Abstract

The purpose of the present study was to investigate the effect of co-branding on brand equity of two constituent brands, i.e. the primary and the secondary brand. Brand equity was defined from consumers’ perspective, and to consist of four dimensions: brand awareness, perceived quality, brand associations and brand loyalty. The study acknowledged that there are three different means of building brand equity, but the interest in this study was in building brand equity indirectly through the leverage of secondary associations. As a brand can leverage associations through co-branding, and companies today are increasingly pursuing co-branding arrangements, the study focused solely on investigating co-branding as a means of building brand equity.

In this study, co-branding was defined as a short- or long term co-arrangement consisting of a primary brand and an associated secondary brand that are then integrated, and thus perceived as linked by consumers. As the links created by co-branding can either enhance or detract from consumers’ perceptions of each constituent brand, it was crucial to investigate the effect of co-branding on brand equity.

Therefore, a quantitative research was conducted among Finnish consumers to collect data before and after the co-branding had been launched. The findings from the empirical study emphasised that co-branding has a positive effect on the brand equity of both the constituent brands. Furthermore, partner’s pre-existing brand equity and consumers’ attitude and purchase intent of co-branding were found to affect the subsequent brand equity, and thus the effect of co-branding.

Altogether, this study has demonstrated that brand equity can be built through co-branding. Furthermore, enhanced perceived quality and brand associations are the benefits that both the primary and the secondary brand can gain from co-branding. However, the effects of co-branding are not divided equally among partners: the less-known primary brand benefits most and thus, is able to build its brand equity more efficiently through co-branding than the well-known secondary brand.

Key words
Brand equity, brand leverage, co-branding, brand collaboration