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Co-Branding

Fit Factors between Partner Brands

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Abstract

This study is about the perception of "fit" between two partner brands in a co-branding venture. Previous studies have already identified that a perceived fit between partner brands leads to a positive evaluation of the co-branded offering by consumers. Despite the great importance of fit between brands, it has not been investigated yet which factors (e.g. similar price level, target group, product category) lead to a perceived fit between partner brands by consumers.

For closing this research gap, a theoretical framework is developed in order to identify potential "fit factors" that have an influence on the perceived fit. Based on the categorization theory and different brand association classifications the following potential fit factors between two brands are identified: price fit, user fit, usage fit, quality fit, brand personality fit, and category fit.

To find out if these fit factors have an impact on the perceived overall (global) fit of two partner brands, an empirical study of 9 real co-brands is conducted. 180 students are asked in an online questionnaire to state their perception of the 9 co-brands regarding the different fit factors.

On the one hand, these findings help brand managers to select the right partner brand. On the other hand, it delivers first indications for academics why consumers perceive some co-brands as fitting together and others not. Therefore, the findings of this research as well as the developed theoretical framework can be used for future research in this area.

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1. Introduction

Firms are continuously looking for new opportunities to exploit and leverage their existing brands for achieving business growth. In the past, companies have leveraged their "most important asset" (brands) through brand and line extensions (Aaker 1990, James, Lyman & Foreman 2006). Nowadays, the most recent trend for capitalising on brands is called "Co-Branding", in which two or more brands are presented jointly to the consumer, forming a new product or service offering (Dickinson & Heath 2008). This new branding strategy promises many benefits, especially for international operating companies with strong global brands (James 2006, Dickinson & Heath 2006). Because of the high rate of product failures, the intense competition among companies and the high costs to enter new markets, the use of co-branded products has become increasingly important for brand managers: Because they provide a way to take advantage of existing brand name recognition and associations (Helmig, Huber & Leeflang 2008, Besharat 2010). Co-branding came up in the early 90's and has recently reached an all-time high with annual growth rates estimated at 40 percentage (Dickinson & Heath 2006).

Any form of co-branding is conducted in an attempt to transfer positive associations from brand partners to the new co-branded offering (Spethman and Benezra 1994). Examples are Sony and Ericsson offering mobile phones together, Nike and Apple manufacturing a collaborative shoe together or Häagen Dazs and Baileys creating a new kind of ice cream together. By providing consumers the familiarity of, and knowledge about, an established brand, reduces the financial risk of introducing a new product to the market is substantially. Further benefits are easier access to new markets, additional marketplace exposure and shared expenses (Dickinson & Heath 2008). But co-branding is not without risks. If the consumer evaluation of the co-brand/co-branded offering is not favourable, it results in a product failure (linked with high costs and wasted resources) and may also damage the brand image of the partner brands (Roedder, Loken & Joiner 1998, Leuthesser, Kohli & Suri 2003). Consequently, a poor co-branding venture can create damaging associations, which affect the brands involved negatively. Therefore, a positive evaluation by the consumer is crucial. A positive evaluation improves the likelihood of purchasing the co-branded product and is thus essential for the success of any co-branding activity (James 2006). Previous studies have already identified three main factors that have a positive influence towards the evaluation of a co-branded offering by consumers: Positive attitudes toward the partner brands, perceived "fit" between the partner brands, and a high difficulty of making the co-branded offering (James 2006, Dickinson & Heath 2006, Dickinson & Heath 2008). These studies have also revealed that consumers look first for a fit between partner brands when they evaluate a co-branded offering (Dickinson & Heat 2006). Once fit is present, consumers evaluate a co-branded offering more positive and are more intent to buy the co-branded product or service (Dickinson & Heat 2006). Therefore, the factor “fit”, which refers to the compatibility of two brands, plays a superior role in the evaluation of a co-branded offering.

Despite the great importance of fit in the evaluation of a co-branding offering, there is still no, or no holistic, answer under which conditions (e.g. similar price level, target group, product category) two partner brands are perceived as compatible by consumers. The objective of this study is to identify, based on an empirical study of international well-known brands, factors that are important for two brands to be perceived as fitting together.

1.1 Research Purpose, Research Question and Managerial Relevance

As mentioned in the introduction, it is already known that the perception of fit between partner brands is very important for the evaluation and the likelihood of purchasing the co-branded offering by the consumer (James 2006, Dickinson & Heath 2006, Dickinson & Heath 2008). Given the importance of perceived fit between partner brands, it prompts the need for academic research that investigates under which conditions consumers perceive two brands as fitting together. Up to now, not much research has been conducted in this area. Academics have examined the factor “perceived fit” in a general manner, without specifying and examining which dimensions it consist of (Washburn, Till & Priluck 2000, James 2006). All of their studies have focused mainly on identifying factors, which influence the evaluation of a co-branded offering rather than investigating the concept of fit itself. That means “fit” has never been investigated alone and in more detail.

This study investigates “fit” in more detail and tries to find out, which factors lead to a perceived fit between two brands by consumers. Given this research purpose the *research question* of this study can be formulated as follows:

“Which factors lead to a perceived fit between two partner brands by consumers?”

The following sub-questions arise within the attempt to answer the research question:
“Are there any clear factors that lead to a “fit” between partner brands?”, “Are some factors more important than others?”, “If yes, which?”.