# Dual consumer-organisation identification in international alliances and partnerships: consumers' supportive intentions towards local and foreign firms

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# ABSTRACT

This study investigates whether firms that are evaluating potential partners might benefit from considering how consumers view these organisations, specifically the extent to which consumer identification with local and foreign partners influences consumer satisfaction with a co-branded product and consumers' post purchase/consumption supportive intentions toward each partner. Data came from institutions of higher education in Hong Kong and Sri Lanka that operate in collaboration with a foreign partner. A conceptual model was developed and then tested using structural equation modelling. Dual consumer-organisation identification was found to be a significant predictor of consumer satisfaction with the co-branded product and consumers' supportive intentions toward each partner. Furthermore, the perceived identity attractiveness of each partner was significantly related to the consumers' identification with each partner. The results suggest that organisations which indulge in collaborative arrangements with foreign firms should recognise that each partner plays a significant and distinct role in generating consumer satisfaction behaviours.

# **KEYWORDS**

International marketing; partner selection; corporate identity; organisational identification; consumer satisfaction; consumer behaviour

# Introduction

Many firms require effective relationships with other firms in order to achieve a competitive advantage. Increasingly, and particularly in international business, these relationships have taken the form of strategic alliances or partnerships. Although the term 'strategic alliance' is very broad, Peng and Meyer (2011, p. 376) offer the following definition: "collaborations between independent firms using equity modes, non-equity contractual agreements, or both". Such collaborations include joint ventures and partial acquisitions, as well as joint production, marketing or distribution arrangements. Strategic alliances enable firms to achieve organisational goals and to access resources such as expertise, finance and networks (O'Dwyer, Gilmore, & Carson, 2011). Successful alliances can enhance customer value, and customer value can have a positive impact on customer satisfaction (Mouri, Bindroo, & Ganesh, 2015).

Hospitality and higher education are two service industries in which international partnerships are common and the automobile industry is an example of a tangible good that relies heavily on manufacturer-distributor partnerships in order to sell its products (Chen & Wu, 2010). Partner

selection is a major decision that can have considerable influence on a firm's performance, particularly in smaller foreign markets where the partner is the sole importer or seller of the firm's products. Each partner often has a role to play in attracting consumers to buy a co-branded product. To illustrate, let us consider the reasons why different consumers in the United Arab Emirates (UAE) chose to buy a Chrysler car.

Trading Enterprises is the sole distributor of Chrysler motor vehicles in the UAE. Trading Enterprises is part of the Al-Futtaim Group, a well-known and respected conglomerate, with interests in retailing, financial services and real estate. Jim is an expatriate doctor from America, who works at a hospital in the UAE. He loves the Chrysler brand and chose to buy a Chrysler 300C, as he considers himself loyal to Chrysler and believes that this car will reflect well on his self-image. Mina is a young graduate who chose to buy a Chrysler because she has always dreamt of owning a large American car, and her favourite soap star, whom she idolises, drives a Chrysler in her favourite television drama.

Simon is a British expatriate who has lived in the UAE for twenty years. He has seen many car dealerships come and go. He chose to buy a car from Trading Enterprises because he trusts this firm to offer financing that is cheaper than a bank loan and a first class after sales service, which includes honouring the service plan. Ali Al-Futtaim does not personally know any of the owners or managers of Trading Enterprises, but he identifies with the company as he shares the family name and believes that he is distantly related to those who own and run the company.

In this example, two consumers were motivated to buy a Chrysler because of reasons related to the car or the manufacturer, while two consumers were motivated by the identity and reputation of the local distributor. This suggests that all firms may benefit from considering very carefully the partners they select, regardless of whether they are the local or foreign firm, the manufacturer or distributor, or the franchisor or franchisee. In practice, consumers may use a variety of cues to evaluate a company, including country of origin and the firm's reputation for corporate social responsibility (Magnusson, Westjohn, & Zdravkovic, 2015). Therefore, firms should conduct research to identify the company features that are most important to consumers, and the features that will most influence product purchases and satisfaction. The market and operational contexts should also be considered, particularly in emerging and competitive markets where levels of product penetration and consumption can be quite different (Bang, Joshi, & Singh, 2016; O'Dwyer, Gilmore, & Carson, 2011).

Companies use a variety of criteria to evaluate and choose a partner, which might include consideration of the firm's resources (Das & Teng, 2000); performance (Duarte & Davies, 2003); quality of management (Chen & Tseng, 2005); marketing capability (Stern & El-Ansary, 1992); strategic, brand and product fit, as well as the potential benefits that might be achieved through a specific partnership (Medcof, 1997; Simonin & Ruth, 1998; Washburn, Till, & Priluck, 2000). Financial factors will always be considered (Steuer & Na, 2003), but a history of successful collaboration between two firms might make a formal alliance or partnership more attractive (Robson & Katsikeas, 2005). Also, the attitudes of strategic decision makers, subjective norms and perceived behavioural controls and intentions to enter into a strategic alliance will impact upon the agreements made (Cavazos & Varadarajan, 2012).

Given that a number of studies have demonstrated that consumer-organisation identification is commonly associated with product choice, consumer loyalty and supportive intentions (e.g. Hong & Yang, 2009; Kim, Chang, & Ko, 2010; Mael & Ashforth, 1992; Tuškej, Golob, & Podnar, 2013), we suggest that firms might also benefit from considering how consumers view the potential partner in terms of perceived identity attractiveness (Ahearne, Bhattacharya, & Gruen, 2005; Sung & Yang, 2008; Wilkins & Huisman, 2014) and the extent to which the consumers

identify with the organisation (Bhattacharya & Sen, 2003). In this study, supportive intentions refers to post purchase/consumption behaviours that the consumer intends to take that will somehow benefit the organisation, such as repeat custom and recommending the organisation to others.

Consumers identify with organisations that sell or provide both goods (e.g. Hong & Yang, 2009; Tuškej, Golob, & Podnar, 2013) and services (e.g. Bhattacharya, Rao, & Glynn, 1995; Kim, Chang, & Ko, 2010; Marín & de Maya, 2013). Although services have features and characteristics that are different and distinct to tangible goods, we argue that consumers identify similarly with organisations selling both types of product. The data for this study came from institutions of higher education in Hong Kong and Sri Lanka that operate in collaboration with a foreign partner. We argue that many universities which sell their products in foreign countries operate just like any other firm engaging in international business, seeking to maximise revenue, market share and profit. Indeed, many universities register their foreign subsidiaries or operations as companies. The case example of Chrysler cars in the UAE was provided earlier to illustrate the generalisability of our conceptual model across both goods and services.

### **Consumer-organisation identification**

In their seminal paper, Bhattacharya and Sen (2003) proposed that consumers may identify with organisations that help them satisfy one or more key self-definitional needs, such as self-esteem needs (Dutton, Dukerich, & Harquail, 1994), self-distinctiveness needs (Ashforth & Mael, 1989), and the need for self-continuity (Pratt, 1998). When an individual perceives that an organisation satisfies their self-definitional needs, the individual is likely to perceive the organisation's identity as attractive and this will strengthen the emotional bond between the individual and the organisation (Bhattacharya & Sen, 2003; Karaosmanoğlu, Baş, & Zhang, 2011). Hence, individuals become more emotionally attached to organisations with which they perceive they share similar qualities and values. Within the higher education sector, Mael and Ashforth (1992) found that perceived institutional prestige and distinctiveness strengthened organisational identification among college alumni. A study by Balaji, Roy, & Sadeque (2016) further supports the link between university prestige and university identification among students. High ability students are attracted to prestigious universities and they are most likely to support the university in the future and promote it to others (Casidy & Wymer, 2016).

Companies that sell goods or services to the general public may benefit from organisational identification more than business-to-business companies because they are likely to be better known and they provide opportunities for direct consumption, with the associated opportunities for self-expression (Bhattacharya & Sen, 2003). Service organisations, like hotels and universities, might be able to achieve stronger levels of organisational identification than firms selling goods because there is greater scope for interaction between the consumer and the organisation. Once individuals identify with an organisation, they are likely to support it in a variety of ways (Ahearne, Bhattacharya, & Gruen, 2005). Bhattacharya and Sen (2003) suggested that consumer-organisation identification can result in a number of positive consequences for organisations, such as loyalty and commitment to the organisation (Bergami & Bagozzi, 2000; Popp, Wilson, Horbel, & Woratschek, 2016), promotion of the organisation (Dutton & Dukerich, 1991), customer recruitment (O'Reilly & Chatman, 1986), and resilience to negative information (Chappell, 1993).

In the organisational behaviour and human resource management literatures, it has been established that firms have multiple organisational identities; for example, different departments and strategic business units can each have their own distinct identity (Bartels, Pruyn, de Jong, & Joustra, 2007; Foreman & Whetten, 2002). Other studies have concluded that individuals are

capable of identifying simultaneously with two or more entities (e.g. Christ, van Dick, Wagner, & Stellmacher, 2003; George & Chattopadhyay, 2005; Podnar, Golob, & Jančič, 2011; van Knippenberg & van Schie, 2000; Vora & Kostova, 2007). Reade (2001) found that employees working in the subsidiaries of multinational corporations exhibited dual identification with the subsidiary and global organisation.

In the marketing literature, researchers have not yet considered whether consumers may identify simultaneously with two companies that are selling a co-branded product or who are involved in an alliance or partnership. As the number of co-branded partnerships in existence has grown rapidly (Abratt & Motlana, 2002), this is a major failing within the literature. We suggest that consumers will likely exhibit dual consumer-organisation identification with co-branded products, just as employees identify with two or more organisational entities. We investigate our proposition in the transnational higher education market, where various forms of partnership are common. Specifically, we consider the extent to which students identify with their local service provider (the institution at which they attend lectures) and the foreign institution (whose programme they are following, which also awards their degree upon graduation), and the extent to which organisational identification is related to consumer (student) satisfaction and supportive intentions.

# **Conceptual model and hypotheses**

The conceptual model presented in Figure 1 summarises the hypothesised relationships between constructs that are tested in this study. Key objectives of this research are to discover the extent to which the hypothesised relationships hold for both the local service provider and the foreign partner, and the extent to which consumer identification with the local service provider and foreign partner influence consumer satisfaction with the co-branded product. We also test the extent to which consumer satisfaction acts as a mediator between consumer identification and supportive intentions.

Bhattacharya and Sen (2003) claimed that consumer-organisation identification was likely to occur only when the consumer perceives the organisation's identity to be attractive. According to social identity theory, individuals seek to distinguish themselves from others in social contexts and therefore they seek to form relationships with companies that are attractive and distinctive in the dimensions they value (Tajfel & Turner, 1985). When an individual perceives an organisation's identity as attractive, they are more likely to identify with the organisation because of its enduring attributes (Ahearne, Bhattacharya, & Gruen, 2005; Smidts, Pruyn, & van Riel, 2001). Associating with an organisation that is perceived to be attractive, and perhaps prestigious, enables an individual to attain self-esteem needs because connection with an attractive organisation can be used to develop a more positive self-evaluation (Marín & de Maya, 2013). Hence, we propose that perceived identity attractiveness is a key antecedent of consumer-organisation identification:

- *H1.* Perceived identity attractiveness of a local service provider is positively related to consumer identification with the local service provider.
- *H2.* Perceived identity attractiveness of a foreign partner is positively related to consumer identification with the foreign partner.

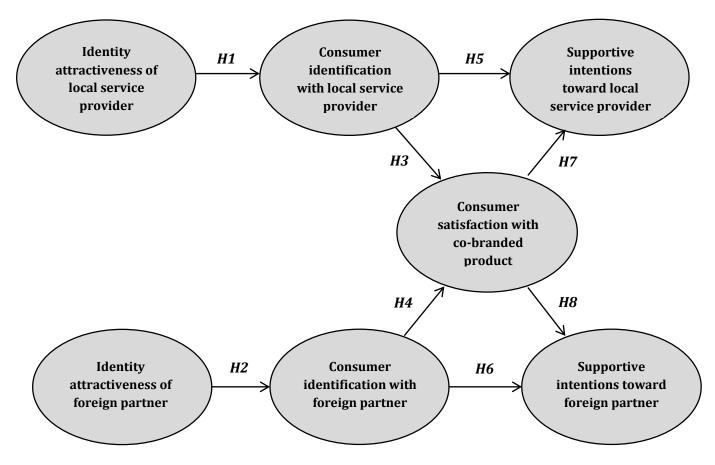


Figure 1. Conceptual model.

Previous research has found a positive relationship between employee organisational identification and job satisfaction (Ashforth & Saks, 1996; Riketta, 2005), so we hypothesise that a similar relationship will also exist between consumer-organisation identification and consumer satisfaction. Indeed, in an educational setting, Wilkins, Butt, Kratochvil, & Balakrishnan (2016) found a strong relationship between student organisational identification and student satisfaction. Thus, we hypothesise the following:

- *H3.* Consumer identification with a local service provider is positively related to consumer satisfaction with the co-branded product.
- *H4.* Consumer identification with a foreign partner is positively related to consumer satisfaction with the co-branded product.

Researchers have found that organisational identification can lead to a range of supportive behaviours among consumers (Stokburger-Sauer, Ratneshwar, & Sen, 2012). For example, consumers who identify with an organisation are more likely to become attached to the organisation and purchase or use its goods or services (Bhattacharya, Rao, & Glynn, 1995; Park, MacInnis, Priester, Eisingerich, & Iacobucci, 2010). Also, Homburg, Wieseke, & Hoyer (2009) found that consumer-organisation identification has a positive effect on consumer loyalty, while

Lam, Ahearne, Hu, & Schillewaert (2010) concluded that consumers who identify with a brand are less likely to switch to another.

Bhattacharya and Sen (2003) suggested that when individuals identify with an organisation they are more likely to become a champion of that organisation, for example, by engaging in positive word of mouth with others (Hong & Yang, 2009; Su, Swanson, Chinchanachokchai, Hsu, & Chen, 2016; Tuškej, Golob, & Podnar, 2013). In an educational setting, several studies have concluded that student identification with a university promotes supportive intentions such as enrolling in a programme at the institution, offering suggestions for improvement, participating in activities, recommending the institution to others, and giving donations (Balaji, Roy, & Sadeque, 2016; Kim, Chang, & Ko, 2010; Mael & Ashforth, 1992; Wilkins & Huisman, 2013). On the basis of this body of literature, we expect:

- *H5.* Consumer identification with a local service provider is positively related to supportive intentions toward the local service provider.
- *H6.* Consumer identification with a foreign partner is positively related to supportive intentions toward the foreign partner.

Consumer satisfaction is one of the key constructs studied in the marketing literature (Haumann, Quaiser, Wieseke, & Rese, 2014). It has generally been concluded that consumer satisfaction can have a strong influence on consumer supportive intentions, such as loyalty to a company, organisation or brand (e.g. Oliver & Swan 1989; Seiders, Voss, Grewal, & Godfrey, 2005), and willingness to pay (e.g. Homburg, Wieseke, & Hoyer, 2005). In an educational context, students who are satisfied with their university are more likely to remain loyal to the institution and less likely to drop out (Tinto, 1993). Alves and Raposo (2009) also found that satisfied students are more likely to engage in positive word of mouth with others and support the institution after they graduate, for example, by volunteering their services to help the institution. Thus, we expect:

- *H7.* Consumer satisfaction with a co-branded product is positively related to supportive intentions toward the local service provider.
- *H8.* Consumer satisfaction with a co-branded product is positively related to supportive intentions toward the foreign partner.

# Method

# Research context and data collection

To test the impacts of dual identification on consumer satisfaction and supportive intentions, we selected institutions of higher education that operate in collaboration with a foreign partner. This provided us the context in which we could explore the roles of local and foreign organisational identity attractiveness, and the resulting organisational identification, on consumer satisfaction and supportive behaviours. To strengthen and validate our results, we used two different institutions, located in Hong Kong and Sri Lanka, to represent our local service providers. Both of these institutions operate in collaboration with a foreign partner, a university that is based in the United Kingdom (UK). Hong Hong and Sri Lanka were selected as two contrasting foreign markets that have different cultures and levels of higher education development and market competition.

The UK partner assumes a prominent role in the local marketing. In other words, in both Hong Kong and Sri Lanka, many students enrol at the local institution because they specifically want to

follow the programme of the UK institution in order to gain a degree from this institution. Both partnerships have existed for several years and close working relationships have developed in both partnerships, promoted in part by the fact that lecturers from the UK university deliver about a quarter of the programme teaching at the premises of the Hong Kong and Sri Lankan partner institutions. Such partnerships are common in transnational higher education.

The data for this study were obtained by using a structured pen and paper questionnaire distributed to undergraduate students at the two local institutions of higher education in Hong Kong and Sri Lanka. Using a convenience sampling approach, a total of 650 questionnaires were distributed at the two institutions. A total of 587 completed questionnaires were returned. After data cleaning for missing values and extreme cases, a usable sample of 528 respondents was obtained, resulting in a response rate of 81.2%. Of the 528 respondents, 263 (49.8%) were male and 265 (50.2%) were female; 203 (38.4%) were based in Hong Kong and 325 (61.6%) were residents of Sri Lanka. Both country samples comprised of mainly host country nationals. The two samples were broadly comparable with regard to respondent age profile and attendance mode (full or part time).

#### Measures

The study both adopted and adapted previously validated scales. All items were repeated for the local service provider and the foreign partner, except the items relating to consumer satisfaction with the co-branded product. All items, except demographics, were measured using a 7-point Likert scale, where 1 = disagree strongly and 7 = agree strongly. The eight item scale for identity attractiveness is based on the scale developed by Wilkins and Huisman (2013). Examples of items include 'I like that this university has a well-known brand name/identity' and 'I like that this university has a well-known brand name/identity' and 'I like that this university has many outstanding features'. To measure consumer-organisation identification, a seven item scale was adapted from Abrams, Ando, and Hinkle (1998). Items included 'I feel strong ties with this university' and 'Belonging to this university is a part of my self-image'.

The scale for consumer satisfaction was modified from Wilkins, Balakrishnan, and Huisman (2012). Among the seven items were 'So far, my course has met all of my expectations' and 'My choice of university was a wise decision'. To measure supportive intentions, Sung and Yang's (2009) three item scale was adopted, but with slight modification to suit the UK education context. As alumni donations are quite uncommon in the UK, compared to the United States, Sung and Yang's item 'Giving to university as alumni' was broadened to 'I would help this university after I graduate'. The other two items were 'I would study at this university again' and 'I would recommend this university to others'.

The draft questionnaire was pre-tested with 20 university students at one of the local institutes. All participants took part in an individual semi-structured face-to-face interview with one researcher. The interviews were used to gain useful contextual background information and to ensure that all items were easily understood and that they appeared to be measuring what they were intended to measure. The survey instrument appeared to work well in the pre-test and no changes were made to the questionnaire.

#### Preliminary analysis and measurement model

Data were analysed using IBM SPSS Statistics and SPSS Amos (version 22.0). This section provides details of the preliminary series of statistical analyses conducted to establish the reliability and validity of the scales. Exploratory factor analysis on a single fixed factor only explained 49.5% of the variance of the 25 observed variables compared to 75.4% variance explained by a six factor model. This suggests that the data were free from a common method variance (CMV) problem

(Hair, Black, Babin, Anderson, & Tatham, 2010). Confirmatory factor analysis was conducted to establish the convergent and discriminant validity of the measurement scales. A step by step approach was used to remove items with low loadings (less than .50) and/or high modification indices. Two items were removed from the identity attractiveness scale due to their high modification indices. One item was removed from consumer satisfaction and one item was removed from the supportive intentions scale.

The results of our measurement model indicate a very good fit between the data and the model:  $\chi^2$  (463) = 1089.98, p < .001;  $\chi^2/df = 2.35$ ; CFI = .96; NFI= .94; IFI = .96; RMSEA = .051 (Gefen, Straub, & Boudreau, 2000). Table 1 reports the Cronbach's alpha scores, the composite reliability scores, the average variance extracted, and the correlation between each pair of constructs. The Cronbach's alpha scores for the final measurement model ranged from .89 to .96 (see Table 1). This indicates strong reliability for the scales used in this study (Nunnally & Bernstein, 1994). The average variance extracted was greater than .50 for all the scales; similarly, construct reliability was above .70, thus establishing convergent reliability (Yap & Khong, 2006). The Fornell-Larcker (1981) criterion was used to establish the discriminant validity of the measurement scales. The bold and italic numbers on the diagonal represent the square root of average variance extracted (AVE) for each construct. The off diagonal numbers represent the correlations between the constructs. The results suggest that there is no issue of discriminant validity for the data, as all constructs have lower correlations than the square root of AVE for their respective construct (Yap & Khong, 2006).

	CR	AVE	IDATL	IDATF	COIL	COIF	SAT	SUPL	SUPF
IDATL	0.94	0.72	0.85						
IDATF	0.94	0.73	0.54	0.85					
CCIL	0.94	0.74	0.83	0.44	0.86				
CCIF	0.95	0.79	0.42	0.79	0.50	0.89			
SAT	0.87	0.58	0.73	0.70	0.72	0.64	0.76		
SUPL	0.93	0.87	0.74	0.29	0.70	0.21	0.59	0.93	
SUPF	0.92	0.85	0.39	0.74	0.38	0.71	0.60	0.36	0.92

 Table 1. Construct reliability, average variance extracted and correlations.

Notes:

IDATL – Identity attractiveness of local service provider

IDATF – Identity attractiveness of foreign partner

COIL - Consumer-organisation identification with local service provider

COIF - Consumer-organisation identification with foreign partner

SAT – Consumer satisfaction with co-branded product

SUPL – Supportive intentions toward local service provider

SUPF - Supportive intentions toward foreign partner

Numbers in bold and italics on the diagonal are the square root of the average variance extracted.

All correlations are significant at the p < .001 level (2-tailed).

#### Results

The results of the descriptive statistics indicate that for all of the constructs the Sri Lankan respondents scored higher than the respondents from Hong Kong. One of the reasons for the higher scores by Sri Lankan respondents might be due to the lack of top ranked universities in their home country, compared to Hong Kong, which has several world prestigious universities. Thus, respondents in Hong Kong might be less impressed by the joint venture between a less

prestigious local institution and a moderately well-respected British university. Another interesting phenomenon from the descriptive analysis is that respondents in both countries, as well as in overall sample, gave higher scores to the foreign institution for organisational identity attractiveness, organisational identification and supportive intentions. A summary of the results are presented in Table 2.

	Overall		Hong Kong		Sri Lanka	
	n = 528		<i>n</i> = 203		<i>n</i> = 325	
	Mean	SD	Mean	SD	Mean	SD
Identity attractiveness local	4.90	1.24	4.36	1.02	5.10	1.35
Identity attractiveness foreign	5.44	1.03	4.62	0.82	5.89	0.85
Consumer identification local	4.89	1.36	4.58	0.94	5.23	1.43
Consumer identification foreign	5.54	1.11	4.72	0.86	6.12	0.84
Satisfaction	5.38	1.04	4.85	0.83	5.71	1.02
Supportive intentions local	4.76	1.47	4.51	1.24	4.91	1.57
Supportive intentions foreign	5.60	1.10	4.82	0.88	6.09	0.93

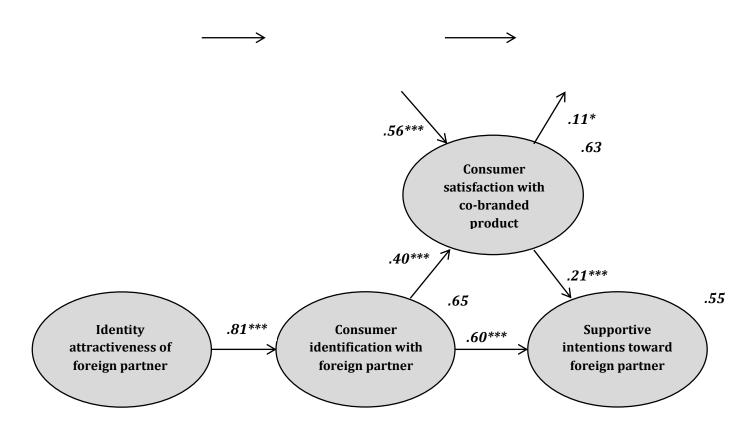
 Table 2. Mean scores and standard deviations.

Establishing configural invariance measurement models across groups is a precondition before conducting multigroup moderation tests when examining cross-cultural data (Byrne, 2010). A multigroup confirmatory factor analysis (MGCFA) was conducted to establish the configural invariance of the measurement model. If the results of the MGCFA meet acceptable criteria, it may be assumed that configural invariance is achieved (Teo, Lee, Chai, & Wong, 2009). Based on the battery of fit indices, it can be argued that the data and model fit well:  $\chi^2$  (926) = 1715.57, p < .001;  $\chi^2/df = 1.85$ ; CFI = .95; NFI= .90; IFI = .95; RMSEA = .040.

Adopting the two-stage modelling approach recommended by Byrne (2010), we proceeded with full structural equation modelling (SEM) using maximum likelihood estimation (MLE) in order to test the overall fit of the conceptual model, as well as the individual hypotheses. The results indicated that the data has a very good fit with the proposed model:  $\chi^2$  (475) = 1441.73, p < .001;  $\chi^2/df = 3.05$ ; CFI = .95; NFI= .92; IFI = .95; RMSEA = .062. All the paths in the model were significant. The estimates of squared multiple correlation ( $R^2$ ) indicate that the model explains between 51% and 71% of the variance of the endogenous constructs (see Figure 2). Table 3 presents the structural model results.

Based on the results for the structural model, we tested whether consumer satisfaction acted as a mediator in the relationship between consumer-organisation identification and consumers' supportive intentions for each of the partner institutions. In the SEM literature, the bootstrapping procedure is considered suitable for testing mediation due to its ability to analyse the mediation of complex latent constructs (Kenny, 2012). Table 4 presents the results of the mediation analysis, based on the extraction of 2000 bootstrap samples with 95% bias-corrected confidence intervals. The results indicated that consumer satisfaction partially mediates the relationship between consumer-organisation identification and consumers' supportive intentions for both the local and foreign partner.





**Figure 2.** Structural model. Note: \**p* < .05; \*\*\**p* < .001.

		Standardized estimates	Standard error	Critical ratio	Result
H1	IDATL to CCIL	.85***	.04	18.89	Supported
H2	IDATF to CCIF	.81***	.04	21.54	Supported
H3	COIL to SAT	.56***	.03	10.80	Supported
H4	COIF to SAT	.40***	.03	9.22	Supported
H5	CCIL to SUPL	.64***	.07	12.17	Supported
H6	CCIF to SUPF	.60***	.04	13.12	Supported
H7	SAT to SUPL	.11*	.11	2.06	Supported
H8	SAT to SUPF	.21***	.07	4.44	Supported

Table 3. Structural m	odel results.
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Notes:

\* p < .05, \*\*\* p < .001.

IDATL – Identity attractiveness of local service provider

IDATF - Identity attractiveness of foreign partner

COIL - Consumer-organisation identification with local service provider

COIF - Consumer-organisation identification with foreign partner

SAT – Consumer satisfaction with co-branded product

SUPL – Supportive intentions toward local service provider

SUPF – Supportive intentions toward foreign partner

	Standardised	Standardised	Mediator	Mediation
	direct effects	indirect effects	construct	
Consumer identification local	.60***	.10*	Satisfaction	Partial
to Supportive intentions local				
Consumer identification foreign to	.58***	.14**	Satisfaction	Partial

**Table 4.** Mediation effects: two tailed significance via bias corrected percentile test.

Supportive intentions foreign \* *p* < .05, \*\* *p* < .01, \*\*\**p* < .001.

Finally, we tested for the moderation effects of country on the structural relationships in our model. In the multigroup unconstrained structural model, all the paths remained significant for both the Hong Kong and Sri Lankan samples. The chi-square difference test indicated that our constrained model was significantly different from the unconstrained model. This required us to take a step-by-step approach of constraining and unconstraining the structural paths to identify those paths which differ between the two groups.

The procedure revealed that three paths differ significantly across consumers from Hong Kong and Sri Lanka. The paths are perceived identity attractiveness of the foreign partner to consumer identification with the foreign partner; consumer identification with the foreign partner to supportive intentions toward the foreign partner; and consumer satisfaction with the co-branded product to supportive intentions toward the foreign partner. The results of the remaining five hypotheses were invariant across both groups of customers in Hong Kong and Sri Lanka.

These results indicate that a foreign partner may be perceived differently in different countries. In the context of this study, differences in national tastes and cultures in Hong Kong and Sri Lanka may explain some of the differences in respondents' ratings. Differences in the local higher education markets will also have played a part. As mentioned earlier, Hong Kong has several prestigious universities, which likely explains why respondents in Hong Kong perceived the foreign partner's image as less attractive compared to the students in Sri Lanka.

#### Conclusion

# Summary of key findings and discussion

Strategic alliances and partnerships are now a norm in international business. Although there is an extensive literature that has examined various aspects of these partnership arrangements, little is known about how consumer attitudes and perceptions impact upon these collaborations. In particular, there is a dearth of research that investigates this issue from a consumer identification perspective. Key objectives of the research were to discover the extent to which consumer identification with local and foreign partners influences consumer satisfaction with a co-branded product and consumers' supportive intentions toward each partner. Our results indicate that dual consumer-organisation identification was a significant predictor of consumer satisfaction with the co-branded product and consumers' supportive intentions toward each partner. This supports the literature which has concluded that consumer-organisation identification can generate a range of positive consequences for firms (e.g. Hong & Yang, 2009; Kim, Chang, & Ko, 2010; Mael & Ashforth, 1992; Tuškej, Golob, & Podnar, 2013).

Our results support the proposition that consumers can identify simultaneously with two companies that are selling a co-branded product. Interestingly, in our higher education context,

the respondents in both Hong Kong and Sri Lanka identified more strongly with the foreign partner than the local institution. For the local service provider, 71% of the variance in consumer identification was explained by perceived identity attractiveness; for the foreign partner, the figure was 65%. We conclude that consumer identification was stronger with the UK institution because it had a more favourable reputation and identity compared to the local institutions in Hong Kong and Sri Lanka.

All paths in our conceptual model were significant, and the model was successful in explaining 51% of the variance in consumers' supportive intentions toward the local service provider and 55% of the variance in consumers' supportive intentions toward the foreign partner. This further confirms the important roles of consumer identification and satisfaction in the development of beneficial consumer-organisation relationships.

We tested our model in two different countries to validate our results. The results of the multigroup moderation tests do not indicate any clear patterns. However, if we simultaneously look at the relationships between consumer identification and supportive intentions toward the foreign partner, and between consumer satisfaction and the intention to support the foreign partner, one can realise that the differences are the results of how satisfaction is mediating the relationship between consumer identification with the foreign partner and intention to support foreign partner for both groups. In the case of the Sri Lankan sample, it appears that the direct route is a much stronger predictor, and in the case of the Hong Kong sample, the indirect route is more dominating.

In summary, the main theoretical contribution of this research is in demonstrating that dual consumer-organisation identification exists when individuals use or consume a co-branded product and that this identification stimulates consumer satisfaction with the co-branded product, as well as the individual's supportive intentions toward each partner.

#### Implications for practice

The implications of our findings for firms engaged in international alliances and partnerships are great. The most important implication is that the firms which indulge in collaborative arrangements should recognise that each partner plays a significant and distinct role in generating consumer satisfaction. In service industries, the local partner will always play a role in achieving consumer satisfaction with the co-branded product, as the consumer typically interacts more with this partner. It is interesting to note however that the higher interaction levels between consumers and local service providers do not necessarily promote consumer identification with the local organisation. Our results revealed that consumer identification with the local service provider was a stronger predictor of consumer satisfaction with the co-branded product than consumer identification with the foreign partner. Both partners will likely benefit from increased supportive intentions when consumers are satisfied, so both partners should cooperate in designing and delivering products that deliver value for the consumer.

It is clear that consumer-organisation identification can deliver many benefits for firms, but when companies are evaluating other firms as potential partners, assessing the extent to which consumers identify with these firms is a complex task. Consumers need to have knowledge about a firm before they can identify with it, and specific identity information that the individual considers as attractive or favourable needs to dominate in the individual's memory (Scott & Lane, 2000). Consumer-organisation identification is promoted when an individual views him/herself as similar to the organisation, sharing similar attributes and values (Bhattacharya & Sen, 2003). This implies that firms should look at their target customers with the view to implementing strategies

and communicating information that will strengthen the individual's perception of similarity with the firm.

Given that a large percentage of the variance in consumer-organisation identification can be explained by perceived identity attractiveness, firms might engage in market research to gauge the extent to which consumers perceive a firm's identity as attractive, as this will serve as a good indicator of the likely strength of consumer identification with firm. Wilkins and Huisman (2013) found that individuals can identify with an organisation even if they have no, or minimal, previous interaction or experience with it. Thus, a foreign partner may be incentivised to partner with a local service provider that has an attractive identity, as this could stimulate customer recruitment and lead to higher sales from new customers who already identify with the local organisation.

Local companies may be surprised and disappointed that consumers of co-branded products identify more strongly with the foreign partner, with whom they interact less, but it emphasises the importance of local firms also selecting foreign partners that possess an attractive identity, as both partners will likely benefit from the supportive intentions that are promoted via the dual consumer-organisation identification that exists simultaneously between consumers and both partners.

## Limitations and further research

Although this paper advances our understanding of how dual consumer-organisation identification can be applied to co-branded products, and how consumer identification influences consumer satisfaction and supportive intentions toward each partner, this research has limitations. First, the research relied on cross-sectional survey data but this might not be ideal to accurately capture the consumer identification construct, which develops and strengthens over time. Consumer-organisation identification might even weaken if the consumer perceives post-purchase/consumption that the product or service is of low quality or if it fails to meet their expectations. Second, our data came from a single service industry and therefore we cannot generalise our results across other goods and services. Third, our model was tested in only two countries. Although Hong Kong and Sri Lanka are culturally quite different, further research would need to be conducted to see the extent to which our findings hold in other countries.

We only used one foreign partner that was based in the UK. Although we found that respondents identified more strongly with the foreign partner than the local service providers, research can be conducted in other markets to find if similar patterns of identification exist in these markets too. There is a plethora of literature that has demonstrated the importance of country of origin (Al-Sulaiti & Baker, 1998; Bilkey & Nes, 1982; Chee, Butt, Wilkins, & Ong, 2016), so future research could test our model with partners based in different countries. For example, Chinese universities have recently started to enter the transnational higher education market, with Chinese institutions operating in places such as Italy, Laos and Malaysia, so it would be interesting to know how attractive the identity of an institution from a developing country is perceived by consumers, and how this impacts on consumer identification. Such research could also consider possible consumer animosity toward a particular country, which might have a negative effect on demand for products from that country (Riefler & Diamantopoulos, 2007).

Despite the limitations of this study, the research provides much needed empirical data to illustrate how dual consumer identification with two partner companies can impact upon consumer satisfaction with the co-branded product and consumer supportive intentions toward each partner. The findings and conclusions of the research highlight clear directions for the enhancement of international marketing practice in the realm of co-branding in cross border settings.

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