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Co-branding: brand equity and trial effects

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Abstract *Co-branding is an increasingly popular technique marketers use in attempting to transfer the positive associations of the partner (constituent) brands to a newly formed co-brand (composite brand). This research examines the effects of co-branding on the brand equity of both the co-branded product and the constituent brands that comprise it, both before and after product trial. It appears that co-branding is a win/win strategy for both co-branding partners regardless of whether the original brands are perceived by consumers as having high or low brand equity. Although low equity brands may benefit most from co-branding, high equity brands are not denigrated even when paired with a low equity partner. Further, positive product trial seems to enhance consumers' evaluations of co-branded products, particularly those with a low equity constituent brand. Co-branding strategies may be effective in exploiting a product performance advantage or in introducing a new product with an unfamiliar brand name.*

Introduction

In recent years the study of branding strategies has become increasingly important to both marketing academics and practitioners. Two issues that relate to branding strategies are the subjects of this research.

(1) This research looks specifically at the strategy of co-branding, an emerging and popular branding strategy for consumer products marketers.

(2) This research investigates the impact of co-branding on the brand equity evaluations of both the co-branded product and the branded products that comprise it.

We argue that a product's brand equity can be affected by the company it keeps or the brands with which it chooses to associate. Specifically, this research studies the effects of co-branding on the brand equity of both the original branded products and the resulting co-brand both before and after product trial.

What is co-branding?

Pairing branded products

Co-branding, defined here as pairing two or more branded products (constituent brands) to form a separate and unique product (composite brand) (Park *et al.*, 1996), is a strategy currently popular for introducing new consumer products. Recent marketplace examples include Kudo's granola bars with Snicker's pieces, Ford Explorer with Eddie Bauer interior, and Betty Crocker Brownie Mix with Hershey's chocolate flavoring. Furthermore, many different types of co-branding strategies exist. Joint

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promotions represent an attempt by one or both brands to secure corporate endorsements that will improve their market positions (e.g. McDonald's and Disney). Joint advertising is a specific technique such as the Apple Macintosh Powerbook campaign that featured the movie *Mission Impossible* (Grossman, 1997). Promotion of complementary use of the products is employed by Bacardi Rum and Coca-Cola, for example (Rao and Ruekert, 1994). Finally, physical product integration takes place when one branded product is inextricably linked with the other (Rao and Ruekert, 1994). This study focuses on physical product integration (e.g. Ruffles potato chips with K.C. Masterpiece barbecue sauce flavoring).

Importance of co-branding strategies

Co-branding strategies

Consumer product manufacturers are increasingly interested in co-branding strategies as a means to gain more marketplace exposure, fend off the threat of private label brands, and share expensive promotional costs with a partner (Spethmann and Benezra, 1994). Despite the growing use of co-branding in practice, little empirical research has been conducted on the topic. Simonin and Ruth (1998) reported research that examined consumer attitudes toward brand alliances (co-brands) that focused on spillover effects of brand alliance evaluations on the later evaluations of partner (constituent) brands and on the role of brand familiarity in these relationships. Their findings showed that consumers' attitudes toward a particular brand alliance influenced their subsequent attitudes toward the individual brands that comprise that alliance. Brands that had engaged in many previous alliances were significantly affected by the alliance; and consumer attitudes toward the partner brand(s) prior to the alliance significantly affected their attitudes toward the alliance.

Park *et al*. (1996) combined existing brand names to create a Composite Brand Extension or CBE, analogous to a co-brand, and examined how consumers form the concept of the CBE based on their concepts of the constituent brands, the roles of each constituent brand in forming this concept, and the effectiveness of the CBE strategy. The results of their study suggested that a composite brand name can favorably influence subjects' perceptions of the CBE and that complementarity between the primary and secondary constituent brands is a more important factor in the success of the CBE strategy than a positive evaluation of the secondary brand. Other than these two empirical studies, most of the literature on co-branding simply describes the strategy (e.g. Hillyer and Tikoo, 1995; Rao and Ruekert, 1994) or discusses the advantages and disadvantages of co-branding arrangements (e.g. Krishnan, 1996; Rao and Ruekert, 1994; Farquhar, 1994).

Brand equity

Brand knowledge

Brand equity is "a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers" (Aaker, 1991, p. 15). It has also been defined as the effect of brand knowledge on consumer response to the brand. As such, brand equity is the value of the brand name that has the potential of being extended either in the form of line extensions or in conjunction with other brand names as in co-branding (Rao and Ruekert, 1994).

The majority of companies fail to effectively measure their brands' value despite the fact that research shows "successful" companies (56 percent) were much more likely to measure the value of their brands than "less successful" companies (37 percent) (Pitta and Katsanis, 1995). Nevertheless, determining the value of a brand is believed to be important to firms for a number of reasons. Brands highly valued by customers produce competitive advantage in as much as brand equity comes about due to customers having greater confidence in the brand compared to competitors' brands (Lassar *et al*., 1995). Brand equity may play a role in consumers' decisions to purchase certain brands over others (Swait *et al*., 1993), and understanding brand equity can help develop marketing strategies (Keller, 1993). Brand equity also plays an important role in explaining the nature of brand and line extensions and in determining the effects of the name transfer from the parent brand to the extension (Swait *et al*., 1993). Furthermore, brand equity may play an important role in co-branding. In certain co-branding situations, a well-known brand name is paired with another brand name (either well known in its own right or less well known) in order to enhance the lesser-known composite product. The general theory on line extensions is that the brand equity of the original brand will help the line extension gain favor in the eyes of consumers and channel members (Swait *et al*., 1993). Co-branding is believed to limit the risk of entering into a new product category in which consumers may question the firm's expertise (Aaker, 1996). Rao and Ruekert (1994) suggested that brand names signal quality to consumers because consumers believe that firms that do not live up to their quality claims face negative consequences.

Brand equity

Brand equity has been measured in a number of ways:

- equalization price (Swait *et al*., 1993);
- brand attributes (Lassar *et al*., 1995);
- price premiums (Aaker, 1991);
- stock price analysis (Simon and Sullivan, 1990);
- replacement cost (Aaker, 1991);
- brand loyalty analysis (Feldwick, 1996); and
- modeling (Kamakura and Russell, 1993).

An attitudinal brand equity measure was most relevant to this research since we were concerned with understanding customer-based brand equity. That is, we examined how customer perceptions of brand pairings affect their attitudes towards the brand with respect to its brand equity dimensions. Aaker's (1991) five dimensions (brand loyalty, brand awareness, perceived quality, brand associations, and other proprietary brand assets) are commonly used to measure brand equity. We employed a brand equity scale developed by Yoo and Donthu (1997) based on the work of Aaker (1991) and Keller (1993).

Relationship between co-branding, brand equity and associative learning

A product's brand name is a cue for consumers and represents images that have been formed based on their past experience with a brand or information they have obtained about the brand (Swait *et al*., 1993). For this reason, brand equity has been described as a "constellation of associations with brand names" (Swait *et al*., 1993, p. 25). Consumers may have developed a variety of associations with brand names that are subsequently paired in a co-branding situation. The co-branded product is new to the consumer, even though the constituent brand names are not. Therefore, consumers use the constituent brand names to make judgments about the co-branded product in the absence of further information.

Danger to brand equity

One danger to brand equity derives from consumers attributing a potentially negative experience with one constituent brand to the other constituent brand. Co-branding can undermine a brand's positioning when consumers blame the wrong brand for their dissatisfaction. "Because brand names are valuable assets, they may be combined with other brand names to form a synergistic alliance in which the sum is greater than the parts" (Rao and Ruekert, 1994, p. 87). However, co-branding comes with a variety of risks. Most notable is the risk of pairing with a partner that can damage the existing product's strong brand equity.

One important component of brand equity is the concept of brand associations (e.g. Aaker, 1991; Keller, 1993; Yoo and Donthu, 1997). A brand association has been defined as anything linked in memory to a brand. These links are strengthened over time with repeated experiences or exposures. Brands with a high number of positive brand associations tend to have high levels of brand equity. Brand associations help consumers process or retrieve information, differentiate or position brands, give customers a reason-to-buy, create positive attitudes or feelings and provide a basis for extensions by creating a sense of fit between the brand name and the new product. In short, the underlying value of a brand name is often its set of associations or meanings (Aaker, 1991). Through co-branding, two brands can be linked together. These links can enhance or detract from consumers' perceptions of each constituent brand and can act to create a new, unique perception of the co-branded product.

Product trial

First usage experience

"Product trial", defined as a consumer's first usage experience with a brand, is a critical factor in determining brand beliefs, attitudes, and purchase intentions (Kempf and Smith, 1998, p. 325). As such, brand equity evaluations of co-branded products may be influenced by product trial. Researchers have investigated the effect of advertising in mitigating the negative effects on consumer attitude of a poor product experience (e.g. Olson and Dover, 1979; Smith, 1993) or an ambiguous product trial (Hoch and Ha, 1986). Trial experience whether negative, ambiguous, or positive, may affect consumers' evaluations of brand equity. The inclusion of a product trial manipulation in this study allowed investigation of the extent to which co-branding variations interacted with product trial.

Hypotheses

The purpose of this research is to determine the effect of co-branding on the brand equity of both constituent and composite brands before and after product trial. Four different co-brands were examined: a high equity brand paired with a second high equity brand, a high equity brand paired with a low equity brand, a low equity brand paired with a high equity brand and two low equity brands paired together.

The effect of pairing brands on composite brand equity

Associations with brand names

Consumers develop a set of associations with brand names that may subsequently be paired in a co-branded product. Hillyer and Tikoo (1995) suggested that strong brand associations (i.e., high brand equity) of one brand can lend credibility to the other brand by acting as an augmenting cue in consumer evaluations. They also proposed that consumers tend to infer that high equity brands will only allow association with other high equity brands. Two brand names in a co-branded product provide additional information to the consumer about the presence of attributes that may make the jointly branded product more attractive. This situation may be particularly true for products with known high quality (Rao and Ruekert, 1994). Conversely, a low equity brand may serve as a discounting cue that could cause the consumer to be less willing to accept the claims of the high equity brand. One brand can undermine the credibility of the other and lower consumer evaluations (Hillyer and Tikoo, 1995).

Therefore, we predict that a constituent brand, perceived as having high brand equity by consumers prior to exposure to the composite brand, will continue to be perceived as having high brand equity if it is paired with another high equity brand. However, a constituent brand perceived as having low brand equity will negatively affect a high brand equity product paired with it. This prediction is consistent with Simonin and Ruth's (1998) findings that consumers' attitudes toward the partner brand(s) prior to the alliance significantly affected their attitudes toward the alliance. The brand equity rating of the composite brand will depend on the original brand equity ratings of the two constituent brands:

H1: The pretrial brand equity of the composite brand will depend on the brand equity of the two constituent brands. The brand equity scores of the composite brand combinations will fall in order from highest to lowest as follows:

(1) high equity/high equity (HE/HE);

(2) high equity/low equity (HE/LE) and low equity/high equity (LE/HE);

(3) Low equity/low equity (LE/LE).

Product trial

The moderating effect of product trial on composite brand equity

One type of information that may alter the consumer's perception of the co-branded product is product trial. Product trial may represent tangible evidence to determine a consumer's equity perception after the consumer actually samples the product. Experience with the product will augment the consumer's perceptions rather than force the consumer to rely on the brand name alone as a signal of quality.

Therefore, we predict that brands with higher initial brand equity evaluations (HE/HE) will benefit only slightly (or not at all) after product trial. However, when product performance expectations are lower due to low equity constituent brands, a positive product trial will boost the ratings of the low equity constituent brand and, therefore, the rating of the composite brand. *H2* suggests that a HE/HE combination will receive higher brand equity ratings after trial than the LE/LE combination and that a positive product trial will increase consumer ratings of the HE/LE and LE/HE combinations as well as the LE/LE combination as follows:

H2a: The brand equity of a HE/HE composite brand will remain stable or increase slightly with a positive product trial.

H2b: The brand equity of a HE/LE or LE/HE composite brand will increase with a positive product trial.

H2c: The brand equity of an LE/LE composite brand will increase with a positive product trial.

The moderating effect of product trial on constituent brand equity

Constituent brand

The prior two hypotheses dealt with the effects of co-branding on the new, co-branded product (composite brand). Alternatively, *H3* and *H4* look at the effect of co-branding on consumers' brand equity perceptions of the original branded products or the constituent brands.

Brand names signal quality. Product trial enhances consumer learning by providing evidence that is both shaped by and integrated with existing beliefs about the product (Hoch and Deighton, 1989; Levin and Gaeth, 1988). Levin and Gaeth (1988) predicted that the effect of any information source would be reduced with each additional piece of information. The literature on disconfirmation of expectations (Oliver, 1980; 1981; LaBarbera and Mazursky, 1983; Bearden and Teel, 1983) suggests that high equity brands will retain their positive evaluations in the event of a positive product trial, but will lose ground in the event of a negative product trial. According to Shimp *et al*., (1991) consumer attitudes toward low equity brands are more malleable and easily influenced than are consumer attitudes toward high equity brands that are well established.

Therefore, we predict that the brand equity of high equity constituent brands will remain stable following product trial regardless of whether the high equity constituent brand is paired with a high or low equity brand. On the other hand, the brand equity of low equity constituent brands will increase with product trial when paired with a high equity brand but will remain stable when paired with a low equity brand. The hypotheses are as follows:

H3a: The brand equity of a high equity constituent brand paired with another high equity brand will remain stable following a positive product trial.

H3b: The brand equity of a high equity constituent brand paired with a low equity constituent brand will remain stable following product trial.

H4a: The brand equity of a low equity constituent brand paired with a high equity brand will increase following a positive product trial.

H4b: The brand equity of a low equity constituent brand paired with another low equity constituent brand will remain stable following product trial.

Method

Factorial design

A $2 \times 2 \times 2$ split plot factorial design consisting of two between-subject factors (brand equity of constituent brand No. 1 and brand equity of constituent brand No. 2) and one within-subject factor (time of dependent variable measure – before and after product trial) was used in this research. A 26-item brand equity scale (Yoo and Donthu, 1997) measured the brand equity of each constituent brand and each composite brand both before product trial and after product trial.

Pretesting

Through a series of pretests, we narrowed the selection of product categories and brand names. We pretested a number of product combinations (e.g. popcorn and butter, toaster pastries and fruit filling, facial tissue and cold cream) to determine which were perceived as most compatible to subjects. Ultimately, barbecued potato chips were selected because subjects perceived potato chips and barbecue sauce flavoring as highly compatible, the product was one that was highly familiar to student subjects, and the product could be easily taste tested in a laboratory environment.

Student subjects

We also pretested a number of brand names to select high and low equity brands in both the potato chip and barbecue sauce categories. A list of possible high and low equity brands was prepared following trips to the grocery store and perusal of grocery store ads. Student subjects evaluated the brand equity of several brand names, some actual brands and some fictitious, to ensure a strong high/low brand equity manipulation. Two high equity constituent brand names and two fictitious low equity constituent brand names were finally chosen resulting in four different potato chip/barbecue sauce flavoring co-brands: Ruffles/Maulls (HE/HE), Ruffles/Rory's (HE/LE), Frisky/Maulls (LE/HE) and Frisky/Rory's (LE/LE).

Procedures

A total of 139 students were randomly assigned to the four experimental conditions: Ruffles/Maulls (n = 35), Ruffles/Rory's (n = 39), Frisky/Maulls (n = 30) and Frisky/Rory's (n = 35). In each condition, subjects examined a package prototype of the composite brand prior to evaluating the brand equity of the composite brand as well as each constituent brand. After completing a mind-clearing task, subjects were given samples of the product to try. They were allowed to try as much of the product as they needed to be able to evaluate the composite brand. To ensure that any differences in brand equity evaluations could be attributed solely to different brand names and not to different product experiences, subjects in each of the four conditions sampled the exact same product. Although they believed they were trying the potato chip brand depicted on the package, all subjects experienced the same product.

Measures

Brand equity scale

Yoo and Donthu's (1997) brand equity scale was the basis for the brand equity measure used in this research. The scale employed 26 items representing the five brand equity dimensions originally proposed by Aaker (1991). The 26 items were evaluated on a seven-point scale, equally weighted, summed and divided by 26 to derive a mean brand equity score for both composite and constituent brands. The scale showed high internal consistency (coefficient alpha = 0.91).

Manipulation checks

Subjects who were never exposed to the composite brands evaluated brand equity of the constituent brands to ensure that we were successfully manipulating high and low equity brands. Through these manipulation checks, high and low brand equity scores of constituent brands were confirmed. Further, subjects were asked to rate how well they liked the product following product trial. This test was to verify that subjects perceived the product trial as positive.

The effect of pairing brands on composite brand equity

Pre-trial brand equity ratings

H1 suggested that pre-trial brand equity scores would be highest for the Ruffles/Maulls (HE/HE) co-brand followed by Ruffles/Rory's (HE/LE) or Frisky/Maulls (LE/HE) and, finally, Frisky/Rory's (LE/LE). *H1* was supported in as much as pre-trial brand equity ratings of the composite brands fell in the hypothesized order, though not every difference was statistically significant (Table I).

Specifically, the Ruffles/Maulls combination showed the highest brand equity rating (4.63) and the Frisky/Rory's combination showed the lowest rating (3.98) with the Ruffles/Rory's (4.49) and Frisky/Maulls (4.28)

Co-brand	Total BE rating Before trial	After trial	Diff.	*t*-ratio	*p*-val
Ruffles/Maulls	4.63^{a}	$5.06^{a,b}$	0.43	5.709	0.000
Ruffles/Rory	$4.49^{a,b}$	$4.76^{a,b,c}$	0.27	2.296	0.028
Frisky/Maulls	$4.28^{b,c}$	$4.94^{a,b,c}$	0.66	7.715	0.000
Frisky/Rory	3.98^{c}	4.51^{c}	0.53	5.526	0.000

Notes: Within a single product trial condition, different superscripts indicate significant differences and the same superscripts indicate no significant differences. For example, Ruffles/Maulls (4.63) is not significantly different from Ruffles/Rory's (4.49) since both have a superscript of "a", but is significantly different from Frisky/Rory's (3.98) since the two co-brands have different superscripts ("a" versus "c")

Table I. Brand equity ratings – composite brands: before trial v. after trial

combinations falling in between. ANOVA showed some significant difference in mean brand equity ratings across co-brand combinations ($F_{(3,127)} = 6.95$, $p \leq 0.001$). A Tukey multiple means test indicated that Frisky/Rory's brand equity rating (3.98) was significantly lower than either Ruffles/Maulls (4.63) or Ruffles/Rory's (4.49) (as indicated on Table I by different superscripts) but not different from that of Frisky/Maulls (4.28) (as indicated on Table I by the same superscripts). Frisky/Maulls' rating (4.28) was significantly lower than Ruffles/Maulls (4.63). No differences appeared between Ruffles/Rory's (4.49) and either Ruffles/Maulls (4.63) or Frisky/Maulls (4.28).

The moderating effect of product trial on composite brand equity

Results

H2 posited that the HE/HE combination will receive higher brand equity ratings after trial than the LE/LE combination and that a positive product trial will increase consumer ratings of the HE/LE and LE/HE combinations as well as the LE/LE combination. Results showed significant differences between brand equity ratings before and after product trial ($F_{(1,121)} = 104.23$, $p \leq 0.001$) and variation by co-brand combination ($F_{(1,121)} = 4.33$, $p \leq 0.01$). Supporting *H2*, ANOVA results suggested that product trial does moderate the value of co-branding (Table I).

Ruffles/Maulls' brand equity rating increased following product trial supporting *H2a* (Diff. = 0.43, $p \leq 0.001$)[1]. Both Ruffles/Rory's (Diff. = 0.27, $p \leq 0.05$) and Frisky/Maulls' (Diff. = 0.66, $p \leq 0.001$) brand equity ratings increased after trial supporting *H2b*. As suggested in *H2c*, Frisky/Rory's (Diff. = 0.53, $p \leq 0.001$) brand equity rating also increased after trial. Therefore, *H2* is supported.

The moderating effect of product trial on brand equity of high equity constituent brands

H3a predicted that brand equity evaluations of high equity constituent brands paired with other high equity brands would remain stable following a positive product trial. *H3b* predicted that brand equity evaluations of high equity constituent brands paired with low equity constituent brands would also remain stable following product trial.

Two hypotheses

These two hypotheses were generally supported in a series of *t*-tests comparing before and after trial brand equity ratings (Table II). Ruffles' brand equity remained stable following product trial when paired with either Maull's (Diff. = 0.08, $t = 0.997$, $p = 0.326$) or Rory (Diff. = 0.00, $t = 0.039$, $p = 0.969$). However, Maull's brand equity increased following product trial when paired with Ruffles (Diff. = 0.16, $t = 3.250$, $p \leq 0.01$) but remained

High equity brand	Paired with HE brand Before trial	After trial	Diff.	*t*-ratio	*p*-val	Paired with LE brand Before trial	After trial	Diff.	*t*-ratio	*p*-val
Ruffles	4.99	5.07	0.08	0.997	0.326	4.86	4.86	0.00	0.039	0.969
Maulls	4.86	5.02	0.16	3.250	0.003	5.31	5.40	0.09	1.160	0.256

Table II. Brand equity – high equity constituent brands: before v. after trial

stable when paired with Frisky (Diff.= 0.09, t = 1.160, p = 0.256). This finding may simply be due to the very strong brand franchise associated with Ruffles potato chips. Even though both Ruffles and Maull's were evaluated as high equity brands, Ruffles' brand equity may be high enough to boost the equity evaluations of its partner brand on the basis of the pairing alone.

The moderating effect of product trial on brand equity of low equity constituent brands

H4a predicted that brand equity evaluations of low equity constituent brands paired with high equity brands would increase following a positive product trial. *H4b* suggested that brand equity evaluations of low equity constituent brands paired with other low equity constituent brands would remain stable following product trial.

Positive product trial

Supporting *H4a*, low equity constituent brands displayed significant brand equity increases following a positive product trial (Table III). Specifically, Frisky's brand equity increased when paired with Maulls (Diff. = 0.61, t = 4.646, $p \leq 0.01$) and Rory's brand equity increased when paired with Ruffles (Diff.= 0.37, t = 3.038, $p \leq 0.01$). Surprisingly, brand equity of the low equity brands also increased when they were paired with each other: Frisky paired with Rory's (Diff. = 0.54, t = 7.493, $p \leq 0.001$) and Rory's paired with Frisky (Diff. = 0.44, t = 6.078, $p \leq 0.001$). This finding suggests that the act of pairing with another brand may lend credibility to the constituent brand, even when one or both of those constituent brands are perceived as having low brand equity. Recall Rao and Ruekert's (1994) contention that two brand names in a co-branded product provide additional information to the consumer about the presence of attributes that may make the jointly branded product more attractive. Such a phenomenon could also hold true for low equity brand pairings. This rationale was also supported by Simonin and Ruth (1998) who showed that consumer attitudes towards less familiar (i.e.,low equity) brands were more significantly influenced by brand alliances than their attitudes toward more familiar (i.e., high equity) brands. Further, it appears that, under positive product trial conditions, a high equity brand will not be damaged by its association with a low equity brand and that a low equity brand can benefit from its association with a high equity brand.

Low equity brand	Paired with HE brand Before trial	After trial	Diff.	*t*-ratio	*p*-val	Paired with LE brand Before trial	After trial	Diff.	*t*-ratio	*p*-val
Frisky	3.99	4.60	0.61	4.646	0.003	3.93	4.47	0.54	7.493	0.000
Rory	3.67	4.04	0.37	3.038	0.004	3.80	4.24	0.44	6.078	0.000

Table III. Brand equity – low equity constituent brands: before v. after trial

Managerial implications

Positive image

This study's findings suggest that the pairing of two high equity brands endows the co-brand with a highly positive image. It appears that high equity brands act as augmenting cues in as much as brands with at least one high equity partner tend to be evaluated more positively than the low equity/low equity brand combination. On the other hand, low equity brands may or may not act as discounting cues. Further, the act of pairing two brands, regardless of their initial equity perception, implies a more positive image to consumers. A positive product trial results in increases in brand equity for all co-branded combinations although the degree of increase varies according to the pairing. In our study, two out of three composite brands containing at least one low equity brand improved more than the high equity/high equity composite brand following a positive product trial. While we investigated only a positive product trial, the product trial literature suggests that it would also be interesting to examine the effects of negative and/or ambiguous product trials in a co-branding context. We might expect to see different effects when consumers' expectations of a poor performing low equity brand are confirmed.

Perceptions of consumers

It appears that co-branding improves the brand equity perceptions of consumers regardless of whether the co-branding partner is a high or low equity brand. In this research, their pairing with another brand influenced brand equity perceptions of constituent brands. In general, pairing with either a high or low equity brand increased the constituent brand's evaluation on brand equity. Our belief that a high equity brand would be denigrated by its pairing with a low equity brand was not supported. It seems that the rich association set that accompanies a high equity brand may insulate it from a less favorable association. Dominant brands, such as Ruffles, appear to be most resistant to negative information. Leong *et al*. (1997) described the difficulties experienced by "master brands" (i.e., brands that are so dominant they own their product categories) in attempting product line extensions. When these line extensions depart too far from the original product category, brand equity of the master brand is diluted. A strategy such as co-branding may offer a viable alternative to a dominant brand such as Ruffles because it allows line extension that is unique and memorable yet consistent with the original product category. Additionally, a positive product trial moderates brand equity evaluations for constituent brands in that high equity constituent brands remain stable following a positive product trial but low equity constituent brands improve on brand equity evaluations. These results suggest strength of brand names and the importance of brand equity in a marketing strategy. These results also imply that, in the context of an experiment such as this, it may be difficult to damage a strong brand name through pairing it with a low equity brand.

Co-branding appears to be a win/win proposition for compatible product categories, although it appears that low equity brands benefit most from co-branding. To the brand manager, this observation may suggest that co-branding with a high equity brand offers competitive advantage to a new product being introduced with a relatively unknown brand name or to the existing product seeking a means to build awareness or reposition.

Positive impact

High equity brands appear to not be diminished by their pairing with low equity brands thereby offering protection from poor co-branding decisions. This positive impact affects both the co-branded product and the brand equity of each co-brand partner. The only brands not enhanced by co-branding are those with well-entrenched, long-standing positive images.

Nevertheless, these brands are not negatively affected by co-branding. Positive product trial (e.g. sampling) may act to enhance consumers' perceptions of the co-branded product especially for those comprised of at least one low equity brand. Additionally, consumers appear to be able to distinguish between the two co-branding partners and make determinations about which partner is primarily responsible for the product's good performance. The message to the marketing manager is to use co-branding strategies to further exploit a product performance advantage.

Note

1. The difference between before trial and after trial brand equity ratings is reported here. For example, the before trial brand equity rating of Ruffles/Maulls was 4.63 and the after trial brand equity rating was 5.06 resulting in a difference of 0.43.

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■

This summary has been provided to allow managers and executives a rapid appreciation of the content of this article. Those with a particular interest in the topic covered may then read the article* in toto *to take advantage of the more comprehensive description of the research undertaken and its results to get the full benefit of the material present

Executive summary and implications for managers and executives

Co-branding – a creative approach to brand extension

As consumers we link brands together in combinations we enjoy. Drinkers were mixing Bacardi and Coca-cola long before any suggestion was made that these two brands might join together to create an extended product. Many of the "natural" brand links are derived from the consumption behaviour of ordinary folk rather than from the intervention of brand owners.

Given this fact about the consumption of brands it is no surprise that the idea of a co-branded product extension has appealed to brand managers. However, these managers are rightly suspicious about the benefits that accrue from co-branding. After all, the brand manager is charged with protecting and developing a particular brand – links with another, albeit complementary, brand have to give advantage to your brand to be worthwhile.

Washburn et al. *provide us with some useful guidance in deciding about the value of co-branding. In doing so they show that co-brand can, in some circumstances, provide a powerful alternative to traditional brand extension strategies.*

Brands tend to act cumulatively rather than to cancel each other out

The key observation from Washburn et al. *is that co-brand appears to improve "... the brand equity perceptions of consumers regardless of whether the co-branding partner is a high- or low-equity brand". Even where a link is made with a low-equity brand by a high-equity brand, there is no evidence of any negative effect.*

Co-branding, it seems, is not merely an opportunity to take advantage of some other brand's market position and equity. As well as this obvious advantage, co-branding provides for extension without any risks (or at least with a lower risk) of the main brand being diluted by the extension.

However, Washburn et al. *do point out how their research suggests that co-branding provides greater benefits for low-equity brands when compared to high equity brands. We can see this advantage being accrued where computer manufacturers use a high equity branded "ingredient" (typically an Intel chip). Intel secures penetration into the market (i.e. additional sales) but little gain in terms of brand equity while the PC brand secures strong positive benefits from the association with an established and powerful brand.*

For the powerful brand the advantages of co-branding are less clear. These brands are not damaged by association with another – perhaps less well known – brand but they do not gain the same advantages from the association. Washburn et al. *report that "... the only brands not enhanced by co-branding are those with well-entrenched, long-standing positive images."*

Benefits for big brands from co-branding

While the big brand gains little in terms of brand equity from co-branding with most of the advantages accruing to the less well-known brand, there is a significant area of benefit. This advantage lies in the problem that dominant – "master" – brands have in achieving successful brand extension.

Washburn et al. *remind us of research showing that traditional brand extensions applied to "master" brands can result in the dilution of that brand's equity. Washburn* et al. *suggest that co-branding offers a viable alternative to traditional extension strategies "… because it allows line extension that is unique and memorable yet consistent with the original product category". Under a co-branding strategy we do not get a new product with the same brand name but a new product containing the original brand. The equity of that brand is protected and the brand owner can extend to new categories with a reduced risk of diluting that brand equity.*

By creating new products – perhaps with low equity partners – the big brand can increase sales (always a good thing) and add to the promotional reach of the brand. And, since there is no evidence of risk to the core brand's market strength, we can construct a strategy that extends the brand into areas where it has no presence or relatively weak equity.

How do we choose our partner brand?

Washburn et al. *provide only a little advice about the selection of a brand partner. We can see that the choice must be influenced by our own brand equity and market strength but this does not provide a complete answer to the question of which brand to choose as a partner.*

However, Washburn et al. *do make a powerful suggestion – the brand manager should "… use co-branding strategies to further exploit a product performance advantage". This observation is derived from the comment that "… consumers appear to be able to distinguish between the two co-branding partners and make determinations about which partner is primarily responsible for the product's good performance".*

Such a suggestion gives us guidance by providing us with the basis for making the decision – our own product performance strengths. To stick with our Intel advantage, that firm knows it is their chip that provides the good performance. The consumer will be swayed towards the product because it contains the right ingredient rather than because of the host brand's equity.

At the same time the "host" brand gains by virtue of its association with the right ingredient. The extent of each brand's gain may differ but we can be reassured by the fact that, in most circumstances, co-branding presents a win/win strategy for both partners. At worst one of the partners will lose no equity and at best both partners will see substantial benefits from the association.

(A précis of the article "Co-branding: brand equity and trial effects". Supplied by Marketing Consultants for MCB University Press.)