Title: Investigating Antecedents of Managerial Motivations to Enter Co-Brand Strategies

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Stage: Early Stage Entry

The Conceptual Domain

This doctoral research is located within brand management and specifically co-branding or brand alliances. The research will explore managerial antecedents to enter a brand alliance. Following an extensive literature review and a qualitative scoping phase, a model will be produced to understand antecedents leading to alliance formation. The research answers a call for a managerial level study surrounding co-branding to improve understanding of alliance formation, motivations and intentions.

The Methodological Domain

This research is located within the paradigm of Pragmatism, this research philosophy allows for the use of data methods that best provide knowledge about the problem bring researched. Phase one of the study was a qualitative exploration of managers perceptions and motivations to enter brand alliances, phase two will be to formulate and test a conceptual framework relating to co-brand alliance formation using quantitative techniques such as structural equation modeling.

The Substantive Domain

The research will take place with a convenience sample of 200 brand managers, all with brands located in the fashion industry. This is in order to understand co-branding within the fashion context, as most research to date has been biased towards the FMCG and electronics industries.
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Introduction

The current paper is based on an on-going doctoral research project, which explores the strategy of co-branding or brand alliances, and more specifically on the managerial motivations to enter a co-brand alliance. Co-branding is a strategy that allows valuable brand assets to be leveraged and combined with other brand names to form a strategic alliance in which, from a financial point of view, the brand value of both is greater than the parts (Rao and Ruekert, 1994). The literature on co-branding uses many terms and offers no succinct definition, the same strategy of co-branding has been referred to as brand alliances, joint marketing, joint branding, joint promotion, composite brand extension and ingredient branding (Blackett and Boad, 1999; Cooke and Ryan, 2000; Jansen, 2004; Leuthesser et al, 2003; Park et al., 1996, Washburn et al., 2000, Wigley and Provelengiou, 2011). The strategy of co-branding can be defined as “a form of cooperation between two or more brands with significant customer recognition, in which the participants’ brand names are retained. It is usually of medium to long-term duration and the net value creation potential is too low to justify setting up a new brand and/or legal joint venture” (Blackett and Russell, 1999, p.7).

Much research to date surrounding co-branding has been largely consumer focused, focusing on their evaluation and response to co-branded products (e.g., Park et al., 1996; Simonin and Ruth, 1998; Washburn et al., 2000; James, 2005). While this stream of research provides useful insights into how consumers respond and perceive co-brand collaborations, there have been calls for research focused on managerial perspectives as understanding of managerial motivations or the formation of alliances remains limited (Gammoh and Voss, 2011).

Research problem

Co-branding research to date has focused on the FMCG and electronics market heavily (Park et al., 1996; Simonin and Ruth, 1998; Washburn et al., 2000; James, 2005), within which co-branding is often a long-term strategy, as one brand is an ‘ingredient’ of another brands product (i.e. Splenda and Diet Coke). Literature has also larger concentrated on consumer perspectives of co-branding, to the detriment of research exploring managerial perspectives. Consumer research is wide, and is largely centered on the role of ‘fit’ in determining favourable evaluations of the co-brand. According to Keller (2008), for co-brand success “the most important requirement is a logical fit between the two brands”. However, brand alliances can have several bases of fit; category fit, brand associations, consumer goals, culture, product user, product usage and self-representation (Park et al., 1996; Simonin and Ruth, 1998; Washburn et al., 2000; Motion et al, 2005; Bouten et al., 2011; Lanseng and Olsen, 2012).

Research by Lanseng and Olsen (2012) focused on the importance of positive consumer evaluation of fit between the brands involved in a co-brand alliance, both in
product category and brand concept consistency, to establish a successful partnership. Aside from product category fit, consumers evaluating brand alliances are considering two sets of brand associations that co-exist and must be considered simultaneously. Lanseng and Olsen (2012) considered the role of both functional and expressive brand concepts as advocated by Park et al., (1996), with findings showing consumers prefer alliances consisting of two functional brands rather than expressive brand alliances and mixed alliances. Regardless of the conceptualisation, of fit, research is largely in agreement that positive consumer perceptions of the ‘fit’ dynamic will more likely result in a successful brand alliance (Park et al., 1996; Simonin and Ruth, 1998; Washburn et al., 2000, Bouten et al., 2011).

A second focus of consumer research has been the ‘spill over’ of attitude from the co-brand onto post collaboration attitudes of the partner brands (Simonin and Ruth, 1998; Washburn et al., 2000; Rodrigue and Biswas, 2004; Geylani et al., 2008). Simonin and Ruth’s (1998) findings show that consumer attitudes toward the co-brand alliance influences subsequent attitudes of the partner brands post alliance. If evaluated favourably these findings show that a consumers’ perception could be improved, however the risk of dilution and negative evaluation is also prevalent and should be considered (Simonin and Ruth, 1998). This highlights the importance of highly considered partner selection (Walchli, 2007), however what constitutes a good partner or how these are selected has, to the best of the researchers knowledge, not yet been explored.

Whilst consumer research can go some way into explaining managerial motivations and intention to enter into co-brand strategies, it is widely understood that our current knowledge of managerial perceptions is limited and presents an opportunity for further research (Rao and Ruekert, 1994; Simonin and Ruth, 1998; Rao et al., 1999; Gammoh and Voss, 2011; Lanseng and Olsen, 2012). Gammoh and Voss (2011) identify that the study of brand alliances from a managerial perspective is the “next logical step in the development of brand alliance research”. In particular answering questions regarding the formation of an alliance, the type of alliance, the assessment of partner’s compatibility and commitment and the viability of the strategy to achieve the strategic goals for the alliance (Rao and Ruekert, 1994; Gammoh and Voss, 2011).

Along with answering the call for managerial focused research, this focuses on the currently under-researched area of co-branding within the fashion industry. Collaborations within the fashion industry, and particularly between luxury and mass-market retail brands, are not as common as within the world of grocery and electronics. However, in recent decades this strategy has found favour within this new context and is worthy of attention. Research within the fashion context is important as such brands are highly valuable assets, and are closely linked to consumers’ self-concept and expression (O’Shaughnessy and O’Shaughnessy, 2002). Luxury fashion brands face the additional pressure of expanding their consumer base and brand awareness, whilst retaining the exclusivity, uniqueness and in turn premium prices (Jackson, 2004). In recent decades, luxury fashion has become democratized, (Tsai, 2005, Okonkwo, 2007) encouraging a new and diverse consumer base engaging with such brands and status consumption (Eastman et al., 1999). To reach these consumers, brands have previously launched brand extensions and, in the last few years, a number of luxury fashion brands (e.g., Marni, Jimmy Choo, Stella McCartney) have entered into co-branded collaborations with global fast-fashion retailers like H&M.
Co-brand collections within fashion tend to be different in nature to those in other markets; for example, many are extremely short in nature. Those collaborations between luxury brands and H&M are often only available for one day, draw large queues of consumers, and re-appear on sites such as eBay with inflated prices later that day. It could be hypothesised that the limited edition nature of such collections helps to maintain exclusivity through the rarity of the items, with the increased resale prices showing a strong sense of consumer value in the items purchased. As this is a unique setting, research will aim to understand if there are unique managerial considerations when entering a co-brand partnership.

**Research to Date**

**Phase One**

The researcher embarked on the doctoral course in September 2011, the first year of which was a Masters in Social Science Research Methods as formal doctoral training. As part of this year, the researcher extensively reviewed the literature and embarked on Phase One of the doctoral research. This phase aimed to address the limitations in knowledge surrounding managerial perceptions of co-brand alliances and their formations. Phase One was a qualitative and exploratory study, adopting in-depth face-to-face interviews undertaken with eight brand managers in the fashion industry, all with experience of forming brand alliances with retailers or other fashion brands. The research phase provided valuable insights into why managers, in the fashion industry, might adopt co-branding strategies. The findings show that, in the case of the managers under investigation, their motivations to co-brand were five fold; to increase brand awareness, to learn from a brand partner, to change perceptions of a brand, to develop future collaborations and to protect the brand from counterfeits. These findings, showed motivations to adopt a co-brand strategy reflected the findings from previous research to some extent, primarily as a way of growing a brand in terms of consumer awareness and into new areas of the market (Washburn et al., 2000; Motion et al., 2003). However, the research also brought to light new considerations that could be specific to the fashion industry. The theme of growing awareness and experience of using the strategy in order to attract future brand partners was one such consideration. The use of co-branding as a strategy to defend a brand from the threat of other brands or private labels was also applicable to some extent with the brand managers researched.

Phase One of the research was undertaken qualitatively using a sample of 8 brand managers that was appropriate for the exploratory nature of the research. The next phase of the doctoral research (Phase Two) is to empirically test a conceptual model that is developed on the basis of; a) an extensive literature review of existing literature and b) insights gained from qualitative study conducted as part of Phase One.

**Research Objectives**

In order to build on Phase One of the research and to answer the call for examination of co-brand formation from a managerial perspective, Phase Two of this doctoral research aims to focus on the antecedents of co-brand alliance formation. Building on
the findings from the qualitative study already undertaken, and further extensive research into literature on co-branding, brand alliances and strategic alliances a model will be developed to be tested quantitatively. A conceptual paper proposed by Gammoh and Voss (2011) gives some insights into possible antecedents of alliance formation. However this doctoral research aims to focus on fashion brands and therefore the research will look for further antecedents that could be specific to this industry.

In a related domain, strategic alliance literature suggests that managers’ personal work experiences, perceptions of their firms past success with collaborations impact their assessment of potential future alliances (Tyler and Steensma, 1998). Based on this previous research, Gammoh and Voss (2011) propose that a managers’ previous experience, attitude towards the alliance and their commitment to alliances positively impact co-brand alliance formation. Other possible variables are concerned with company level antecedents, in particular the company’s experience and competence surrounding co-brand alliances. Gammoh and Voss (2011) also state that organizations that have previous experience with alliance formation and a history of creating and maintaining successful alliances also positively impact co-brand alliance formation. This is due in part to findings from strategic alliance literature, which suggests that organizations with more experience with the strategy are able to make further alliances more easily and more frequently (Gulati, 1998). This in turn could make organizations a more attractive partner to potential alliance, taking some risk out of a complex and difficult decision (Rao and Ruekert, 1994; Simonin and Ruth, 1998).

Another important area is derived from previous research investigating consumer perceptions and evaluation of co-brand alliances. Consumer based research has consistently shown an important link between a strong consumer perception of the fit between the brand partners the success of the co-brand alliance (Park et al., 1996; Simonin and Ruth, 1998; Washburn et al., 2000, Bouten et al., 2011). Partner selection is therefore a crucial part of forming a co-branding alliance; it can be proposed that the complementarity between the brand and the potential partner positively impacts co-brand alliance formation.

The conceptual framework is currently a work in progress as an extensive literature review is still being undertaken. It is also a consideration that the research could focus on consumer research, to undertake a dual-perspective approach. This is due to findings from the qualitative managerial phase, in which managers expressed difficulty in understanding how consumers evaluate co-branding, particularly for luxury brands collaborating with high street stores. Therefore research in this area would allow for contribution to co-branding literature in this emergent area, as well as responding to a call from industry to address the factors impacting consumer responses.

**Research Philosophy**

This research is located within the epistemological paradigm of Pragmatism. A pragmatic ontology is concerned with “actions, situations and consequences” (Creswell, 2009, p. 10). This research paradigm allows for the use of data methods
which best provide knowledge about the problem bring researched (Morgan, 2007). Through this research premise the researcher understands that “truth is what works at the time” and due to this seek to use both quantitative and qualitative data in the research process as they work “to provide the best understanding of a research problem” (Cresswell, 2009, p.11). The researcher is therefore not limited to only one research method or assumption, and can research with an open mind to understanding the research problem in multiple ways.

**Research Method**

Following on from the qualitative phase of the research, phase two will test the model proposed quantitatively. The research study plans to use self-administered questionnaires among a convenience sample of approximately 200 brand managers of fashion brands. The focus on fashion will allow empirical understanding of the antecedents that might be applicable from other industries, and to see any that could be applicable only to the fashion industry. Access to the brand managers should be achievable through the researchers contacts through previous managerial roles and ongoing networking within the fashion industry, as in phase one of the research.

Further literature will be reviewed to define each variable before formulating hypotheses to test the relationship between each variable and the motivation to enter a co-brand alliance.

**Contribution**

This doctoral research will contribute to knowledge by exploring managerial perceptions and antecedents of the formation of co-brand alliances. In doing so, it will answer a call for further understanding of managerial motivations that can lead to theory development. Access to a difficult sample of brand managers within the fashion industry will add uniqueness and a new perspective of the study of co-branding. Co-branding has also suffered from a loose definition, where many alliances, regardless of duration and level of co-operation have been called co-branding. This research will also offer a definition that related to co-branding within the fashion context, with its unique characteristics.

**Timescale**

Year 1 – Phase One study completed, exploratory study with brand managers (MSc Year).

Year 2 – Phase Two of research begins with further extensive literature review complete to assist in formulating the final model, along with the findings from phase one.

Year 3 – Data collection, analysis and model testing.

Year 4 – Final Data analysis would conclude and further literature to be reviewed in relation to the data collected. Writing up period
References


O'Shaughnessy and O'Shaughnessy, 2002


141-162).