Co-branding: challenges and opportunities in international marketing

Strategic alliances Created by engaging companies and brands in co-branding is gaining popularity across different industry. Disney's alliances with Mattel, McDonald's and Burger King are prime examples of such co-branding ventures.

Co-branding is the strategy of presenting two or more independent brands jointly on the same product or services. (Erevelles et al., 2007)

In co-branding-also called dual branding or brand bundling- two or more well known brands are combined into a joint product or marketed together in some fashion. (Kotler &keller, 2009)

Co-branding as “a form of cooperation between two or more brands with significant customer recognition, in which all the participants brand names are retained” (Blackett and Boad, 2002)

Co-Branding

It is a win-win situation where both parties indulged in this process and it is helpful for them to increase the value a brand hold. Sometimes in worse scenarios, it might can harm one among them which is usually the stronger brand effected by the other brand. This makes selecting the partner brand the most important factor which fits with the company's value, image and product.

The presentation speaks about the major objectives to why to go under co-branding and their shared values as to how they are created and relate to other brands. Internationally the co-branding can provide physical product integration or complimentary usage and image. Co-branding is been practiced in almost every kind of big and small industry. Be it FMCG industry, Travel Industry, Fashion Industry e.g. The outputs from co-branding are usually more than perceived or expected. “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” (Washburn.J.H; Till.B.D; &Priluck.Randi, 2000). Grabbing the opportunity is the second most important aspect. To be at the right place at the right gives you an edge over others.

The presentation reveals Joint Ventures as a co-branding which conflicts the mind. Another conflict among the presentation was to name celebrity endorsement as co-branding. Celebrities are brands in themselves or not. There are debates going on at global stage that is it a part of co-branding, acquisition and celebrity endorsement actually. It is a widely used business strategy in industries like food and drinks, retailing, air travel and financial services, with the number of firms using it growing by forty percent/year (Blackett and Boad, 1999). Co-branding can be defined as several brands collaborating in technology development, marketing, or production while keeping their independence as separate business entities (Stewart, 1995. Marketing News 29(4), 5). Co-branding is increasingly becoming a popular strategy in the hospitality industry. In general, co-branding cards can be an effective marketing tool that helps family restaurants to build both behavioral and attitudinal customer loyalty.

Co-Branding Internationally

Globalization has accelerated, so has the choice of brands, both foreign and domestic (Hsieh, 2002). A brand has been defined as: “an identifiable product, service, person or place augmented in such a way that the buyer or user perceives relevant unique values which match their needs most closely” (de Chernatony, 1998, 3). The associated incremental value added to the product by virtue of its brand has been referred to as its brand equity (Aaker, 1991; Keller, 1993). In today's competitive battleground, the concept of brand equity has proved to be an important source of strategic insight for marketers (Moore, Wilkie and Lutz, 2002, 17).

City Branding:

City branding is a rapidly growing concept. This practice is adopted by many cities build up urban competition for mobile resources, markets, opportunities and attention across the globe. Crucial strategy within city branding is the creation of the city's identity, which should be developed from a range of contextual variables such as history, demography, economy, politics and policies. A city usually has certain identifiable images or core values perceived by its people. For example, Paris is perceived for romance, Milan for style, New York for diversity and dynamics, Washington for power, and Tokyo for modernity. (L. Zhang, S.X. Zhao / Cities 26 (2009)). Branding Beijing, the capital of China for the Olympics 2008. Branding London, the capital of United Kingdom for the Olympics 2012. Many of the large and small companies will be officially involved in many of the activities. Like McDonalds' is been named as the official restaurant for the Olympics 2012 in London. Around 7,000 direct contracts are expected to generate huge profits and around 75,000 opportunities.

Co-Branding across the culture:

Culture also has a great influence on buying behaviors. Co-branding is a popular technique used in domestic markets to transfer the positive associations of the associate brands to a newly formed co-brand (Linda C. Ueltsch, 200)

Every culture has their own effects. Taking an example of Pakistan and India, they share similar culture across the border. And a company like Pepsi came up with an ad featuring celebrities from both sides. And launching the advertisement in both countries.

Examples:

In the photocopy market, many products sold by, say, Canon are actually made by Ricoh.

In the car industry, although BMW own the rover company, at the product level Rover cars show no BMW logo or connection. Mercedes and Swatch launched innovative car named “Smart” as a result of joint venture. Mercedes is unlikely to put its trademark on the smart! Because of the threat.

In the Tea market, Nestle and coca Cola launched a product “Nestea” against Unilever's range. Nestle create the product while, and Coca Cola market and distributed it.

Research has shown that customer evaluations of co-brands are affected by the degree to which the skills and resources of the parent brands are perceived to fit with or generalize to the new co-brand (Klink and Smith, 2001). The theoretical foundations in the cognitive psychology literature suggest that similarity between a brand and an extension or alliance facilitates the transfer of knowledge, attitude and purchase intention (Martin and Stewart, 2001).

Even a well phrased co-branding agreement cannot promise success of an poorly picturized co-branding strategy. Co-branding is not always a practical option for all products or services. co-branding done without proper research and planning may cause more damage. That's why co-branding strategy must be carefully thought out and is usually successful when symbiotic or synergistic brands and goods are combined through an effective marketing plan.

The international marketing of mobile services:

Mobile Marketing

The presentation highlights the rapidly shifting trends of technology. And gaining popularity among the new generation. The shift from physical to internet and recently from computers to mobile. Mobile data services are the convergence of mobile communication technologies providing data services. Explaining and elaborating various categories of mobile data services available to the public.

The demand for mobile devices - equipment such as cell phones, PDAs, and digital music players that are typically used on an anytime, anywhere basis without being connected by wires - and services that use these mobile devices (mobile services) is growing rapidly worldwide. (Shankar, V. &Balasubramanian, S. (2009)).

What is Mobile Marketing?

The mobile channel is a multi-faceted interactive network for delivering individual communication, personalization, information and entertainment products and services.

(Manis, 2005; Becker 2005; Bragge et al. 2005; Dickinger et al. 2004; Nysveen et al. 2005).

A set of practices that enables organizations to communicate and engage with their audience in an interactive and relevant manner through any mobile device or network (Mobile Marketing Association, 2009).

Mobile Data Services integrate handheld and internet technologies to create new value prepositions (Keen and Mackenzie, 2001, quoted from Gilbert, 2003).

According to Informa Telecoms & Media, a research conducted in April 2006, there were 215 million mobiles subscribers in 1997. There are around 2 billion mobile users in 2005. And this count is expected to reach 3 billion in 2010.

The emergence of mobile commerce

The number of mobile phone users worldwide has increased rapidly over the last five years; from an estimated 1.87 billion in 2004 to 2.5 billion in September 2006 (InfoSync World, 2004; Usability News, 2006). In Japan, already seven out of 10 people have cell-phone accounts, and in countries such as Italy, Norway, Sweden and the United Kingdom, the market penetration of mobile phones has already exceeded 100% (Sultan and Rohm, 2005). Undoubtedly the mobile phone has been one of the fastest adopted consumer products of all time (Kalakota and Robinson, 2002; Scornavacca et al., 2006). In addition, according to Forrester Research (2005), some 90 per cent of all phones in use will be mobile Internet-capable this year. The proliferation of Internet-enabled mobile devices has created an extraordinary opportunity for e-commerce to leverage the benefits of mobility (Barnes and Huff, 2003; Clarke, 2001; Durlacher Research, 2002). The conduit for this is mobile e-commerce, commonly known as m-commerce, which refers to the ability to conduct financial transactions (including, but not exclusively, the ability to purchase goods or services) through a wireless Internet-enabled device (Barnes, 2002a; Scornavacca and Barnes, 2006).

Integration with Marketing Mix

Integration with Marketing Mix is the key to success. It Deliver consistent brand value/image. And gives a fresh element on companies' promotion mix. According to mobile data association in UK, almost 94% of SMS received are read. And around 36% users admit that they are likely to purchase products. (Karjaluoto et al. 2004)

Complexity of the technology enables to acquire the mobile data services by users. New learning methods enabling consumers to bridge the gap between the advanced technology and user interface. Solving the problems and adding value in everyday life.

Opportunities & Threats

Untapped Customer Segments. Growing Popularity of Wireless Broadband.Limited Use of PC-Based Internet Services (3rd screen) are the key opportunities for the mobile marketing. There are many threats attached to it too. Regulatory Interference can be a hurdle. Continued Pressure on Revenue as it is a long time process. Cost of New Investments Eroding Data Services Profitability and Competition From Carriers and Other Service Providers.

Portability

An important benefit of a mobile device to consumers is its ultra small size and the ease with which it can be carried (Balasubramanian et al. 2002). A mobile device is not only portable, but because it fits in a hand, it is a constant companion to the user and is used on a continuous basis. This property makes it easier for marketers to quickly communicate with the user at any point in time, but the small screen size does not allow information-intensive messages to be delivered.

Post-purchase behavior

Research shows that after controlling for selection, online customers are more loyal than offline customers, so migrating customers from offline to online could enhance customer loyalty (Shankar, Smith, and Rangaswamy 2003)

Acceptance of Mobile Marketing

Acceptance of mobile marketing across two global markets. Drawing upon technology acceptance and uses and gratifications theories, we develop and estimate a conceptual model of the influences of antecedent factors (including risk acceptance related to the mobile platform and personal attachment related to mobile devices) on behavioral intent related to mobile marketing practice. We further propose that the above relationships are mediated by activities that consumers engage in such as downloading, forwarding content and registering with firms. Focusing on youth consumers, we empirically test the model using data collected in both an established (U.S.) and an emerging market (Pakistan). Findings across these two markets reflect cross-market similarities and differences related to consumer acceptance factors. (F. Sultan et al.(2009))

Mobile marketing research

Mobile marketing is a new technology. This is successful because it is a two way communication unlikely to the traditional research process. It involves active audience which is interactive, not passive. And researches gets a rapid feedback.

In many countries, social, cultural and political issues are discussed with the general population. Like in India, IDEA mobile company launched and advertisement showing the use of polling through mobile where the youth can express their own views to government.

Short Messaging Services

Innovation creates marketing opportunities and challenges. Mobile media, for example, transcend traditional communication and support one-toone, many-to-many and mass communication. The most popular mobile application, referred to as text messaging in the UK or Short Message Service (SMS) in most other countries, attracted 580 million users who sent 431 billion messages in 2002. In the first quarter of 2004 users sent 135 billion SMS messages and predictions are that 94.9 million mobile commerce users in 2003 will grow to 1.67 billion users by 2008. SMS will account for the bulk of mobile telephone company's revenues from data services until 2006. This high diffusion of SMS facilitates analyzing usage behavior and hints at the commercial potential of future communication services. Multimedia Messaging Services (MMS), for example, will build on the success of SMS but allow for richer content based on similar asynchronous, digital and interactive communication. (A. Scharl et al. (2005))

Mobile shopping

In interviews with more than 100 Japanese and foreign firms between 2000 and 2005, the author investigated the impact of a number of technological trajectories on mobile shopping applications that are suggested to be promising ones based on the behavior of lead users. Push-based Internet mail and other key services that are not yet available inWestern markets were the initial drivers of the market for mobile shopping in Japan between 2001 and 2003. Currently, the fastest growing market for mobile shopping in Japan involves the integration of mobile sites with other media such as magazines and radio and television programs where these other media compensate for the small screens of mobile phones. This paper forecasts the impact of improvements along a number of technological trajectories on the integration of mobile sites with other media. (J.L. Funk. (2007))

A mobile device is not a standard personal computer. It is a frequently used, location-sensitive device with very limited visual space. A mobile message will be most effective if it is brief, memorable, and well-coordinated with time and the user's location. The rapidly changing technology can be a flaw. Simply transporting a company's Internet marketing strategy to mobile marketing strategy could be a recipe for failure.

The impact of culture in international e-commerce.

The Internet

The Internet (or World Wide Web) is a network of computers providing access to information from around the world. Many businesses and government agencies have set up Internet sites (websites) providing information on their business. (Department of Trade and Economic Development)

E-Commerce

E-Commerce (Electronic Commerce) is a form of business operation in which the parties interact over computer, mails over the Internet rather than by physical exchange or conduct. (Department of Trade and Economic Development)

What is E-commerce:

V. Zwass [127, p. 3] defines e-commerce as “the sharing of business information, maintaining business relationships, and conducting business transactions by means of telecommunications networks.” Treese and Stewart [112, p. 5] define e-commerce as “the use of the global Internet for purchase and sale of goods and services, including services and support after the sale.” Kalakota and Whinston [61, p. 3] define e-commerce as “the delivery of information, products/services, or payments via telephone lines, computer networks or any other means.” They do not limit their coverage to just Internetbased means. Kauffman and Walden [67, p. 3] emphasize “the Internet as a medium for enabling end-to-end business transactions.” Their definition “applies equally well in dotcom [and] Internet-only business settings, as well as more traditional business settings where the new channel of the Internet is being used alongside existing channels.”

The main business uses of the Internet

E-commerce allows consumers and customers the ability to buy, sell and advertise products and/or services. It is a tool to interact businesses and customers around the globe. It is useful for companies to promote product and services through different means like brochures, manuals, product updates, and websites e.t.c.

E-commerce arguably has a potential to add a higher value to businesses and consumers in developing countries than in developed countries. Yet most developing country-based enterprises have failed to reap the benefits offered by modern information and communications technologies

Barriers to e-commerce in developing countries

Economic and sociopolitical factors focus primarily on the environmental characteristics, the cognitive component reflects organizational and individual behaviors. Arguably, for the initial adoption of e-commerce in developing countries, the cognitive component plays a more prominent role. As organizations assimilate sophisticated e-commerce practices, environmental factors play more critical roles

Economic Barriers

In under-developing countries, lack of electrical supply is a big barrier for e-commerce as all the devices included in a transaction, runs on electricity. Lack of purchasing power is also one of the biggest. As people hardly have money to make their livings. Resulting in a low percentage of people having access to Internet. Manufacturing companies of Information and Communication Technology products focus on large distributors often located in developed countries for achieving high sales and they don't focus to the under developing countries. This is another problem with the e-commerce industry. Credit cards is a key factor for completing the deals over internet for making the payments. In Asian Countries, 34-40% of the financial transactions are being made in form of cash. Other systems are underdeveloped such as online banking is not popular. (N. Kshetri, (2007))

Socio-politic Barriers

In Asian countries, personal relationships are important in businesses while anonymous online relationships are considered as threaten established interpersonal networks. As well as people prefer to deal face-to-face are preferred over business deals made through e-mails and internet.

Political factors are not implied and they lack law legislation and the electronic signatures.

Cognitive barriers

Cognitive barriers are more serious than other categories of barriers in developing countries. Consumer's lack of awareness and knowledge of benefits involved in ecommerce and their lack of trust in service providers have also hold back the growth of e-commerce. Latin America, experience a low rate of credit card is an attributed to the “lack of trust in than lack of access to” the credit card system.

E-commerce and mobile

Internet has been expanded substantially by a new generation of mobile devices, opening the door for rapid growth of mobile-commerce. While the traditional PC access to the Internet continues to be vital for exploiting the advantages of the Internet, the mobile access appears to attract more people because of flexible accesses to the Internet in a ubiquitous manner. Accordingly, e-commerce is now in the process of being converted into m-commerce. The purpose of this paper is to develop and analyze a mathematical model for comparing e-commerce via the traditional PC access only with m-commerce which accommodates both the traditional PC access and the mobile access. The distribution of the number of products purchased by time and the distribution of the time required for selling K products are derived explicitly, enabling one to assess the impact of mobile devices on e-businesses. (U. Sumita, J. Yoshii, (2009))

The global marketing use internet which ‘enables firms to leap-frog the conventional stages, as it removes all geographical constraints, permits the instant establishment of virtual branches throughout the world, and allows direct and immediate foreign market entry to the smallest of businesses' (Bennett, 1997, p. 327).

The Internet is creating a unique global marketplace that has the potential to change profoundly the way international business is conceptualised and configured (Srirojanant and Thirkell, 1999; Bennett, 1997; Kedia and Harveston, 1999). The rapid commercialization of the Internet calls into question many of the fundamental tenets of international business (Hamill and Gregory, 1997, p. 9).

DEVELOPING INTERNET E-COMMERCE BENCHMARKS

Benchmark is a standard for measuring and comparing the performance of like systems. For new product makers, a benchmark can provide important statistical information so products can be tine-tuned before their deployment. For end users, on the other hand, a benchmark can be used to compare the strengths and weaknesses of different products so that an informed decision can be made about system adoption. Benchmarks aid in estimations of scalability in terms of the number of users and/or transactions that a system can support, and system response times under various loads and hardware/software deployment platforms. Needs of small to medium enterprises (SMEs) and big business and we motivate the need for a benchmark suite for e-commerce. (DAWN JUTLA et 1999)

The Internet has altered international business development. The ways in which e-commerce continue to evolve. It makes sure that any statute changes they make can deal with future developments, even if these appear somewhat nebulous at present. It really depends on one's stand point as to whether e-commerce is seen as being or producing something new, which requires separate tax regulations. In terms of theoretical considerations, the current situation must be regarded as unsatisfactory. (J.F.Hughes, K.Glaister (2001)