THE HALO EFFECT AS A FACTOR INFLUENCING MEMBERSHIP LOGICS IN TRADE ASSOCIATIONS AND CHAMBERS OF COMMERCE IN ALBANIA

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Table of Contents

List Of Abbreviations

AMCHAM – American Chamber of Commerce in Albania

ACITAD – Albanian Chamber of International Trade and Development

ATTSO – Albanian Turkish Chamber of Commerce and Industry

AFI – Albanian Food Industry

CCI – Chamber of Commerce and Industry of Tirana

CFA – Chamber of Façon Albania

NBF – National Business Forum

COP – Country of parts

COD – Country of design

COB – Country of brand

COM – Country of manufacture

COM/A – Country of manufacture / assembly

List Of Tables

List Of Figures

INTRODUCTION

Business associations have been a source of protection and power for their members with the trade guilds believed to be their first form. Since their initial creation, believed to have happened in the city of Marseilles during the late sixteenth century, chambers of commerce and business associations have been largely recognised and accepted as organizations which act on behalf of the business world in order to protect its interests. These organizations which may vary in their institutional form, but perform similar activities which serve the same aim of supporting their business members against every formal and informal threat.

In the world of business associations, the interrelations between organization and members are very crucial as both sides interdepend on each other. Business associations are a great resource for information, network, support and inspiration, referrals and other new business opportunities, prestige and affirmation. Whereas on the other side, chambers of commerce and business associations need members in order to gain a certain level of visibility. The bigger the numbers of the members – both membership portfolio and their impact on a country's economy - the more the influence that the business association can exercise while lobbying or advocating on behalf of its members.

Nowadays, business associations are both well-spread worldwide and also very prolific in numbers making it difficult for most of them to attract new members. Companies have many choices. In Albania there are several business associations and chambers of commerce active in the service of the business community. In some sectors, there is the case of having more than one association, which means further fragmentation of the business community.

This master thesis aims to shed light onto the halo effect as a factor used in the organizations strategies for building up image and reputation and consequently enlarge membership which would translate in bigger influence and larger incomings through fees, sponsorships and donations. There have been lots of studies regarding the

chambers of commerce, their actual impact on economy and society, their functionality and also the logics behind membership that push the business community to join such organizations. Among the factors influencing these logics, such as lobbying, advocacy, networking, etc., starting from a marketing point of view and then taking into consideration the various legal models of the chambers, this study concentrated on the halo effect as an important element for both businesses and associations to build reputation and also as a significant fomenter for larger membership bases.

In the first chapter of the study, the halo effect is presented as a psychology concept which has been discussed in the marketing literature. Furthermore, marketers have implemented such a concept in the different strategic and operative ways. The halo effect has been considered as impactful in all the elements of the business community, starting from the inner organizations with human resources and management selection to the pushing of brands or products into the market to creating partnerships and bonds with other national or international actors. The halo effect is presented in various forms, similar and also different from each other. Some of these forms discussed as noteworthy in this chapter are the brand effect, the country-of-origin effect and the co-branding.

In the second chapter, business organizations such as trade associations and chambers of commerce were discussed. Firstly, a description of the types of associations is given. Afterwards, giving a historical background of the emerging of the trade associations and chambers of commerce, the different legal models – public, Anglo-Saxon, Continental and mixed models - are discussed to better describe the logics of the birth and also the functionality of these organizations.

CHAPTER 1. THE HALO EFFECT

1.1. DEFINING THE HALO EFFECT

The halo effect is a cognitive bias in which one's judgement of a person, brand or product's character can be influenced by one's overall impression of him or her. Its existence has long been recognised and its effects long debated. However the first formulation of its definition is attributed to Edward Thorndike, who in his "A Constant Error in Psychological Ratings" described the way that commanding officers rated their soldiers. He found that "In a study made in 1915 of employees of two large industrial corporations, it appeared that the estimates of the same man in a number of different traits such as intelligence, industry, technical skill, reliability, etc., etc., were very highly correlated and very evenly correlated... Ratings were apparently affected by a marked tendency to think of the person in general as rather good or rather inferior and to colour the judgments of the qualities by this general feeling. This same constant error toward suffusing ratings of special features with a *halo* belonging to the individual as a whole appeared in the ratings of officers made by their superiors in the army." (Thorndike, 1920)

The halo effect takes place when people who shine on one dimension are expected to shine on other dimensions too. The "consistency theory", which asserts that people tend to be more psychologically comfy when all of their thoughts or perceptions about someone or something are coherent, can enlighten on this effect. (Erdogan, 1999)

As Standing states, the halo effect is commonly known as "the physical attractiveness stereotype and the "what is beautiful is good" principle". It refers to the typical propensity of people to favour good-looking persons for their personality traits over those who are less good-looking. Halo effect is also used in a more universal way to describe the overall influence of likeable trait or characteristic, in generating biased perceptions of the target person or product on any measurement. Therefore, feelings usually outweigh cognitions when we evaluate others." (Standing, 2004) Put in simpler

words, the halo effect suggests that first impressions do have very strong impact. The timeworn saying "first impressions count" seems to still hold true.

In their book *Encyclopaedia of Educational Psychology,* Neil J. Salkind and Kristin Rasmussen assert that "Even teachers in their classrooms are conditioned to the halo effect rating error when appraising their students. E.g., a teacher who sees a well-mannered student might be inclined to suppose this student is also intelligent, hard-working, and involved before he has the possibility to objectively assess the student's capacity in these dimensions. When this kind of halo effect occurs, it can have a certain impact on some specific areas regarding the students' approval ratings and furthermore it can subjectively influence students' evaluations." (Salkind and Rasmussen, 2008)

"In the work situation, the halo effect is most likely to appear in a superior's assessment of a dependent's performance in his everyday work. Indeed, the halo effect is perhaps the most usual bias in performance evaluation. Administrators, directors and managers may tend to view a single trait of their dependents, such as creativity or ability to do teamwork, as the most relevant trait of the employee, thus permitting the whole assessment to be influenced by how he or she judges the dependent on that one trait. Although the dependent may not know exactly what his/her job and how to do it effectively – if in the dependent's performance one can notice creativity or ability to connect and cooperate, the superior may rate him/her higher than is justified by knowledge or ability." (Schneider, 2012)

Nisbett and Wilson conducted an experiment in which two different groups of students were interviewed by the same instructor who spoke English with a European accent. In interviewing one group of students, the instructor was wholehearted and kind, whereas in the other, unfriendly and unsociable. The students who met the warm and kind instructor appraised his looks, behaviours, and language inflection as appealing, whereas those who met the cold and unfriendly instructor rated these traits as irritating.

Referring to what Nisbett and Wilson found, the results vividly support the explanation of the halo effect. They point to the fact that overall assessments modify assessments of traits about which we have abundantly enough info to permit for a free assessment. These results converge with the initial hypothesizing about the halo effect. Thorndike

(1920) was visibly convinced that this phenomenon rather than an effect on interpretations of the traits meaning, represents an important lack of ability to resist the affective impact of overall assessments on assessment of definite traits. (Nisbett and DeCamp Wilson, 1977)

1.1.2. HALO EFFECT OR HALO ERROR

Different studies have tried to explain in what way the halo effect exercises its influence in the business world. Company performance gives an overall impression that contours how we perceive its strategy, management, staff, culture and other elements. A well performing company, with growing sales, high profits, and an increasing stock price, brings observers to unsurprisingly deduce that it has a clever strategy, visionary management, enthused staff, outstanding customer orientation, etc. But when that same company fails to meet the observers' expectations - sales drop and profits decline— many are quick to conclude that the company's strategy wasn't right, the staff became complacent, it ignored its customers, and so on.

One of the cases that Rosenzweig, an academic at IMD - a business school near Lausanne in Switzerland,   presents in its article "Misunderstanding the nature of company performance: the halo effect and other business delusions" can be considered as a valid example for the other delusions as well.

The DELL case

In February 2005, *Fortune* magazine placed Dell Computer at #1 position in the World's Most Admired Companies list. After only two years had passed since the glorious moment, in February 2007, among tumbling performance, Michael Dell decided that it was time for him to step in and take the company's situation in hand in order to bring it back to it past splendour. CEO Kevin Rollins was fired. Observers didn't wait too much to give their opinion on what might have gone wrong. According to *Business Week*, "Dell succumbed to complacency in the belief that its business model would always keep it far ahead of the pack." It had been "lulled into a false sense of security." An unsuccessful acquisition was said to be evidence of "hubris." (Byrnes, Burrows and Lee,

2007). In *Leadership Excellence*, a management consultant explained that Dell "got stuck in a rut" and became "reluctant to change." When rivals had matched Dell's strategy of customization, managers "fell back on an old practice: they cut costs to maintain market share." The *Financial Times* quoted Peter Morici, a business school professor at the University of Maryland who opined: "Dell has forgotten how to make customers happy. I have to believe the problems with the company are cultural and they begin at the top.*"*(Stern, 2007)

Dell's downfall was ideal for story subjects such as: *From the stars to the stables*. The abovementioned motives - *complacency, hubris, reluctance to change, and poor leadership* - all seemed sound and rational. Readers were offered reasons and justifications that would be reasonable and adequate. Nevertheless, this Dell case represents or best shows some of the common errors that distort our understanding and evaluation of a company's performance. Let's begin with the "complacency" reason, because it wouldn't be that difficult to deduce from Dell's slowing performance that it must have been "complacent," but such assertion doesn't feel accurate with closer inspection. In fact, by the end of the 1990s, Michael Dell and his management were well-aware that their supremacy couldn't be everlasting. They looked for and made out new opportunities to complement Dell's core strength and trying to set up a well-organized fast-cycle manufacturing process. They had identified hardware products where they might apply this capability, such as computer storage and printers. In 1999, Dell also bought the start-up company, ConvergeNet which promised a sophisticated new storage product but unfortunately turned out to be not ready for prime time. It is obvious that these kinds of actions cannot be retained as evidence of complacency. In addition, Dell's reaction to improved competition by finding ways to lower costs can hardly be considered as indication of a lack of will to change.

It would be non-discriminatory to claim that for Dell, adding other related products to its manufacturing model was a no-nonsense strategy, because had Dell never tried to grow into new areas, then being accused of "complacency" would have been inevitable. Or else, if Dell had decided to endeavour in entirely different businesses or diversify into a completely different product segments, then we might be able to claim a case of "hubris". This latter choice would have been much more ventured and hazardous, but

11

only if things had gone wrong, the mass media would have nailed Dell for shifting from its core strength in search of unmanageable fantasies. Dell's top management and its founder Michael Dell would have been accused of arrogance and moreover, mocked for a being so naïve to think that they could thrive in very other completely different markets as well. (Rosenzweig, 2007)

A great deal of our opinions about company performance is formed under the influence of halo effect. As in the abovementioned Dell example, we tend to evaluate very positively the whole set of elements like strategy as excellent, management as farsighted, staff as inspired and enthusiastic, if a company shows an increasing and lucrative performance. On the other hand, if performance results weak and unsatisfying, the strategy instantly becomes ill-advised, CEO's become infected with "hubris", staff was far relaxed and uncommitted. In these words, the situation may look as overstated and inflated by the business journalism. However, results would be very uncertain and suspicious if the data collected by researchers are under the halo effect influence. Rosenzweig claims that this is the main problem with the study of Jim Collins's "Good to Great" and many other researches tracing back to Peters and Waterman's "In Search of Excellence". They tend to present their work as if they had found what makes a company perform and excel, but what they really do is only describe high performers that are on the pedestal.

In his multi prize-winning 2007 book "The Halo Effect", Prof. Rosenzweig argued that delusions about company performance can be summarized as follows:

1	**The Halo Effect:**	In statistical language, the independent variable is actually the dependent variable via an imperfect measure.

2	**The Delusion of Correlation and Causality:**	A company is doing especially well and has high employee satisfaction. Some authors would conclude that employee satisfaction strongly benefits performance, but more likely is that people get satisfaction from knowing they are on the winning team.
3	**The Delusion of Single Explanations:**	Arguments that factor X improves performance by 40% and factor Y improves by another 40%, so do both at once and you'll get an 80% improvement. The fallacy is that X and Y might be very strongly correlated. E.g. X might improve performance by causing Y.
4	**The Delusion of Connecting the Winning Dots:**	Looking only at successful companies, without comparing them against unsuccessful companies, is a useless way to gather evidence. You may as well conclude that buildings are the secrets of a company's success, because every high-performing company has at least one building.
5	**The Delusion of Rigorous Research:**	Some authors boast of the amount of data that they have collected, as though that in itself made the conclusions of the research valid.
6	**The Delusion of Lasting Success:**	The "secrets of success" books imply that lasting success is achievable, if only managers will follow their recommended approach. Rosenzweig shows that truly lasting success never happens in business (data presented in an appendix)
7	**The Delusion of Absolute Performance:**	Your market performance is down to what your competitors do as well as what you do. You can do everything right and yet still fall behind.
8	**The Delusion of the Wrong End of the Stick:**	Getting cause the wrong way round. Eg. successful companies have a Corporate Social Responsibility policy. Should we infer that CSR contributes to success, or that profitable companies have money to spend on CSR?
9	**The Delusion of Organisational Physics:**	The idea that business performance is non-chaotically determined by discoverable factors, so that there are rules for success out there if only we can find them.

Table 1.1. Summary of the halo effect and the other delusions according to Rozensweig (2007)

1.1.3. HALO EFFECT ON BUSINESS ORGANIZATION

Only recently it has been recognized that the halo effect is extremely influential on business. In the *Harvard Business Review* edition of February 2002, Melvin Scorcher and James Brant, wrote: *"In our experience, CEOs, presidents, executive VPs and other top-level people often fall into the trap of making decisions about candidates based on*

lopsided or distorted information ... Frequently they fall prey to the halo effect: overvaluing certain attributes while undervaluing others."

Sorcher and Brant give a list of "competency areas" which according to them are usually overrated in the selection of candidates for top management positions. These overrated characteristics include operational efficiency, being able to be part of a team, hands-on/proactive style, dynamic public speaking, ambition and similarity to the selectors' profiles.

Sorcher and Brant conclude that many companies behave very narrow-mindedly miss the possibility of getting a whole picture of leadership runners because they concentrate all their attention and efforts on task performance rather than the behavioural characteristics of a candidate. This way, often some of the soft skills are not investigated sufficiently and taken in consideration accordingly. Consequently, many top CEOs find the wrong people for the wrong job because they base their judgement on incomplete information that leads them to overestimate certain skills, abilities and talents. (Scorcher, M. and Brant, J.,2002)

1.2. COUNTRY OF ORIGIN EFFECT

1.2.1. Country image as a halo or summary construct

Researchers have started to investigate the field of country of origin about half century ago with Schooler's study which showed that consumers would evaluate products made in less-developed countries as products of less quality. He concluded that country of origin effects existed with a bias for or against products made in different, less-developed countries. (Schooler, R., 1965)

In 1967 Reierson followed up with his research which focused on perceptions of product quality and concluded that country of origin effects existed whether it was general products, classes of products or specific products. (Reierson, C., 1967)

In their 1982 study, Bilkey and Nes, brought the research to a whole new dimension by transiting from studies focused solely on country of origin studies into studies where country of origin is merely part of more complex constructs. Bilkey and Nes insisted on

the fact that in order to study more accurately the country-of-origin effect, other attributes and characteristics which are part of the product (colour, taste, functionality, etc) or external to it (price, brand, point of sale, etc) should be taken into consideration. They concluded that when these attributes are regarded the importance of country of origin effect in decision making shows to be relative and thus decreases. (Bilkey and Nes, 1982)

Han's (1989) examination of the role of country image in consumer evaluations of TV sets and cars is one of the most mentioned studies in this field. He asked a sample of 116 interviewees for the images of products from the USA, Japan and South Korea. The results showed then that the use of country image in product evaluations is quite common either as a halo or as a summary construct. A halo construct describes circumstances in which country image is used to deem products that consumers know little about, whereas a summary construct describes situations in which consumers might be quite familiar with products originating from a specific country and country image may play the role of a construct that summarises consumers' beliefs about product attributes and characteristics. The results showed that country image as a halo directly has an impact on consumers' beliefs about product attributes and by implication on the general evaluation of products through those beliefs. If we were to structure these relation in the first case of the halo construct it would be: *country image —> beliefs —>brand attitude* whereas in the case of the summary construct: *belief—>country image —> brand attitude*.

A year later, Han (1990) pursued further his study in the country of origin effect by investigating and testing the role of country image in consumer choice behaviour. Han (1990) assessed that country image may be hypothesized as a consumer halo pointing out to the influence of country image on consumers' attitudes towards different "made in" brands, intents to buy brands from different countries, perceptions of definite offering traits and its impact of a specific product category on other categories from the same country. As in his previous study, the products selected for the test were TV sets and cars. Because of the nature of these two products, the items used to measure country image were: technical improvement, prestige and reputation value, craftsmanship, price,

and usability. The study concluded that consumers' inclination to buy a product was tied to the economic, political and cultural features of the product's country-of-origin and that country-of-origin images were influenced by consumers' perceptions of resemblance between their own country's political and cultural environment and beliefs systems and those of the origin country.

Lampert and Jaffe's propose a four phase model of a country's product image life cycle: pre-introduction; introduction; growth; and maturity. In the first two phases, pre-introduction and introduction, the main product image is the country-of-origin's halo effect. As the introduction phase develops into the growth stage, the country's product image is still dominated by the halo effect but brand image starts to become more salient, replacing the halo effect for those who either bought or tried the brand in question. During the maturity stage, consumer use and experience result in higher familiarity with various brands and thus brand image dominates country halo effect. (Lampert and Jaffe, 1998)

Following country of origin research in the eighties revealed a propensity for consumers to favor their own country's products (Hong and Wyer, 1989). Many researchers used ethnocentrism as a term to describe the country of origin effect that was perceived to influence on consumer choice both through offering characteristic evaluation and through direct affective factors regarding the buying itself (Yaprak and Baughn, 1991).

After that, during the nineties, there was a myriad of research and literature revolving around on the subject, but different ècoles of research tried to re-think country of origin in terms of brand origin (Thakor and Kohli, 1996), product-country image (Papadopoulos and Heslop, 1993), and contextualized product-place image (Askegaard and Ger, 1998).

After the start of the century we live in, globalization had a considerable impact on the research on country of origin effect as it did on the products manufacturing or service offering. This was because having products designed in one part of the world and then have them assembled in some other parts of the world, would make it harder to identify the country of origin which in this case is seen as "multidimensional construct".

1.2.2. From COM to COB

As pointed out before, recently, due to changes brought by the globalization in the production processes and in the market openings, the concept of the country of origin has become much more complex. At first, the concept of the country of origin was considered as equivalent to the "made-in" country which referred to the country of manufacture / assembly (COM/A) – also reported on the "made-in" label. (Nebenzahl and Jaffe and Lampert, 1997) However, recently, other notions have developed in the country of origin research. For example, the country of parts (COP) indicates the country where the different components of the product come from, while the country of design (COD) emerged to indicate the country where the product was designed and developed. Currently, the country of brand (COB) has also developed as more and more multinational firms are trying to put their brands under the spotlight in order to associate their products with a specific origin.

Nowadays consumers are aware that it is quite improbable to have a branded product made in the brand's country. Maybe that is the reason why companies consequently concentrate on the country of brand. For instance, Ford is seen to be an American car but it is well-known that it is assembled in many countries and its parts come from all over the world.

This is maybe why many successful luxury brands manipulate their brand equity by promoting the brand country rather than the country where the product is manufactured. The brand name which has a renowned brand image and also a solid association to higher quality will make the COM less evident, and will highlight the country of brand which in this case will have a higher status than the COM.

1.3. BRAND EFFECT

1.3.1. Why Do We Rate Brands? Different Effects

There are different factors such as brand awareness, information access, halo effect, brand effect, country of origin effect, etc. to be considered as impactful on how consumers rate branded products or services because these factors have the potential to generate artificial associations among investigation items for a brand. In fact there is great unease about these effects and their influence on consumer evaluations and a great

deal of models retain that these effects impact the ratings of all benefits for a particular branded product or service in the same way (e.g., Batra, Lenk & Wedel, 2010; Bloemer, Brijs, & Kasper, 2009; Dillon, et al., 2001; Gilbride, Yang & Allenby, 2005). Regardless of the fact that the halo effects should create a consistent influence across all brand-benefit evaluations, research suggests that brand may play a differential role, depending on the particular brand-benefit in question. (Madden, Roth & Dillon, 2012; Sonnier & Ainslie, 2011)

1.3.2. The brand-benefit beliefs

A "brand-benefit belief" is defined as the consumer's belief about the extent to which a branded product or service provides a specific benefit. According to Raggio et al. (2014) it would be more accurate to use "branded-offering-benefit belief", but still they decide to use the "brand-benefit belief" because in surveys branded offerings are presented to consumers within the context of a specific category. When rating brand-benefits, consumers base their evaluation on single or definite product attributes that may contribute to, or provide the benefit. Such attributes impact also the general information about the brand (Hutchinson and Alba, 1992). These two sources of information (brand, attribute) may be combined to evaluate individual benefits.

1.3.3. Cognitive Processes at the Bases of Brand-benefit Beliefs

According to Lynch and Srull, consumers' reactions to brand-benefit evaluating enquiries are founded on two grounds: first, the information that they have accumulated beforehand, and second, how it is triggered (Lynch and Srull, 1982). The unravelling of such previously shelved information can be through either general associations with the brand and/or more thorough associations with the product (Boush and Loken, 1991; Keller, 1993). The literature offering insight on how consumers use these two sources of information can be categorized in 3 different groups of thinking. First, the spreading activation model which was introduced by Anderson (Anderson, 1983) suggests that information accumulated and saved in memory can be resuscitated through a multiplicity of paths. Stronger the bond between two nodes, greater the probability for

18

that path to be triggered and thus for that association to come up. Otherwise, if the bond is not that strong, other brands stronger associations tend to come up and make all the previously save information unattainable.(Jewell, Unnava, Mick & Brucks, 2003; Kent & Allen, 1994; Kent & Kellaris, 2001). Second, the literature suggests that if a product or service is being rated and can be easily categorized as being part of a certain category, then category effect is transferred immediately to the product/service (Loken, 2006). If categorization proves to be a challenge, then individuals must utilize a fragmentary processing to evaluate the object taking into consideration specific product attributes. Sometimes consumers take into consideration a brand and evaluate whether it provides some expected or known benefits. Thus, they actually develop several categorizations, one for each benefit. In this case our reliance on general brand information may vary according to the detailed attribute and the specific information that we retrieve from previously stored information. Third, the brand literature assumes that these two sources exist and moreover ascertains how they are *used* in brand-related decisions. Meyvis & Janiszewski (2004) emphasize on the accessibility of offering attributes rather than more generalized brand associations. Moreover, research has found that in extension strategies, there is the necessity for being categorized as "fit" with a parent brand (Barone, et al., 2000). If the fit is not defined without difficulties at the brand level, then evaluations are made in more of a fragmentary, attribute-based way (Loken, 2006). It is obvious that fit can be very different from one benefit to another.

To sum it up, whenever a benefit is considered as characteristic in a certain category and also the brand as well or when there is a solid connection in memory from the brand to the benefit, consumers may be expected to use global brand information to rate brand-benefits when the benefit. Otherwise, an evaluation must be created from thorough attribute-specific information, which is rooted in a huge web of previously stored brand and category information.

1.3.4. The value generated by brand awareness - brand halo effect

According to Kapferer (2012), latest research has shown that brand awareness is not just a cognitive measure, because it is indeed interrelated with many other image extents.

Although awareness is measured considering individuals, the comforting message is that brand awareness is in fact a collective occurrence. This means that when a brand is known at collective level, then each individual knows that it is known. Schuiling and Kapferer's (2004) research as in table 1 claims that awareness is mostly connected to aspects such as high quality, trust, reliability, orientation towards clients, a good quality/price ratio, accessibility, friendly approach and traditional styling. On the other hand it can be seen that the correlation with innovativeness, superior class, style, seduction is of lesser if not inexistent correlation. That is why Schuilind and Kapferer suggest that if the brand relies on these later aspects in order to differentiate from others, then they must be earned on their own merit.

Good quality/price ratio	0.52
Trust	0.46
Reliable	0.44
Quality	0.43
Traditional	0.43
Best	0.4
Down to earth	0.37
Client oriented	0.37
Friendly	0.35
Accessible	0.32
Distinct	0.31
A leader	0.29
Popular	0.29
Fun	0.29
Original	0.27
Energetic	0.25
Friendly	0.25
Performing	0.22
Seductive	0.08
Innovative	0.02

Table 1.2. How brand awareness creates value through the halo effect (correlations between awareness and image) Source: *Schuiling and Kapferer, 2004*

Psychologists have also recognized the halo effect to be a key source of value created by the brand. Even if we don't consider the undistinguishable advantages, knowing the

name of the brand does have an impact on consumer perception of the product advantages despite what the visible cues indicate.

In conclusion we can assess that certain intangible associations that come from the brands philosophy, values, vision, etc. do generate binding ties on an emotional level, overcoming the limits of satisfaction provided by the product.

Figure 1.1. The product and the brand (Kapferer, 2012)

Figure 1 shows how complementary branding and marketing are and that it is to extremely important to have one supported and sustained by the other. If marketing is about exploring the field, pushing or anticipating the needs of particular segments, and then pushes the company to have products and services fit to satisfy these needs, then brand image is directly related to lucrativeness.

1.3.5. Nut and shell values for the brand halo effect

A brand is a name with power to influence by the evocations and emotions it generates in consumers' minds. New brands are by definition unknown to consumers and thus can

count only on the spontaneous evocations of the name: its sound, its meanings and its inferences. The brand name will be the most long-lasting single identity mark; yet, the main basis for the abovementioned evocations will be consumer learning because only with time passing will the brand be able to deliver messages and experiences that can actually help build a clear image and positioning (what the brand represents). This image sprouts from the offering which seemingly most represents brand and this offering – prototype – is the example that encapsulates all the meaning of a concept. If we were to replace the word 'concept' with 'brand', then it is obvious that the first success of a brand carries most of the meaning of the brand.

Besides the emotions and evocations generated by a brand name, there are also other sources of impact on the interlocutors, be them customers (in business-to-business) or consumers (in business-to consumers). Among these sources some provide direct experience brought by the human senses like hearing, touch, smell, vision or taste and some others indirect experience through word of mouth or even through the web. Offerings communicate regarding themselves in order to orientate consumers towards what to buy and what to expect. We shall define such communications as 'cues', and determine them as belonging to one of three under mentioned categories:

Search cues are the ones that the senses can easily access: practically, e.g.,they would suffice in selecting a product only by looking at its price tag. Price is a search cue, as it hypothetically should be correlated with inherent quality.

Experience cues are supposedly the ones that enable one to experience an offering before the purchase. Car dealers recommend and propose rides or even first person experience before buying the car.

Credence cues are indications that reveal benefits not immediately available: the reliability of a motorcycle and its ability to "tell" about the rider's nature. The reason why they are called "belief cues" is that they are based on faith. This shows clearly why the first asset of a brand is trust which can be earned only on the long run by keeping one's promises and never conceding to compromises. Politicians, for example, generally are not very trusted because a great deal of them never achieves what they assured before being elected. But brands do not have such a luxury as they face their

electors on everyday basis. Thus brands are compelled to keep what they promised during the campaign.

Brands have an impact on consumers if they represent great value, if they are trustworthy and different from competitors and if the information regarding the brand stored in the consumers mind is easily and promptly retrievable.

The most significant theory for brand management is the theory of social representations developed by Solomon Asch in 1946 who back then studied the impression formation and the perception of social stereotypes. He recognized that a few traits about a person exert influence in impression formation, and that the others were of lesser if not of no relevance at all. Many others like Abric, Moliner, Kapferer have contributed to this theory. (Abric, 1994; Moliner, 1998; Kapferer, 2000). However what needs to be kept in mind is that brand identity is the most important concept in brand management (neither brand image nor brand associations) and can be defined as the answer to "What makes you?" According to Asch's pioneering work, kernel theory makes some fundamental statements regarding brands:

A brand is a system made up of kernel traits and peripheral traits.

   a. Kernel traits are categorical; if there is no such trait than this brand is not to be considered as the real brand.

   b. Peripheral traits are conditional; one may or may not find them in a product depending on the product or the segment

   c. Peripheral traits make possible for the brand to adjust to other segments and may turn into kernel traits later on.

In a very interesting experiment, Tafani et al. (Tafani, Michel, Rosa 2009) asked consumers to rate 3 different concept cars regarding 13 traits like safety, reliability, power, etc. in 2 different occasions: in the first case the cars were unbranded, while in the second the brands were quite visible and recognizable. They concluded that kernel traits exercise a 'halo effect' all across the range being the halo effect the ability of the brand name to impact on what consumers perceive. In the experiment results, the kernel qualities had all positive and substantial perception variances. When it comes to

23

peripheral traits, the halo effect happens but is conditioned by the segment in which the offering is positioned.

1.3.6. Brand impact on perceptions and purchasing intentions.

In their "Luxury brand and country of origin effect: results of an international empirical study" research, Aiello et al. assert that in order to analyse the key features of brand influence on purchasing intentions one should inspect the elementary aspects and functions of the brand, the concept of brand personality and the brand's relational dimension, and the concept of brand experience.

a. The basic elements and specific functions performed by the brand.

The brand is often considered as "the memory" of a company, which includes all the investments, r&d and process technologies realized by the company during its lifespan; (Deichmann, 1991). As stated by Zara (1997), the brand's foundation is based on three essential elements: 1) the recognition element 2) the perceptual element (cognitive associations); 3) the trust element (confirmation of expectations). The recognition element, which can be considered as the one raising brand awareness, refers to all characteristics that can help the consumer recognize the brand and separate it from other substitutes (logo, name, moto). The perceptual component refers to the network of associations like attributes, benefits or values the firm wraps the brand name with (Peter and Olson 1987). In the purchasing process, the trust element, which is developed because of priorly met expectations, serves as a time and resource saver. Hence the brand, has an important influence on customers' perceptions and purchasing.

Kapferer and Thoenig (1991) categorize the utility functions attributable to the brand, according to the whether it is the consumer or the producer to benefit from them. For consumers, the brand is known as carrying out the subsequent functions:

1. *orientation* – the brand provides orientation for customers based their preferences by sending messages regarding the presence of certain attributes in the product;

2. *guarantee* –the brand represents a firm which is committed to provide a certain quality level, thus taking all responsibility regarding what is expected of the firm;

3. *personalisation* – customers are enabled to express their personality based on how they avail themselves on the offering;

4. *practicality* – the brand serves as a cognitive shortcut, making it possible for the customer to learn the attributes of an offering linked with a specific name (the brand);

5. *other relative functions* – the brand aims to satisfy other needs like innovation, wonder, hazard, and complexity.

For producers, the brand carries out the following functions:

i. *protection* – the brand defends the company against imitations and replications;

ii. *positioning* – the brand enables the firm to show its distinguishing characteristics;

iii. *capitalisation* – the brand encompasses what the firm has communicated and invested over the years and the satisfaction and relational capital it has amassed with the.

Nowadays customers are rather more interested in emotive elements rather than simple, primary and tangible elements and this is where the corroboration of the brand's strategic dimension and of its influence on perceptions and purchasing intentions comes from (Fabris 1999). These elements, being compressed in the brand, are ordained to become the very source for differentiation. This means that companies try to wrap their products with a "symbolic" universe in order to increase the consumer's brand loyalty (Marzili, 1979).

b. Brand personality and brand relational dimension.

Cook (1992) states that customers develop a relation with the brand similar in certain ways to the affective relation between individuals, thus attributing an actual personality to the brand. Grandi (1987) emphasized that consumers tend to develop a personified image for the brand, relatively due to the firms efforts in communication, arguing that

what the consumer wants and purchases is the overall personality of the product, which consists not only in its chemical composition but also in the idea of the product that the consumer has in mind.

There is significant empirical evidence which supports the case for brand personality (Manaresi 1999) which specifies that it is in fact the customers who depict the relation with the brand as if it were, figuratively speaking, a relation with another person. According to Codeluppi (1992), customers tend to personify products and brands, as if they were gifted with a naturally human personality and characteristics.

c. The brand experience

The relational aspect leads to an expansion of the brand symbolic inferences towards the area of experiential branding, where experience becomes a new means for creating value (Pine, Gilmore 1999). In branding strategies, in order to strengthen the relation between brand and customer, experience originating from product use is complemented by global brand experience. Implementation of this viewpoint applies a crucial influence on brand identity characters, changing brands into experience providers (Schmitt 1999) that make every effort to impress on a various aspects of their customers' lives. Therefore experience enables relational contents of the relationship between brand and customer to develop and broaden further: put differently, the experience produced by the brand becomes a solid ground for better positioning and also a factor that helps the customer's purchasing intentions and perceptions.

To sum it up, the brand can impact on perceptions and purchasing intentions regarding an offering because it makes it possible for the product to be recognized (*identificational component*), it creates a web of associations and perceptions in the customer's mind (perceptual component), and it is capable of delivering as expected (trust component). In conclusion, the brand encompasses its capacity to impact on perceptions and intentions through its capacity to trigger a relational and experiential communication.

Apple case

26

Following the good trend of 2004, in 2005, Apple Computer sales went up 68% (globally speaking) over the earlier year. Profits were up 384%. And the stock was up 177%.

Especially for the investors, the good news from Apple Computer was the fact that not only the iPod, but also the other products did remarkably well in terms of sales and market share. By the end of fiscal 2005, the iPod and iTunes together covered only 39% of Apple's sales. Obviously, the remaining 61% of Apple's other products (computers, software and services) also performed well. Moreover, in fiscal 2005, its computer and related businesses went up by 27% over the previous year.

Throughout the same the year, Apple bombarded the public with TV spots, print ads and billboards advertising and pushing for its iPod. According to Vence (2004), in 2004 65% of all MP3 players are iPods and 92% of all hard drive-based music players are iPods. While by the end of 2005, Apple share of the digital music market is 73.9%. The iPod brand is so foremost that almost there is nobody who doesn't recognize the brand.

Although Apple Inc. spent $287 million on advertising in its fiscal 2005, up nearly 40% from the $206 million it spent a year earlier according to its annual report and most of the marketing and advertising was deliberately focused on the iPod, we also can witness from the report that sales of Macintosh net sales has seen a raise to 27% regarding the previous year. If we were to ask what about the marketing support for Apple's line of personal computers or other products, then the reason to be shown after this choice is that Apple put the bulk of its marketing budget behind the iPod creating a halo effect that helped the entire Apple product line.

If we were to investigate from a psychology viewpoint, the brand effect phenomenon happens as consumers place confidence in attitudes concerning an object in order to build views or opinions about the appraisal of specific traits of that object. This approach diverges from the classical one that infers that beliefs nurture the formation of attitudes (Ajzen, 2005).

Marketing literature claims that customers perceive brands as information vessels: they imagine them as being persons (Aaker, 1997) and grow relations with them (Fournier, 1998). Most of the marketing world seems to agree on the fact that determining a

brand's equity is crucial, but still doesn't seem to converge on how to conceptualization and assess it.

		September 24, 2005	Change		September 25, 2004	Change		September 27, 2003
Net Sales by Operating Segment:								
Americas net sales	$	6,590	64 %	$	4,019	26 %	$	3,181
Europe net sales		3,073	71 %		1,799	37 %		1,309
Japan net sales		920	36 %		677	(3)%		698
Retail net sales		2,350	98 %		1,185	91 %		621
Other Segments net sales (a)		998	67 %		599	51 %		398
Total net sales	$	13,931	68 %	$	8,279	33 %	$	6,207
Unit Sales by Operating Segment:								
Americas Macintosh unit sales		2,184	30 %		1,682	4 %		1,620
Europe Macintosh unit sales		1,138	47 %		773	13 %		684
Japan Macintosh unit sales		313	8 %		291	(14)%		339
Retail Macintosh unit sales		609	94 %		314	68 %		187
Other Segments Macintosh unit sales (a)		290	26 %		230	26 %		182
Total Macintosh unit sales		4,534	38 %		3,290	9 %		3,012
Net Sales by Product:								
Desktops (b)	$	3,436	45 %	$	2,373	(4)%	$	2,475
Portables (c)		2,839	11 %		2,550	26 %		2,016
Total Macintosh net sales		6,275	27 %		4,923	10 %		4,491
iPod		4,540	248 %		1,306	279 %		345
Other music related products and services (d)		899	223 %		278	672 %		36
Peripherals and other hardware (e)		1,126	18 %		951	38 %		691
Software, service, and other sales (f)		1,091	33 %		821	27 %		644
Total net sales	$	13,931	68 %	$	8,279	33 %	$	6,207
Unit Sales by Product:								
Desktops (b)		2,520	55 %		1,625	(8)%		1,761
Portables (c)		2,014	21 %		1,665	33 %		1,251
Total Macintosh unit sales		4,534	38 %		3,290	9 %		3,012
Net sales per Macintosh unit sold (g)	$	1,384	(7)%	$	1,496	0 %	$	1,491
iPod unit sales		22,497	409 %		4,416	370 %		939
Net sales per iPod unit sold (h)	$	202	(32)%	$	296	(19)%	$	367
Source: Apple Inc.								

A halo effect phenomenon in consumer choice would, thus, refer to the information distortion presented in the evaluation of alternatives (Russo et al., 1998); trying to get a final result, consumers unwillingly bank on their opinions on brands, biasing a coherent

evaluation of definite traits. Beckwith and Lehmann (1975) indicate that people who prefer an alternative have the propensity to rate it high on all looked-for traits, however, loathing that alternative makes definite traits more adversely evaluated, possibly trying to find consistency in his/her evaluations (Ajzen, 2005). Brand halo would be the element of Brand Equity that "blinds" consumers into assuming aspects of products of a specific brand are better/worse than others, in line with the global assessment of that brand.

Implications of this phenomenon suggest that consumers are unable to rationally judge the alternatives presented, and interpretation, rather than the functional attribute, plays an ever important role in consumer judgment, contrary to what is expected from the rational-economic view.

When products are described by a myriad of specifications and consumers can only hope to grasp comprehension of a handful for undertaking a choice, a valuable brand impression would provide an advantageous starting ground, independently of the aspect being analysed. Russo and colleagues (Russo et al., 1998) point out the risk of consumers selecting an inferior alternative due to judgment bias introduced in the selection task.

1.3.7. Brand Halo and Choice

Humans make every effort for mental coherence: a cognitive response to a state of psychological strife. This struggle is justified in different ways according to several ècoles of social psychology, going from thinking of it as an instrument to elude cognitive dissonance to claims that it inevitably occurs because of the way the human brain functions (Ajzen, 2005). Psychic tension is resolved by the readjustment of cognitive or affective aspects of an assessed element towards a coherent evaluative attitude behaviourally consistent (Ajzen, 2005).

The classic approach in social psychology contends that different sources of information provide the input for the construction of personal beliefs, which in turn are chained

together to produce an attitude towards the elements assessed. In a marketplace, a decision-maker constructs beliefs regarding products, which provide a foundation for the construction of an overall attitude towards this alternative (Leuthesser, Kohli, & Harich, 1995).

The classic perspective of attitude formation is consistent with economic studies and multi-attribute attitudinal models: their premise is to decompose the value of a product into observable parts and measure how these specific aspects weight on the attitude regarding a product/ brand (Beckwith & Lehmann, 1975; Meyer, 1981). Random-Utility Models aim to identify value based on a consumer's judgment, assuming consumers are utility-maximizers and will base their evaluations on the precise, thorough and complete use of information. The value perceived for a pivotal brand, Qantas for example, may come from the evaluation of aspects such as Fare, Food and Flight Frequency, as shown by the A arrows in Figure 1.
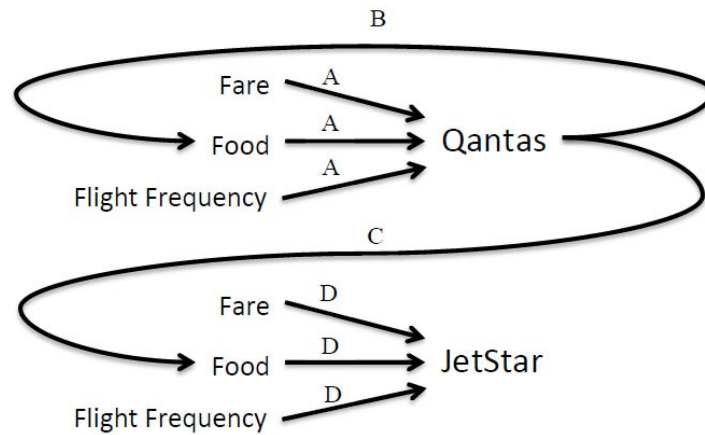

Figure 1.2. Elements influencing the value perception (Source: Souza and Burke, 2012*)*

1.4. CO-BRANDING

Co-branding, as a marketing strategy often used to introduce new products, is defined as the coupling of two or more constituent brands to form a distinct and unique composite

brand (Park et al., 1996). As it will be further explained in the paragraphs to come, co-branding as a strategy can take different forms such as: a) *joint promotions* represent an effort to obtain endorsements and raise awareness that will help improve market positions b) *joint advertising* as in the case of the Apple Macintosh Powerbook that featured the movie Mission Impossible, which likewise featured scenes with the Apple Macintosh Powerbook (Grossman, 1997) c) promotion of *complementary use of the products* is used by Apple and Nike attempting to encourage co-consumption or co-purchases d) *physical product integration* occurs when one branded product is indivisibly connected with the other (Rao and Ruekert, 1994).

1.4.1. Importance of co-branding strategies

Marketers are more and more interested in co-branding strategies as a means to obtain more exposure, keep away the private label brands menace, and share expensive promotional costs (Spethmann and Benezra, 1994). Simonin and Ruth (1998) found that consumers' attitudes toward a specific brand alliance had an impact on their attitudes toward the distinct brands that constituted the alliance. Brands that had many alliances formerly were considerably influenced by the alliance; also attitudes toward the partner brand before the alliance considerably influenced their attitudes toward the alliance. Park et al. (1996) pooled current brand names to form a Composite Brand Extension or CBE, equivalent to a co-brand, and observed how consumers perceive the CBE based on their impressions on the constituent brands, their individual roles in forming this impression, and the effectiveness of the CBE strategy. They found that a composite brand name can positively influence the perceptions of the CBE and that complementarity between the constituent brands is a more important factor in the triumph of the CBE strategy than a positive assessment of the minor brand.

Washburn et.al (2000) in their "Co-branding: brand equity and trial effects" concluded that high brands having high equity seem to not be weakened by their coupling with low equity brands, this way they would be safe from poor co-branding decisions. This co-branding partnership affects positively both product and the brand equity of each partner. Only brands that have well-rooted, long time established positive images don't

seem to have any improvements or even diminishment by co-branding. Consumers seem to be able to separate between the co-branding partners and determine which one is mainly responsible for the co-branded product's worthy performance.

1.4.2. Co-Branding Definition

At Interbrand, a brand consultancy, specializing in areas such as brand strategy, brand analytics, brand valuation, corporate design, digital brand management, packaging design and naming, experience has led to the conclusion that two foremost criteria define the type of co-operation to which a specific venture fits in and the kind of the practical arrangements that might be required. They are the estimated duration of the co-operation and the nature and amount of potential value that can be achieved through this co-operation (Blackett, 1999)
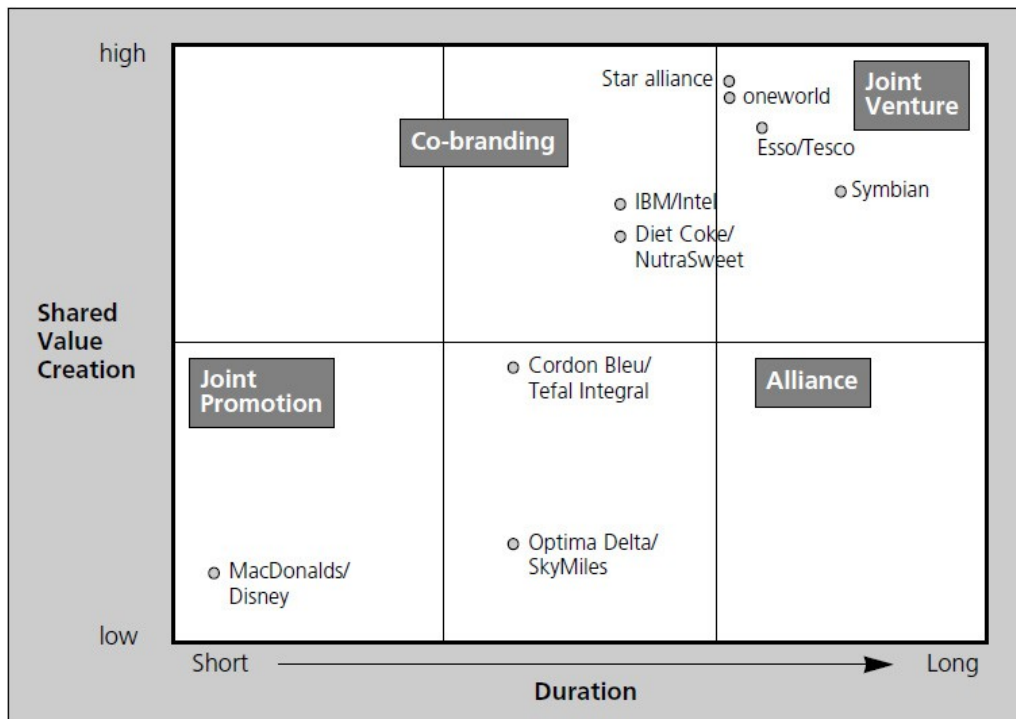

Figure 1.3. Co-branding distinguished from other forms of co-operative venture
Source: (Blackett, 1999)

Creating a connection between these two and placing real life illustrations on the table explains how the several forms of co-operation vary and displays the extent of the co-operation range that is commonly defined as co-branding. According to Blackett, "co-branding is a form of co-operation between two or more brands with significant

customer recognition, in which all the participants' brand names are retained." It is typically of medium-to long-term duration and its net value creation potential is too trivial to opt for creating a new brand and/or legal joint venture. Experience confirms that the stronger the constituent brands, the more likely it is that their individualities will be preserved, despite the degree of co-operation. If the participating brands were to ruin important value by leaving very powerful brands and investing in another name, there would be a great reduction of the net value potential of the co-branding.

1.4.3. The Duration Factor in Different Types of Co-operation

Co-operations can differ in duration from several months to years, depending on the life-cycle of the products and/or the characteristics of the markets. So, Burger King's and Dream Works Animation might co-operate on merchandising and promotion for the Burger King's product range using the themes and characters from the Dream Works Animation movies such as Shark Tale. This will usually go on from several weeks to four months and can be described as co-promotion. On the other hand, Mercedes-Benz and Swatch have been co-operating for years on the development, manufacture and launch of a city car (precisely since 1994). This co-operative relationship is best defined as a joint venture. Amid these extremes lie various co-operations generally referred to as co-branding, such as AMD with different PC manufacturing companies to co-brand computers with AMD logo together with the manufacturer's brand.

1.4.4. The Shared Value Creation Factor in Co-operation

As it can be seen in the figure below, Interbrand, based on scrutinizing the types of various positive and vain co-operations, indicates that there is a hierarchy of categories of shared value creation opportunity.
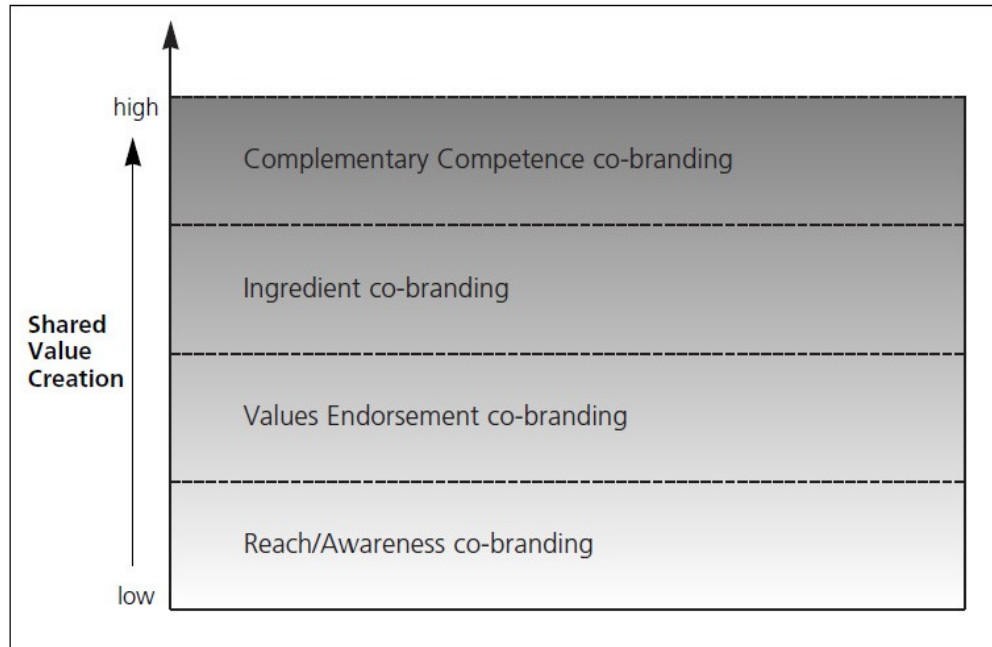
Figure 1.4. Hierarchy of types of value creation sharing in co-operative relationships Source*: (*Blackett,1999)

<u>Reach / Awareness Co-Branding -</u> The bottom level of involvement and thus shared value creation takes place in circumstances where co-operation makes it possible for the constituent brands to swiftly increase awareness of their brand through contact with their partner's customers. American Express, for example, launched co-branded versions of their credit card in collaboration with Alitalia's Programma Millemiglia and invited Millemiglia members to enlist. The benefit was that Millemiglia members gained points (convertible to free tickets) in return for what they spent using the card, while American Express added users and transactions and <u>Alitalia</u> upgraded the benefits offer for its Millemiglia members, increasing their loyalty to the program and the airline.

To sum it up, at this level of joint value creation, each of the cobranding partners has benefits to gain – including but not limited to amplified brand awareness amid a broader audience – from the co-branding relationship, which will be possible only if the consumers will perceive an increase in their benefits as well.

34

Values Endorsement Co-Branding - At this level of value creation, the co-operation is designed for one partner to encompass endorsement the other partner's brand values and/or vice versa. For example, many charities have launched co-branded 'affinity' credit cards with banks, in fact so many that the value of concept has been somehow diminished but the principle remains the same.

The original concept is that the bank renders a slight percentage of its transactions to the charity as "commission" for the cardholders it introduced. Hence, in this win-win situation for everyone, the charity benefits from extra income, the bank gets to broaden its customer base thus its transactions volume and a better brand perception because of this "sacrifice" and the customer will have contributed to his favorite cause – without even spending for it.

This arrangement is significantly similar to traditional sponsorships, in which a company contributes to a good public cause in return for promoting its brand which will be considered to be related with the good cause, thus with positive associations. Classic examples of this are Raiffeisen bank's sponsorship of the TKOB - National Theater of Opera and Ballet in Tirana. In a nutshell, the two co-operating companies come together because they want to accomplish an alignment of their brand values in the customer's mind and choosing this arrangement (if compared with the first one – reach/raise awareness of the brand), the list of potential partners for co-branding is substantially reduced.

Ingredient Co-Branding - The basis is that a brand renowned for being a leader of its industry because of the quality of its offering provides that product as a component of another branded product. It should be noted that the value endorsement level, is integrated at the third level. The typical example can be seen in PC manufacturers who achieve get more brand value by being associated with the reputation that Intel has in the market because of the quality and performance of its processors.

The classification of ingredient branding as a third level of value creation is legitimized because of the recognizable element enclosed in the 'final product' sold to the customer, whose absence would critically reduce the value of the product.

The benefits of this category of co-branding may be well exemplified with the automobile industry. Cars make the most expensive branded products to be purchased,

so the manufacturers try to attribute emotional and instinctive values to them alongside the rational benefits. Several car manufacturers have realized that cobranding supports them to strengthen specific brand images and adapt/personalize their products. Ferrari uses Brembo brakes in its cars and promotes it in advertising to confirm the premium positioning of the car. Similarly, Lamborghini uses Pirelli tires because of its quality brand image. In the same way, Alfa-Romeo and Lancia place a Pininfarina logo on their sports models designed by the Italian studio, famous for its cutting-edge design.

Manufacturers use ingredient co-branding in order to send concentrated and well-defined messages about the characteristics and qualities of their product by using branded constituent parts whose individual brand image emphasizes the desired attributes. The component providers benefit by guaranteeing sales volumes as well as reinforcing their brand, while producers benefit by confirming the attributes and image of their product.

1.4.5. Complementary Competence Co-Branding

At this level, two authoritative and complementary brands come together, each with its own irreplaceable competences, to create a product that is more than the whole of its constituent elements. Unlike ingredient cobranding which involves a smaller partner offering an element to the bigger partner's product, this level involves the combination of a many components from each side. This kind of co-branding is not very usual because partners tend to prefer alliances or joint ventures or start a new brand.

1.4.6. Other Forms of Co-operation

Co-Promotions

Co-promotions are temporary arrangements between two or more renowned brands, usually from different sectors, such as Burger King and Dream Works Animation, for creating additional publicity by benefitting from the existing individual attraction of both brands and at the same time by being sure of the non-competitiveness of the other.

Sponsorship

A typical sponsorship involves an organization that has a certain influence on a specific audience and a company willing to pay/fund the organizations activities to build a relationship with that audience and so gain visibility.

36

Joint Ventures

Joint ventures are typical long-lasting arrangements mainly focused on operational opportunities rather than branding matters. Often, companies enter a joint venture based on complementary competences to decrease their own investment in penetrating new markets. Joint ventures are usually created as new companies which have the funding and management provided and set up from both constituent companies.

Alliances

The mistake of confusing alliance and joint venture is very common, yet these terms differ a lot from each-other. Joint ventures are typically commenced for a long-term undertaking that requires serious capital investments, whereas alliances are formed mainly for marketing motives.

The typical case used to explain alliances is the membership of airlines companies in one of the world famous Star Alliance (Turkish Airlines, Lufthansa, Scandinavian Airlines, Thai, Adria, Air Canada), Skyteam (Aeroflot, Alitalia, Air France, KLM, China Airways, Korean Air) or Oneworld (Air Berlin, American Airlines, British Airways, Finnair, Qantas). The member airlines of these alliances are all substitutes rather than complementary for each. However, alliances seem to put their efforts in marketing synergies.

CHAPTER 2. CHAMBERS OF COMMERCE & TRADE ASSOCIATIONS

Trade associations are business organizations that represent groups of companies or other organizations that share specific interests and generally cover a specific industry sectors. The trade association is a member-based organization, members being businesses not individuals and by "business" one can be understand "profit seeking companies" or all organizations which operate as businesses despite the fact that they might be for/non-profit. (Boleat, 2003) The association is normally governed by a board of representatives of the members, whereas the wholesome of members comes together in more general decision making processes (like general assemblies). A nonprofit trade association or chamber of commerce can be found in most industrially developed countries that have a free market or mixed capitalist system (Pilgrim & Meier, 1995). History indicates that minor companies have a distinctive attraction to business associations or local chambers of commerce (Noell & Luckett, 2014). Enterprises usually realize the need for some sort of affiliation in order to be able to affront collectively local and state governments (Bennett, 1998).

2.1. TYPES OF ASSOCIATION

There are several types of association. The trade association one can commonly bump into is a *single industry association*, which represents suppliers of a specific good or service. These associations can cover a whole industry, e.g. food and drink or on narrower terms a subsector of an industry (e.g. bakery industry). These latter ones represent specific *functions or processes* within a sector. However, it should be noted that normally widely based associations are likely to have committees or special boards to represent certain subsectors.

Some associations are defined as *horizontal* because they are active in certain processes or functions across a number of sectors. A worthy example is the Albanian Association

of Consulting Engineers which represents a wide range of engineering consultant from several sectors. (Boleat, 2003)

Geographical associations are those organizations that operate in a specific sector in a specific region. There are many such associations even in Albania like the Albanian Fishery Producers Association based in Shengjin. *Federations* are umbrella organizations whose members are different associations. For example, Marifed (www.marifed.org) comprises a number of associations active in the Marmara region in Turkey. *Confederations*, like Confindustria in Italy or Tuskon in Turkey on the other hand, are "bigger" umbrella organizations, meaning associations of federations. In daily use, though, the terms "association", "federation" and "confederation" are used interchangeably.

On the other hand, *chambers of commerce* represent organizations of all industries operating in a specific urban or broader geographical area. Usually, any representational activity is limited to local matters.

Among the functions of local chambers one can count seminars, trainings and promotion of the local offerings. Besides local chambers, there is also a national body for all the chambers, UCCIAL - Union of Chambers of Commerce and Industry in Albania, which represents the local chambers and also tries to give voice to the need of industry and commerce. It should be noted that the Union of Chambers is not a very strong body. Probably because of the fact that the major part of the Albanian economy is based in the Tirana area, the Chamber of Commerce and Industry of Tirana has gradually assumed the role of the business representative regarding not only local but national issues.

2.2. ORIGINS AND LEGAL MODELS

The chambers' organizational and legal models often change according to the laws and customs of the countries where they are located. However, there are also some general characteristics that differentiate them from other types of business associations. Fedotov (2007), enlisting some of these characteristics in his "*Chamber of Commerce and Industry. Part II: Theory and Practice*", explains that chambers are multisector organizations operating in one specific geographic area that recruit members without

sectorial limitations. Chambers do not have a political agenda and thus have no political goals, even though they do give voice to the business community's expectations. In several countries, chambers can also carry out public functions (e.g., registering enterprises, organizing trainings for members, providing country of origin certificates, etc).

Subject to the national legislation on chambers of commerce, their organizational and legal forms differ, providing for obligatory or voluntary membership.

There is a wide variety of organizational and legal models in the universe of chambers, mostly due to the kind and evolution of national legal and political systems, and also because of customs and cultures. In this study, among the wide variety of models, those proposed by Pilgrim and Meier were seen selected as considered sufficient to give a brief history and show some features of the chambers of commerce.

Based on the characteristics proposed by Pilgrim and Meier (1995) there are four organizational and legal models generally accepted among Western scholars - the public, Anglo-Saxon, Continental, and mixed models.

The public model emerges first in Marseilles, France in 1599. A group of traders were accorded a budget of 1,200 écus from the city treasury and enlarged by the incomes from a tax on the cargo processed by the port in order to regulate port trade (P. Puaux, 1998). The term "chambre de commerce" was formally accepted in the whole territory of France by 1650. Nevertheless, the French Revolution closed down the chambers until Napoleon restored and gave them legal status as apparatuses of government agencies. The public model boomed in Continental Europe, African colonies, Middle East, and Asia whereas in France, by the end of the nineteenth century (1898), legislative norms were introduced to allow members to designate management boards independently. The public model comprises not only chambers in countries with communist alignment, but also those where governments still run chambers directly or through assigning chambers' top executives or budgetary financing.

The United Kingdom and the United States are to be considered as the countries where the Anglo-Saxon model emerged. Despite the historic fact that England has centuries-old traditions of public movement for free entrepreneurship dating back to Magna Carta

of 1215 (Abdurakhmanova, 2015), the first Anglo-Saxon model was created in 1768 by the entrepreneur colonists in North America. The key reason behind the first North American chamber's formation was that these entrepreneurs would not find protection by the government against the risks, thus they would seek for other ways to defend their enterprises. However, the first British chamber, founded at the same time, implemented the public (French) model. The 1799 General Combination Act sanction the right for entrepreneurs to form exclusively voluntary associations (Pilgrim and Meier, 1995). Nowadays, the Anglo-Saxon model can be seen almost everywhere as a basis to form commercial, industrial, and sectorial associations, and also international chambers. The fundamental characteristics of the Anglo-Saxon model are: private law status, voluntary membership, lack of legal protection of chambers' designations, independence to choose the activity area, self-governance, absence of a chamber hierarchy, no delegated public functions, lack of advisory status with the government, financial independence, and no government control.

After Germany fell under the Napoleonic occupation, chambers of public model with more liberal rights in choosing management organ and decision making emerged 1820 chambers enjoying started to emerged, thus giving birth to the Continental model. Many countries emulated France and Germany by adopting the Continental model in the late nineteenth and early twentieth centuries (Fedotov, 2004). The characteristics of the Continental model chamber are really comparable to those of the public model. The main difference is that in the public model, the governing body of the chamber is designated with the involvement of the government, whereas, in the Continental model, the chamber members vote directly the chamber's board. The most important characteristics of the Continental model are public law status, obligatory membership, protection of chambers' designations; regulation of the activity territory, partial self-governance, delegated public functions, advisory status with the government; guaranteed financing, and government supervision.

Since 2008, in Albania, membership in chambers is no longer mandatory. Any business organization can choose whether to become member of a local chamber or any other

trade association active in the country. Despite this freedom of choice, being the chambers of commerce regulated by the 9640 law of 2006 (updated with the 9897 law of 2008), some functions such as the possibility to issue certificates of origin or the facilitation for member to get service passports is exclusive services that only chambers are able to give (CCI Tirana website).

2.3. CHAMBER / ASSOCIATION MEMBERSHIP AND FUNCTIONS

Unlike in many public law systems, in a voluntary system of Chambers and associations enterprises are free and not obligated to become members. Earlier studies have shown that the staggering reason for an enterprise to become members is to gain access to services which offer particular benefits to that enterprise. On the other side, chamber executives in a voluntary system respond to this main motivation of membership by concentrating on delivering services against fees. This means that chambers are more likely to be funded through service fees rather than membership fees. They seem to know that hardly any business will be glad to pay for general collective goods that others can benefit from by only free-riding (Bennett, 1996a). According to Bennett (1996b), the examination of Chamber service transaction costs reveals that only local representation is an exclusive service to Chambers; for other services there may be advantages in terms of transaction cost, but Chambers may not be the only organizations to provide them. This means that for chambers other services have to be well linked to representation in order to keep the membership interested and be able to maintain a voluntary Chamber system.

The representation function is mainly connected to the efforts of the chambers or associations to work mainly with government (but also with other institutions) on behalf of its members. There are two reasons why members need representation: 1) the support of an association may give more reliability and visibility to a particular issue they might be facing 2) Often businesses share a variety of wide-ranging concerns which they hope to present to government for possible solutions. This may concern general issues that have an impact on all businesses or only individual industries (Bennett, 1993).

Business services are not influenced by government restrictions. Bennett (1996a) has tried to show that access to a chamber's services and networking are the key reasons for businesses to become members, even though it should be noted that they are intertwined with other benefits like representation. Some of the "core" services that the main chambers and associations in Albania offer are representation, business information, networking, and international trade. Furthermore, some of the Chambers and associations offer also broad business training and counselling. Regarding services, for businesses it is question of choice between becoming member of a chamber/association, providing internally or using an external professional services companies. Thus, the question in this case can be considered as a mere trade-off between cost and level of professionalism.

CHAPTER 3. RESEARCH ON HALO EFFECT AND ITS STRATEGIC IMPLICATION ON MEMBERSHIP LOGICS IN CHAMBERS OF COMMERCE AND TRADE ASSOCIATIONS

3.1. AIM OF STUDY

This master thesis aims to shed light onto the halo effect as a factor used in the organizations strategies for building up image and reputation and consequently enlarge membership which would translate in bigger influence and larger incomings through fees, sponsorships and donations. There have been lots of studies regarding the chambers of commerce, their actual impact on economy and society, their functionality and also the logics behind membership that push the business community to join such organizations. Among the factors influencing these logics, such as lobbying, advocacy, networking, etc., It was observed that the halo effect was quite ignored in the literature. For this reason and also because of the personal experience, there is a need to study also the impact of the halo effect in the field.

3.2. RESEARCH DESIGN AND METHODOLOGY

Membership of business associations in Albania is a voluntary choice by companies or individuals and probably this is one of their strongest points: such associations exist because businesses are willing to fund them and contribute in their becoming real actors and impactful voices on the economy and social life of the country. Examining the logics of membership, one can distinguish between the logic of service and the logic of collective influence (Streeck and Schmitter, 1985). The logic of influence is to become a part of a collective representation of the affiliated sector or entire membership, to government and other institutions too. The logic of service is to benefit from the services offered by the association. The logic of service means that associations need to provide services for their members' specific and individual needs and requests. While the logic of influence is established on the existence of collective interests, the logic of

service is subject to some basis for obtaining services from an association rather than from autonomous providers. (Perry, 2008)

As there haven't been any studies regarding trade associations in Albania, this research takes its cue from the research "Trade associations and associability: Strengthening contributions to business and economic development" of Dr. Martin Perry, an associate professor in the Department of Management, College of Business, Massay University. Dr. Perry conducted a study based on interviews with executives of 101 trade associations, mainly in New Zealand.

The method used is "Survey" which is Survey research is frequently used to evaluate opinions, views, approaches, thoughts and feelings. (Shaughnessy et al. 2011) Surveys, in general, offer the advantage of sampling large groups of randomly selected people to evaluate their attitudes and behaviors. For a rather low cost in time and money, a researcher can gather self-conveyed attitudes and behaviors about almost any social matter. (Vanderstoep and Johnston, 2009)

In depth interviews: Another method for gathering self-report data is to communicate directly with people. *In depth* interviews yield the top response rates, but on the other side are the ones that cost more in terms of money and time. Like any research technique, in depth interviews have advantages and disadvantages too. *In depth* interviews consent a broader area of communication and also enable collecting very detailed data, both quantitative and qualitative. Moreover, this method allows adapting the interview according to the respondents' exclusive knowledge by offering the opportunity to use probes and ask follow-up questions in order to explore more deeply the issues. The main disadvantage of the *in depth* interview is that probably it is the survey technique which costs more in terms of time and money. Prescheduled interviews can take a long time to set up. Because of these costs, in depth interviews require smaller sample size than other techniques. As mentioned above, the response rate of in depth interviews is also very high, maybe because it is more difficult to turn down an interviewer in person rather than to decline to take part in the research over the phone, on the web, etc. (Vanderstoep and Johnston, 2009)

45

The **guided interview**, which was selected as the right tool for this survey, is a compromise technique that has some of the benefits of both informal and structured interviews. The guided interview follows an outline of questions, but not all of the prescribed probes, transitions, and follow-ups are established prior to the interview. (Vanderstoep and Johnston, 2009)

This investigation of business associations in Albania is based on an interview survey of executive officers and given the fact that research should focus on what people actually do or not on what they say they do (Silverman, 1998), some questions are answered by several members of these associations. These associations are related mainly to activity in the industrial and service sectors of the Albanian economy. Although there are a lot of business associations in Albania, only few of them are active – one can find several registered associations which actually don't have any activity. Because of the Albanian context, the lack of time and also the slightly different objective of observation, the number of the interviewees was reduced if compared to the original study by Dr. Perry in New Zealand. The study concentrated on purely voluntary associations that are required to attract members on the basis of the activities undertaken and offered services. Moreover, as the focus of the study was the observation of the associations' members too, for each association executive interviewed, at least two members of that association were interviewed as well. The associations seen fit for this study were those joined mainly or exclusively by business organizations, whereas professional associations where the membership mainly includes individuals were excluded. Having executive staff was not a prerequisite but basically this was likely to be the case because associations which don't have at least a part time officer are probably less able to promote their presence through a website and volunteer executive officers were less disposed to partake in the study than executives employed by an association.

3.3. RESEARCH QUESTIONS

In the next section a focus will be given to the main research question as well as the supporting questions for the master thesis. Based on the literature review as well as on

further insights a conceptual model will be developed which will provide an overview of the hypotheses and will be used as a basis for the empirical research.

The main research question of the study is whether the halo effect has a positive significant impact on the businesses' perception of the chambers of commerce and trade association and vice versa.

Research Question 1 – Do trade associations use the reputation of their members to enhance their image?

As Bennet et al. (2007) point out, membership motives in chambers of commerce or trade associations span a complex 'bundle' of services, ranging from individual supports to collective lobbying. Given the abovementioned theoretical framework, it would be of interest to assess whether chambers of commerce or trade associations try to create a "halo" – based on the good influence that having particular renowned members might bring in - in order to be able to build a relevant overall image of the chamber

Research Question 2 – Do businesses avail themselves of their membership in a trade association to add value to their brand or company image?

The theoretical background for the first research question is valid for the second as well.

Research Question 3 – Is the halo effect an important factor used by the trade associations as a strategy to expand their member base?

Trade association have been distinguished from other forms of business because of their independence from any association member and also their extent of power to assist, support and guide joining businesses (Provan, 1983; Sayer and Walker, 1992: 136). Moreover, two membership logics have emerged: the logic of influence and the logic of service (Streeck and Schmitter, 1985; Aldrich et al., 1990; Bennett, 2000). As it can be seen in "A case of Cinderella at the ball" (Perry 2007), businesses do have a series of motivations that push them towards becoming members of chambers or trade associations. Among the factors that influence these motivations, such as representation, access to services, industry support, etc. a considerable effect is exercised by the halo of the existent members. Such halo is also used by the chambers and associations in order to keep their membership base and also recruit new members.

47

3.4 DATA COLLECTION

The study was accomplished through in depth interviews so as to make available an open-ended conversation about the specific association beyond the information that might be collected through a structured questionnaire. Also, the interview method enabled a broader level of answering and allowed for further checking and explanation, so as to assure in the consistency of the gathered information.

As mentioned above, there is no comprehensive listing of trade associations from which to design a sampling strategy and due to the lack of time, seven of the most active associations were selected for this study. Moreover, in order to give another perspective to compare and better evaluate the opinions of the executives of the chambers, twelve company owners/managers were interviewed for the study.

Also it should be noted that among the associations considered fit for the study there were those that were contacted and did not partake before to the sample was complete. The main reasons for not partaking were either a lack of time or availability. Among the associations contacted some are managed by executives who were interviewed in relation to one or more other associations for which they were responsible. In these circumstances, the respondent was asked to give separate opinions for all associations he/she was member of.

3.5. ANALYSIS AND RESULTS

The data collected from the interviews are classified according the keywords and main standpoints. Structural analysis applied and the most encountered opinions were determined and used to comment the research questions.

Research Question 1 – Do trade associations use the reputation of their members to enhance their image?

Based on the interviews conducted with several trade associations and chambers of commerce active in Albania, this research question is accepted. Despite the perception of some interviewees that chambers like Amcham Albania or the Chamber of Commerce and Industry of Tirana draw their strength from other factors like the support of the US

Embassy for the AmCham, or the fact that CCI is officially half controlled by the government, an executive of AmCham Albania declares that their members "bring their good name to AmCham to capitalize on the good name that the chamber has created over past 10 years" which clearly points out to a win-win situation where this chamber increases its reputation by adding on its members good name. Moreover, ACITAD – Albanian Chamber of International Trade and Development executives state that "they use it a lot. Either in the contacts with the government or while approaching other potential members, it is the halo that actual members provide that enables the chamber/ta to have visibility and be considered as worthy." Additionally, the director of another trade association asserts that "having big members certainly helps as the association is considered more valuable". The executive director of AFI – Albanian Food Industry and also the head of the Coordination Unit of NBF - National Business Forum affirm that "they resort to their members' image when requesting meetings and certain consideration from governmental institutions." Another point of view which also supports this research question is that many trade associations or even umbrella organizations are still perceived as serving to the interests of the presidents to get close to government, to achieve financing for their project, etc. thus using the image of all their members.

Research Question 2 – Do businesses avail themselves of their membership in a trade association to add value to their brand or company image?

Trade associations and chambers of commerce seem to use their members' image; while on the contrary, under the Albanian market circumstances businesses don't seem to fully benefit on the same scale from the chambers and associations image. An executive at ATTSO – Albanian Turkish Chamber of Commerce and Industry – asserts that "SMEs might be those companies trying to use the chambers' image to add up to their own". Another executive declares that probably only AmCham Albania has an image that is used as a pride motive by members. The Head of the Executive Council of ACITAD – Albanian Chamber of International Trade and Development declares that in Albania membership doesn't hold any weight and probably no membership has direct value when confronting other Albanian businesses or institutions. However he views that when relating with other foreign companies, membership in chambers and associations

is a great advantage and is gladly added to the company CV, probably because it makes the difference between a new company and an older one which has larger experience and knowledge on the market. Furthermore, the Head of projects at the Chamber of Façon of Albania states that having voluntary membership penalizes the chambers and associations image implying that this might be the reason why membership is not deemed as an element which brings an added value to the businesses' image in national relations, but on the other hand, considering the new national, regional and worldwide developments, being part of a community has proven to be quite an indispensability for both associations and member companies. The executive director of AFI – Albanian Food Industry emphasizes the fact that "many members avail on the association's image in order to achieve facilitations on receiving grants accorded by various foreign and domestic institutions to invest and expand their activity."

Nevertheless, some members who were interviewed have mixed opinions on whether membership really adds on their image. A member of CCI – Chamber of Commerce and Industry of Tirana declares that membership doesn't seem to be a factor which might impact a company's image negatively, but on the other hand it doesn't seem to have a decisive positive impact as well, whereas some ACITAD members assert that membership is certainly an added value for their companies. Although it doesn't consist of any direct economic gain, it has a positive impact on the business by transmitting guaranty or safety to the customers, partners or other public and private institutions. The administrator of Maccaferri Balkans, an important foreign investment in Albania and active member in several chambers and associations, states that membership is certainly an element of pride in every industrial or social contact that their group has, because being member of a community means that one's company has passed through that association / chamber's set of filters, hence is seen as fit. Another interesting point of view comes from the owner of an important fashion group who asserts that "being part of a chamber means that you are willing and aspire to qualify as company which has a crystal clear vision."

Thus, also due to limited data, this research question is partially accepted. Only SMEs result availing themselves of their membership in trade associations or chambers of commerce in the national area. This means that for companies trying to emerge in global

platforms, membership in national or even international bodies is considered as a very important element which proves the trustworthiness of the member company to other international interlocutors.

Research Question 3 – Is the halo effect an important factor used by the trade associations as a strategy to expand their member base?

Also in this case interviewees gave mixed opinions. The Amcham Albania executives declare that their membership "helps to introduce Amcham in top level of the business and to share the network they use." Also at ATTSO – Albanian Turkish Chamber of Commerce and Industry - they state that "their founding members image has significantly helped to enlarge their membership base with new members who have seen the membership as becoming part of a specific circle, thus as a possibility to expand their network and their activity/client portfolio." Executives of some associations and chambers similarly asserted that at the early stages of their establishment, they would exhibit their most renowned members in order to attract other potential businesses which were considered as fit to their standards, for having a prestigious member portfolio would mean offering better chances of interaction to the potential members as well. On the other hand, executives at the Chamber of Façon of Albania affirm that although they account for many well-known and very important businesses among their members, this hasn't fruited in attracting other members, especially the small façon companies.

However, some business managers approach sceptically, as they view the prestigious membership portfolio as important, yet not essential, as the association/chamber work is evaluated not only on potential networking basis but also on other offered tangible services. AFI – Albanian Food Industry is one of those associations that is focused mainly in offering services and doesn't believe too much in the networking as an attraction factor.

As respondents hold different views on this matter, this research question is neither refused nor accepted.

CONCLUSION

The master thesis examined the use of the halo effect in chambers of commerce and trade associations as a determining factor in expanding the membership base and enhancing the organizations image as well as augmenting the members' image. In-depth interviews were conducted in order to assess the actual use of the halo effect in these organizations.

In the psychology and marketing literature the halo effect is a broadly debated topic which manifests itself in various forms like brand effect, country of origin effect, etc. Nevertheless, researchers hold controversial views on the impact of such an effect on the perceptions of images. While some studies point to positive influence of the halo effect, others sustain that it is no longer a factor contributing to high quality perceptions. Although no prior researches focusing on the halo effect on the membership-organization relations in trade associations and chambers of commerce were encountered, several studies (Perry,2007; Bennet, 2007) have actually dealt with issues concerning membership logics in voluntary systems.

Among others, two major researches from Robert J.Bennet (Bennet, 2008) and Martin Perry (Perry, 2007) served as leads for this thesis. Both these studies investigated trade association membership logics in voluntary systems, respectively in the United Kingdom and New Zealand finding that service based reasons are the most common ones behind the needs of the business community to join in.

Moreover, rather than investigating the whole logics behind the membership in trade associations, which would require a broader research and thus more time and means at disposal, this master thesis focused on one sole factor – namely the halo effect - retained as impactful on these dynamics. Being part of the executive staff of one the considered chambers for the interviews, this research would help clarify on moulding and executing strategies on how to build a stronger and efficient organization.

This master thesis research examined whether trade associations and chambers of commerce use the notoriety and good standing of their members to add to their image and in conclusion to this investigation, the study indicates that the halo effect is used (in

some cases only in the first stages) by the chambers of commerce and associations to increase their brand awareness.

On the other hand, the study investigated on whether and how businesses could benefit from their membership in order to enhance their brand or firm image and as a result it supports the view that the halo effect is not very commonly or even adequately used as a strategy factor to build a company image. From the results of the empirical research it emerges that these organizations leverage on this effect to improve their image, but the same thing cannot be fully claimed on the members' side. Respondent members from different trade associations and chambers of commerce gave mixed opinions regarding the value that being associated with such organizations brings to their company image.

Only in the case of companies that need to present themselves in international markets such membership becomes a necessity. In order to present themselves as trustworthy organizations that have the right background and also solid roots in the national terrain, membership in chambers and associations functions as certificate of these qualities. SMEs that join these organizations have the tendency to expect quick benefits, especially in terms of networking, thus in expanding their clientage and partnership. Corporates instead seem to be less in need of these benefits because of the facilities that the national terrain provides in obtaining services and benefits.

However non-effective it may result in national circumstances, it is clear to them that being member of one or more business organizations surely helps when it comes to presenting oneself to international interlocutors. With all the changes undergoing in the Albanian economy and the steps undertaken towards the full adherence to the European Union, business organizations will undoubtedly be more impactful on the overall business climate in the country.

Lastly, the halo effect was studied as a determinant element in boosting the member enlisting for the trade associations or chambers of commerce. It resulted that not all organizations give the same priority to such factor when building their strategies. Especially in sectorial associations which normally would bring together businesses of the same industry in order to lobby or advocate for their common issues, this results being less applied because many companies choose free-riding rather than joining.

This study examined the halo effect as a factor used to build membership and brand awareness for trade associations and chambers of commerce in Albania. Although one of the hypotheses was confirmed and the other two not fully rejected, the study has several limitations.

Although the number of respondents was sufficient to get a general overview of the situation of trade associations and chambers of commerce in Albania, mainly due to time and means limitations, the sample was not extensive. Increasing the number of interviewees (other associations and respective members) would generate further insights for the research and probably change the results.

Further limitation of the empirical study is the choice of investigating only the halo effect as a factor for building membership and image. Focusing only on this factor doesn't give full scenery for the dynamics that influence membership logics. In a broader research, other factors influencing the companies in joining should be considered as a more complex systems, for certainly these factors are intertwined with each other and in this way probably would not reflect the same results, instead different outcomes may surface.

Lastly, but more importantly, a different model or approach could be generated in order to obtain not only the perceptions of the executives of these organizations but also the factual situation of the business community in Albania.

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APPENDIX 1

INTERVIEW QUESTIONS AND PROBES FOR CHAMBERS AND
ASSOCIATIONS' EXECUTIVES

1. Please describe your chamber of commerce / association and its activities

2. How many members do you have?

3. What are the main reasons that businesses have to become members in chambers of commerce/associations and specifically in your chamber of commerce /association?

    a. Representation to government

    b. Access to association activities / privileges

    c. Opportunity to learn from other members

    d. Access to individual advice

    e. Status in the market

    f. Support an industry strategy

    g. Loyalty to the industry

4. How many of your members have been members for more than a year? What are their motives and reasons for membership renewal?

5. Is membership used to add up value to company's image? How? At what degree?

6. Does having big / important / renown members help to attract other potential members (as a strategy)? How?

7. What are your chamber of commerce / association's aspirations?

    a. Encouraging cooperation between members

    b. Facilitating conditions leading to industry growth

    c. Good relations with government agencies

    d. A united industry voice

    e. Providing resources or activities that save individual company investment

    f. Placing non-members at a significant competitive disadvantage

g. Attaining influence over members to obtain support for association strategies

APPENDIX 2

INTERVIEW QUESTIONS AND PROBES FOR CHAMBERS AND
ASSOCIATIONS' MEMBERS

1. Please describe your business
2. How do you view the chambers/TA's work in Albania?
3. In how many chambers of commerce / associations are you an active member?
   Please state your motives?
   a. Representation to government
   b. Access to association activities / privileges
   c. Opportunity to learn from other members
   d. Access to individual advice
   e. Status in the market
   f. Support an industry strategy
   g. Loyalty to the industry

4. Have you renewed your membership until now? Please state your motives?
5. How do you view the membership as an image enhancer?
6. How do you view members' image as an enhancer?
7. How / Does having big / important / renown members help to attract other
   potential members and enlarge membership base?
8. What services should a chamber have in order to be effective?