

Study on Co-branding Strategy- Dongfeng Yueda Kia as Example

Jinrong Yu ^{1,2*}, Ying Song ¹, Yin Lu ^{1,2} and Dong Qi ¹

¹Nanchang Hongkong University, Nanchang, Jiangxi 330063, China

²Jiangxi University of Finance and Economics, Nanchang, Jiangxi 330013, China

Corresponding E-mail: tecomyjr@126.com

Abstract. Owing to the fact that the science and technology is developed increasingly, the product life cycle trend to shorten. Under this fierce competition, enterprises have to launch new product quickly in order to survive. Now, a growing number of enterprises release the new product based on existing brands, which has been successful. The status quo of joint brand strategy, combined with the co-branding of Dongfeng Yueda Kia, has been analyzed by regression analysis method. By doing empirical validation through developing the theory model, the result concluded that product compatibility and brand compatibility have a noticeable impact on co-branding evaluation. At the same time, the attribute of product has also some adjusting impact. That is, when enterprises develop a joint brand strategy, the attribute of product should be concerned. The paper put forward recommendations and solutions about how to improve a joint brand strategy from enterprises choosing partners, consumer's perception to co-branding.

1 Introduction

As the product homogeneity, enterprises have to launch differentiated product which could adapt to the changing market demand in order to gain competitiveness for sustainable development. Brand has been key strategy resource of enterprises development. The continuous improvement of science and technology has been getting shorter the product life cycle and enterprises face increasingly fierce competition. At present, through releasing new products from existing brands, more and more enterprises have succeeded. But a growing number of enterprises come to use co-branding strategy as the brand extension strategy may dilute the parent brand's assets. Co-branding strategy is growing up in the business for it could overcome faults of brand extension.

Dongfeng Yueda Kia (DYK) is familiar to many, which often list in consumer's Plan B. In spite of this, it is ignored by consumers in their purchase. DYK want to enhance the market share through combining with IMAX(Wanda Cinema) to improve the brand awareness. By analyzing the case, the paper study four dimensions, that is: product compatibility, brand compatibility, product attribute, co-branding evaluation, and their impact to the co-branding strategy, which can provide some academic bases for enterprises choosing brand partner and promotion.

2 Theory background and hypothesis

2.1 Theory background

The theory of co-branding comes from brand extension. From the beginning, it focuses on entity. Most of scholars define co-branding in terms of brand extension. In his study, Riezebos(2003) suggests that different corporations or enterprises combine two separate brands into a unified name and then release a new product jointly.

Gammoh & Voss(2006) note that when new brands enter the consumer market and combine with the high profile brands, it will gain more better market effect than new brands do alone [1]. Park(1999) concluded that when two noted brand are combined and extended to other product area, this extension product has stronger market response than do the product whose brand is directly extended. He also note that co-branding product which is combined by two highly complementary. brand could make consumers form more positive attitude [2].Rao(2002) applied the signal theory and found that when consumers are not sure to the quality of co-branding product, it could raise perceived quality of the

new product that the brand combines with famous brand product with good image [3]. Paul (2008) applied long-memory models and concluded that consumer's trust to co-brands will play an important role in brand alliance and the trust could prompt consumers to make a positive assessment [4]. Washburn (2004) suggests that brand equity of co-brands affects consumer's attitude to brand alliance considerably, and make consumers try the product, which will further deeply the affect [5].

Form the economics, JiNan Xu(2005)notes that after enter the market, two jointed brands gain more profit than two brand do respectively, which has great economic significance [6]. ChangHui Ning(2006) studies the key factors impacting brand joint in theory. The result shows that brand alliance has a very important strategy operating value [7]. Yang Liu (2008)focus on consumer's evaluation factors on the attitude of co-branding. His viewpoint is that consumer's attitude to brand alliance as well as product compatibility and brand compatibility has a great affect on evaluation [8]. ZhongCheng Guan (2006) discusses perception of consumer has close relation with their attitude to brand alliance. He points that each co-brands has its appropriate position respectively in consumer's origin memory. When consumer could aware that some kind of position of two co-brands are highly complementary, then it will reinforce perceived performance, enhancing consumer's perceived effect to new co-brands [9]. ZhiGang Fan (2009) holds that consumer's origin attitude and familiarity to co-brands has impact on their evaluation and matching degree between co-brands is crucial [10]. From the consumer learning theory, GongGuang Fan (2008) studies empirically that brand relationship quality has regulatory effect on brand alliance compatibility and evaluation. The result demonstrates that the better brand relationship is, the more obvious their path is [11].

Overseas scholars study brand alliance earlier and have had a lot of achievement compared to domestic ones, who have limit studies, single perspective and most focus on existing summary about the theory of brand alliance, lacking of adaption. Through studying the impact on co-branding evaluation from product compatibility, brand compatibility and product attribute, the paper emphasizes product attribute and whether it can adjust product compatibility and brand compatibility. The conclusion will be drawn by empirical, which could provide theoretical basis to enterprises

2.2. Status of co-branding matching

There have various ways to co-branding either in physics or in forms. In the existing market and studies, two brands combine is common. So the paper just discusses this case.

The type of co-branding could determine its effect on the result. The co-branding is to be classified as follows based on how the size of value will be created [11].

(1) The type of contact & cognition: the two cooperating brands take advantage of resources each other to complement, enlarging the popularity in the new target market, which increases the combined brands' recognition.

(2) The type of value endorsement has higher requirements to enterprises. It wants the cooperating brand to improve the established value, leading to the less choosing partners. The two brands could increase popularity through co-branding respectively; enlarging product's marketing and gaining much spillover effect.

(3) The type of element association is common in the market. A product that contains a lot of good material element is taken as one of element combined with another high quality brand, a basic law of this type. Together with increasing value each other, the partners could also share publicity expenses. Manufacturers and suppliers are willing to use it to deliver product quality information to consumers.

(4) The type of complementary capability is the highest level, which not only combines a few elements but allows two complementary partners to put into their most influential core technology to produce product or service. In this type, cooperating time is longest and then has the highest level of participation and value.

3 Research hypothesis

According to theoretical model, as well as the research basis, raise the hypothesis of co-branding evaluation of product attribute and brand attribute based on questionnaires an empirical.

Park and other scholars, through the experiment, pair chocolate "Ferroero", weight-loss good spirulina and ice-cream "Haagen-dazs". "Ferroero" is delicious but high-calorie. Spirulina is low calorie but poor taste and "Haagen-dazs" is the same to "Ferroero". The former combination is major brand allying the modifier which has high level of compatibility and low level of popularity but the later is low level of compatibility and high level of popularity. The result shows that the former is more appealing as the new product has both ideal features, that is, delicious and low calorie.

When combined by the complement of the product function, how could DYK pair to appeal to consumers and impulse the purchasing desire?

So, put the hypothesis as follows:

H1: product compatibility has a significant positive correlation to co-branding

Domestic scholar YuTian Huang defines it as brand compatibility. That is, when two brands are combined, consumers may feel the degree to which the typical products can further meet their special demand. If consumers believe there is high level of compatibility between two brands, then there will be more cooperation and complementary effect of their professional ability and technical support, which can not only perform the advantages moderately, leading to the new co-branding product more practical and perfect, but enjoy convenient and value in one shopping. They

usually don't consider the unsuitable between the brands, but heighten degree to identify for new product shortly. By contrast, considering low level of compatibility, consumers will suspect why two products are combined and even develop the bad evaluation.

Put forward to the hypothesis accordingly:

H2: brand compatibility has a significant positive correlation to co-branding evaluation

There are usually three ways to classify products: (1) by use; (2) by tangible or not; (3) by endurance, which is simple and understandable but rough to classify products through attribute themselves. In our study, products will be classified functional ones and enjoyable ones according to attribute. Mittal suggests products could be classified two. One emphasizes performance or function, such as, razor and micro oven, and the other self-expression or pleasure, such as, cosmetics and beauty services. However, these attributes are not absolute. That is, there are not simple functional products or enjoyable ones, but have two attributes more or less.

Some study theory, while there are not too much ones deeply on product attributes impact on co-branding evaluation, could provide the base. When considering the impact of combined compatibility on its evaluation, Simonin and other study vehicles. In some ways, cars have not been mere transportation, but the symbol of status and are enjoyable products now. The finding concludes that to the combined compatibility, co-branding plays a dominant role. The domestic scholar Fang Wu takes milk as study subject. To consumers, milk is more for basic nutritional need and is the functional products. The conclusion is that the compatibility of products has more significant to co-branding evaluation. Thus, the paper concludes that the different dimension of the combined compatibility has different impact on co-branding and has certain adjustable effect on product attribute. Put forward to the hypothesis accordingly: H3: when enjoyable attribute surpasses enjoyable, product compatibility has more impact on co-branding evaluation. H4: when enjoyable attribute surpasses functional, brand compatibility has more impact on co-branding evaluation. The paper emphasizes combined compatibility, which product compatibility and brand compatibility have direct effect, and product attribute has adjustable effect.

4 Methods

4.1 Samples and data

The research takes the co-branding of DYK as subject and Chinese individual consumers as object. Given co-branding is a new marketing pattern, and young people has a strong ability to accept new knowledge, they are suitable research objects. The samples are fresh graduates, which has planned to purchase car in five years. Form Feb. 2014 to June 2014, the survey distributed 180 questionnaires and collected 176, and the collected rate is 97.8%, which have 167 valid ones, the rate is 92.8%.

4.2 Questionnaire design and survey

The measurement of co-brand evaluation is designed by combined compatibility and co-brand evaluation. The questionnaire refers to other scholars' researches (Aaker(1991) co-brand evaluation; Park, Milberg, Lawson(1990), Simonin(1998) product compatibility evaluation; Varadrajana(1985), Keller(1990) brand compatibility evaluation; Aaker, Keller(1990)co-brand evaluation) and modify these questionnaires combining our research. All measurements quesinsert five scales, including "very agree", "agree", "general", "disagree", "strongly disagree" five options, and give each level corresponding score, successively define of 5 points, 4 points, 3 points, 2 points, 1 point, the respondents can answer according to their own consumer experience. This study analyzed reliability measurement scale by SPSS20.0, analysis results shown in Table 1. The results show that the total scale reliability was 0.862, indicating that this empirical study of scale has high internal consistency, meet the requirements of research. Brand evaluation, product matching, four dimensions Cronbach α values brand matching, co-branding evaluate were 0.740, 0.885, 0.863, 0.872, are larger than the standard value of 0.7, indicating that the four dimensions has internal consistency.

Table 1. Reliability range: Cronbach.

Measurement table	Cronbach	total	judgment
total reliability analysis	0.862	14	effective
brand evaluation	0.740	5	Effective
product matching	0.885	2	Effective
Brand Matching	0.863	3	effective
Co-Branding evaluation	0.872	4	effective

4.3 Questionnaire analysis of reliability and validity

We use internal consistency coefficient (Cronbach's α) test variables reliability, variables validity include content validity and construct validity. Since the measurement scale used in this paper are from abroad representative literature, through a number of certification and inspection to ensure that scale used herein has good content validity. This study analyzed reliability measurement scale by SPSS20.0, analysis results shown in Table 1. The results show that the total scale reliability was 0.862, indicating that this empirical study of scale has high internal consistency, meet the requirements of research. Brand evaluation, product matching, four dimensions Cronbach α values brand matching, co-branding evaluate were 0.740, 0.885, 0.868, 0.872, are larger than the standard value of 0.7, indicating that the four dimensions has internal consistency.

4.4 Sample description

The total questionnaires survey is 180, returned 176 questionnaires, 167 valid questionnaires, the effective rate of 92.8%, the analysis results are shown in Table 2.

Table 2. Sample characteristics describes: education, gender, income.

Sample characteristics	total number of sample	(%)
sale	70	42%
female	97	58%
Government / institution personnel	1	0.5%
Employees	33	19.8%
Financial	6	3.5%
others	26	15.6%
0-1000 元 yuan	47	28.1%
1000-3000 yuan	57	34.1%
3000-5000 yuan	62	37.1%
More than 5000 yuan	1	0.07%

4.5 Handling test

The study asked two key indicators as a measure of matching, in this paper, select "Shampoo + Hair Dryer, and" watch + phone" as a product mix high product matching, and "Shampoo + computer" and "watch + TV", as a matching low product portfolio. This article will use the independent sample T test (Independent Samples Test) method to test products matching level if it cause the difference between the average index, and compare its size.

Can be seen from Table 3, respondents in the higher co-branding products matching case, matching the product index score is higher than in the case of products matching low scores, and the difference is remarkable. Therefore, this study can be considered that the product matching handling achieve desired effect.

In this study, the two asked matching item as a brand metrics, In this paper select "KIA + Michelin", as a high matching product portfolio, and "KIA + Wanda" as a low matching product portfolio. This article will use the independent sample T test (Independent Samples Test) method for testing products matching the level which causing the difference between the average index, and compare its size, the test results shown in Table 4.

As can be seen from Table 4, respondents under the brand co-branded high matching case, matching the brand index score is higher than in the case of the brand matching low scores, and the difference is remarkable. Therefore, this study can be considered the brand match manipulation to achieve the desired effect.

Table 3. Items matching data manipulation.

product mix		mean	F value	P value
Shampoo + Hair dryer	high match	6.03	75.84	0.000***
Shampoo + computer	matching low	3.81		

Table 4. Brand matching data manipulation

Portfolio		mean	F value	P value
KIA + Michelin	high match	4.35	9.359	0.008***
KIA + Wanda	low match	2.73		

4.6 Multiple regression analysis

In this study, the product matches, the brand as independent variables, co-branding evaluation as the dependent variable, product attributes as the moderator, then begin to multiple regression.

H1 Inspection:

In this paper, conducted a meta regression analysis to independent variable (product matching) and the dependent variable (Brand Joint Evaluation) using SPSS19.0 , the results shown in Table 5.

The regression analysis of Table 5, to all brands, when enterprises branding, product matching significantly influence consumer about brand joint evaluation (P <0.05). That is, the higher product matching between the co-branded, the higher consume brand joint reevaluation. Thus, assuming the establishment H1.

H2 Inspection:

Perform simple regression analysis to independent variables (brand match) and the dependent variable (brand joint evaluation) by SPSS19.0, the results are shown in Table 6.

From Table 6 Regression analysis shows that, to be analyzed for all brands, when corporate brand association, brand matching significantly affect consumer brand joint evaluation (P <0.05), that is to say the higher the brand match between co-branding , the higher consumer brand joint evaluation. Thus, assuming the establishment H2.

H3 Inspection

Dongfeng Yueda Kia is the leading brand of the two portfolio, product functionality that is product matching attributes, enjoy attributes is brand matching, perform binary regression model analysis the relation between two matching joint with co-branding evaluation, the results shown in Table 7.

Table 7 Regression analysis shows that the product matching coefficient is 0.513, more than brand matching coefficient 0.226, indicating when the KIA and the Michelin tire co-branding, product functional properties beyond the product enjoyment property, and adjusted R² is 0.821, explanation that the model was well fitted, table 4 ANOVA F statistic is 57.356, the P values is less than the significance level (P <0.05). Thus, assuming the establishment of H3.

H4 Inspection:

Table 8 regression analysis can be seen, when compare with products matching coefficient and brand matching coefficient, partial regression coefficient of T test between two variables is less than the probability P significance level (0.05), the brand matching coefficient is greater than the product matching coefficient, description brand matching influence larger than the product matching. In addition, Table 6 variance analysis shows that, F statistic is 40.665 less than probability P, namely two independent variables have significant linear relationship to the dependent variable brand joint evaluations . Therefore, assuming the establishment of H4.

Table 5. Items matching regression analysis.

Model		Non-standardized coefficients		standard coefficient	T value	Sig.	R2
		regression coefficient	Standard error	trial version			
1	(constant)	1.931	0.064		0.000	1.000	0.861
	(Products match)	0.565	0.064	0.565	8.789	0.000***	

Table 6. Brand Match Regression Analysis.

model		Non-standardized coefficients		standard coefficients	T value	Sig.	R2
		regression coefficients	standard error	Beta			
1	(constant)	1.417	0.065		0.000	0.000	0.733
	1Match brand 1	0.541	0.065	0.541	8.258	0.000***	

Table 7. KIA with Michelin tires co-branding

Model		Non-standardized coefficients		standard coefficient	T value	Sig.	R2	adjusted R2
		regression coefficient	Standard error	Beta				
1	(constant)	0.048	0.060		12	0.000	0.854	0.821
	Products match	0.513	0.066	0.513	7.790	0.000***		
	Brands match	0.226	0.066	0.226	3.436	0.001**		

Table 8. KIA with Wanda Cinema co-branding.

Model		Non-standardized coefficients		standard coefficient	T value	Sig.	R2	adjusted R2
		regression coefficient	Standard error	Beta				
1	(constant)	0.032	0.064		1.65	0.000	0.745	0.685
	Products match	0.380	0.123	0.380	3.095	0.002**		
	Brands match	0.516	0.123	0.516	7.962	0.000***		

Table 9. Summary of findings.

Hypothesis	research	results
H1	products matching has a significant positive correlation to the brand joint evaluation	established
H2	brand matching has a significant positive correlation to brand joint evaluation	established
H3	when co-branding functional attributes beyond the enjoyment property, the greater impact on the product matching to brand joint evaluation	established
H4	when enjoyment of property of co-branding products exceed the functional properties, the greater impact on brand matching to brand joint evaluations	established

5 Discussion

Through the H3, H4 binary regression analysis, when KIA with Michelin tires joint, the product functionality attributes played a leading role, while union with Wanda Cinema, product enjoying attributes played a dominant role. We found that in the two sets of experiments, the product attributes play a regulation role in co-branding and joint matching evaluation.

6 Conclusions

In this paper, empirical studies show that joint matching has two-dimensional structure, the higher joint matching, the more positive consumer brand joint evaluations. Joint matching is mainly reflected in the product matching and brand matching two levels, where the product matching is mainly reflected product function has a certain complementarity is that whether total product utility of consumers is improved; and brand matching is reflected in whether brand image, brand position and brand personality are the same of co-branded. When companies choose to cooperate brand, not only consider whether product level bring a better functional value, but also consider whether two sides of brand level coordinated combination.

Conflict of interest

The author confirms that this article content has no conflict of interest.

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