

Model: Co-branding strategies

Type of Model: Branding model (structure and process model)
 Authors: Lance Leuthesser, Chiranjeev Kohli and Rajneesh Suri
 Domain: Brand Stretching (co-branding)



Figure 1: Four co-branding strategies

Co-branding refers to the introduction of a new product that has been engendered by two existing brands, with the new product harnessing a little bit of both brands. The co-branded product generally carries the names of the engendering brands (Philips – Alessi and Sony – Ericsson) and sometimes the co-branded product also gets its own brand name (such as Heineken’s and Krups’ Beer Tender).

In their co-branding strategy model, Leuthesser, Kohli and Suri identify four different types of co-branded products. This typology is based on two dimensions: the complementarity of the original brand products and the question whether the co-branded product is intended to appeal to an existing or a new target group. The ‘complementarity’ dimension distinguishes between *core* and *extended*. ‘Core’ means that both brand products make a significant contribution to the co-branded product’s *core* attributes (such as in the case of Häagen-Dazs offering Baileys-flavoured ice

cream). *Extended* means that the good reputation of one of the brands is supposed to rub off on the co-branded product (this will generally be the case when the other brand is a relatively weak one).

The benefits and possible risks of co-branding can be charted using the above model. The results of a co-branding strategy may not be the same for both participating brands. One and the same co-branding strategy can have different consequences for each partner. Co-branding is successful when both brands benefit from it.

Leuthesser, Kohli and Suri's model defines four types of co-branding:

1. *Reaching in*: this strategy sees both brands contribute to the co-branded product's core attributes. These brands are generally equals. Examples of this kind of co-branding can be found in the food sector, where one brand provides an ingredient to the other, such as Lays crisps with Heinz ketchup flavour. In such cases, the co-branded product will often be the property of one of the two partner brands (namely the brand product to which the ingredient is added). The risk involved in this strategy is that consumers may start thinking more favourably of one of the brands, leading to the co-branded product not offering consumers any discernable benefit. And in this kind of situation, the co-branding partner could even turn into a future competitor. This strategy is aimed at creating a larger market share in the existing target group - especially for the brand carrying the main product (i.e. the one using the ingredient).
2. *Reaching out*: this kind of co-branding involves one brand looking for a partner that can strengthen the core attributes of the co-branded product, and hence broaden its target group. This kind of co-branding mostly occurs when one of the partners is a retailer. Further distinction can be made between *width* and *depth* of the products. *Depth* means two products are combined that are purchased at the same time, such as McDonald's McFlurry with KitKat flavour. This product could incite KitKat lovers to come to McDonald's. *Width* means two products are combined that are purchased at different times, such as when power company Nuon started selling its services at Albert Heijn supermarkets.
3. *Reaching up*: this type of co-branding is aimed at finding a partner that does not necessarily add to the product's core qualities, but rather boosts the co-branded product's market presence. This strategy can be used to boost immaterial associations that people have with a source brand and/or increase that brand's visibility in the market. This co-branding strategy is widely used in the car industry; examples include the Citroën Saxo 538, a co-branded product launched by Citroën and Radio 538. This strategy enables the car brand to stand out, but the marketing manager also runs the risk of losing control of his brand. It is also important here to make sure the partner brand's image stays strong.

4. Reaching beyond: this type of co-branding involves a partner brand with a strong image that opens doors to another target group/market. This strategy is often used by credit card companies, such as Visa – AA (Automobile Association) and Eurocard – KLM. This ensures credit card issuing companies reach the market segment of the partner brand, making it relatively easy to attract new customers.

Reference(s)

Leuthesser, L., Kohli, C., Suri, R. (2003), 2+2=5? A framework for using co-branding to leverage a brand. *Journal of Brand Management*, vol.11, no.1, p.35-47.*

* : available in the EURIB library.