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Deal or deny: The effectiveness of crisis response strategies on brand equity of the focal brand in co-branding

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ABSTRACT

A brand alliance puts the focal brand at risk of being penalized for a crisis occurring at the partner brand. Such a crisis may weaken the focal brand's equity unless it responds effectively. However, there is no consensus on the effectiveness of the response strategies at mitigating damage to brand equity. Building on attribution theory, this paper examines the effectiveness of the focal brand's response strategy as a function of perceived brand integration between the brands in an alliance. The experiments, operationalized as (1) self-reported answers to intention measuring scales and (2) behavioral response in the form of written product reviews, reveal that the perceived integration is a significant moderator, determining the effectiveness of response strategies (deal vs. deny) on brand equity. Consequently, this paper has both theoretical and managerial implications for how to effectively respond to a crisis, while proposing an agenda for future research.

1. Introduction

Brand alliance, also called co-branding, is a brand management strategy whereby two or more brands are intentionally brought together and presented to consumers to leverage the brands through the transfer of positive associations from one brand to another (Newmeyer et al., 2018). The number of brands that have collaborated to form an alliance has rapidly increased over the last twenty years (Besharat & Langan, 2014; Singh et al., 2016). Brands often join hands with other brands to enhance their brand equities (Kalafatis et al., 2012; Washburn et al., 2004), differentiate their brands in competitive environments (Helmig et al., 2008), and access new markets (Dahlstrom & Nygaard, 2016; Leuthesser et al., 2003). The executive chairman of Nike, Mark Parker, emphasizes the growing importance of the alliance strategy as follows: '*our future potential will be based in large part on our ability to collaborate with the right partners*' (Kan, 2015). Notable marketplace examples of this strategy include Apple Watches with Hermès leather straps, Subway stores located in Wal-Marts, and Oreo McFlurry.

Despite these successful practices demonstrating the benefits of brand alliance, challenges and failures are widespread in practice (Shan et al. 2022; Singh et al., 2016). The risk from an alliance lies in the possibility of the focal brand being penalized for negative events that are caused by or otherwise affect the partner brand. Such negative events, unless effectively responded to, can weaken consumers' attitude, trust, and behavioral intentions toward the brands (Dutta & Pullig, 2011). This paper analyzes the effectiveness of the focal brand's response strategy on its brand equity, as a function of the perceived integration between the brands. For example, when Firestone recalled over 20 million tires, the crisis reflected negatively on the brand values of Ford Motor Company and resulted in the termination of the Ford/Firestone brand alliance agreement, which had existed for nearly one hundred years (The Economist, 2001). How might Ford Motor Company have responded to a crisis at Firestone Tires so as not to be negatively affected by it? Which response strategy (i.e., dealing with or denying) would have most effectively protected Ford's brand equity against the crisis at Firestone?

Negative events can broadly be defined as any conflict or problem encountered with a brand. These include a service failure, product-harm, brand transgressions, negative publicity, or any other negative incident that occurs between a customer and a brand (Khamitov et al., 2020). Researchers have conceptualized the initial negative event by referring to the type of event (e.g., Gelbrich & Roschk 2011; Mingzhou et al., 2018; Sayin & Gürhan-Canli 2015) or its level of severity (e.g., De Matos et al. 2007; Tsarenko and Tojib 2015; Zhang & Taylor, 2009).

In today's competitive marketplace, where retaining customers is crucial to maintaining commercial success (Hoffman et al., 1995), firms must implement an effective response strategy to minimize the negative effects of crises and restore their brand equities (Dutta and Pullig, 2011). Extant research on organizational crises examines consumers' perceptions, attitude, and behavioral intentions toward brands (e.g., Besharat

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& Langan, 2014; Cho & Gower, 2006; Helmig et al., 2008), and response strategies (e.g., Carrillat et al., 2013; Dutta and Pullig, 2011). The research on effective responses in the organizational crisis literature (e.g., Coombs, 2007; Dong et al., 2008; Grewal et al., 2008; Smith et al., 1999) has focused mainly on single brand contexts. These studies do not examine settings that go beyond an interaction between a single brand and a unique customer. Thus, Khamitov et al.'s (2020) call for further research to address other contexts remains unanswered. Therefore, it makes sense to examine a negative event involving multiple brands, as in the context of co-branding, and study the effectiveness of the response strategy. Deciding on the most effective response strategy in a co-branding context is complex due to the integration of two distinct entities (Weber & Sparks, 2004). Two options are for the focal brand to acknowledge the problem plaguing the partner brand and take responsibility for it, or to detach itself and not accept any responsibility (Coombs, 2006). Given that it is possible for either brand in a partnership to become engulfed in crisis, identifying the most effective ways to respond is crucial if companies are to restore consumer confidence and protect their brand equities (Singh et al., 2019).

Current research on co-branding, however, offers little guidance. Previous research has indicated that co-branding agreements risk transferring negative spillover effects from one brand to another (Besharat and Langan, 2014; Helmig et al., 2008), and while such risks have been studied in the branding literature (e.g., Koschate-Fischer et al., 2019; Radighieri et al., 2014), there is a relative paucity of knowledge about which response measures will mitigate these negative spillover effects (Singh et al., 2019). While it is important to research the possible risks of co-branding, it is equally crucial to examine the effectiveness of the focal brands' response strategies for restoring consumer confidence when faced with a crisis triggered by the partner brand. The research on effective responses in the service recovery literature (e.g., Dong et al., 2008; Grewal et al., 2008; Smith et al., 1999) and crisis management literature (Bradford and Garrett, 1995; Coombs, 2006; Coombs, 2007) has focused mainly on single brand contexts. However, attributions of failures and expectations about recovery are likely to be much more complex in an alliance context (Weber and Sparks, 2004). Furthermore, the research on the effectiveness of the response strategies offers inconsistent findings (Singh et al., 2019). Some studies find the denial response to be an effective strategy (e.g., Ferrin et al., 2007), while others do not agree (Dutta & Pullig, 2011, Kim et al., 2004). Not all companies choose to acknowledge a crisis and shoulder the blame when they are at fault (Cleeren et al., 2013). When the crisis management literature has conflicting findings for the 'deal with' or 'deny' strategies for even single brands, in a co-branding context, where two independent brands with distinct brand equities co-exist, understanding the impact of the strategies on brand equity becomes nothing less than crucial. Choosing the most effective response strategy in a co-branding context becomes still more complicated when one of the brands is addressing a crisis caused by the other. Should the focal brand acknowledge the problem and deal with it, or would detaching itself from the partner brand and denying the problem be a safer strategy? Thus, the need to better understand the most effective ways of responding to a crisis so as to protect brand equity is not simply theoretical (Singh et al., 2019). The aim of this research paper is to address this theoretical and managerial issue by investigating the effectiveness of two of the most basic response strategies: the 'deny' response and the 'deal' response. Central to the structure of a co-branding alliance is the relationship between the brands (Newmeyer et al., 2014). Therefore, the author's objective is to analyze the effectiveness of the response strategy on the brand equity of the focal brand, as a function of the perceived integration between the brands.

This research makes several theoretical and practical contributions to the emerging, but limited, body of research on responses to negative events in a co-branding context. First, it extends the literature on co-branding negative spillovers by addressing the effect of perceived integration between the brands on the focal brand equity when a crisis is triggered by a partner brand. Second, this research sheds light on the importance of adopting the correct response strategy after negativity has been triggered by the partner brand, since the effectiveness of responses on the brand equity might differ. Third, this research introduces the moderating effect of perceived integration on the effectiveness of the response strategy; this is an aspect that has thus far been overlooked in the literature.

This research draws from attribution theory to provide a theoretical framework for filling the gaps identified in the literature (Heider, 1958). By explaining how the brand integration level moderates the effectiveness of the response strategy on brand equity, this paper provides convincing empirical evidence for the negative spillover effects in an alliance, and the effectiveness of brand responses on the evaluation of the focal brand. While there are various typologies of response to a negative event, as clustered by Coombs (2006; 2007), this research is based on the dichotomous decision of 1) denying (detaching the focal brand from the partner brand's problem), and 2) dealing (acknowledging and owning the partner brand's problem). From a managerial standpoint, this study aims to inform managers about the viability and the effectiveness of these two most distinctive strategies through which a partner brand might counter a negative event. In short, this paper provides theoretical and managerial insights for how a firm can respond effectively to a crisis triggered by a partner brand.

2. Theoretical background

Any brand in a co-branding alliance can find itself being penalized for a negative event caused by or targeted at the partner brand. As presented in Fig. 1, the research context for this paper consists of two established brands, the focal and the partner brand, that form a co-branding alliance. This research uses nomenclature as established in prior literature, with the focal brand being a brand that initiates a co-branding alliance, and the partner brand being the other brand (Newmeyer et al., 2014). The study explores the situation when the partner brand in the alliance encounters a negative event, and hence, the co-branding comes under the consumer radar. The key point of interest for this research lies in the effectiveness of the focal brand's response strategies (deny vs. deal) to protect its brand equity from the negative spillover effects from the partner brand that is driving the crisis. The key moderating factor is the perceived integration between the focal and the partner brand.

Social psychology research suggests that negative events trigger attributional thinking (Heider, 1958; Weiner, 1985). Consumers assess who is responsible for the negative event, whether the negative event is in the control of the brand, and whether the brand is taking action to avoid repetition of the negative event (Heider, 1958; Weiner, 1985). This paper therefore builds on attribution theory (Heider, 1958) to explain the cognitive processes of consumers when they are exposed to a negative event. It then outlines the theoretical underpinnings of the impact of the perceived integration between the brands on the effectiveness of the focal brand's response strategies to the negative event at the partner brand. Finally, testable hypotheses related to the effectiveness of the response strategies are offered.

2.1. Impact of negative events on brand equity of focal brand

Existing brand literature conceptualizes the consumer-based brand equity as a composite of many consumer perception aspects, such as brand association, brand image, perceived quality, and brand awareness (Aaker, 1991; Keller, 1993). The construct also incorporates consumer behavior aspects, such as preferences, loyalty, and purchase intention (Aaker, 1991; Keller, 1993). Consumer perceptions are considered to be a precursor to behavioral responses to brand equity (Cobb-Walgren et al., 1995). Therefore, brand equity reveals the overall value of a brand, which is mainly a function of consumers' trust and confidence (perceptions) in the brand to deliver the expected performance, as well

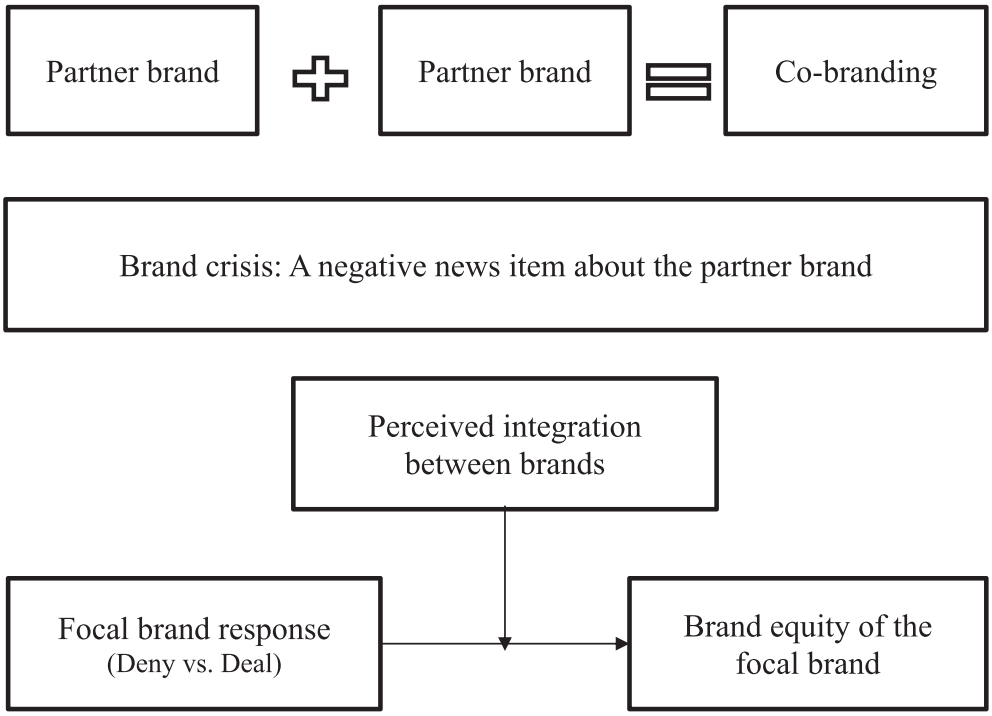

Fig. 1. Research Context.

as consumers' willingness to favor (behavioral responses) the brand over competing alternatives (Dutta & Pullig, 2011; Koschate-Fischer et al., 2019; Rojas-Lamorena et al. 2022). Negative events such as brand transgressions (brands' acts that violate norms endorsed by consumers); product-harm crises (instances where products emerge as defective and dangerous to their customers); negative publicity (negative brand information exposure); and service failures (instances where service performance falls below customers' expectations) threaten brands' legitimacy, damaging or even destroying their reputations and weakening consumer confidence in the brand (Coombs, 2007; Cleeren et al., 2013; Khamitove et al., 2020). Such events arouse negative emotions such as brand hate (Zarantonello et al., 2016; Islam et al., 2019), damage the reputation of the brands involved, decrease purchase intentions, and increase the likelihood of negative word of mouth (Coombs, 2015). Hence, these events negatively affect a brand's equity (Dutta & Pullig, 2011). Research on negative publicity finds that a brand crisis affects not only the brand itself, but also the product category and the competing brands (Dahlen & Lange, 2006). The effects on competing brands in the same product category differ depending on their similarity to the brand in crisis (Dahlen & Lange, 2006).

Given that the contagion of a crisis extends even to the competing brands in a product category, the transfer of unfavorable consumer evaluation from the partner brand (the spillover effect) to the focal brand in a brand alliance is inevitable (Simonin & Ruth, 1998). Negative spillover effects are the undesirable changes in the consumers' evaluations of the focal brand when faced with an unexpected negative event in the co-branding or in the partner brand (Singh et al., 2016). The key questions are whether the impact of a partner brand's negative event on the focal brand's equity varies by the perceived integration between the brands, and how dealing with or denying the negative event impacts the focal brand's equity.

Although there is evidence that negative events can impair the brand equities of the focal brands in a single brand context, empirical studies exploring the transfer of negative spillover effects in a co-branding context are scarce (Singh et al., 2016). Previous research, studying the impact of a negative event on brand equity in different contexts (e.g., single brand, brand extension, ingredient branding, alliance with a celebrity) have presented mixed findings. For example, in the literature on alliance with a celebrity, some researchers have found evidence for the presence of negative spillover effects (Till & Shimp, 1998; Um, 2013). Also, in a study on the feedback effects in ingredient branding, Radighieri et al. (2014) found that even a strong host brand was not protected against negative spillover effects. However, other researchers have found no evidence of transfer of negative spillover effects between brands (i.e., Koschate-Fischer et al., 2019). These mixed findings call for further studies that might explain the inconsistencies (Singh et al., 2019).

Zhang and Taylor (2009), researching brand extensions, studied the moderating role of perceived fit between the parent brand and the extension brand, the severity of the negative information, and the association set size of the parent brand. Although they found significant reciprocal effects from negative information about the brand extension to the parent brands, the level of category fit between the parent brand and the brand extension did not have a significant impact on the reciprocal effect of negative brand extension information. Hence, dilution effects on brand attitude emerge regardless of the brand extension's category similarity. Mingzhou et al. (2018) proved that the consumers' attribution of fault to a brand had a significant and negative impact on their brand attitude and purchase intentions, irrespective of the severity of the negative publicity. Publicity was also studied by Dahlen and Lange (2006), who find that the impact of a negative event spills over onto brands with schemas that have a high degree of similarity to and associative overlap with the salient brand in crisis. The literature has therefore studied the impact of perceived fit and product category similarity between the salient brand and its extension (e.g., Zhang & Taylor, 2009), a celebrity and the endorsed brand (e.g., Um, 2013), and the focal brand and its competitor (e.g., Dahlen & Lange, 2006). However, the contagious effect of negative events has not yet been studied in a co-branding context where there are two independent brands with different brand equities that are nevertheless integrated to each other and intertwined to some extent in 'form and function' (Newmeyer et al., 2014). Cobranding strategy intentionally brings two brands together to transfer positive associations from one brand to another, which leverages both brands (Newmeyer et al., 2018). However, when negative

events engulf a partner brand, the association becomes negative, putting both brands at risk of losing brand equity. It may be that the 'perceived integration' between the partner brands could explain the literature's mixed findings about the transfer of negative spillover effects. Thus, there is a need to study the impact of the perceived integration between the focal and the partner brand on the brand dilution effect following a negative event. This could contribute to understanding the effect of the response strategy (deal or deny) on the brand equity of the focal brand. This paper draws on attribution theory (Heider, 1958) as the means of shedding light on the consumers' thinking process when exposed to a negative event caused by the partner brand in a co-branding alliance.

2.2. Attribution theory

Attribution theory (Heider, 1958) has been widely used to explain consumer behavior in marketing literature (Haugtvedt et al., 2008). Consumers spontaneously make causal attributions when integrating stimulus information and forming judgments (Hess et al., 2003). Attribution theory explains the assignment of causal inferences and their effect on attitudes and behaviors (Heider, 1958; Weiner, 2000). According to attribution theory, causal inferences have three dimensions: locus, control, and stability (Heider, 1958; Weiner, 1985). The locus concerns 'Who is responsible for the action?', since the event that triggers the crisis can be internal or external. The second dimension, control, refers to whether the action is avoidable or not, implying that the crisis can be within or beyond the control of the actor. Finally, the stability of the event or behavior can be temporary or unchanging, which implies the likelihood of the event repeating (Weiner, 1985). If the observer perceives the locus of the event to be internal, and the event to be controllable and stable, the observer attributes responsibility to the actor (Klein & Dawar, 2004; Weiner, 1985). Hence, people ascribe blame when they perceive someone to be the source of the failure, just as they give credit when they perceive an actor to be responsible for a success (Heider, 1958).

Attribution theory (Heider, 1958) has been used to provide a theoretical foundation for consumer reactions to product and service failures (Folkes, 1984; Koschate-Fischer, 2019), brand transgressions (Thomas & Fowler, 2016), and consumer evaluations of brands in celebrity endorser crises (Um, 2013; Zhou & Whitla, 2013). The literature on brand and product crises suggests that the response strategies to a crisis can help restore consumer confidence, thereby minimizing the negative effects of the crisis on the brand equities (Dutta & Pullig, 2011; Mattila, 2009; Pearson & Clair, 1998). Consumers' attitudes and behavior following a crisis can thus be explained by the values of the three causal dimensions of attribution theory (locus, controllability, and stability) (Folkes, 1984; Heider, 1958).

The crisis response strategies differ based on the level of responsibility assumed by the brand and the actions taken to control the situation (Dutta & Pullig, 2011; Singh et al., 2019). Dealing with the problem means acknowledging the negative event and taking responsibility for it, whereas issuing a denial means that the brand acknowledges no responsibility and expresses no regret (Kim et al., 2004). When the brand chooses to deal with the problem, the brand assumes some ownership for what has happened and offers reassurance that all is now under control and the crisis will not be repeated. In this way, the brand addresses the controllability and stability dimensions of attribution theory (Heider, 1958). There are many ways of dealing with a negative event, including showing sympathy and acknowledging the problem, offering an apology, and providing compensation (Coombs, 2007). In contrast, with the deny response, the brand take no responsibility for the crisis and implies that it is out of the brand's internal control. By denying responsibility, the brand fails to convey any sincere intent and gives no assurances about avoiding a repetition of the crisis (Kim et al., 2004). Therefore, some researchers assert that simple denials do not restore trust as effectively as dealing with the crisis might (Bottom et al., 2002, Dean, 2004). However, there is also evidence that the effectiveness of response strategies may depend on other factors, such as consumer expectation about a firm's response (Dawar & Pillutla, 2000) or the nature of the crisis (Dutta & Pullig, 2001). This research paper exploits attribution theory (Heider, 1958) to understand the cognitive processes behind how individuals evaluate a focal brand after it deals with or denies the negative event of the partner brand.

2.3. Response of focal brand in an alliance context

In a single brand context, one brand is responsible for the product or service quality and has direct control over it, whereas in a co-branding context, both brands are dependent on each other for enabling the expected performance (Weber & Sparks, 2004). Therefore, dealing with a negative event in a co-branding context can be highly complex since the brands may be given varying degrees of attribution by the consumers. To the extent that this can occur, the effectiveness of the focal brand's response to the crisis caused by the partner brand would largely depend on how the integration between the focal and the partner brand has been perceived. Since co-branding comes with the risks of negative spillover effects for the focal brand, it is imperative to understand the most effective way of responding to the negative event so that the brand equity of the focal brand can be restored. Although adopting the appropriate response strategies in the event of a negativity has significant ramifications for the reputation of a brand (Coombs, 2006), this is something that has not received enough attention in the context of co-branding (Singh et al., 2019).

Previous research conducted on negative events including brand transgressions, product-harm crisis, or service failures have reported mixed findings (Khamitove et al., 2020). The research conducted on the negative publicity of celebrity endorsement shows that a negative event triggered by the celebrity leads to the endorsed brand suffering from consumers' weakened brand attitudes and purchase intentions (e.g., Carrillat et al., 2014; Till and Shimp, 1998; Votolato & Unnava, 2006). However, brand evaluations after a negative event are more positive if the celebrity admits responsibility (Carrillat et al., 2013). Singh et al. (2019) have examined the type of crisis and the response strategies in the brand and supplier relationship and have found that denying responsibility is the most effective brand protection strategy in the event of a preventable crisis, whereas a diminishing strategy is most effective in accidental crises. In an interesting take on the subject, Thomas and Fowler (2016) analyzed the effect of the celebrity response on brand transgressions, finding that both repentance and excuse strategies work better than ingratiation strategies at mitigating image degradation. This inconsistency in the findings suggests that firms' responses alone are insufficient to predict the effect of a negative event on the post-crisis evaluations (Dawar & Pillutla, 2000).

Aiming to extend prior research, this paper builds on Coombs's (2006, 2007) conceptualization of responses, and investigates how two distinctive strategies, deny response vs. deal response, impact the focal brand's equity. This paper chooses to operationalize the response strategy as a dichotomous decision because the focal brand, being an entirely different entity to the partner brand, must first decide if it will stand by (deal response) or abandon (deny response) its crisis-stricken partner brand. The denial response challenges the existence of the crisis or the assumption that the brand concerned is the locus of the crisis, whereas the deal response accepts responsibility for the crisis and offers corrective and preventive measures (Dutta & Pullig, 2011). Previous research suggests that dealing with a negative event and acknowledging it signals an intention of regret and avoidance of similar problems in the future, which would reduce customers' concern (Kim et al., 2004). However, in some circumstances, dealing with a negative event can be a double-edged sword. Acknowledging blame for a negative event that is not attributed to the focal brand would be an overly-accommodative strategy that would not yield any better evaluation of the brand (Coombs, 2007). Implementing an overly-accommodative strategy to deal with an unexpected negative event can worsen the

situation by leading consumers to think that the focal brand has even more responsibility for the negativity than they had thought (Coombs, 2007, Kim et al., 2006). Although the deal response conveys the message that the negative event is acknowledged and signals reassurance that it will not be repeated, it also enforces the confirmation of guilt and admission of culpability (Kim et al., 2004). Prior empirical research on the two responses has presented competing results regarding their effectiveness (Ferrin et al., 2007). What the literature has overlooked is that, in a co-branding context, where there are two distinct but still integrated entities, the effectiveness of the focal brand's response strategy at mitigating negative spillover effects from the partner brand depends on the 'perceived integration' between the brands in the alliance.

2.4. Perceived integration between brands

One of the key dimensions of the co-branding structure is the integration between the focal and the partner brand (Newmeyer et al., 2014; 2018). Although perceived fit has been widely studied as one of the key dimensions of the co-branding structure, perceived integration has not received enough attention from the literature. The concept of fit between the brands in a co-branding has two dimensions: brand fit and product fit, both of which refer to the compatibility of the two partner brands in a co-branding (Paydas Turan, 2021a). Perceived product fit captures the consumer perception of the similarity or compatibility between two product categories, whereas perceived brand image fit is defined as the congruence of consumer perceptions and associations about the brands (Paydas Turan, 2021a). While brand and product fit help explain if the formation of a brand alliance makes sense in a consumer's mental map of both brands and product categories, the extent to which partner brands are integrated is not captured by these fit constructs (Newmeyer & Ruth, 2020). Perceived integration between the brands, on the other hand, refers to the extent to which brands are intertwined in 'form and function' (Newmeyer et al., 2014; Vaidyanathan & Aggarwal, 2022). SlimFast cake mix by Godiva is an example of high integration, whereas the co-branding of Marriot and Avis rental cars represents low integration. It is accepted that the consumers' perception of brands' integration level can impact the attribution of both success and failure in a co-branding context (Newmeyer et al., 2014), with consumers attributing the good or the bad to the focal brand, partner brand, or both. If the brands are perceived to be highly integrated with each other, it implies greater interdependence between the brands. Therefore, it would be harder for the consumers to single out one of the brands as the locus of failure. However, if the brands have low integration, i.e., they are physically and functionally separable, then the consumers can judge the locus of the problem and evaluate the brands separately. From a diagnostic perspective, perceived high integration between the brands in a co-branding enables a stronger association and makes the negative information around one brand influence and spillover onto the perception of the other brand (Swaminathan et al., 2012). This paper suggests that the extent of integration between brands not only affects consumers' causal inferences, but also has an impact on the effectiveness of the focal brand's efforts to mitigate the transfer of negative spillover effects from the partner brand.

The brand alliance literature largely focuses on issues concerning the effect of crises on corporate brands in an alliance (e.g., Cleeren et al., 2013; Koschate-Fischer et al., 2019; Zhou & Whitla, 2013). However, despite the pervasiveness of corporate co-branding partnerships, the

Table 1
Summary of key literature on spillover effects and response strategies in alliances.

Study	Research focus	Factors	Measures	Response s	Integration
Balachander &Ghose, 2003	Reciprocal spillover effects in brand extension	Brand loyalty, display, coupons, advertising	Brand choice	n.a.	n.a.
Carrilat et al., 2013	Alliance of a brand and celebrity endorser	Brand-endorser congruence, endorsers reaction to crisis	Brand attitude, purchase intention	Revoke, continue	n.a.
Carrilat et al., 2014	Alliance of a brand and celebrity endorser	Type of athlete, type of scandal	Open-ended thoughts, brand attitude	n.a.	n.a.
Cleeren et al., 2013	Brand-harm crisis and brand recall	Extent of negative publicity; acknowledgement of blame; price and advertising	Brand share; category purchases	n.a.	n.a.
Dahlen & Lange, 2006	Negative brand publicity	Similarity in brands; frequency of crisis; consumer involvement	Brand attitude; brand trust; brand choice	n.a.	n.a.
Koschate-Fischer et al., 2019	Co-branding	Asymmetric brand equities	Brand equity	n.a.	n.a.
Lei et al., 2012	Product-harm attribution	Prior base beliefs; industry frequency; similarity of crisis information	Blame assignment; brand evaluations	n.a.	n.a.
Liu et al., 2016	Product recall	Remedy cost; severity of problem; CEO characteristics	Remedy decisions	Full vs. partial remedy	n.a.
Newmeyer et al., 2020	Brand alliance	Lead vs. non-lead brands, integration	Attribution of responsibility	n.a.	High, low
Rao et al., 1999	Signalling effect	Credibility of signal; observability of performance	Brand quality perception	n.a.	n.a.
Radghieri et al., 2014	Ingredient branding	Asymmetric brand strengths	Brand feedback effects	n.a.	n.a.
Simonin & Ruth, 1998	Spillover effects	Product and brand fit; pre-attitude	Consumer attitude	n.a.	n.a.
Singh et al., 2019	Brand supplier	Type of crisis	Corporate image, brand attitude, purchase intention	Deny, acknowledge, diminish	n.a.
Till & Shimp, 1998	Alliance of a brand and celebrity endorser	Association set size, strength and timing of negative information	Pre and post brand evaluation	n.a.	n.a.
Thomas & Fowler, 2016	Defective product	Response strategy	Brand attitude	Repentance, excuse, ingratiation	n.a.
Um, 2013	Alliance of a brand and celebrity endorser	Attribution style, consumer identification	Brand attitude, purchase intention	n.a.	n.a.
Vaidyanathan & Aggarwal 2022	Brand association transfer	Brand strength; brand integration	Brand attitude; willingness to buy	n.a.	High, low
Votolato & Unnava, 2006	Brand supplier and celebrity endorsement	Type of crisis, culpability of brand	Brand attitude	n.a.	n.a.
Zhou & Whitla, 2013	Alliance of a brand and celebrity endorser	Locus of attribution, perceived damage	Brand attitude	n.a.	n.a.
This research paper	Co-branding alliance with two brands	Integration, response strategy	Brand equity	Deal, deny	High, low

effectiveness of crisis response strategies in the context of crisis in an alliance remains largely under-researched. A literature review of co-branding reveals that only a few studies have examined the response strategies, and no research has investigated the effectiveness of the focal brand's response strategy as a function of the degree of perceived brand integration in an alliance, where two brands come together (Table 1).

The focal brand can respond to the negative event triggered by the partner brand by denying or accepting responsibility, which will eventually affect consumers' evaluation of the focal brand. This research uses attribution theory (Heider, 1958) to explain how consumers attribute blame to the partner brand that is the locus of the failure and, to some extent, to the focal brand associated with it via co-branding. In such a situation, how is the focal brand to protect its brand equity? What happens if the focal brand intuitively decides to detach itself from the partner brand to protect its brand equity? Is it more effective to deal with the crisis, or will deny be more effective response for the focal brand? Does the perceived integration between the focal and the partner brand make any difference to the effectiveness of the response strategies? The hypotheses regarding these research questions will be developed next.

2.5. Hypotheses development

The rationale for the hypotheses that follow is based on the theoretical background presented. It has been shown in prior research that crises weaken consumers' confidence in the ability of the brand to perform as expected and affects the brand equity negatively (Ahluwalia et al., 2000; Dutta & Pullig, 2011). Drawing from attribution theory (Heider, 1958), higher perceived integration in co-branding leads consumers to perceive a shared locus between the focal and the partner brand (Newmeyer et al., 2014). Although the source of problem is the partner brand, the greater interdependence between the brands makes it hard for consumers to identify the partner brand as the sole locus of a crisis; they will instead continue to jointly associate all the related brand nodes in their mental map (Votolato & Unnava, 2006). Since a co-branding with high integration means that the products are purchased and consumed jointly (Newmeyer et al., 2014), it is more likely that the focal and partner brands will share the responsibility and the blame for the crisis (Klein & Dawar, 2004, Newmeyer et al., 2020). The consumers consider the focal brand to be guilty by association (Cleeren et al., 2013; Thomas and Fowler, 2016).

On the other hand, in a co-branding with low integration, the two brands are separate in form and function, which means they can each protect their individual identities (Newmeyer et al., 2014). Therefore, it is unlikely that a consumer will attach blame to the focal brand when the crisis has been triggered by the partner brand. In an alliance with low integration between the brands, the bond between brands is weaker and there is less likelihood of brands being co-categorized within the consumer's mental map (Johnson and Lehmann, 1997; (Klein & Dawar, 2004). Therefore, this research posits that a crisis triggered by the partner brand will affect the focal brand more negatively when the brands are highly integrated.

H1: Higher perceived integration with a partner brand at fault leads to lower perceived brand equity of the focal brand.

Response strategies help brands reduce negative effects of crisis on brand evaluations and behavioral intentions (Coombs, 2007). They determine the extent to which consumer confidence in the brands will be restored (Pearson & Clair, 1998). When a brand chooses to deal with a negative event, it indicates to the consumer that the brand acknowledges the negativity and that remedies are being taken to avoid the same crisis happening again. Hence, the brand addresses the controllability and stability dimension of attribution theory and implies that the negative event is not stable (Dutta & Pullig, 2011). On the other hand, a deny response to a negative event fails to convey any sincere intent or assurances that there will be no repetition of the crisis (Kim et al., 2004). Therefore, building on the research that simple denials do not restore trust as effectively as dealing with the crisis, this paper posits that the consumers will rate the brand equity of the focal brand higher if the brand chooses to deal with rather than deny the crisis.

H2: The deal response (deny response) in crisis leads to higher (lower) perceived brand equity.

In a co-branding with where the level of integration between the focal and the partner brand is perceived to be high, the two brands are expected to have high interdependency such that the co-branding offering is perceived as the mutual product of them both. They are therefore partners in its success and in its failure. The failure of the partner brand can easily, through categorization, be associated with the focal brand in the minds of the consumers (Swaminathan et al., 2012). Weiner (1985) states that the locus, control, and stability dimensions of attribution are not based on objective facts, but rather on judgments formed through information observed and perceived by the consumers. A perceived high integration between the focal and partner brands in a co-branding signals to the consumers high interdependence between the brands, which causes the blame for a crisis to be shared out between them. Therefore, perceived high integration between brands in a co-branding would lead to the stronger transfer of associations. Although the partner brand is at fault, the focal brand would also be perceived to be partially responsible for the crisis because if it had chosen the right partner at the outset, the crisis would not have occurred. Therefore, the focal brand would be perceived as guilty by association with the partner brand that is the actual locus of the crisis (Cleeren et al., 2013). Hence, in high integration alliances, consumers would prefer the focal brand to acknowledge the problem rather than detach itself from the partner and deny responsibility. By choosing the deal response, the focal brand gives reassurance that the event is under control and will not be repeated. The expression of acknowledgement and concern will signal to the consumers the intention to avoid a repetition of the crisis in the future (Kim et al., 2004). Through the deal response, the focal brand will have the chance to restore consumers' trust and create a more favorable attitude by addressing the consumer's need for explanation and informational fairness (Coombs, 2007). However, if the focal brand chooses to deny any responsibility for the crisis and points the finger at the partner brand, what is conveyed to the consumers is a lack of concern for them. The focal brand also signals no real intent to avoid future crises. By implying no controllability and no intention to avoid repetition of the crisis, a deny response is expected to lead to a less favorable brand attitude toward the focal brand than a deal response.

Turning to an alliance with lower integration, since the brands are distinct in form and function and retain their individual identities and performance perceptions (Newmeyer et al., 2014, Newmeyer et al., 2020). Consumers will perceive the partner brand as having internal control, so are unlikely to attribute the partner brand's fault to the focal brand. Therefore, the focal brand in a low integration co-branding will have better grounds to use the deny strategy. A deny response might help such a focal brand detach itself from the locus of the crisis and minimize the transfer by association of negative spillover effects from the partner brand. Since blame can be easily identified and attributed to a single brand in a low integration partnership, it is the partner brand at fault, being the locus of the crisis, that will be expected to acknowledge the problem and offer a remedy. The deny response would help the focal brand shift the responsibility and intentionality to the partner brand, to which external control would be attributed (Kim et al., 2006; Singh et al., 2019; Shoemaker & Vargas, 2019). The denial response would lead consumers to give the focal brand the benefit of the doubt, and hence enable it to retain consumer's trust and positive attitude (Ferrin et al., 2007). Therefore, when the alliance has perceived low integration between the brands, the positive effect of a deal response will be smaller. Therefore, this paper posits that:

H3: The positive effect of deal response strategy on focal brand's equity is stronger (weaker) when the perceived integration between the focal brand and partner brand at fault is higher (lower).

3. Methodology

This study adopts a scenario-based experimental design aimed at measuring the impact of response strategies on the brand equity under a controlled setting. It also provides evidence of a boundary condition, perceived integration, that might affect the effectiveness of the response strategies. This study employs a 2x2 between-subjects design with two conditions: perceived integration level between the focal and partner brand at fault (low vs. high) (Newmeyer et al., 2014), and focal brand response strategy (deny vs. deal) (Kim et al., 2004).

Two pre-tests were run; the first intended to develop the experimental stimulus that would be used in the scenarios of the main study, and the second for testing the validity of the manipulations for the response strategy (deny vs. deal) and perceived integration between the brands in co-branding (low vs. high).

3.1. Pre-study 1

The experimental stimulus used for this study was a laundry detergent and a fabric softener. Fictitious brand names were used to avoid the confounds of the specificities of real brand names. Building on prior research in marketing (Rao et al., 1999), the fictitious brands should be high in realism, but low in brand familiarity so as not to trigger any prior beliefs or attitudes that would come with the use of real brands. As done in prior stimulus development pre-tests (e.g., Lei et al., 2012; Paydas Turan, 2021b; Rao et al., 1999), thirty Prolific participants were asked to evaluate the realism and familiarity of the fictitious brand names. #CLEAN and SOFT-it were selected because they were considered realistic and yet, unfamiliar. The realism score for the brand names #CLEAN and SOFT-it was measured with a single seven-point scale (Dutta and Pullig, 2011), and brand familiarity was measured with a three seven-point item scale (Cronbach's $\alpha = 0.98$) (Simonin and Ruth, 1998). #CLEAN (Realism = 5.28, Brand familiarity = 1.15, rated on seven-point scales where 1 = Low and 7 = High) and SOFT-it (Realism = 5.69, Brand familiarity = 1.15, rated on seven-point scales where 1 = Low and 7 = High), which are both fictitious names, were selected as the laundry detergent and fabric softener, respectively.

3.2. Pre-study 2

The second pre-study was conducted with forty Prolific participants to test the validity of the manipulations of integration and response, and to test the realism of the scenarios. So as not to create the experimenter demand effect, a between-subjects design was chosen, and the participants were randomly allocated to four conditions. The manipulation of the response strategy was measured with a seven-point Likert scale, drawn from prior literature (Singh et al., 2019). The Shapiro-Wilk test indicates that the data follows a normal distribution ($W(40) = 0.97$, $p = 0.468$). Perceived integration (Newmeyer et al., 2018) was measured with the following four seven-point items drawn from prior research: 'These brands are highly integrated'; 'These brands are combined in form'; 'These brands are combined in function'; 'These brands are intentionally working together' (Cronbach's $\alpha = 0.810$). The mean of perceived integration was significantly higher in the condition of High Integration ($M = 4.95$, $SD = 1.45$) vs. Low Integration ($M = 3.73$, $SD = 1.34$) with $t(38) = 2.78$, $p = 0.008$). The participants were asked to what extent they agreed with the statement 'the focal brand denied responsibility'. The mean score of the Deny group ($M = 6.00$, $SD = 1.34$) was significantly higher than the mean score of the Deal condition group ($M = 2.45$, $SD = 1.79$), $t(38) = -7.10$, $p < 0.001$). The results of the pre-test confirmed the validity of the manipulations in this study. Finally, the realism of the scenarios was checked using a three-item scale drawn from the literature (Helm and Ozergin, 2015) with bipolar endpoints: 'very unrealistic/realistic', 'very difficult to understand/easy to understand', 'very difficult to imagine/easy to imagine' (Cronbach's $\alpha = 0.806$). The scenarios that would be used in the main study were found to be realistic with a mean score of $M = 5.36$ ($SD = 1.24$).

3.3. Design and participants

A sample of UK participants was recruited by Prolific, an online participant recruitment panel, which has been found to be a viable source of data in previous marketing research experiments (Peer et al., 2017; Singh et al., 2019). After excluding the cases where the respondent failed both the attention and manipulation checks, a total of 257 valid responses were obtained, with a successful response rate of 97%. The sample represented a cross-section of demographics (51% female, age ranging from 19 to 65). The mean age of the respondents was 30.7 ($SD = 10.70$). The number of participants was over 60 per condition as justified by a G-power analysis performed for a two-way ANOVA test (Viglia & Dolnicar, 2020).

3.4. Procedure

The participants were randomly assigned to one of the four conditions. Detailed stimuli are provided in the Appendix. In each scenario, the fictitious brand names #CLEAN and SOFT-it were used. The integration level between the focal and the partner brand was manipulated to be low vs. high, and the response strategies included deny vs. deal. Other than the manipulations of perceived integration and the response strategies, the news item about the crisis remained the same in every scenario. After reading the scenarios, the participants were asked to respond to the dependent measures and the manipulation check items in the questionnaire. Participants were then asked to write open-ended reviews about the focal brand, as is common practice in behavioral sciences (Desai & Reimers, 2019). This question was designed to enable participants to provide a behavioral response in addition to the measured brand equity (Carrillat et al., 2014).

3.5. Measures

Brand equity was measured as the dependent variable, reflecting the participants' overall attitude and behavioral intention towards the focal brand. It was operationalized in two ways: (i) giving self-reported answers to the items of an established scale, and (ii) writing a brand review. Brand equity of the focal brand was measured as a composite of brand attitude, brand trust, perceived quality of brand and product, brand purchase likelihood and brand desirability using established seven-point scales drawn from prior research (Koschate-Fischer et al., 2019; Lei et al., 2012; Simonin & Ruth, 1998). Table 2 presents the multi-item scales. Cronbach's alpha reliability coefficients, which

Table 2
Multi-item scales.

	α
Brand equity (Koschate-Fischer et al., 2019) *	**0.966**
Attitude: unfavorable-favorable, bad-good, negative-positive	
Trust: not at all trustworthy-very trustworthy, not at all dependable-very dependable, not at all reliable-very reliable	
Quality of the brand and product: low quality-high quality	
Purchase likelihood: not at all likely-very likely	
Desirability: not at all likely-very likely, not at all desirable-very desirable	
Perceived integration (Newmeyer et al., 2018) **	**0.730**
These brands are highly integrated.	
These brands are combined in form.	
These brands are combined in function.	
These brands are intentionally working together.	

Notes. α = Cronbach's alpha; * Seven-point bipolar scale; ** Seven-point Likert scale

indicate the internal consistency of the items measured in the constructs, are all above the accepted threshold of 0.700, specifically $\alpha = 0.966$ for brand equity and $\alpha = 0.730$ for perceived integration.

In addition to measuring the consumer-based brand equity by self-reported items, open-ended brand reviews written by the participants were analysed as a behavioral response variable, as in prior research (e.g., Carrillat et al., 2014). The reviews written about the focal brand allowed participants to articulate the perceived brand equity in their own words as a behavioral response. A detailed process was followed to extract sentiment features in the self-written product reviews. As previous literature suggests, all the adjectives, adverbs, and verbs in the product reviews were highlighted as the sentiment features. The number of positive and negative subjects, verbs and adverbs in each review were counted and if the positive score exceeded the negative score, the review was coded as a 'positive' review; otherwise, it was treated as a 'negative' review as done in previous research (Dang et al., 2010). Hence, each review was coded as positive (favorable) or negative (unfavorable). If the reviews had equal positive and negative scores, they were coded as neutral and excluded from the brand review set, as is common practice in prior research (e.g., Dang et al., 2010). A total of 195 brand reviews were included in the analysis, and likelihood of writing positive reviews was calculated.

4. Results

Manipulation checks. In order to check the manipulations, the participants were asked about the perceived integration of the partner brands, the response strategy, and the attribution of responsibility to the brand. Manipulation of integration and response strategy was assessed by the established multi-item scales, which were also used in the pre-test (e.g., Newmeyer et al., 2018; Singh et al., 2019). Both the manipulations of integration ($M_{high} = 4.72$ vs. $M_{low} = 3.52$, $t(255) = 8.17$, $p < 0.001$) and the response strategies ($M_{deny} = 6.02$ vs. $M_{deal} = 2.29$, $t(255) = -20.56$, $p < 0.001$) were validated. The attribution of responsibility to the partner brand was validated by a seven-point bi-polar measure drawn from prior research (Koschate-Fischer et al., 2018) with end-points of 'not at all responsible' and 'completely responsible' ($M = 5.65$, $SD = 1.11$). Finally, the scale that was used in the pre-study was used to check the realism of the scenarios, and the scenario was found to be realistic ($M = 5.30$, $SD = 1.20$).

4.1. Results of self-reported answers to the items of an established scale

Two-way ANOVA. A two-way ANOVA was run with response and integration as independent variables, and brand equity as the dependent variable. A reliability analysis on the items of the brand equity scale indicated Cronbach's $\alpha = 0.966$. A factor analysis on the brand equity measures yielded one single factor for brand equity, accounting for 76.6% of the variance. Thus, in line with Koschate-Fischer et al. (2019), brand equity was calculated as the average across the facets of brand equity (brand attitude, brand trust, perceived quality of brand and product, brand purchase likelihood and brand desirability).

All study variables were examined for normality properties and issues of outliers. No outliers were identified in the box plot analysis. The data was also tested for homogeneity for variance and normality of distribution assumptions. Shapiro-wilk test indicated a normal distribution ($W(257) = 0.977$, $p = 0.596$), and Lavene's indicated that the data met the condition of homogeneity for variance $F(3, 254) = 1.481$, $p = 0.220$). Descriptive statistics are included in Table 3.

Main effects. An ANOVA (analysis of variance) was performed to test the hypotheses of main effects for integration and response. A 2 (low vs. high integration) × 2 (deny vs. deal response) analysis of variance of brand equity revealed a significant main effect of integration ($F(1,256) = 15.28$, $p < 0.001$, $\eta 2 = 0.06$), and a significant main effect of 'response' ($F(1,256) = 7.78$, $p < 0.05$, $\eta 2 = 0.03$). As predicted, the participants rated the brand equity of the focal brand higher when primed with the low integration condition ($M = 3.71$, $SD = 1.28$) rather than the high integration condition ($M = 3.07$, $SD = 1.31$, $t(255) = -3.96$, $p < 0.001$). Hence, H1, which predicted that the high integration (vs. low integration) with a partner in a crisis leads to lower perceived brand equity of the focal brand, was supported. The participants rated brand equity higher ($M = 3.63$; $SD = 1.30$) when exposed to a deal response compared to a deny response ($M = 3.17$; $SD = 1.33$, $t(255) = 2.77$, $p = 0.006$). Hence, H2, stating that dealing with the problem gives more favorable results than denying, is supported.

Table 3
Descriptive statistics.

	Response strategy: Deny			Response strategy: Deal		
	Mean	SD	N	Mean	SD	N
Brand equity	3.17	1.33	131	3.63	1.30	126
	Integration: Low			**Integration: High**		
	Mean	SD	N	Mean	SD	N
Brand equity	3.71	1.28	130	3.07	1.31	127

Notes. SD = standard deviation; N = sample size.

Moderation. Hypothesis 3, which predicted that perceived integration moderated the impact of response on the brand equity, was tested using a full factorial ANOVA. This revealed a statistically significant interaction between the effects of response and integration on brand equity ($F(1,253) = 9.16$, $p = 0.003$, $\eta 2 = 0.04$). The perceived integration moderates the impact of the response strategy on brand equity in the predicted direction. Planned contrast analyses showed that the impact of response on brand equity is stronger in a high integration condition ($M_{deal} = 3.55$ vs. $M_{deny} = 2.64$) vs. low integration ($M_{deal} = 3.69$ vs. $M_{deny} = 3.73$). Hence, the predicted interaction effect in H2 was supported, as depicted in Fig. 2. Using SPSS syntax, simple effects analyses were performed in a two-way ANOVA. The findings reveal that there was no significant difference between a deal and a deny response at a low level of integration ($p = 0.867$), but there was a significant difference ($p < 0.001$) at a high level of integration, as depicted in Fig. 2. In high integration, participants rated the brand equity of the focal brand significantly higher when exposed to a deal response than when they were exposed to a deny response ($p < 0.001$). In low integration, the impact of a deal response on brand equity was not statistically different from a deny response ($p = 0.867$). The research model and the support for the hypotheses are summarised in Fig. 3.

In line with these predictions, a pairwise comparison analysis also revealed that the impact of a deny response on brand equity was significantly higher in low integration than in high integration ($p < 0.001$), but the impact of a deal response on brand equity was not statistically different in low vs. high integration ($p = 0.537$).

4.2. Results of open-ended brand reviews

Binary logistic regression. Next, binary logistic regression was performed with the $N = 195$ coded review sample to estimate the effects of response and integration on the likelihood of the participants writing a positive review about the focal brand. Cross-tabulation of the brand shows that the total number of positive reviews is 95 (49%) out of 195 reviews. The logistic regression model, where the positive brand review is the dependent variable and the perceived integration and response strategy are predictors, is statistically significant ($\chi^2(3) = 37.45$, $p < 0.001$) as depicted in Table 4. Both response (Wald $\chi^2(1) = 4.97$, $p = 0.026$), and integration (Wald $\chi^2(1) = 11.79$, $p = 0.001$) are significant predictors in the model.

The results of a binary logistic regression (odds ratio) reveal that participants who are exposed to a deal response are 2.6 times more likely to write a positive review than those who are exposed to a deny response. The participants who are exposed to a low integration condition are 5.6 times more likely to write a positive review than those exposed to high integration. The predicted probability of writing a

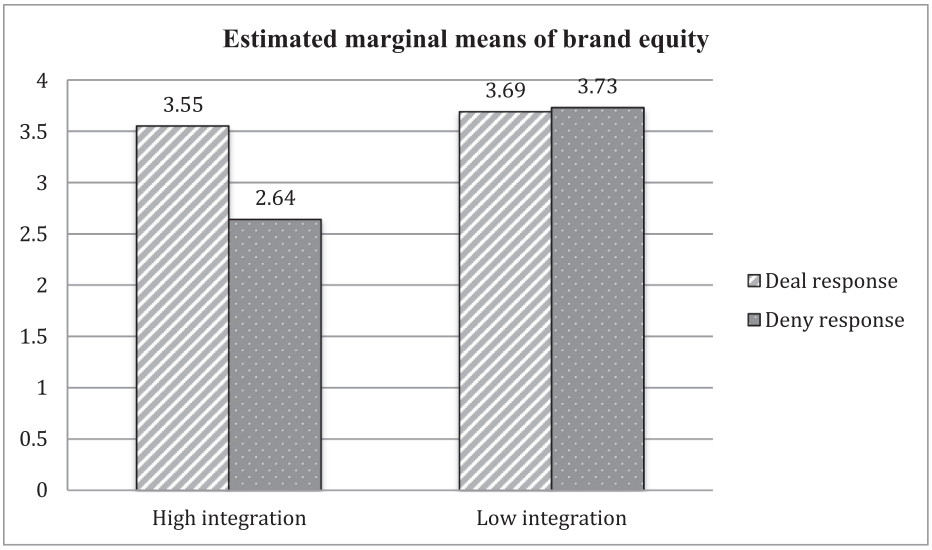

Fig. 2. Interaction effect of perceived integration and response strategies on equity of the focal brand.

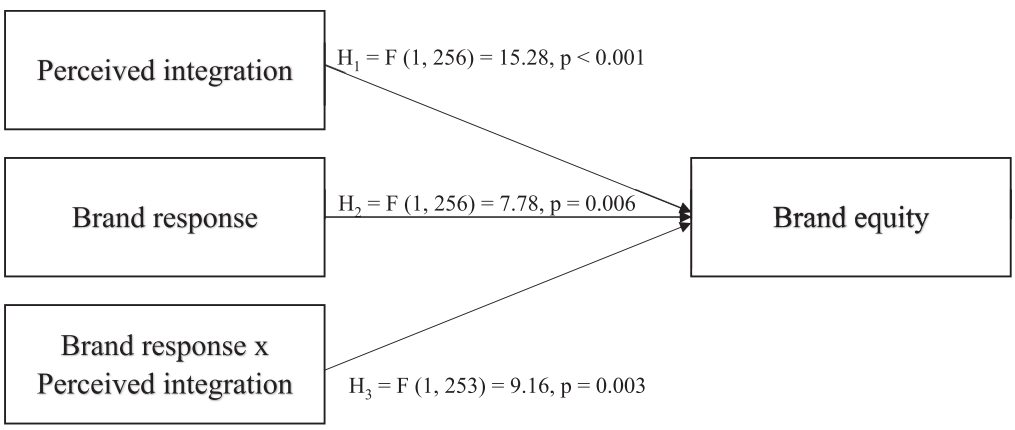

Fig. 3. Research Model.

Table 4
Coefficients of the model predicting positive reviews.

	b	SE	Wald	95% CI for Odds Ratio		
Included				Lower	Odds	Upper
Constant	−0.043	0.29				
Response (deal)	0.96 [a]	0.43	4.97	1.12	2.61	6.06
Integration (high)	−1.73[a]	0.50	11.79	0.07	0.18	0.48
Responsexintegration	1.17[b]	0.60	3.14	0.88	3.20	11.66

Notes. [a] $p < 0.05$. [b] $p < 0.05$ (one-sided tail). SE = standard error. $R^2 = 0.23$ (Nagelkerke); 0.16 (Cox & Snell). Model χ^2 (3) = 37.45, $p < 0.001$). N = 195.

positive review about the focal brand is unlikely when there is high integration between the focal and the partner brand. Higher integration with a partner brand in crisis leads to a less favorable response to the focal brand. Hence, the results of participants' behavioral responses (writing brand reviews) supported H1, predicting that higher integration with a partner brand in a crisis leads to lower perceived brand equity of the focal brand. The interaction term of response by perceived integration is significant ($p < 0.05$, one-sided tail) (Furr & Rosenthal, 2003). The results of a binary logistic regression reveal that the positive effect of a deal response on the favorable behavioral response (writing a positive review) is stronger in high integration. Hence, H2 found support.

The percentage chance of writing a positive review is calculated according to the predicted probabilities of each combination of independent variables (response and integration). Fig. 4 shows that the predicted probabilities of writing a positive review are over 50% in the deal response conditions for both high and low integration. The participants in the deny response condition, on the other hand, are unlikely to write positive reviews no matter if the perceived integration between brands is low or high.

As shown in Fig. 4, higher integration with the partner brand in a crisis strengthens the positive effect of a deal response on writing positive reviews vs. deny response, supporting H2. In high integration condition, the predicted probability of getting a positive review after a deny response is unlikely (predicted probability of 15%), whereas predicted probability of getting a positive review after a deal response is 4 times more likely than it is in a deny response condition. The lowest predicted probability of writing a positive review for the focal brand is in the high integration and deny response condition (15%), whereas the predicted probability of writing a positive review in the low integration and deny condition is 49%.

The following qualitative quotations offer some insight into the reasoning of participants who are exposed to deal response conditions, where writing positive reviews is most likely.

'#Clean brand has integrity and cares for its customers; … admitted its mistakes and promised to do better.' (Deal response; high integration).

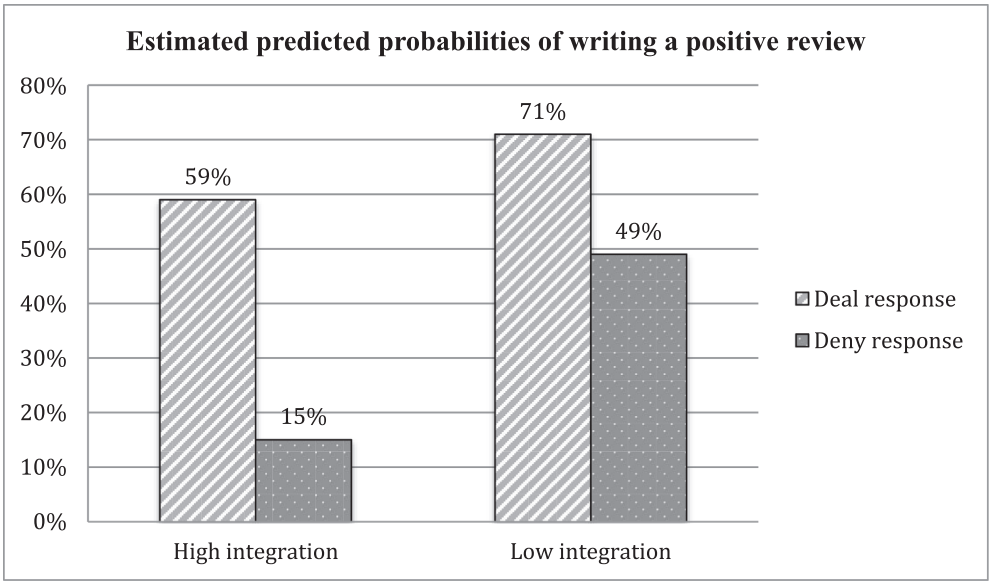

Fig. 4. Predicted probabilities of writing a positive brand review.

'I'm impressed that they took full responsibility for a problem which they did not directly cause.' (Deal response; low integration).

The chances of writing a positive review were unlikely under deny response conditions, irrespective of the perceived brand integration. The following quotations from the respondents exemplify the low likelihood of engaging in positive behavior towards the focal brand when the focal brand denies responsibility.

'Even if it was a result of a co-operation with an independent product of another brand, #CLEAN has a responsibility of choosing their business partners wisely and not promoting harmful products to their customers. They have an ethical responsibility, so I would rather not buy their products again.' (Deny response; low integration). 'I would not trust this company as they cannot take responsibility for a problem with a product bearing their name.' (Deny response; high integration).

The results of the coded brand reviews reveal that in a co-branding, the focal brand is likely to get positive reviews only if it chooses to deal with the problem, irrespective of whether the problem was caused by the partner brand.

5. Discussion and conclusion

This research has both theoretical and managerial implications for the effectiveness of the response strategies of a focal brand that is affected by a negative event suffered by its partner brand. The findings also indicate an agenda for future research.

5.1. Theoretical contribution

This paper contributes to the existing literature in several ways. The first contribution addresses the negative spillover effects on the brand equity of the focal brand, highlighting the importance of the perceived integration between the brands. A key finding is that higher perceived integration with a partner brand in crisis leads to lower perceived brand equity of the focal brand, despite the crisis having been caused by the partner brand. This paper extends previous crisis response research by analyzing the effect of a crisis in a brand alliance context and demonstrating the role that the level of perceived integration between brands exerts on consumers' causal inferences, such that high perceived integration will exacerbate the transfer of associations between brands in an alliance. This insight can explain the literature's inconsistent findings (i.e., Radighieri et al., 2014; Koschate-Fischer et al., 2019) on the spillover effects of brand crisis.

Furthermore, this finding is consistent with attribution theory (Heider, 1958) in that higher integration in co-branding leads consumers to perceive a shared locus between the focal and the partner brand (Newmeyer et al., 2014). Because of the greater interdependence between the brands, it is difficult for consumers to identify the partner brand as the locus of the crisis; hence, consumers will instead continue to associate all the related brand nodes in their mental map. A focal brand that is perceived to be highly integrated with the partner brand would have lower brand equity vs. one that is less integrated with the partner brand; higher integration is likely to cause the focal brand to be perceived as guilty by association. This research makes an important contribution by empirically showing that perceived integration between the focal brand and the crisis-causing partner brand is an important factor in the spillover effects between brands and hence, the consumers' evaluation of the focal brand's equity. This research therefore extends the spillover research by examining the impact of 'perceived integration' between brands and linking this literature to the crisis response strategies to investigate the final effect of a crisis and its response on the brand equity.

The second contribution concerns whether the deal or deny responses have different effects on the brand equity of the focal brand in a crisis triggered by the partner brand. Findings relating to even a single brand in crisis are mixed, but the presence of two brands in an alliance makes it still harder for the focal brand to decide which response strategy is the most effective for dealing with a crisis triggered by the partner brand. The results of this paper confirm that the focal brand's response to a crisis triggered by the partner brand defines how consumers perceive the brand equity post-crisis. It also confirms that consumers perceive the brand equity of the focal brand to be higher if the brand chooses to deal with the crisis rather than deny it. This finding is consistent with the three causal dimensions of attribution theory: locus, controllability, and stability (Heider, 1958; Folkes, 1988). By adopting the deal strategy, the brand accepts responsibility and tries to rebuild its legitimacy and restore consumers' confidence in the brand (Coombs, 2007). On the other hand, blaming the partner brand through the denial strategy means that the brand avoids taking any responsibility and does not offer any corrective measures to restore the lost trust. It is by acknowledging the problem and giving assurances that steps are being taken to avoid future occurrence of the crisis that the focal brand can address the controllability and stability dimensions of attribution theory

(Heider, 1958), and imply that the crisis is fleeting rather than stable (Dutta & Pullig 2011). Therefore, consumers will perceive the brand equity of the focal brand to be higher if the brand chooses to deal with rather than deny the crisis.

The third contribution of this paper addresses the limited and mixed evidence for the effectiveness of responses on brand equities. This paper contributes to the literature by extending previous research and examining the moderating effect of perceived brand integration between the focal and partner brand on the effectiveness of the focal brand's response strategy. This is a factor that the literature has thus far overlooked. A key finding is that the perceived integration between brands in an alliance determines the effectiveness of the response strategy on brand equity. In high integration alliances, the participants rate the brand equity of the focal brand as significantly higher when they are exposed to a deal response rather than to a deny response. This is explained by attribution theory (Heider, 1958). The focal brand with high integration with the partner brand is closer to the locus of the problem and is perceived as guilty by association with the partner brand (Cleeren et al., 2013). Therefore, the focal brand is expected to assume responsibility for the problem rather than deny it. The most interesting findings occur when the perceived integration with the partner brand is low. When the brands are in low integration, the impact of the deal response on brand equity is not statistically different to that of the deny response. Hence, accepting responsibility for the fault of the partner brand when the brands are perceived as low in integration does not deliver any increased yield on the focal brand's equity versus denying responsibility. The findings also reveal that the impact of the deny response on brand equity is significantly higher in low integration alliances than in high integration alliances. When the focal brand is highly integrated with the partner brand, the deny response is not acceptable to consumers and delivers lower brand equity. On the other hand, denying responsibility in low integration alliances does not negatively affect the brand equity of the focal brand. This can be explained by the nature of the co-branding strategy. If the level of integration between the brands is perceived as low, it implies that brands are still perceived as separate entities rather than as completely merged in form and function (Newmeyer et al., 2014). Therefore, it is understandable that there is not a complete transfer of associations between the focal and the partner brands, enabling the focal brand to detach itself from the locus of the negative event. Then, the question is whether a focal brand can choose to deny the problem by detaching itself from the partner at fault and keep its brand equity unharmed? The simple answer to this is yes, albeit subject to the condition that the brand alliance has a low level of integration. While the results need to be interpreted with caution, this study, overall, contributes to the literature by revealing that perceived integration is a significant moderator, changing the strength of the effect of the response strategy on the brand equity.

The final contribution to the literature concerns the consumers' brand reviews, which are the behavioral responses toward the focal brand. Brand equity refers to a composite of consumers' beliefs and behavioral intentions and the brand reviews of the study's participants complement their self-reported answers about the focal brand. Brand reviews signal actual behaviors toward the focal brand and its response to the crisis caused by the partner brand. The brand reviews written for the focal brand by the participants highlight the positive effect of shouldering responsibility for the partner's problem. The participants are likely to write a positive review about the focal brand only when it deals with the problem, and this is the case in both the high and low integration conditions. An important finding is that regardless of the perceived integration between the brands, the focal brand is unlikely to get positive reviews when it chooses to offload all responsibility for the crisis to the partner brand. Dealing with the problem caused by the partner brand and reassuring survey participants that the crisis is under control helps restore confidence in the brand. The deal response demonstrates the goodwill of the focal brand in shouldering responsibility instead of assigning blame. Hence, although the study finds that consumers do not punish the focal brand by reducing their perception of its equity if it chooses the deny response in a low-integration alliance, they will nevertheless reward it for its goodwill by giving it a positive review if it chooses instead to deal with the crisis.

In addition to these theoretical contributions, the paper has managerial implications that will be discussed in the next section.

5.2. Managerial contribution

Marketing managers strive to retain high equity brands. However, negative events, which can damage the brand equities, are common (Dutta & Pullig, 2011). A brand in a co-branding context is at risk of finding itself in a crisis triggered by the partner brand and of being found guilty by association. This research aims to guide marketing managers to choose the focal brand's most effective response strategy for mitigating damage to brand equity. It is crucial that marketing managers act to retain their customers' positive attitude, trust, and purchase intention post-crisis. Since one type of response does not fit all, this research highlights the moderating role of perceived integration between the brands on the effectiveness of response strategies. Hence, there are several major findings that have implications for marketing practitioners.

First, the complexity of dealing with a crisis-stricken alliance arises from the possibility of the focal brand being penalized for negative events occurring at the partner brand. Crucially, this paper demonstrates that the brand alliance entails some risks for the focal brand. Since negative events or crises are to some extent inevitable in business, managers are advised to plan their crisis response ahead of time. This research finds that in such circumstances, a focal brand that is perceived as highly integrated with the partner brand would be tainted by its association with the partner brand and its brand equity would suffer more damage than if the level of integration were perceived to be low. Managers are therefore advised to formulate their strategies for responding to possible crises even before the alliance has been cemented, since the extent of their perceived integration with their partner brands will influence how much damage they take.

Second, this paper draws attention to the effectiveness of the response strategies on the focal brand's equity as a factor of the perceived integration between brands. In a single-brand situation, the regular customer service system is designed to accommodate pre-set brand policies to enable successful service recovery. However, in an alliance context, the perceived integration between two brands requires deeper consideration by managers. In practice, firms aim to respond to crises in the most cost-effective way that still ensures maximum recovery of customer trust in the brand (Dutta & Pullig, 2011). Intuitively, the focal brand, which is not the source of the problem, will probably seek to deny involvement in a crisis triggered by another party. Although detaching from the partner brand and denying any responsibility might sound like a tempting strategy for the focal brand, it can be extremely risky, and attention must be given to the perceived integration between the brands. The focal brand will be contaminated by the negative event through categorization in the minds of the consumers (Swaminathan et al., 2012). When consumers perceive that there is high integration between the brands, the focal brand must adopt a deal response and share responsibility for the failure of the partner brand because the deny response is simply not a viable strategy. Managers of the focal brands are better advised to say, 'For better, for worse,' and shoulder the blame if they are to reduce the negative spillover effects of the crisis on their brand equities.

As regards an alliance where there is low integration between the brands, this research reveals that the effect of the deny response on brand equity is not statistically different from the deal response. This, combined with its lower recovery costs, might make the deny response sound intriguing. However, managers must not rely on their own assessment of the extent of brand integration; rather, they have to act on what the consumers perceive the integration to be. Benoit (1997)

emphasizes the importance of perception, stating that the important point is not whether the brand has responsibility, but whether the brand is perceived as being responsible. If there were any risk that the focal brand might be perceived to be highly integrated with the partner brand, irrespective of the focal brand's actual intention, managers are advised to stick to the safest option, shoulder some responsibility, and deal with the crisis. Furthermore, the deal response delivers positive behaviors toward the focal brand, which will be discussed next.

The third contribution of this research concerns the participants' brand reviews, which convey useful insights and reflect their likely behaviors after a crisis. An important finding, which supports the previous recommendation to managers, is that a focal brand is likely to get positive reviews only if it chooses the deal response, assuming responsibility for the negative event caused by the partner brand. These brand reviews highlight the possibility of the consumers' spreading favorable word of mouth about a focal brand that steps up in this way. The finding is consistent with prior research that notes that stakeholders generally take a negative view of the scapegoating strategy since they prefer organizations to assume responsibility and provide a solution rather than trying to pass the buck to a partner (Coombs, 2015). Hence, based on the findings, the author recommends the focal brand managers to execute a deal response strategy to guarantee that they are less negatively affected by a crisis triggered by the partner brand.

The final implication for managers regards the justification of the response they choose to adopt. As discussed, the managers of a focal brand might opt for the deny response because they do not believe that their brand was at fault or because they do not wish to incur the potential costs of the deal response. Based on the findings of this study, this decision will only harm the focal brand's equity if consumers perceive the integration between the brands to be high. Since the findings reveal that the consumers' perception of integration between the brands plays a key role in the effectiveness of the deny strategy, managers would be well advised to justify their choice of deny response clearly and transparently to the public. Detaching the focal brand from the partner brand and denying responsibility for the crisis would not be harmful to equity of the focal brand only if consumers are convinced that the brands are only slightly connected in form and function and are therefore not highly integrated.

In summary, managers need to be well informed about the viability of the response strategies prior to implementing them in a crisis context. The findings of this paper have the following managerial implications: 1) The focal brand carries the risks of being associated with the partner brand's failure from the moment it sets foot into the alliance; 2) Perceived integration determines the effectiveness of the response strategy, such that the deny response is viable in a low integration co-branding, while being counter-productive in a high integration alliance; 3) Shouldering responsibility for the crisis rather than blaming the partner brand delivers positive consumer behavior toward the focal brand; 4) Where the brand chooses to deny responsibility, it needs to thoroughly justify its decision, emphasizing the low integration between the brands if it is to avoid damage to the brand equity.

5.3. Limitations and further research directions

Despite the rich findings of this research, it is subject to some limitations that indicate avenues for future research. First, in the examination of the focal brand's response to a co-branding partner's crisis and its interaction with the perceived integration between brands, other factors that might affect the brand equity were kept constant. Future research, therefore, can investigate these additional factors which include severity of the crisis (high vs. low), the type of the crisis (ethical vs. material), the response timing (timely vs. delayed), and the partner brand's response (parallel vs. conflicting with the focal brand's response). Second, this research chose to study the dichotomous response of the focal brand to a crisis when its partner is at fault: deny response vs. deal response. Future research might consider elaborating other possible responses within the deal and deny categories (e.g., offering compensation, stonewalling, etc.) Third, the hypotheses in this research are built on attribution theory (Heider, 1958), and the research contends that the locus of responsibility and controllability influence the effectiveness of responses on consumer evaluations of brand equity. Future studies might enhance this research by explicitly measuring the causal attributions of controllability, stability, and locus. Fourth, this research measures the brand equities of fictitious brands after the participants are exposed to a response strategy. The use of fictitious brands is common practice in marketing studies to avoid any additional brand associations that could bias the participants' evaluations (e.g., Bleijerveld et al., 2015; Geylani et al., 2008). However, in order to increase ecological validity, future research might use real brand names with a repeated-measures factor, measuring the pre-manipulation and post-manipulation brand equities of the actual brands. Furthermore, in future research, when measuring brand equities of real brands pre- and post-manipulation, researchers can also measure additional constructs such as the product involvement (i.e., measured with a scale) and motivations for shopping (e.g., hedonic vs. utilitarian). Future research might consider using a mixed research design, where a qualitative research that digs deeper for consumer insights would complement the findings of the scenario-based experiments and shed light on the underlying boundary conditions. Finally, future research could enhance the generalizability of findings by replicating this study across different product and service sectors. This research focuses primarily on the effectiveness of the response strategy to a crisis triggered by the partner brand in the context of a brand alliance. The applicability of the theory and findings can be examined in many other fields, such as relationship management and other organizational contexts where a crisis that needs a highly effective response strategy is likely to occur.

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CRediT authorship contribution statement

Ceyda Paydas Turan: Writing – review & editing, Writing – original draft, Resources, Project administration, Methodology, Formal analysis, Data curation, Conceptualization.

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Data availability

Data will be made available on request.

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Appendix

Experimental stimuli

In each cell, participants are exposed to the following news item before the response condition.

'SOFT-it brand has been accused of causing severe skin irritations. SOFT-it failed the Regulation tests run by an independent testing institute, and it was reported that the fragrance chemicals triggered skin allergies. The reported numbers of consumers suffering from skin irritations because of the softener brand is increasing each day.'

	HIGH integration	LOW integration
DEAL response	**Please imagine that you have purchased the following co-developed offering: #CLEAN with SOFT-it.** This is a new product co-developed and jointly produced by #CLEAN Laundry detergent and SOFT-it Fabric softener. The detergent and the softener have been completely integrated in form and function to offer cleanness and softness in one product. **In response to the news item**, #CLEAN brand, which has a co-branding agreement with SOFT-it brand, took responsibility for the situation and stated that they were committed to their customers and were deeply sorry for the undesirable experience. #CLEAN claimed that they have begun putting in place a comprehensive plan to provide better quality in all the products they sell including the co-branded products.	**Please imagine that you have purchased the following co-promoted offering: #CLEAN with a 20% off voucher for SOFT-it.** This is a co-promotion in which you buy #CLEAN Laundry detergent and get a 20% off voucher for SOFT-it Fabric softener. You may decide to use the voucher to buy SOFT-it softener on a reduced price or not. Each item can be purchased and used independently of each other. **In response to the news item**, #CLEAN brand, which has a co-branding agreement with SOFT-it brand, took responsibility for the situation and stated that they were committed to their customers and were deeply sorry for the undesirable experience. #CLEAN claimed that they have begun putting in place a comprehensive plan to provide better quality in all the products they sell including the co-branded products.
DENY response	**Please imagine that you have purchased the following co-developed offering: #CLEAN with SOFT-it.** This is a new product co-developed and jointly produced by #CLEAN Laundry detergent and SOFT-it Fabric softener. The detergent and the softener have been completely integrated in form and function to offer cleanness and softness in one product. **In response to the news item,** #CLEAN brand, which has a co-branding agreement with SOFT-it brand, denied any involvement in the fault and blamed SOFT-it fabric softener for the skin problems. #CLEAN brand claimed that SOFT-it was responsible for the skin problems since they failed the required quality control tests. #CLEAN further asserted that everything was under control for #CLEAN products.	**Please imagine that you have purchased the following co-promoted offering: #CLEAN with a 20% off voucher for SOFT-it.** This is a co-promotion in which you buy #CLEAN Laundry detergent and get a 20% off voucher for SOFT-it Fabric softener. You may decide to use the voucher to buy SOFT-it softener on a reduced price or not. Each item can be purchased and used independently of each other. **In response to the news item**, #CLEAN brand, which has a co-branding agreement with SOFT-it brand, denied any involvement in the fault and blamed SOFT-it fabric softener for the skin problems. #CLEAN brand claimed that SOFT-it was responsible for the skin problems since they failed the required quality control tests. #CLEAN further asserted that everything was under control for #CLEAN products.

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