Co-branding

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[Published – March 18, 2002]

When two different brands are brought together to present a joint image to the customer, it is referred to as co-branding. *Unlike brand extension, where the same brand is extended to multiple products* (e.g. Annapurna salt, Annapurna wheat flour), *co-branding entails multiple brands getting together for a single product or service.*

Broadly, co-branding occurs in four situations –

1. **Joint venture** – When companies get together in an equity relationship, they may decide to operate under a common name. Such common name, which tends to be the joint name of the partners, tends to rub-off on the products / service. For example, Hero-Honda motorcycles, DSP Merrill Lynch broking, Tata-AIG insurance etc.
2. **Mother brands** – A company may choose to have a brand name for its product that has two elements – one, that is specific to the product, and another, that is a mother brand for the company or product category – but *both elements belonging to the same entity*. For instance, Bajaj Chetak scooters, Opel Astra cars etc. This is particularly useful in situations where the mother brand could inspire greater comfort in the product.
3. **Competence driven co-brands** – This is when two distinct entities contribute their brands into a joint brand name that gives the customer greater comfort about the performance of the product. For instance, if Xerox has a strong imaging related brand association, and Microsoft has software strength, Microsoft-Xerox or "MicRox" could be a strong co-brand for imaging software. Amazon created a co-branded website for toys with ToysRus, which would be accessible from both their individual sites. The two companies even distributed their activities based on competence – Amazon concentrated on fulfilling internet based orders, while ToysRus selected the toys and sourced them.
4. **Campaign-driven co-brands** – Companies can also choose to get together for specific campaigns, sharing the costs / benefits of the campaign. For instance the recent co-branded effort of Bajaj Allianz Insurance and Maruti to offer a co-branded insurance product helped Maruti offer better insurance value to prospective buyers of its cars, while Bajaj Allianz was able to move to the top of the automobile insurance league tables. Similarly, Bharat Petroleum Corporation Limited (BPCL) has been co-branding its smart cards with other product / service providers / employers who could distribute the cards to their clients / employees. Another example is the co-branded campaigns of lubricant manufacturers and automobile companies. The automobile company delivers volumes to the lubricant manufacturer who could share a commission and advertising costs.

With blurring industry boundaries, we can expect more co-brands. Any number of brands can get together for a co-branding exercise. The limit is in the minds of the consumers, who find it easier to remember a single brand name. Bringing two brands together as a co-brand is a stretch. Therefore, companies need to be sure that they are getting one of the benefits mentioned above to make the co-branding exercise worthwhile.

Associating three or more brands in a co-brand would be an avoidable disaster. In such situations, it is better to come out with a new brand ab initio, with its incidental brand building costs. This is the option that Birla, AT&T and Tata opted for their cellular joint venture, to avoid the press-created brand name of "Batata!"

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