LECTURE-25

Co-branding

Co-branding is now no more a new strategy used by companies for generating higher level of interest and excitement about the products and services. As every single strategy of branding comes with benefits and risks, co-branding is not an exception.

When a company uses multiple brands together to introduce a single product or service, the practice is called Co-branding. It is also called Brand Partnership, piggyback franchising, or combination franchising. There can be two or more than two brands in alliance to achieve an appeal to the consumers that an individual brand could achieve.

Co-branding provides a way for companies to integrate the marketing forces from each of the brands such that they work cooperatively to associate any of the logos, color schemes, or other brand identifiers to a specific product. The objective of co-branding is to combine strengths of multiple brands for business growth.

Types of Co-branding

There are various types of co-branding as follows −

Ingredient Co-branding − Multiple brands provide distinctive ingredient or component to the carrier brand. For example, Intel chip inside all computers.

Product-Service Co-branding − It is a co-branding between a product and a service. For example, Best Western International, Inc. owns and operates a chain of hotels with state-of-the-art amenities and services to its customers. It runs an exclusive rewards program for Harley Davidson owners. The participating riders get lavish privileged treatment at the hotel.

Alliance Co-branding − Multiple brand serve the same target audience. For example, Etihad Airways Partners, is a new brand which brings like-minded airlines together to offer customers more choice in flight schedules and enhanced frequent flyer benefits.

Supplier-Retailer Co-branding – Starbucks Wi-Fi started from AT&T in the most number of metropolitan cities in USA since 2008.

Promotional Co-branding – It is an alliance of a brand with persons or events.

Situations for Co-branding- There are various situations when companies go for co-branding. They are –

- When introducing one company's product or services to the loyal consumers of another company. For example, the "Intel Inside" campaign. Within a year of the campaign, Intel started co-branding with around 300 computer manufacturer companies.
- When a company wants to leverage the effect of one established and affectionate brand for marketing another brand.
- When companies want to save costs on branding and other resources in this age of economic competition. For example, the businesses such as fast-food restaurants share the same place of working, counter, menu pamphlets, or sometimes the staff.
- When one brand is providing complementing products or services that other brand requires.

Benefits of Co-branding

Co-branding helps to –

- Make the product or service under the brands resistant to imitation by local or private brands.
- Combine various perceptions about multiple brands.
- Increase the credibility of the product or service in the market.
- Increase revenue of both businesses, if done effectively
- Save costs of the company for launching a new brand, advertising, and promoting the brand through shared resources.
- Bring benefits from all brands and helps all brands participating in co-branding to prosper.

For example, Coca Cola, the soft drinks giant has paired itself with McDonalds and made it sure it is associated with the brand that is consumed by millions of consumers around the world. Just by being together, both giants in restaurants and beverage industry respectively are earning billions of dollars revenue every year.