A Framework to Predict the Change of Attitude towards Co-Branding

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Abstract: Co-branding has been growing rapidly in recent years. It is widely used to improve consumer’s brand knowledge of the parent brands. Various theories have been used to assess consumer’s attitude towards co-branding. However, there is neither a single framework nor a structured process that explains the process of consumer’s attitude formation. In this study, the authors developed a conceptual model that consists of established consumer’s attitude formation theories. The model describes various consumer experiences that occur from being exposed with co-branding to the attitude formation. The model can be a useful tool to predict consumer’s attitude towards co-branding. The ability to do this will assist marketers to choose a suitable brand for their co-branding initiative. In the end, it will avert marketers from wasting their marketing budgets caused by a failed co-branding effort.

Keywords: Co-branding, consumer experience, attitude change, attitude formation, marketing, marketing budget

Paper type: Conceptual paper

1. Introduction
Various forms of strategic alliances have become more popular in recent years. A particular type of strategic alliance which has grown rapidly is the brand alliance, also referred to as co-branding (Cooke and Ryan, 2000). There are several definitions of co-branding. Narrowly defined, co-branding is the practice of combining two or more brands to create a single product. Broadly defined, co-branding happens when there are at least two brands which are paired together and cooperate in a marketing context, such as advertising, product development, product placement, or distribution (Grossman and Priluck, 1997; Leuthesser.L, Kohli, and Suri, 2003; Kumar, 2005).

Co-branding is used by marketers to transfer positive associations from brand partners (Spethman and Benezra, 1994). Moreover, the co-branding arrangement can also increase evaluation and consideration of
the brand by leveraging the core competency of the partner, deterring competition, improving brand association and recall, and more generally, creating synergy (Blackett and Boad, 1999).

There are several theories that provide theoretical support regarding attitude formation of co-branding such as selective attention theory, information processing theory, associative networks theory, congruity theory, information integration theory, signaling theory, and schema theory. However, there is no research that constructs those theories in a structured form. Hence, in this paper, we constructed a framework in the form of structured process that described the consumer’s experiences and arranged based on established theories.

Through this framework, marketers can predict co-branding’s results on consumer’s attitude. This would allow marketers to choose the right partner for their co-branding initiative. In the long run, marketing budget can be made more efficient because marketers can avoid co-branding failure.

The paper is structured into five sections. In Section 2, the authors present the literature on co-branding and attitude change. In Section 3, the authors develop a processual framework of attitude formation in both high and low integration co-branding. In Section 4, the authors present two illustrative examples and lastly, the authors suggest possible directions for future research in Section 5.

2. Literature Review

A. Co-branding

Co-branding, synonymously called brand alliance, often serves as a strategic alliance in which two firms jointly offer their brand elements to the customer (Simonin and Ruth, 1998). According to Park, Jun, and Shocker (1996) and Kotler, Armstrong, and Wong (1999), co-branding is defined as pairing two or more brands to form a separate and unique product. Co-branding is also defined as collaborative marketing effort between the partnering brands (Cooke and Ryan, 2000).

Other views from the core complementarity perspective is that co-branding involves the putting together of identities and equity of the brands involved (Aaker and Keller, 1990). It can establish an image transfer and the integration of a new physical attribute into the existing brand (Waters, 1997).

Co-branding is believed to limit the risk of entering into a new product category in which consumer may question the firm’s expertise. When the well-known brand is paired with a lesser-known brand, it can enhance the positive image to the co-branded products, regardless of their initial equity perception (Washburn et al., 2000). This is in line with Swait and Dubelaar (1993) who mentioned that the equity of the secondary brand may be transferred to the host brand to help gain consumer’s favorability. Dahlen (2005) also argued that strong brands attract attention and consumers process information related to strong brands more than information for weak brands. Therefore, co-branding can improve both of the parent brands’ equity.

It is clear that co-branding is established to influence consumers’ attitude. Co-branding participants expect that consumer’s attitude will be more positive after the co-branding formation that will allow them to offer more products or services to the consumers. The attitude itself is an output of information processing of the co-branding partnership. Consumers tend to question the goals of the co-branding and whether the co-branding will bring favorable features or associations to the co-branded products/services. If it is true, the chance that they will purchase the products or services is higher (see Figure 1).
B. Co-branding integration
The integration refers to the extent to which the partnering brands are intertwined in form and function (Newmeyer et al., 2013). The brands can be presented in a multitude of forms, with the degree of integration ranging from high to low. According to Newmeyer et al. (2013), co-branding arrangements that are likely to increase expected returns also carry higher risks due to greater variability of benefits and the freer-up-front commitment from the firm. It indicates that the integration commitment also has a major role on consumer’s evaluation.

High integration
High integration occurs when both of the parent companies have an agreement together to utilize their know-how resources together in co-branding forms. It is characterized by strong dependency between the parent brands, high to medium amounts of organization resources involved, and a long to medium time frame. The examples are joint venture, product creation, active ingredient branding, and joint promotion.

Joint venture is the cooperation of two or more individuals or businesses in which each agrees to share the profit, loss and control in a specific enterprise. Product creation includes everything that is needed to create a new product, for instance: development of the production processes, design of logistic flow and structure, development of required services, market announcement, and market introduction. Ingredient branding is a component of a product that has its own brand identity. This active ingredient branding happens when the parent companies form an alignment upon an agreement. Joint promotion is a marketing tool designed to promote two or more products simultaneously, usually by associating compatible brands or products.

Low integration
Low integration occurs when the joint presentation of brands remains separated in form, and joint use may be desirable but not necessary. It is characterized by low dependency between partnering brands and few amounts of organization resources involved in a short time frame. The examples are sponsoring, product placement and passive ingredient branding

Sponsoring is supporting an event, activity, person, or organization financially through the provision of products or services. Product placement is a form of advertisement, where branded goods or services are placed in a context usually devoid of ads. Passive ingredient branding happens when the parent company does not form an alignment and there is no alliance agreement between both of the parent brands.

C. Attitude change theories
There are seven theories on this study that explain the formation of new brand knowledge or attitude which will further be elaborated into a single interpretation process of a consumer.
D. Selective attention theory
When consumers engage in careful deliberation about one parent brand to the exclusion of others, their evaluation of the parent brand may change. A key concept regarding selective perception is that information processing is capacity limited (Allport, 1990). Selective processes are the means by which the individuals’ preexisting beliefs shape their use of information in a complex environment (Garret, 1968). Because the evidential bases for judgment are often scattered and complex, consumers often simplify the judgment formation and evaluation process by focusing on a single hypothesis or possibility at a time, and by focusing selectively on hypothesis-consistent evidence while neglecting hypothesis-inconsistent evidence (Sanbonmatsu et al., 1998).

Selective perception consists of selective exposure, selective attention and selective distortion (Babin and Harris, 2014). Selective exposure is an ability to screen out the stimuli and expose it to only a small portion. Selective attention is a brain mechanism that allows organisms to selectively attend to behaviorally relevant stimuli while ignoring irrelevant stimuli. Additionally, selection occurs covertly without awareness or orienting the sense organ towards sensory information. Meanwhile, selective distortion occurs when the consumers interpret the information as biased as their prior belief. The outcomes may be negative or positive, depending on the consumers’ preexisting attitudes towards the brand.

According to a neurology study stated by Khoe (2003), the frontal-parietal regions provide top-down control signals to posterior sensory areas. These signals include complex decision making processes regarding stimulus selection and response mapping. Subsequently, selection of sensory inputs occurs in the posterior sensory regions as dictated by signals from the frontal-parietal control regions. Neuroimaging studies by Corbetta and his colleagues (Corbetta et al., 2000) demonstrated that both frontal-parietal and posterior cortical areas are recruited during selective attention. Corbetta suggested that frontal-parietal areas are the source of selective top-down signals. Specifically, frontal cortex and basal ganglia activations reflect the short-term memory signals for features held in memory. The memory trace would eventually modulate posterior sensory areas, perhaps via thalamic pathways connecting the two areas.

E. Information processing theory
The information processing model places emphasis on how information entering through the senses is encoded, stored, retrieved and utilized by the brain. The belief in the interaction of new information with stored information is the third key point of cognitive study. This is usually demonstrated with a bottom-up or top-down system or a combination of the two. When new information is seen as an initiator in which the brain attempts to match with existing concepts in the effort to define attributes, the process which happened is bottom-up processing (Gibson, 1979). Meanwhile, a top-down system occurs when the existing information seen as the initiator and memory representations are evaluated, then matched to the stimuli (Lutz and Huit, 2003).

In this study, the bottom-up processing occurs in high integration co-branding because the stimulus (new information) is seen as the initiator in defining the attributes, while the low-integration co-branding relies on the top-down system because in low-integration, the co-branding of both of the parent brands is operated in separated form, so the prior knowledge on each brand is taking the major role rather than the new information provided by the co-branding arrangement.

F. Associative networks theory
Associative network model explains the process through which joint relationships affect consumer’s knowledge structures; the building block is a node used to represent concepts, events, or episodes. Nodes are connected to each other through relational links that possess a number of properties, viz., strength, typicality, mutability, etc. (Quillian, 1969; Collins and Loftus, 1972; Nelson et al., 1993). The nodes are
conceptualized as fixed points and the links provide meaning by connecting different nodes. Relational strengths between nodes (viz., strength of the relational link connecting two nodes) determine the ease with which consumers retrieve information contained in a node when an associated node and the relational link between them are activated.

The spreading-activation process occurs when a person receives a stimulus, and node is activated corresponding to the stimulus. The node later will be called as the focal node and become the initiator nodes through the links between them. The search in memory between nodes traces out in parallel along the links from the focal node. Then, the activated nodes become stimulus nodes, expanding and spreading the activation. The spreading of activation constantly expands, and the degree of spreading depends on the distance between the to-be-activated-node to the first stimulus node (Quillian, 1969).

G. Congruity theory
Congruity theory has been proposed by Osgood and Tannenbaum (1996) and embraces the principle of cognitive consistency maintained in social psychology. This principle holds that individuals seek to preserve consistency or internal harmony among their attitudes, values, or opinions (Levin et al., 1996). Specifically, the idea of cognitive consistency conjectures that when an individual holds two or more objects or concepts that are relevant to each other in some way but inconsistent with one another, a state of imbalance or discomfort is created (Wiedmann and Gross, 2013). Such inner arousal will motivate the individual to alter the evaluations of some or all of the entities in an attempt to attenuate the felt discrepancy. Inference from the principles of congruity suggests that a consumer engages in establishing attitudinal accord among brands perceived as linked by means of a sponsorship alliance. If attitudes towards these brands currently do not match, pressure towards congruity will instigate assimilation of brand attitudes which is tantamount to a reciprocal transfer of beliefs or feelings.

H. Information integration theory
Information integration theory provides the theoretical support to explain how co-branding forms a new brand image in the consumer’s memory, which suggests that consumer’s attitudes and belief towards the co-branded product are formed and modified as he or she receives new information provided by the co-branding arrangement and then integrated with his or her prior attitudes and belief (Anderson, 1981; Lafferty et al., 2004).

I. Signaling theory
The theory of signaling is important for brand alliances, where brands are used as signals for the products to reduce the market’s information asymmetry (Carl, 2010). Signaling theory argue that co-branding arrangement provides greater assurance regarding the product quality compared to a single branded product, because there is a positive association transferred among the parent brands (Rao et al. 1999). Creating a strong signal through the brand does not only enhance the brand equity, but also add value by reducing information cost and preceding perceived risk (Erdem and Swait, 1998)

In signaling theory, brand equity is dependent on credibility, as the signals a product sends through advertising, brand name, and warranties need to have substance and be trustworthy in order to convince the consumers to believe in them. A difference between Kelle’s CBBE and signaling theory is the issue of loyalty; the cognitive framework regards loyalty as part of the brand equity evaluation, whereas loyalty in the signaling perspective is an outcome of brand equity creation (Carl, 2010).

J. Schema theory
According to the studies on product schemata (Helmig et al.2006), the concepts of the new co-branded product and those of the constituent brand can be represented as schemata. A schema can be defined as a
preexisting assumption about the way the world is organized (Axelrod, 1973). Humans associate and combine new impressions about products with their existing memory pertaining to other products or the overall environment. To evaluate co-branded products, consumers must perceive that the two schemata of the two brands involved fit well.

3. A process of attitude formation in co-branding
In this study, the attitude change theories will be further elaborated. The elaboration is presented in a structured process which starts from being exposed with the co-branding to the attitude formation.

The initial process is stimulus reception. The stimulus presents information provided by the co-branding arrangement. Due to the limited capacity of the brain, only some information will be further elaborated by it. That phenomenon is called as selective attention process which allows our brain to filter information selectively.

Consumers will notice the information of co-branding arrangement if it were perceived as interesting enough to grab their attention. Therefore, to pass the selective attention process, the information provided by the co-branding arrangement should be interesting to consumers. According to Mehta and Purvis (2006), consumer’s attentioning process is not based on cognitive or rational response, but rather mostly based on the emotion and conscious control of an individual consumer. The importance of emotions as the initial process for further cognitive and attitude formation has also been replicated by Hall (2002); Du Plessis (2005); Poels and Dewitte (2006). The major findings by Morris et al. (2002) suggested the ads domination cognitive factor to explain behaviors such as purchase intention as emotional reactions.

The next step after selective attention is information processing. There is a difference of information processing between high and low integration, which is information initiator. In high integration, the information processing which happens is bottom-up processing where the stimulus becomes the initiator in defining the attributes or evaluating the co-branding arrangement. It happens because high integration provides greater assurance and information quality in terms of strong dependency and long term frame. Meanwhile, in low integration, the information processing which happens is top-down processing where the prior knowledge on each brand is taking the major role rather than the new information provided by the co-branding arrangement.

After the information is being processed, it will later activate the nodes that exist in the consumer’s mind, known as associative networks. When the consumer is given a clue about the parent brands, there will be a spreading-activation. It illustrates how the memory search spreads upon the activation of stimuli. When a person receives a stimulus, a node is activated corresponding to the stimulus. The search in memory between nodes traces out in parallel along the links from the focal nodes. Then, the activated nodes become stimulus nodes, expanding and spreading the activation. The spreading of activation constantly expands, and the degree of spreading depends on the distance between the to-be-activated-node to the first stimulus node (Chen, 2010).

Subsequently, consumer will seek internal harmony or internal consistency which has been argued in the congruity theory. This principle holds that individuals seek to preserve consistency or internal harmony among their attitudes, values, or opinions (Levin et al., 1996). There are two possibilities that might occur, namely congruence, or incongruence.

A. Attitude formation in high integration co-branding
  Congruence in positive information scenario
After the congruency process with their own belief, consumers will start to integrate new information and old information that exist in nodes.
In the integration process, there will be positive associations transferred since both of the parent brands have the ability to exchange their core competences and know-how resources. Also, the credibility that is represented in a long term frame arrangement signals that they are serious and highly committed. These positive transfers will improve the parent brands’ equity.

Furthermore, consumer’s attitude and perceived excitement will slightly increase because the consumer likes the object that conforms to his or her expectation and allow predictability, but it will not promote extensive elaboration in the consumer’s mind.

**P1:** In high integration with congruency in positive information condition, consumer’s attitude and perceived excitement will not increase significantly.

*Incongruence in positive information scenario*

The incongruity happens when new information provided by the co-branding arrangement does not match with the consumer’s own belief. It happens in the information integration process. New information will be more highly evaluated rather than old information, so information incongruency will arise.

Moderate incongruity can be successfully resolved without prompting a fundamental change in the consumer’s existing knowledge structure where such resolution might be accomplished via assimilation, subtyping, or activation of an alternative schema. It is also supported by the selective distortion theory which stated that the consumers will have a biased information if the new information is not congruent with their prior belief; during moderate incongruities situation, the consumers will be able to resolve it and therefore change their own belief (Babin and Harris, 2014).

Moderate incongruities are regarded as interesting with positive values, therefore will lead to more positive responses. Indeed, the process of resolving the incongruity is thought to be exciting and rewarding. The positive associations will be transferred eventually.

**P2:** In high integration with congruency in a positive information condition, consumer’s attitude and perceived excitement will increase significantly rather than the congruence scenario.

*Congruence in negative information scenario*

The information between new and existing are consistent, unfortunately in a negative way. Thus, the consumer will tend to ignore the information provided by the co-branding arrangement, and there will be no positive associations or negative associations transferred because the consumer evaluates the arrangement in the same perception or belief as the parent brands before.

**P3:** In high integration with congruency in negative information condition, consumer’s attitude and perceived excitement are not significant.

*Incongruence in negative information scenario*

In this scenario, the information provided by co-branding arrangement is evaluated higher than its prior belief, so there will be an extreme incongruity which cannot be resolved or it can be but needs more extensive efforts and resources since the changes in knowledge structures are fundamental; yet, consumers are more likely to be persistent, defend their own belief, and do not want to be blamed that their previous beliefs as wrong, thus the elaboration of this scenario will lead to frustration than resolution (Levy and Tybout, 2003).

**P4:** In high integration with congruency in negative information condition, consumer’s attitude and perceived excitement will decrease significantly.
Figure 2. Attitude formation framework on high integration

Stimulus

Selective Attention
(Is the stimulus interesting?)

Yes

External

No

Internal (Consumer’s Mind)

Bottom-up processing

Bottom-up processing

Networks activation

Networks activation

Congruity
(Does the new information fit well with their personal belief?)

Congruity
(Does the new information fit well with their personal belief?)

No

Yes

Information Integration (Exist < New)

Information Integration (Exist = New)

Information Integration (Exist < New)

Information Integration (Exist = New)

No positive associations transferred

No positive associations transferred

Positive associations transferred

Positive associations transferred

Parent brands equity decreased

Parent brands equity did not change

Parent brands equity improved

Parent brands equity improved

- Decreased perceived excitement and attitude evaluation

- No perceived excitement and attitude evaluation

- Increase perceived excitement
  - Increase attitude evaluation

- Slightly increased perceived excitement
  - Slightly increased attitude evaluation
B. Attitude formation in low integration co-branding

Congruence in positive information scenario
In low integration situation, both of the parent brands are separated entity which also operate separately. The positive information provided by the co-branding arrangement that is consistent with the consumer’s prior belief will lead to transferance of positive associations. Furthermore, consumer’s attitude and perceived excitement will slightly increase because the consumer likes objects that conform to his or her expectations and allow predictability, but it will not promote extensive elaboration in the consumer’s mind.

**P5**: In high integration with congruency in positive information condition, consumer’s attitude and perceived excitement will not increase significantly.

Incongruence in positive information scenario
The incongruency can lead to extensive elaboration in the consumer’s mind and will further improve the consumer’s evaluation because the brand equity is positively evaluated by the consumer. The positive association of one of the parent brands will be transferred to the other brand. However, because of its low integration where the parent brands remain separate and not in a long-term commitment, the consumer will not perceive the elaboration process as exciting or rewarding.

**P6**: In low integration with incongruency in positive information condition, consumer’s attitude will not increase significantly with no perceived excitement.

Congruence in negative information scenario
In this scenario, consumer will tend to ignore the new information provided by the co-branding arrangement, because the new information is consistent with his or her own belief. The brand in consumer’s perception does not change because there is no association being transferred on both of the parent brands.

**P8**: In low integration with congruency in negative information condition, consumer’s attitude and perceived excitement are not significant.

Incongruence in negative information scenario
Extreme incongruency might occur in this scenario. The new information will do more damage to the consumer’s perception. It will lead to transferance of negative associations between parent brands, and further on will decrease the parent brands’ equity and attitude evaluation.

**P7**: In low integration with incongruency in negative information condition, consumer’s attitude will decrease significantly with a negative perceived excitement.
Figure 3. Attitude formation framework on low integration

Stimulus

Selective Attention
(Is the stimulus interesting?)

External

No

Selective Attention
(Is the stimulus interesting?)

Internal

(Consumer’s Mind)

Top-down processing

No perceived excitement and attitude evaluation.

Negative associations transferred

Parent brands equity decreased

- Negative perceived excitement
- Decrease attitude evaluation

Yes

Top-down processing

Congruity
(Does the new information fit well with their personal belief?)

No

Information Integration (Exist < New)

No associations transferred

Parent brands equity did not change

- No perceived excitement and attitude evaluation.

Yes

Information Integration (Exist = New)

Positive associations transferred

Parent brands equity improved

- Slightly increased perceived excitement
- Slightly increased attitude evaluation

No

Information Integration (Exist < New)

No associations transferred

Parent brands equity did not change

- No perceived excitement and attitude evaluation.

Yes

Information Integration (Exist = New)

Positive associations transferred

Parent brands equity improved

- Slightly increased perceived excitement
- Slightly increased attitude evaluation
4. Illustrative Applications

To illustrate the proposed framework, the authors used two fictitious brands-pair of Fairy Chocolate-Flour and Co. for a high integration degree and a sponsorship of the Rockett-High School Scholarship Bazaar for low integration degree. The outcomes are the prediction of consumer’s attitude on a co-branded product and the parent brands’ equity.

A. High integration case: the pairing of fairy chocolate – flour and co

Fairy chocolate is associated with delicious and premium chocolates, while Flour and Co is a fresh-baked bakery in supermarkets. Fairy Chocolate together with Flour and Co are having a co-branding arrangement in terms of a new product creation. Together, they make a fresh-baked chocolate bread. Later on, both of the parent brands create a marketing activity together to promote their new product creation. The stimulus is being presented in multiple forms of marketing activity, such as advertising, social media campaign, launching event, and banner. It is assumed that the stimulus is perceived as interesting because it has emotional engagement. It is depicted from a scene where a fresh-baked chocolate bread is consumed by a family and their beloved ones. The advertisement tries to convey the message that the co-branded product can bring togetherness and happiness.

After being perceived as interesting, the stimulus moves onto bottom-up processing. New information in the form of stimulus becomes the trigger of defining the new co-branded product attributes. The process will activate the network association. At this point, consumers will start to dig down their memories regarding each parent brands. The memories themselves will create spreading activation. After networks are activated, there is a congruence stage in the consumers’ mind to match with their personal beliefs. In this context, their existing beliefs of Fairy Chocolate and Flour and Co already fit with the new information that is provided by the co-branding’s marketing activities.

The congruity later on will promote the transfer of positive associations from each parent brand. Therefore, the parent brands’ equity will be improved. As a result, perceived excitement and attitude evaluation are slightly increased. The prediction is also proven by the increasing of sales, the co-branded product’s repurchase, and increasing product search.

B. Low integration case: sponsorship of rocket-high school scholarship bazaar

Rockett is a global brand of stationary products that aligns a sponsorship agreement with a high school scholarship bazaar. Rockett promotes its product by giving free packages for the bazaar participants. Both of the parent brands remain operating separately and do not have further arrangements.

The form of arrangement on this case is being assumed as not interesting, because there are no extensive marketing activities that convey the message to consumers or involve any emotional engagements. The next process that occurs is bottom-up processing where consumers will define co-branded attributes based on their existing knowledge. The bottom-up processing will trigger the networks activation on the consumers’ minds. The congruity happens when the consumers already collect the existing information of each parent brands, and start to match those with their personal beliefs.

In this case, consumers’ personal beliefs of Rockett and Scholarship Bazaar are congruent (Rockett remains as a global brand; on the other hand, Scholarship Bazaar remains as an event). The congruency in this type of situation will not promote any positive association since there is no signal of each parent brand’s image that is being delivered. Henceforth, there are no perceived excitement and attitude evaluation that occur. Those predicted consumer’s attitude can be seen from stagnant sales, no changes in consumer perspectives, and no increase in product search.
5. Future Research

This research has provided a framework in a structured process that makes it possible for marketers to predict attitude change of consumers as a response of co-branding exposure. There are several recommendations for future research.

Firstly, it would be beneficial to test the proposition on each integration level by using the framework through a series of analysis, both qualitative and quantitative for greater accuracy of prediction. Secondly, consumer involvement level might also have a direct effect on the consumer’s attitude formation, primarily on associative networks in the consumer’s mind. Furthermore, it is recommended to use real brands rather than fictitious ones to test the proposition. Real brands may produce greater favorability in the consumer’s attitude as suggested by Dickinson and Heath (2008).

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