand alliances. Two experiments reveal that merging two strong brands does not increase brand attitude or quality perceptions of the co-branded product and partnering brands (ceiling effect) and that strong co-brands even receive worse brand evaluations as compared to the partnering brands before brand alliance exposure (negative feedback effects). This research offers theoretical insights into exposure-based adaptive learning processes in brand alliances and questions the effectiveness of strong brand alliances.

Keywords: *brand alliances; adaptive learning; brand associations*

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