A Typology of Co-Branding Strategies

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Abstract

This presents a typology of co-branding (brand alliance) strategies. It reveals the complexity that is represented by the topic of co-branding, which has been researched to a relatively limited degree although the practice began to be commonplace in the early 1990s (Gibson, 1993; Helmut, Huber and Leeflang, 2008). Since then, academic research has been published on the subject, but has been somewhat limited in scope (Rao and Ruekert, 1994; Park, Jun and Shocker, 1996; Simonin and Ruth, 1998; Washburn, Till and Priluck, 2004; Voss and Gammoh, 2004; Walchli, 2007). This may in part be because most studies have interpreted co-branding through the lens of brand extension research, due to the historical popularity of that research stream and the emergence of the practice during the "golden era" of brand extension research (Aaker and Keller, 1990; Boush and Loken, 1991; Park, Milberg and Lawson, 1991; Keller and Aaker, 1992; Broniarczyk and Alba, 1994; Bridges, Keller and Sood, 2000). In fact, a recent conceptual piece makes the case that co-branding is merely a special case of brand extension (Hadjicharalambous, 2013). However, co-branding is quite different from brand extension in several important respects, among these that its application is more complex, it involves multiple brand identities, and it is relatively more difficult to properly conceptualize in a research context. It is hoped this typology will assist in advancing co-branding research by providing a comprehensive description of its application and possible explanations for the relative success or failure of various cobranding approaches.

Co-branding takes place when two, or in some instances multiple, established brand names are used together to reference a product or service entity. These arrangements may take a variety of forms. The two names may appear with equal or unequal emphasis on packaging, signage, or in advertising. The identity of the two brands may also be explicitly identified or implicit, i.e., not stated, but presumed to be known by consumers.

An examination of academic and industry literature reveals that the term co-branding is used generically to refer to a wide array of strategic relationships between brands. Examples range from tactical, short-term programs such as cooperative advertising, cause marketing or joint promotional programs, to ingredient branding, in which one brand is presented clearly as a permanent attribute of another ("Intel Inside," the Android operating system in Samsung smartphones), to the creative use of complementary brand equities under common ownership, (Trix/Yoplait yogurt from General Mills, KFC/A&W combined restaurant location), to strategic, relationship-oriented use such as in the introduction of a new product or service with more than one name attached (affinity cards such as American Airlines Aadvantage

Citi MasterCard, Betty Crocker Hershey's S'mores cupcake mix, Star airlines alliance), to products with one name, but with general public awareness of their dual sponsorship (for example, most consumers are aware that Sears Kenmore appliances are manufactured by "some" major appliance company, and it is possible to find out which one through the model number). Unfortunately, co-branding is sometimes defined narrowly by researchers in a way that is convenient for purposes of their particular study, leading to further confusion in the literature.

In addition to the limitations introduced by differences in definition, the motivation for employing a co-branding strategy can be examined from two distinct perspectives. First, there are various reasons why management may choose to employ a co-branding approach over the alternatives of establishing a new brand, introducing a simple brand extension, or developing an "unbranded" product improvement (that is, without the use of branded components or ingredients). Much of the extant literature approaches the desirability of co-branding from this perspective. In an early example, Rao and Ruekert (1994) describe brand alliances as a means of signaling quality to the consumer.

Often, however, the reasons management might articulate for pursuing the relationship may not match the benefits perceived by the consumer. For example, one well established example of co-branding is service station/fast food restaurant combination sites. In the early stages of this trend, a convenience store expert was quoted as saying that fast food marketers know that "...petroleum companies own most of the best corners in America." (Abcede and Dwyer, 1994). Strategically, this renders the service station sites desirable to fast food marketers who are looking to expand to new accessible locations in a saturated market. However, the consumer is likely to view a service station/fast food dual location as "one stop convenience" or as an upgrade in food service from the standard convenience store fare.

Thus, from the perspective of the consumer, co-branding appears to serve a variety of purposes. Note that these "perspectives" are expressed in terms of the outcomes of the partnership as experienced by the consumer. The receptivity of the consumer will be based on the cumulative value – functional, informational and emotional -- perceived to attach to the product, service or promotion in question. Of course, partnerships producing significant incremental value for the consumer are likely to be the best received.

The perspectives outlined below fall into two general categories. Perspectives 1 and 2 are associated with the delivery of various forms of innovation or new product/service delivery. These co-branding arrangements would likely be pursued in lieu of brand extension or the development of a new brand name. The items under Perspective 3 are associated mainly with the communication of information concerning a particular product, line extension, or promotional offer, and are not forms of co-branding that would necessarily be pursued as alternatives to brand extension or a new brand introduction. Instead, they would be associated with brand positioning or communications.

Perspective 1: Co-branding leverages the consumer's prior knowledge of brand partners to <u>define</u> innovation, in the form of either a new product or product category.

Co-branding may facilitate the consumer's comprehension and evaluation of a new product or category that is composed of a combination of features or benefits from both partners. Furthermore, in those instances where the entirety of these features or benefits could not be as credibly or reliably delivered by one of the brand partners alone, the use of co-branding should result in improved product evaluations versus the alternative of brand extension. Presumably, the partnership is formed between brands with distinctly different competencies or positioning, so that their combined entity will provide a useful new combination of characteristics for the consumer.

Perspective 2: Co-branding accommodates jointly occurring consumption needs and/or behavior patterns.

An entire class of co-branding activity is directed toward providing spatial or online convenience to the consumer for the delivery of multiple services and/or to provide service choice at a single location. Such arrangements have arisen between fast food restaurants, service stations, convenience stores, and specialty retail establishments. Because spatial convenience is the primary attribute being delivered, the specific identity of the parties involved may be less important in this type of co-branding than in some others. Rather, a minimally acceptable level of quality of delivery of the add-on service may be all that is required.

Perspective 3: Co-branding facilitates communication concerning a product or service offer by:

- ***conveying important features or benefits***
- ***modifying the parent brand(s)***
- ***evoking imagery/positioning***
- ***promoting brand recognition***
- ***delivering a promotional offer***

This perspective has the effect of increasing the signal strength of the offer by the addition of another brand name. Not only does this potentially attract the consumer's attention, but co-branding can be used to efficiently communicate information about important features or benefits and/or facilitate the learning process about the product or service. In most instances, co-branding arrangements fulfilling this objective will involve a superior and subordinate brand, as opposed to two equal partners.

Ingredient Branding

The first form of co-branding identified in this classification is among the most common of all, ingredient branding. As noted in connection with Perspective 1, ingredient branding can be distinguished by the fact that there is no suggestion the parent could not make a product without the branded ingredient, but that the branded ingredient results in superior quality.

Restaurant Menu Branding

Of a similar nature to ingredient branding is restaurant menu brand disclosure. Presumably, the image of the restaurant is bolstered by the quality perception afforded by naming popular menu ingredients.

Commodity Board Branding

Another practice serving a similar purpose is commodity board advertising, wherein a symbol or slogan associated with a particular class of goods is applied to packaging or advertisements to signal "genuineness," or quality.

Sub-branding or Super-branding

These approaches involve the addition of a modifier to an existing brand to signal a product improvement or modification. Thus, dual marks such as General Electric Profile appliances, Ralph Lauren Black Label, and Campbell's Chunky Soup arise to communicate the incremental change.

Brand Imagery/Positioning

In addition to communicating features and benefits, co-branding can be used to evoke product imagery or positioning. Brand licensing arrangements are often used for this effect.

Brand Recognition

Another communications application of co-branding is to use it as a means of creating brand recognition. An example of this is the use of dual branding during a brand transition, such as when a brand enters a market through acquisition where it is relatively unknown and temporarily retains a familiar name to facilitate product recognition during the transition process.

Co-marketing Applications

Finally, co-branding can be used to present a meaningful promotional offer. Cooperative advertising and co-marketing efforts are temporary arrangements designed to accomplish a particular promotional purpose.

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Relevance to Marketing Educators, Researchers and/or Practitioners:
An improved understanding of co-branding types and their application will facilitate more effective use of the strategy, help refine academic research on the subject, and provide a basis for better articulating the genesis of co-branding successes or failures.

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