

**CONSUMERS' PERCEPTIONS OF PARTNER BRAND DOMINANCE  
IN CO-BRANDED PRODUCTS**

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IN CO-BRANDED PRODUCTS**

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## **ABSTRACT**

### **THE CONSUMERS' PERCEPTIONS OF PARTNER BRAND DOMINANCE IN CO-BRANDED PRODUCTS**

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Co-branded products emerge when two or more brands combine their forces to create a new product with its own identity. More and more companies use co-branding strategy to reduce the risks inherent in creating new products. Moreover, consumers evaluate some of those products favorably. Understanding of consumers' perceptions of co-branded products is important for learning the importance of product design on these products. This thesis explores the reasons why consumers perceive one of the partner brands of a co-branded product more dominant than the other and presents the outcomes of a survey study carried out for that purpose. The thesis comprises a two-part literature review on co-branding and brand dominance. The survey study comprises a questionnaire that is filled out by 48 Dutch participants. Through such a study the reasons of consumers' perceptions of partner brand dominance were revealed; the strong influence of the fit between a partner brand and the co-branded product and product design on consumers' perceptions of a dominant partner brand was evidenced. Moreover, the implications of gaining such an insight about the reasons of partner brand dominance for designers and brand owners were discussed.

Keywords: Co-branding, Dominance, Consumer Perceptions, Brand

## ÖZ

### TÜKETİCİLERİN ORTAK MARKALAMA STRATEJİSİ İLE YARATILAN ÜRÜNLERDEKİ BASKIN MARKA ALGILAMALARI

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Ortak markalama stratejisi ile yaratılan ürünler iki ayrı markanın yeni bir ürün geliştirmek için güçlerini birleştirmesi sonucu meydana gelirler. Yeni ürün geliştirmenin yüksek risklerini en aza indirmek amacıyla gittikçe daha fazla şirket bu stratejiyi uygulamaktadır. Ayrıca, tüketiciler bu ürünlerden bazılarını olumlu bir biçimde algılamaktadır. Tüketicilerin ortak markalama sonucu yaratılan ürünleri nasıl algıladığı konusunda elde edilecek bilgi ürün tasarımının bu ürünler üzerindeki etkisini gözlemlemek için önemlidir. Bu tez tüketicilerin ortak markalama stratejisi ile yaratılan ürünleri değerlendirirken ortaklardan birinin neden diğerinden baskın algılandıklarını incelemekte ve bu amaçla yapılan bir anket çalışmasının sonuçlarını sunmaktadır. Tez, birincil olarak, ortak markalama ve ortak marka baskınlığı ile ilgili olan iki aşamalı literature taramasından oluşmaktadır. Anket çalışması ise 48 Hollandalı katılımcı tarafından doldurulmuştur. Böyle bir çalışmayla tüketicilerin ortak marka üstünlük algılarının sebepleri ortaya çıkarılmıştır. Ortak marka ve ürün arasındaki uyumun baskın ortak marka algılamalarına olan güçlü etkisi gösterilmiştir. Ürünün tasarımının bu algılamalara olan etkisi gözlenmiştir. Buna ek olarak, ortak marka baskınlığının sebepleri hakkında edinilen bilginin tasarımcılar ve marka sahipleri açısından olası önemi ele alınmıştır.

Anahtar Kelimeler: Ortak Markalama, Baskınlık, Tüketici Algıları, Marka

*To Işıl, Nevzat and Mehtap Öztürk*

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# CHAPTER 1

## INTRODUCTION

### 1.1 Background and Motivation for the Study

With the fast imitation of even the most differentiated products and increased competition in the market, it has become harder to establish a unique position for new products. The risks inherent in establishing new brands are high, with a failure rate ranging from 80-90% (Leuthesser, Kohli and Suri, 2003). In order to remedy these negative effects, the most widely used alternative has been brand extension strategy which is defined as introducing a new product in a different product category (Aaker and Keller, 1990) with the same brand name of an existing product (Keller, 1998; Kapferer, 1992). However, it is evidenced that companies are turning to different forms of strategies which increasingly involve more than one brand (Leuthesser et al., 2003; Spethmann and Benezra, 1994). The main motivation behind those brand alliances can be counted as creating breakthrough innovations by combining expertise (Park, Jun and Shocker, 1996), renewing the brand through the positive association with another brand, launching a new or redeveloped brand, reaching out to new segments of the market, extending the brand through a shared new product (Rodrigue and Biswas, 2004) and sharing the introduction costs and risks.

Co-branding has emerged as a kind of brand alliance strategy which has seen a remarkable increase in use over the past decade. As a matter of fact, co-branding activities in general have enjoyed a 40% annual growth rate (Spethmann and Benezra, 1994). Moreover, co-branded product examples in the market are increasing day by day. Although there are many definitions and forms of co-branding in the literature, the focus of this thesis is on a narrower definition of co-branding in

which all the partner brand names are retained and have a significant customer recognition, and a single product is created (Leuthesser et al., 2003). Senseo coffeemaker can be shown as a good example for co-branded product which is developed by the famous coffee brand of Holland, Douwe Egberts, and globally known Dutch consumer electronics brand, Philips. Senseo has been a great success in the European market.

Several studies have been performed to investigate the benefits and risks associated with co-branding, and brand alliances in general (Leuthesser et al., 2003; Rao and Ruekert, 1994); how consumers perceive co-branded products; and how the effects of these consumer perceptions of co-branded product on partner brands (e.g. Simonin and Ruth, 1998). Although the studies that have been carried out about co-branding so far are increasingly diverse, they still lack the breadth and depth on some topics regarding co-branding. For example, there are very few studies regarding the *relative* effect of co-branded product on each partner brand. In other words, which partner brand will benefit more from a specific co-branding alliance.

Some studies on brand alliances stated that each partner brand is not necessarily affected equally by its participation in a particular alliance (Park et al., 1996; Simonin and Ruth, 1998). This conclusion is important because companies need to know how their brand will be perceived by consumers after they enter into a co-brand alliance. If they are more aware of the implications of the potential co-branding offer for their brand, they may choose to act differently (e.g. choose another partner brand or produce the same product alone). Thus, from a practical point of view, the present study may enable designers and marketers to compare and evaluate the possible implications of co-branding alliances for their parent brands. It may also guide them in understanding the reasons of these implications. As a result, they can develop better co-branded products with the right partners and a more effective launch strategy. The relationship between each partner brand can be observed according to different criteria of interest (e.g. relative success, relative responsibility over the product). In this thesis, the relationship between two partner brands are evaluated in terms of their relative brand dominance which is expressed by the relative significance of one partner brand over the other, and relative association of one partner brand with the co-branded product in relation to the other.

Having scrutinized the related literature, the present author believes that the relationship between co-branded product partners in terms of brand dominance has not been investigated, despite its importance both for practitioners and researchers. The literature review carried out for this thesis revealed that the term brand dominance has not been used in the co-branding literature so far. This term is used by the present author to define the dominance of one partner brand over the other in co-branded products. In the literature, 'dominance' term has been used in different contexts and has different meanings (e.g. brand concept dominance, category dominance). As stated before, the present author evaluated *dominance* in terms of two dimensions: *significance* and *association*. The choice of different terms for evaluating *dominance* may affect the conclusions of a study.

A new product introduced with a brand name at first carries the brand (Kapferer, 2004) which means the brand is the product. Throughout the product's life cycle this relationship between the brand and its products is reversed, and brand becomes the carrier of the product. For example, when Nike first introduced its sports shoes in the market, people bought them because of its superior and unique design. As time passes, Nike brand assumed immaterial values and became much more than a shoe (e.g. sportsmanship) (Bouten, 2004) and represented a certain life style. From that moment on, the brand Nike dominated the products which have been produced under its name. Therefore, the relationship between co-branded product and each partner brand is very crucial. This relationship depends on many factors. In this thesis, these factors are studied because they are also believed to affect the *dominance* relationship between two partner brands. One of the most important factors is depicted as *new product-product-fit* and is defined as the fit between the new product and the existing products of a brand (Bouten, 2004). Another important factor which is also a part of *new product-product-fit* concept is the design of the product. It is expected that the design of a co-branded product can give some hints about how consumers perceive one of the partner brands of that product more dominant. The influence of product design on consumers' perceptions of brand dominance for co-branded products is an interesting and relevant research topic because product design can provide strategic and tactical tools for designers and marketers to control which brand will be perceived as more dominant.

Overall, when designers and product managers are more aware of how their brands will be perceived by consumers, they can utilize the co-branding strategy better. First, relative partner brand dominance can be an indication of which partner brand will reap the benefits of co-branding alliance more or be affected negatively. Second, if marketers and designers understand better how consumers perceive brand dominance, then they can make the necessary changes over the product to reflect their desired position in the market. Therefore, it is important to identify whether consumers perceive one partner brand more dominant than the other and why it is so.

## **1.2 Aim and Scope of the Study**

The study was held to explore how partner brands of a co-branded product are perceived in relation to each other in terms of *dominance*, which is observed in two dimensions in this study:

- 1) Partner brands' relative *significance* for the co-branded product,
- 2) Partner brands' relative *association with* the co-branded product.

Co-branded products might offer a new challenge for the product designers in which many factors have to be considered; and a strong collaboration of the two partner brands' design teams is needed. For the marketer, co-branding is an emerging strategy which can be alternative for entering a new market. Therefore, before involving in such alliances, it is better to be more aware of its implications for the partner brands.

Perceptions of partner brand dominance in the context of co-branding has not been thoroughly researched in the literature although its implications might help to understand the effectiveness of co-branding strategy for each partner brand and show whether they benefit equally or have unequal risks in case of a failure in the market. In particular, if consumers perceive that one of the co-brand partners is more dominant than the other, this might lead them to attribute co-branded product success to the dominant brand. In the case of co-branded product failure, they may attribute failure to the dominant brand more because it might be perceived as more responsible from the new product. Then, this might imply that the risks are higher for the more dominant brand to engage in a co-branding agreement. Furthermore,

partner brand dominance from consumer's point of view is important because what matters is that what fits and what does not fit from a consumer perspective (Arnell, 2006).

The reasons behind people's product-related choices will be the most important contribution of the study to practice and research in co-branding. As stated, the study may enable designers and marketers to evaluate the benefits and risks of the co-branding alliance and provide them with an overview of the different aspects (e.g. design of the product) that can influence consumers' perceptions of partner brand dominance. These different aspects may have varying degrees of influence on brand dominance and it is important for both designers and marketers to be aware of these possible differences. For example, if the fit between the existing products of a brand and the new product, that is called *new product-product-fit*, is the most influential aspect, then marketers try to create a co-branded product which fits best to their existing product range. If the fit between the immaterial values revealed by a brand and the new product is the most influential (e.g. *new product-brand-fit*, brand image), partner brands can discuss more consciously about the compatibility of their brands' immaterial values with the new product.

In this thesis, the present author outlines some important factors that can affect partner brand dominance and also discusses the interrelationships between factors (e.g. *new product-product-fit* and product design).

Another topic of interest for this study is the difference between durable and nondurable products. Both durable and nondurable co-branded product examples were investigated in this study because it might be interesting to see the differences in perceptions of partner brand dominance for durable and nondurable co-branded consumer products if there are any. Although there are also a lot of co-branded services available in the market, they are not studied in this thesis.

The scope of this study is limited to Dutch consumers. The real-life examples of co-branded products can be found in many countries however they are more abundant in United States and Europe. For the present study, Dutch market is investigated where there are several examples of co-branded products.

Prior attitudes might have an influence on consumers' perceptions of brand dominance; therefore, it is important to use real brands to assess that influence. Thus, real brands, rather than hypothetical ones, are used for this study because consumers already have positive or negative attitudes towards real brands (Aaker and Keller, 1990).

Consequently, it is required for this study to

- have an understanding of co-branding including its theoretical background and practical applications, and
- conduct an additional study to complement the literature that aims to obtain how people perceive partner brands of a co-branding alliance.

The first is fulfilled through an exploration of co-branding through an intense literature review. For the second a survey study is carried out in the Dutch market. It is assumed that such a study can provide insights for designers and marketers about how consumers perceive co-branded product partners, so that the design decisions and marketing strategies can be improved accordingly. In addition, the study can also provide insight for the researchers who are interested in investigating *dominance* in the context of co-branding.

It is important to note that some scholars used the term 'evaluate' interchangeable with 'perceive', that is to say, when they studied how consumers evaluate co-branded products, they mean how consumers perceive co-branded products. Therefore, throughout this thesis, both terms are used interchangeably.

### **1.3 Research Questions**

- How do consumers perceive partner brands in terms of *dominance* while they are evaluating co-branded products?
- What are the reasons for consumers' perceptions of brand dominance or balance between brands?
- What is the effect of product design on brand dominance?
- Is there a difference between durable products and nondurable products in terms of brand dominance?

- How can brand dominance be evaluated? What dimensions can be used other than *significance* and *association*? Are there differences in evaluation according to *significance* and *association*?

#### **1.4 Structure of the Thesis**

So far, in this chapter the relevance of pursuing such a study in the field of co-branding is discussed. The issues in the co-branding field which needs to be explored, the motivation and aim of the study which is based on these issues and the research questions which led the study were presented.

Chapter 2 presents the literature review which consists of two main parts. First part presents the literature review about co-branding; second starts with presenting the literature review about *dominance* and ends with an outline of the factors that might affect consumers' perceptions of partner brand dominance.

Chapter 3 concerns how the methodology for the study is chosen and performed. First, the reasoning behind choosing a survey study to investigate the research questions is explained. This is followed by a detailed description of how the questionnaire for survey study is prepared and performed.

Chapter 4 gives the results of the survey study per product basis. Then, overall results are presented. At the end of the chapter, durable and nondurable products are compared in terms of perceptions of brand dominance.

Finally, the conclusions of the study are presented in Chapter 5, by answering the research questions based on the findings of the survey study. This is followed by the implications of the conclusions for practice and recommendations for further studies are also addressed. At the end of the chapter, limitations of the study are discussed.

## CHAPTER 2

### LITERATURE REVIEW

This chapter explains the literature review carried out to support this study. It consists of two main parts: First part explains and discusses literature review about co-branding, and second part explains and discusses literature review about *dominance* and reasons of consumers' perceptions of brand dominance.

The first part (Section 2.1) begins with a description of a brand, product and branded product. After laying out some important topics about brands and branding strategies, later it continues with the emergence and current state of co-branding and co-branded products. Section 2.1 ends with a detailed explanation of the important factors that might have an influence on the consumers' evaluations of co-branded products and partner brands.

The main resources that were scrutinized for the first part are from strategic alliances, branding and product development, brand alliances, brand extensions and co-branding fields. ABI-Inform, Web of Science, Scopus, Ingenta databases of Delft University of Technology were reviewed within the period November 2006 - April 2007 for the relevant publications. The reviewed publications are from different journals such as:

Journal of Marketing Research

Journal of Marketing

Journal of Consumer Research

Journal of Consumer Psychology

Psychology & Marketing

Journal of Product Innovation Management

Journal of Consumer Marketing

Second part (Section 2.2) begins with a general definition of *dominance* taken from different domains of the literature. Then, partner brand dominance, which is the main focus of this thesis, is introduced. Finally, the possible reasons of consumers' perceptions of partner brand dominance are outlined.

The sources that were used for part one were reviewed for partner brand dominance. However, as far as the literature review revealed, there could not be reached enough relevant references. One possible reason might be that co-branding is relatively new and research has so far been focused on certain topics. Hence, other sources were also reviewed from different fields like joint ventures, environmental psychology, and supplier-distributor relations, etc. These sources include several journals such as:

Journal of Business Research  
British Journal of Management  
Journal of Business Venturing  
Journal of Business Research  
Memory & Cognition

The complete list of these sources is provided in the References.

## **2.1. Co-branding**

Section 2.1 constitutes the first part of the literature review. Throughout this section, co-branding literature is reviewed starting with an introduction to brands, products and branding strategies. Then, the emergence of co-branding strategy, and how consumers perceive co-branded products and partner brands are revealed.

### **2.1.1 Brands and Branding**

Co-branding is a kind of brand alliance strategy, and in order to understand it, it is necessary to first define its building block: the brand. The power of brands today is growing rapidly and affecting non-commercial areas such as arts, social organizations as well as commercial ones. Nowadays, besides commercial products everything is getting branded from hospitals to social and voluntary organizations like Greenpeace, football teams like Manchester United. "Brands have become a

major player in modern society” (Kapferer, 2004, p.9). They have also become a means to express one’s or a group’s ideas and even exert power over governments. Brands are more powerful than the companies that acquire them. That explains why many companies are sold well-above their market values.

In a world that is bewildering in terms of competitive clamor, in which rational choice has become almost impossible, brands represent clarity, reassurance, consistency, status, membership – everything that enables human beings to help define themselves (Olins, 2004, p.27).

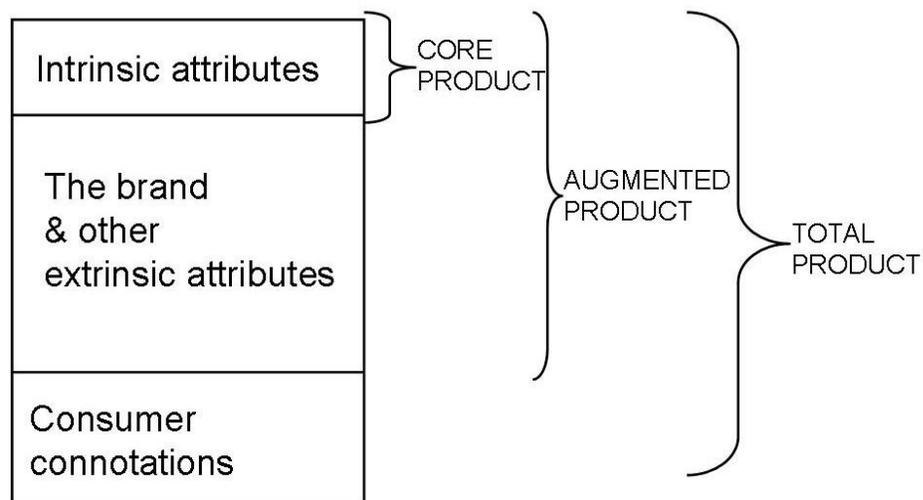
Brands are defined in many ways by people inside and outside of the field. These definitions are mainly “customer-based or financial-based” (Kapferer, 2004, p.9-12). According to Keller (1998), “a brand is a set of mental associations, held by the consumer, which add to the perceived value of a product or service” (as cited in Kapferer, 2004, p.10). In the Product Development and Management Association Glossary for New Product Development (2006), “a brand is defined as a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers”. Similarly, Hollis (2005, p.24) states that “for the consumer, a brand is a justification for their purchase and ways to decide between alternatives - along with more tangible factors such as availability, product specifications, design and price”.

This choice of customer in favor of a certain brand over the other creates additional cash flows (Kapferer, 2004, p.9). This is the basis of financial definitions of a brand. According to Kapferer (2004, p.13), “a brand is a shared desirable and exclusive idea embodied in products, services, places and/or experiences”. Therefore, a brand is more than a mere product; and it is not just a label on a product. On the contrary, it comprises intrinsic and extrinsic associations which will be explained in the next section.

#### **2.1.1.1 The Relationship between Product, Brand and Branded Product**

The relationship between a brand and a product is crucial for the evaluation of co-branded products. Leeflang (1999)’s depiction of product levels is useful for understanding the relationship between a product and a brand. According to him, there are three product levels: (1) Core product, (2) Augmented product, and (3) Total product (see Figure 2.1). Intrinsic attributes make up the core product whereas

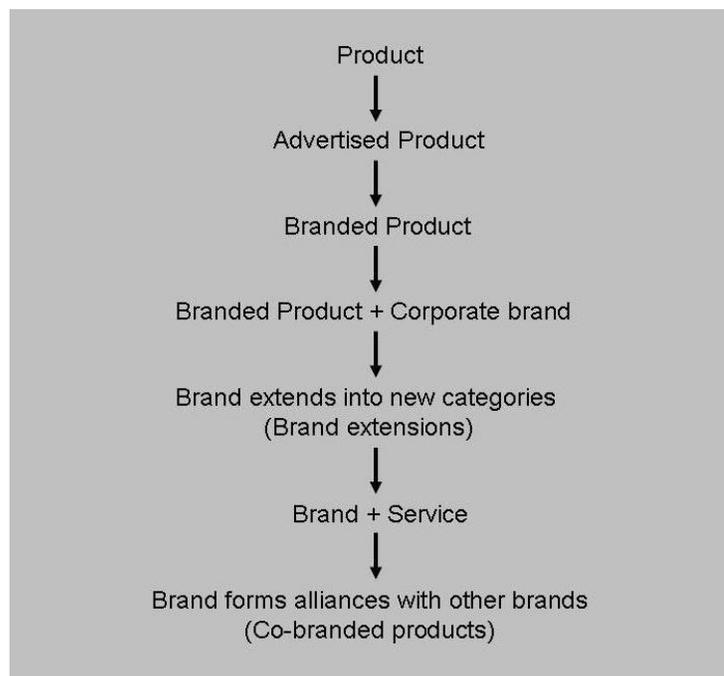
the addition of extrinsic values raises the product to augmented product level. Finally, consumers derive certain associations from the augmented product, and these associations (connotations) raise the product to total product level (Bouten, 2004). One of these associations is perceived quality of a product which can be defined as consumer's perception of the overall quality or superiority of a product with respect to its intended purpose (Aaker, 1991). Another association can be thought as the values continuously communicated throughout the product's life cycle (e.g. sportsmanship communicated by Nike). The total product level can also be named as the branded product (Bouten, 2004). As a result, it is clear that brand is critical for a product which is the differentiator of a product from its competitors both from customers' and brand owners' perspective.



**Figure 2.1** Different product levels (Leeflang, 1999, p.110)

Brands emerge from products (Kapferer, 2003 in Bouten, 2004; Olins, 2004). First, a brand is brought forth by a launched product. As time passes, the use of that product by the consumer and every activity carried out by brand owners (e.g. advertising, pricing) form an image of the brand in the minds of the consumers. As the brand owners continue to launch new products under the same brand name, the brand strengthens or weakens depending on the success and compatibility of the

launched products to the brand's identity. Therefore, from that time on, the brand takes control of the potential and existing products; and it becomes an influencer for consumer's and brand owner's decisions. Wally Olins (2004) describes in his book 'On Brand' the typical evolution of a brand from a newly-launched product to a brand that ally with other brands to strengthen its position in the market. A newly-launched product first proves itself in the market with its functional and aesthetic performance; at the same time, it is continuously improved and advertised with a certain brand name. As time passes, the brand is associated with certain values and transfers these values to the other new products marketed with that brand name. Corporate brand name might also be emphasized more at this stage since the company that makes the high-quality products starts to be heard in the media more. Then, the brand extends into different categories; and at the same time the service component becomes more and more important. In the later stages, the brand starts to form alliances with other brands in search for strengthening its current position, entering into new markets, earning additional profits and so on. This evolution based on the description of Olins (2004) is depicted by the present author of the thesis as presented in Figure 2.2.

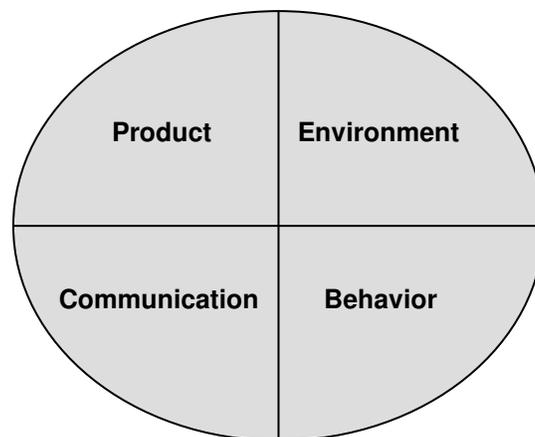


**Figure 2.2** Typical evolution of a brand (based on Olins (2004))

A *branded product* is a combination of the characteristics of a product and those of a brand (Bouten, 2004). The product gives intrinsic attributes to a branded product which are the physical aspects like size, taste, color. But a product exists in a context which is more than its intrinsic attributes. This context is created by the brand owners (e.g. brand managers) and adds extrinsic attributes (e.g. marketing mix variables such as price, communication, distribution) to the product. Branded product is important because if the attitude towards a branded product is positive, then the product is more likely to be purchased (Hoyer and MacInnis, 1997).

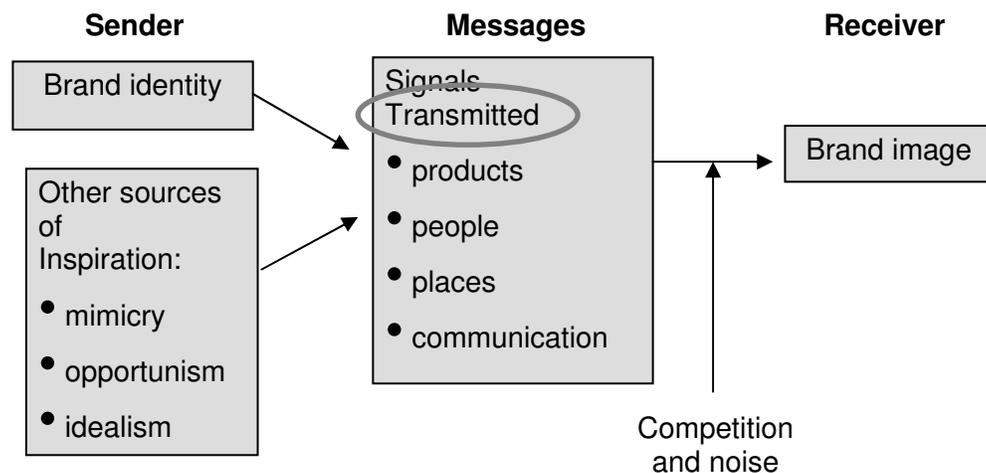
### 2.1.1.2 Brand Identity and Brand Image

To better understand a brand, it is important to comprehend its core elements which are product, environment, communication and behavior (Olins, 2004) (see Figure 2.3). Product is what the company makes. In the product-led brands, product is the core of the brand. Environment refers to the factors that affect the experiences that the customers have while buying or using the product. For example, “All food markets everywhere are environmentally-led” (Olins, 2004, p.117). Communication-led brands are mainly advertising-driven like Coca-Cola or Evian. The last element, behavior, is a dominant factor in service brands. Hospitals are an example of behaviorally-led brands where the way that the customers are treated is as important as the products of the hospital. All these four elements are driven by design.



**Figure 2.3** Brand elements (Olins, 2003, p.176)

The connection between positioning a brand and positioning its products is that the same core value should be attained at the end (Kapferer, 2004). This core value is the *brand identity*, which is defined as “a set of associations the brand strategist seeks to create or maintain” (Aaker and Joachimstahler, 2000, p.40). Brand owners try to convey their brand’s identity through new product development process, besides other communication activities like advertising. The process of conveying brand identity to consumers and the following formation of brand image is presented in Figure 2.4. Brand identity is like a message (aim) that the company wants to deliver. New product development (NPD) puts this message into a form (product) and sends it to the consumer. Receiver forms an image of the brand in mind at the end of this continuous communication processes (Kapferer, 2004, p.98), which in turn feeds the identity of the brand.

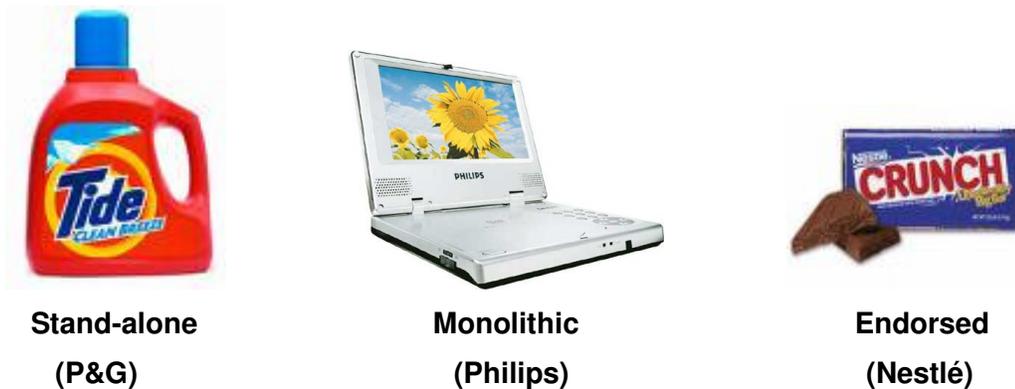


**Figure 2.4** Identity and image (Kapferer, 2004, p.98)

However, the image that the consumers have about the branded product may differ from the desired identity that the brand owner wants to convey. *Brand image* is defined as “the set of associations, usually organized in some meaningful way” (Aaker, 1991, p.109) that are stored in consumer’s memory (Keller, 1993). The most

important association is called the brand specific association (Franzen and Bouwman, 1999 in Bouten, 2004). These associations differentiate the brand from its competitors and form the essence of the brand. Therefore, the main aim here is that brand specific associations of the consumer should reflect the brand's identity (Bouten, 2004) and these core associations should remain constant when a new product is launched with that brand name.

When communicating with customers, multi-business companies can choose whether to label an individual product by a separate brand name ('**stand-alone**'), by only the corporate brand name ('**monolithic**'), or by the two names together ('**endorsed**' or '**dual**') (Laforet and Saunders, 1994; Olins, 1989). For example, in general, Procter & Gamble uses separate brand names for each product category without referring to the corporate brand, Philips uses its corporate brand prominently on most of its products, and Nestlé uses its corporate name as an 'endorser' behind many of its products (see Figure 2.5). An important question is which of these strategies should a company use, and under what conditions (Berens, Riel and van Bruggen, 2005).



**Figure 2.5** Examples of using different strategies in branding products

Corporate brands are the names of the companies like Philips and Procter & Gamble. Some companies show the corporate brand with every new product they

launch (e.g. Philips name on every Philips product is obvious) whereas others hide the corporate brand behind the product package such as Procter & Gamble. And many companies choose to stay in between. Corporate brand dominance (CBD) is defined as the degree of visibility of a company's corporate brand compared with the visibility of a subsidiary brand in product communications (Berens et al., 2005). Here the *dominance* is a direct consequence of a company's corporate branding strategy. Therefore, CBD was manipulated by using a monolithic branding strategy and an endorsed branding strategy, where CBD is higher in the first case. When a company uses a monolithic branding strategy, CBD is high. In contrast, when a company uses an endorsed branding strategy, CBD is low.

### **2.1.1.3 The Use of Brands for Consumers and Brand Owners**

A brand distinguishes a brand owner's products from its competitors (Keller, 1998) through brand associations that go beyond the limits of the product features and attributes (Leuthesser et al., 2003), and forms the basis for its competitive advantage (Aaker, 1991). In addition to its differentiator function, a brand reduces the time and perceived risk for the consumer (Keller, 1998). This risk could be economic (linked to price), functional (linked to performance), experiential, psychological (linked to our self-concept), or social (linked to our social image) (Kapferer, 2004, p.11). Moreover, the brand gives information about a product's perceived quality (Keller, 1998). Besides, brands are about involvement and association; the outward and visible demonstration of private and personal affiliation (Olins, 2004, p.14) which helps people to define themselves. Finally, brands are intangible assets posted eventually in the balance sheet (Kapferer, 2004, p.10); and they bring financial returns. Bouten (2004) listed some of the uses of brands for consumers and brand owners, respectively. Some additions were made to this list by the present author according to the literature review. As a result, the use of brands for consumers and brand owners are summarized in Table 2.1 and 2.2.

**Table 2.1** Use of the brand for the brand owner (based on Bouten (2004, D-1))

<b>FUNCTION</b>	<b>BRAND OWNER BENEFIT</b>
Differentiation	To differentiate the product from its competitors in the market.
Identification	To be easily seen and selectively perceived by target consumers.
Consumer seduction	To attract the consumer.
Intangible asset	To earn intangible benefits (e.g. financial goodwill); to have a company that is worth more than its tangible assets because of the added value by the brand.

**Table 2.2** Use of the brand for the consumer (Kapferer, 2004, p.23)

<b>FUNCTION</b>	<b>CONSUMER BENEFIT</b>
Identification	To be seen, to make sense of the offer, to quickly identify the sought-after products.
Practicality	To allow savings of time and energy through identical repurchasing and loyalty.
Guarantee	To be sure of finding the same quality no matter where or when you buy the product or service.
Optimization	To be sure of buying the best product in its category, the best performer for a particular purpose.
Badge	To have confirmation of your self-image or the image that you present to others.
Continuity	Satisfaction created by a relationship of familiarity and intimacy with the brand that you have been consuming for years.
Hedonistic	Enchantment linked to the attractiveness of the brand, to its logo, to its communication and its experiential rewards.
Ethical	Satisfaction linked to the responsible behavior of the brand in its relationship with society (ecology, employment, citizenship, advertising which doesn't shock).

### **2.1.2 Emergence and Current State of Co-branding and Co-branded Products**

The long-term success of many companies, and consequently brands, depends on their ability to innovate successfully with a continuing stream of new products and services which are necessary not to fall behind competition (Keeney and Lilien, 1987). The winning formula is to attract customers regularly and repeatedly with innovations that are consistent with shared brand values (Kapferer, 2004, p.75). To leverage a brand and exploit growth opportunities, the most common way has been through line and brand extensions which are explained in the following sections of this chapter. However, continual leveraging of a brand may dilute its brand equity<sup>1</sup> as suitable product categories diminish (Aaker, 1991; Aaker and Keller, 1993). Moreover, as competition in the market has become more intense and the risks associated with product development are high, it is evidenced that companies are turning to different forms of strategies to counter this affect (Leuthesser et al., 2003; Spethmann and Benezra, 1994). *Brand alliances*, where two or more companies combine brands in co-operative marketing activities in the form of brand integration, have emerged as a result of this affect (Rao and Ruekert, 1994; Simonin and Ruth, 1998). The most commonly known brand alliance types are explained in the next section.

Besides other brand alliance types, co-branding has become a strategic tool for many companies with 40% growth rate (Dignam, 1999 in Geylani, Ter Hofstede and Inman, 2005); and it is expected that the co-branding trend will continue in the future (Smith, 2003). Even though a credit card is not a typical product, co-branding activities in credit cards account for 40–50% of the volume of all credit cards issued worldwide (Leuthesser et al., 2003).

Though a rich vein of literature exists on leveraging existing brands via line and brand extensions (Aaker and Keller, 1990), there have been few scholarly studies into companies engaging in brand alliances. Rao and Ruekert (1994) introduced the subject to a wider audience and a number of scholars examined the issues regarding consumers' perceptions of extension products (Park et al., 1996; Rao, Qu and Ruekert, 1999; Ruth and Simonin, 2003; Samu, Krishnan and Smith, 1999).

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<sup>1</sup> Brand equity is a set of assets (and liabilities) linked to a brand's name and symbol that adds to (or subtracts from) the value provided by a product or services to a firm and/or that firm's customers.

The following sections review the relevant literature about brand alliances and brand extensions as well as studies directly carried out on co-branding. Especially brand extension literature has shed a lot of light into co-branding studies. This is not surprising since co-branding also has the aim of entering into a new market, product category, and so on with a new or modified product; the only crucial difference is that co-branding involves the collaboration of two or more different brands whereas brand extensions are products from one brand.

### **2.1.2.1 Brand Alliances**

Many terms are used to refer to cooperative brand marketing activities such as brand alliances, co-branding, co-marketing, cross-promotion, joint branding, joint promotion, symbiotic marketing.

The premise of brand alliances is defined by Rao and Ruekert (1994) as follows: “because brand names are valuable assets, they may be combined with other brand names to form a synergistic alliance in which the sum is greater than the parts” (p.87). With its widest form, they described brand alliances as cooperative marketing activities that involve short-term or long-term association or combination of two or more individual brands, products, and/or other distinctive proprietary assets. Therefore, brand alliances can take many forms, including bundled products<sup>2</sup> (e.g. packs of various branded cereals), true product combinations (e.g. canned mixed drinks like whiskey-cola combination), component or ingredient branding (e.g. Intel microprocessor inside a Compaq computer), composite brand extensions (e.g. Slim-Fast chocolate cakemix by Godiva observed in the study of Park et al. (1996)), or joint sales promotions (e.g. buy one brand, get a second free).

Although brand alliances have not been studied from an industrial design perspective, they have been studied with the use of several approaches, such as: the information integration approach (Simonin and Ruth, 1998), associative memory networks (Samu et al., 1999; Washburn, Till and Priluck, 2004), context effects

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<sup>2</sup> Whereas brand alliances involve simultaneous association of two or more brands in joint marketing activity, bundles typically are considered to be two or more products marketed in a single package (Simonin and Ruth, 1998).

(Levin and Levin, 2000), and the signaling approach (Rao et al., 1999; Rao and Ruekert, 1994).

In a brand alliance, two brands are presented in context, and consumer judgments are based in part on their pre-existing attitudes towards the brands as independent entities as well as on how the brands fit in an alliance (Rao and Ruekert, 1994; Simonin and Ruth, 1998). In an alliance, the brand names serve as a quality assurance device by signaling product quality better than the host brand can by itself (Rao et al., 1999). Moreover, consumers are willing to pay more for a product that is unique or that takes the risk of purchasing the wrong product by combining two or more strong brands. Overall, a brand alliance increases consumer's perceived quality of the product, affecting their attitudes and behavioral intentions (Rodrigue and Biswas, 2004).

Previous alliance studies demonstrate that brands can guarantee a benefit if they can signal high quality cues that transfer to the other partner brand, or provide information on product attributes that are possessed as a consequence of the alliance (Rao and Ruekert, 1994).

Each player in a brand alliance may have a different purpose for pursuing alliance, including image transfer and the integration of a new attribute into the other brand (Cooke and Ryan, 2000). In the interdependent relationship created by an ingredient brand alliance, each brand is dependent upon the other for the success, which is the success of the product that has emerged from the alliance, and the positive subsequent perceptions about each brand as a result of their association with one another.

There are four possible reasons for entering an alliance:

- renewing the brand through the positive association with another brand,
- launching a new or redeveloped brand,
- reaching out to new segments of the market,
- extending the brand through a shared new product (Rodrigue and Biswas, 2004).

It is essential not only that both brands gain from the relationship but also that the degree of advantage gained from any alliance is balanced. If the benefit is asymmetrical, the association is likely to under perform. And there is a risk that, far from being beneficial, the association will have a detrimental effect on overall brand equity (Rodrigue and Biswas, 2004). According to Xie and Johnston (2004), brand alliances are a kind of strategic alliances which are characterized by the horizontal associations of firms involved and a lack of equity investment in the alliance. Firms in a brand alliance often use it as a means of consolidating market positions, promoting brand equity, and enhancing distribution efficiency and effectiveness. Brand alliances are often formed during the maturity and decline stages of a product's life-cycle to strengthen market penetration by the firms involved (Xie and Johnston, 2004). The next section describes brand extensions which are different than brand alliances, however, the understanding of brand extensions are necessary for evaluating co-branded products, because co-branding has been described as a different form of brand extension strategy in which two brands extend to a new product instead of one (Leuthesser et al. 2003).

### **2.1.2.2 Brand Extensions**

A *line extension* is a new version of a product within the same product category (Aaker, 1996a) such as new flavors, new packaging options, or new sizes in a certain product category. They usually provide variety, energize the brand, manage innovation, and block or inhibit competitors.

*Brand extension* is another strategy for leveraging a brand and introducing a new product with a brand name that is equal to the brand name of an existing product (Kapferer, 1992; Keller, 1998) in a different product category (Aaker and Keller, 1990). Since it involves entering a new product category, brand extensions are usually more risky than line extensions.

Previous research has examined line and brand extensions to identify when such kind of strategic decisions will lead to favorable evaluations of extension products (Aaker and Keller, 1990; Park, Milberg and Lawson, 1991) and whether extensions result in negative feedback effects for the original brand (Keller and Aaker, 1992).

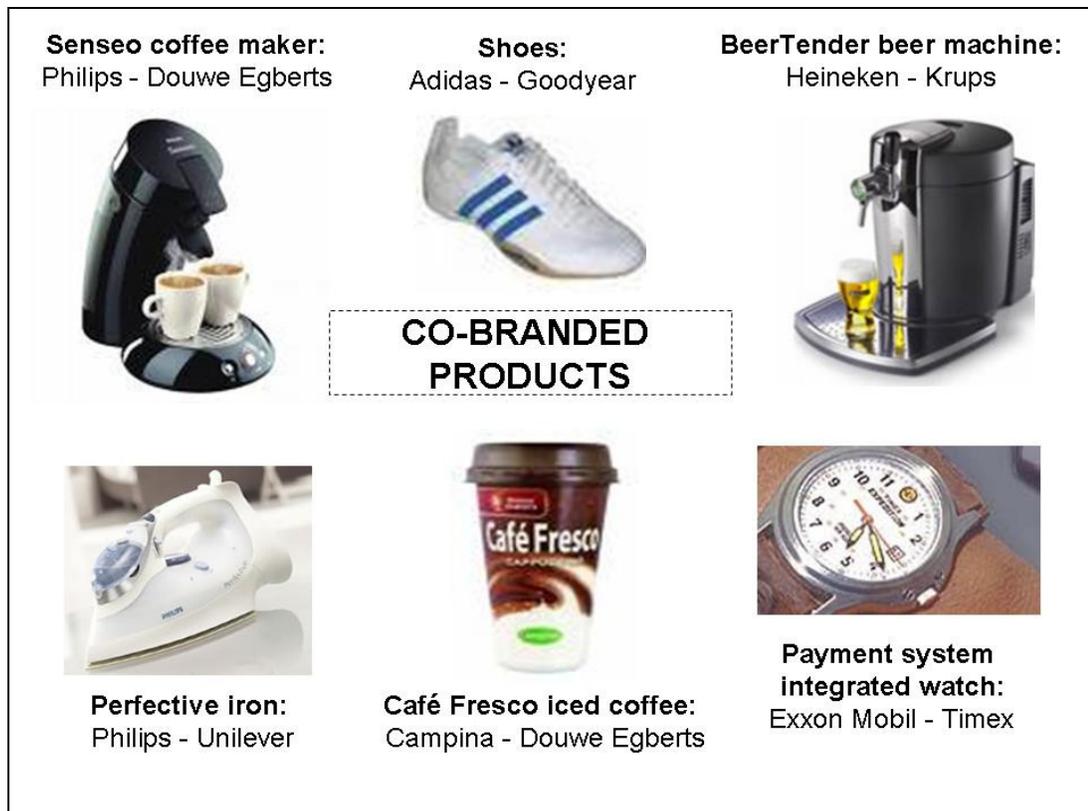
Such research has primarily focused on the fit between the original brand and its extension to another product category.

A successful extension can enhance brand equity by reinforcing the core image of the brand and increasing its visibility in the marketplace (Aaker, 1991). However, it has also been documented that the indiscriminate extension of brands may not only damage the reputation of the extended products but also dilute the value of the original product and the family brand name (Aaker, 1991; Aaker and Keller, 1993).

Co-branding strategy can be viewed as a special case of brand extension strategy in which two brands are extended to a new product (Leuthesser et al., 2003). However, the key difference between brand extension and co-branding is that brand extensions typically do not involve more than one brand. However, brand extension literature is still relevant for understanding co-branding, therefore, used as a source in co-branding research. This relevance is based on the similarity between co-branding and brand extensions in which one (in case of brand extensions) or two (in case of co-branding) brands extend into a new product category.

### **2.1.2.3 Definitions and Types of Co-branding**

The broadest definition of co-branding is stated as any coupling of two or more brands (Jansen, 2003 in Bouten, 2004). This includes marketing alliances (short-term) like joint-promotions in which no product or service is created and strategic alliances (long-term) in which the participant brand names are not retained. When co-branding results in the creation of a new product, it usually signals to customers that the partners are committed to a long-term relationship. In contrast, promotional alliances such as joint promotions and product bundling are not perceived as permanent (Leuthesser et al., 2003). Some examples of co-branded products sold around the world are presented in Figure 2.6.



**Figure 2.6** Co-branded product examples

*Bundled products* include variety packs like packages that include different potato chips or chocolate brands; selling different brands together at one package and so on. Bundled products are usually sold to create additional sales and provide the consumer with variety, practicality, additional products and economical buying options. For example, iPod MP3 Player bundled with Belkin-branded microphone adapter. In this case, this bundling can provide consumers monetary benefits and an additional tool to use their iPod more effectively.

*Joint promotion* involves the promotion of complementary product use. For example, Bacardi Rum and Coca-Cola can each be consumed independently; however, they may be promoted for joint-consumption as well. In contrast, the *ingredient branding* involves an integration of two products such that one product cannot be consumed without consuming the other. The Intel 'Inside' campaign and the use of NutraSweet in Diet Coke (Rao and Ruekert, 1994) can be given as examples of this type of

alliance. The difference between co-branding and ingredient branding, however, is that in ingredient branding, one brand serves as the host brand while the other serves as the ally brand<sup>3</sup> which contributes a unique attribute to the host brand (Simonin and Ruth, 1998). In other words, the two partner brands are on different levels of the distribution chain (Bouten, Snelders and Hultink, 2007).

There are many other definitions and forms of co-branding in the literature. For example, *composite brand alliances* are a kind of co-branding strategy which involve combining two existing brand names to create a composite brand name for a new product (Park et al., 1996). For example, the Yoplait subsidiary of General Mills used the Trix, a popular brand of breakfast cereal, to introduce Trix Yoplait Yogurt, a product for children. Park et al. (1996) term this type of alliances as 'composite brand extensions' and used a fictitious example of Slim-Fast chocolate cakemix by Godiva. Slim-Fast diet makes diet food which is targeted to a mass market whereas Godiva makes premium chocolates. These two brands ally themselves to enter a new product market by sharing manufacturing and marketing expertise. Slim-Fast plans to enter into cakemix category with the help of Godiva which contributes superior taste to the new product. Finally, both brand names might provide greater assurance about product quality than one alone. In this fictitious example, Park et al. (1996) found that by combining two brands with complementary attribute levels, a composite brand extension appears to have a better attribute profile than a direct extension of Slim-Fast brand alone.

*True product combinations* are created as a result of an ally between two or more brands to create a new product that integrates the existing expertise of each brand. The new product is usually a creative solution to a new problem of consumers that adds value from each brand's special expertise. For example, Timex watches and Exxon Mobil created a special watch with integrated payment functionality. With the help of this watch, consumers can pay their gas bills quickly and easily at gas stations. Another example of a true product combination is BeerTender, beer draught machine for home use. It was created by Heineken, popular beer brand and Krups, German home appliances brand. Krups' expertise in electronic home

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<sup>3</sup> Ally brand is the dependent brand which cannot be consumed or sold independently from its alliance with the host brand.

appliances was combined with Heineken's expertise in beer production. The resulting new product created a new product category in the market.

The products of the aforementioned strategies are presented in Figure 2.7. There is less information and consensus among the scholars on whether these different types of alliance strategies are subcategories of co-branding or not. In order to categorize the aforementioned strategies as a kind of co-branding, the present author of the thesis believes that the specific definitions used for each alliance strategy should be considered. For example, if the aforementioned broadest definition of co-branding is considered, all above-mentioned strategies such as joint promotions can also be thought of as the subcategories of co-branding. In this thesis, a narrower definition of co-branding is adopted so the present author of the thesis considers true product combinations, composite brand extensions and ingredient branding as types of co-branding (Aaker, 1996a) which are shown with darker color in Figure 2.7.



**Figure 2.7** Different types of brand alliance strategies

In this study, the focus is mainly on a narrower definition of co-branding in which all the participant brand names are retained and the two or more brands have significant customer recognition and a single product or service is created (Leuthesser et al., 2003). Although a co-branded product is connected to the participant brands, it is a symbol in itself with its own attributes (Askegaard and Bengtsson, 2005). Finally, one last property of co-branding is that partner brands continue to exist separately in the market at the same time. Overall, the final definition of co-branding is:

Co-branding =

a cooperation between two or more brands, that:

- have significant customer recognition
- are owned by different companies or business units
- are used independently of each other
- are retained on the new created product or service

(Bouten, 2004, p.A-5)

Overall, co-branding is a strategy that seeks synergy among two or more brands to share the brand building and new product launching costs and risks. Together participant brands can create the right brand associations in the consumers' minds and differentiate the product from its competitors.

#### **2.1.2.4 Benefits and Risks of Co-branding**

The growing attention to co-branding in practice has been accompanied by a number of publications in the marketing literature. Sooner or later, the attention to co-branded products might show its effect on industrial design field. As a matter of fact, this topic has started to be studied in some design faculties in the Netherlands (e.g. Delft University of Technology). Some of these studies focused on the benefits and risks associated with co-branding. Co-branding, in many cases, can be a more effective strategy for achieving higher consumer response than other line and brand

extensions (Leuthesser et al., 2003). On the other hand, some potential risks of brand alliances are also identified in the literature. Therefore, brand alliances could serve as a strategic 'boost' or detriment for the partner brands (Rao and Ruekert, 1994). The potential benefits and risks associated with co-branding can be summarized as follows:

### **Benefits of Co-branding**

- A co-branding strategy can create value through capitalizing on the unique strengths of the partner brands (Leuthesser et al., 2003) because co-branded products can acquire the most salient attributes of both partner brands which complement each other (Park et al., 1996). According to the findings of Park et al. (1996) two partner brands which have a high-level of complementary attributes, had a better attribute profile than a direct extension of the original brand.
- The combination of two brands provides a greater assurance about product quality than a mono-branded product (Wernerfelt, 1988), and therefore higher product evaluations and premium prices are expected (Rao et al., 1999).
- A co-brand partner can achieve lower introduction costs and lower failure risk because of using an existing brand name (Prince and Davies, 2002).
- There is potential for enhancement for the brand equity of a partner if it co-brands with a brand which has positive associations in the market. Moreover, the better-known brand still might have an incentive to pair with less-known brands as long as the attitudes toward the less-known partner, and the perceptions of brand fit are not detrimental (Simonin and Ruth, 1998).
- Each partner in a co-branding agreement brings a customer base, which is potentially available to the other partner. This gives the opportunity to penetrate existing markets or to enter into new markets (Leuthesser et al., 2003).

### **Risks of Co-branding**

- Customer confusion may result if two brands have seemingly inconsistent characteristics and this confusion could damage the images

of both brands (Keller and Aaker, 1992; Park et al., 1991; Park et al., 1996).

- Co-branding places the control of important product characteristics in the hands of one partner to some extent (Leuthesser et al., 2003) so partner brands might find themselves in conflict with each other for the desired image of the co-branded product.
- Some co-branding situations characterized by high core complementarity have a potential risk that a co-branding partner will ultimately become a competitor. Such a risk is particularly great if the partner's primary target market is at stake (Leuthesser et al., 2003).
- There is a risk of diminishment of the brand equity of either partner.

In sum, co-branding has several benefits for companies but it also carries some risks which have to be considered before involving in co-branding agreements. One of the most important problems is that each partner brand is not necessarily affected equally by its participation in a particular alliance (Park et al., 1996; Simonin and Ruth, 1998). Additionally, the issue of partner brand fit, and implementation problems of two different organizations with different cultures and systems might pose some crucial problems (Aaker, 1996a). Therefore, it is important for companies to know the implications of a co-branding agreement; and it might be useful to clear beforehand the desired role and contribution of each partner.

### **2.1.3 Consumers' Perceptions of Extended and Co-branded Products**

Today's world is consumer-centric (Arnell, 2006), and brands can exist in the market if they can successfully understand their customers. Some publications about co-branding addressed the issue of how customers' perceptions of a co-branded product are influenced by their perceptions of the partner brands, and focused on issues of consumer acceptance (Park et al., 1996; Rao et al., 1999; Simonin and Ruth, 1998). In the following subsections some common concepts in the literature related to consumer's evaluations towards the alliance and alliance brands are explained.

### **2.1.3.1 The Influence of Quality on Consumers' Evaluations of Co-branded Products**

A central premise underlying extension and alliance research is that brands demonstrating high levels of perceived quality perform better when leveraged into a new product situation (Aaker and Keller, 1990; Rao et al., 1999; Rao and Ruekert, 1994). Quality and perceived quality are powerful cues for consumers as signals of reputation which reduce risk in the purchasing process (Lane and Jacobson, 1995). They are especially important if the quality of the brand is not directly observable as is often the case in a new product introduction (Farquhar, 1989). Aaker and Keller (1990) found that the perceived quality of the brand in its non-extension context proved to be a major predictor of how the consumer would evaluate the brand extension. In brand alliance research, perceived quality and reputation were addressed as well (Rao et al., 1999; Rao and Ruekert, 1994). The results suggest that “when evaluating a product that has an important unobservable attribute, consumers’ quality perceptions are enhanced when a brand is allied with a second brand that is perceived to be vulnerable to consumer sanctions” (Rao et al., 1999, p.258). Additionally, when a brand faces quality perceptions that are inconsistent, or lower than, its ‘true quality’, product quality can be secured by forming an alliance with a reputable brand (Rao and Ruekert, 1994).

The pairing of ‘high-quality’ or ‘high-image’ brands with brands of lesser status is another topic that has received attention in the literature (e.g. Park et al., 1991). It is proposed that any brand should be cautious in forming an alliance with a brand of lesser quality that could bring down its image (Rao et al., 1999). Park et al. (1991) compared a prestige-oriented brand (Rolex) with a function-oriented brand (Timex) to examine the effects of fit on these brands. They found that a prestige brand concept has a greater potential to extend to dissimilar product categories than does a functional brand concept although both *product fit* and *brand fit* were important for both brands. However, prestige-oriented brands do not necessarily have higher quality than function-oriented brands. The fit factors are explained in more detail in the next section.

### **2.1.3.2 The Influence Fit Factors on Consumers' Evaluations of Co-branded Products**

Co-branding has been described as a strategy that allows brands to innovate, and take one step further in extending their product portfolio with the support of a partner brand (Kapferer, 2003 in Bouten, 2004; Park et al., 1996; Prince and Davies, 2002). As a catalyst for innovation, it is surprising that the relation between the brands and the new product has not received more attention in the literature on co-branding.

Research into brand extensions has consistently highlighted the significance of fit between the brand and the extension product in dictating extension success (Aaker and Keller, 1990; Dacin and Smith, 1994; Park et al., 1991) and in new product success (Smith and Park, 1992). However, the relation between the brands and the new product has not received enough attention in the literature on co-branding. Few publications about co-branding have looked at the extent to which brands are suited for each other in the eyes of the consumer (Bouten et al., 2007; Simonin and Ruth, 1998). *Fit's* function in brand alliances is important because it has been found that the transfer of perceived quality is enhanced when partner brands fit together (Bucklin and Sengupta, 1993; Rao and Ruekert, 1994).

#### **Product-product-fit and New product-product-fit (A-C)**

*Product-product-fit* is the relatedness between the existing product categories of each partner brand (Bouten et al., 2007; Simonin and Ruth, 1998) whereas *new product-product-fit* is the fit between the new product and the existing product categories of a brand (Bouten et al., 2007). Senseo, a coffee machine created by Philips and Douwe Egberts, might be given as an example of a good fit between two brands. Philips is a well-known producer of household appliances; Douwe Egberts is a famous Dutch coffee brand. In the case of Senseo, two product categories in which the brands are active (coffee and household appliances) can be considered to have a good fit. Therefore, *product-product-fit* between Philips and Douwe Egberts is high. Moreover, there is also a high fit between coffee machine (Senseo) and coffee (Douwe Egberts). Therefore, *new product-product-fit* between Senseo and Douwe Egberts can be perceived as high as well. For a poor *product-product-fit*, Tide Buzz can be given as an example. Tide Buzz is a stain removal system that is created by Black & Decker and Tide. Tide is the famous detergent brand of Procter & Gamble whereas Black & Decker is a well-known producer of power tools in

Europe. Tide Buzz is a cleaning product and there is a low fit between power tools and cleaning tools. Therefore, *new product-product-fit* between Black & Decker and Tide Buzz might be perceived as low. Moreover, a detergent and power tools do not match either. Therefore, it can be said that *product-product-fit* between Tide and Black & Decker can also be perceived as low.

Since brand extension literature addresses the relationship between the brand and the new product, it can be consulted for the relationship between the brands and the new co-branded product. However, there might be a difference in terminology between two fields. For example, same term used in brand extensions might have a slightly different meaning in co-branding. In relation to brand extensions, consumers might question *new product-product-fit* (also called *product-fit* in brand extensions) on the basis of the transferability of firm skills and information in producing the original brand to the products of the extension (Aaker and Keller, 1990; Park et al., 1991). In contrast, in co-branding, *new product-product-fit* is the new product's fit to each partner brands' existing products categories (Bouten et al., 2007).

It is found that *product-product-fit* has a positive influence on the evaluation of a co-branded product (Bouten et al., 2007; Park et al., 1996) and on the perceived brand fit of the two partner brands (Helmig, Huber and Leeflang, 2005).

Aaker and Keller (1990) studied the *new product-product-fit's* influence on hypothetical brand extensions. They found that consumer acceptance towards the extension product is higher when there is both a perception of fit between the two product classes, and a perception of high quality for the original brand. On the other hand, Bouten et al. (2007) found that *new product-product-fit* had no significant direct impact on the evaluation of a co-branded new product. However, the difference in *new product-product-fit* between the partner brands had a positive influence on the evaluation of a co-branded product. In relation to brand extensions, Park et al. (1991) used the term 'product feature similarity' to mean the fit between the existing product categories of a brand and the new extension product (i.e. *new product-product-fit*). Other scholars studied 'product category similarity' and found an influence of it on brand extension evaluations (Aaker and Keller, 1990; Keller and Aaker, 1992).

## **New product-brand-fit (D)**

First, *product-brand-fit* (i.e. *brand-fit*) term is used in the brand extension literature to mean the extent to which the new product conforms to the core or brand specific associations (see also Section 2.3) of the brand (Aaker and Joachimstahler, 2000). Similarly, the term 'brand concept consistency' was used by Park et al. (1991), in the context of brand extensions to mean the conceptual fit between the extended product and its parent brand. Most of the studies in the literature tested the impact of *product-brand-fit* on the evaluations of the new product in brand extensions (Bouten, 2004; Broniarczyk and Alba, 1994; Park et al., 1991).

Brand extension literature found a positive effect of *product-brand-fit* (i.e. *brand-fit*) on the evaluation of the extended product (Bouten, 2004; Broniarczyk and Alba, 1994; Park et al., 1991). Park et al. (1991) tested the ability of a brand to extend to a product category not related to the existing products but related to the core associations of that brand. They gave as an example of possible extension of 'toys' for McDonald's and Wendy's. At the level of product features, 'toys' are clearly dissimilar to McDonald's hamburgers but in the light of McDonald's advertising campaign of 'food, folks and fun', toys may be perceived as a more appropriate extension for McDonald's than Wendy's. Their findings found that consumers take into account not only information about the product-level feature similarity (i.e. *product-fit*) between the extended product and the products already associated with the brand, but also the brand concept consistency (i.e. *brand-fit*) between the brand concept and the brand extended product (Broniarczyk and Alba, 1994; Park et al., 1991).

Brand concepts are brand-unique abstract meanings (e.g. high status) that typically originate from a particular configuration of product features (e.g. high price, expensive-looking design, etc.) and a firm's efforts to create meanings from these arrangements (e.g. 'the relentless pursuit of perfection' by Lexus) (Park et al., 1991, p.186).

Jeep baby gear can be a good example that illustrates the importance of *product-brand-fit*. Jeep, an automobile manufacturer, extended into a line of baby gear which is found very successful by 208 marketing professionals in the USA (Makula et al., 2004 in Bouten, 2007). The new product, baby gear, does not fit the existing products of Jeep, automobiles, so its success is hardly attributable to the fit between product categories (i.e. *product-product-fit*). However, it might be attributable to the

fit between *product-brand-fit* since Jeep stressed the durability of its materials and “communicated its brand image by the look and feel of its extension” (Bouten et al., 2007, p.9).

Then, co-branding literature consulted brand extension literature and the term *product-brand-fit* (i.e. *brand-fit*) also modified as *new product-brand-fit* by some scholars (e.g. Bouten, 2004) to mean the suitability of the new product to the brand specific associations of a partner brand. Co-branding literature found a positive effect of *new product-brand-fit* on the customer acceptance of the co-branded product (Bouten, 2004; Bouten et al., 2007). In their study, Bouten et al. (2007) also looked at the *difference of new product-product-fit* between two brands in order to examine whether a lack of competence of one brand is compensated by the other brand or not. However, they found that the difference of *new-product-product-fit* between the two partner brands did not have an influence on the evaluation of a co-branded product.

### **Brand-brand-fit (B)**

As it is explained in the previous section, a co-branded product should fit the brands that introduce this product (i.e. *new product-brand-fit*) and the brands should fit each other as well. The fit between the brand images of the partner brands of a co-branded product is called *brand-brand-fit* (Bouten et al., 2007). For example, Bouten et al. (2007) gave the example of Mini Cooper and Puma which created shoes that is specially designed for use in cars. The product categories of Mini and Puma have nothing in common (cars versus shoes). However, both are brands that an overlapping brand image of trendy and stylish.

Brand personality is the personality of a brand that can also be described like a person who has certain “demographics (age, gender, social class, and race), lifestyle (activities, interests, and opinions) or human personality traits (such as extroversion, agreeableness and dependability) (Aaker, 1996, p.142).

*Brand-brand-fit* is the manner in which two (or more) brands resemble each other (Bouten, 2004). Therefore, the fit between the brand personalities of the partner brands should also be considered in the context of *brand-brand-fit*. James, Lyman and Foreman (2006) studied the fit issue in brand alliances and they defined fit as the suitability of the brand personalities of the partner brands in an alliance. They

claimed that “fit between brands in an alliance should not only be on the functional level of skills and expertise, etc., but also on the abstract level with brands matching on a personality dimension” (James et al., 2006, p.180). As a result of their study, it is found that the more similar the personality traits of the partner brands, the more positive the attitude towards the alliance.

If the two images of the partner brands are inconsistent, consumers might activate an attributional search (Folkes, 1988; Keller and Aaker, 1990) through which they are likely to question why these two brands are associated. Such a poor fit may trigger undesirable beliefs and attitudes towards the brand alliance.

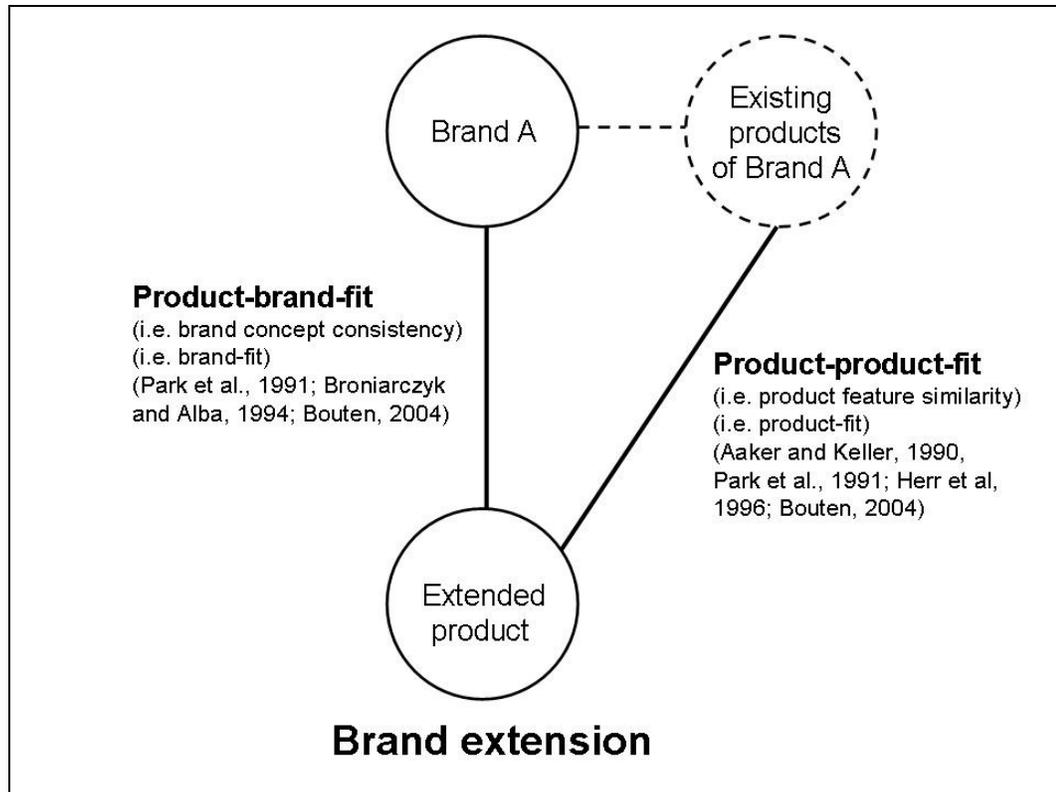
Park et al. (1996) studied the similarity between two brands in the context of composite brand extensions, and *brand-fit* was based on brand-specific associations such as attributes and performance levels. They found that by combining two brands that are complementary to each other in attributes, a composite brand extension appears to have a better attribute profile than a direct extension of the header brand. In that study, header was the brand that precedes the preposition ‘by’ and modifier was the noun following the preposition ‘by’. In the Godiva cakemix by Slim-Fast example, Godiva was the header and Slim-Fast was the modifier brand (Park et al., 1996). In the study of Park et al. (1996), which brand (header or modifier) is the dominant brand was not studied. However, this could be an interesting study for further research.

Other studies also confirmed the positive influence of *brand-brand-fit* on the evaluation of the new product (Bouten, 2004; Bouten et al., 2007; Simonin and Ruth, 1998). Simonin and Ruth (1998) replicated the finding of Park et al. (1996), and also found that consumer evaluations of the co-branded product were affected by fit on a brand image level. Bouten et al. (2007) also found *brand-brand-fit* has a positive influence on the evaluation of a co-branded product.

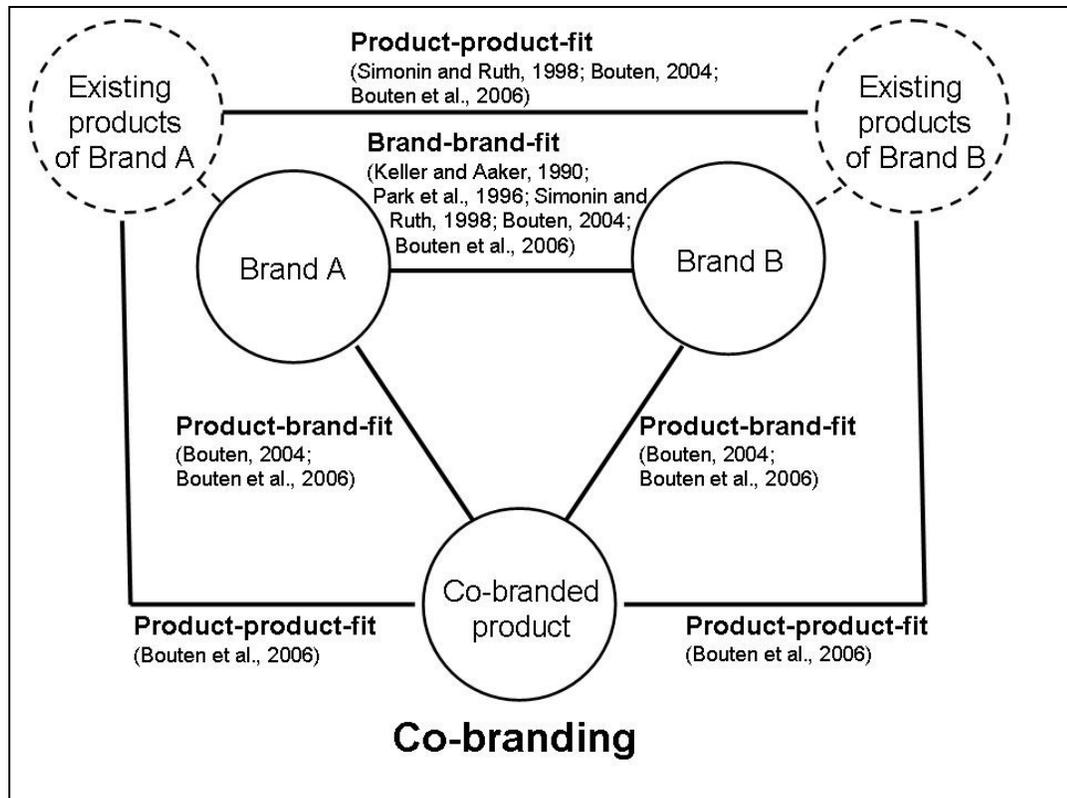
### **Schematization of Fit Factors and Existing Scales**

The fit factors in brand alliance literature were explained in detail in the previous subsections. Figure 2.8 shows the fit factors that influence the evaluation of a brand extension product and the studies carried out in related to each factor; Figure 2.9 is derived from the study of Bouten et al. (2007) which shows the fit factors that

influence the evaluation of a co-branded product and the studies carried out in relation to each factor. Table 2.3 was derived from the literature review; and shows the existing scales (measures) used in measuring the fit factors. The examples written in the parentheses were taken from the study of Bouten et al. (2007).



**Figure 2.8** Fit factors influencing the evaluation of an extended product



**Figure 2.9** Fit factors that influence the evaluation of a co-branded product (based on the extended model of Bouten et al. (2007, p.25))

**Table 2.3** Existing scales used in measuring fit factors (derived from the literature review and based on Bouten et al. (2007))

<b>Existing Scales*</b>		
	<b>Measure:</b>	<b>Related Studies:</b>
<b>Product-product-fit</b>	Similarity (The products are similar to each other)	Park et al. (1991); Broniarczyk and Alba (1994)
	Fit (The products fit each other)	Bhat and Reddy (2001)
	Consistency (The products are consistent with each other)	Simonin and Ruth (1998)
	Substitution (The products substitute each other)	Aaker and Keller (1990)
	Complementarity (The products complement each other)	Simonin and Ruth (1998); Aaker and Keller (1990); Samu et al. (1999)
<b>New product-product-fit</b>	Complementarity (The new product complements the current products)	Aaker and Keller (1990)
	Substitution (The new product is a substitute of the current products)	Aaker and Keller (1990)
	Consistency (The new product is consistent with the current products)	Broniarczyk and Alba (1991)
	Fit (The new product fit the current products)	Bhat and Reddy (2001)
<b>Brand-brand-fit</b>	Consistency (These brands are consistent)	Simonin and Ruth (1998)
	Complementarity (These brands are complementary)	Park et al. (1996); Simonin and Ruth (1998)
	Fit (The brands fit each other)	Bhat and Reddy (2001)
<b>New product-brand-fit</b>	How well does brand perform on same set of attributes	Park et al. (1996)
	Relevance of associations in product evaluation (relevant/ not at all relevant)	Broniarczyk and Alba (1994)
	Complementarity (The brand and the new product complement each other)	Simonin and Ruth (1998)
	Addition (The new products adds to the brand and vice versa)	Bouten et al. (2006)
	Consistency (The brand and the new product are consistent)	Simonin and Ruth (1998)
	Fit (The brand fits the product)	Bhat and Reddy (2001)

\* All the examples in the parantheses are from the study of Bouten et al. (2006)

### **2.1.3.3 The Influence of Brand Familiarity and Other Factors on Consumers' Perceptions of Co-branded Products**

Brand familiarity has been shown to have a moderating effect on the evaluations of brand extensions and brand alliances (Aaker and Keller, 1990; Broniarczyk and Alba, 1994; Simonin and Ruth, 1998).

Broniarczyk and Alba (1994) studied the effect of brand familiarity in relation to the brand extension strategy, and found that “knowledge of the brand-specific associations is required for consumers to appreciate the appropriateness of the brand in the extension category” (p.216). Aaker and Keller (1990) also found that familiarity with the brand that introduces the new product and familiarity with the product itself have an influence on the evaluation of the branded product in a brand extension.

Brand familiarity plays a key role in understanding brand alliance evaluations (Simonin and Ruth, 1998). Simonin and Ruth (1998) proposed that when two partner brands differ in familiarity, the two brands do not make equal contributions to the evaluations about brand alliance: The more familiar a brand, the more influential the prior attitudes towards this brand on the evaluation of the branded product. Therefore, a beneficial partner could not only be the one that combines to produce favorable perceptions of *product fit* or *brand fit* but also a brand evaluated favorably by consumers. They based their finding on the notion that a more familiar partner brand is more accessible and affective in memory than a less familiar partner brand (attitude accessibility theory). “Consumers who use products of a brand also have a richer associational network and a more positive attitude towards the brand and its products” (Bouten, 2004, p.16).

Empirical studies in brand alliance research suggest that when exposed to a brand alliance, consumers will evaluate an unknown brand higher than the same brand without an ally (e.g. Rao et al., 1999; Rao and Ruekert, 1994; Simonin and Ruth, 1998; Washburn, Till and Priluck, 2000).

Product involvement has also been studied with regard to consumer evaluations of products. The literature has shown that brand associations have more influence on consumer judgments when people have a low involvement with the type of product

and/or with the judgment itself (e.g. Maheswaran et al., 1992 in Berens et al., 2005) or when people have a low expertise with the product class (e.g. Broniarczyk and Alba, 1994).

Prior experience is also important in consumers' evaluations of extensions because consumers call for their prior beliefs formed through past experience with a brand to make inferences about the quality of its extension. In other words, "consumers use their experiences with the other products of the brand as a surrogate for experience with the new product" (DeIVecchio, 2000, p.459).

#### **2.1.3.4 The Influence of Prior Attitudes on Consumers' Evaluations of Co-branded Products**

One of the major sources of value created by a brand lies in the memorial associations consumers have for products sold with that brand (Aaker, 1991; Farquhar, 1989; Farquhar, Herr and Fazio, 1990; Keller, 1993). These associations are established through brand-building efforts to develop greater brand awareness and create favorable brand attitudes among consumers.

Prior and post attitudes of consumers towards the alliance (partner) brands and the alliance itself have been an interesting research avenue for some scholars in the field. According to some of these studies, a brand producing a positive attitude is more likely to be chosen than the one generating less positive attitudes (Aaker and Keller, 1990; Bottomley and Doyle, 1996; Keller, 1993). In a brand alliance, consumers form a composite concept about the alliance that consists of two sets of partner brand attributes (Park et al., 1996). Furthermore, the attitude that a consumer holds towards the individual brands influences their future attitudes towards the same brands in the alliance (Park et al., 1996; Ruth and Simonin, 2003; Simonin and Ruth, 1998).

Various theories such as information integration and attitude accessibility (e.g. Simonin and Ruth, 1998) have been used to explain how consumers reconcile their attitudes towards co-branded products. According to information integration theory, people form and modify their attitudes or beliefs by integrating any additional information that they receive with their previous attitudes or beliefs (Berens et al.,

2005). Attitude accessibility suggests that the more salient or accessible brand attitude will play a more prominent role in consumer evaluation (Simonin and Ruth, 1998). Based on information integration theory and attitude accessibility, Simonin and Ruth (1998, p.32) posited that “judgments about the brand alliance are likely to be affected by prior attitudes toward each brand, and subsequent judgments about each brand are likely to be affected by the context of the other brand”. They found prior attitudes towards the brands are positively related to attitudes towards the brand alliance, which, in turn, are positively related to post-exposure attitudes towards the brands. Rodrigue and Biswas (2004) found a similar finding that attitudes towards the brands before the alliance (pre-attitudes) have a positive effect on both the attitude toward the alliance, and also on the perceived quality of the alliance which lead to the willingness to pay a premium price and purchase intentions.

#### **2.1.4 The Effect of Consumers’ Perceptions of Co-branded Products on Subsequent Partner Brand Perceptions**

The effect of consumers’ evaluations of a co-branded product on the subsequent partner brand perceptions was termed as spillover effects (Simonin and Ruth, 1998). Simonin and Ruth (1998) found that brand alliances affect subsequent consumer attitudes towards the individual brands, but that the partners are not affected equally from the relationship. They found that neither *product-fit* nor *brand-fit* has direct or moderating effects on the spillover effects and the contributions of the brands to the alliance. They also found that brand familiarity plays a key role in understanding spillover effects of the evaluations about co-branded products. In particular, a symmetrical spillover effect was found when both brands were highly familiar, while an asymmetrical spillover effect was found when one brand was less familiar. In other words, strong and well-known brands are less likely to be influenced by co-branding than less-known brands.

In some co-branding alliances (e.g. ingredient branding), there is a primary and a secondary brand. Secondary brand is usually the ‘ingredient’ or ‘component’ involved; and primary brand is the brand that ‘contains’ the secondary brand (Leuthesser et al., 2003). “The primary brand owner usually owns the co-branded product and is mainly responsible for its marketing, while the secondary brand

owner acts as a supplier or licensor” (Leuthesser et al., 2003, p.36). Secondary brands also appear to be relatively immune to brand dilution and confusion because if a co-brand fails, it ‘belongs’ to the primary brand (Leuthesser et al., 2003). Therefore, a co-branding arrangement is likely to pose a greater risk to the primary brand than to the secondary brand.

Washburn et al. (2000) found that low equity brands (e.g. relatively unknown) may benefit most from co-branding whereas high equity brands are not discredited even if they partner with a relatively unknown brand. As a result of their findings, Washburn et al. (2000) states that co-branding appears to be a win/win proposition for compatible product categories. For example, DuPont, a high equity brand, allied with different co-branding partners from the ones offering high-profile, high-equity brands to the low equity ones. The low equity brands did not harm DuPont; on the contrary they helped DuPont to achieve market dominance.

On the other hand, in the context of composite brand extensions, it has been suggested that strong parent brands influence the perceptions of co-branded products more than weaker parent brands, and strong parent brands are less influenced by attitudes towards the co-branded product (Simonin and Ruth, 1998; Leuthesser et al., 2003). The better-known brands still might have an incentive to pair with less-known brands as long as the attitudes toward the less-known partner and the perceptions of *brand fit* are not detrimental.

## **2.2 Dominance**

Section 2.2 constitutes the second part of the literature review. Throughout this section, literature about *dominance* is reviewed; partner brand dominance is explained; and the possible reasons of consumers’ perceptions of partner brand dominance are outlined.

### **2.2.1 Partner Brand Dominance in Co-branded Products**

When two brands collaborate to create a co-branded product, one of the partner brands may assume, planned or unplanned, a greater role in relation to the product. As it is explained in the previous sections, partner brands are not necessarily

affected equally by its participation in a particular alliance (Park et al., 1996; Simonin and Ruth, 1998). Besides this asymmetric relationship between partners, there is another issue related to consumers' perceptions of co-branded products. Consumers may perceive one of the partner brands more dominant than the other; and this perception might affect their subsequent attitudes towards the partner brands as well as the co-branded product. For example, for Senseo, which is a coffee machine created by Philips and Douwe Egberts, consumers might perceive Philips more dominant than Douwe Egberts or vice versa. It is found that the attitude that a consumer holds towards the individual brands influences their future attitudes towards the same brands in the alliance (Park et al., 1996; Ruth and Simonin, 2003; Simonin and Ruth, 1998). So far, the literature on co-branding mostly focused on the effect of fit between brands on the evaluation of co-branded product (e.g. *product-product-fit*, *brand-brand-fit*). However, as far as the literature review for this study revealed, the dominance of one partner brand over the other has not been studied so far. Throughout this study, the dominance of one partner brand over the other will be named as partner brand dominance. In order to carry out a study about *dominance*, it is necessary to define it properly.

### **2.2.1.1 Definitions and Dimensions of Dominance**

In order to increase the reliability of the measures of this study, established measures of *dominance* were investigated in the literature. With this regard, first co-branding related fields were reviewed. This review revealed that *dominance* has not been studied in co-branding or a related field. However, *fit* concept which is the nearest topic to *dominance*, has been widely studied. In order to have a better knowledge about *dominance*, other fields like joint ventures, distributor-supplier relations, environmental psychology, etc., that are distant to co-branding were also reviewed. Some of the other domains that the term 'dominance' used are as follows:

- Dominant designs (Srinivasan, Lilien and Rangaswamy, 2006; Utterback and Abernathy, 1975 in Suarez, 2004)
- Technological dominance (Suarez, 2004)
- Dominant supplier/ dealers in channel research (Gundlach, and Cadotte, 1994; Kumar, Scheer and Steenkamp, 1995, 1998; Smith, Ross and Smith, 1997)
- Corporate brand dominance (Berens et al., 2005)

- Category dominance (i.e. master brands) (Farquhar, Han, Herr and Ijiri, 1992; Fazio, 1987, 1990 in Leong, Ang and Liau, 1997; Herr, Farquhar and Fazio, 1996; Leong et al., 1997)
- Joint venture dominance (Sim and Yunus Ali, 2000). The aforementioned terms are explained later in this section.

There are some studies in the joint venture literature that are related to the dominance of one partner over the other in co-branding alliances. In any partnership, partners usually have varying levels of power and control. The studies about power, control and dominance in the joint venture field is scrutinized in order to find some relevant findings that might be applicable for co-branding alliances. Although the studies about joint ventures shed light on our research on co-branding alliances, the differences between the two were acknowledged and, findings were evaluated accordingly. Both joint ventures and co-branding alliances are strategic partnerships in which two or more partners combine their resources to mutually achieve a common objective with sharing risks and rewards. However, the extent of resources, risks and rewards shared by partners, the content of the common aim, and the duration of the relationship may vary.

There are contradictory findings in the literature regarding the dominance of one partner in the context of joint ventures. For example, Blodgett (1992) reported that a positive association between dominance of one partner and joint venture instability whereas Killing (1983) found the reverse. Killing (1983) proposed that dominant partner joint ventures tend to be more successful than shared management ventures. On contrary, Blodgett (1992) reported that the dominance of one partner over the other is a destabilizing force. It is noteworthy to mention that the time elapsed between these two studies might affect their comparability.

In light of the implications of the literature review, the present author of the thesis derived some keywords that might be related to *dominance*. The keywords were organized according to their likely positive and/or negative meanings as they are presented in Table 2.4.

**Table 2.4** Keywords related to the possible definitions of *dominance*

(-)	(+/-)	(+)
Submission <sup>1</sup>	Significance	Leadership
Dictatorship	Association	Importance
Power asymmetry <sup>2</sup>	Responsibility	Powerful
Control <sup>3</sup>	Ownership	Superiority
Opportunistic <sup>4</sup>	Authority	Commitment <sup>7</sup>
	(Inter)dependence <sup>5</sup>	Contribution <sup>8</sup>
	Power	
	Strength	
	Influence <sup>6</sup>	

1. Jennifer Bernardi (2004).
2. Gundlach and Cadotte (1994); Muthusamy and White (2006).
3. Anderson and Narus (1990); Beamish (1984); Franko (1971); Geringer and Hebert (1989); Killing (1983); Kogut (1988) in Muthusamy and White (2006); Sim and Yunus Ali (2000).
4. Emden, Calantone and Droge (2006); Killing (1983); Muthusamy and White (2006).
5. Gundlach and Cadotte (1994); Kumar et al. (1998); Sim and Yunus Ali (2000), Muthusamy and White (2006); Rodrigue and Biswas (2004).
6. Muthusamy and White (2006), Pfeffer and Salancik (1978).
7. Beamish (1987); Killing (1983).
8. Sim and Yunus Ali (2000).

The definitions related to the term ‘dominance’ that are used in the literature are listed below with the study fields in which they were extracted are also given:

Relative dominance is defined as the relative **importance** of one partner for the other partner’s business (Smith et al., 1997; in the field of supplier-distributor relationship; from distributor’s perspective).

Corporate brand dominance is defined as the degree of **visibility** of a company's corporate brand compared with the visibility of a subsidiary brand in product communications (Berens et al., 2005; in the field of branding; from consumer's perspective).

'Master brand' is the term used for a brand that dominates/ '**owns**' a particular product category in the consumer's mind (Farquhar et al., 1992; in the field of brand extensions).

Category dominance was defined as the **strength of the brand's association** with the parent product category (Leong et al., 1997; Herr et al., 1996, in the field of brand-product category associations).

**Relative Dependence** of an alliance partner is equal to the **relative power** of the other brand. In other words, the more power advantage partner A has over partner B, the more dependent partner B on partner A (Emerson, 1962; Gundlach and Cadotte, 1994; in the field of strategic alliances).

A dominant design was defined as the **specification** (consisting of a single design feature or a complement of design features) that **defines** the product category's architecture (Srinivasan et al., 2006; in the field of product design).

Greater investments, greater market shares, and greater resources are the three facets that define dominance (Borenstein, 1990, 1991 in Chandy, Prabhu and Antia, 2003; in the field of radical innovations).

A firm's **independence** was viewed as flowing from (1) the value received by the firm through its relationship with the partner and (2) the extent to which the partner and the value received are irreplaceable (Kumar et al., 1998; in the field of channel relationships).

Affective responses of dominance: **Controlling** (controlled), **influential** (influenced), in control (cared-for), **important** (awed), **dominant** (submissive) and **autonomous** (guided) (Mehrabian and Russell, 1974 in Foxall and Yani-de-Soriano, 2005; in the field of environmental psychology).

The principle of visual organization that suggests certain elements should assume **more importance** than others in the same composition or design. Some feature emphasized and others are subordinated. Emphasis and center of interest (Perry, 2005).

The aforementioned definitions from different domains were explored in order to find a relevant definition of *dominance* in the context of co-branding. However, as it is seen from this list, none of the terms alone is relevant enough to define partner brand dominance. On the other hand, they include useful keywords for the present

author of the study to find a definition of *dominance*. For example, the definition of *category dominance* is related to brand's association with a certain product category. This might be relevant for defining partner brand dominance for this study. Therefore, the aforementioned domains were inspiring for the study although not being directly linked to partner brand dominance. Chapter 3 also explains the mind mapping process that is conducted in order to come to a relevant dimension of *dominance* for this study.

As far as the literature review revealed, the term 'dominance' has different meanings in different fields. However, there is no agreed upon definition of *dominance* especially that can be directly used in the context of co-branding. As a result, it has become apparent that continuous refinement of concepts is needed in *dominance* topic. For the purpose of this study, the most relevant meaning of *dominance* in the context of co-branding is necessary which is explained in Chapter 3.

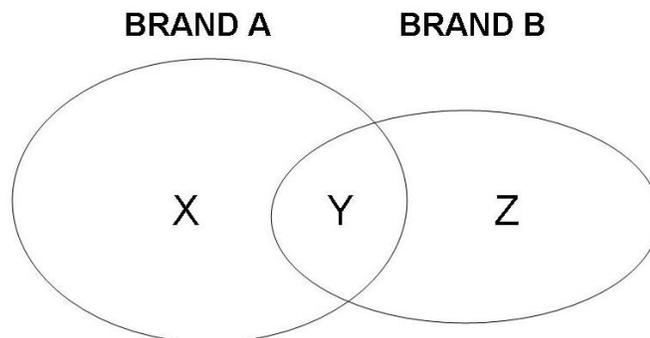
Consequently, according to the above definitions, **dominant brand** might be defined as *the partner brand that defines the co-branded product more than the other partner brand and, therefore, is associated more with the co-branded product.*

### **Kinds of Dominance**

*Dominance* can be caused by equity control (Killing, 1983; Kogut, 1988 in Muthusamy and White, 2006), management control (Choi and Beamish, 2004; MjÖen and Tallman, 1997 in Muthusamy and White, 2006), contractual agreements (Lee and Cavusgil, 2006), technological dominance (Suarez, 2004), and dominant designs (Srinivasan et al., 2006). This first kind of *dominance* is usually based on apparent or accepted power of each partner over the other, and it is usually acknowledged by both partners whether it is desired or not. Another kind of *dominance* is based on the perceptions of consumers and it is about their attitudes, opinions and thoughts about each partner brand in relation to a new product. In this study, the second kind of *dominance*, which is related to consumers' perceptions rather than factual data such as which brand has more control over the new product as agreed on the partnership contract, is studied.

### 2.2.1.2 Properties of Partner Brand Dominance in Co-branded Products

*Dominance* is dynamic that is, the perceptions of dominance of one partner over the other can change if there is a change in brand-level and/or environment-level factors; these changes are likely to be realized by customers and considered as important. BeerTender, home beer draught machine created by Heineken (beer brand) and Krups (home appliances brand) can be given as an example. Currently, this co-branded product is being advertised by Heineken. Instead, if Krups advertised BeerTender, consumers' perceptions regarding the dominant brand might shift from Heineken to Krups. Another property of *dominance* is a measure of dyadic relations like co-branding which consists of comparing two brands with each other. In other words, it is a relative term: one can only talk about *dominance* of one thing over/in relation to the other. However, for instance in *fit*, one can talk about intersection point of two partner brands (see Figure 2.10). Besides being a relative term, *dominance* can assume negative and positive meanings (see Table 2.4). Finally, *dominance* can be interpreted by the brand owners themselves or by the consumers. Since today's world is consumer-centric, this study is about consumers' perceptions, so how they assess *dominance* is the main focus.



Dominance of Brand A over Brand B: **X-Z**

Fit between Brand A and Brand B: **Y**

**Figure 2.10** Schematic representation of the difference between *dominance* and *fit* concepts

### **2.2.2 Consumer's Perceptions of Partner Brand Dominance**

In the Senseo coffee machine example, the total co-branded product consists of a coffee machine which is bought once and the coffee pads which are bought continuously throughout the life of the product. However, in most of the cases, a co-branded product is a single product. Then, the question "Who 'owns' the product?" arises. The product may be 'owned' by one or both of the parent brands (Leuthesser et al., 2003). In the case of ingredient branding, the primary brand owns the product and the secondary brand acts like a supplier of an ingredient of that product (e.g. Intel microprocessor or DuPont Teflon) (Washburn et al., 2000). This relationship is not a perception of the consumer but a reality. In other cases, there might be a balanced relationship between two partner brands but still one brand might be perceived as more dominant than the other.

Many factors might have an influence on consumers' perceptions of partner brand dominance. More importantly, these factors might be interacting with each other. As previously stated, perceptions of partner brand dominance in a co-branded product has not been thoroughly researched in the literature although its implications might help to understand the effectiveness of co-branding strategy for each partner brand and show whether they benefit equally or have unequal risks in case of a failure in the market. Therefore, it is important to understand why consumers perceive one partner brand more dominant than the other. In the following sections of this chapter, the potential factors that might have an influence on consumers' perceptions of partner brand dominance are explained. The survey study that examines the validity of these factors and its conclusions are presented in Chapter 3 and Chapter 4, respectively.

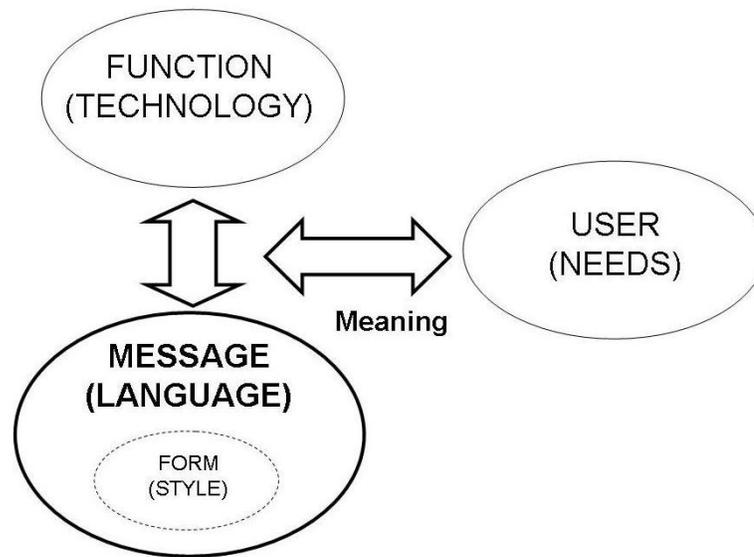
#### **2.2.2.1 Fit Factors (New product-product-fit & New product-brand-fit)**

As explained in detail in the first part of the literature, fit factors have an influence on consumers' evaluation of co-branded products (e.g. Bouten et al., 2007; Simonin and Ruth, 1998). *Fit* might have an influence on consumers' perceptions of partner brand dominance. For example, consumers might perceive one partner brand more dominant than the other if they see one of the partner brand's existing products more fitting to new co-branded product. Moreover, the relatedness of the brand images of the partner brands to the new co-branded product can also be a reason of

perceiving one of the partner brands as more dominant. Therefore, *new product-product-fit* and *new product-brand-fit* might play a role in consumers' perceptions of a *dominant* brand. *Product-product-fit* and *brand-brand-fit* are not found to be relevant for this study because both are about the extent to which the two partner brands complement each other whereas this study is interested in the asymmetry between partner brands; in other words, the extent to which one of the partner brands has something extra over the other.

### **2.2.2.2 Product Design and Communication**

With its simplest definition, design is the integrated innovation of function and form (Verganti, 2003). Verganti (2003) studied the role of designers in Italian firms as agents of product language. He called the idea that each product has a certain language and meaning as radical *design-driven innovation* which is a design-led process (see Figure 2.11). Design language is a set of signs, symbols and icons (of which style is just an instance) that designers adopt to deliver the message (Verganti, 2003, p.36). The design of a product is one of the ways to deliver a message (e.g. brand identity and personality) to the consumer. Together with the appearance (styling) and functionality of a product, what really matters to the consumer is the product's meaning, which its emotional and symbolic value (Verganti, 2003). The functionality aims at satisfying the operative needs of the consumer whereas meaning aims at satisfying the affective and socio-cultural needs which is more than what style proposes to consumers (Verganti, 2003). Therefore, it can be said that product language helps designers to communicate brand's identity. Consumers interpret the message delivered by the product's design and language; and these might be an important factor in perceiving one of the partner brands more dominant than the other. It might be the case that the more representative the product's design to one of the partner brands, the more that brand is likely to be perceived as the dominant brand.



**Figure 2.11** Dimensions of innovation (Verganti, 2003, p.35)

Knowledge of product languages is essential for an innovation process. This knowledge is described by the knowledge of signs and symbols that will deliver a particular message, as well as the semantic context (social-cultural models) through which the user will give meaning to those signs (Verganti, 2003). Signs, symbols and icons on the product and/or its package are the first things that consumers see when they coincide with a product for the first time. The overall message delivered by the co-branded product through product's form might reflect one of the partner brand's identity more which in turn, might cause that brand to be perceived as the more dominant brand. With this study, it is aimed to provide some support for designers regarding the affect of product design on consumers' perceptions of brand dominance.

On the other hand, *new product-brand-fit* is closely related to product's design; in fact product design is the main tool for delivering brand identity. Park et al. (1991) and Broniarczyk and Alba (1994) found that the effect of similarity on a product level (i.e. *new product-product-fit*) also has an influence on consumers' evaluations of extended products as well as the similarity on a brand level (i.e. *new product-brand-fit*). Bouten et al. (2007) said that the more abstract level, brand-unique associations, can be created through product's design and certain style of

communication. Therefore, in fact product design and communication is part of *new product-brand-fit* concept, in this study, *new product-brand-fit* and product design and communication are evaluated as interrelated but separate reasons. In this study, what is meant by product design is about form and functionality, not about the product's meaning. Product's meaning is evaluated under the *new product-brand-fit*.

### **2.2.2.3 Brand Familiarity and Being Well-known**

The influence of brand familiarity on consumers' evaluations of co-branded products is explained in the first part of the literature review. Brand familiarity has been shown to have a role in the evaluations of brand extensions and brand alliances (Aaker and Keller, 1990; Broniarczyk and Alba, 1994; Simonin and Ruth, 1998). A similar effect might be seen when consumers evaluate which partner brand is more dominant than the other in the co-branding context. In other words, the more familiar brand might be perceived as the more dominant brand. If that is the case, brand familiarity might be said to have an influence on partner brand dominance. "Consumers who use products of a brand also have a richer associational network and a more positive attitude towards the brand and its products" (Bouten, 2004, p.16). Therefore, being familiar with a partner brand might cause more positive attitudes towards that brand which can affect the perceptions of brand dominance.

### **2.2.2.4 Prior Attitudes towards Partner Brands**

The effect of prior attitudes of consumers about partner brands on evaluations of co-branded product is explained in the first part of the literature review as well. According to the literature review findings, a brand producing a positive attitude is more likely to be chosen than the one generating less positive attitudes (Aaker and Keller, 1990; Bottomley and Doyle, 1996; Keller, 1993). In a brand alliance, consumers form a composite concept about the alliance that consists of two sets of partner brand attributes (Park et al., 1996). Furthermore, the attitude that a consumer holds towards the individual brands influences their future attitudes towards the same brands in the alliance (Park et al., 1996; Ruth and Simonin, 2003; Simonin and Ruth, 1998).

Since consumer judgments are based in part on their pre-existing attitudes towards the brands as independent entities as well as on how the brands fit in an alliance (Rao and Ruekert, 1994; Simonin and Ruth, 1998), it might also have an influence on consumers' perceptions of partner brand dominance in relation to the product.

## **CHAPTER 3**

### **METHODOLOGY**

This chapter presents the survey study conducted in order to explore whether Dutch consumers perceive one of the partner brands of a co-branded product more dominant than the other or not and the reasoning behind such perceptions. The chapter starts with a description of the methodology of the study and continues with an introduction of the chosen co-branded products that are used in the study. Then, the method and materials used in the survey study are presented. After presenting the preparation stages and procedure of the questionnaire, participant demographics and data analysis method are provided at the end of the chapter.

#### **3.1 Data Collection Instruments**

Interview and questionnaire methods were the two alternatives for data collection for this study. The interview method is appropriate when most of the questions are open-ended and the depth of the responses is important, whereas questionnaires are easier to conduct on large samples, and more efficient (Gillham, 2000). First of all, partner brand dominance is a new research topic therefore this study is exploratory in nature. Moreover, in order to understand the reasons of people's perceptions of brand dominance, first of all, respondents should think deeply and reveal as much of their thoughts as possible. This favors interview rather than a questionnaire technique. On the other hand, in order to find as many reasons as possible and identify which reasons are more important, a large sample of people (e.g. around 30-35) is essential. This favors questionnaire technique. Overall, if the two methods are evaluated according to the aim of the study, a questionnaire with open-ended questions can be as appropriate as interview method and even more

efficient. In conclusion, a survey research by a questionnaire with open-ended questions was performed.

As stated in Chapter 1, the main aim of the thesis is to explore the reasons of how consumers perceive partner brands of a co-branded product in terms of brand dominance. A survey method was chosen in the study in order to find as many reasons as possible and provide some results which can be generalized. Another reason is that the brand dominance concept is relatively new and the literature on this topic is scarce. Therefore, it is necessary to cover different opinions of people and, at the same time, understand the reasons behind brand dominance perceptions. *Dominance* is examined in two dimensions in the survey: 'significance for' and 'association with' the co-branded product. The choice of these specific dimensions is explained in the following section.

## **3.2 Preparation of the Questionnaire**

### **3.2.1 Identification of the Products and Product Categories**

As mentioned before, real brands, rather than hypothetical ones, were used for the questionnaire because, as claimed by Thorbjørnsen (2005), brand-specific associations of people are vital for evaluating the effects of brand dominance and this increases the external validity of the findings. With this in mind, a deep internet search was performed for finding various brand alliance examples, among which the co-branded products would be selected to be inquired through the questionnaire. The scope of the internet search was broad and comprised of any existing brand alliances in the world. During the search, all the relevant products were entered into a table. This long table was merged with another brand alliance database prepared by a doctorate student at Delft University of Technology for the purpose of covering most of the real-life examples of co-branding that can be used in this study. The final database included 266 products that are mainly nondurable and durable products. The majority of the examples in the database were 'real products', rather than services (e.g. co-branded hotels), which were realized through a collaboration between two or more brands. The types of alliances in the database were:

- Celebrity endorsements,
- Joint sales promotions,
- Bundled products,

- Composite brand extensions,
- Designer alliances,
- Co-branding (ingredient branding and true product combinations).

The definitions of these types were explained in the literature review (see Chapter 2).

The product selection process was performed through screening of the whole database in terms of certain criteria which were in line with the scope of the study. These criteria were:

- **Alliance type:** The focus of the study is on a narrower definition of co-branding in which two partner brands create a single product and both of their names are retained on the product.
- **Familiarity:** There are two kinds of familiarity in relation to co-branded products. In this study, first one is called *product familiarity* which is the familiarity of people with the co-branded product itself. Second one is the *brand familiarity* which is the familiarity of people with the partner brands. In this study, *brand familiarity* is relevant because the degree of brand familiarity can affect the perceptions of brand dominance. In order to control the effect of brand familiarity, the co-branded products were chosen which are comprised of partner brands having different degrees of brand familiarity (Table 3.2). On the other hand, although it might have an affect on perceptions of brand dominance, *product familiarity* was not directly examined in this study because the main interest is to compare the partner brands with each other and this can be done without being familiar with the product in question. For example, Tide Buzz is a stain removal system created by detergent brand, Tide, and power tools brand, Black & Decker. A person might have seen Tide Buzz first time in his life which means he is completely unfamiliar with the product, but he can still comment on the partner brands' relative dominance. Therefore, the selected products do not have to be sold or known in the Netherlands. That is also the reason that the respondents' level of product familiarity was not asked in the questionnaire, whereas brand familiarity was asked.

- **Product categories:** Since the focus of the study was ‘real products’, service examples were excluded. Because the majority of the co-branded products in the market are either durable or nondurable products category, both groups were included for the selection. For example, that is the reason of choosing Baked Beans or McFlurry. This would also help to see if there are differences in perceptions of brand dominance between durable and nondurable co-branded products.

As a result of the product selection process, six products were chosen from the database which fit the selection criteria. Six products was thought to be the optimal number of products to include in the study because it facilitates the collection of enough and varied data and, at the same time, it does not take long time to fill out the questionnaire. Therefore, respondents’ boredom effect was lowered. The selected products and the partner brands are given in Table 3.1.

**Table 3.1** Co-branded products used in the study

Product name	Description (year of launch)	Partner Brand 1	Partner Brand 2	Current products Brand 1	Current products Brand 2	Type of brand alliance
 <p>Café Fresco</p>	On-the-go coffee (2006)	Campina	Douwe Egberts	dairy products	coffee	co-branding (ingredient branding)
 <p>Cool Skin</p>	Shaving device with emulsion to be used under the shower (2005)	Philips	Nivea	electronic equipment	skin products	co-branding (true product combination)
 <p>Baked Beans</p>	Low-fat baked beans (not in Holland)	Heinz	Weight Watchers	canned food	dieting products	co-branding (ingredient branding)
 <p>Tide Buzz</p>	Ultrasonic stain remover (not in Holland)	Tide / P&G	Black & Decker	cleaning equipment	power tools	co-branding (true product combination)
 <p>McFlurry</p>	Ice cream with special chocolate (1997)	M&M's	McDonald's	chocolate	ice cream	co-branding (ingredient branding)
 <p>BeerTender</p>	Draught beer system for home use (2004)	Krups	Heineken	electronic equipment	beer	co-branding (true product combination)

### 3.2.2 Selection and Grouping of the Products in terms of Partner Brand Familiarities

The likely brand familiarities of a typical Dutch consumer were discussed by cross-comparing the possible brands with a researcher who has considerable experiences and knowledge on the Dutch market to predict the familiarity levels of Dutch consumers with selected brands. Products were grouped according to the brand familiarity levels of partner brands. This grouping of selected products in terms of expected partner brand familiarity levels is shown in Table 3.2. Except Tide Buzz and Baked Beans, all the products have a significant success in the Dutch market. The detailed descriptions of the products with the partner brands are presented in Appendix A.

**Table 3.2** Grouping of selected products in terms of expected partner brand familiarity

Durable			Nondurable		
BeerTender	Cool Skin	TideBuzz	Café Fresco	McFlurry	Baked Beans
Heineken (HF)	Nivea (MF to HF)	Tide (LF)	Campina (MF to HF)	McDonald's (HF)	Weight Watchers (LF)
Krups (MF to HF)	Philips (HF)	Black & Decker (MF to HF)	Douwe Egberts (HF)	M&M's (HF)	Heinz (MF to HF)

*HF: High Familiarity*

*MF: Moderate Familiarity*

*LF: Low Familiarity*

### 3.2.3 Evaluation of Dominance

As it was stated in Chapter 2, *dominance* has been evaluated differently in different fields and, therefore, there is no agreed-upon definition. Even in the context of co-

branding, different scholars have different attributions to the term 'dominance'. After screening the different domains in the literature for the term 'dominance', there could not be reached relevant references. Thus, a brainstorming session was performed among the present author of the thesis and two experienced researchers from the field. As a result of the session, a mind map is created which shows the interrelationships between different dimensions of *dominance*. This mind map also summarizes the literature review carried out for the *dominance*. The mind map is shown in Appendix B.

From the aforementioned mind map, a list was created from which the most interesting and relevant definitions for this study were selected. This list includes the following terms associated with *dominance* which might be applicable to co-branding context:

- 1) **Responsibility:** Partner Brand A seems to have more responsibility over the product (in terms of production, selling, etc.) than Partner Brand B does.
- 2) **Significance:** Partner Brand A has greater significance in realizing the product than Partner Brand B does.
- 3) **Influence:** Partner Brand A is more influential than Partner Brand B in realizing the product.
- 4) **Association:** Partner Brand A is more associated with the product than Partner Brand B. / Partner Brand A defines the product better than Partner Brand B does.
- 5) **Power:** Partner Brand A is more powerful than Partner Brand B.
- 6) **Control:** Partner Brand A has more control over the product than Partner Brand B has.
- 7) **Ownership:** The product belongs to Partner Brand A.

Some of the above dimensions of *dominance* are interrelated which makes it harder to choose the right wording to represent *dominance* in the questionnaire. In order to choose the right term to ask, another brainstorming session was performed with the present author and two experienced researchers from the field.

As the aim of this study is not to find the best definition of brand dominance but to evaluate it, it is important to use terms which are general and neutral enough for the

respondents to think about the reasons of *dominance* rather than to try to understand the meaning of the term. Although *power* is mostly used in the literature to infer *dominance*, it is a comprehensive and complex term which may infer different meanings. Therefore, it is excluded. Similarly, the other terms can direct the respondent to a certain way which is not wanted in this study. For example, *responsibility* is a very restrictive and relative term which requires a reference point (e.g. responsible for production, sales of the product, etc.) The respondents have to think wide so that they can give as many reasons as possible for their perceptions. By this way, they can provide all the reasons they can think of. Among the seven different terms mentioned above, two terms were selected for the questionnaire, which can imply the others like power, influence, and ownership, and are more general, neutral and easy to comment on.

As a result, in this study, brand dominance is evaluated through two dimensions:

- 1) **Significance:** The level of significance of one partner brand in relation to the product which could be the brand's expertise in production, marketing, etc.
- 2) **Association:** The strength of association of one partner brand with the product which could be in terms of product language, brand identity, etc.

### 3.2.4 The Pilot Study

In order to check whether these two terms are similar, a preliminary questionnaire was prepared which included two terms in the same question. This questionnaire was tested with two people. The questionnaire was applied in an interactive way where the respondents can discuss his thoughts with the surveyor. As a result of the preliminary questionnaire and discussions following the questionnaire, it was concluded that:

- The questionnaire took 15-20 minutes to complete.
- *Association* and *significance* may mean different things and therefore, they better be asked separately. For example, one of the respondents thought that Krups is the maker of the BeerTender machine so it is more significant but he associated Heineken more with BeerTender.
- The ordering of products is important where the answers and reasoning given for one product affects the answers and reasoning for the following

product. In order to decrease these carry-over effects, the ordering of the products should be changed. Moreover, the respondents make cross-comparison between products and want to be consistent in their answers. Therefore, changing the ordering of products in different questionnaire formats may also decrease the carry-over effects.

- The number of products used in the questionnaire was found reasonable. However, it was also mentioned by the respondents that the consecutive products should not be similar. If two consecutive products were similar, the respondents might get frustrated and bored to give similar answers.

### **3.3 The Questionnaire**

The preliminary questionnaire was changed according to the pilot study. The purpose of the survey was not mentioned to the respondents because it is not relevant and may restrict the respondents' thinking. However, a general explanation was given about the topic of the study in the introductory part of the questionnaire.

Every page of the questionnaire included a clear picture of a co-branded product with a short description of the product and the names of the partner brands. The products were reordered in a way that one durable product is followed by one nondurable product. In order to decrease the learning and carry-over effects, twelve versions of the same questionnaire were prepared. These versions differ in terms of product and partner brand ordering. Each product is placed one time on the first page of the questionnaire and then on the second page, and so on. Besides, in the partner brand descriptions, each partner brand is mentioned first once. The different versions of the questionnaire can be found in Appendix C.

As stated, the brand dominance topic is exploratory because it is a new topic. Moreover, this study is about people's perceptions which can be best observed by open-ended questions. Through the questionnaire, the respondents were first asked to indicate which partner brand they find more significant in relation to the product. They were given three choices: Partner Brand A, Partner Brand B, and Both Brands. Then, they were asked why they think in that way. Second, they were asked to indicate which partner brand they associate more with the product and then why they think like that. What is meant by *significance* and *association* were not given on

purpose because the purpose of this survey is to cover all the different meanings that are evoked in the respondents' minds and let them think freely about all the relevant reasons of their specific choices. If certain definitions of 'greater significance and association' had been given to the respondents, then their responses could have been forced to a certain direction, neglecting the wider range of reasons of brand dominance perceptions. Hence, the respondents were encouraged to think whatever comes to their mind from 'greater significance' and 'greater association' and explain their thoughts in the answers they give to the 'why' questions. As a result, few respondents asked about the meanings of 'greater significance' and 'greater association', and the difference between the two. However, after they were encouraged to think freely and to express whatever it means to them, they answered the questions easily and explained their way of thinking for the answers they gave to 'why' questions.

At the end of the questionnaire, in order to control the effect of brand familiarity on brand dominance perceptions, the respondents were asked to provide demographic data and indicate their level of familiarity with each partner brand (using 7-point semantic differential scale anchored at 1 = completely unfamiliar, 7 = very familiar). The final questionnaire can be found in Appendix D.

### **3.4 Participants and Procedure**

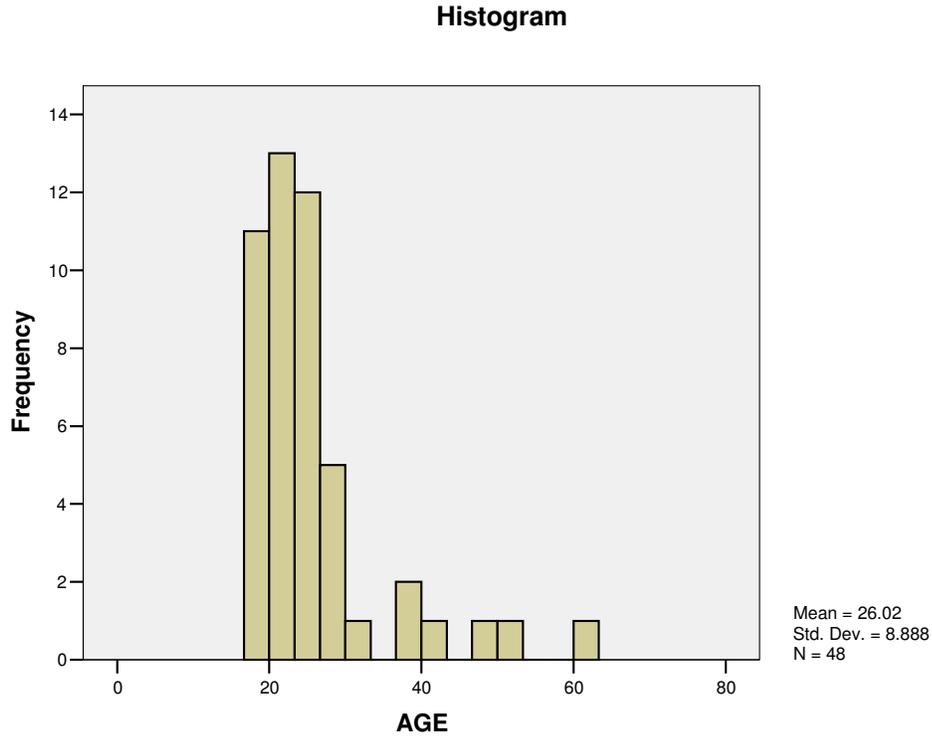
The questionnaire was carried out in the city of Delft in the Netherlands. Although this research focused on the Dutch market, there were some respondents who are not Dutch nationals. However, living in the Netherlands for significant number of years (e.g. minimum five years) and speaking Dutch fluently are considered the main criteria for participation in the questionnaire because the important thing is to have an idea of the Dutch market, brands and culture. The majority of the respondents were contacted around the campus of Delft University of Technology. However, there were also respondents contacted outside of the Delft region.

The average completion time of the questionnaire was 15-20 minutes. Participants were informed about the completion time of the questionnaire and requested to think carefully over the questions. As a result, it is ensured that the participants answer the question not in hurry and provide as many well-thought answers as possible.

Each questionnaire version was carried out with four respondents and the total number of respondents was 48 from different age groups and professions. All the respondents speak English. The mean value of the respondents' age was 26, of which 60% is male. 58% of the respondents were students, 40% of who study Industrial Design Engineering (IDE) at Delft University of Technology (11 out of 48). The general characteristics of the respondents and their age distribution graph are shown in Table 3.3 and Figure 3.1, respectively. The answers were also compared in terms of gender, age and background although the effect of these demographic variables on consumer perceptions were not among the research questions of this study. The possible effects of demographic variables on the results of the study were explained in Chapter 4.

**Table 3.3** General characteristics of the respondents

Age		Gender		Latest degree attained		Current Education		Profession	
M E A N	26	M A L E	29 (60%)	High school	21 (44%)	High school	2 (4%)	Student	28 (58%)
				Vocational school	2 (4%)	Vocational school	2 (4%)		
R A N G E	18 - 62	F E M A L E	19 (40%)	Undergraduate	12 (25%)	Undergraduate	22 (46%)	Not student	20 (42%)
				Graduate	13 (27%)	Graduate	20 (42%)		
				PhD	0	PhD	2 (4%)		



**Figure 3.1** Age distribution of the respondents

### **3.5 Data Analysis Method**

In order to analyze the qualitative data given to the ‘why’ questions, all the data was entered into a table. Then, every data was organized into square cards. Grouping data into cards facilitated the analysis of large amount of data. After being printed, the cards were grouped under different criteria (e.g. per product, per question, per product group, etc.) in line with the research interests and comparisons were made between groups. Every card group was named and photographed to see all of the interrelationships. A typical card arrangement and an example of how data is represented on a card are presented in Figure 3.2. An example with card grouping is presented in Figures 3.3 and 3.4.

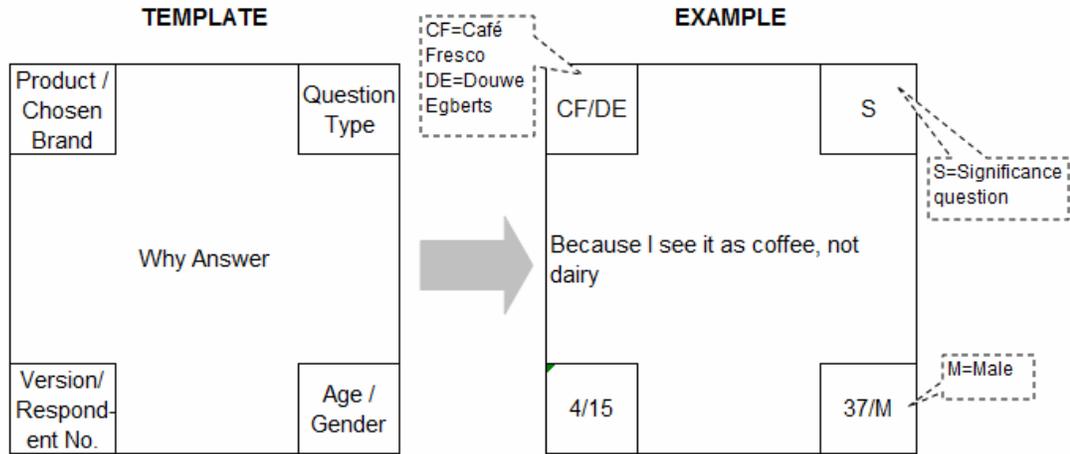


Figure 3.2 Card template and an example

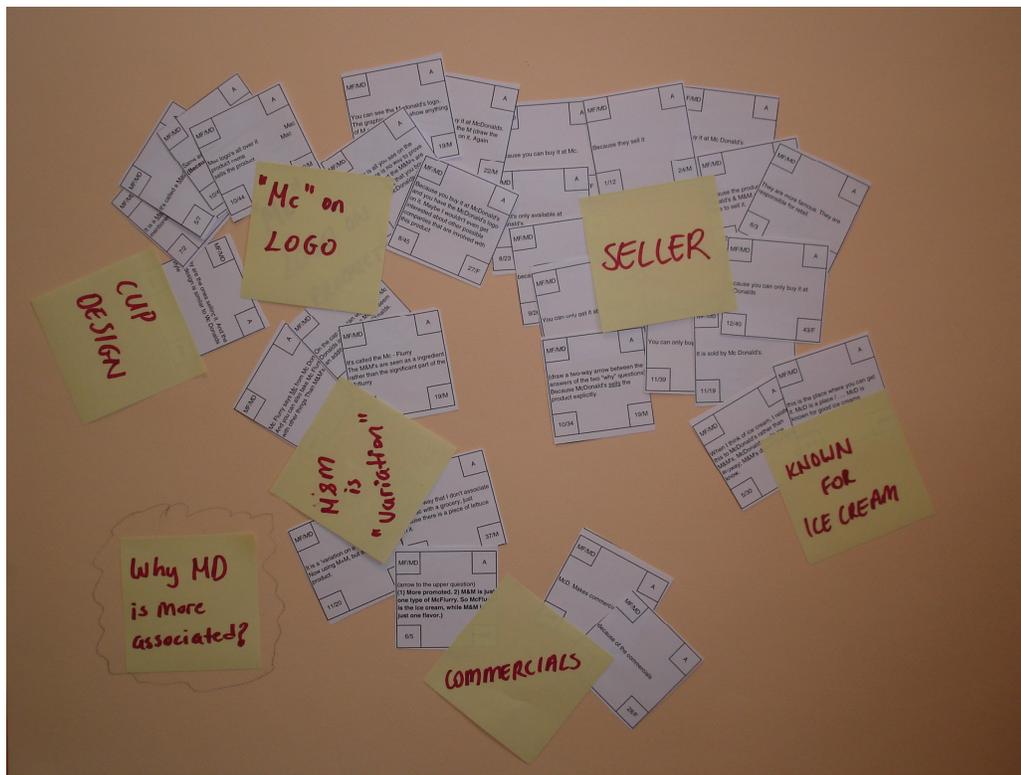


Figure 3.3 Card grouping session examples - 1



## CHAPTER 4

### RESULTS AND FINDINGS

This chapter presents the results and findings of the survey study. The chapter starts with presenting the results regarding the demographic variables of the participants. Then, partner brand familiarity results and findings are provided. After providing the results for *significance* and *association* separately, results and findings for particular dimensions of brand dominance per product and overall are presented.

#### **4.1 Differences in Perceptions of Brand Dominance according to Participant Demographics**

The results regarding the participant demographics like age, gender and background were presented in Chapter 3. This section discusses the possible effect of these demographic variables on the results of the study. It is possible that age and gender may affect perceptions of brand dominance. Thus, the answers were compared in terms of gender and age. As a result of these comparisons, no significant difference was found between male and female respondents. The answers did not differ in terms of age as well.

However, the study revealed that there is a difference in perceptions between people who have design and marketing background and the rest of the respondents. As stated in Section 3.4, out of 48 respondents, 11 are master students at Industrial Design Engineering in Delft University of Technology (referred to as IDE respondents) which was the biggest professional majority in the study. In order to check whether IDE students differ from the rest of the respondents, their answers were separately evaluated. As expected, the results showed that, compared to non-IDE respondents, IDE respondents focused more on the product itself and the

design features when evaluating partner brand dominance. The major differences between IDE respondents and non-IDE respondents can be summarized as follows:

- Compared to non-IDE respondents, IDE respondents considered colors, shapes, logos and package design more as a reason for their choice of dominant brand. This was especially valid when they decided on the *more associated* brand.
- In their answers, IDE respondents used marketing and product design terminology a lot like brand image, function and form, style, brand identity, etc. For example, they used the verb 'design' rather than 'produce' or 'manufacture', whereas it was the opposite for non-IDE respondents. Moreover, the choices of IDE respondents were influenced more from brand identity and image than the choices of non-IDE respondents.
- IDE respondents had a tendency to evaluate *dominance* from a typical Dutch consumer's or from brand owner's point of view rather than their personal point of view as a consumer. For example, when they were comparing a highly familiar partner brand with a low familiar partner brand in terms of *significance*, IDE respondents more often mentioned the low familiar brand as more significant since the co-branded product gives it the opportunity to enter a new market or gain extra profits. This reasoning was may be due to the 'designerly' tendency of deciding on behalf of others rather than themselves.
- The core function of the product was also considered important by IDE-respondents. If one of the partner brands is more experienced in product's core function, that brand was considered more significant and associated more with the product.

Overall, the main reasons mentioned by IDE respondents were related to *new product-product-fit* and product language and communication:

- The greater the fit between the category of the co-branded product and the existing products of one partner brand,
- The more similar the design of the co-branded product (package, shape, logo, etc.) to one partner brand's typical products and image,
- The more product language is indicative of one partner brand,

- The more experienced one partner brand in the core function of the co-branded product,

the more significant that partner brand for the consumers, and the more they associate it with the co-branded product.

## 4.2 Partner Brand Familiarities

The partner brand familiarity groupings were explained in Section 3.2.1 and 3.2.2. These groupings were prepared to see the affect of brand familiarity on perceptions of brand dominance. Thus, each co-branded product consisted of partner brands with varying degrees of brand familiarity differences; however these familiarities were just expectations. In order to check the real brand familiarities and rank the partner brands in terms of their overall familiarity scores, some statistical tests were performed as explained below.

Data about the respondents' familiarities with the partner brands was obtained by asking them to indicate their level of familiarity with each brand on a seven-point semantic scale anchored at 1 (completely unfamiliar) and 7 (very familiar). The mean values for brand familiarities of all brands are provided in Table 4.1. According to the mean values, respondents have a high familiarity with Campina, Douwe Egberts, McDonald's, M&M's, Heinz, Black & Decker, Nivea, Philips and Heineken whereas they have low familiarity with Weight Watchers, Tide and Krups. However, in order to check whether these familiarities are statistically significant, one-sample *t*-test was performed (Field, 2005) and *t*-values for each brand were compared with the test value of 4<sup>4</sup>. Through such a test, the information about which brands are significantly highly familiar, moderately familiar and low familiar were attained. The *t*-values and the significance levels regarding the brand familiarities are provided in Table 4.2. As seen in the table, on average, respondents had significantly high familiarity with Philips, McDonald's, Douwe Egberts, Heineken, M&M's, Heinz, Nivea, Campina, and Black & Decker ( $t(47) > 4, p < .05$ ); and significantly low familiarity with Tide, Weight Watchers and Krups ( $t(47) < 4, p < .05$ ). The familiarity expectations before the questionnaire were compatible with the findings after the questionnaire. The influence of brand familiarity on perceptions of brand dominance is explained later in this chapter as well as in Chapter 5.

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<sup>4</sup> Test value of 4 is chosen because it is the mid-point of the semantic differential scale that was used to measure brand familiarity.

**Table 4.1** Descriptive statistics for partner brand familiarities

Brand Familiarity	N	Mean	Std. Deviation	Std. Error Mean
Campina	48	5.56	1.236	.178
Douwe Egberts	48	6.56	.741	.107
McDonald's	48	6.44	.681	.098
M&M's	48	6.02	1.194	.172
Weight Watchers	48	3.19	2.007	.290
Heinz	48	5.81	1.142	.165
Black & Decker	48	5.58	1.412	.204
Tide	48	1.81	1.659	.239
Nivea	48	5.73	1.125	.162
Philips	48	6.65	.601	.087
Heineken	48	6.52	.899	.130
Krups	48	3.52	1.637	.236

**Table 4.2** One-sample *t*-test statistics for brand familiarity

Brand Familiarity	Test Value = 4					
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Campina	8.758	47	.000	1.563	1.20	1.92
Douwe Egberts	23.956	47	.000	2.563	2.35	2.78
McDonald's	24.789	47	.000	2.438	2.24	2.64
M&M's	11.728	47	.000	2.021	1.67	2.37
Weight Watchers	-2.805	47	.007	-.813	-1.40	-.23
Heinz	10.994	47	.000	1.813	1.48	2.14
Black & Decker	7.771	47	.000	1.583	1.17	1.99
Tide	-9.137	47	.000	-2.188	-2.67	-1.71
Nivea	10.649	47	.000	1.729	1.40	2.06
Philips	30.498	47	.000	2.646	2.47	2.82
Heineken	19.429	47	.000	2.521	2.26	2.78
Krups	-2.028	47	.048	-.479	-.95	.00

Rather than the sole familiarities with each partner brand, it is more important to distinguish co-branded products according to the *difference* in partner brand familiarities because respondents evaluate the relative dominance by comparing partner brands with each other. If the difference between partner brands of a co-branded product is high, brand familiarity might have a greater influence on respondents' choices of a certain partner brand. Thus, in order to explore whether Brand A is significantly more familiar than Brand B for a certain co-branded product

or not, a dependent means *t*-test<sup>5</sup> (paired-samples *t*-test) is performed for all six co-branded products. The tables regarding the paired samples *t*-tests for all products can be found in Appendix E. According to the paired *t*-test results, respondents were on average:

- Significantly more familiar with Douwe Egberts (M = 6.56, SE = 0.11) than with Campina (M = 5.56, SE = 0.18,  $t(47) = 5.76$ ,  $p < .05$ ,  $r = 0.64$ ) (**Café Fresco**),
- Significantly more familiar with McDonald's (M = 6.44, SE = 0.10) than with M&M's (M = 6.02, SE = 0.17,  $t(47) = 2.75$ ,  $p < .05$ ,  $r = 0.37$ ) (**McFlurry**),
- Significantly more familiar with Heinz (M = 5.81, SE = 0.17) than with Weight Watchers (M = 3.19, SE = 0.29,  $t(47) = 9.64$ ,  $p < .05$ ,  $r = 0.81$ ) (**Baked Beans**),
- Significantly more familiar with Black & Decker (M = 5.58, SE = 0.20) than with Tide (M = 1.81, SE = 0.24,  $t(47) = 13.41$ ,  $p < .05$ ,  $r = 0.89$ ) (**Tide Buzz**),
- Significantly more familiar with Philips (M = 6.65, SE = 0.09) than with Nivea (M = 5.73, SE = 0.16,  $t(47) = 6.06$ ,  $p < .05$ ,  $r = 0.66$ ) (**Cool Skin**),
- Significantly more familiar with Heineken (M = 6.52, SE = 0.13) than with Krups (M = 3.52, SE = 0.24,  $t(47) = 12.13$ ,  $p < .05$ ,  $r = 0.87$ ) (**BeerTender**).

### **The Influence of Brand Familiarity on Significance and Association**

If partner brand A is significantly more familiar than partner brand B, does brand familiarity have more influence on *significance/association* scores? In order to answer this question, the answers for each co-branded product should be compared. Thus, first the paired *t*-test values that were provided in the previous section (see also Appendix E) for each product is ordered. The ordering of products from low to high difference in partner brand familiarity is as follows: (1) McFlurry ( $t(47) = 2.75$ ), (2) Café Fresco ( $t(47) = 5.76$ ), (3) Cool Skin ( $t(47) = 6.06$ ), (4) Baked Beans ( $t(47) = 9.64$ ), (5) Beer Tender ( $t(47) = 12.13$ ), and (6) Tide Buzz ( $t(47) = 13.41$ ). This ordering means that McFlurry's partner brands (McDonald's and M&M's) differ less in terms of brand familiarity and Tide Buzz's partner brands differ

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<sup>5</sup> Dependent means *t*-test is used to measure whether differences between same group means are statistically meaningful (Field, 2005).

the most in terms of brand familiarity. Moreover, they can further be grouped into two:

- 1) Products with relatively low difference in partner brand familiarities: McFlurry, Café Fresco, Cool Skin,
- 2) Products with relatively high difference in partner brand familiarities: Tide Buzz, BeerTender, Baked Beans.

If the mentioned reasons for *significance* were compared among products, it was seen that the higher the difference in partner brand familiarities of a product, the more *brand familiarity* was mentioned by respondents as a reason of brand dominance perceptions (see also Table 4.14 and Table 4.15). However, if the results for *association* were observed, the aforementioned effect of brand familiarity was less clear. Consequently, in both cases, brand familiarity was shown to have more influence on Tide Buzz, BeerTender and Baked Beans products than McFlurry, Café Fresco and Cool Skin.

Another similarity among Tide Buzz, BeerTender and Baked Beans were that all included one low familiar partner brand. Thus, it might be inferred that if at least one of the partner brands of a co-branded product has, on average, low familiarity with the consumers, it is more probable that consumers' perceptions of brand dominance will be influenced by brand familiarity. However, the results of the current study are not enough to validate this inference. The influence of brand familiarity is elaborated further later in this chapter and is summarized in Chapter 5.

### **4.3 Missing Answers**

All the answers collected from 48 respondents were entered into a table in their original wording. The total number of data collected was 576, half of which was related to *significance* and the other half was related to *association*. All the respondents answered the first questions which asked them to select the *more significant* and the *more associated* partner brand in relation to the co-branded product.

Although “none of the brands” option was not included in the questionnaire, some of the respondents mentioned that they do not see one partner brand more significant

or more associated than the other; and they explained their reasoning. The reason of not putting “none of the brands” option was because the present author is interested in why people see a dominant brand. Therefore, choosing none of the brands is the same as choosing both of the brands because they both represent equivalence rather than a dominance condition between two partner brands. Thus, throughout the analysis of results, “none of the brands” answers were evaluated as “both of the brands” option. Moreover, it was assumed that all the partner brands have some relation to the products they created. The number of cases that “none of the brands” were chosen is 12 (out of 288) for *significance* and 11 (out of 288) for *association*. Overall, 23 times (out of 576) respondents chose “none of the brands” and seven of them were without a reason mentioned. Although the results revealed that it would have been more complete if “none of the brands” option had been included in the questionnaire, the present author thinks that it was relevant for the study. “none of the brands” option was chosen more for the Baked Beans and Tide Buzz products. The main reason for choosing “none of the brands” was based on the case that one of the partner brands is completely unfamiliar to the respondents (e.g. Tide and Weight Watchers) and, at the same time, the highly familiar partner’s existing products do not fit to the co-branded product (e.g. Black & Decker = power tools ≠ cleaning tools). The number of respondents who chose “none of the brands” is provided in Table 4.3.

**Table 4.3** Number of respondents who mentioned “none of the brands” as significant or associated with the product

	NONE OF THE BRANDS						TOTAL	OVERALL (%)
	Café Fresco	Cool Skin	Baked Beans	Tide Buzz	McFlurry	BeerTender		
<b>SIGNIFICANCE</b>	1	0	6	4	0	1	12	4%
<b>ASSOCIATION</b>	1	0	3	5	1	1	11	4%
<b>TOTAL</b>	2	0	9	9	1	2	<b>23</b>	<b>4%</b>

Twenty-seven (out of 576) times respondents did not give a reason for their choice (*significance plus association*). Therefore, 5% of the data regarding the ‘why’ part was treated as ‘missing’. Among the ‘missing’ answers, *association* questions were left unanswered more than the *significance* questions (19 to 8). The number of respondents who did not give a reason for their choice is shown in Table 4.4.

**Table 4.4** Number of respondents who did not give a reason for their specific choices of a *significant* or *associated* brand

		NO REASON GIVEN (MISSING ANSWERS FOR THE "WHY" PART)							
		Café Fresco	Cool Skin	Baked Beans	Tide Buzz	McFlurry	BeerTender	TOTAL	OVERALL (%)
<b>SIGNIFICANCE</b>		3	1	1	0	1	2	8	3%
<b>ASSOCIATION</b>		3	4	5	4	2	1	19	7%
<b>TOTAL</b>		6	5	6	4	3	3	27	5%

#### 4.4 Dominance in terms of Significance and Association

As stated in Chapter 1, one of the research questions of the study is to explore whether consumers perceive one of the partner brands of a co-branded product more dominant than the other or not. Therefore, the choices of the respondents for *significance* and *association* were examined. When the choices for *significance* were summed up, it was seen that 74% of the time one of the partner brands was chosen as more dominant than the other in terms of *significance* whereas 22% of the time equivalence in *significance* between the partner brands was chosen. If all six products were compared for *significance*, it was seen that Cool Skin had the highest percentage of *dominance* in terms of *significance* between its partner brands. In other words, 90% of the respondents chose either Philips or Nivea as the *more significant* brand. On the other hand, Café Fresco had the lowest percentage of *dominance* in terms of *significance* between its partner brands where only 46% of the respondents answered that both partner brands were equally significant. The overall *significance* scores for each product are given in Table 4.5.

When the choices for *association* were summed up, the same results were obtained with slightly higher percentage of *dominance* observed between the two partner brands. To be more precise, 79% of the time one of the partner brands was chosen as more dominant than the other in terms of *association* whereas 17% of the time equivalence in *association* between the partner brands was chosen. If all six products were compared for *association*, again the same results were attained: Cool Skin had the highest percentage of *dominance* in terms of *association* between its partner brands whereas (85%) whereas Café Fresco had the lowest percentage of *dominance* in terms of *association* between its partner brands (71%) which was still high. The overall *association* scores for each product are given in Table 4.6.

Overall, if *significance* and *association* were compared, the results revealed that respondents perceived asymmetry (i.e. *dominance*) between the partner brands more when *association* rather than *significance* was solicited (79% to 74%).

**Table 4.5** Overall *significance* scores of products

		SIGNIFICANCE						
		Café Fresco	Cool Skin	Baked Beans	Tide Buzz	McFlurry	BeerTender	TOTAL
<b>Brand A more significant</b>		25	43	33	39	34	39	213
	%	52%	90%	69%	81%	71%	81%	74%
<b>Both brands significant</b>		22	5	9	5	14	8	63
	%	46%	10%	19%	10%	29%	17%	22%

**Table 4.6** Overall *association* scores of products

		ASSOCIATION						
		Café Fresco	Cool Skin	Baked Beans	Tide Buzz	McFlurry	BeerTender	TOTAL
<b>Brand A more associated</b>		34	41	37	38	38	39	227
	%	71%	85%	77%	79%	79%	81%	79%
<b>Both brands associated</b>		13	7	8	5	9	8	50
	%	27%	15%	17%	10%	19%	17%	17%

In order to explore whether respondents selected the same option both for *significance* and *association*, the choices of the respondents were compared for each product. The frequency of the respondents who chose the same brand for *significance* and *association* is given in Table 4.7. According to the results, for Cool Skin, 69% of the respondents chose the same brand(s) for *significance* and *association* whereas, for Baked Beans, only 40% of the respondents chose the same brand(s). However, in order to fully evaluate why respondents gave same or different choices for *significance* and *association*, the reasons given for each dimension should be compared. This comparison is made in the following sections.

**Table 4.7** Frequency of the respondents who chose the same brand for *significance* and *association*

	Café Fresco		Cool Skin		Baked Beans		TideBuzz		McFlurry		BeerTender	
Sig.	DE-DE	18	PI-PI	32	HZ-HZ	13	BD-BD	12	MD-MD	20	HE-HE	18
	CA-CA	1	NI-NI	0	WW-WW	4	TI-TI	10	MM-MM	0	KR-KR	1
- Ass.	BB-BB	9	BB-BB	1	BB-BB	2	BB-BB	1	BB-BB	4	BB-BB	3
	<b>TOTAL</b>	<b>28</b>		<b>33</b>		<b>19</b>		<b>23</b>		<b>24</b>		<b>22</b>
	(%)	<b>58</b>		<b>69</b>		<b>40</b>		<b>48</b>		<b>50</b>		<b>46</b>

It was expected that the respondents distinguish between *significance* and *association* questions because they were asked in separate questions. However, a consistency was found between the *significance* and *association* choices. This can be due to several factors. First, respondents would have chosen the same brand(s) for *significance* and *association* but showed different reasoning for their choice. Second, they would have chosen the same brand(s) because they thought both dimensions meant the same. Third, consistency effect might have played a role where respondents want to be consistent in their answers. In order to understand which of these alternative(s) were valid, it is necessary to compare the specific answers given to *significance* and *association*. These comparisons are explained in the next section (see also Appendix F).

## 4.5 Reasons for Perceptions of Brand Dominance

As explained in Section 3.5, all the data regarding the open-ended questions were organized in Post-it™ format and grouped per product basis. In this section, the summarized results for each product are provided. Products are explained in the same order of first questionnaire version. The detailed results per product are also provided in Appendix F.

### 4.5.1 Café Fresco (Douwe Egberts and Campina)

Respondents perceived Douwe Egberts brand as more significant (48%) and associated it more with Café Fresco (65%) whereas only 4% of the respondents perceived Campina as more significant and 6% associated it more with the Café Fresco. The main reasons given by the respondents for *significance* and *association* were similar. First reason was that Café Fresco is a coffee related product and Douwe Egberts is a famous Dutch coffee brand, so Douwe Egberts was perceived more dominant (**new product-product-fit (45%<sup>6</sup>, 43%<sup>7</sup>)**: “Product is a coffee product”). Second reason was that coffee is being the main ingredient so adds the real value to Café Fresco (**source of product value (26%, 17%)**: “Coffee is essential”). Third, the product design and the representation of each brand logo on the product was an important factor for respondents’ specific choices (**product design and communication (13%, 25%)**: “Equal representation of the brand logos on the product”). Besides a strong preference for Douwe Egberts, 46% of the respondents think both brands are equally significant and 27% associated both brands with Café Fresco. Their main reasoning was based more on equally presented brand logos on the product and balanced package design. The other common reasons were again *new product-product-fit*- and source of product value-related. The overall statistics for Café Fresco is shown in Table 4.8.



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<sup>6</sup> The overall percentage of how many times the reason was chosen among all the reasons mentioned for a specific product (for *significance*).

<sup>7</sup> The overall percentage of how many times the reason was chosen among all the reasons mentioned for a specific product (for *association*).

**Table 4.8** Café Fresco statistics for *more significant* brand and *more associated* brand

		CAFÉ FRESCO					
		ASSOCIATION (A)					(S+A)
		DE	CA	BB	None		
SIGNIFICANCE (S)	DE	18	1	4	0	23	54
		38%	2%	8%	0%	48%	56%
	CA	1	1	0	0	2	5
		2%	2%	0%	0%	4%	5%
	BB	12	1	9	0	22	35
	25%	2%	19%	0%	46%	36%	
None	0	0	0	1	1	2	
	0%	0%	0%	2%	2%	2%	
TOTAL	31	3	13	1	48	96	
	65%	6%	27%	2%			
% increase from S to A		35%	50%	-41%			

Same	Different
29	19
60%	40%

BB: Both brands

DE: Douwe Egberts

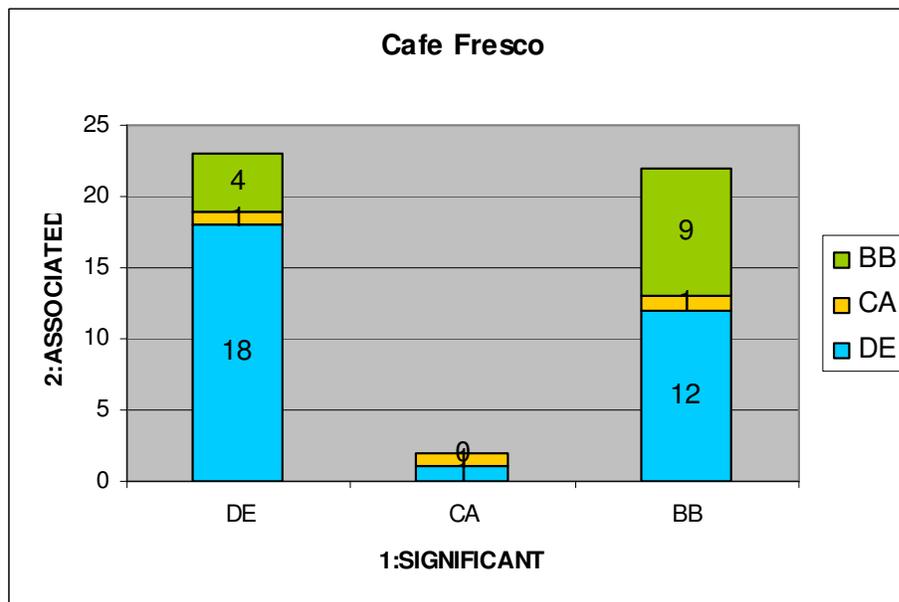
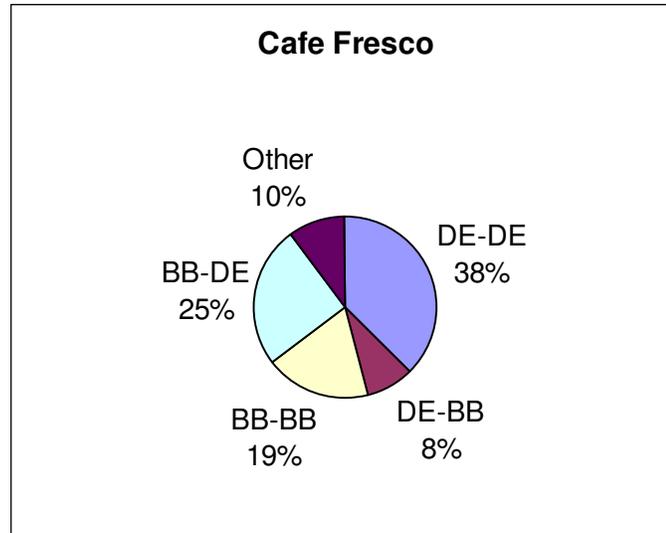
CA: Campina

None: None of the brands

S: Significance

A: Association

Out of 23 respondents who thought that Douwe Egberts was more significant, 18 of them thought that it was also more associated with the product (78%). Therefore, Douwe Egberts was clearly the dominant brand in terms of *association*. Out of 22 respondents who thought that both brands are equally significant, 12 of them associated Douwe Egberts more with Café Fresco (55%). The most frequently chosen brand pairs for *significance - association* are shown in Figure 4.1. According to these figures, Douwe Egberts (Significance(S)) – Douwe Egberts (Association(A)) was chosen 18 times (38%) and Both Brands (S) – Douwe Egberts (A) was chosen 12 times out of 48 (25%).



**Figure 4.1** Frequency of paired choices for Café Fresco (1: Significance – 2: Association pairs)

Out of 48 respondents, 29 (60%) selected the same choice while 19 (40%) chose different brand(s) for *significance* and *association*. The details of all the reasons mentioned by the respondents and the analysis of the ‘same’ and ‘different’ answers for *significance* and *association* for Café Fresco can be found in Section F.1. Overall, results for Café Fresco showed that both *significance* and *association* were

equally affected by the fit between the existing products of one partner brand and the co-branded product (**new product-product-fit**). However, *significance* was more affected by which brand supplies the main ingredient (**source of product value: producer company**) whereas *association* was more affected by the product's design and communication in the marketing channels (**product design and communication**).

#### 4.5.2 Cool Skin (Philips and Nivea)

Respondents perceived Philips as the *more significant* brand (83%) and also associated it more with Cool Skin (81%). The main reasons given by the respondents for *significance* and *association* were similar. First reason was that Cool Skin is a shaving device and Philips is very well-known brand in shavers and other electronic devices whereas Nivea is associated with skincare and beauty products like emulsion, aftershave and cream (**new product-product-fit (31%, 47%)**: “The product is a shaving device”). A similar reason was that Philips was perceived as the producer of Cool Skin because it has the expertise (**parent company expertise and experience/ producer company (21%, 10%)**: “Philips makes shavers”). Third important reason<sup>8</sup> was that the core function of Cool Skin is shaving and this function is provided by Philips whereas Nivea has just a side-function (**source of value/ core product function (18%, 14%)**: “The shaving function is the most important”). Fourth, respondents mentioned about product design and image as a reason for choosing Philips as the dominant brand (**product design and communication (15%, 17%)**: “It’s a Philips design”). The overall statistics for Cool Skin is shown in Table 4.9.



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<sup>8</sup> What is meant by 'important reason' is the reason which is most frequently mentioned by the respondents.

**Table 4.9** Cool Skin statistics for *more significant* brand and *more associated* brand

COOLSKIN						TOTAL (S+A)	
ASSOCIATION (A)							
SIGNIFICANCE (S)		PI	NI	BB	None		
	PI		32	2	6	0	40
			67%	4%	13%	0%	83%
	NI		3	0	0	0	3
			6%	0%	0%	0%	6%
	BB		4	0	1	0	5
			8%	0%	2%	0%	10%
None		0	0	0	0	0	
		0%	0%	0%	0%	0%	
TOTAL		39	2	7	0	48	
		81%	4%	15%	0%		
% increase from S to A		-3%	-33%	40%			

Same	Different
33	15
69%	31%

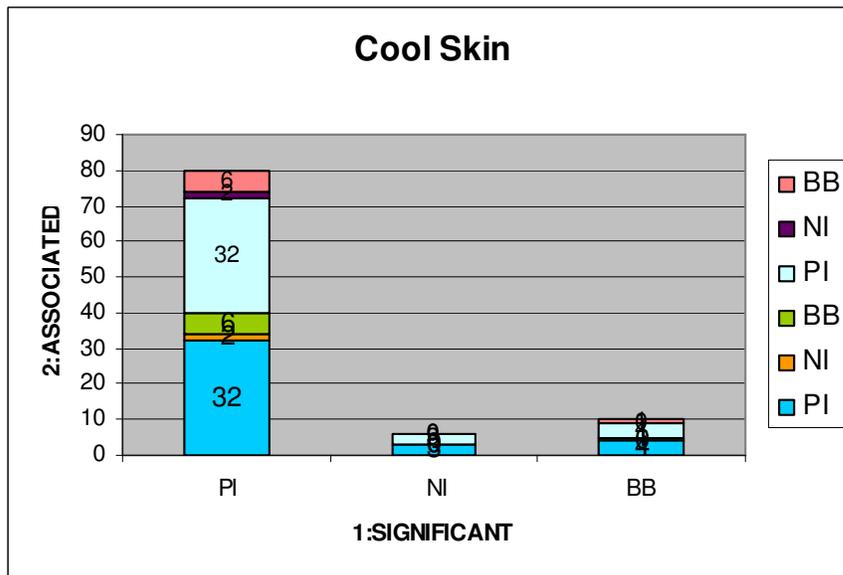
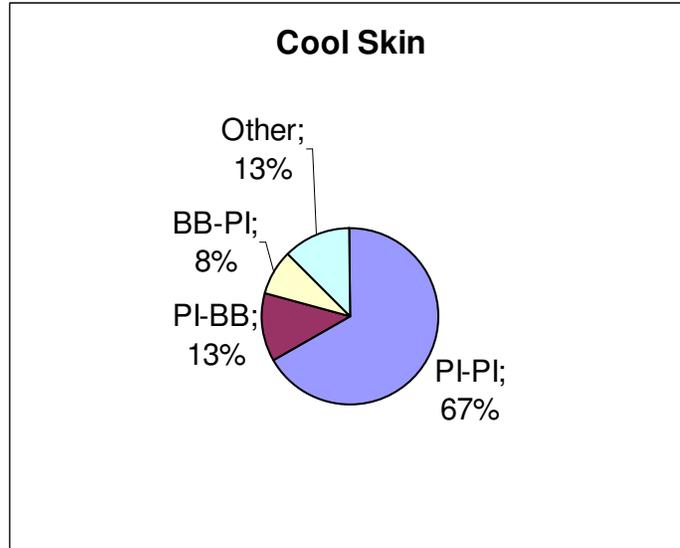
BB: Both brands

PI: Philips

NI: Nivea

None: None of the brands

Out of 40 respondents who thought that Philips was more significant, 32 of them thought that it was also associated more with the product (80%). All the statistics show that Philips is clearly the dominant partner brand, in terms of both *significance* and *association*. The most frequently chosen brand pairs for *significance - association* are shown in Figure 4.2. Philips (S) – Philips (A) was chosen 32 times out of 48 (67%).



**Figure 4.2** Frequency of paired choices for Cool Skin (1: Significance – 2: Association pairs)

Out of 48 respondents, 33 (69%) selected the same choice for *significance* and *association*, and they gave similar reasons for *significance* and *association* which was based on the fact that Philips is the producer of shavers and, above all, Cool Skin is a shaver too. The details of all the reasons mentioned by the respondents and the analysis of the 'same' and 'different' answers for *significance* and

*association* can be found in Section F.2. Consequently, if the reasons given for *significance* and *association* were compared, it can be concluded that *association* decisions were more abstract and mainly based on that the product-brand associations like “shavers and shaving remind Philips” (**product design and communication**) whereas *significance* decisions were more factual and based on the expertise of producing shavers (**parent company expertise and experience: producer company**) and the fact that shaving function is more important than skincare (**source of product value**). However, both *significance* and *association* were highly affected by the fit between the co-branded product and Philips’ shavers (**new product-product-fit**).

#### 4.5.3 Baked Beans (Heinz and Weight Watchers)

Heinz was perceived as the *more significant* brand (46%) and also associated more with Baked Beans (56%) than Weight Watchers. On the other hand, 23% of the respondents perceived Weight Watchers as the *more significant* brand and 21% associated it more with Baked Beans. The results for Baked Beans showed a complicated figure for both *significance* and *association* where the reasons for choosing Heinz, Weight Watchers or both brands were very diverse. However, the main reasons given by the respondents for *significance* and *association* were similar as it was seen in the previous products. In general, Heinz was found significant and associated more with Baked Beans (51%) compared to Weight Watchers (22%) mainly because Baked Beans is associated with non-diet food and Heinz is associated with food and beans (**new product-product-fit (21%, 43%)**: “Heinz is known for beans”). Second, beans are the main ingredient but what differentiates the product is its low-fat feature (**source of product value/ important feature (23%, 18%)**: “Low-fat feature is more important”); Third, Heinz is the producer of beans (**parent company expertise and experience/ producer company (12%, 12%)**: “The product is made by Heinz”). Fourth, product design and communication had also an effect because respondents made inferences by comparing the logos of the brands on the product or the shape of the can and its resemblance to a typical Heinz can (**product design and communication (18%, 16%)**: “Equally presented logos”, “Typical Heinz can”).



Six respondents found none of the brands significant; three respondents associated none of the brands with the product which is not significant (overall 9%). About five of the respondents chose none of the brands because they do not know the product (product familiarity). The overall statistics for Baked Beans is shown in Table 4.10.

**Table 4.10** Baked Beans statistics for *more significant* brand and *more associated* brand

		ASSOCIATION (A)					TOTAL (S+A)
		WW	HZ	BB	None		
SIGNIFICANCE (S)	WW	4	5	2	0	11	21
		8%	10%	4%	0%	23%	22%
	HZ	5	13	4	0	22	49
		10%	27%	8%	0%	46%	51%
	BB	1	5	2	1	9	17
		2%	10%	4%	2%	19%	18%
None	0	4	0	2	6	9	
	0%	8%	0%	4%	13%	9%	
TOTAL		10	27	8	3	48	96
		21%	56%	17%	6%		
% increase from S to A		-9%	23%	-11%			

Same	Different
21	27
44%	56%

BB: Both brands

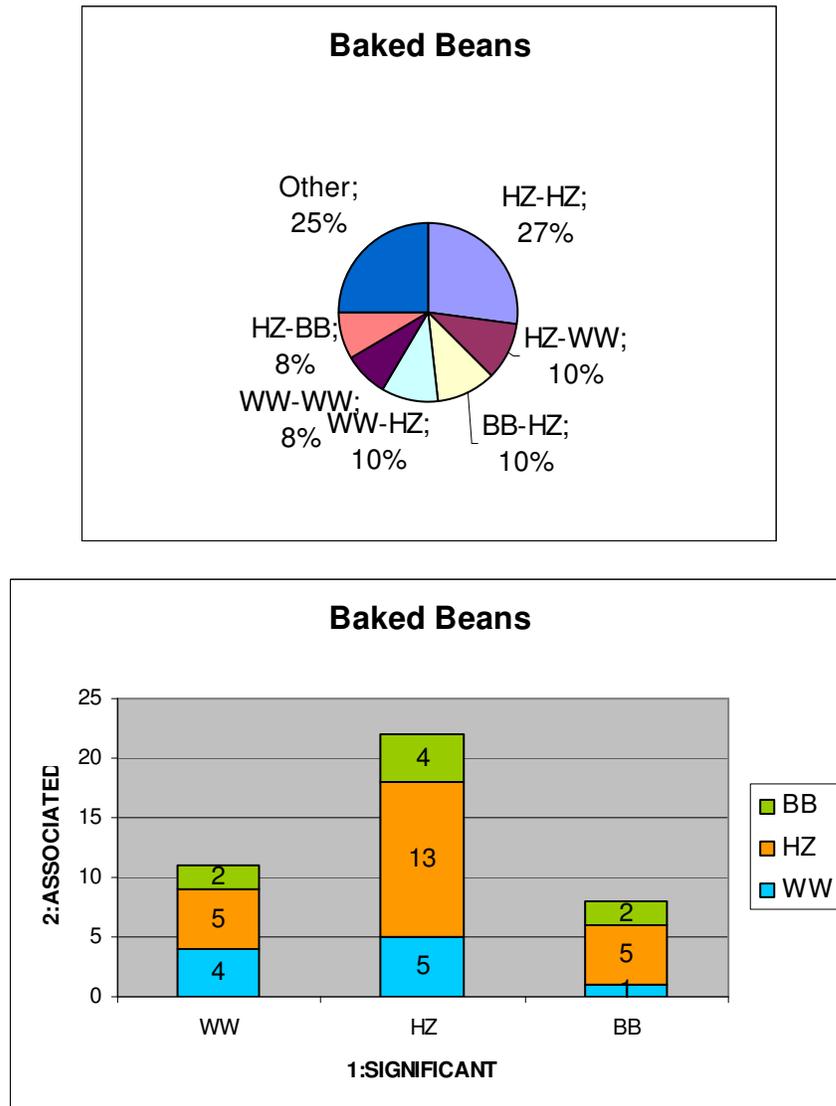
WW: Weight Watchers

HZ: Heinz

None: None of the brands

Out of 22 respondents who thought that Heinz was more significant, 13 of them thought that it was also associated more with the product (59%). The most frequently chosen brand pairs for *significance - association* are shown in Figure 4.3 and from this figure, it is seen that respondents gave very diverse answers but Heinz (S) – Heinz (A) is still the most frequent choice which is chosen 13 times out

of 48 (27%). As a result, Heinz is clearly the dominant partner brand, in terms of both *significance* and *association*.



**Figure 4.3** Frequency of paired choices for Baked Beans (1: Significance – 2: Association pairs)

Out of 48 respondents, 21 (44%) selected the same choice for *significance* and *association* while the 27 (56%) chose different brand(s) for *significance* and *association*. Although the majority of the respondents chose different brand(s) for *significance* and *association*, they gave the same reasons interchangeably (e.g. “low-fat feature is important” mentioned sometimes for *significance* and sometimes for *association*). The main reason was that Heinz makes the product so it is strongly associated with the product. On the other hand, being low-fat is attributed to Weight Watchers and it is the main reason to buy.

Consequently, for Baked Beans, the *significance* decisions were made basically based on the low-fat feature which is attributed to Weight Watchers and differentiates the product (**source of product value: important feature**) whereas *association* decisions were strongly affected by Weight Watchers’ unfit with the beans and Heinz’s reputation in beans (**new product-product-fit**). *New product-product-fit* was the most frequently chosen reason both for *significance* and *association*. The details of all the reasons mentioned by the respondents and the analysis of the ‘same’ and ‘different’ answers for *significance* and *association* can be found in Section F.3.

An interesting finding was about brand familiarity. Although the respondents were not familiar with Weight Watchers, they still associated Weight Watchers with low-fat, diet food. This can be viewed as an indication of the importance of logo design and how the brand is communicated.

#### 4.5.4 Tide Buzz (Tide and Black & Decker)

Respondents perceived Black & Decker as the *more significant* brand (48%) compared to Tide (33%). However, they associated Tide more with the product (42%) compared than Black & Decker (38%) even though the majority of the respondents were completely unfamiliar with Tide (Mean = 1.81,  $p < .05$ ) whereas they were highly familiar with Black & Decker (Mean = 5.58,  $p < .05$ ).



The main reason for finding Black & Decker significant (48%) was because it is a “machine” producer and Tide Buzz is a machine (**parent company expertise and experience/ producer company (20%, 16%)**: “Black & Decker makes the product and provides the technology”), and respondents were highly familiar with Black & Decker (**brand familiarity and being well-known (27%, 19%)**: “I don’t know Tide”).

The main reason for finding Tide significant (33%) was that Black & Decker is known for high quality power tools, and it has no relation to Tide Buzz which is a cleaning tool (**new product-product-fit (27%, 39%)**: “Cleaning is not B&D’s area”). The second important reason was the Tide’s clear existence on the product name (**product design and communication (13%, 18%)**: “TI is written clearly on the product”). Respondents evaluated Tide according to the picture and description of the product even though they were completely unfamiliar with it.

The main reasons given by the respondents for *association* were the same as mentioned above. The only difference was that respondents assessed *significance* more with facts like “who can produce the product” (**parent company expertise and experience: producer company**), “which brand is better known” (**brand familiarity and being well-known**) whereas they base *association* more to the fit between the co-branded product and existing products of each partner brand (**new product-product-fit**), and product image and communication like “name includes only Tide” (**product design and communication**). Therefore, Black & Decker was found more significant (because it is the producer of the product) but less associated with the product (because it does not relate to cleaning products).

Out of 48 respondents, four found none of the brands significant; five respondents associated none of the brands with the product which is not significant (overall 9%). The overall statistics for Tide Buzz is shown in Table 4.11.

**Table 4.11** Tide Buzz statistics for *more significant* brand and *more associated* brand

		TIDE BUZZ					
		ASSOCIATION (A)					
		TI	BD	BB	None		TOTAL (S+A)
SIGNIFICANCE (S)	TI	10	3	2	1	16	36
		21%	6%	4%	2%	33%	38%
	BD	8	12	2	1	23	41
		17%	25%	4%	2%	48%	43%
	BB	1	2	1	1	5	10
2%		4%	2%	2%	10%	10%	
None	1	1	0	2	4	9	
	2%	2%	0%	4%	8%	9%	
TOTAL		20	18	5	5	48	96
		42%	38%	10%	10%		
% increase from S to A		25%	-22%	0%			

Same	Different
25	23
52%	48%

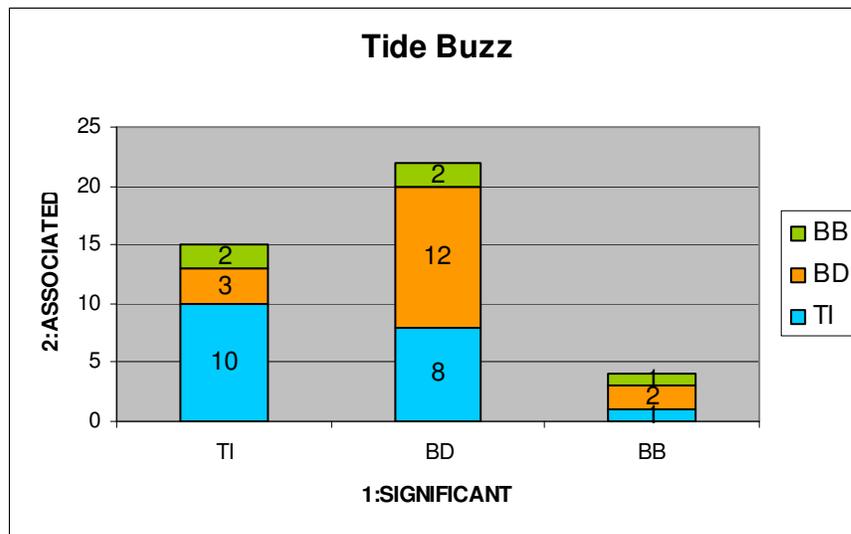
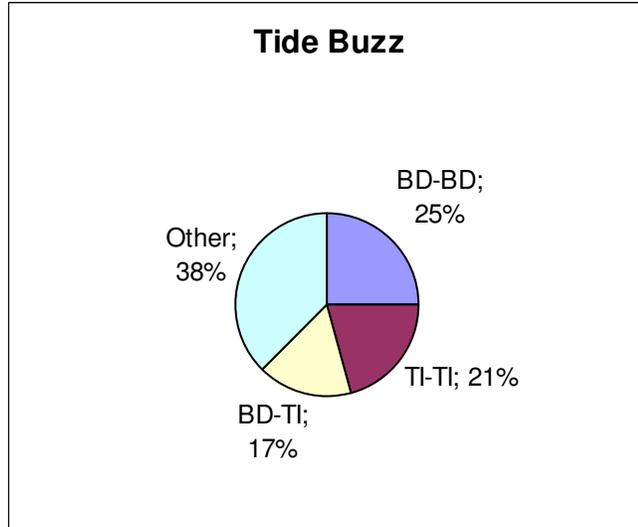
BB: Both brands

TI: Tide

BD: Black & Decker

None: None of the brands

Out of 23 respondents who thought that Black & Decker was more significant, 12 of them thought that it was also associated more with the product (52%) while eight of them thought that Tide was associated more with the product (35%). Although, overall, Black & Decker was chosen more (43%) than Tide (38%), none of the brands appear to be more dominant than the other. It is also seen from the choices of the respondents that are shown in Figure 4.4 Black & Decker (S) – Black & Decker (A) was chosen 12 times out of 48 (25%) and Tide (S) – Tide (A) was chosen 10 times out of 48 (21%).



**Figure 4.4** Frequency of paired choices for Tide Buzz (1: Significance – 2: Association pairs)

Out of 48 respondents, 25 (52%) selected the same choice for *significance* and *association* while the 23 (48%) chose different brand(s) for *significance* and *association*. The details of all the reasons mentioned by the respondents and the analysis of the 'same' and 'different' answers for *significance* and *association* can be found in Section F.4.

Respondents were highly familiar with Black & Decker (Mean = 5.58,  $p < .05$ ) but they were completely unfamiliar with Tide (Mean = 1.81,  $p < .05$ ). 12 respondents (out of 48) mentioned that they were not familiar with Tide so they did not associate Tide with Tide Buzz.

#### 4.5.5 McFlurry (M&M's and McDonald's)

Respondents perceived McDonald's as the *more significant* brand (%60) and they also associated it more with McFlurry (67%) than M&M's. The main reason for finding McDonald's more significant was based on the fact that McFlurry is only sold at McDonald's ("**where the product is sold**" (27%, **29%**): "McDonald's sells it"). Second, the product logo clearly states the McDonald's sign and it is a



typical McDonald's product because of the logo and cup design (**product design and communication** (25%, **32%**): "It is called 'Mc'flurry"). Third, M&M's is only one variation of McFlurry ice cream which can be replaced by other brands as well (**source of product value/ branded ingredient and reason to buy** (21%, **21%**): "MM is not the only brand"). The main reasons for associating McDonald's more with the product was the same as *significance*. The only major difference is product design and communication is mentioned more for *association* than for *significance*. The overall statistics for McFlurry is shown in Table 4.12.

**Table 4.12** McFlurry statistics for *more significant* brand and *more associated* brand

		MCFLURRY				
		ASSOCIATION (A)				
		MM	MD	BB	None	TOTAL
SIGNIFICANCE (S)	MM	0	4	0	1	5
		0%	8%	0%	2%	10%
	MD	4	20	5	0	29
		8%	42%	10%	0%	60%
	BB	2	8	4	0	14
		4%	17%	8%	0%	29%
None	0	0	0	0	0	
	0%	0%	0%	0%	0%	
TOTAL	6	32	9	1	48	
	13%	67%	19%	2%		
% increase from S to A		20%	10%	-36%		

Same	Different
24	24
50%	50%

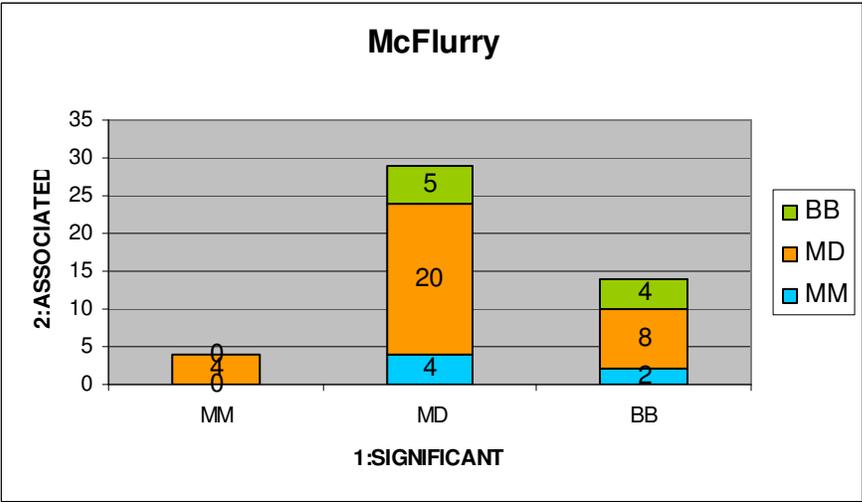
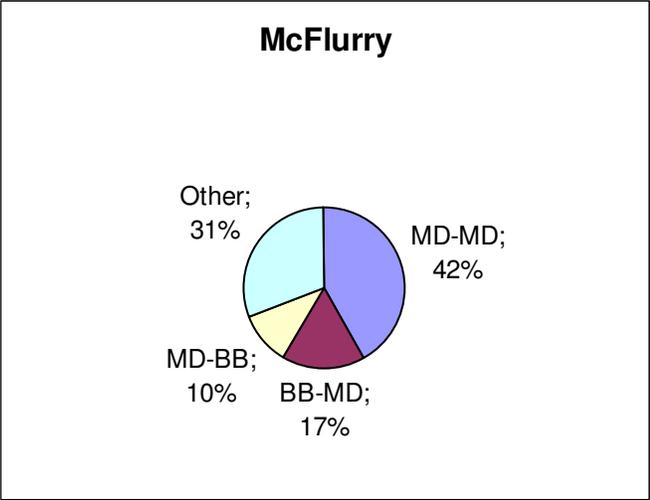
BB: Both brands

MM: M&M's

MD: McDonald's

None: None of the brands

Out of 29 respondents who thought that McDonald's was more significant, 20 of them thought that that it was also associated more with the product (69%). McDonald's was clearly the dominant brand. It can also be seen from the choices of the respondents that are shown in Figure 4.5 McDonald's (S) – McDonald's (A) was chosen 20 times out of 48 (42%).



**Figure 4.5** Frequency of paired choices for McFlurry (1: Significance – 2: Association pairs)

50% of the respondents selected the same choice for *significance* and *association*, and 50% chose different brand(s) for *significance* and *association*. Even though half of the respondents chose different brands for *significance* and *association*, respondents gave similar reasons for their choice. In general, the most frequently chosen pair was McDonald's(S) – McDonald's (A) (24 out of 48). The details of all the reasons mentioned by the respondents and the analysis of the 'same' and 'different' answers for *significance* and *association* can be found in Section F.5.

The most interesting finding that separates McDonald's from the other observed products was that the *place where the product is sold* was crucial for McDonald's yet never mentioned for other products.

#### 4.5.6 BeerTender (Heineken and Krups)

Respondents perceived Heineken as the *more significant* brand (44%) and definitely associated Heineken more with BeerTender (77%). The main reasons for *significance* and *association* were almost similar. For *significance*, 44% of the respondents chose Heineken and 38% chose Krups. The main reason for finding Heineken more significant was that BeerTender is all about beer and Heineken is a well-known beer brand (**new product-product-fit (26%, 39%)**), and Heineken is better known than Krups (**brand familiarity and being well-known (11%, 19%)**). The main reason for finding Krups significant was that BeerTender is a 'machine' and Krups is a machine manufacturer (**parent company expertise and experience: producer company (23%, 6%)**).



In terms of *association*, Heineken is definitely the dominant brand. The main reason for associating Heineken with the product was the same as *significance* and based on that BeerTender is a product that is strongly related to drinking beer and beer reminds Heineken. Another important reason was being a more known and familiar brand; and product advertising which is focused more on Heineken than Krups (**product design and communication: marketing and advertising (8%, 16%)**). As a result, both brands were perceived as significant with equal contribution to the product and having clear roles but Heineken was generally associated more with BeerTender. The overall statistics for BeerTender is shown in Table 4.13.

**Table 4.13** BeerTender statistics for *more significant* brand and *more associated* brand

		ASSOCIATION (A)					TOTAL (S+A)
		HE	KR	BB	None		
SIGNIFICANCE (S)	HE	18 38%	0 0%	2 4%	1 2%	21 44%	58 60%
	KR	14 29%	1 2%	3 6%	0 0%	18 38%	20 21%
	BB	4 8%	1 2%	3 6%	0 0%	8 17%	16 17%
	None	1 2%	0 0%	0 0%	0 0%	1 2%	2 2%
	TOTAL	37 77%	2 4%	8 17%	1 2%	48	96
% increase from S to A		76%	-89%	0%			

Same	Different
22	26
46%	54%

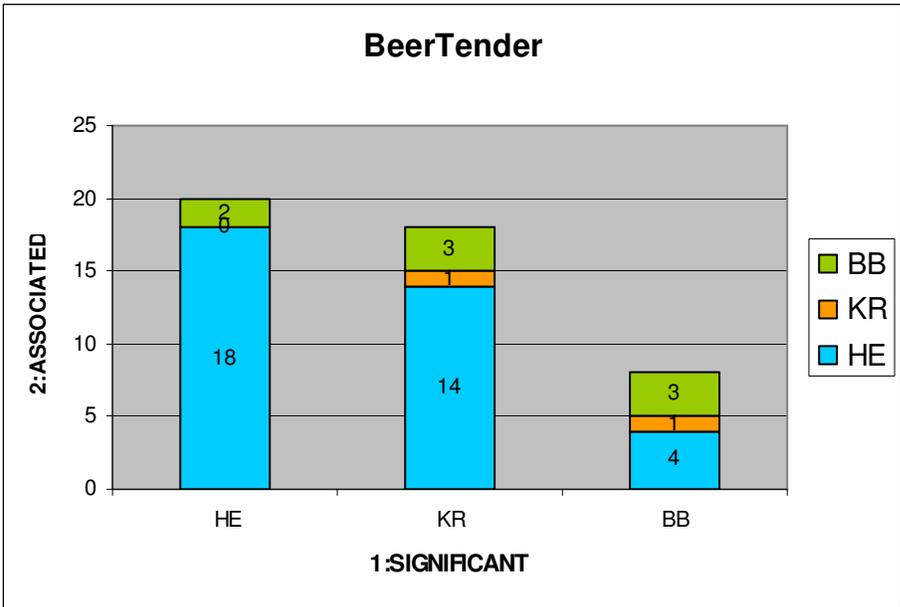
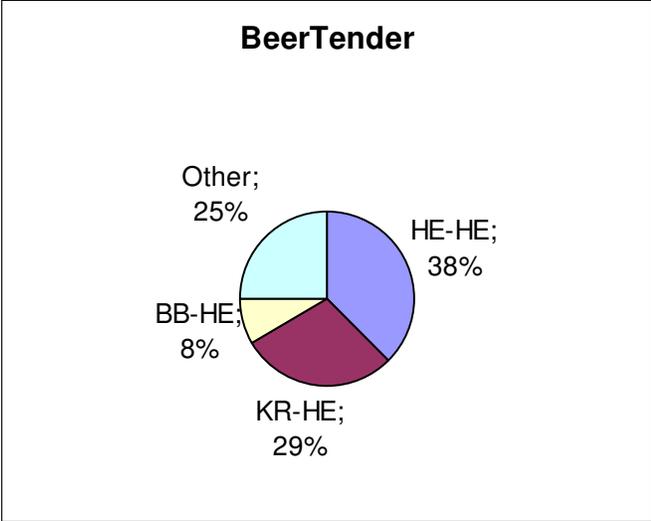
BB: Both brands

HE: Heineken

KR: Krups

None: None of the brands

Out of 21 respondents who thought that Heineken was more significant, 18 of them thought that it was also associated more with the product (86%). Heineken was clearly the dominant brand in terms of *association*. On the other hand, none of the brands had strong dominance over the other in terms of *significance*. It can also be seen from the most frequent choices of the respondents that are shown in Figure 4.6. Heineken (S) – Heineken (A) was the most frequently chosen pair which was chosen 18 times out of 48 (38%). On the other hand, Krups' *significance* can be seen from the second most frequently chosen pair of Krups (S) – Heineken (A) (29%).



**Figure 4.6** Frequency of paired choices for BeerTender (1: Significance – 2: Association pairs)

Although 26 respondents (out of 48) chose different brand(s) for *significance* and *association*, they gave similar reasons for *significance* and *association*. The details of all the reasons mentioned by the respondents and the analysis of the ‘same’ and ‘different’ answers for *significance* and *association* can be found in Section F.6.

## 4.6 Overall Reasons for Perceptions of Partner Brand Dominance

After analyzing the reasons for *significance* and *association* per product, all the reasons across product were combined to explore the importance of each reason in general terms. This was also necessary to see the differences between *significance* and *association*, if any exists. Moreover, cross-product comparisons were also made possible by combining all the reasons of brand dominance perceptions. Table G.1 and Table G.2 in Appendix G show the number of times a specific reason was chosen for each brand(s) and also the overall importance of each reason per product and in general. First of all, as it is seen from Table F.1 and Table F.2, although the importance of each specific reason changed per product, there were five main reasons that were most frequently mentioned in general. For *significance*, these prevailing reasons were:

- 1) New product-product-fit (27%<sup>9</sup>)
- 2) Source of product value (20%)
- 3) Product design, communication (and marketing) (15%)
- 4) Parent company expertise and experience (15%)
- 5) Brand familiarity, being well-known and company/brand performance (9%) (See Figure 4.7).

For *association*, the prevailing reasons were:

- 1) New product-product-fit (36%<sup>10</sup>)
- 2) Product design, communication (and marketing) (21%)
- 3) Source of product value (16%)
- 4) Brand familiarity, being well-known and company/brand performance (10%)
- 5) Parent company expertise and experience (8%) (See Figure 4.8).

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<sup>9</sup> The overall percentage of how many times the reason was chosen among all the reasons mentioned for a specific product (for *significance*).

<sup>10</sup> The overall percentage of how many times the reason was chosen among all the reasons mentioned for a specific product (for *association*).

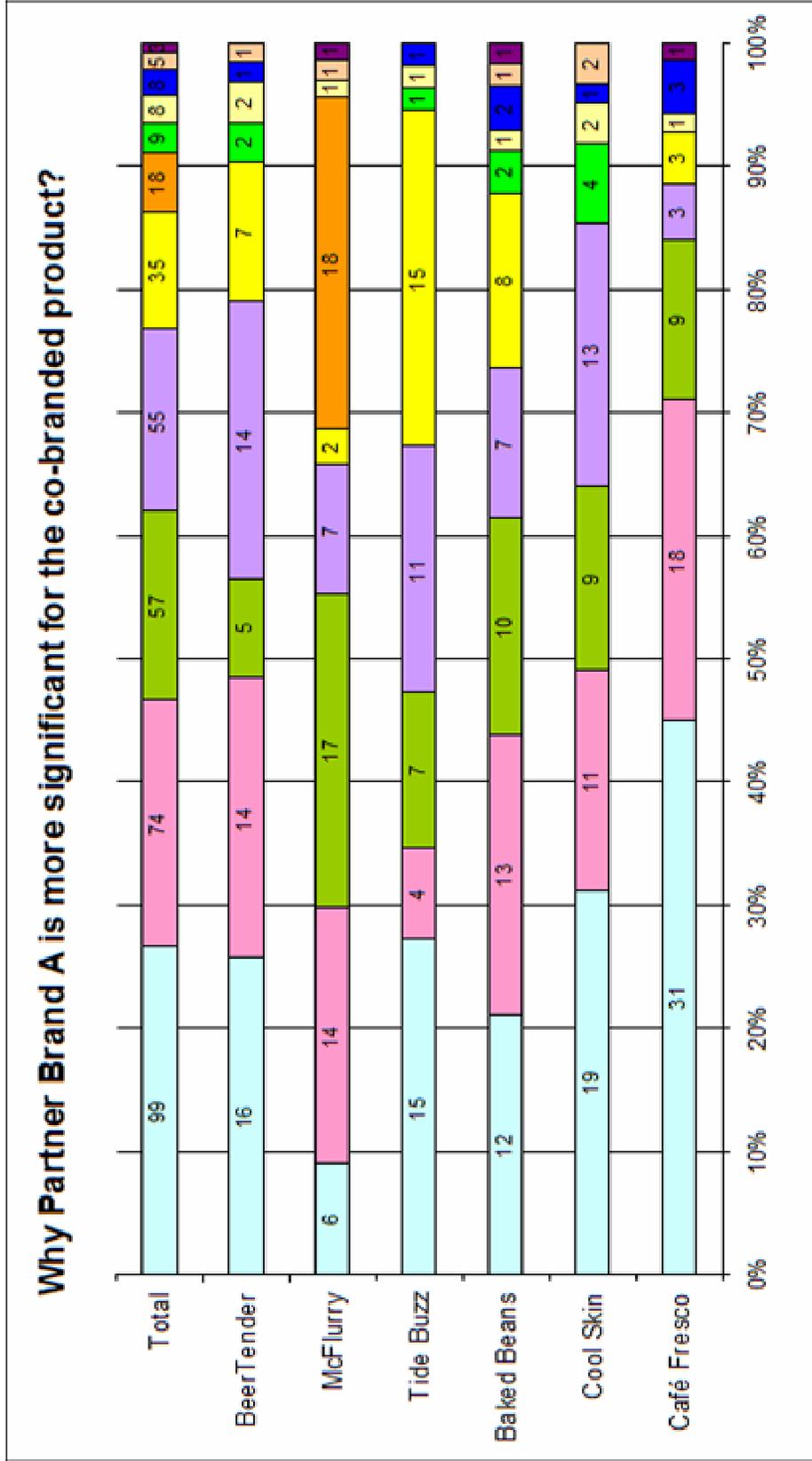
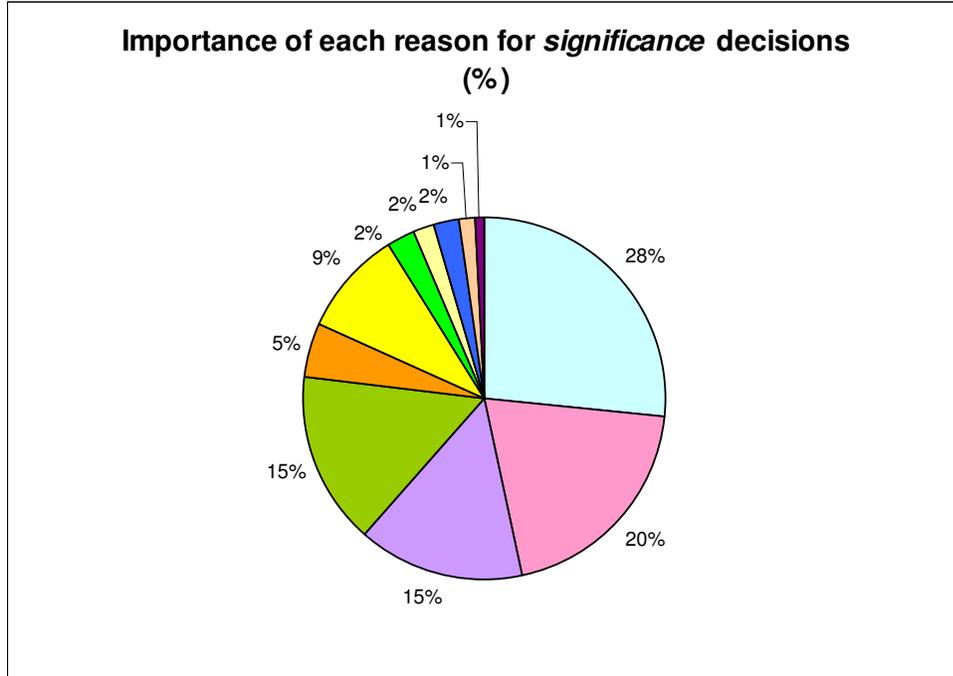


Figure 4.7 Importance of reasons for significance



**Figure 4.7 (continued)** Importance of reasons for *significance*

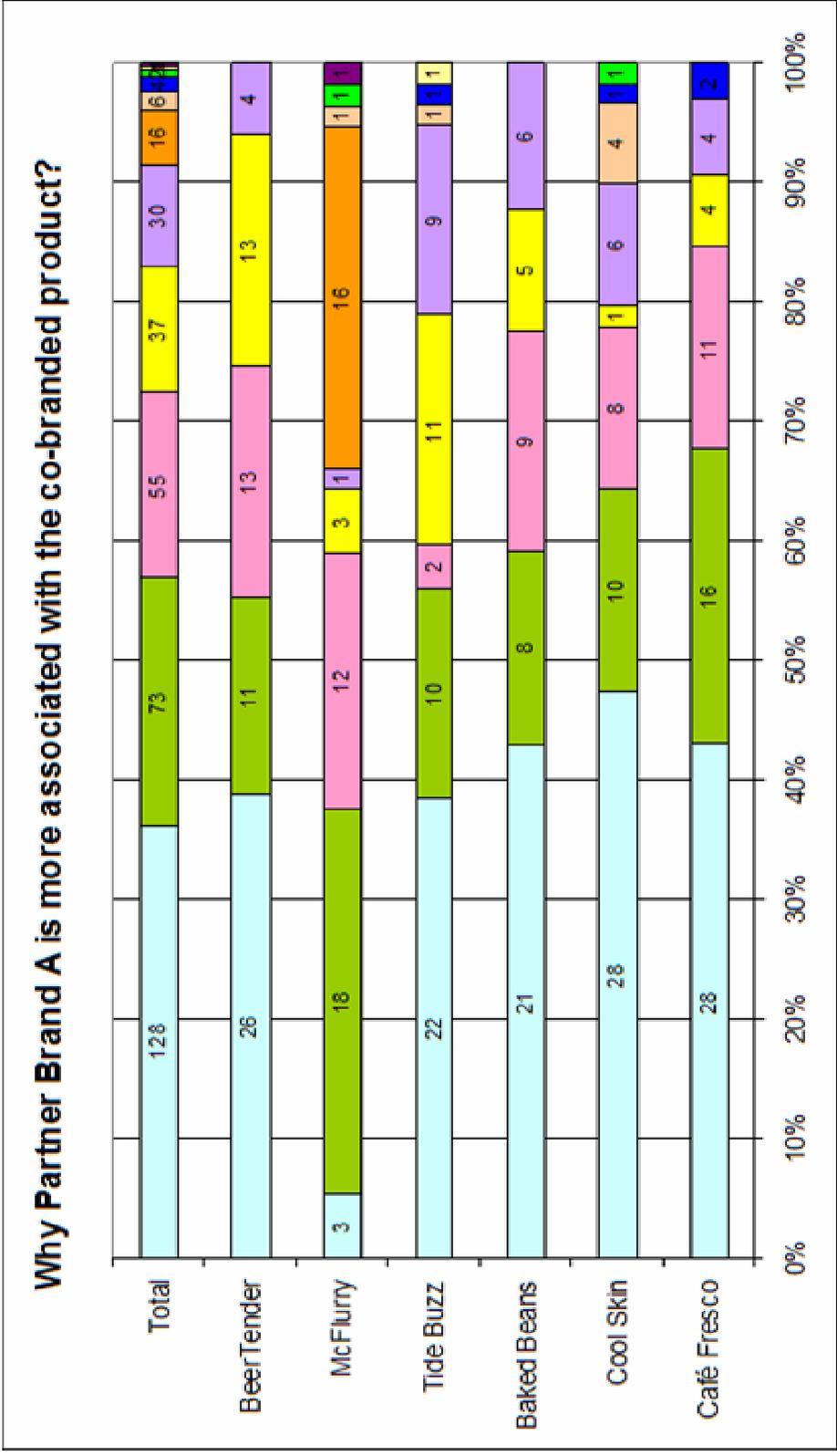
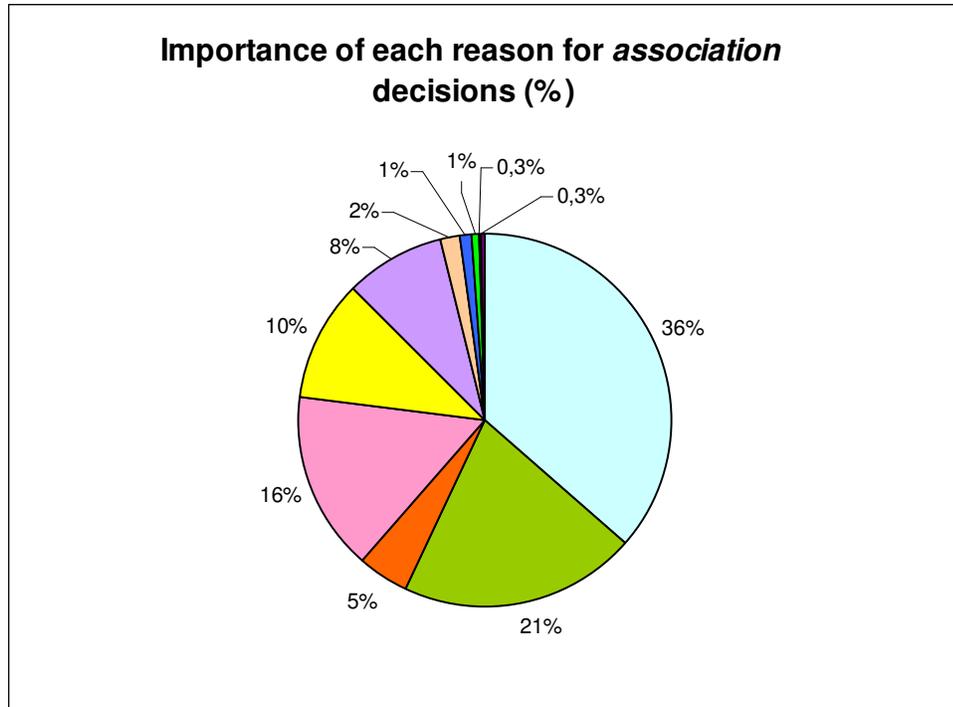


Figure 4.8 Importance of reasons for association



**Legend:**

New product-product-fit
Source of product value
Parent company expertise & experience
Product design and communication (&marketing)
"Where the product is sold"
Brand familiarity, being well-known & brand performance
New market intentions
"Who gains more"
Product uniqueness
New product-brand-fit
Product-product-fit

**Figure 4.8 (continued)** Importance of reasons for *association*

Except source of product value and parent company expertise and experience, all of the main reasons that the respondents mentioned were compatible with the possible reasons for partner brand dominance stated in the literature review part (see Section 2.2.2). If the reasons for *significance* and *association* were compared per product, it is seen that, for Café Fresco, *new product-product-fit* was the most important reason both for *significance* (45%) and for *association* (43%). Other important reasons were source of product value (important ingredient) and product design and communication. However, product design and communication was more frequently

mentioned for *association* (25%) than for *significance* (13%) whereas source of product value was more frequently mentioned for *significance* (26%) than for *association* (17%). Therefore, it can be inferred that *significance* might be more related to what is important to produce the product and differentiate it from others in the market whereas *association* is more related to which partner brand consumers will remember when they see and think about the product.

For Cool Skin, *new product-product-fit* was also the most important reasons both for *significance* (31%) and *association* (47%). Other important reasons were parent company expertise and experience (producer company), source of product value (core product function), and product design and communication. Parent company expertise and experience was more frequently mentioned for *significance* (21%) than for *association* (10%). On the other hand, product design and communication was slightly more important for *association* (17%) than for *significance* (15%). Therefore, the difference between the *significance* and *association* was parallel to what it was said in the previous paragraph for Café Fresco: *significance* might be more related to who has the capability and experience in producing the core function of the product whereas *association* is more related to product's design aspects.

For Baked Beans, the situation is a little different than Café Fresco and Cool Skin. The most important reason was source of product value (important feature) for *significance* whereas *new product-product-fit* for *association*. Therefore, *new product-product-fit* was more frequently mentioned for *association* (43%) than for *significance* (21%) whereas source of product value (important feature) was slightly more important for *significance* (23%) than for *association* (18%). Therefore, the difference between *significance* and *association* is parallel to what it was said in the previous paragraph for Café Fresco: *significance* might be more related to who has the capability and experience in producing the core function of the product whereas *association* is more related to product's design aspects. Product design and communication and parent company expertise and experience (producer company) were equally important reasons for *significance* and *association*.

For Tide Buzz, the most important reason was *new product-product-fit* both for *significance* (27%) and *association* (39%) but its influence was stronger for *association*. For *significance*, brand familiarity (27%) was as important as *new*

*product-product-fit* (27%) whereas, for *association*, brand familiarity was less important (19%). Moreover, product design and communication was slightly more frequently mentioned for *association* (18%) than for *significance* (13%) whereas parent company expertise and experience (producer company) was slightly more frequently mentioned for *significance* (20%) than for *association* (16%). These findings are again in line with the findings of other previous products: Design aspects and 'fit' issues are more crucial for *association* decisions whereas the capabilities for production and experience are more crucial for *significance* decisions. Tide was a familiar partner brand for the respondents whereas Black & Decker was highly familiar. However, Black & Decker was perceived to have no fit to a cleaning product (Tide Buzz) and the design was also not a reflection of typical Black & Decker products. Therefore, unsurprisingly, Tide was associated more with the product. This shows again the affect of product design and *new product-product-fit* on partner brand association decisions. Tide Buzz could not catch a success in the market and became an unsuccessful co-branding example even though the product was considered as unique and innovative in the beginning. This might have been prohibited if the product had been designed more like a Black & Decker product. Alternatively, if Black & Decker had more carefully considered the appropriateness of entering cleaning tools market and its effect on its current portfolio of products (i.e. power tools), it would have invested its efforts in a more suitable market and product category.

McFlurry had the greatest dispersion from other products because the make-up of its mentioned reasons was different than the others. For example, *new product-product-fit* was the most important reason for all products except McFlurry. Instead, the decisions regarding brand dominance were mostly affected by where the product is sold/ served (27%, 29%). This reason was unique to McFlurry which means that it is not mentioned in any of the products. Nevertheless, this is not a surprising finding because McDonald's service element (i.e. being a restaurant) is more prevailing than other products. Other than that, source of product value (branded ingredient, reason to buy) and product design and communication were the other important reasons for *significance* and *association*. However, as stated in the previous products, product design and communication was mostly mentioned for *association* decisions (32%) than for *significance* decisions (25%).

For BeerTender, the main reasons were again *new product-product-fit* both for *significance* (26%) and *association* (39%). Other reasons were parent company expertise and experience, brand familiarity and being well-known, and product design and communication (product advertising). Among these three reasons, the first one was mentioned more frequently for *significance* whereas the other two (also *new product-product-fit*) were mentioned more frequently for *association* decisions.

Besides the main reasons mentioned earlier in this section, respondents also mentioned:

- “Where the product is sold” (5%, 5%)
- New market intensions (2%, 1%)
- Product uniqueness (2%, 1%)
- “Who gains more” (2%, 0.3%)
- New product-brand-fit (1%, 2%)
- Product-product-fit (1%<sup>11</sup>, 0.3%<sup>12</sup>)

“Where the product is sold” reason was the most frequently mentioned reason for McFlurry. It refers to the fact that McFlurry is only sold by McDonald’s so McDonald’s is the dominant brand in relation to McFlurry. This reason was not mentioned for other products. *New market intensions* means the willingness of one partner brand to enter a new market other than one it currently competes. *Product uniqueness* term was used to mean the co-branded product’s uniqueness, innovativeness for a partner brand. In other words, if the co-branded product is different than the existing product range of a partner brand so that it represents a novelty for one of the partner brands, respondents chose that partner brand as more significant (2%) and/or associated it more with the product (1%). ‘Who gains more’ term used to refer to the brand that will earn more than its partner from the launch of the co-branded product. These three reasons were closely related because if one of partner brands is perceived to have intentions to enter a new market, that usually means that the co-branded product represents a novelty for that brand and this entry will probably provide it more earnings than before. Another important finding is that

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<sup>11</sup> The overall percentage of how many times the reason was chosen among all the reasons mentioned for a specific product (for *significance*).

<sup>12</sup> The overall percentage of how many times the reason was chosen among all the reasons mentioned for a specific product (for *association*).

these three reasons were mentioned more frequently for *significance* than for *association*.

#### **4.7 Difference between Durable and Nondurable Products in terms of Partner Brand Dominance**

The results of the study reveal that there are some differences and similarities in the reasons for partner brand dominance between durable and nondurable products. First of all, the most apparent similarity is that both for nondurable and durable products *new product-product-fit* is the most important reason for choosing the *more significant* and the *more associated* brand. However, for *significance* decisions, *new product-product-fit* has an equal importance for both durable and nondurable products whereas for *association* decisions, it is more important for durable products than nondurable products.

Overall, *new product-product-fit* is the most important reason of perceiving the *more associated* brand and the *more significant* brand both for durable and nondurable products. The frequency of *significance* and *association* reasons for durable and nondurable products is provided in Figures 4.9 and 4.10. According to the figures, *significance* decisions are based on:

- 1) New product-product-fit (28%)
- 2) Parent company expertise and experience (21%)
- 3) Source of product value (16%)

whereas *association* decisions are based on:

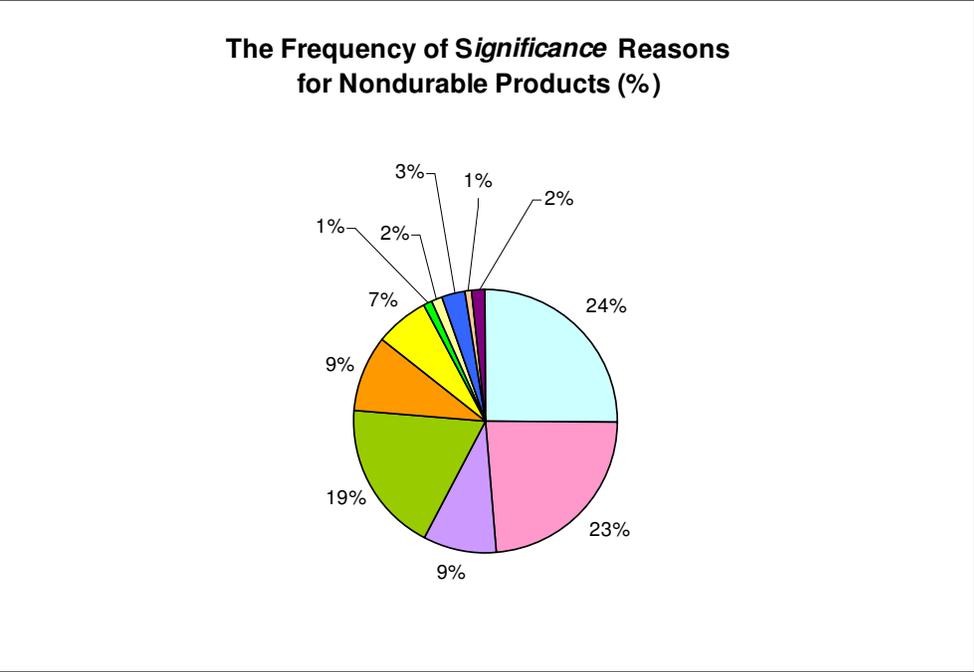
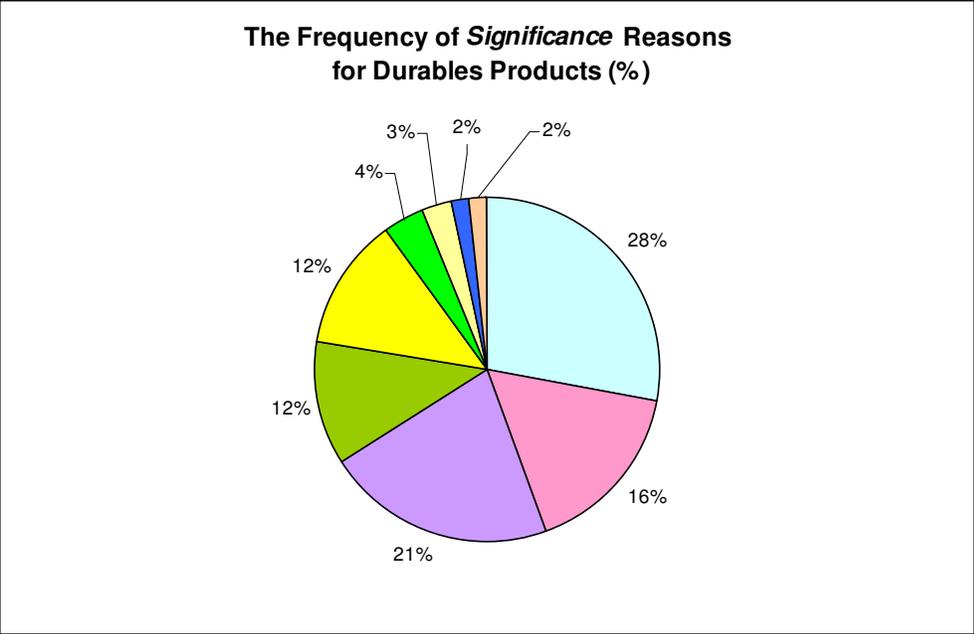
- 1) New product-product-fit (41%)
- 2) Product design and communication (& marketing) (16%)
- 3) Brand familiarity (14%) and source of product value (13%).

On the other hand, for nondurable products, *significance* decisions are based on:

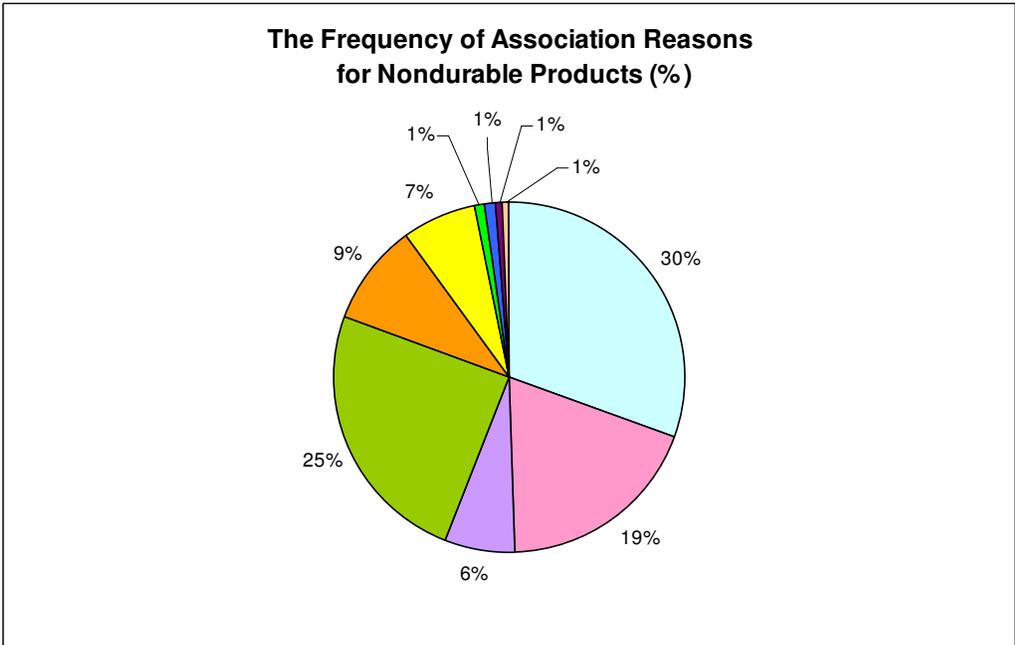
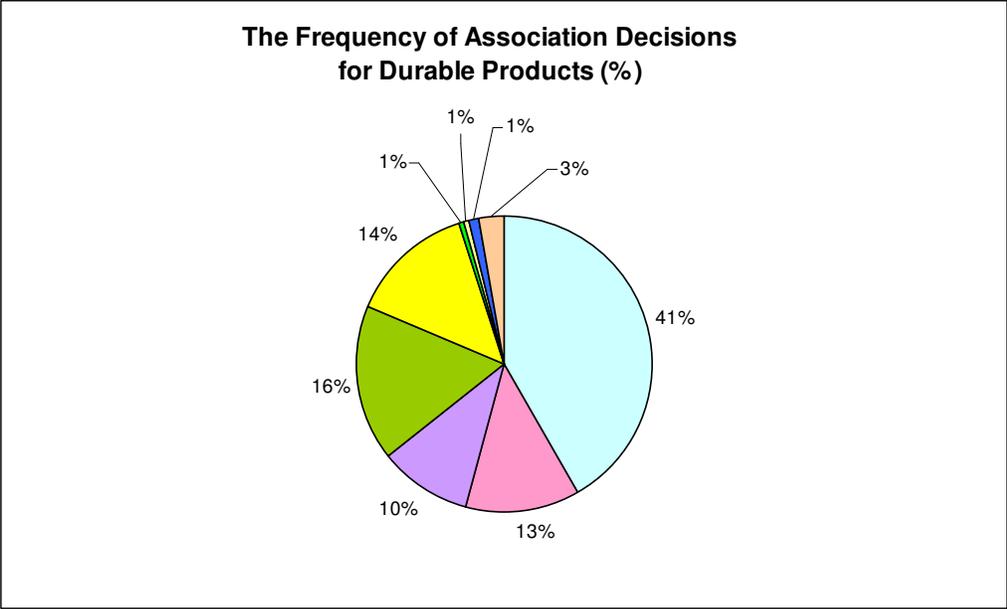
- 1) New product-product-fit (24%)
- 2) Source of product value (23%)
- 3) Product design and communication (& marketing) (19%)

whereas *association* decisions are based on:

- 1) New product-product-fit (30%)
- 2) Product design and communication (& marketing) (25%)
- 3) Source of product value (19%).



**Figure 4.9** Frequency of *significance* reasons for durable and nondurable products



**Figure 4.10** Frequency of *association* reasons for durable and nondurable products

## CHAPTER 5

### CONCLUSIONS AND IMPLICATIONS

Throughout this chapter, the main research findings are summarized, which were derived from the literature review and survey study. The conclusions are based on research questions stated in Chapter 1. Additionally, recommendations for further studies, implications for design and managerial practice, and limitations of the study are offered at the end of the chapter.

#### 5.1 Research Questions Revisited

Co-branding has increasingly been used as an alternative strategy to create products. Although it is an interesting topic to explore in the field of marketing, branding and design, the studies that have been carried out so far are relatively new and not sufficient. There are many different aspects of co-branding strategy and co-branded products that are studied so far and that can be studied in the future. For example, the kinds of co-branding alliances, the risks and benefits of such strategies compared with other strategic alliances, the issues related to the consumers' evaluation of co-branded products were some of these aspects that are studied so far. For this study, the central question is to explore the relationship between the partner brands of a co-branded product and how they are perceived by the consumer in relation to the co-branded product. The studied relationship is based on partner brand dominance in terms of *significance* and *association* in relation to the co-branded product. The section elaborates on the findings regarding this relationship by answering each research question, and Section 5.2 discusses the consequences of these findings for researchers, brand/product/marketing managers and designers.

### **Research Question 1: How consumers perceive partner brands in terms of dominance while they are evaluating co-branded products?**

The findings of the study revealed that respondents usually perceive one of the partner brands of a co-branded product more dominant than the other when they were asked which brand is significant and/or associated more with the co-branded product. Among the studied co-branded products, there was always a dominant brand for *association* which was not the case for *significance*. For example, in some products like Café Fresco and BeerTender, there was a dominant brand for *association* whereas, for *significance*, both partner brands had relatively similar *significance* levels. On the other hand, in some products like Cool Skin, McFlurry and Baked Beans, there was a clear dominant brand which scored the highest in both dimensions. The only interesting case was in Tide Buzz where the relatively *more significant* brand (i.e. Black & Decker) was different from the relatively *more associated* brand (i.e. Tide).

As a result, it can be concluded that the respondents perceived one of the partner brands more dominant than the other when they were deciding on which partner brand was more associated with the co-branded product. On the other hand, when they were deciding on which partner brand is more significant than the other, they sometimes perceived a balance between the two brands whereas in other times they perceived one partner brand more dominant than the other.

### **Research Question 2: What are the reasons for consumers' perceptions of brand dominance or balance between brands?**

The main research question of this thesis was to find out all the relevant reasons of brand dominance for *significance* and *association* dimensions. The list of reasons that were stated in Chapter 2 was compared with the reasons mentioned in the survey study; and it is seen that the majority of the main reasons listed in the literature review were compatible with the reasons mentioned by the respondents of the survey. The possible reasons of consumers' perceptions of partner brand dominance that the survey study and the literature review revealed are summarized in Table H.1 in Appendix H with the key measures used in the data analysis stage together with the relevant studies done so far.

The survey study and its analysis revealed that people's perceptions of brand dominance are based on various reasons which are discussed in the next paragraph. The main reasons of why consumers perceive one of the partner brands more significant and/or associate it more with the co-branded product can be summarized as follows (in order of importance which is determined by the overall frequency of mentioning):

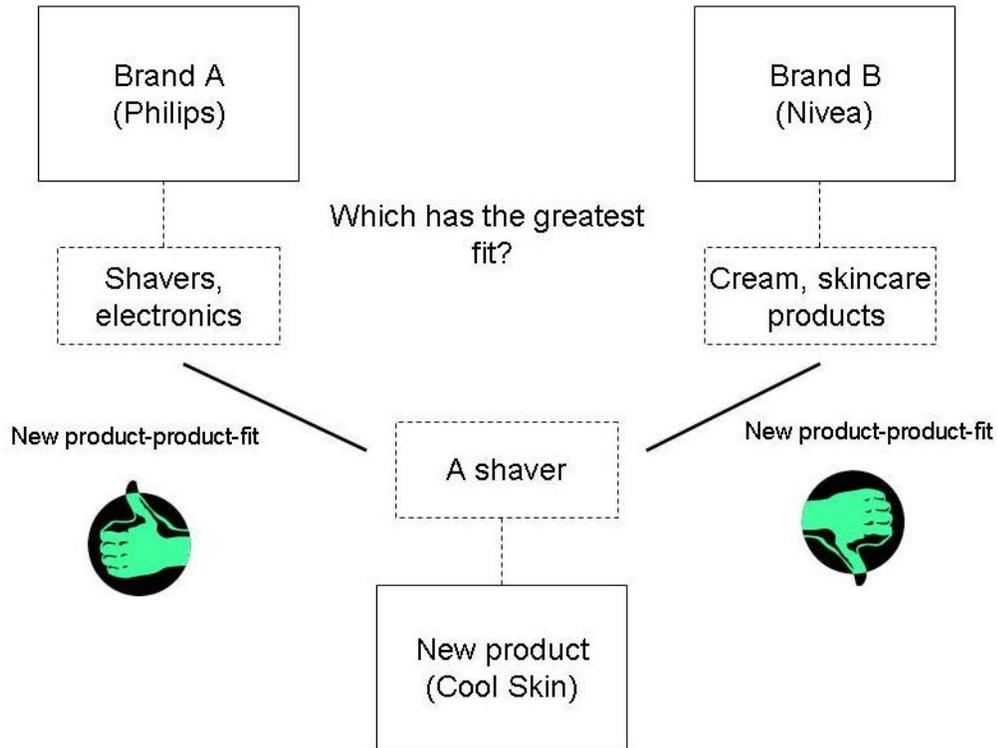
### **New Product-product-fit**

Each brand spontaneously brings to mind certain products (Kapferer, 2004). As stated before, these prototype products are representative of the various facets of brand identity. Kapferer (2004, p.114) used the term "brand prototype" to define this most representative product(s) of a brand. The study's answers provide support for "brand prototype" topic since respondents tend to express their reasoning by associating brands with their 'brand prototypes'. For example, Douwe Egberts was associated with coffee, Philips with shavers, Heinz with ketchup and beans.

Farquhar et al. (1992) coined the term 'master brand' for a brand that so dominates a particular product category that it 'owns' that category in the consumer's mind. The findings of this study support also the existence of "master brands". For example, Black & Decker was considered as the "master brand" for power tools.

In the beginning of this study, *new product-product-fit* is hypothesized as one of the main reasons of brand dominance perceptions in co-branded products. The findings show a strong tendency in support of the fit between the existing products of a brand and the new product. It is seen that people think about the co-branded product and try to understand its core function (in the case of durable products) and its main ingredient (in the case of nondurable products). Then, they link the product to a certain product category. For example, in the case of Cool Skin, the product's core function is shaving and therefore, it belongs to the shaver's category. At the end, the new product is compared with the existing product(s) of each partner brand to see whether there is a fit. Whichever brand has the greatest fit is considered as the dominant brand. As it is stated in the literature, this 'fit' is called *new product-product-fit*. *New product-product-fit* was found to be especially effective on the associations of one partner brand with the product. The schematic process of how

respondents evaluated the brand dominance in consideration of *new product-product-fit* is shown in Figure 5.1.



**Figure 5.1** The Influence of *new product-product-fit* on perceptions of brand dominance

To sum up, *new product-product-fit* was mentioned the most by the respondents of the study so it is a very important factor that affects the consumers' perceptions of a dominant brand<sup>13</sup>. The more fit between the new product and the brand's current products compared to its partner's, the more probable that it will be perceived as the more dominant brand. Therefore, it has to be considered as one of the main criteria for brand managers when they evaluate potential co-branding alliances. Otherwise, they might risk their brand's success. Moreover, customer confusion may result if

<sup>13</sup> In this chapter the term "dominant brand" is always used shortly in order to mean the *more significant* and/or *more associated* brand.

two brands have seemingly inconsistent characteristics and this confusion could damage the images of both brands (Keller and Aaker, 1992; Park et al., 1991; Park et al., 1996).

### **Product Design, Communication and Marketing**

In addition to certain products, each brand spontaneously brings to mind certain actions and a style of communication (Kapferer, 2004). The study provides support for the importance of product design, communication and marketing on consumers' perceptions of a dominant brand.

Although product design comprises a broader spectrum, respondents of the study mentioned package design, representation of partner brand logos and the name on the product as reasons for their choice of a dominant brand.

The name of the co-branded product can be a powerful indicator for the dominant partner brand. For example, Tide was associated more with Tide Buzz because of the product's name. Similarly, Heineken's association with the BeerTender machine was partly due to the name of the product. Product name reveals brand's intentions and a powerful source of brand identity (Kapferer, 2004) so it should be chosen consciously and reflect the targeted relation between two partner brands. For example, if one of the partner brands aims to be perceived as the dominant brand in relation to the co-branded product, the product name should indicate the dominant brand more.

Visual symbols and logotypes are other identifiers of brand's identity (Kapferer, 2004). The findings of the study confirm the importance of visual elements of the product for perceptions of a dominant brand. For example, in the case of Tide Buzz, Tide was associated more with the product because the product name, the color and design of the product were more representative of Tide than Black & Decker.

Package design is crucial for nondurable products because respondents of the study showed a tendency to associate a certain brand with a specific package design. For example, Heinz is perceived as the dominant brand in Baked Beans case, partly because it is considered as a typical Heinz can design. For durable products, it was the product's design itself is crucial determinant of the dominant

brand. For example, the Tide Buzz was associated with Tide rather than Black & Decker. This is partly because the majority of the respondents think that Black & Decker products are usually black color and have a different design.

Finally, how the product is communicated in the market is important for perceptions of brand dominance. For example, if the product commercials are emphasizing one of the partner brands more, then it is more likely that that brand is perceived as the dominant brand.

Overall, designers, product managers and marketing managers should manipulate product design, communication and marketing elements in order to increase the *significance* and *association* of a certain partner brand with the co-branded product. Product language is very important and should be used strategically and in accordance with the strategic goals of each partner brand in the co-branding alliance. For example, if one of the partner brands aims at being known as the owner of the product and the other partner wants to take less risk and just help in realizing the product, the product's design should reflect it. For example, in this case it should reflect the first brand's image on the new product more so that consumers will associate the first brand more with the product.

### **Source of Product Value**

The survey study showed that respondents chose one of the partner brands more significant or more associated with the product because that brand represents the:

- Important ingredient (e.g. coffee supplied by Douwe Egberts for Café Fresco) or
- Important function/ Core function (e.g. shaving function provided by Philips for Cool Skin) or
- Important feature ("low-fat" feature of Baked Beans supplied by Weight Watchers)

of the co-branded product and this ingredient/function/feature cannot be easily replaced by another brand because of quality or other reasons.

Although this reason has not been directly mentioned in the literature review, it is very similar to *new product-product-fit*. As explained, *new product-product-fit* is the fit between the co-branded product and the existing categories of partner brand.

Brands enter and exist in product categories which they can add the greatest value. If a product's value is based on a certain ingredient/feature/function, that brand that is known for supplying that ingredient/feature/function is most likely to be perceived as the dominant brand in that category.

The findings of the study imply that the brand which adds more value to the product has an influence on perceptions of a dominant brand. The more value added by the brand, the more that brand will be found significant and associated more with the co-branded product. This value can come from different sources like being the supplier of the main ingredient (for nondurable products) or being the supplier of the core product function (for durable products). In the Café Fresco example, coffee is the main ingredient rather than milk so Douwe Egberts is considered as adding more value and, therefore, considered as the dominant brand. Black & Decker's value creation is in power tools so it was not associated with Tide Buzz which was seen as a cleaning tool.

Additionally, if one of the brands can be replaced by another, the irreplaceable brand is considered as more dominant. For example, M&M's is only one variation of McFlurry ice cream and can be replaced by other brands so McDonald's was considered as the dominant brand. The same reasoning was also mentioned for BeerTender where Heineken is not also brand that can be used with the machine.

### **Parent Company Expertise and Experience**

Another unmentioned reason in the literature review which was found in this study to have an important influence on brand dominance perceptions is parent company expertise and experience. Although this reason has not been directly mentioned in the literature review, it is also very similar to *new product-product-fit* and source of product value reasons that were mentioned above.

For this study, *new product-product-fit* and parent company expertise and experience, and source of product value were evaluated differently. However, they are similar in meaning. If a partner brand has the expertise in producing shavers, this means that it will be associated with shavers. Similarly, the main value added to the product will also come from that partner brand if the co-branded product is a shaver at the end even though it has some additional functions that are attributable

to the other partner brand. While analyzing the answers, no double-counting is made and each separate answer is grouped in only one of the three groups.

Parent company expertise and experience in the production of the co-branded product creates a difference for the people and affects their choice of the dominant brand. This is especially valid in *significance* decisions: The *more significant* brand is usually the one who has more expertise and experience in producing the product. For example, Philips is thought as more significant for Cool Skin because it is the one who can produce a shaver. Similarly, Black & Decker is more significant for Tide Buzz because it is a “machine” producer.

### **Brand Familiarity and Being Well-known (& Brand Performance)**

Prior research has shown that brand familiarity has a moderating effect on the evaluations of brand extensions and brand alliances (Aaker and Keller, 1990; Broniarczyk and Alba, 1994; Simonin and Ruth, 1998). Although being well-known and brand familiarity are two different concepts, they were evaluated together in the same group. If all the products in the study were compared, it is seen that the influence of brand familiarity on perceptions of brand dominance was greater for Tide Buzz, Baked Beans, and BeerTender. As explained before, these were the co-branded products which have the greatest difference between partner brand familiarities. Therefore, it might be said that the greater the difference between the familiarities of the two partner brands, the more the brand with the greater familiarity will be perceived as the dominant brand. According to the answers and oral comments of the respondents, it was difficult to choose a dominant brand in the case of Baked Beans and Tide Buzz. This might be due to the fact that each has one very unfamiliar partner brand.

In addition to the aforementioned reasons, the following reasons were also listed but they were not frequently mentioned (in order of importance which is determined by the overall frequency of mentioning):

- **“Where the product is sold”:** This reason was the most frequently mentioned reason for McFlurry. However, it is only mentioned for that product. It refers that the co-branded product that is only sold in one of the partner brand’s shops, restaurants, etc., that brand is more likely to be perceived as the dominant brand.

- **New product-brand-fit:** One of the expectations of the study was that *new product-product-fit* has a strong effect on perceptions of brand dominance. On contrary, respondents rarely mentioned *new product-brand-fit* as a reason. As defined Chapter 2, in the context of co-branded products, *new product-brand-fit* is the extent to which the co-branded product conforms to the core or brand specific associations of a partner brand (Aaker and Joachimstahler, 2000). These brand specific associations are related to product's design, image and communication to the consumers (see also Section 2.3). Therefore, *new product-brand-fit* is closely related to product design and communication. However, *new product-brand-fit* reason was grouped separate from *product design and communication* reason because, it goes beyond the limits of the product features and attributes (Leuthesser et al., 2003) like the meanings communicated by the brand and its fit to the new product (e.g. high status image). Therefore, although *new product-brand-fit* was mentioned rarely (1%-2% of the time), it can not be concluded that it is unimportant since the circumstances and construct of the study might not let the respondents to express all their thoughts. Besides, the product design and communication was one of the most frequently mentioned reasons which might mean that *new product-brand-fit* is underestimated in this study.
- **'Who gains more':** This implies the brand that has more to gain from the sales of the product is more likely to be perceived as the dominant brand. The brand that has more to gain is generally described as the one that is less known and less powerful brand which is benefiting from the name of the stronger brand.
- **Product uniqueness:** If the product represented a novelty in comparison to the existing products of a partner brand, that brand was considered as the dominant brand.
- **New market intentions:** This implies that one of the partner brands might be using co-branding strategy with the aim of entering a new market. For example, Heinz might be perceived as using Weight Watchers brand in order to enter diet food niche market. Similarly, BeerTender might be considered as benefiting from Heineken's

reputation in beer in order to enter a new market. The brand which has this intention was considered as the dominant one.

- **Product-product-fit:** This reason is indirectly mentioned by the respondents. As defined in Chapter 2, in the context of co-branded products, *product-product-fit* is the fit between the existing products of partner brands. As it is also explained in Chapter 3, the *product-product-fit* was not expected to have an effect on perceptions of partner brand dominance. The choice of a *dominant partner brand* is evaluated by comparing the two partner brands according to a certain criteria related to the co-branded product such as *new product-product-fit*, and choosing the one that best satisfies that criteria. On the other hand, *product-product-fit* only checks the fit between two partner brands and it does not relate the brands to the co-branded product. Therefore, it was considered irrelevant for the study. However, four (out of 48) respondents also referred to *product-product-fit* while they were mentioning *new product-product-fit* as a reason of finding both partner brands significant. For example, one of those respondents said that both McDonald's and M&M's are significant because both are food related brands (*product-product-fit*) and therefore they both fit to McFlurry (*new product-product-fit*).

**Prior Attitudes:** None of the respondents directly mentioned prior attitudes as a reason. However, with the survey study, it might be that the respondents did not reveal all their feelings and thoughts thoroughly. Moreover, the majority of the respondents are familiar with the brands in the study, which might mean that they have prior attitudes towards the brands. Therefore, the resulting effect of prior attitudes on partner brand dominance is inconclusive from this study. Simonin and Ruth (1998, p.32) posited that “judgments about the brand alliance are likely to be affected by prior attitudes toward each brand”. In the study, prior attitudes and beliefs mentioned rarely as a reason of *dominance*. Therefore, no conclusions can be derived regarding this factor. Future studies can reveal the relationship between prior attitudes and perceptions of brand dominance.

From the aforementioned reasons, source of product value, parent company expertise and experience, “where the product is sold”, “who gains more”, product

uniqueness, new market intensions are the ones which were not mentioned in the literature review as the possible reasons of partner brand dominance. However, they can be examined in further studies.

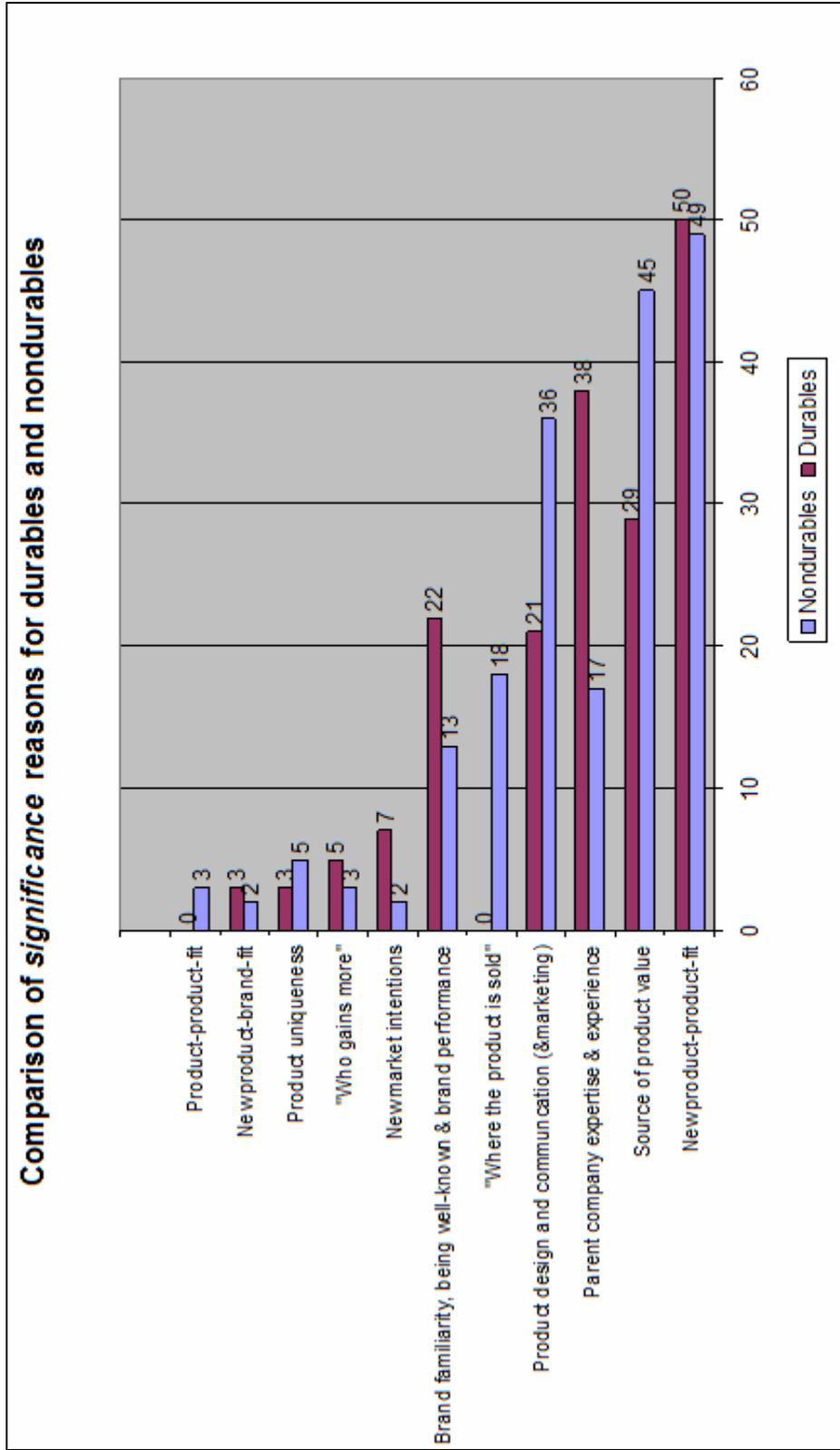
### **Research Question 3: What is the effect of product design on brand dominance?**

This study provides support for the influence of product design on consumer's perceptions of partner brand dominance. First, product design and communication was second or third most frequently mentioned reason for partner brand dominance. This shows the importance of product design in consumers' perceptions of co-branded products. Second, as stated before, the fit between a partner brand's existing products and the co-branded product (*new product-product-fit*) as well as the fit between a partner brand's image and the co-branded product (*new product-brand-fit*) can be created with the help of product design. For example, if one of the partner brands wants to be perceived as dominant, the co-branded product might be designed by considering the product language and image of the existing products of that brand.

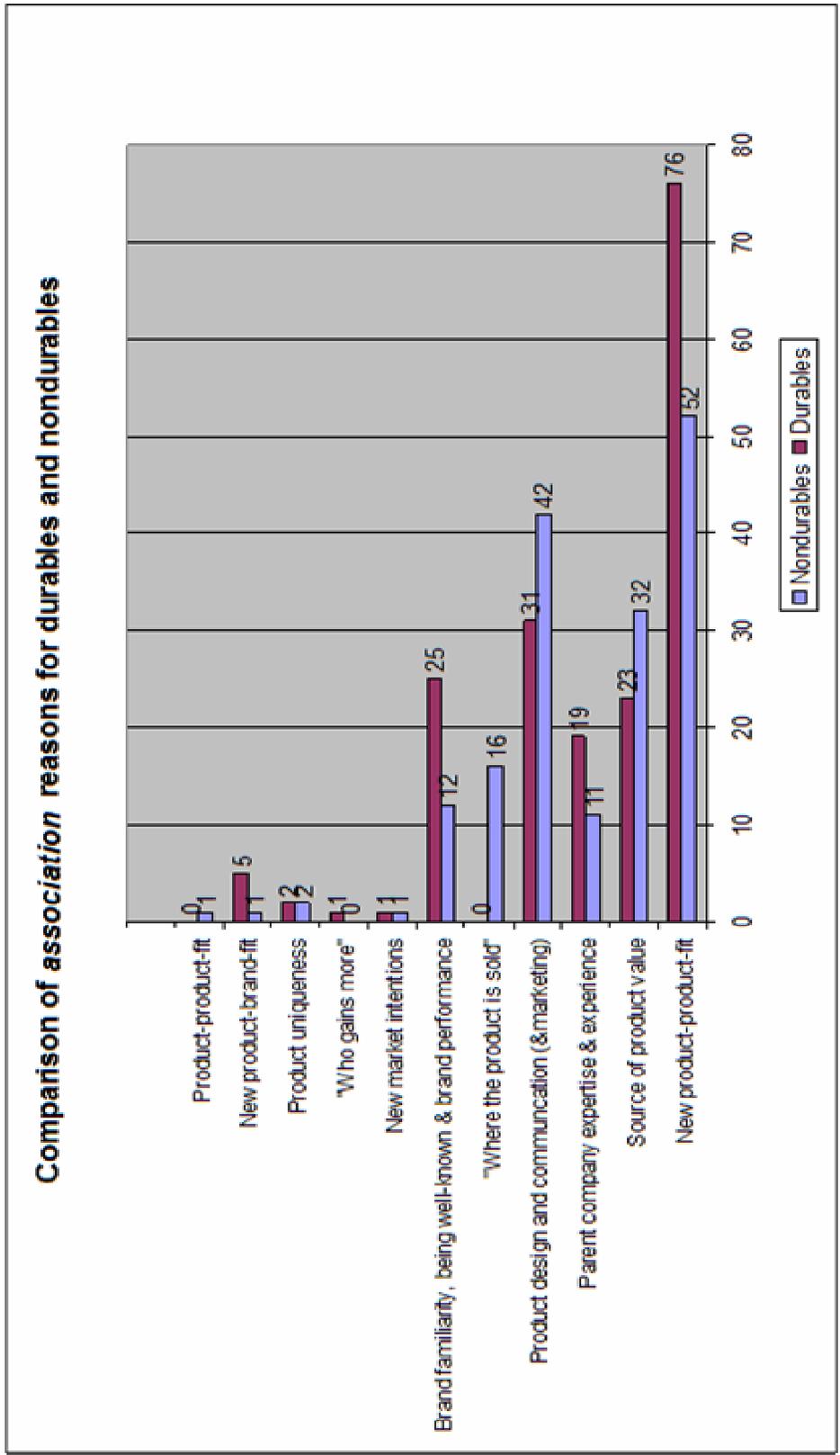
### **Research Question 4: Is there a difference between durable products and nondurable products in terms of brand dominance?**

The results of the survey study reveal that the reasons of partner brand dominance for show some difference for durable and nondurable co-branded products. The differences between durable and nondurable products in terms of the reasons mentioned for *significance* and for *association* are provided in Figure 5.2 and 5.3, respectively. If *significance* and *association* decisions are considered together, the main differences between durable and nondurable co-branded products in perceiving one of the partner brands more dominant are:

- Parent company expertise and experience is more frequently mentioned for durable products.
- Source of product value is more frequently mentioned for nondurable products.
- Product design and communication is more frequently mentioned for nondurable products.



**Figure 5.2** Comparison of reasons for durable and nondurable products in terms of *significance*



**Figure 5.3** Comparison of reasons for durable and nondurable products in terms of *association*

All the nondurable products in the study are a kind of food which is usually a mixture or combination of two ingredients. The ingredients of these products are supplied by the partner brands so the new product is still a food. For example, Douwe Egberts supplies the coffee, Campina supplies the milk, the resulting co-branded product, Café Fresco, is a mixture of coffee with milk. On the other hand, in the case of durable products, the co-branded product is a different kind of product which combines the expertise of each partner brand. For example, Heineken's expertise in beer and Krup's expertise in home appliances came together to create BeerTender which is a draught beer system for home use. The two examples clearly show the emphasis given to certain reasons for durable and nondurable products. In other words, in the first example (nondurable case), source of product value is more important whereas in the second (durable case) example, parent company expertise and experience is more important reason for partner brand dominance.

One possible explanation for the greater importance of the source of product value in durable products might be that the majority of the respondents differentiated between main ingredient and the additional ingredient and showed it as a reason of their choice. Since this separation can not be made easily for the durable products, that might be an explanation for why the source of product value was mentioned as a reason more for nondurable products than durable products.

The third finding is that product design and communication is more important for nondurable co-branded products. This is an interesting finding for designers. This finding can be further studied in order to provide more evidence.

Overall, both for nondurable and durable co-branded products *new product-product-fit* is found to be the most frequently mentioned reason for partner brand dominance in durable and nondurable products. However, its importance is more for durable products than nondurable products. This is an expected finding since the product stays unchanged in durable products whereas the product itself is consumed or depleted faster in nondurable products. Therefore, in nondurable products, what is meant by product design is usually only the package design.

As stated before, nondurable products examples in this study were all food types which also were combinations of food ingredients. Therefore, there might already be

a kind of fit among the partner brands and the products. However, in some durable product examples, the resulting product created a new product category. For example, BeerTender was created as a result of a co-branding alliance between a beer brand and a home appliances brand. The resulting product is a draught beer system for home use which is a new product category that is different from the product categories of the partner brands.

**Research Question 5: How can brand dominance be evaluated? What dimensions can be used other than significance and association? Are there differences in evaluation according to significance and association?**

As far as the literature review revealed, *dominance* can be evaluated in terms of different dimensions/criteria. In this study, brand dominance was evaluated in terms of *significance* and *association*:

- Which partner brand is more dominant in terms of *significance*?
- Which partner brand is more dominant in terms of *association*?

The results showed that although the main reasons stated for *significance* and *association* were the same, their importance were different for each dimension. If all the reasons for *significance* and *association* were compared, the differences between them became clearer. Thus, it can be concluded that both *significance* and *association* decisions were strongly influenced by the fit between the co-branded product and partner's existing products (*new product-product-fit*). However, *significance* decisions were more related to<sup>14</sup>:

- which partner brand is responsible for the feature/ingredient/function that is more important to realize the product, and differentiate it from its competitors in the market (source of product value: important feature/ingredient/function),
- which partner brand has the capabilities for, expertise and experience in designing and manufacturing the product (parent company expertise and experience: producer company),

whereas *association* decisions were more related to:

- which partner brand consumers will remember most when they see the co-branded product, and of which partner brand the design and image of

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<sup>14</sup> Importance of a reason is based on the frequency of mentioning of that reason.

product represents/resembles/looks like more (product design and communication).

Besides, *new product-product-fit* was more frequently mentioned for *association* decisions than for *significance* decisions.

If the reasons given for *significance* and *association* are compared, in general, it can be said that *association* decisions were more abstract whereas *significance* decisions were more factual. In other words, for *significance* decisions the expertise in supplying/ manufacturing the product or the main ingredient of the product is more important than it is for *association*. The *more significant* brand was interpreted as the one which contributes more to the product or which owns the product. On the other hand, *association* decisions were mainly based on that the product-brand associations and more focused on the product's attributes. Therefore, product language and communication is mentioned more for *association* than for *significance*. The *more associated* brand was interpreted as the one which will be remembered most and which is more fitting to the product in terms of image.

Consequently, brand dominance can be evaluated in terms of different dimensions/criteria; and the chosen dimensions/criteria might affect the results of the study.

## **5.2 Implications for Research and Practice**

The survey method carried out for this study facilitated getting as much diverse answers as possible. It was also a very efficient method which was easy to administer, and took only two weeks to gather a large amount of data. However, in order to understand the deeper meaning in consumer perceptions' of partner brand dominance, an in-depth interview method can also be carried out for further research on this topic.

The scope of this study was limited to only Dutch consumers. On the other hand, the consumer attitudes and perceptions may differ in different countries. Therefore, it might be interesting to investigate the cultural and perceptual differences in different countries in terms of partner brand dominance.

The survey study was carried out with six products which is too less to make some generalizations for different types of products and brands. Wider studies can be conducted with a greater number of products and brands.

Besides brand familiarity, product familiarity was not directly examined in this study because the main interest was to compare the partner brands with each other. However, product familiarity can also be studied in further research.

In this study, brand dominance is evaluated through two dimensions: *significance* and *association*. However, there can be other dimensions of *dominance* such as being the more influential brand, which might produce different results. Therefore, it is recommended that *dominance* can also be evaluated with different dimensions.

Co-branded products are a new avenue for designers and brand owners where they need to consider the existing products, images, product languages of two different brands instead of one. Therefore, co-branded products pose new challenges and opportunities for designers and brand owners. The determinants of success for co-branded products are also a sensitive issue that needs further investigation.

The fit between the existing products of a brand and the co-branded product is found to be an important determinant of brand dominance perceptions. Designers are the ones who are capable of creating this fit. Moreover, the importance of product design and communication stressed the implications of this study for designers. Designers are responsible from the image and communication of the new co-branded product to a great extent, so it is crucial that they work closely with brand managers and briefed by them clearly about the positioning and targeting of the product.

As Verganti (2003, p.34) said: "Designers are moving from their traditional roles in the development process, in which they chiefly address issues of styling and ergonomics, to a more creative contribution in generating new product concepts. Their input ranges from product to process engineering to field support in understanding customer needs; from brand design to strategic consulting". As it is stated here, the role of designers in the creation of co-branded products was emphasized in this study as well. As a result, designers can better be aware of

understanding how consumers perceive brands and products; and be involved more in the co-branded product innovation process.

Brand dominance perceptions might affect the attributions of co-branding success and failure. For example, if the new co-branded product succeeds in the market, its success might be attributed to the more dominant partner brand by consumers or vice versa. On the other hand, in the case of product failure, the less dominant partner brand might be affected less. Further studies can examine these relationships between brand dominance perceptions and attributions of product success and failure.

### **5.3 Limitations**

The survey study, which was carried out for the present study, was an efficient way of collecting a great number of reasons regarding consumers' perceptions of brand dominance. However, a deeper and more valid understanding of the people's thoughts regarding the issue can be obtained by an interview or case study method.

The survey study was carried out with a medium number of people; a larger sample size might give a better indication of which factors are more important for brand dominance perceptions. Six products were examined in the study, so the findings can not be generalized to all types of products and brands.

Throughout the analysis of the open-ended questions, the answers were interpreted and grouped by only one person, the present author of the study. Since the answers were qualitative and about perceptions of people, it was sometimes difficult to understand and group. Another person might interpret and group the answers differently.

The way the reasons are grouped affects the findings. For example, brand familiarity, being well-known and brand performance were grouped together as one type of main reason. However, this main reason can also be evaluated in three separate dimensions. As an alternative, some reasons might have been divided into smaller items so that the real driver of a high-level reason can better be understood. For example, 'product design, communication and marketing' is a high-level reason

which might include sub-reasons like package design, logo, name, image, advertising, and so on. Which one of these sub-reasons caused 'product design, communication and marketing' to be an important reason among others? Although the details were given to answer this question, there is still a concern about what would have happened if the reasons had been grouped differently.

It can be argued that besides brand familiarity, product familiarity should have been checked at the end of the questionnaire because it might have had an effect on brand dominance perceptions. However, the main interest of the study was to compare the partner brands with each other and this can be done without being familiar with the product in question.

In the questionnaire, there were only three options to choose from: Brand A, Brand B, and both brands. However, some of the respondents noted that they chose none of the brands. The reason of not putting "none of the brands" option was because the present author of the thesis was interested in 'why people see a dominant brand?', and it is assumed that all the partner brands has some relation to the products they created. However, the results showed that it would have been better and more complete if "none of the brands" option had been included in the questionnaire.

The selection of participants was based on convenience rather than random sampling. The participants were selected inside a university campus and include many students. Furthermore, the participants include a number of industrial design students whose answers were different than the average. Therefore, it might be argued whether the sample is representative of a typical Dutch consumer or not.

The study examined the existence of a dominant brand in terms of *association* and *significance* which are not the same, so they were asked in two separate questions. However, what is meant by 'significant' and 'associated' were not explained to the participants. This caused some problems because some of the respondents were not clear about the difference between the two terms. It might have been better to examine only one concept, *significance* or *association*, at a time.

Some of the main reasons were not mutually exclusive. Therefore, caution had to be paid while interpreting the frequency numbers regarding each reason. For example, *new product-brand-fit* was rarely directly mentioned but it is also related to product design and communication which was mentioned a lot.

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## APPENDIX A

### DESCRIPTION OF THE PRODUCTS USED IN THE STUDY

#### Café Fresco

**Name:** Café Fresco on-the-go ice coffee

**Partner brands:** Douwe Egberts and Campina

**Description:** Café Fresco is an ice-cold coffee drink launched in the Netherlands in 2006. It is produced by a partnership of Douwe Egberts and Campina. Douwe Egberts and Campina are two leading Dutch brands: the first in coffee, second in dairy. Café Fresco is distinguished by the real coffee flavour. Coffee experts from Douwe Egberts and Campina's dairy specialists worked together to create the perfect mix of coffee and milk. Café Fresco has a convenient packaging: a cup with a ready-made product. In the Netherlands, Café Fresco is considered as an innovative product and became successful in a short time. It is available in supermarkets.



#### Cool Skin

**Name:** Philips Cool Skin shaving device with emulsion to be used under the shower

**Partner brands:** Nivea and Philips

**Description:** Philips is the market leader in shavers and its success continues with Cool Skin, the electric shaver that combines the benefits of both wet and dry shaving by incorporating Nivea shaving balsam in order to provide extremely close shave, with less irritation. Philips is a Dutch-based consumer electronics brand; Nivea is a Germany-based skincare brand. Nivea gel moisturizes the skin during shaving to prepare it for a closer cut and



protect. Glide rings keep the lotion/gel in contact with the skin longer for smoother gliding. Moisturizing shaving cartridges are vitamin enriched and alcohol free for healthy skin. The Cool Skin's other distinguishing feature is that it is waterproof so it is possible to shave under the shower. Cool Skin is sold in the Netherlands in the electronics shops.

### **Baked Beans**

**Name:** Low-fat "The Weight Watchers from Heinz"  
Baked Beans

**Partner brands:** Weight Watchers and Heinz

**Description:** Heinz Weight Watchers Baked Beans belongs to "The Weight Watchers from Heinz" product range of Weight Watchers in collaboration with the low calorie food division of the Heinz. The product contains 25% less sugar than standard Heinz Baked Beans.



Heinz's mainly produces ketchup, frozen food, soups and beans. Weight Watchers is U.S-based Company offering various dieting products and services to assist weight loss and maintenance. It started as a discussion group for how to best lose weight. It now operates in about 30 countries around the world, generally under the name "Weight Watchers" translated into the local design. Weight Watchers is not a familiar brand in the Netherlands although there are so rare Weight Watchers products in the big supermarket chains. On the other hand, Heinz is familiar mostly with its tomato ketchup in the Netherlands. Baked Beans is not sold in the Netherlands.

### **Tide Buzz**

**Name:** Tide Buzz Ultrasonic Stain Remover

**Partner brands:** Tide and Black & Decker

**Description:** Tide Buzz is the product of a partnership between Tide and Black & Decker. Tide is the detergent brand of Procter & Gamble; Black & Decker is a well-known power tools brand. Using a combination of specially formulated Tide liquid and a Black & Decker branded stain removal appliance, the Tide Buzz incorporates ultrasonic technology powered by Black &



Decker, erasing stains on the spot prior to washing. Stains are erased from clothing using a wand through a combination of ultrasonic energy and Tide Ultrasonic Cleaning Fluid which creates shockwaves to loosen stains and drive them through the fabric onto the disposable Stain Catcher Pad. Tide Buzz is not sold in the Netherlands. Although its full name in the market mostly starts with “Black & Decker,” it is not shown in the product portfolio of Black & Decker in its global webpage. Overall, Tide Buzz was not successful in the market.

## **McFlurry**

**Name:** McFlurry ice cream with M&M’s chocolate topping

**Partner brands:** McDonald’s and M&M’s

**Description:** McFlurry is a brand of flavored ice cream distributed by McDonald’s stores. It is made of McDonald’s vanilla-flavored whipped ice cream product in a cup. The ice cream product in a McFlurry is the same product McDonald’s uses for its cones and Sundaes. Flavours vary from market to market, and new flavors are introduced regularly. The McFlurry is available with many different toppings and variations all around the world. In the Netherlands, the toppings are either from M&M’s, Nestle Crunch or Rolo. M&M’s are small, sugar-coated, milk chocolate candy pieces popular in many countries around the world. They are produced by Mars, Incorporated. McFlurry with M&M’s is a successful product.



## **BeerTender**

**Name:** BeerTender draught beer system for home use

**Partner brands:** Heineken and Krups

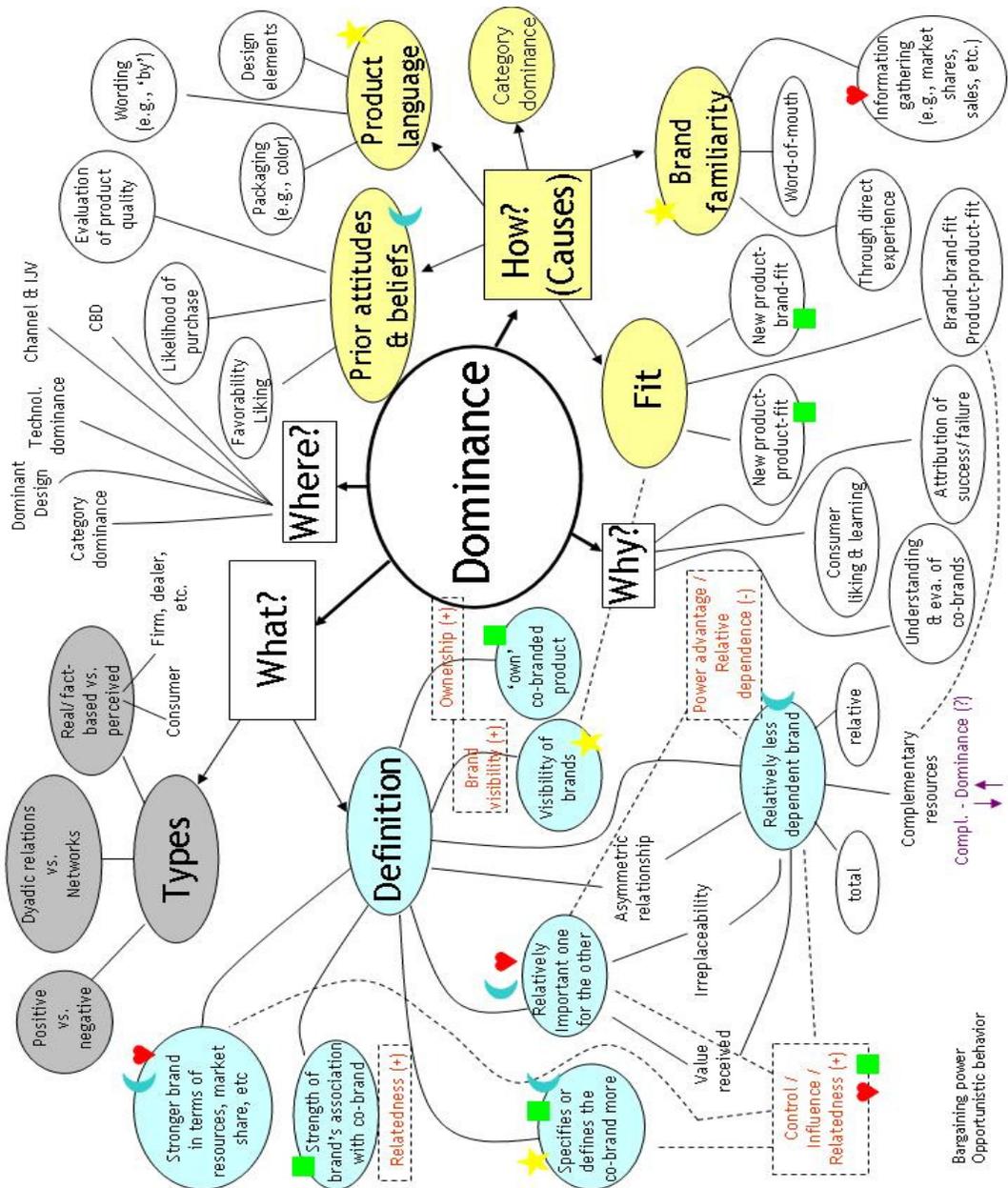
**Description:** BeerTender is a successful example of co-branding, developed by beer brand Heineken and German electronics company Krups. BeerTender is a beer tapping system for use at home. It uses lightweight 4 liter kegs. These kegs are readily bought at stores or supermarkets. The BeerTender cools the beer inside the kegs from outside the metallic bag. The BeerTender pumps air from outside into the keg and puts external



pressure on the bag of beer, pushing the beer out of the bag when the tap is opened. The beers which are found in BeerTender kegs are mostly from the Heineken Group and are currently found in three countries namely The Netherlands, Austria and Switzerland Brands. In the Netherlands, Heineken, Amstel and Brand are the most common beers that are available in BeerTender kegs. The product is successful in the Netherlands.

# APPENDIX B

## MIND MAP FOR DOMINANCE



## APPENDIX C

### QUESTIONNAIRE VERSIONS

								# of	
		nondurable	durable	nondurable	durable	nondurable	durable	Respondents	
CF	Café Fresco	1	CA-DE	NI-PI	WW-HZ	TI-BD	MM-MD	HE-KR	4
DE	Douwe-Egberts	2	DE-CA	PI-NI	HZ-WW	BD-TI	MD-MM	KR-HE	4
CA	CAMPINA	3	NI-PI	WW-HZ	TI-BD	MM-MD	HE-KR	CA-DE	4
CS	Cool Skin	4	PI-NI	HZ-WW	BD-TI	MD-MM	KR-HE	DE-CA	4
PI	Phillips	5	WW-HZ	TI-BD	MM-MD	HE-KR	CA-DE	NI-PI	4
NI	Nivea	6	HZ-WW	BD-TI	MD-MM	KR-HE	DE-CA	PI-NI	4
BA	BAked Beans	7	TI-BD	MM-MD	HE-KR	CA-DE	NI-PI	WW-HZ	4
HZ	HeinZ	8	BD-TI	MD-MM	KR-HE	DE-CA	PI-NI	HZ-WW	4
WW	Weight Watchers	9	MM-MD	HE-KR	CA-DE	NI-PI	WW-HZ	TI-BD	4
TB	Tide Buzz	10	MD-MM	KR-HE	DE-CA	PI-NI	HZ-WW	BD-TI	4
BD	Black & Decker	11	HE-KR	CA-DE	NI-PI	WW-HZ	TI-BD	MM-MD	4
TI	Tide	12	KR-HE	DE-CA	PI-NI	HZ-WW	BD-TI	MD-MM	4
MF	McFlurry								
MD	McDonald's								
MM	M&M's								
BT	BeerTender								
KR	KRups								
HE	HEineken								
			P1	P2	P3	P4	P5	P6	<b>48</b>

**APPENDIX D**

**QUESTIONNAIRE (VERSION 1)**

A large, empty rounded rectangular box with a thick black border, occupying the central portion of the page. It is intended for the content of the questionnaire.



If you think about the product (above) and the partner brands that realized it:

- Which brand has **greater significance** in relation to the product? Please check one of the three boxes.

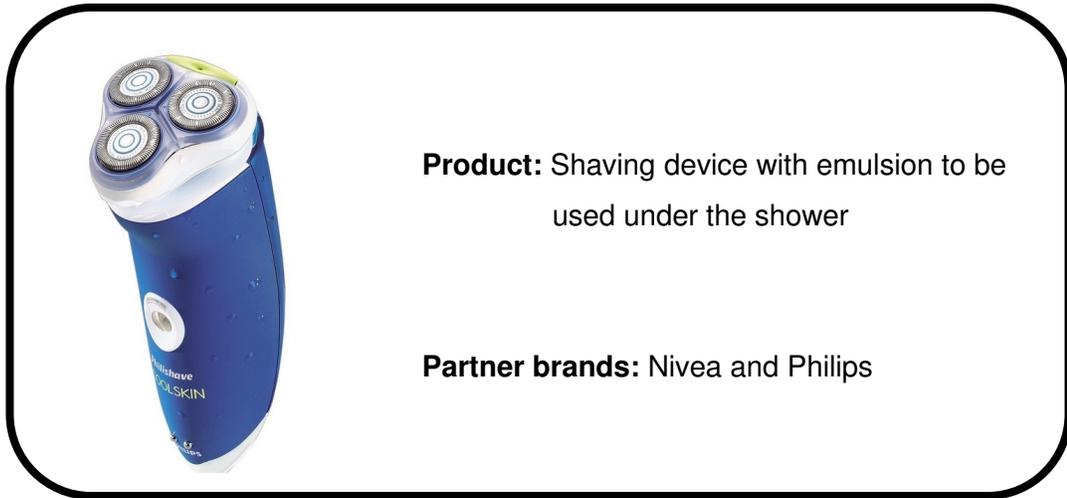
<input type="checkbox"/>	<b>Campina</b>
<input type="checkbox"/>	<b>Douwe-Egberts</b>
<input type="checkbox"/>	<b>Both Brands</b>

- Why do you think so? Please provide all the reasons that you can think of.

- Which brand is **associated more** with the product?

<input type="checkbox"/>	<b>Campina</b>
<input type="checkbox"/>	<b>Douwe-Egberts</b>
<input type="checkbox"/>	<b>Both Brands</b>

- Why do you think so? Please provide all the reasons that you can think of.



If you think about the product (above) and the partner brands that realized it:

- Which brand has **greater significance** in relation to the product?

<input type="checkbox"/>	<b>Nivea</b>
<input type="checkbox"/>	<b>Philips</b>
<input type="checkbox"/>	<b>Both Brands</b>

- Why do you think so? Please provide all the reasons that you can think of.

- Which brand is **associated more** with the product?

<input type="checkbox"/>	<b>Nivea</b>
<input type="checkbox"/>	<b>Philips</b>
<input type="checkbox"/>	<b>Both Brands</b>

- Why do you think so? Please provide all the reasons that you can think of.



**Product:** Low-fat baked beans

**Partner brands:** Weight Watchers and Heinz

If you think about the product (above) and the partner brands that realized it:

- Which brand has **greater significance** in relation to the product?

<input type="checkbox"/>	<b>Heinz</b>
<input type="checkbox"/>	<b>Weight Watchers</b>
<input type="checkbox"/>	<b>Both Brands</b>

- Why do you think so? Please provide all the reasons that you can think of.

- Which brand is **associated more** with the product?

<input type="checkbox"/>	<b>Heinz</b>
<input type="checkbox"/>	<b>Weight Watchers</b>
<input type="checkbox"/>	<b>Both Brands</b>

- Why do you think so? Please provide all the reasons that you can think of.



If you think about the product (above) and the partner brands that realized it:

- Which brand has **greater significance** in relation to the product?

<input type="checkbox"/>	<b>Black&amp;Decker</b>
<input type="checkbox"/>	<b>Tide</b>
<input type="checkbox"/>	<b>Both Brands</b>

- Why do you think so? Please provide all the reasons that you can think of.

- Which brand is **associated more** with the product?

<input type="checkbox"/>	<b>Black&amp;Decker</b>
<input type="checkbox"/>	<b>Tide</b>
<input type="checkbox"/>	<b>Both Brands</b>

- Why do you think so? Please provide all the reasons that you can think of.



**Product:** Ice cream with special chocolate

**Partner brands:** M&M's and McDonald's

If you think about the product (above) and the partner brands that realized it:

- Which brand has **greater significance** in relation to the product?

<input type="checkbox"/>	<b>M&amp;M's</b>
<input type="checkbox"/>	<b>McDonald's</b>
<input type="checkbox"/>	<b>Both Brands</b>

- Why do you think so? Please provide all the reasons that you can think of.

- Which brand is **associated more** with the product?

<input type="checkbox"/>	<b>M&amp;M's</b>
<input type="checkbox"/>	<b>McDonald's</b>
<input type="checkbox"/>	<b>Both Brands</b>

- Why do you think so? Please provide all the reasons that you can think of.



If you think about the product (above) and the partner brands that realized it:

- Which brand has **greater significance** in relation to the product?

<input type="checkbox"/>	<b>Krups</b>
<input type="checkbox"/>	<b>Heineken</b>
<input type="checkbox"/>	<b>Both Brands</b>

- Why do you think so? Please provide all the reasons that you can think of.

- Which brand is **associated more** with the product?

<input type="checkbox"/>	<b>Krups</b>
<input type="checkbox"/>	<b>Heineken</b>
<input type="checkbox"/>	<b>Both Brands</b>

- Why do you think so? Please provide all the reasons that you can think of.

Please indicate your degree of familiarity with the following brands by circling the number that best represents your opinion.

	Completely Unfamiliar					Very Familiar	
Heinz	1	2	3	4	5	6	7
Douwe Egberts	1	2	3	4	5	6	7
Krups	1	2	3	4	5	6	7
Tide	1	2	3	4	5	6	7
Philips	1	2	3	4	5	6	7
Black&Decker	1	2	3	4	5	6	7
Campina	1	2	3	4	5	6	7
McDonald's	1	2	3	4	5	6	7
Nivea	1	2	3	4	5	6	7
Weight Watchers	1	2	3	4	5	6	7
M&M's	1	2	3	4	5	6	7
Heineken	1	2	3	4	5	6	7

**Demographic Information:**

Your age: \_\_\_\_\_

Your gender: \_\_\_\_\_

Your profession: \_\_\_\_\_

The highest diploma / degree that you received:

- High school
- Vocational school
- Undergraduate
- Graduate
- Ph.D

**THANK YOU SO MUCH FOR YOUR TIME!**

## APPENDIX E

### BRAND FAMILIARITY PAIRED T-TEST RESULTS

On average, respondents were significantly more familiar with Douwe Egberts ( $M = 6.56$ ,  $SE = 0.11$ ) than with Campina ( $M = 5.56$ ,  $SE = 0.18$ ,  $t(47) = 5.76$ ,  $p < .05$ ,  $r = 0.64$ ). The effect size is .64, which is above .5, threshold for a large effect, so as well as being statistically significant, this effect is large and so represents a substantive finding. The paired  $t$ -test results for Café Fresco are presented in Table E.1.

**Table E.1** Café Fresco paired  $t$ -test results

	Mean	N	Std. Deviation	Std. Error Mean
FamCA	5.56	48	1.236	.178
FamDE	6.56	48	.741	.107

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Int. of the Diff.				
				Lower	Upper			
FamCA - FamDE	-1.000	1.203	.174	-1.349	-.651	-5.760	47	.000

On average, respondents were significantly more familiar with McDonald's ( $M = 6.44$ ,  $SE = 0.10$ ) than with M&M's ( $M = 6.02$ ,  $SE = 0.17$ ,  $t(47) = 2.75$ ,  $p < .05$ ,  $r = 0.37$ ). The effect size is .37 which is below .5, threshold for a large effect. Therefore, though being statistically significant, the importance of the effect is medium. The paired  $t$ -test results for McFlurry are presented in Table E.2.

**Table E.2** McFlurry paired  $t$ -test results

	Mean	N	Std. Deviation	Std. Error Mean
FamMD	6.44	48	.681	.098
FamMM	6.02	48	1.194	.172

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
FamMD - FamMM	.417	1.048	.151	.112	.721	2.753	47	.008

On average, respondents were significantly more familiar with Heinz ( $M = 5.81$ ,  $SE = 0.17$ ) than with Weight Watchers ( $M = 3.19$ ,  $SE = 0.29$ ,  $t(47) = 9.64$ ,  $p < .05$ ,  $r = 0.81$ ). The effect size is .81 which is above .5, threshold for a large effect. Therefore, as well as being statistically significant, this effect is large and so represents a substantive finding. The paired  $t$ -test results for Baked Beans are presented in Table E.3.

**Table E.3** Baked Beans paired *t*-test results

	Mean	N	Std. Deviation	Std. Error Mean
FamWW	3.19	48	2.007	.290
FamHZ	5.81	48	1.142	.165

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
FamWW - FamHZ	-2.625	1.886	.272	-3.173	-2.077	-9.641	47	.000

On average, respondents were significantly more familiar with Black & Decker ( $M = 5.58$ ,  $SE = 0.20$ ) than with Tide ( $M = 1.81$ ,  $SE = 0.24$ ,  $t(47) = 13.41$ ,  $p < .05$ ,  $r = 0.89$ ). The effect size is .89 which is above .5, threshold for a large effect. Therefore, as well as being statistically significant, this effect is large and so represents a substantive finding. The paired *t*-test results for Tide Buzz are presented in Table E.4.

**Table E.4** Tide Buzz paired *t*-test results

	Mean	N	Std. Deviation	Std. Error Mean
FamBD	5.58	48	1.412	.204
FamTI	1.81	48	1.659	.239

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
FamBD - FamTI	3.771	1.949	.281	3.205	4.337	13.406	47	.000

On average, respondents were significantly more familiar with Philips ( $M = 6.65$ ,  $SE = 0.09$ ) than with Nivea ( $M = 5.73$ ,  $SE = 0.16$ ,  $t(47) = 6.06$ ,  $p < .05$ ,  $r = 0.66$ ). The effect size is .66 which is above .5, threshold for a large effect. Therefore, as well as being statistically significant, this effect is large and so represents a substantive finding. The paired *t*-test results for Cool Skin are presented in Table E.5.

**Table E.5** Cool Skin paired *t*-test results

	Mean	N	Std. Deviation	Std. Error Mean
FamNI	5.73	48	1.125	.162
FamPI	6.65	48	.601	.087

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
FamNI - FamPI	-.917	1.048	.151	-1.221	-.612	-6.057	47	.000

On average, respondents were significantly more familiar with Heineken ( $M = 6.52$ ,  $SE = 0.13$ ) than with Krups ( $M = 3.52$ ,  $SE = 0.24$ ,  $t(47) = 12.13$ ,  $p < .05$ ,  $r = 0.87$ ). The effect size is .87 which is above .5, threshold for a large effect. Therefore, as well as being statistically significant, this effect is large and so represents a substantive finding. The paired *t*-test results for BeerTender are presented in Table E.6.

**Table E.6** BeerTender paired *t*-test results

	Mean	N	Std. Deviation	Std. Error Mean
FamHE	6.52	48	.899	.130
FamKR	3.52	48	1.637	.236

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
FamHE - FamKR	3.000	1.714	.247	2.502	3.498	12.130	47	.000

## APPENDIX F

### ANALYSIS OF SIGNIFICANCE – ASSOCIATION PAIRS PER PRODUCT

#### F.1 Café Fresco

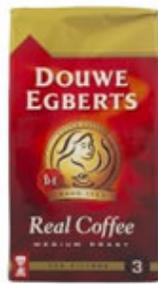
##### The results for *significance*:

Out of 48 respondents, 23 perceived that Douwe Egberts is more significant than Campina in relation to Café Fresco because:

- Café Fresco is a coffee product and coffee is associated with Douwe Egberts whereas Campina is associated with milk and dairy products in the Netherlands (19<sup>15</sup>, **new product-product-fit**).
- Coffee is the main ingredient which determines the flavor and, therefore, adds the real value to Café Fresco than milk does (9, **source of product value**).
- The cup's color reminds Douwe Egberts (2, **product design and communication**).
- Other reasons were that Douwe Egberts is the producer of coffee (1, **parent company expertise and experience**); Café Fresco is a novelty for Douwe Egberts (1, **product uniqueness**); Douwe Egberts is better known (1, **brand familiarity and being well-known**).

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<sup>15</sup> The number in parenthesis is the number of times that a certain reason is stated. The number of reasons given by each respondent can be more than one or none. Therefore, the total number of reasons mentioned in the parentheses will not sum up to the number of respondents.



Douwe Egberts coffee



Campina milk



Café Fresco

**Figure F.1** Typical products of Douwe Egberts and Campina

Out of 48 respondents, two think that Campina is more significant than Douwe Egberts because:

- Café Fresco is considered as a cold drink and, therefore, not associated with coffee (2, **new product-product-fit**) and Campina's logo is more visible on the product (1, **product design and communication**).

Out of 48 respondents, 22 perceived that both brands are significant because:

- Café Fresco is both a coffee (Douwe Egberts) and milk product (Campina) (9, **new product-product-fit**).
- Both coffee and milk are necessary ingredients that add value to the product (9, **source of product value**).
- Both brands were equally represented on the product package. For example, the colors of the package consists of both brands' colors (i.e. red for Douwe Egberts, white for Campina); the logos of each brand were written in equal size; and the shape of the product is similar to Campina but the colors reminds Douwe Egberts (6, **product design and communication**) (see Figure F.1).
- Both brands play significant roles in the production of the product (2, **parent company expertise and experience**).
- The product is a novelty for both brands (2, **product uniqueness**).
- Other reasons were that both Douwe Egberts and Campina are big companies (2, **company performance**); they have equal share on the

gains (1, “**who gains more**”) and all three (Café Fresco, Douwe Egberts and Campina) are fast moving consumer good brands (1, **new product-product-fit, and product-product-fit**).

**The results for *association*:**

Out of 48 respondents, 31 associated Douwe Egberts more with Café Fresco because:

- Douwe Egberts relates to coffee (23, **new product-product-fit**), which is the main ingredient of the product (9, **source of product value**).
- Product design and communication (e.g. the name and description of the product, colors, shape, etc) was an important factor in determining the *more significant* brand. The term “café”, red color of the product are also the reminders of Douwe Egberts (8, **product design and communication**).
- Another reason was that Douwe Egberts is better known brand and a bigger company (3, **brand familiarity and being well-known and company performance**) and it is already in the coffee business (2, **parent company expertise and experience**).

Out of 48 respondents, three associated Campina more with Café Fresco because:

- Café Fresco is a cold product which it is associated with Campina, not with Douwe Egberts (2, **new product-product-fit**) and Campina is the producer of the product (1, **parent company expertise and experience**).

Out of 48 respondents, 13 associated both brands equally with Café Fresco because:

- The main reason was product design elements and communication of the product (e.g. equally visible logos; “the bottom of the package looks like Campina while the top is a typical Douwe Egberts product”) (8, **product design and communication**).
- Douwe Egberts is associated with coffee and Campina with cold stuff (3, **new product-product-fit**)
- The main ingredients are coffee and milk, which complement each other in terms of taste and often used together (2, **source of product value**:

- equally important ingredients**), and which are supplied by both brands (1, **parent company expertise and experience: producer company**).
- Other reasons were that the product is new for both brands (2, **product uniqueness**); they are equally known brands (1, **brand familiarity and being well-known**).

In Table F.1, column 1 shows the number of respondents who chose different brand(s) for *significance* and *association* (**40%**), and column 2 shows the number of respondents who chose the same brand(s) both for *significance* and *association* (**60%**). Each reason was color-coded according to the groups they belong (e.g. light blue color for *new product-product-fit*).

For column 1, the results shows that the respondents chose the *more significant* brand according to which brand supplies and produces the ingredients, whereas *more associated* brand according to the presentation and communication of the co-branded product in the market to the consumers (e.g. Café Fresco, on-the-go coffee). The most frequently chosen *significance* – *association* pair was Both Brands (S) – Douwe Egberts (A) for column 1 (12 out of 20).

For column 2, the results shows that the reasons given for *significance* and *association* were the same, except that *association* decisions were more focused on the product itself (how unique the design is, etc) than *significance* decisions. The most frequently chosen *significance* - *association* pair was Douwe Egberts (S) – Douwe Egberts (A) for column 2 (17 out of 27).

Overall, it is seen that respondents mentioned three main reasons for their perceptions of *more significant* and *more associated* brand. These reasons were:

- 1) **New product-product-fit (45%<sup>16</sup>, 43%<sup>17</sup>)**: “Product is a coffee product”,
- 2) **Source of product value/ important ingredient (26%, 17%)**: “Coffee is essential”,

---

<sup>16</sup> The overall percentage of how many times the reason was chosen among all the reasons mentioned for a specific product (*for significance*).

<sup>17</sup> The overall percentage of how many times the reason was chosen among all the reasons mentioned for a specific product (*for association*).

- 3) **Product design and communication (13%, 25%):** “Equal representation of the logos of the brands on the product”.

However, *significance* was evaluated more according to the *new product-product-fit* reasoning and which brand supplies the main ingredient whereas *association* was evaluated more according to product’s design and communication.

# SIGNIFICANCE - ASSOCIATION PAIRS - CAFÉ FRESCO

## AND 'ASSOCIATION'

	# of times reason is mentioned
Egberts (DE)	
to buy)	3
ee product	2
dominates CA logo	1
	1
	1
brand	1
	1
on relates to coffee	1
ee product	1
n milk, it is also	12
t ('Café' Fresco, on-	
ation and	
n of the product	

brands (BB)	
ingredients	1
, looks a bit like milk	1
strategies / promotion	1
only DE' version	1
advertised	4

Campina (CA)	
	1

brands (BB)	
logos	1

Egberts (DE)	
important than milk	1

Campina (CA)	
the mugs	1

Total # of times same brand is chosen	20
---------------------------------------	----

## 2: SAME BRANDS CHOSEN BOTH FOR 'SIGNIFICANCE' AND 'ASSOCIATION'

	S: Douwe Egberts (DE)	A: Douwe Egberts (DE)	# of times reason is mentioned
	The product is about coffee	It is a coffee product (reason to buy)	5
	Coffee is essential for flavor	Coffee is essential for flavor	2
	Café' reminds coffee=DE, milk additional	Café' reminds coffee=DE, milk additional	1
	DE=coffee is more recognizable	It is coffee of DE	1
	Coffee is the main ingredient	DE better known, bigger company	1
	Coffee brand is important, not milk	Coffee brand is important, not milk	1
	Coffee is essential for flavor	Red cup=DE	1
	CA=milk	Already in the coffee business	1
	Unique product for DE	Coffee is essential for flavor	1
	Coffee is essential for flavor	Colors and idea relate to DE	1
	DE is coffee related and better known	DE is coffee related and better known	1
	The product is about coffee	The product is about coffee, colors=DE	1
<b>SUM</b>	<b>Product is coffee so it is more essential/ main ingredient and DE is the supplier of coffee</b>		<b>17</b>

	S: Both Brands (BB)	A: Both Brands (BB)	# of times reason is mentioned
	Equal logos, mix of two drinks	Equal logos, mix of two drinks	1
	Typical CA package, coffee=DE	Package bottom=CA, top=DE	1
	?	Equally known	1
	Coffee+milk, red(DE)+white(CA)	Unique product for both	1
	Both can gain extra	Coffee and milk used together	1
	Shape=CA, colors=DE	Both brands' logos are visible	1
	Equally presented logos	Equally presented logos	1
	DE=coffee, CA=cold stuff	DE=coffee, CA=cold stuff	1
<b>SUM</b>	<b>Equally presented logos and balanced package design. Association was more related to the product itself</b>		<b>8</b>

	S: Campina (CA)	A: Campina (CA)	# of times reason is mentioned
	Cold stuff ≠ coffee	Cold stuff ≠ coffee	1

	S: None of the brands	A: None of the brands	# of times reason is mentioned
	Not coffee not milk (unique product)	Not coffee not milk (unique product)	1

Total # of times same brand is chosen	27
---------------------------------------	----

Reason groupings:
New product-product-fit
Source of value
Product design & comm.
Company expertise & exp.
Familiarity & reputation & brand performance
New product-brand-fit
Product Uniqueness
New market intentions
Seller of the product
Product-product-fit
Who gains more

## F.2 Cool Skin

### The results for *significance*:

Out of 48 respondents, 40 think that Philips is more significant than Nivea in relation to Cool Skin because:

- Cool Skin is depicted as a shaving device, which is strongly associated with Philips. On the other hand, Nivea is associated with skincare, aftershave, emulsion, and cream (17, **new product-product-fit**).
- Cool Skin is considered as a machine or an electrical/ technical device which requires the expertise of Philips (12, **parent company expertise: producer company**).
- The outer design of the product reminds a typical Philips shaver. One of the respondents wrote that the product has a modern and ergonomic look which is associated with Philips (8, **product design and communication: image**).
- The core function of the product is shaving, not skincare; and Nivea represents the side-function of the product whereas Philips represents the core function of the product. Therefore, Philips is considered as adding more value to the product than Nivea (8, **source of product value: core product function**).
- Philips intends to enter a new market (i.e. “under the shower”/ wet shaving market) (2, **new market intentions**).
- Another reason was that the product has a modern and ergonomic look (1, **new product-brand-fit**).

Out of 48, three respondents think that Nivea is more significant than Philips because:

- Nivea will enter a new market (2, **new market intentions**) via this novel product (1, **product uniqueness**) and earn more by benefiting from Philips’ image and expertise (2, “**who gains more**”).

Out of 48, five respondents perceived that both brands are significant because:

- Each brand adds a different and complementary function to the product (3, **source of product value: core product function**).

- The blue color of the product is associated with Nivea (1, **product design and communication**) and the soft feel reminds Nivea (1, **new product-brand-fit**) whereas being a razor, the product is also associated with Philips (2, **new product-product-fit**).
- Another reason was that both brands produce it cooperatively by combining the expertise of Philips in shaving technology and the expertise of Nivea in skincare (1, **parent company expertise and experience**).

**The results for *association*:**

Out of 48, 39 respondents associated Philips more with Cool Skin because:

- Cool Skin is a shaving device and, therefore, is associated with Philips whereas Nivea is associated with skincare and beauty products like emulsion, aftershave and cream (26, **new product-product-fit**).
- Nivea's function is emulsion which can be provided by any skincare brand (8, **source of product value: core product function**).
- The product is a machine and Philips produces machines, not Nivea (5, **parent company expertise and experience: producer company**).
- Other reasons were that the product is marketed as a Philips product in the commercials (2, **product marketing**); Nivea is associated with femininity whereas Philips is associated with shaving and masculinity (1, **new product-brand-fit**). Although some respondents associated blue color with Nivea, most of them think that Nivea is feminine and not compatible with the color blue (1, **product design and communication**) (see Figure F.2).



**Figure F.2** Typical products of Philips and Nivea

Out of 48, two respondents associated Nivea more with Cool Skin because:

- Nivea is associated with softness, health, and “taking care of oneself” (2, **new product-brand-fit: brand image**), and Cool Skin, especially the color blue (1, **product design and communication**), reflects these aspects.

Out of 48, seven respondents associated both brands equally with Cool Skin because:

- Cool Skin’s technical aspects were attributed to Philips (1, **parent company expertise and experience**) while its color (2, **product design and communication**), emulsion (2, **new product-product-fit**) and relation to care and beauty were attributed to Nivea (1, **new product-brand-fit**).
- Other reasons were that Cool Skin is a unique product for both brands (1, **product uniqueness**); both brands were strong (1, **brand performance**); Philips is using the Nivea’s name to sell more (1, **new market intentions**).

In Table F.2, column 1 shows the number of respondents who chose different brand(s) for *significance* and *association* (31%), and column 2 shows the number of respondents who chose the same brand(s) both for *significance* and *association* (69%). As it is seen from the Table F.2, most of the respondents chose the same

brand both for *significance* and *association* (column 1) which was Philips (S) – Philips (A) (32 out of 33). Their reasoning can be summarized as: The product's main function is shaving and Nivea is just additional so Philips is more dominant as a well-known producer of electric devices, especially shavers.

Overall, it can be seen that respondents gave three main reasons for their perceptions of *more significant* and *more associated* brand. These reasons were:

- 1) **New product-product-fit (31%, 47%):** “Product is a shaving device”,
- 2) **Parent company expertise and experience/ producer company (21%, 10%):** “It’s an electrical/ technical device produced by Philips”,
- 3) **Source of product value/ core product function (18%, 14%):** “Shaving function is essential”,
- 4) **Product design and communication (15%, 17%):** “Philips design and logo”.

In general, if the reasons given for *significance* and *association* are compared, it can be concluded that *association* decisions were more abstract and mainly based on that the product - brand associations like “shavers and shaving *remind* Philips” whereas *significance* decisions were more factual and based on the capabilities of each partner brand in producing shavers.

# SIGNIFICANCE - ASSOCIATION PAIRS - COOL SKIN

## D 'ASSOCIATON'

Brands (BB)	# of times reason is mentioned
Well, NI knows skin	1
...e, tool=PI	1
	1
both	1
d beauty product(NI	1
=NI	1
<b>shape, colors, associations</b>	6
<b>os (PI)</b>	
	1
	1
es, beauty products	1
can be any brand	1
	4
<b>os (PI)</b>	
	1
PI product (function	1
female≠shave≠blue	1
	3
<b>a (NI)</b>	
ing care of yourself	1
lot=NI=blue	1
	2
<b>Total # of times same brand is chosen</b>	15

## 2: SAME BRANDS CHOSEN BOTH FOR 'SIGNIFICANCE' AND 'ASSOCIATON'

S: Philips (PI)	A: Philips (PI)	# of times reason is mentioned
PI=shaving/ shaver (reason to buy)	PI=shaving/ shaver (reason to buy)	7
Shaver=PI, NI (emulsion) is additional	Shaver=PI, NI (emulsion) is additional	4
Shaving's essential, cream can be any b	Marketed as a PI product	2
PI designs and produces the machine	PI designs and produces the machine	3
PI intends to enter new niche markets	It is a shaver	2
PI written on product, Shaving ≠ NI	?	1
It's for shaving, appearance looks PI	Fits more to PI product range	1
Shape=PI, Modern look, ergonomic=PI	Shape=PI, Modern look, ergonomic=PI	1
It is a razor, not an aftershave	Lotion can be any brand	1
PI develops the machine	A typical PI shaver	1
Shaving is significant, not skin softening	Shaving is significant, not skin softening	1
Shaver=PI, NI=skin care	Shaver=PI, NI=skin care	1
PI=innovator in shavers (under shower)	PI=innovator in shavers, PI on product	1
Core product=Shaver=PI, NI is additional	Shaving ≠ NI	1
Electrical device, not clear NI is involved	Electrical device, not clear NI is involved	1
PI is written on product, adds more value	PI is written on, PI=Philishave, NI=emulsion	1
NI=body cream	?	1
NI do nothing special	It's a machine=PI	1
No NI on the product	PI makes electric devices	1
<b>SUM</b>	<b>The important thing about the product is shaving, Nivea is additional, Philips is the producer of electric devices, especially shavers</b>	32
<b>S: Both Brands (BB)</b>	<b>A: Both Brands (BB)</b>	
Both has useful functions	Both strong brands	1
<b>Total # of times same brand is chosen</b>	<b>Total # of times same brand is chosen</b>	33

Reason groupings:
New product-product-fit
Source of value
Product design & comm.
Company expertise & exp.
Familiarity & reputation & brand performance
New product-brand-fit
Product Uniqueness
New market intentions
Seller of the product
Product-product-fit
Who gains more

### F.3 Baked Beans

#### The results for *significance*:

Out of 48 respondents, 11 think that Weight Watchers is more significant than Heinz in relation to Baked Beans because:

- Although the respondents have a low familiarity with Weight Watchers, the product is seen as a diet (i.e. low-fat) product (1, **new product-product-fit**) and being low-fat is the differentiating feature of this product which is associated with Weight Watchers (3, **source of product value: important feature**).
- Weight Watchers wants to enter a new market via Heinz (2, **new market intentions**).
- Other reasons were that Weight Watchers will earn more from Baked Beans if the product succeeds (1, **“who gains more”**) whereas Heinz already has a broad range of products therefore Baked Beans is not a novel extension for Heinz (1, **product uniqueness**) and Weight Watchers is written larger on the product (1, **product design and communication**).



Heinz tomato soup



WW pecan crowns



Baked Beans

**Figure F.3** Typical products of Heinz and Weight Watchers

Out of 48 respondents, 22 perceived that Heinz is more significant because:

- Heinz is associated with beans and canned food whereas Weight Watchers with a program, diet and low-fat products. They chose Heinz as the *significant* brand because Baked Beans is considered as a normal (non-diet) food (9, **new product-product-fit**) and Heinz is the provider of beans (7, **parent company expertise and experience**).
- Beans are the main ingredient supplied by Heinz whereas Weight Watchers is only a means of showing that the product is low-fat and Heinz affects the taste of the beans positively (7, **source of product value**).
- The logo of Heinz is more dominant on the product and it a typical Heinz canned product (5, **product design and communication**) (see Figure F.3).
- Other reasons were that Heinz is a well-known brand and a bigger company (2, **being well-known and company performance**) and Weight Watchers are completely unfamiliar (2, **brand familiarity**) and associated with dieting (1, **new product-brand-fit**).

Out of 48 respondents, nine think that both brands are significant because:

- They were equally represented with an equal logo size (4, **product design and communication**).
- Quality of the product comes from Heinz but low-fat feature is also important (3, **source of product value**).
- Other reasons were that Baked Beans is a specially developed product that belongs to Heinz but modified by Weight Watchers (1, **product uniqueness**) and both brands are food related (1, **new product-product-fit, and product-product-fit**).

Out of 48, six respondents think that none of the brands are significant because:

- The respondents are not familiar with the co-branded product and/or the partner brands (6, **brand and product familiarity**).
- There is no fit between Baked Beans and the partner brands (1, **new product-product-fit**).

### **The results for *association*:**

Out of 48 respondents, 10 associated Weight Watchers more with Baked Beans because:

- Baked Beans is a low-fat (diet) food and Weight Watchers, as its name implies, is associated with low-fat and diet (5, **source of product value: important feature**). Moreover, “low-fat” feature of the product was considered as its most important characteristic.
- Another reason was Heinz is associated only with ketchup so Weight Watchers is chosen instead (3, **new product-product-fit**).

Out of 48 respondents, 27 associated Heinz more with Baked Beans because:

- Heinz is associated with food, tomatoes and beans which are complementary with each other (e.g. used together). Moreover, baked beans are not associated with losing weight (17, **new product-product-fit: complementary products**).
- Heinz is the manufacturer of Baked Beans (6, **parent company expertise and experience: producer company**).
- The product has a typical Heinz product design (4, **product design and communication**).
- Other reasons were that Heinz is better known than Weight Watchers and has a larger share in the market than Weight Watchers (2, **being well-known and company performance**); Weight Watchers only indicates that the product is low-fat which is not the essential thing (1, **source of product value: unimportant feature**).

Out of 48 respondents, eight respondents associated both brands equally with Baked Beans because:

- Both brands are represented equally on the product with a shared logo (4, **product design and communication**).
- Each brand has its own specific associations which are equally important. For example, Weight Watchers is associated with “low-fat” feature of the product (3, **source of product value: important feature**) whereas Heinz is associated with canned food and beans (1, **new product-product-fit**).

Out of 48 respondents, three think that none of the brands are associated with Baked Beans because they are not familiar with the partner brands (3, **brand familiarity**).

In Table F.3, column 1 shows the number of respondents who chose different brand(s) for *significance* and *association* (**56%**), and column 2 shows the number of respondents who chose the same brand(s) both for *significance* and *association* (**44%**).

For the column 1, the results show that the respondents chose different brand(s) but gave similar reasons for their choice of *more significant* and *more associated* brand. The main reasoning in column 1 was that Heinz is the producer of the beans so it is strongly associated with Baked Beans. On the other hand, being low-fat is attributed to Weight Watchers and it was considered as the main reason to buy Baked Beans product. These two reasons were used interchangeably for *more significant* and *more associated* brand.

For the column 2, the majority of the respondents chose Heinz (S) – Heinz (A) for *significance* – *association* pair (15 out of 21). If the reasons were explored for Heinz (S) – Heinz (A), it can be seen that *significance* decisions were basically based on which brand produces the beans whereas *association* decisions were mostly based on the unfit between Weight Watchers and beans, and the reputation of Heinz in beans.

Overall, the main reasons can be summarized as:

- 1) Baked Beans is associated with non-diet food and Heinz is associated with good quality food and beans (**new product-product-fit (21%, 43%)**: “Heinz is known for beans”),
- 2) Beans are the main ingredient but what differentiates the product is its low-fat feature (**source of value/ important feature (23%, 18%)**: “Low-fat feature is more important”),
- 3) The logo of Heinz on the product is more dominant and the shape of the can resembles to a typical Heinz product (**product design and communication (18%, 16%)**: “Typical Heinz can”),

- 4) Heinz is the producer of beans (**parent company expertise and experience/ producer company (12%, 12%):** “The product is made by Heinz”).

# SIGNIFICANCE - ASSOCIATION PAIRS - BAKED BEANS

## 1: 'ASSOCIATION'

Reasons (WW)	# of times reason is mentioned
are important	2
are important	1
are important	1
food = beans	1
<b>Total</b>	<b>5</b>

Reasons (HZ)	# of times reason is mentioned
ical HZ can	1
the product	1
, typical HZ design	1
food	1
<b>Total</b>	<b>5</b>

Reasons (HZ)	# of times reason is mentioned
ot too important	1
	1
baked beans	1
	1
<b>Total</b>	<b>5</b>

Reasons (BB)	# of times reason is mentioned
ow-fat is also impor	1
y	1
t	1
<b>Total</b>	<b>4</b>

Reasons (HZ)	# of times reason is mentioned
r	1
	1
heard of WW	1
ood=HZ ≠ WW	1
<b>Total</b>	<b>4</b>

Reasons (BB)	# of times reason is mentioned
represented on labe	1
fat	1
<b>Total</b>	<b>2</b>

Reasons (WW)	# of times reason is mentioned
n't know WW	1

Reasons	# of times reason is mentioned
with beans but on to buy. No association'.	26

## 2: SAME BRANDS CHOSEN BOTH FOR 'SIGNIFICANCE' AND 'ASSOCIATION'

S: Heinz (HZ)	A: Heinz (HZ)	# of times reason is mentioned
It is food	It is food	3
Beans=HZ, beans are essential	Beans ≠ low-fat ≠ WW	1
Food=HZ, not a program	Beans ≠ low-fat ≠ WW	1
Beans ≠ diet ≠ WW	?	1
Both brands are written on the can	?	1
HZ makes the product, WW=low-fat	HZ makes the product, WW=low-fat indicat	1
HZ invested more to develop it	Food=HZ, not a program	1
HZ already in food sector, better known	Beans=HZ, known for this	1
HZ makes the product	Beans=HZ, known for this	1
Beans=HZ, weight is less important	Tomatoes-HZ-beans go together≠weight	1
Don't know WW	Typical HZ product	1
Equally presented logos	Equally presented logos	1
Better known	Better known	1
<b>SUM</b>	<b>Beans=food=Heinz ≠ low-fat</b>	<b>15</b>
	<b>Beans ≠ watching weight</b>	
	<b>Significance: Beans are made by Heinz</b>	
	<b>Association: Beans not fit WW but fit perfectly to Heinz</b>	

S: Weight Watchers (WW)	A: Weight Watchers (WW)	# of times reason is mentioned
Larger written on the product	?	1
It is a diet product	It is a diet product	1
Reason to buy: low-fat	Reason to buy: low-fat	1
<b>Total</b>	<b>Total</b>	<b>3</b>

S: Both Brands (BB)	A: Both Brands (BB)	# of times reason is mentioned
Both brands on the product	Both brands on the product	2

S: None of the brands	A: None of the brands	# of times reason is mentioned
Don't know the brands	Don't know the brands	3

Total # of times same brand is chosen	23
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Reason groupings:
New product-product-fit
Source of value
Product design & comm.
Company expertise & exp.
Familiarity & reputation & brand performance
New product-brand-fit
Product Uniqueness
New market intentions
Seller of the product
Product-product-fit
Who gains more

## F.4 Tide Buzz

### The results for *significance*:

Out of 48 respondents, 16 think that Tide is more significant than Black & Decker because:

- Tide was described in the questionnaire as a “stain removal system” so respondents perceived it as a cleaning tool rather than a power tool. On the other hand, Black & Decker is strongly associated with power tools which contradict with the Tide Buzz product (7, **new product-product-fit**).
- Black & Decker makes power tools and that is what they should do because it is their expertise (2, **parent company expertise and experience**) and how they create value (1, **source of product value**).
- Tide Buzz is not recognized as a Black & Decker product because “it doesn’t have the ‘look and feel’ of Black & Decker (4, **product design and communication**). One respondent wrote that Black & Decker is usually black and has angles of 45° and 90°.
- Other reasons were that Tide is the only brand written clearly on the product (2, **product design and communication**); Tide needs support from Black & Decker to enter the ‘Do-it-Yourself’ market (1, **new market intentions**); Tide is a detergent brand which is more related to Tide Buzz (1, **new product-product-fit**); the important thing of the product is ‘stain removal’ emulsion (1, **source of product value**).

Out of 48 respondents, 23 think that Black & Decker is more significant than Tide because:

- They are unfamiliar with Tide (13, **brand familiarity**).
- Black & Decker was seen as the device producer (1<sup>18</sup>); electronics producer (1); equipment maker (1); high powered products maker (1); and home products producer (4). As a result, it is thought as the producer of Tide Buzz “machine” (7, **parent company expertise and experience: producer company**). Moreover, Black & Decker provide the technology for stain removal (2, **parent company expertise: transfer of skills**).

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<sup>18</sup> The number of respondents who said that Black & Decker is a device producer (out of 23).

- Other reasons were that any other cleaning brand can be used instead of Tide (1, **source of product value**); Black & Decker will earn more profit from the product (1, **“who gains more”**); and the product fits the identity of Black & Decker (1, **new product-brand-fit**).

Out of 48 respondents, five found both brands significant because:

- The fact that the product is a tool (machine) is associated with Black & Decker whereas cleaning function (detergent) reminds Tide (2, **new product-product-fit**). Moreover, both are equally important. (1, **source of product value**).
- Both brands have a balanced contribution in terms of function and design (1, **product design and communication**).
- The product is unique and needs both brands to be produced (1, **product uniqueness**).

Out of 48 respondents, four found none of the brands significant because:

- The respondents do not know about the exact functions of brands (2, **brand familiarity**).

### **The results for *association*:**

Out of 48 respondents, 20 associated Tide more with Tide Buzz because:

- Black & Decker is strongly associated with power tools and not with cleaning. On the other hand, Tide Buzz was not seen as a power tool but a cleaning device. Therefore, although the majority of the respondents were not familiar with Tide, they think that it is related to cleaning so they associate Tide with Tide Buzz (11, **new product-product-fit**).
- “Tide” name is on the product logo and no “Black & Decker” is visible (6, **product design and communication**).
- Other reasons were that the reason to buy the product is its cleaning qualities which is associated with Tide (2, **source of product value**); Tide will earn more because it has to be purchased more often than the machine itself (1, **“who gains more”**); Black & Decker make masculine products while cleaning is not masculine (1, **new product-brand-fit**).



**Figure F.4** Typical products of Black & Decker and Tide

Out of 48 respondents, 18 associated Black & Decker more with Tide Buzz because:

- Black & Decker is associated with tools and electronic machines and Tide Buzz is considered a cleaning “machine” (8, **new product-product-fit**).
- Tide is unfamiliar to the majority of respondents while Black & Decker is well-known (7, **brand familiarity and being well-known**).
- Black & Decker is perceived as the producer of the machine (7, **parent company expertise and experience: producer company**).

Out of 48 respondents, five associated both brands equally with Tide Buzz because:

- The shape of the machine was attributed to Black & Decker however Tide was written bigger on the product (2, **product design and communication**); both brands developed the product together (2, **parent company expertise and experience: producer company**); and Black & Decker is better known (2, **brand familiarity**).

Out of 48, five respondents associated none of the brands with Tide Buzz because:

- The design of the product did not match with any of the brands (2, **product design and communication, and product uniqueness**); and Tide was too much unfamiliar that the association was very weak (2, **brand familiarity**).

In Table F.4, column 1 shows the number of respondents who chose different brand(s) for *significance* and *association* (48%), and column 2 shows the number of respondents who chose the same brand(s) both for *significance* and *association* (52%).

For the column 1, the results showed a diverse kind of answers where respondents chose diverse kind of *significance* – *association* pairs (see Table F.4). Among those pairs, the most frequently chosen pair was Black & Decker (S) – Tide (A) (eight out of 22). For the *more significant* brand, core function of the product, and company expertise were more emphasized whereas for the *more associated* brand, design and the visual appearance of the product were more emphasized. Brand familiarity was an important factor in both cases.

For the column 1, both Black & Decker (S) – Black & Decker (A) (12 out of 24), and Tide (S) – Tide (A) (10 out of 24) were equally preferred pairs. If the *significance* and *association* answers were compared for Black & Decker (S) – Black & Decker (A), it can be seen that *significance* decisions were made mostly based on brand familiarity (“I don’t know Tide”) and parent company expertise and experience (“Black & Decker is the producer of this machine”).

Overall, the main reasons mentioned for Tide Buzz were:

- 1) Black & Decker is known for high quality power tools, and it has no relation to Tide Buzz which is a cleaning tool (**new product-product-fit (27%, 39%)**): “Cleaning is not B&D’s area”),
- 2) Respondents were completely unfamiliar with Tide (**brand familiarity and being well-known (27%, 19%)**): “I don’t know Tide”),
- 3) The product is a machine and only Black & Decker can produce it (**parent company expertise and experience/ producer company (20%, 16%)**): “B&D makes the product and provides the technology”),
- 4) Tide is clearly mentioned on the product name (**product design and communication (13%, 18%)**): “Tide is written clearly on the product”).

# SIGNIFICANCE - ASSOCIATION PAIRS - TIDE BUZZ

## D 'ASSOCIATION'

Reason (TI)	# of times reason is mentioned
Products	1
Products ≠ cleaning	1
Cleaning	1
Cleaning products	1
	1
	1
Reason to buy	1
Don't recognize	1
<b>Cleaning, BD only not</b>	8
<b>Important. s important</b>	
Decker (BD)	
Decks, which is domain	1
	1
	2
Brands (BB)	
Device by itself	1
Shape & strong name	1
	2
Decker (BD)	
TI doesn't produce	1
More than a soap	1
	2
Brands (BB)	
BD=better known	1
Working of device	1
	2
The brands	
Is	1
The brands	
Isn't B&D appearance	1
The brands	
Why of them, new product	1
De (TI)	
For heavy equipment	1
Decker (BD)	
	1
De (TI)	
On the product	1
Total # of times same brand is chosen	22

## 2: SAME BRANDS CHOSEN BOTH FOR 'SIGNIFICANCE' AND 'ASSOCIATION'

	S: Black & Decker (BD)	A: Black & Decker (BD)	# of times reason is mentioned
	Never heard of Tide	Never heard of Tide	4
	More known, don't know Tide	?	1
	It reminds B&D vacuum cleaner, not familiar	It reminds B&D vacuum cleaner, not familiar	1
	BD is device producer, don't know Tide	BD is device producer	1
	BD = home product, don't know Tide	?	1
	BD makes electronic products, More known	It's an electronic product	1
	BD makes equipment	BD makes equipment	1
	It's a cleaning machine	It's a cleaning machine	1
	Don't know Tide	It's a machine	1
<b>SUM</b>	<b>1) TI is not known, 2) BD is a device/ machine producer</b>	<b>1) The product is a machine, 2) TI is not known</b>	12
	<b>S: Tide (TI)</b>	<b>A: Tide (TI)</b>	
	Don't look like BD at all	Cleaning ≠ BD=power tools	2
	TI is written clearly	TI is written clearly	1
	BD makes power tools	BD makes power tools	1
	BD = industrial tools	No BD logo	1
	BD makes power tools, TI cleaning stuff	TI is written clearly on the product	1
	BD=tools for home use, that's their value	TI=clean=purpose of this product	1
	Don't know Tide but not BD product share	Don't see it as BD product	1
	It is a large detergent company	Cleaning tool ≠ power tool = BD	1
	TI = cleaning	TI = cleaning	1
<b>SUM</b>	<b>1) BD=power tools, not a BD product, 2) Don't know TI</b>	<b>1) Cleaning product ≠ BD, 2) Only TI logo on the product</b>	10
	<b>S: Both Brands (BB)</b>	<b>A: Both Brands (BB)</b>	
	Tools (BD) + Cleaning (TI)	Tools (BD) + Cleaning (TI)	1
	<b>S: None of the brands</b>	<b>A: None of the brands</b>	
	Don't know Tide	Don't know Tide	1

Total # of times same brand is chosen	24
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Reason groupings:
New product-product-fit
Source of value
Product design & comm.
Company expertise & exp.
Familiarity & reputation & brand performance
New product-brand-fit
Product Uniqueness
New market intentions
Seller of the product
Product-product-fit
Who gains more

## F.5 McFlurry

### The results for *significance*:

Out of 48 respondents, five think that M&M's is more significant than McDonald's because:

- M&M's is what makes the ice-cream special (2, **source of product value: branded ingredient and reason to buy**); it has more experience (1, **parent company expertise and experience**); M&M's earns more profit by collaborating with McDonald's than it can earn alone (1, **“who gains more”**); M&M's promote the product (1, **product design and communication: advertising**).

Out of 48 respondents, 29 found McDonald's more significant than M&M's because:

- McDonald's is the seller of McFlurry. The majority of these respondents interpreted *significance* as the brand that 'owns' the product (14, **“where the product is sold”**).
- The product logo reveals that it is a McDonald's product (i.e., **Mc**Flurry) (12, **product design and communication**).
- McDonald's is not only using M&M's for its ice-cream but also other brands so M&M's is a replaceable ingredient and just an added flavor (7, **source of product value: replaceable ingredient**).
- McFlurry is a typical McDonald's product (6, **new product-product-fit**).
- Another reason was that McDonald's is already in the ice-cream business and they produce the McFlurry (4, **parent company expertise and experience: producer company**).



M&M's peanut candies



McDonald's chips



McFlurry

**Figure F.5** Typical products of M&M's and McDonald's

Out of 48 respondents, 14 found both brands equally significant because:

- Both brands are visible on the product; colors remind M&M's whereas the name of the product reminds McDonald's; a lot of publicity made together (3, **product design and communication**) (see Figure F.5).
- McDonald's sells McFlurry (3, "**where the product is sold**") whereas M&M's differentiates it from other ice creams in the market by giving its special taste (3, **source of product value**).
- Both ice cream and M&M's affect the taste of the product (2, **source of product value**).
- Both brands belong to big companies and have strong identities (2, **company and brand performance**).
- Other reasons were that M&M's provides the ice cream (1, **parent company expertise and experience: producer company**) whereas McDonald's sells it (1, "**where the product is sold**"); both know how to make sweet stuff (1, **parent company expertise**); and both are food-related (1, **new product-product-fit, and product-product-fit**).

#### **The results for *association*:**

Out of 48 respondents, six associated M&M's more with McFlurry because:

- M&M's gives the ice cream its taste and they are what people see inside the product (1, **product design and communication**) and want to eat (4, **source of product value: reason to buy**).
- McDonald's is associated with hamburgers, not with the ice cream (1, **new product-product-fit**).

Out of 48 respondents, 32 associated McDonald's more with McFlurry because:

- McFlurry is sold only at McDonald's (15, "**where the product is sold**"); and "Mc" logo is clearly stated in the product name (12, **product design and communication**).
- M&M's is only one of the variations of McFlurry ice cream and there are other variations with other brands (6, **source of product value: replaceable ingredient**).
- Other reasons were that commercials were made by McDonald's (3, **product design and communication: advertising**); McDonald's is more famous (2, **being well-known**); and it is more associated with ice cream than M&M's (1, **new product-product-fit**).

Out of 48 respondents, nine associated both brands equally with McFlurry because:

- Although McDonald's is the seller of the product (1, "**where the product is sold**"), people buy it because it includes M&M's inside (2, **source of product value: reason to buy**) and M&M's are advertised together with McDonald's in the McFlurry commercials (2, **product design and communication**).
- Other reasons were that both brands are operating in similar product categories (e.g. fast food) (1, **new product-product-fit, product-product-fit, and parent company expertise**); both of their images represent a "happiness factor" (1, **new product-brand-fit and brand-brand-fit**); M&M's wants to enter a new market (1, **new market intensions**); and both brands have strong identities (2, **brand performance**).

In Table F.5, column 1 shows the number of respondents who chose different brand(s) for *significance* and *association* (50%), and column 2 shows the number of respondents who chose the same brand(s) both for *significance* and *association* (50%).

In the column 1, the results show that the respondents chose different brand(s) but gave similar reasons for the *more significant* and the *more associated* brand. The most frequently chosen pair in column 1 was Both Brands (S) – McDonald's (A) (eight out of 24). In general, McDonald's was seen as the owner of the product because McFlurry is sold there so it was found significant and associated with the product whereas M&M's were perceived as the differentiator of the product so it was also significant and associated with the product.

The most preferred pair among all respondents in column 2 and in general was McDonald's (S) – McDonald's (A) (24 out of 48). If the *significance* and *association* answers were compared, it can be seen that *significance* and *association* decisions were equally based on the reasoning that:

- McFlurry was seen as a typical McDonald's product because of logo, cup design and the fact that it is sold at McDonald's,
- M&M's is just a variation of McFlurry.

Overall, the main reasons mentioned for McFlurry were:

- 1) McDonald's is the sole seller of McFlurry ("**where the product is sold**" **(27%, 29%)**): "McDonald's sells McFlurry),
- 2) The product logo clearly states the McDonald's sign (**product design and communication (25%, 32%)**): "It is called 'Mc'flurry")
- 3) M&M's is only one variation of McFlurry ice cream which can be replaced by other brands as well (**source of product value/ branded ingredient and reason to buy (21%, 21%)**): "MM is not the only brand").

# SIGNIFICANCE - ASSOCIATION PAIRS - MCFLURRY

## D 'ASSOCIATON'

Id's (MD)	# of times reason is mentioned
	1
is similar to MD st	1
	1
than MM	1
MD	1
product	1
	1
t MD	8

ands (BB)	# of times reason is mentioned
new market	1
with MM	1
	1
snack / sweets	1
with MM (being at M	1
akes it special	5
tiator)	

s (MM)	# of times reason is mentioned
but MM differentiate	2
	1
and see them well	1
	4

Id's (MD)	# of times reason is mentioned
	1
	1
	1
are other variations	1
	4

s (MM)	# of times reason is mentioned
only	1
am and MM	1
	2

he brands	# of times reason is mentioned
	1

Total # of times same brand is chosen	24
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## 2: SAME BRANDS CHOSEN BOTH FOR 'SIGNIFICANCE' AND 'ASSOCIATON'

S: McDonald's (MD)	A: McDonald's (MD)	# of times reason is mentioned
Looks like MD product	Bought/ sold at MD	2
Logo says Mc and you can buy it at MD	Bought/ sold at MD	2
Logo says Mc	Bought/ sold at MD	2
It is called "Mc" flurry	It is called "Mc" flurry	2
Produced by MD, some MM put inside	You eat it at MD	1
Bought/ sold at MD	M&M is just an ingredient	1
MD sells it	MD makes the commercial	1
Produced by MD	It is called "Mc" flurry	1
Produced by MD	More famous and responsible for retail	1
MM is not the only brand	More famous and responsible for retail	1
MM is not the only brand	MM is not the only brand	1
More promoted	More promoted	1
Bought/ sold at MD	MD on product, MM is just an ingredient	1
It is special MD concept, fits to their stra	It is called "Mc" flurry	1
You don't see any MM related graphics	The graphics and logo shows MD	1
MD is already in the ice cream business	Bought/ sold at MD	1
MM is not the only brand	Logo says MD, you can buy it at MD	1
Sold at MD and it called "Mc" flurry	It's called "Mc", MM is just an ingredient	1
Bought/ sold at MD	MM is not the only brand "a variation"	1
Bought/ sold at MD	Bought/ sold at MD	1
<b>SUM</b>	<b>McFlurry is seen as a typical MD product, because of logo and graphics and the fact that it is produced by and sold at MD. MM was just a variation</b>	<b>24</b>

S: Both Brands (BB)	A: Both Brands (BB)	# of times reason is mentioned
Both have strong identity	Both have strong identity	1
Colors=MM and name=MD	?	1
Both are food	Both represent a happiness factor	1
Only at MD	MD states clearly MM on the product	1
A lot of publicity made together	A lot of publicity made together	1
		5

Total # of times same brand is chosen	29
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Reason groupings:
New product-product-fit
Source of value
Product design & comm.
Company expertise & exp.
Familiarity & reputation & brand performance
New product-brand-fit
Product Uniqueness
New market intentions
Seller of the product
Product-product-fit
Who gains more

## E.6 BeerTender

### The results for *significance*:

Out of 48 respondents, 21 think that Heineken is more significant than Krups because:

- BeerTender is all about beer (13, **new product-product-fit**) and it is more important than the 'machine' itself in providing the real experience (8, **source of product value**).
- Heineken is better known than Krups (6, **being well-known**).
- Other reasons were that Heineken is already in the beer market (1, **parent company expertise and experience**); Heineken is the creator of the product and the first brand that presented a beer draft machine to the market (1, **being first-to-market**); Heineken is clearly presented on the product as well as on the beer glass in the picture (1, **product design and communication**); the product has a masculine look which is associated with Heineken (1, **new product-brand-fit: image**); Heineken is a bigger company and has a stronger brand identity (1, **company/brand performance**); and Heineken is specially shown in the advertisements (1, **product design and communication: advertising**).



Heineken beer



Krups coffee maker



BeerTender

**Figure F.6** Typical products of Heineken and Krups

Out of 48 respondents, 18 think that Krups is more significant than Heineken because:

- BeerTender is a machine and Krups manufactures the machine and provides the technology to serve the draught beer (10, **parent company expertise and experience: producer company**).
- Heineken is just one of the beer brands that can be consumed with BeerTender (5, **source of product value: replaceable brand**).
- BeerTender represents a new product, not a new beer (1, **product uniqueness**); and it gives Krups the opportunity of entering a new market by promotes a particular way of beer consumption (“at home”) (2, **new market intensions**), therefore, Krups is the main beneficiary from this product (1, **“who gains more”**).
- Other reasons were that the solidness of the machine is associated with Krups (1, **product design and communication**) and it is a technical product which is more related to Krups because it is famous for high-quality kitchen equipment (1, **new product-product-fit**).

Out of 48 respondents, eight think that both of the brands equally significant because:

- Krups is the designer of the machine and provides the technology for handling and cooling the beer (3, **parent company expertise and experience**) whereas Heineken is the idea owner, provider of the beer (2, **new product-product-fit**) and responsible for promoting and enhancing the image of the product (1, **product design and communication: marketing**).
- Other reasons were that both brands need each other to be used properly (“The machine can only work with beer kegs”) (1, **source of product value: complementary functions**); and Heineken sells more beer and Krups sells more products so both will gain equally (1, **“who gains more”**).

#### **The results for *association*:**

Out of 48 respondents, 37 associated Heineken more with the product because:

- BeerTender is a product that is strongly related to drinking beer and beer reminds Heineken (23, **new product-product-fit**).

- Heineken is better known and familiar than Krups (12, **brand familiarity and being well-known**).
- Beer is more important than the 'machine' and also it could have been any machine producing brand (11, **source of product value**).
- The commercials emphasize Heineken. Moreover, marketing of the BeerTender is focused more on Heineken (7, **product design and communication: advertising**).
- Another reason was that the logo on the product says Heineken (2, **product design and communication**).

Out of 48, two respondents associated Krups more with the product because:

- Krups is the producer of the device and the provider of technology (2, **parent company expertise and experience: producer company**).

Out of 48, eight respondents associated both brands equally with BeerTender because:

- Respondents see a fit between two brands in terms of equal contributions: Heineken as the provider of beer (1, **parent company expertise and experience: producer company**), has a stronger brand image (1, **brand performance**), promotes the brand (1, **product design and communication: advertising**) whereas Krups is the designer of the machine (4, **parent company expertise and experience: producer company**).
- Other reasons were that Heineken is not the only beer brand (2, **new product-product-fit**) that can be consumed with the BeerTender therefore Krups was seen as significant as Heineken (2, **source of product value: replaceable brand**); and both of the brands' logos were clearly visible on the product (1, **product design and communication**) (see Figure F.6).

Table F.6 column 1 shows the number of respondents who chose different brand(s) for *significance* and *association* (**54%**), and column 2 shows the number of respondents who chose the same brand(s) both for *significance* and *association* (**46%**).

In the column 1, the most frequently chosen pair was Krups (S) – Heineken (A) (14 out of 26). For the *more significant* brand, respondents thought that the machine is developed by Krups, and other beer brands can also be used with the product. For the *more associated* brand, respondents emphasized that the product is related to beer so the Heineken is more associated with the product.

In the column 2, the most frequently chosen pair was Heineken (S) – Heineken (A) (20 out of 24). The reasons given for *significance* and *association* were the same and based on the fact that the product is about beer and the machine is less significant, and also Heineken is better known and makes the commercials of the product.

Overall, the main reasons for BeerTender can be summarized as:

- 1) The BeerTender is all about beer and Heineken is a well-known beer brand (**new product-product-fit (26%, 39%)**),
- 2) Heineken is more familiar and better known than Krups (**brand familiarity and being well-known (11%, 19%)**),
- 3) BeerTender is a 'machine' and Krups is the machine manufacturer (**parent company expertise and experience: producer company (23%, 6%)**),
- 4) Product advertising is focused more on Heineken than Krups (**product design and communication: marketing and advertising (8%, 16%)**).

# SIGNIFICANCE - ASSOCIATION PAIRS - BEERTENDER

## 1: 'SIGNIFICANCE' AND 'ASSOCIATION' PAIRS

Reason	# of times reason is mentioned
Experience	2
More known	2
HE do big commercials	1
Other than manufacturer	1
HE	1
It of it	1
"Heineken beertap"	1
Beer consumption	1
<b>Drinking beer, HE brand will be associated more</b>	<b>14</b>
HE introduced the system	1
Own	1
<b>Both Brands (BB)</b>	<b>4</b>
Used in machine	1
Large but other brands	1
<b>Both Brands (BB)</b>	<b>3</b>
Also available	1
Heineken	1
<b>Krups (KR)</b>	<b>2</b>
Heineken	1
<b>Other brands</b>	<b>1</b>
Heineken (HE)	1
Other brand refer to HE	1
<b>Total # of times same brand is chosen</b>	<b>26</b>

## 2: SAME BRANDS CHOSEN BOTH FOR 'SIGNIFICANCE' AND 'ASSOCIATION'

S: Heineken (HE)	A: Heineken (HE)	# of times reason is mentioned
Beer is more important than the machine	Beer is more important than the machine	6
The product is about beer	The product is about beer	3
More known, KR is replaceable	More known, KR is replaceable	2
I know HE	I can drink it	1
HE=beer, KR=coffee	HE=beer, KR=coffee	1
HE name on the device and glass	The refills are sold by HE	1
HE introduced first this kind of product	Introduced first this kind of product, commercials	1
More present in the ads, more known	More present in the ads, more known	1
HE is already in the beer market	HE is more known	1
It is a beer machine with a masculine look	HE logo is more clear, commercials	1
HE provides the kegs	More popular	1
HE more known and bigger company	HE more known, bigger company, does more	1
<b>SUM</b>	<b>1) The product is about beer and the machine is less significant, 2) HE is more known and makes commercials</b>	<b>20</b>

S: Both Brands (BB)	A: Both Brands (BB)	# of times reason is mentioned
HE=beer, KR=handling and cooling, clear roles	HE=beer, KR=handling&cooling, clear roles	1
HE=beer, KR=machine, fits both	HE=beer, KR=machine, fits both	1
Need each other to be used properly	Equally represented logos	1
		<b>3</b>

S: Krups (KR)	A: Krups (KR)	# of times reason is mentioned
KR has technology, any beer can be produced	KR has the technology	1

Total # of times same brand is chosen	24
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Reason groupings:
New product-product-fit
Source of value
Product design & comm.
Company expertise & exp.
Familiarity & reputation & brand performance
New product-brand-fit
Product Uniqueness
New market intentions
Seller of the product
Product-product-fit
Who gains more

**S OF SIGNIFICANCE**

ance reasons

BAKED BEANS			TIDE BUZZ			MCFLURRY			BEERTENDER			# reason	% reason
HW	HZ	Both / None	TI	BD	Both / None	MM	MD	Both / None	HE	KR	Both / None		
												99	27%
12	21%		15	27%		6	9%		16	26%		74	20%
13	23%		4	7%		14	21%		14	23%		57	15%
10	18%		7	13%		17	25%		5	8%		55	15%
7	12%		11	20%		7	10%		14	23%		35	9%
8	14%		15	27%		2	3%		7	11%		18	5%
0	0%		0	0%		18	27%		0	0%		9	2%
2	4%		1	2%		0	0%		2	3%		8	2%
1	2%		1	2%		1	1%		2	3%		8	2%
2	4%		1	2%		0	0%		1	2%		5	1%
1	2%		0	0%		1	2%		1	2%		3	1%
1	2%		0	0%		1	1%		0	0%			
57			55			67			62			371	100%

COOL SKIN		BAKED BEANS			TIDE BUZZ			MCFLURRY			BEERTENDER			reason	reason
NI	Both / None	WW	HZ	Both / None	TI	BD	Both / None	MM	MD	Both / None	HE	KR	Both / None		
														128	36%
47%		21	43%		22	39%		3	5%		26	39%			
														73	21%
17%		8	16%		10	18%		18	32%		11	16%		55	16%
14%		9	18%		2	4%		12	21%		13	19%		37	10%
2%		5	10%		11	19%		3	5%		13	19%		30	8%
10%		6	12%		9	16%		1	2%		4	6%		16	5%
0%		0	0%		0	0%		16	29%		0	0%			
														6	2%
7%		0	0%		1	2%		1	2%		0	0%			
														4	1%
2%		0	0%		1	2%		0	0%		0	0%			
														2	1%
2%		0	0%		0	0%		1	2%		0	0%			
														1	0.3%
0%		0	0%		1	2%		0	0%		0	0%			
														1	0.3%
0%		0	0%		0	0%		1	2%		0	0%			
59		49			57			56			67			353	100%

espondent.

## APPENDIX H

### POSSIBLE REASONS OF CONSUMERS' PERCEPTIONS OF PARTNER BRAND DOMINANCE AND THEIR KEY MEASURES

**Table H.1** Possible reasons of consumers' perceptions of partner brand dominance and their key measures

Reason	Key measures	Related studies
<b>New product-product-fit</b>	The new product's category is more similar / close to the product category of Brand A than of Brand B ( <b>Similarity</b> )	Broniarczyk and Alba (1994); Boush and Loken (1991)
	The new product complements more with the current products of Brand A more than it does with Brand B ( <b>Complementarity</b> )	Aaker and Keller (1990); Simonin and Ruth (1998); Samu et al. (1999); Bouten et al. (2007)
	The new product is a substitute of the current products of Brand A more than of Brand B ( <b>Substitutability</b> )	Aaker & Keller (1990); Bouten et al. (2007)
	The new product is more consistent with the current products of Brand A than of Brand B ( <b>Consistency</b> )	Simonin and Ruth (1998); Broniarczyk and Alba (1994); Bouten et al. (2007)
	The new product fits more to the current products of Brand A more than to the products of Brand B ( <b>Fit</b> )	Bhat and Reddy (2001); Bouten et al. (2007)
	The new product is more similar to the current products of Brand A than of Brand B (in terms of price, etc) ( <b>Similarity</b> )	Park et al. (1991)
	The new product is more related to the current products of Brand A than of Brand B ( <b>Relatedness</b> )	Loken and John (1993)

**Table H.1 (continued)** Possible reasons of consumers' perceptions of partner brand dominance and their key measures

<b>New product-brand-fit</b>	The image of the new product is more similar to / consistent with / representative of / typical of the image of Brand A than Brand B	Loken and John (1993); Simonin and Ruth (1998); Broniarczyk and Alba (1994); Sparkman and Locander (1980); Bouten et al. (2007)
	The new product complements more to Brand A than to Brand B <b>(Complementarity)</b>	Simonin and Ruth (1998); Bouten et al. (2007)
	The new product is more consistent with Brand A than with Brand B <b>(Consistency)</b>	Simonin and Ruth (1998); Broniarczyk and Alba (1994); Sparkman and Locander (1980); Bouten et al. (2007)
	The new product fits more to Brand A than to Brand B <b>(Fit)</b>	Bhat and Reddy (2001); Bhat, Kelley and O'Donnell (1998); Bouten et al. (2007)
	Brand A's values are more fitting to the values the new product communicates <b>(Fit)</b>	Bidault and Jarillo (1997) in Reast (2005); Bouten et al. (2007)
<b>Product design &amp; communication (and marketing)</b>	The new product is more similar to Brand A than Brand B in terms of labeling and other aspects of visual identity	
	The packaging of the new product looks like a typical Brand A packaging	
	The new product is like a typical Brand A product in terms of product language, features, packaging, color, etc	
	The name of Brand A is more apparent on the new product itself or on its package	
	The new product is advertised / marketed more by Brand A than Brand B in the market <b>(Marketing)</b>	
	The co-branded product is advertised as / marketed by Brand A product <b>(Ownership)</b>	

**Table H.1 (continued)** Possible reasons of consumers' perceptions of partner brand dominance and their key measures

<b>Brand familiarity &amp; being well-known &amp; brand or company performance</b>	I have heard more of Brand A than Brand B.	Simonin and Ruth (1998); Kumar, (2005)
	I recognize Brand A better (or more easily) than Brand B ( <b>Familiarity</b> ).	Simonin and Ruth (1998); Kumar, (2005)
	I am more familiar with Brand A than Brand B (Brand A is more familiar to me than Brand B) ( <b>Familiarity</b> ).	Simonin and Ruth (1998)
	Brand A is more famous than Brand B ( <b>Familiarity, Fame</b> ).	
	Brand A has a stronger reputation than Brand B has ( <b>Reputation</b> )	
	Brand A has a more positive reputation than Brand B. (Brand A delivers superior products more often than Brand B does ( <b>Reputation</b> ))	Herbig and Milewicz (1993) in Milewicz and Herbig (1994)
	Brand A's products are usually more successful in the market than Brand B's.	
	Brand A belongs to a more powerful / bigger company than Brand B.	
	Brand A is better / superior than Brand B	
	Brand A is more prestigious than Brand B ( <b>Brand prestige</b> )	
	Brand A is a stronger brand than Brand B.	
	Brand A is more powerful than Brand B in their respective markets (in terms of market share, profits, etc.)	
<b>Source of product value</b>	The value added to the product comes from Brand A more than it comes from Brand B ( <b>The source value added/ created</b> )	
	The most important function / feature / ingredient of the product is under the responsibility of/ supplied by Brand A rather than Brand B (Brand B has a side-function) ( <b>Main function / ingredient of the product</b> )	
	The reason to buy the product is based on the qualities given/ created by Brand A rather than Brand B ( <b>Reason to buy</b> )	
	The quality of the new product is more similar to the quality of Brand A's products than to the Brand B's products ( <b>Perceived quality</b> )	Wenerfelt (1988) in Reast (2005)
	Brand A's products are higher quality than Brand B's products ( <b>Perceived quality</b> )	Keller and Aaker (1992)

**Table H.1 (continued)** Possible reasons of consumers' perceptions of partner brand dominance and their key measures

<b>Parent company expertise &amp; experience</b>	The transfer of assets / skills from Brand A to the new product is easier / more helpful than from Brand B. (The people, facilities, and skills used in developing, refining, and making the new product would be helpful if it were done by Brand A than Brand) ( <b>Transfer of skills</b> )	Aaker and Keller (1990)
	It is more difficult for Brand B than Brand A to make the new product alone ( <b>Difficulty to make</b> )	Aaker and Keller (1990)
	Brand B is more dependent on Brand A in terms of specialized people, facilities and skills needed to make the new product ( <b>Dependence</b> )	
	Brand A is more competent to realize this new product than Brand B is ( <b>Competencies</b> )	Morgan and Hunt (1994); Reddy, Holak and Bhat (1994) in Reast (2005)
	Brand A produces / manufactures / designs the product ( <b>Producer / supplier company</b> )	
	Brand A contributes more in terms of R&D investment and (technical) know-how to the development of the new product than Brand B does ( <b>Technology supplier</b> )	
	Brand A have more expertise / experience in the product category of the new product ( <b>Market experience</b> )	
<b>Product Uniqueness</b>	The product is more novel / unique / important for Brand A (usually because it's not in the current product line of the Brand A)	
<b>New market intentions</b>	Brand B wants to enter a new market with this product	Broniarczyk and Alba (1994)
	Brand B has probably difficulty in getting into a new market so needs the support of Brand A.	
<b>"Who gains more"</b>	Brand A gains more money from this product than Brand B does	Boush and Loken (1991)
	Brand A will sell more , profit more	
<b>Prior attitudes</b>	I like (the products of) Brand A more than Brand B ( <b>Liking</b> )	
	I am more positive toward Brand A than Brand B	Keller and Aaker (1992); Kumar (2005); Reast (2005); Simonin and Ruth (1998)
	I am more favorable toward Brand A than Brand B ( <b>Favorability</b> )	Simonin and Ruth (1998); Samu et al. (1999)