2+2=5? A framework for using co-branding to leverage a brand

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Abstract

Co-branding involves combining two or more well-known brands into a single product. Used properly, it is an effective way to leverage strong brands. In this paper, co-branding is defined and differentiated from other types of branding alliance. The literature on co-branding is reviewed and a framework proposed to help managers identify co-branding opportunities to enhance the success of their products. The advantages and shortcomings of each of the proposed strategies are also discussed.

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INTRODUCTION

As marketers seek growth through the development of new products, they face markets cluttered with competing brands. It is difficult to establish a unique position for new products. Even innovative differentiated products can be imitated quickly, leaving no strategic edge. So, the risks inherent in establishing new brands are high, with a failure rate ranging from 80 to 90 per cent.

Established successful brands help to create differentiation through brand associations that go beyond the limits of the features and attributes of the product itself. Successful brands provide quality assurances to consumers and can be leveraged to introduce new products. The most common way of leveraging brands is through line and brand extensions — applying the brand to other products in either the same or different product categories.

An alternative for developing new products is co-branding, a branding strategy that has seen a dramatic increase in use over the past decade. Co-branding involves combining two or more well-known brands into a single product. When it works well, co-branding has the potential to achieve 'best of all worlds' synergy that capitalises on the unique strengths of each contributing brand (henceforth referred to as 'parent' brands). In this paper previous research on co-branding is reviewed and a framework offered that should prove useful to brand managers when assessing co-branding opportunities. As shown, co-branding opportunities can be distinguished in terms of both the nature of the complementarity of the parent brands and their respective target markets. The advantages and potential pitfalls of each of these strategic co-branding options are also discussed.

DEFINING CO-BRANDING AND THE SCOPE OF THE STUDY

There is no universally accepted definition of co-branding. In the marketing literature the term has been used interchangeably with labels such as 'brand alliance' and 'composite branding'. Defined broadly, co-branding has been described as any pairing of two brands in a marketing context such as advertisements, products, product placements and distribution outlets.[1] More narrowly defined, co-branding means the combination of two brands to create a single, unique product.[2–4] When co-branding results in the creation of a new product, it usually signals to customers that the partners are committed to a long-term relationship. In contrast, promotional alliances such as joint promotions and product bundling are either not perceived as permanent (the former) or do not result in the creation of a single product (the latter).

For the purpose of this paper the narrower definition is adopted of co-branding as the combining and retaining of two or more brands to create a single product or service. This definition is adopted for two reasons. First, despite the lack of universal agreement on its definition, there appears to be general agreement that co-branding involves the creation of a single product using two brands.[5–7] This is, in fact, the criterion that is most often used specifically to distinguish co-branding from other types of branding alliances. Secondly, it presents an alternative to line and brand extensions for achieving growth through new product development, and is therefore an attractive product-introduction strategy for brand managers.

If a co-brand is a single product, the question arises, 'Who owns the product?' In fact, the product may be owned by one, or both, of the parent brands. Many co-brands, usually referred to as 'ingredient' or 'component' co-brands, involve a primary brand that 'contains' the secondary brand. In some cases the secondary brand is *always* an ingredient; that is, it is not otherwise marketed as a separate product (eg DuPont Teflon, Intel microprocessor). The primary brand owner usually owns the co-branded product and is mainly responsible for its marketing, while the secondary brand owner acts as a supplier or licensor. In other cases, such as retail co-branding (eg Circle K convenience store paired with 76 gasoline station; Carl's Jr. restaurant paired with Green Burrito restaurant), there is a more parallel relationship between the two parent brands. These arrangements often entail more complex alliances in which the partners enter into joint venture and profit-sharing agreements.

The financial structure of a co-branding arrangement is critically important, for *each* partner must be adequately rewarded in order for the relationship to endure. Whether a co-branding partner obtains revenue from royalties, from sales of ingredients or components, or from direct sales of the co-branded product, customers' perceptions of the co-brand and any influence those perceptions might subsequently have on the parent brands should, however, be the same. In other words, the market response to a co-brand should be relatively independent of the legal or financial structure used to implement it, because ultimately brands are 'owned' in the minds and hearts of consumers. It is this aspect of co-branding that is the main focus in this paper.

FINDINGS FROM RESEARCH ON CO-BRANDING

Co-branding is really a special case of brand extension in which two brands are extended to a new product. Therefore, both co-branding and brand extensions raise the same basic issues, namely, how brand equity transfers to the new product and how the new product subsequently has an impact on brand equity.

With the large base of attitude research as background, research on co-branding has generally addressed two broad areas: first, how customers' perceptions of a co-brand are influenced by their perceptions of the two parent brands and vice versa; secondly, the relative merits of co-branding versus other new product-development strategies, such as line and brand extensions. It stands to reason that a general understanding of how customers perceive co-branding would be a pre-requisite to assessing the relative attractiveness of co-branding, so it should not be surprising that the majority of research to date has addressed the first of these broad areas.

Various theories such as information integration[8,9] and cognitive consistency[10] have been used to explain how consumers reconcile their attitudes towards co-branded products. Cognitive consistency suggests that consumers will seek to maintain consistency and internal harmony among their attitudes. Therefore, when evaluating a co-brand with two (possibly conflicting) brands, consumers will tend to assimilate their attitudes towards the parent brands such that their attitudes towards the co-brand will be an averaging of the parent brand attitudes.[11] Information integration suggests that as new information is received, it is processed and integrated into existing beliefs and attitudes.[12] Furthermore, among this new information, salient and accessible information is likely to be given greater weight.[13] If this is true, then better-known brands are likely to play a greater role in the formation of attitudes towards co-branded products.

Empirical research on co-branding is limited to a relatively few studies that have typically examined product concepts or fictitious products rather than real instances of co-branding. In a study involving co-branding of motor vehicles and electronic components, Simonin and Ruth[14] found that pre-existing attitudes towards the parent brands, the perceived fit (compatibility) of the parent brands' product categories and the perceived similarity of the images of the two parent brands all had a significant positive influence on attitudes towards the co-brand. These findings are consistent with prior research on brand extensions, which suggests that attitudes towards brand extensions are more favourable the better the perceived fit between the brand's original product class and the product class of the extension.[15] Simonin and Ruth[16] further found that where one parent brand was more familiar than the other, it had a stronger influence on attitude towards the co-brand than the less familiar parent, which supports the notion of attitude accessibility. Finally, attitude towards the co-brand exhibited a significant 'spillover' (post-effect) on attitudes towards the parent brands, but the effect was stronger when the parent brand was less familiar. Replications with a Northwest Airlines/Visa card co-brand and an assortment of Disney/retailer co-brands produced similar results. Taken together, the findings of these studies suggest that strong parent brands influence the perceptions of co-brands more than weaker parent brands, and strong parent brands are less influenced by attitudes towards the co-brand.

As previously mentioned, in instances involving a primary and a secondary brand, the secondary brand is usually a supplier or licensor to the primary brand, an 'arm's length' arrangement that is relatively simple from both strategic and operational viewpoints.[17] In such cases, the secondary brand generally has little at stake except its reputation. Findings from the co-branding literature suggest that secondary brands are relatively immune to negative spillover effects, particularly if they are well-known and well-respected brands. Furthermore, secondary brands also appear to be relatively immune to brand dilution and confusion — risks associated with the alternative of brand extensions[18] — because if a co-brand fails, it really 'belongs' to the primary brand.[19] Therefore, a co-branding arrangement is likely to pose a greater risk to the primary brand than to the secondary brand.

Park *et al.*[20] examined the effects of product complementarity on evaluations of a co-branded product, using a hypothetical co-brand of Godiva (fine chocolates) and Slim-Fast (weight-loss products). Brand attribute ratings confirmed the complementarity of the two brands: Godiva rated high on taste and richness whereas Slim-Fast rated favourably on calorie content and value. In terms of global brand evaluation, Godiva was rated very favourably, Slim-Fast significantly less so. A hypothetical cake mix extension by either brand alone (ie Godiva cake mix and Slim-Fast cake mix) was judged to be similar to the parent brand. That is, Godiva cake mix was perceived to be good tasting, but high on calories, whereas Slim-Fast cake mix was perceived to be low on calories and low on taste. Co-brands ('Slim-Fast cake mix by Godiva' and 'Godiva cake mix by Slim-Fast') were, however, judged to possess the desirable attributes of *both* brands (ie good taste and low calories). Similar findings were reported for another study involving a hypothetical motor vehicle co-brand 'Jaguar sedan by Toyota', where the co-brand was perceived as possessing the salient attributes of *both* brands.[21]

Another study conducted by Park *et al.*[22] paired Godiva with Häagen-Dazs (a brand associated with premium ice cream), thus mating two products with highly favourable global ratings, but low complementarity (both perceived as rich-tasting, high-calorie products). Choice and preference measures revealed that this combination performed about the same as extensions by either brand, and not as well as the Godiva/Slim-Fast co-brand.

In summary, the above results suggest that product complementarity may be a key appeal in co-branding, because complementarity allows the co-brand to inherit the desirable qualities of each of the parent brands.

The pairing of 'high-quality' or 'high-image' brands with brands of lesser status is another area that has received attention in the co-branding literature.[23–25] Rao *et al*.[26] found that high-quality brands can confer quality perceptions to partner brands (eg Coca-Cola 'endorsed' Nutrasweet by using it in Diet Coke, thereby allaying fears about the safety of the ingredient). Also, replacing little-known or unidentified ingredients with nationally branded, high-quality ingredients has been shown to enhance the perceived quality of lower quality and private label products.[27,28] It is noteworthy that associating a nationally branded ingredient with a private label product (eg Heartland Raisin Bran with SunMaid raisins) did not adversely affect the evaluation of the national brand.[29] Similarly, Washburn *et al*.[30] found that low-equity brands gain more in a co-branding situation than high-equity brands, but do not damage the high-equity brands they partner with. Therefore, it seems that well-respected, powerful brands have relatively little to lose in co-branding ventures, even when the partner brand is a weak one. DuPont's practices seem to reflect the above thinking. For years DuPont has supplied its Silverstone, Kevlar, StainMaster and other brands to a wide range of manufacturers, from ones offering high-profile, high-equity primary brands to ones with marginal, low-equity marks, and nearly all of those instances have involved co-branding. DuPont has been highly successful, achieving market dominance and near monopoly status in some instances.

Finally, Blackett and Boad[31] identified another source of value that a brand could offer. 'Reach/awareness co-branding' refers to cooperation where a partner increases awareness by quickly gaining access to the other's customer base. Credit card co-branding (eg American Express's Optima card with Delta Airlines' SkyMiles programme) represents a commonplace example of reach/awareness co-branding.

Based on the preceding review, the following conclusions can be made:

- Co-branded products can acquire the salient attributes of both parent brands, making co-branding a particularly attractive alternative to brand extension where the parent brands complement each other strongly.
- Perceptions of a co-branded product can have spillover effects on the parent brands; lesser-known parent brands are likely to be affected the most.
- Pairing a 'high-status' parent brand with a 'low-status' parent brand is not necessarily detrimental to the high-status brand.
- Each partner to a co-branding arrangement brings a customer base, which is potentially available to the other, as in reach/awareness co-branding.

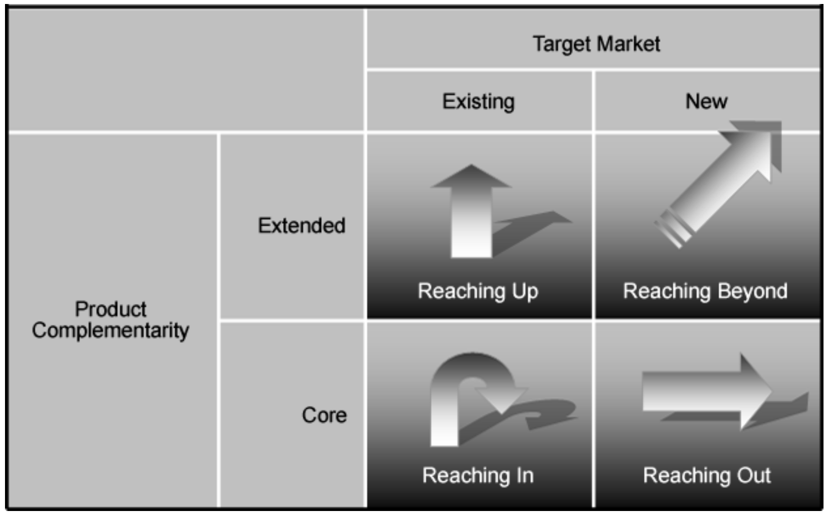

Figure 1 Co-branding strategies

A FRAMEWORK FOR CO-BRANDING STRATEGIES

A model of co-branding strategies is shown in Figure 1. Following the above review of co-branding research, two principle dimensions can be identified that distinguish among different types of co-branding arrangements. The first dimension is the nature of the complementarity of the parent brands. The nature of the complementarity between the parent brands, and thus the way in which each brand contributes value, could, however, vary a great deal.

A useful way to distinguish the nature of the complementarity between the brands is from the perspective of the 'total' product, a view that focuses on the entire bundle of benefits, tangible and intangible, that the product delivers to the customer. From this perspective, products consist of a core, or essential, group of benefits along with a set of additional benefits that comprise the extended product. The extended product is sometimes divided into tangible and augmented components. For simplicity that distinction is not made in this paper. The idea of a 'total' product highlights the multitude of factors that make up a product's complete bundle of benefits, and encourages marketers to think broadly and creatively about their products.

A co-branding situation in which each brand makes a significant contribution to the co-brand's core benefits represents 'core' complementarity. Examples of co-branding arrangements that frequently involve core complementarity include ingredient and component co-branding (eg Reese's Peanut Butter Cups with Hershey's chocolate, Dell computers with 'Intel inside'). In core complementarity, the attributes of both brands are *required* for the essential functioning of the product.

It is not always easy to know whether a co-brand involves core complementarity. This requires a thoughtful examination of the product's benefits from the customer's perspective and a careful inventorying of its determinant attributes — the satisfaction-producing attributes that customers regard as both highly important and meaningfully different across competitive offerings. If both brands contribute to the set of determinant attributes, then core complementarity exists. Core complementarity ensures that each partner is contributing to this success.

If core complementarity does not exist, 'extended' complementarity is a possibility. In these situations, a brand lends its good name to the co-brand. As previous research has shown, a strong brand may lend quality perceptions to an otherwise unknown partner, or a partner with a weaker quality image, or a partner for which quality is difficult to judge independently. Alternatively, two brands with comparable images may join forces because they believe that there will be synergies in endorsing each other. A brand name may be a part of extended complementarity. A brand name is a surrogate for product benefits, the validation of which is always pending. Brand name clearly can, and often does, influence customer choice, however. Swaminathan[32] found that for co-branded consumer packaged goods, a positive experience of a parent brand enhanced the possibility of a consumer trial.

While core and extended product complementarity are mutually exclusive for classification purposes (that is, 'extended' means 'not core'), this is not to suggest that products with core complementarity lack extended complementarity. It is certainly possible that a co-branding partner could contribute at both the core and extended levels. The example of Intel illustrates this. For a long time AMD has tried to compete with Intel by providing microprocessors of similar performance at lower cost. Intel's stronger brand name and image, however, offset AMD's price/performance advantage. So, while it is possible to distinguish conceptually between pure core complementarity and pure extended complementarity, in practice there will be many hybrid instances where product complementarity must be assessed both ways.

The other dimension reflected in Figure 1 is target market. This is based on the common observation that co-branding can bring together brands with different market franchises, thereby offering opportunities for access to new markets. In fact, one partner may be able to gain access to the other's market, or the co-brand may provide an opportunity to develop a market entirely new to both. Where the co-brand's target market is substantially different than a partner's existing customer base, the co-branding effort is effectively a market-development strategy for that partner. On the other hand, where the co-brand's target market is substantially the same, then the co-branding effort is a market-penetration strategy for that partner. It should be clear, then, that the measure of target market and thus the co-branding strategies depicted in Figure 1 are *partner specific*, and that the same co-branding arrangement might entail different co-branding strategies by each partner.

Figure 1 defines four co-branding strategies:

— *Reaching in* to achieve greater market penetration by choosing a partner that adds significantly to the co-brand's core bundle of benefits.
— *Reaching out* to tap new markets by choosing a partner that adds sig-

nificantly to the co-brand's core bundle of benefits, while bringing in a new customer base.

— *Reaching up* to achieve greater market penetration by choosing a partner that contributes positive brand image and associations that, while not essential to the core functioning of the co-brand, nevertheless significantly elevate the co-brand's image and value.
— *Reaching beyond* by choosing a co-branding partner that brings both strong image and access to new customers.

In the following sections examples are provided and the managerial implications of each of these strategies are discussed.

Reaching in

This strategy involves core product complementarity, with the objective of reaching in to achieve greater market share in the current target market. Many instances of component or ingredient co-branding exemplify this strategy. For example, a personal computer manufacturer chooses to co-brand with Intel because the computer manufacturer's customers place high value on the performance and reliability delivered by Intel microprocessors. In these situations customer value is intimately linked to both brands, and in many instances more strongly to Intel than the computer brand. This presents a danger to the computer manufacturer, for without a strong franchise of its own, the co-branding strategy will provide it with no sustainable differential advantage. So, successful manufacturers like Dell achieve excellence in areas not directly tied to Intel; in Dell's case by delivering industry-leading service and customer satisfaction. Alternatively, the co-branding partner could try to forge an exclusive agreement with the component supplier, or an arrangement in which the component is customised and thus unique to the partnership. This is precisely the kind of accommodation that Disney has made in the past by licensing apparel designs unique to individual large retailers such as Wal-Mart, K-Mart and Sears.

Another risk that may be present in co-branding situations characterised by high core complementarity is the potential that a co-branding partner will ultimately become a competitor.[33] When IBM partnered with Microsoft to develop the DOS operating system for its personal computers, it triggered a well-known sequence of events that eventually led Microsoft to the pre-eminent position in personal computer operating systems. This occurred even though Microsoft had very little brand equity compared to IBM at that time. So, where core complementarity is very high, a partner to a prospective co-branding arrangement should examine to what extent a potential exists to spawn a future competitor. Such a risk is particularly great if the partner's primary target market is at stake.

So far, this discussion has focused on situations where a co-branding partner teams up with a very powerful, or potentially very powerful, brand ally. In other cases, the partners may make more balanced contributions. For example, Dreyer's M&M Ice Cream, Jell-O No Bake Oreo Cheesecake, Smucker's 3 Musketeers Sundae Syrup and Brach's Jif Peanut Butter Bars are among a growing list of food products for which the primary brand owner has chosen co-branding in lieu of line extension. Among these examples, the Dreyer's/M&M and Jell-O/Oreo combinations appear to exhibit a stronger degree of core complementarity than the Smucker's/3 Musketeers and Brach's/Jif combinations, because the secondary brands in the first pair have greater physical distinctiveness than the ingredients in the second pair. It is likely, for example, that consumers in a blind taste test would be able to distinguish the former two co-brands from similar generic competitors more easily than they could in the case of the latter two. In fact, the latter two co-brands may have little sustainable advantage over line extensions in which the secondary brands are replaced with generic ingredients. Assuming this to be true, what then are the drawbacks of such co-brands? Fortunately, there appear to be few, if any. In each case the primary brand is distinctive in its own right, so the threat of competition from the secondary brand is likely to be small. Furthermore, any premium that the primary brand pays to incorporate the branded ingredient (either by purchasing the ingredient or by paying a royalty to use the brand name) would probably be offset by somewhat greater product trial and the likely result of more adopters. In the event that the secondary brand becomes overused in too many competing products, it will lose its effectiveness in this role, which will tend to put a brake on overuse. There is also the possibility that the primary brand will gain access to the secondary brand's customers.

Reaching out

This strategy involves core complementarity, with the objective of reaching out to serve a new market. Retail co-branding is an increasingly popular method of accomplishing this. By providing access to each partner's customer base, retail co-brands can substantially increase the sales and profit potential of a single location without a proportionate increase in investment.

Since retail co-branding involves little more than combining two separate services into what is essentially a single diversified one, it is not surprising that the strategy has been applied mostly to retail businesses where convenience is highly valued. Combinations such as Carl's Jr. (hamburgers)/Green Burrito (Mexican food), Togo's (sandwiches)/Baskin-Robbins (ice cream) and Circle K (convenience store)/76 (gasoline) illustrate this. As these examples also illustrate, a retail co-brand might combine offerings that are targeted to more or less the same purchase occasion, making the offerings mutually exclusive (eg few customers purchase *both* a Carl's hamburger and a Green Burrito entre on the same visit); or, it might combine offerings targeted to different purchase occasions but that lend themselves to being consolidated in a single visit (Togo/Baskin Robbins, Circle K/76). The first type of combination, greater *depth* of offering for a common purchase occasion, should be particularly appealing where choice is the result of group decision making, because it provides a greater chance of satisfying all the group members. If all visits were by individual customers this type of retail co-brand would provide no synergy, other than a potentially lower investment compared to separate locations. The second type of combination, which features offering *breadth*, has synergies for both individual and group buyers because it provides individuals with the opportunity to combine purchase occasions and it provides the capacity to serve the different needs of group members. In general, retail co-brands that offer breadth appear to have greater potential for success than co-brands offering depth.

Reaching up

This strategy involves extended complementarity, with the objective of reaching up to achieve greater market share in the partner's current target market. Reaching up is essentially an image-enhancement strategy, in which a co-brand is chosen primarily for the positive associations linked to the brand, rather than for particular product attributes incorporated into the co-brand.

The practice of motor vehicle manufacturers using 'designer' labels on upmarket versions of their models is an example of reaching up. When the Ford motor company introduced the top-of-the-range 'Eddie Bauer' version of its Explorer sports utility vehicle, it quickly outsold other versions of the Explorer costing considerably less.[34] To date Ford has sold over one million Eddie Bauer vehicles.[35] Clearly, the designer label adds a greater measure of distinctiveness than more generic labels such as 'Limited', and the strategy has been applied by Ford to other models, such as the Lincoln Town Car Cartier edition. While this strategy adds distinctiveness, it comes at the price of loss of control over that distinctiveness. Although still successful with its Eddie Bauer label, there could be problems for Ford in the future. Eddie Bauer's parent company, Chicago-based Spiegel, is experiencing serious financial difficulty, in large part due to Eddie Bauer, which represents almost 60 per cent of its sales. In the 1990s Eddie Bauer expanded aggressively into shopping malls, and changed its earthy, outdoorsy image in an unsuccessful attempt to attract more Generation X customers. It later reversed itself, bringing back the traditional Seattle-hiker look, but sales declined substantially.[36] Now Spiegel is searching for a buyer for the Eddie Bauer business, and this could mean another round of brand repositioning. Sooner or later Ford will have to reconcile this with its positioning for the Explorer, for consistency is generally regarded as one of the linchpins of strong brand positioning. So, when a co-branding partner is chosen primarily for its image, the stability of that image is an important concern.

This type of co-branding is also gaining widespread use on the internet as dot.com companies search for ways to make money. A persistent problem area for many internet sellers is transaction security. This gives a significant competitive advantage to the larger online sellers such as Amazon.com that have earned trust through extensive media attention. To offset their disadvantage, many online businesses are using branded services, such as PayPal, to handle the purchase transaction. With this service, purchasers provide credit card information, not to the online seller, but instead to the PayPal service, which processes the transaction and in turn charges the seller a small fixed fee plus a percentage of the purchase amount. The PayPal website (www.paypal.com) highlights that 'customers recognize and trust the PayPal name and brand'.

Reaching beyond

This strategy involves extended complementarity, with the objective of reaching up and out — reaching beyond.

Credit card co-branding is an example of reaching beyond. In terms of volume, credit card co-branding leads all other forms; an estimated 40–50 per cent of all credit cards issued worldwide are co-branded, and together MasterCard and Visa have more than 20,000 co-branded programmes.[37] Co-branded credit cards, specifically 'affinity' and 'rewards' cards, connect credit card issuers with market segments served by the linked (secondary) brand. Affinity cards (eg credit cards linked to universities and charities) provide benefits to the linked organisation — usually a portion of the transaction fees — so users of these cards know that each time they make a purchase it benefits an organisation with which they have a strong sense of commitment. Affinity cards, as a group, have a very low annual attrition rate of around 5–6 per cent compared to 25–35 per cent for other credit cards.[38] Rewards cards (eg car, airline, lodging and retail credit cards), on the other hand, provide benefits such as discounts or points directly to the cardholder in an effort to encourage more, or continued, patronage with the linked brand. For the credit card issuer, a critically important aspect of this business is access to the customer list of its co-branding partner, which provides a very attractive means of acquiring new customers for its other products and services.

In the realm of products, the Hoover Company recently introduced a new vacuum cleaner capable of washing and drying hard floors. The idea for the product came from the director of marketing development for Reckitt Benckiser, the firm that markets the Lysol (cleaning products) and Old English (furniture polish) brands.[39] The new vacuum, called the Floor Mate, comes bundled with specially formulated versions of Lysol cleaner and Old English polish that carry the Hoover co-brand. The special versions of Lysol and Old English are sold separately, and Reckitt Benckiser clearly anticipates that purchasers of Hoover's Floor Mate will continue to consume these products whenever they use the Floor Mate.

CONCLUSIONS

Successful co-branding occurs when both brands add value to a partnership. The value-added potential should be assessed by examining both the complementarity between the two brands and the potential customer base for the co-brand. A great deal of attention has been given to the potential for inter-brand effects in co-branding, that is, the potential for enhancement or diminishment of the brand equity of either partner. Much of this attention has been directed to effects on brand attitudes. In general, research suggests that consumers tend to respond favourably to co-brands in which each partner appears to have a legitimate fit with the product category, and the attitudes towards the parent brands will be reinforced, or at least maintained, as a result of the partnership. Furthermore, attitudes towards strong, well-known brands are less likely to be influenced by co-branding than less-known brands, a finding that is entirely consistent with a long history of research on attitudes showing that well-formed attitudes are highly resistant to change.

Brand attitudes are, however, only one aspect of brand equity. In the end, brand equity must be reflected in market response — sales, profits and market reach. The authors conclude that co-branding can, in many cases, be a more effective strategy for achieving this than line or brand extensions, because co-branding appears to have less potential to have an impact on attitudes to the parent brand and on brand image.

There are also disadvantages to co-branding. Co-branding can place differential advantage in the hands of another partner. It can spawn a potential competitor. Co-branding places control of important product characteristics, including image, in the hands of the other partner to some extent. In some cases, co-branding may actually limit market reach compared to line or brand extensions.

The advantages, and potential pitfalls, of a co-branding arrangement can be brought into view by examining the strategy in accordance with the framework presented here. As it has been attempted to show, a clear definition of customer, a careful delineation of customer benefits and clear responsibilities for delivering these benefits to customers will reveal the advantages, and perhaps some unexpected disadvantages, of co-branding.

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