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Co-marketing alliances between heterogeneous industries: Examining perceived match-up effects in product, brand and alliance levels

SooKyoung Ahn *, HeaJung Kim [1], Judith A. Forney [2]

University of North Texas, School of Merchandising & Hospitality Management, Denton, TX 76203, USA

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ABSTRACT

To scrutinize the emerging phenomenon of co-marketing alliance between heterogeneous industries, this study adapts the concept of 'perceived match-up' as a theoretical platform.

Employing two fictitious co-marketing alliance scenarios, this study empirically demonstrates the conceptual structure of how consumers evaluate a co-marketing alliance. This suggests that if consumers perceive a harmony across paired products or brands, they are more likely to engage in the association process of evaluating a brand alliance.

1. Introduction

Globalization and innovation in fashion and technology industries are creating crossbreed brands between heterogeneous industries such as Ermenegildo Zegna iJacket (for iPods) and Prada–LG cell phones in the marketplace. Enterprising firms are aggressively seeking alliance partners from well-known fashion brands that hold strong, unique, and favorable brand associations. Many firms and researchers concur that co-marketing alliances may create a synergic effect which can amplify and build user awareness of benefits derived from these complementarities (Bucklin and Sengupta, 1993). Entering an alliance partnership with different industry brands allows firms to reinforce their brands image, augment brand awareness, and improve chances of commercial success (Geylani et al., 2008; Gammoh et al., 2006). Furthermore, alliances can boost opportunities for product success in local markets for global brand companies and predicts local companies' future through foreign investment and technology access (Abratt and Motlana, 2002). However, brand alliances do not always build a successful brand image that conveys a positive quality image, and awareness and presence (Geylani et al., 2008). There are also partnerships that make poor sense and may even alienate consumers by transferring negative association, confusion, and deterioration of the original brand image ("Promotions & Incentives: In Search of a Perfect Partner", 2008). Choosing the right partner from any number of potential cohorts is the determinant of successful co-marketing alliances.

Different types of co-marketing alliances exist in the marketplace. They range from simply using multiple brand names under the same product category to partnerships among heterogeneous industry brands. These co-marketing alliances strategically use the existing brand knowledge that comes from strong and favorable brand association (Keller, 2003). A co-marketing alliance that is created by the joint naming and the technical co-operation of two brands of an equal and independent status is distinct from the conventional practice of brand extension or alliance. This study focuses on the alliance partnerships between heterogeneous industries such as cell phones by LG–Prada, Samsung–Armani, and Dolce & Gabbana–Motorola. Unlike vertical relationships, such as buyer–seller or manufacture–distributor partnerships, these are lateral relationships between firms at the same level in the value-added chain and they represent a form of symbolic marketing (Varadarajan and Rajaratnam, 1986; Bucklin and Sengupta, 1993). However, the concept of the alliance cannot be thoroughly captured by a conventional brand alliance or brand extension context, relatively little research has been conducted.

To scrutinize the conceptual relevance of a co-marketing alliance beyond conventional understanding, it is useful to adapt a pertinent theoretical platform that depicts the 'perceived match-up' between two heterogeneous brands. The match-up hypothesis (Kanungo and Pang, 1973; Kahle and Homer, 1985; Kamins, 1990; Solomon et al., 1992; Lynch and Schuler, 1994; Koernig and Page, 2002) in advertising research guides understanding of how the perception of match-up of two alliance partners affects consumer attitude and evaluation of the alliance. It suggests that endorsers are more effective when there is a "fit" between the endorsers for products which are used to enhance one's attractiveness which in turn leads to higher brand attitude and purchase intentions (Till and Busler, 2000). This is the associative mechanism by which links or relationships are formed between concepts (Klein, 1991; Martindale, 1991). By repeated

* Corresponding author. Tel.: +1 940 565 4492; fax: +1 940 565 4348.
E-mail addresses: soo-kyoung.ahn@unt.edu (S. Ahn), hjkim@unt.edu (H. Kim), jforney@unt.edu (J.A. Forney).
[1] Tel.: +1 940 565 4109; fax: +1 940 565 4348.
[2] Tel.: +1 940 565 2448; fax: +1 940 565 4348.

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pairings of the brand and endorser, the brand and endorser become a part of each other's association, which leads to attitude change. Drawn from the match-up hypothesis, this study explores the match-up effects between heterogeneous product categories (i.e., technology and fashion brands) to investigate where an associative link is built according to different levels (i.e., product, brand, alliance, and overall attitude). Identifying the instigation of match-up effects supports researchers as they ground their anecdotal evidence into theoretical comprehension and provides practical implication to industry who seeks the right partner. Therefore, the purpose of this study are (1) to investigate the effect of products match-up and brands match-up on the alliance match-up perception and overall alliance attitude, (2) to examine the impact of product associations on the perceived match-up in product levels, and brand associations on the perceived match-up in brand levels, and (3) to explore the controlling effect of brand nationality (i.e., non-domestic brand or domestic brand) on the perceived match-up model.

2. Co-marketing alliance between heterogonous industries

Diverse branding strategies such as dual branding, product bundling, ingredient branding, co-branding, and brand extension are found in industries. Despite their distinct traits, these strategies generally aim at improving competitiveness and enhancing brand equity by strongly signaling to consumers the combined benefits of two quality brands together. Specifically, dual branding is commonly used to denote hybridized retailers utilizing a single location site (Levin et al., 1996) to buy two brands' products in the same place (e.g., 'Commes de Garcons' and 'Louis Vuitton' temporary pop-up stores in Tokyo). Product bundling is a strategy where a primary product and a less-expensive tie-in product are sold together for one price (Levin et al., 1996). Ingredient branding enhances differentiation through the use of a more important ingredient (e.g., diet soft drinks with NutraSweet) that facilitates the host brand's differentiation and evaluations to a greater extent (Desai and Keller, 2002). Co-branding is the use of two distinct brand names on one product, and it is often used similarly to brand alliance or composite brand (Levin et al., 1996; Leuthesser et al., 2003). A high-end designer Vera Wang's collection for Kohl's and Karl Lagerfeld line for H & M are examples of co-branding. Brand extension uses an established brand name to enter new product categories (Keller and Aaker, 1992). Arm & Hammer, a basic baking soda manufacturer has extended its business territory into the oral care and laundry categories. Although these strategies bring all co-branding parties mutual benefit through the continuous exchange of strategically desirable image attributes (Seno and Lukas, 2007), they typically include one product component that is more prominent than the other (Levin et al., 1996).

Co-marketing alliances between heterogeneous industries notably differ from the above branding strategies. First, there is no initiative between two partner brands which are ambivalent toward the co-marketing alliance. For instance, a Samsung–Armani cell phone may seem to be mere co-branding. It could be one way of extending to new product categories by Armani, while it could be a differentiation strategy of cell-phone products using the brand name of Armani as a licensor to Samsung. However, based on each brand's own specialty, these brands technologically cooperate in developing a new product (i.e., Armani assumes the design function, while Samsung assumes manufacturing), and sell it at each brand's store. Co-marketing alliances involve coordination among the partners in one or more aspects of marketing and may extend into research, product development, and even production (Bucklin and Sengupta, 1993). In particular, this study specifies the co-marketing alliance is the strategically complementary alliance between two brands who share an equal but independent business status (Thoumrungroje and Tansuhaj, 2004). In contrast to general co-branding agreements, strategic alliances usually involve working together to develop new products, technological edges, or sourcing efficiencies (Gundlach and Murphy, 1993; Prince and Davies, 2002). Therefore, a partner brand can be equally represented physically or symbolically through the association of brand names, logos, or other proprietary assets of the composite brand (Abratt and Motlana, 2002). Secondly, co-marketing alliances between heterogeneous product categories should aim to the evaluative process where two different brands and product categories are combined. As brand extensions capture the relationships of 'original brand and extended brand' (Aaker and Keller, 1990; Herr et al., 1996) and the relationship of 'original brand and new product category' (Klink and Smith, 2001), the relationships of inter-brands and inter-product categories should be analyzed simultaneously in co-marketing alliance context. (Figs. 1 and 2)

Brand extension research has frequently investigated cooperative partnership strategies to provide a strong basis for understanding evaluations in the context of partnership strategies (Dickinson and Baker, 2007). Although recent research indicates that perceived fit does not satisfactorily explain brand extension (Broniarczyk and Alba, 1994; Smith and Adrews, 1995; Rao et al., 1999; DelVecchio, 2000; Klink and Smith, 2001; Meyvis and Janiszewski, 2004; Mao and Krishnan, 2006), the concept of fit is still supported as the dominant contributor (Aaker and Keller, 1990; Sharp, 1993; Herr et al., 1996; Park et al., 1996; Simonin and Ruth, 1998; Klink and Smith, 2001; Bottomley and Holden, 2001;

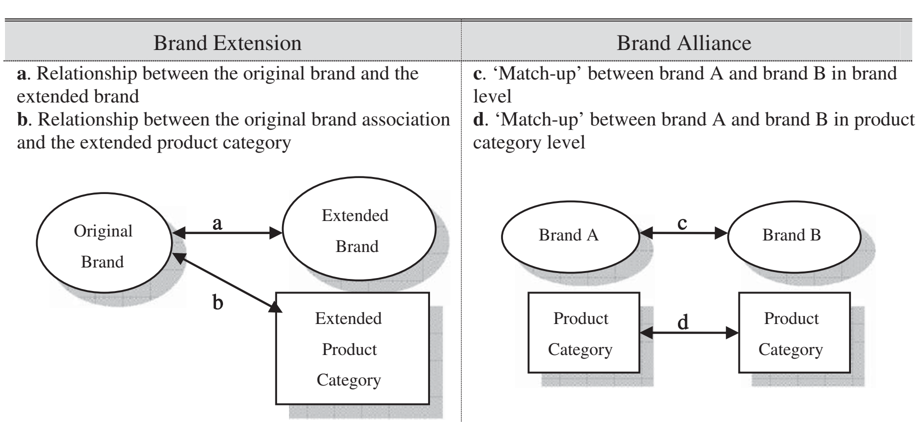

Fig. 1. The interpretation of perceived match-up in the context of brand extension and brand alliance.