CO-BRANDING EFFECTIVENSS IN ATTAINING BRAND KNOWLEDGE, BRAND ATTITUDE AND BUYING INTENTION

CHONG KA LEONG

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ABSTRACT

Co-branding is commonly used to refer to a branding strategy where two or more brands are marketed together as a single perceived brand. However, despite co-branding being widely recognized and practiced in attaining business growth in today's marketplace, the effectiveness of co-branding in improving customers' brand knowledge, brand attitude and purchase intention remained unclear. The main aim of this study was to explore and examine the effect and factors affecting co-branding and then to offer explanations as to how co-branding enhances the value of a product. The theory of reasoned action was used to illuminate and guide this research. The research design was based on quantitative approach. Data was collected (1600 targeted respondents) in Kuala Lumpur and Selangor. Researcher-administered survey was used as a data collection. Data was collected and analyzed with the following intentions: 1) to examine the changes in customers' brand knowledge, brand attitude and purchase intention when a standalone brand *(Host Brand X)* was co-branded *(Co-brand XY)*; 2) to determine the factors affecting customers' evaluation towards a co-branded products or services; and 3) to assess the effect of consumers' brand knowledge and attitude towards purchase intention pertaining to co-brand. In findings, this study confirmed that co-branding does help to improve consumers' perceived value and purchase intention however improvement on perceived quality, perceived risk and brand knowledge were found to be unstable. Other than that, findings confirmed that the main factor in predicting consumers' evaluation of a co-brand was perceived complementary. In conclusion, this study suggested that co-branding evaluation was believed to be highly related to the degree of purchase involvement. Furthermore, co-branding is also unlikely to succeed in situations where products are perceived as high risk.

APPROVAL PAGE

I certify that I have supervised/ read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in quality and scope, as a thesis for the fulfillment of the requirements for the degree of Doctor of Business Administration.

Prof Dr Mohammad Adam Bakar
Supervisor

Prof Dr Osman M Zain
External Examiner 1

Prof Dr Abu Bakar Abdul Hamid
External Examiner 2

Assc Prof Dr Wan Sabri Bin Wan Hussin
Internal Examiner 1

Prof Dato' Dr Sayed Mushtaq Hussain
Chairman, Examination Committee

This thesis was submitted to the School of Management, Asia e University and is accepted as fulfillment of the requirements for the degree of Doctor of Business Administration.

Assc Prof Dr Wan Sabri Bin Wan Hussin
Dean, School of Management

Declaration

I hereby declare that the thesis submitted in fulfilment of the DBA degree is my own work and that all contributions from other persons or sources are properly and duly cited. I agree that an electronic copy of my work is to be submitted to the software database for the purpose of the work to be electronically checked for matches with existing sources and to detecting possible future plagiarism of this work. I further declare that the material has not been submitted either in whole or in part, for a degree at this or any other university. In making this declaration, I understand and acknowledge any breaches in this declaration constitute academic misconduct, which may result in my expulsion from the programme and/or exclusion from the award of the degree.

Name of Candidate: Chong Ka Leong

Signature of Candidate:

Date: February 2016

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CHAPTER I

INTRODUCTION TO THE STUDY

1.0 Introduction

This study is about co-branding. It seeks to find out why some co-branding are asuccessful and why some are not and the factors that contributes to co-branding successes and failures.This chapter clarifies the background of the research. Other than that, it explain the problem statement, purpose of the study, objectives of the study, the research questions raised, the scope of the study, and provide justifications towards the significance of the study. Lastly, the definition of the key terms used in this study is also described and the organization of this dissertation is illustrated.

1.0.1 Background of the Study

Strategic alliance between firms, especially large corporations has been a common strategy for quite sometimes and come in many forms. Code-sharing arrangments such as that of Malaysian Airlines and The Royal Dutch Airlines, memberships of a grouping such as the Malaysian Airlines and the oneworld® premier airline alliance, the supply of components such as Perodua and Daihatsu and Proton and Mitsubishi, the use of database such as Alliance Bank and AIA as part of product bundling of the former and to market the latter's insurance products and the offering of each other's facilities for international roaming between Telekom Malaysia and Vodafone worldwide are examples. But one major feature of these strategic alliances is that, each partner its own identity and originality and the product or service carries only one brand – of the partner which initiate the alliance.

On the other hand, when a strategic alliance resulted in the creation of a new product that features both of their brands but isperceived as one brand rather than separate brand identity, it is defined as Co-branding. Hence, co-branding can be seen as a purposeful alliances (Blackett & Russell, 1999), combining the two or more brands at the same time (Hillyer & Tikoo, 1995; Levin et al., 1996) and normally used as a strategic cooperation between the brands to enhance visibility to potential buyers (Rao, 1997). However, each of the co-branded product itself, though carried multiple identities is actually the same before, during, and after the co-branding (Miller et al., 2014).

In terms of the relationship between the two co-brand partners, the brand which initiates the collaboration is known as "Host Brand", while the brand that agrees to the collaboration is labeled as "Partner Brand". The outcome of the collaboration will be recognized as "Co-brand". The main characteristic of a co-brand is a new product or new association which carries features of both "Host Brand" and "Partner Brand".

1.2 Issues in Co-branding

There are two major issues that motivates and justifies this study. Firstly, co-branding is fast gaining ground and has become a central part of most companies' competitive and growth strategies (Besharat & Langan, 2014). Since the turn of this century many of the world's largest companies had over 20% of their assets, and over 30% of their annual research expenditures, tied up in such relationships (Kale & Singh, 2009). It is also an issue that has gained prominence in academia and research literature (Hadjicharalambous, 2006).

The attractiveness of co-branding lies on three potentials: 1) having two brands could help to enhance consumer understanding towards a product due to additional information gathered from both brands (Visser, 2014; Uggla & Asberg, 2010); 2) with additional information from both brands would help to improve product evaluation (Besharat & Langan, 2014); and 3) improved product evaluation would eventually help to enhance the chances of buying intention towards the co-branded product (Lee et al., 2013). Evidently, a study by Kale et all (2009) reported that over 80% of Fortune 1000 CEOs believed that co-branding in 2007-2008 accounted for their company's total income of more than 26%. Furthermore, a consumer survey by the American Association of Marketing to determine the value and synergy of co-branding, results showed 80 percent of respondents said they were likely to buy a co-branded digital imaging product, Sony and Kodak. While only 20 % of respondents said they would buy the product if it is only the Kodak brand, the same and only 20% said they would buy the product, if only to carry the Sony brand (Lindstrom, 2002 b).

Secondly, despite co-branding being widely recognized and practiced in attaining business growth in today's marketplace, the effectiveness of co-branding is seems to be uncertain. In fact, research had shown that 90% of co-branding ventures failed (Lindstrom, 2002). Co-branding strategies can also be risky, and they may require careful planning andimplementation. Further, partner brands may face different types of risks. Given potential exogenous risks, a scandal faced by one partner or a problemwith the joint product may have serious repercussions for both partners (Gammoh et al., 2010). Moreover, as with any inter-organizational cooperation, co-branding agreements mayraise ownership issues regarding the joint product, which can be solved through a clear ownership and value-sharing agreement (Li & He, 2013).

Most co-branding partnership doesn't last long. For example, the co-branding between Apple and Hewlett Packard to create a portable audio player in January 2004 ended in July 2005. Apple and Hewlett Packard targeted this product to consumers who were familiar with Hewlett Packard but unfamiliar with Apple software. However, these consumers felt that the co-branded product did notoffer any differential advantages over a regular iPod because no extra functionalities were present and the visual design of the co-branded iPod was identical to that of aregular iPod (Mahr, November 8, 2004). In addition, consumers did not know which brand to turn to for customer support, creating confusion about which brand was ultimately responsible for the new product. The partnership was ended in July 2005 (Fried, July 29, 2005).

In another example, efforts of PROTON to co-brand itself with a very famous UK-based car manufacturer, LOTUS, in 2009, did not seem to bear much success, despite the former's undeniable premier status. While the partnership was formed to uplift the local consumers' quality perception towards Proton car (by associating superior Lotus engineering), it has not been able to dispel the prior negative experience that Malaysian consumer had with Proton cars. This can be seen from the sales performance of Proton that did not improved after the introduction of the co-branding marc (such as Satria GTS and Suprima S) since then. According to Nikkei Asia Review (2016), Proton total net loss for the year 2015 is amounted to 185.3 million ringgit with quarterly revenue slipped 5.4% year-on-year to 3.34 billion ringgit from 3.53 billion ringgit.

These uncertainties indicate that co-branding could infer a certain risk, not only in terms of lost money in these investments, but also with respect to the destruction of the brand long-term recovery.

1.2 Problem Statement

The issues discussed above highlighted an anomaly and a problem that begged serious attention and a focus for research. The crux of the problem is;

> ....if 80% of Fortune 1000 CEOs had actually acknowledged that co-branding is a good strategy and the American Association of Marketing showed 80% of respondents said they are likely to buy a co-branded product, why is it that 90% of co-branding ventures failed?

Answers to this question are crucial to enable brand managers to decide on 1) whether or not to embark on co-branding partnership? 2) how to ensure the choice of brand partner is appropriate in the eye of the consumers? And 3) how to make certain that co-branding could eventually increase the chance of consumers' purchase intention towards the co-branded products.

In addition there was also a gap in the study of co-branding as there seems to be no agreements amongst researchers on the effectiveness of co-branding. Gammoth et al. (2010) and McCathy (1999) argued that having two brands may not necessary improve consumers' understanding towards a product. On the contrary, having two brands could mean too many information to be handled. Therefore, instead of improving consumers' understanding it's actually confuses their evaluation and caused misunderstanding towards the co-branded product. Hence, this question has set important directions for this study to formulate its research questions and research objectives.

This study was developed, designed and carried out with the above in mind.

1.3 Research Questions

Discussions in the last section showed a gap between what is perceived and what actually happened in real life co-branding. Whilst many large corporations continued to persue co-branding as a strategy to promote sales growth, outcomes from such efforts produced mixed results. Perhaps, the plurality of understanding, approaches and methods in implementing co-branding might have contributed to their successes and failures. In short, there might be many factors (rather than just combining and associating two brands) that influence customer understanding and perception of co-branding which finnaly led to them to decide whether or not to purchase the co-branded products. Hence, we seek answers to the following questions;

1. Can the customers actually differentiate between the original and the (new) co-branded product?

2. How do they (consumers) perceive, view and evaluate a co-branded product?

3. What are the factors that motivates and drives them to finally purchase the co-branded product?

1.4 Research objectives

Based on the research questions developed, the following objectives were set to address those questions:

1. To examine the effectiveness of co-branding in improving consumers' knowledge, overall evaluation and purchase intention towards co-branded product.

2. To determine the factors affecting customers' evaluation towards a co-branded products.

3. To assess the effect of consumers' brand knowledge and attitude towards purchase intention pertaining to co-brand.

.5 Research Purpose

In principle, this research was carried to examine the effectiveness of co-branding as a trategy to drive sales growth. It commenced from the position that co-branding works (and is herefore successful) if the sales of the co-branded product(s) improved the financial erformance of the participating firms. As such, the main purpose of this research is to seek nswers to the questions of why some co-branding works and some did not.

1.6 Scope of Study

This study seeks to enhance our understanding on the effectiveness of co-branding mainly from the customers' perspective. The focus of research is therefore centered on the consumers' perceptions, attitudes and responses towards co-branding strategies adopted by corporations to boost sales. In particular, the study was carried out to examine the impact of co-branding of the "host Brand" – the brand which initiates the co-branding collaboration.

The effectiveness of co-branding (on the "Host Brand") is determined by measuring the changes in consumers' understanding, evaluation and purchase intention towards a brand before and after it was co-branded. The "Partner Brand" – the brand which accepted the collaboration will be excluded for further analysis because this study aim to understand the impact of co-branding towards the co-brand initiator – the "Host Brand". However, this exclusion does not indicate that the impact of co-branding towards "Partner Brand" is not worth-examined. Rather, it is simply not the concentration of this study.

As a focus, this research was conducted on a B2C (business to consumer) market containing consumer goods and B2B (business to business) issues are excluded. More precisely, the research exclusively analyzed co-branding on product and services that are familiar to baby boomers, Generation X and Generation Y market segments. As such, the products chosen were mobile phones, automobiles, insurance, telecommunication services, airlines, and hotels. They were chosen due to their economic and social significance within the consumer market identified, which also in reality, targeted by the "host brand" partner. Hence, it makes the analysis trustworthy and applicable in practice.

The respondents selected are Malaysian. Further, as this research deals with the consumer market for selected products and services, the product category and its implications for consumers are reflected within AIDA (attention, interest, desire and action) model. Where consumers are assumed to have a more rational approach to the buying situation. And their involvement in decision making is characterized as being high, partly because of the economic investment required (Mullins et al. 2005: 76).

1.7 Significance of the Study

It is envisaged that this study is significant in a number of ways. Academically, it will be able to contribute to new knolwegde and fill the gaps in co-branding literature. Firstly, even though there were studies carried out in the area thus far, very few were done with the acedmic rigour of empirical testing. Many studies too relied on the used hypothetical co-branding to study its effect. Secondly, past researches mainly focused on customers' perception and evaluation of co-branded products without taking into consideration the significant differences in strategic applications, forms of products, purposes and various industries. As Keller and Lehmann (2006) had suggested, the implications of various co-branding approaches on consumer reactions are unknown and need further investigation to be better able to execute the co-branding strategy successfully.

This study was carried out on live samples. Hence, besides being able to understand the reality of real-life co-branding efforts, its findings will contribute more significantly to new knowledge and in developing more appropriate and precise theoretical frameworks and measures to address various applications and different context of co-branding practices. In addition, being based on real-life samples, it will anable the marketers to understand how consumers view and respond to a co-branded products thereby allowing implementation of a more effective consumer-centric marketing activities and to achieve sustainable differentiation.

In addition, the past studies on co-branding was scattered and the boundaries of the concept were not always clearly defined. Hence, it limits the selection of samples to only a few aspects of co-branding partnerhips. Although there have been previous attempts to review the literature (Helmig, Huber, & Leeflang, 2008; Gammoh & Voss, 2011; Besharat & Langan, 2014), these studies have essentially focused on some specific aspects of co-branding such as the determinants (Gammoh & Voss, 2011), the value generated for customers (Besharat & Langan, 2014) or the comparison with other branding strategies (Helmig et al., 2008).

On the practice front, as mentioned earlier, this study seeks to understand the anomaly of why major corporations continue to co-brand despite qualified successes of past co-branding efforts. Firstly, findings had shed more light of the problems and in so doing this allow brand managers to identify the impacts of co-branding through proper understanding of consumers' buying intention, brand knowledge, and brand attitude. In short, this study contributes towards better understanding what determines the success of co-branding and effectively use of co-branding as a strategy to boost sales. Secondly, findings have allowed companies to make a more informed judgement in selecting partners for co-branding alliances which will be beneficial to both parties by understasnding the consequences of partner choice on consumer reception towards the co-branded products or services. Finally, this study had highlighted how different co-branding strategies impacted customer choices because different strategy enhances their knowledge of the brand in a different manner. As a esult, different co-branding strategies will influence consumers differently which, in turn, esult in they having different perceptions, that finally resulted in them having different notivation to buy or otherwise.

.8 Operational Definitions

There are four important concepts/ variables revolving in this study: a) Co-branding,) Brand Knowledge, c) Brand Attitude and d) Intentional Behavior. These variables were dentified based on the research objectives where the effectiveness of co-branding was roposed to be measured based on the consumers' understanding, attitude and purchase ntention towards co-branded products. Hence, these variables need to be operationally efined to allow measurability. It is critical to operationally define a variable in order to lend redibility to the methodology and to ensure the reproducibility of the results.

. Co-branding - The definition adopted in this study suggested that co-branding represents a long-term strategic brand alliance in which one product, service or identity is branded and identified simultaneously by two or more brands of different business entities.

. Brand Knowledge – In measuring consumers' knowledge towards a brand, Keller (1993) suggests that consumers' understanding towards a brand rely on their degree of brand awareness and brand association. Hence, this study operationally define Brand Knowledge as Consumers' awareness and understanding towards co-branded products.