



## **Co-branding: An effective tool in product extension and branding**

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### **Abstract**

Co-branding has come into the business scenario over the past few decades and has given marketers a tool to enhance their company's brand image by leveraging that of the other brand. This research evaluates the impact of co-branding on both product extension as well as the brand image of the co-branded products. The strategy aims at benefitting both the companies and the composite product created, stands out for itself. Co-branding has also become an effective tool in the introductory phase of a new product. Literature as well as product examples are assessed and the inference is based on this source of secondary data. Wide discussions on the advantages of co-branding are discussed in this article.

**Keywords:** co-branding, product, extension, companies

### **Introduction**

Co-Branding is the application of two or more brands establishing a novel product or service. The component brands assist each other to accomplish their goals and objectives. (Management Study Guide, -) Formation of a joint enterprise to combine forces to synergize the brand pairing and the product need to conform. This is done to increase sales and cash flow of the business. Co-Branding is of two types: Ingredient Co-Branding and Composite Co-Branding. (Investopedia, -).

Ingredient co-branding involves using an eminent brand as a component of producing another eminent brand. Composite co-branding alludes to the utilization of two prestigious brand names in a way that they can all in all offer a particular item/benefit that couldn't be conceivable separately.

On the other hand, 'Product Extension' is a form of branding approach by which a recognised brand establishes a new product in the same division. Small organizations can send training in the similar way that vast firms have, to build offers of a prevalent item by offering varieties. In any case, the procedure can likewise overturn discharge if not utilized successfully. (Hirsh, -) What we aim to establish from the study here is that co-branding is a tool of product extension where two or more companies join together and make it under a composite product line.

A Brand is the real trick or picture of a particular item or administration that buyers interface with, by distinguishing the name, logo, motto, or outline of the organization who possesses the thought or picture. Branding is the point at which that thought or picture is promoted so it is unmistakable by an ever-increasing number of individuals, and related to a specific administration or item when there are numerous different organizations offering a similar administration or item. Publicizing experts deal with branding to manufacture brand acknowledgement, as well as to fabricate great notoriety and an arrangement of guidelines to which the organization should endeavour to keep up or outperform.

Branding is an imperative piece of Internet trade, as branding enables organizations to assemble their notoriety for being admirably as grow past the first item and administration, and add to the income produced by the first brand. We hence correlate the effects of co-branding two or more products or services to the effect they have on the brand image of both the companies.

### **Study**

As a part of the study to bring out conclusive evidence on how co-branding impacts both product extensions as well as the brand image of an organization, we take the cases of few companies which have adopted co-branding as a strategy and how this has turned out for them. The examples are below;

#### **Nike+**

A collaboration between the sportswear giant Nike and the Tech giant Apple. This technology was introduced by Nike during the success spree of apple ipods. The company in collaboration with Apple, came up with a technology where fitness tracking became not only easy but became extremely accurate and easy to use. Both, Nike and Apple owing to their innovation and constant dynamism aimed at creating an easy to use, affordable as well as trendy technology to track one's fitness activity. The technology also allows individuals to set their music preferences during their workout based on the type and the tempo of the workout. In the recent years, this technology has been passed on to both iPhones as well as iWatch (wearable tech) and the Nike+ application has introduced more feature over the years. Along with all this, the application also provides feeds to the users based on their interests which is an added edge that the users get from the application. Data suggests that Nike avoided a lot of complication and was adopt the transition with ease due to the fact that it had the expertise of a company like that of Apple who have experience in such a space. Technical details aside, customers trusted this technology due to two reasons. They

trusted the accuracy of the data as they had a lot of faith in a company like Apple and it was Nike, a company with one of the finest sportswear and sports accessories and a huge name in the merchandising which introduced this product to the market. The existing huge market share of Nike products, gave this technology a ready market and a smooth introduction. When Nike went on and introduced its own fuel band, the product failed miserably in the market and the product was discontinued (D, 2017) and the company realised that collaboration with Apple gave the product an edge and a steady market as well.

From the above example of Nike+ we observe that when two companies which are doing great in their own industry come up with a product which has integrated the advantages not just of the technical aspects but with that of the brand images that these companies have and how these were leveraged to offer the product in the market. We observe that in this way, there was a smooth product extension for Nike and how the brand image of Nike, helped apple in increasing its app purchases on the apple store and it was a win-win situation for both the companies.

Another example of co-branding is that of telecom operators and that of mobile phone companies. For over a decade, many mobile phone companies have introduced their products in association with SIM card operators which is an introductory offer of free calls, messages or internet data upto a certain limit. The underling condition here is that the individual should have an existing SIM card of the same operator or has to get a new SIM from the same operator. A keen observation also noted that Vodafone stores also have display pieces of such phones where they have collaborated with and have a special offer when it comes to calling or data rates. In the recent move by Airtel, it has come up with easy EMI options for Airtel users to buy an Apple Iphone which makes it easy for an individual to own an Iphone without actually making lump sum payments as well as gives them additional calling and messaging benefits. This kind of co-branded options help both the companies to increase their market share as the number of users have a proportional and direct increase. Jio has also co-branded itself with Iphone 8 where there are buy-back options, 70% cashback on plans etc, which have resulted in an actual increase in the customer base of JIO. In this way we observe a positive correlation between co-branding and how it has not only resulted in an enhanced brand image for the companies but has also helped the companies take advantage of this by increasing their market share through sales.

### Uber and Spotify

Uber gave a new feature to the premium accounts with the experience of DJ in there cab rides on November 21 the launch cities were: London, Los Angeles, Nashville, New York City, Mexico City, San Francisco, Singapore, Stockholm, Sydney And Toronto. Uber users can sync their Spotify accounts when hailing an Uber, select a playlist and have the music already playing when they open the car door. (Shontell, 2017) [6].

Spotify and Uber were only available in 50 countries. This deal was more beneficial to Spotify as people would join and subscribe to Spotify and listen to the charts on the rides back

home. For Uber it was just an incentive to the customers who love music as it was a personalised experience for them.

The major problem with this integration was that the major impact of this would cause the Uber drivers to get low rating as it was only possible if they has aux facility in their car which means only the modern ones. This made them protest against Uber's New Co-Branding Technique which was approved to successful in later future as customers were happy for the fact that could listen to the music which they wanted to listen to.

### Nestle and Pillsbury Brownies

Nestlé is engaged with a fixing co-mark with Pillsbury® Deluxe Chocolate Brownie Mix that uses Nestlé's chocolates. With this, Nestlé exhibited the significance of choosing and actualizing a However past this brand deceivability that keeps up the universal acknowledgment of Perrier, Roland Garros is a gigantic deals opportunity. Amid the competition, around 57,000 containers of Perrier are sold to people in general. This means 30,000 liters and an additional 18,000 liters for the association and players. The French Open is one of the four noteworthy tennis competitions and Perrier will keep on benefitting from this relationship because of choosing the perfect brand organization together accomplice.

### Milo Marathon

The National MILO® Marathon (in Manila, Philippines) is a perfect example of communications-based cobranding in a developing market. In this case promotional efforts are shared by two organizations to bring greater attention to the branded event. Nestlé MILO® is a chocolate malt energy drink fortified with vitamins and minerals. Its nutritional content is focused on giving confidence, energy and spirit for active living. The National Marathon started in 1974, but ten years later MILO® succeeded in popularizing running as a sport, with a growing number of runners participating in the MILO® figure 2 Nestlé logo Marathon.

The National MILO® Marathon has turned into the greatest running occasion in the nation pulling in sprinters of any age. For the 2009 yearly occasion, the coordinators had two settings furthermore, more than 40,000 sprinters enlisted. An expansive number of youthful sprinters don't have shoes, so in 2011 the MILO® Marathon will circulate running shoes to a great many underprivileged school kids. The association will utilize a part of the enrolment charges to help finance the brand alliance strategy that helps the company grow in the long run. (Brian A. Vander Schee, 2011) [1].

### Conclusion

The examples showed above in the paper shows how cobranding is a good promotional tool for companies to build a good brand image as well as come up with a good composite brand. Co-branding leverages brand name recognition however, the effects of multiple brand alliances on consumer evaluations of the individual brands are still not well understood. Nestlé has had several success stories in brand alliances. The MILO® Marathon continues to have strong brand association. It is a major competitive advantage for the company to progress further and brand itself in terms of another brand. Hence by our study of different cases, come up

with conclusive evidence that there is a positive level of correlation between co-branding, product extension offering and a better brand image.

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