

WHY DO SOME CO-BRANDS OUTPERFORM OTHERS?

COMPLEMENTARY AND COMMONALITY EFFECTS OF BRAND BENEFITS

Abstract

This study examines the performance of co-brands, or products that feature two or more brands in one product offering. As an increasingly common strategy for brand managers, co-branding has largely been studied in a laboratory setting, gauging consumer perceptions and attitudes. Large-scale evidence of how co-brands perform in the marketplace remains unexplored. Brands convey two types of perceived benefits (functional and emotional), the question is whether the perceived benefits of both brands create positive synergies through similar benefits (commonality) or different benefits (complementarity). Theory is developed which suggests consumers do not see the gain from similar benefits, but complementary benefits create a contrast and are noticed by consumers. The theory is tested on 14 years of longitudinal data from the consumer packaged goods industry augmented with consumer brand perceptions. Controlling for other category and brand factors, the results show that benefits common to both brands interact in a negative manner, while complementary benefits no significant gains for market performance. Insights suggest the combination of partners matter: weak brands should seek strong partners, but already strong brands should instead pursue weaker partner brands for best market performance.

Keywords: co-branding, brand alliances, brand equity, complementary effects, commonality effects