

Co-branding and quality judgments: exploring the impact of co-branding on quality judgments

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Abstract

Branding has been recognized for centuries and has made inroads into every industry as a means to distinguish goods and services of one producer from another. Co-branding is one of the unique tactics in brand management which can be effectively used to create strong associations for a brand in the customer's mind. The concept of co-branding is rarely researched in Sri Lanka. Hence, this research focuses on the impact of co-branding on the quality judgments of the customers. The survey method was used as the main research method for this study. The research attempted to explain the problem whether there was an impact of co-branding on the quality judgments of customers. In the identification of the impact, the study scrutinized the quality judgments of customers through product performance, excellence of the staff, punctuality of the organization, and the level of responding to complaints. It was recognized that the product quality judgments were mainly dependent on the physical attributes of the products and even though products were co-branded, if they do not represent the expected quality they will not be accepted by the customers. However, there was a positive relationship with co-branding among brand quality judgments on the excellence of the staff and negative relationship with judgments on punctuality and the level of responding to the complaints of customers.

Keywords: co-branding, performance, excellence, punctuality, responding

Introduction

Branding has been around for centuries as a means to distinguish the goods of one producer from those of another. Whenever and wherever consumers are deciding between alternatives, brands can play an important decision making role (Keller, 2004). Hence, branding is now universally accepted as an effective competitive weapon which can be used for business success. Consequently, more attention is focused on developing effective practices to manage the brand of a business. Co-branding is an increasingly popular technique which is used by marketeers in attempting to transfer the positive associations of the partner (constituent) brands to a newly formed co-brand (composite brand) (Park *et al.*, 1996). Co-branding, co-partnering is the act of using two or more established brand names of different companies on the same product. 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 (Judith *et al.*, 2000)

One goal in co-branding is to create favorable attitudes toward a new product by creating an alliance with a favorable existing product. Further, the advertiser may intend to associate a certain meaning with a new product by pairing it with an existing brand (Panda, 2004). Moreover, co-branding can serve as quality signals when an individual brand is unable to successfully signal quality itself (Fredrik, 2003). In a study by Rao and Ruekert (1994) it was concluded that a brand alliance provided consumers with a signal of product quality that could enhance their product perceptions. However, Keller (2004) stresses that it is important to regard even the risks and lack of control which arise when entering a brand alliance.

In Sri Lanka, no literature could be found on co-branding and its impact on the customer. However, this concept is applied by a wide range of Sri Lankan organizations in their branding efforts. These practices range from applying foreign brands such as Maruti-Zuzuki, Sony-Dolby to Sri Lankan brands such as Sri Lanka Telecom-Mobitel, and Sri Lanka Telecom-Sri Lanka Telecom Services. Among them, Sri Lanka Telecom Services is prominent in marketing its products using co-branding. This firm uses the parent brand, brand of SLT (Sri Lanka Telecom), in marketing communications at both visual and verbal means. Further, SLTS uses IBM brand extensively in conjunction with its own brand. These partner brands, especially SLT, are used in a wide range of marketing applications starting from visiting cards to the brochures, files, hand bills, product literature and pricing proposals too.

This study is a modest attempt to explore co-branding and focuses on the impact of co-branding on the quality judgments of customers. This study is expected to fill the research gap to a certain extent in the area of co-branding in the Sri Lankan context.

Objectives of the study

The primary objective of the study is to analyze the impact of co-branding on the quality judgments of the customers. Specifically, this study attempts to explain the nature and extent of the influence of co-branding on customers' quality judgments and a reasonable explanation for the brand responses of Sri Lankan consumers. The study may thereby contribute to a broader understanding of the research area of co-branding. Moreover, it may provide interesting insights for both academics and practitioners.

Methodology

The survey method was used as the main research method for this study. The population of the study comprised all the customers who have purchased ICT (Information and Communication Technology) products and/or solutions from any service provider. From this population a sample was drawn randomly. The sample consisted of two clusters, namely, customers who have purchased their ICT solutions from SLTS (Sri Lanka Telecom Services Ltd.) before co-branding and those who have purchased their ICT solutions from SLTS after co-branding. Here, each cluster consisted of 40 customers. In order to gather data for the research study, in-depth individual interviews were conducted with the help of 2 formal questionnaires. The variables to be tested by the questionnaires were selected by a comprehensive literature survey. The first questionnaire was expected to uncover quality judgments of customers before co-branding, and the second questionnaire tracks the quality judgments after co-branding.

The data analysis attempts to identify whether the quality judgments of customers are affected by co-branding, and explains the nature and extent of such impact. The quality judgments of customers before and after co-branding were measured through four criteria, namely, product performance, excellence of the staff, punctuality, and the level of responding to the complaints of customers.

The conceptual framework of the study is depicted in Figure 1. Correlation technique was used to identify the basic relationship between the variables. Specifically, Pearson's Correlation Co-efficient was used to identify whether there is a relationship between the brand responses before and after co-branding. In addition, mean and standard deviation were calculated to specify the central tendency and the dispersion of the responses.

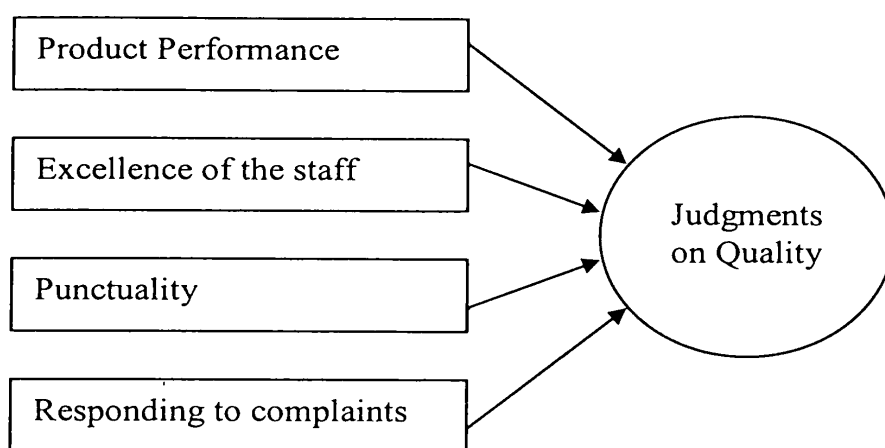


Figure 1. Conceptual framework

Results and discussion

Data gathered from the survey was analyzed from several perspectives to ascertain the impact of co-branding on quality judgments of the customers. The responses before and after co-branding were compared and scrutinized to uncover the impact. The analysis of the results covered the following perspectives: were analyzed accordingly via;

- Level of consideration of the brand
- Differences between the quality judgments
- Judgments on performance
- Judgments on excellence of the staff
- Judgments on the punctuality of the organization
- Judgments on the level of responding to complaints of customers

Level of consideration of the brand

First, the survey evaluated the level of consideration of the brand in purchasing goods or services by the customers. Table 1 depicts the importance of the brand as perceived by the respondents before and after co-branding.

Table 1. Level of consideration of the brand in purchasing

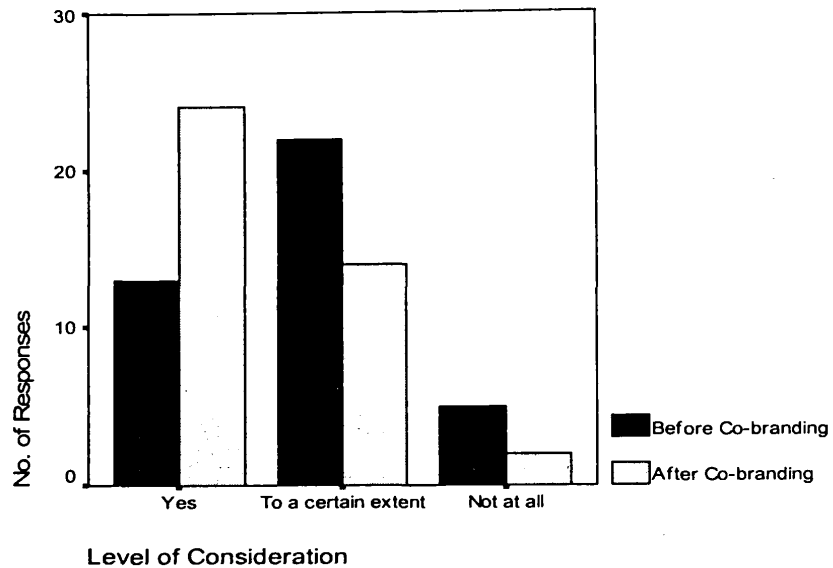
Degree of Consideration	Before Co-Branding		After Co-Branding	
	Total	%	Total	%
Yes	13	32.5%	24	60%
To a certain extent	22	55%	14	35%
Not at all	05	12.5%	2	5%

Source: Survey data, 2006

According to Table 1, before co-branding, 32.5% of customers believed that the brand should be considered highly when purchasing goods or services. 55% of customers believed that the brand should be considered to a certain extent in purchasing a product. Further, 12.5% of customers believed that the brand should not be considered when purchasing.

In contrast, after co-branding, 60% of customers believed that the brand should be considered highly when purchasing goods or services. Further, 35% believed that the brand should be considered to a certain extent in their purchase decision. 5% of customers viewed the brand as unimportant in making purchase decisions.

This situation is clearly illustrated in Figure 2.



Source: Survey data, 2006

Figure 2. Level of consideration of the brand in purchasing

According to Figure 2, it is clear that the majority (60%) of consumers viewed the brand as a considerable factor in purchasing goods or services.

Differences between the quality judgments

Brand judgments are considered to be very important type of brand responses made by the customer. Quality is one of the important brand judgments made by the consumers. Here, the data gathered through the survey were analyzed to examine the differences between quality judgments before and after co-branding.

Judgments on performance

As depicted in Table 2, after considering the single brand, 57.5% of customers responded positively on the fact that the products are good and performing well. However, the positive judgments increased to 65% after co-branding. 5% were neutral before co-branding while 12.5% of customers were neutral after co-branding. 37.5% of customers judged the performance of the product before co-branding negatively, while judgments of 22.5% were negative after co-branding.

According to Table 2, the correlation co-efficient (r) is 0.887 and it shows that the relationship between the variables is very high. In other words, the responses before and after are similar in the manner in which they occur. Further, the statistics show that there is a slight increment of positive responses. Specifically, positive responses increased by 7.5% (65%-57.5%) and negative responses have decreased by 15%. These changes are very slight and the SD (Standard Deviation) values are almost similar, which shows both responses deviate from the mean similarly and still occur in the same manner. Thus it is evident that even though there is a little positive push, the product quality judgments are not highly influenced by co-branding.

Table 2. Brand judgments on product performance

<i>Response:</i> Products are Technically good and Perform well	Before Co- Branding		After Co-Branding	
	No. of Responses	%	No. of Responses	%
Positive	23	57.5%	26	65%
Neutral	2	5%	5	12.5%
Negative	15	37.5%	9	22.5%
Total	40	100%	40	100%
Mean	13.33		13.33	
Standard Deviation (SD)	10.5987		11.1505	
Correlation Co-Efficient (r)	0.887			
Significance (2 tailed)	0.305			

Source: Survey data, 2006

Judgments on the excellence of the staff

According to Table 3, before co-branding, the judgments of 57.5% of respondents on the excellence of the staff were positive. The positive judgments increased to 75% after co-branding. Considering SLTS as a single brand, 25% of respondents were neutral before co-branding and after co-branding the neutral responses decreased to 20%. Finally, 17.5% of the respondents judged SLTS negatively before co-branding, while after co-branding, the judgments of 5% of the respondents were negative about the excellence of the staff.

Table 3. Judgments on the excellence of the staff

<i>Response:</i> Work of Staff is Excellent	Before Co- Branding		After Co-Branding	
	No. of Responses	%	No. of Responses	%
Positive	23	57.5%	30	75%
Neutral	10	25%	8	20%
Negative	7	17.5%	2	5%
Total	40	100%	40	100%
Mean	13.33		13.33	
Standard Deviation (SD)	8.5049		14.7422	
Correlation Co-Efficient (r)	0.989			
Significance (2 tailed)	0.050			

Source: Survey data, 2006

The test statistics in Table 3 show that the relationship between the judgments before and after co-branding is very strong. The “r” value is 0.989 which is significant at a level of 0.050. Thus, it is evident that the judgments before and after co-branding occur in the very same manner. However, the positive responses after co-branding increased by 17.5% (75%-57.5%). The SD values before and after co-branding are 8.5049 and 14.7422 which shows that even though the relationship between the variables are high, the responses after co-branding deviates highly from the mean. It is due to the increase in positive responses after co-branding. Therefore, these statistics strongly indicate that the customers’ brand judgments on the excellence of the staff are positively influenced by co-branding.

Judgments on the punctuality of the organization

Table 4 indicates the customers' judgments on the punctuality of the organization before and after co-branding. In this case, as a single brand, 47.5% of respondents judged SLTS positively as a punctual organization. After co-branding, only 12.5% of respondents judged the punctuality of SLTS positively. Further, 15% of customers were neutral before co-branding and 35% after co-branding. Before co-branding, there were 37.5% negative responses on the punctuality of the organization, while 52.5% of respondents were negative after co-branding.

Table 4. Judgments on the punctuality of the organization

<i>Response:</i> SLTS is a Punctual Organization	Before Co- Branding		After Co-Branding	
	No. of Responses	%	No. of Responses	%
Positive	19	47.5%	5	12.5%
Neutral	6	15%	14	35%
Negative	15	37.5%	21	52.5%
Total	40	100%	40	100%
Mean	13.33		13.33	
Standard Deviation (SD)	6.6583		8.0208	
Correlation Co-Efficient (r)	-0.368			
Significance (2 tailed)	0.760			

Source: Survey data, 2006

According to Table 4, negative responses have increased by 15% (52.5% - 37.5%) and neutral responses have increased by 20% (35% - 15%). Conversely, positive judgments have decreased by 35% (47.5% - 12.5%). Further, as per the test statistics, the correlation co-efficient is -0.368 and this value is significant at a level of 0.760. Thus, it shows that the relationships between variables are negative and spreads in the opposite direction. In other words, the responses are negatively correlated. The SD values are 6.6583 and 8.0208 respectively before and after co-branding. These two values show that the responses after co-branding have deviated more from the mean. Thus, the results strongly indicate that co-branding has negatively influenced the customers' judgments on punctuality.

Judgments on the level of responding to the complaints of customers

According to Table 5, before co-branding, the judgments of 30% of respondents believed that the level of responding to complaints was positive. However, after co-branding, the positive responses decreased to 12.5%. 40% of the respondents were neutral before co-branding, and after co-branding, neutral responses decreased to 25%. On the other hand, the negative judgments increased from 30% before co-branding to 62.5% after co branding.

As per Table 5, the "r" value is -0.277, which indicates that the judgments are inversely correlated. Therefore, it is clear that the negative responses are increased after co-branding. Further, the SD values show a big difference in having values of 2.3094 before co-branding and 10.4083 after co-branding. These values prove that after co-branding the dispersion of responses is high and this is due to the rise in negative responses. Therefore, it is evident that after co-branding, the customer judgments on the response level of the organization have turned into a negative state. In other words, co-branding has negatively influenced the judgment of customers.

Table 5. Judgments on the Level of Responding to Customer Complaints

<i>Response</i> : SLTS responds to customers' complaints satisfactorily	Before Co- Branding		After Co-Branding	
	No. of Responses	%	No. of Responses	%
Positive	12	30%	5	12.5%
Neutral	16	40%	10	25%
Negative	12	30%	25	62.5%
Total	40	100%	40	100%
Mean	13.33		13.33	
Standard Deviation(SD)	2.3094		10.4083	
Correlation Co-Efficient	-0.277			
Significance (2 tailed)	0.821			

Source: Survey data, 2006

Conclusions

The results of the analysis provide a number of clues, which can be taken into careful consideration when understanding the nature of the impact of co-branding on quality judgments of customers. The study proves that product quality judgments are not highly influenced by co-branding since the product quality judgments are dependent on physical attributes. Thus, the study concludes that the benefits of co-branding cannot be gained if the products supplied are not technically/ operationally sound.

The customers' brand judgments on the excellence of the staff are positively influenced by co-branding. This is important since staff is unique and different from organization to organization. Therefore, the study recommends that by being co-branded with a firm having a reputed staff, a weaker brand can inject a positive impact which will create comparatively positive judgments on excellence in the customers' mind.

Further, the results strongly indicate that co-branding has influenced negatively on the customers' judgments on punctuality. Thus, the study recommends that the firms which apply co-branding as a strategic weapon should co-brand with a firm which has a reputation on punctuality, otherwise, co-branding will affect negatively on the customers' judgments on the firm's punctuality.

As per the discussion on the related test statistics, it is evident that after co-branding, the customer judgments on the response level of the organization have turned into a negative state. Hence, the study recommends that to have a positive impact, a firm should co-brand with a customer oriented firm.

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