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**ARTICLE**

# **COBRANDING: REVITALIZING BUSINESS THROUGH ALLIANCES**

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Casablanca Airport, 1942. Wrapped in fog—quite unlikely in those latitudes—Rick Blaine (Humphrey Bogart) and Louis Renault (Claude Rains) hold a dialogue that immortalizes one of the most iconic phrases in filmmaking: “Louis, this is the beginning of a beautiful friendship.” What is friendship if not an alliance? Sometimes it is as strong as an oak, while others are as fragile as a stem. The recipe for friendship seems clear: Tolerance, trust, compatibility, sincerity, availability and a pinch of luck. Alliances between brands are no different. In this article, we will analyze the key components to a sound friendship between two brands.

First, let’s look at some recent cases:

- Jordi Roca and Netflix have come together around an ice cream line inspired by the series *Stranger Things*. Jordi is an inveterate film fan and Netflix has an original and innovative persona based on happiness, so it’s unsurprising that together they can reach a broad audience seeking entertainment as a way of life.
- Vogue España and Banco Santander have just launched *Vogue Business*, an alliance that joins fashion and finance in an effort to speed women’s progress in their professional careers and entrepreneurships.
- Several months ago, Burger King and Grefusa joined forces to create a new product, one that includes the flavor of the popular Whopper in their G-pipes. The two are linked by a brand promise about sharing good times among friends and enjoying a surprise.
- Uterqüe sealed an alliance with Bobbi Brown to launch a leather cosmetic bag filled with five cosmetic products. For Uterqüe, this means accessing a new segment—color cosmetics, which is in full growth. This is a brand positioning alliance and not a commercial one, working to reach the same types customers since both brands have similar positions and prices.

But what leads brands to make these alliances? What advantages and risks do these agreements hold? How do brands pick the ideal candidate? What is the common goal of each alliance? What value does a candidate offer, and what value do you bring? What implications does an alliance have for your business, brand reputation and image?

## FROM CONCENTRATION TO COOPERATION

At a time of intense challenge, it is almost as important to identify and prioritize them as it is to recognize that we cannot face them alone. Given that the digital environment generalizes and evolves based on cooperation, we can conclude that it is usually not duly supported and organized.

We must briefly review history to understand the context around Harrigan (1986), who stated that cooperation is a concept that has existed since the beginning of the 20<sup>th</sup> century, when the first joint ventures were created to exploit natural resources. In the 80s’, however, cooperation became generalized as a more strategic resource.<sup>1</sup> Increasingly, the growing importance of alliances in business practice led authors such as Dunning (1995) to name the economic status of the 90s’ as the “capitalism of alliances.”

¿But what is it that leads brands to cooperate? The decrease in life cycle, new demand composition, adaptation to change, shared knowledge and joint creativity, together with technology and companies’ total globalization, have permanently increased brands’ innovation due to the higher level of market competitiveness. But quite frequently, transformation takes place so fast that it outgrows internal capacities, which forces companies to look outside their walls and see the market as an opportunity to relate to others, not just as an adverse environment. Cobranding sets forth a framework that is an alternative to business’ focus on mergers and acquisitions,

<sup>1</sup> Harrigan, K: *Managing for Joint Ventures Success*. Lexington Books, Lexington.

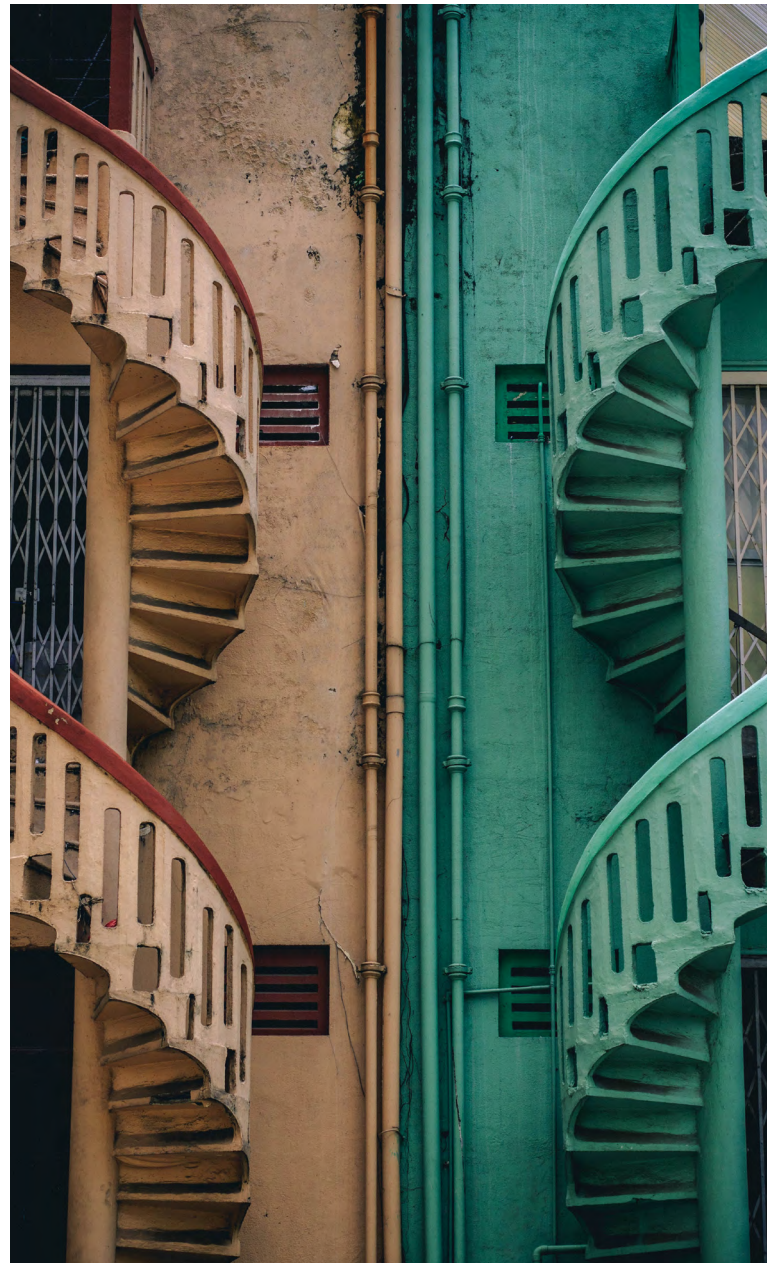
which are usually too expensive. Their high cost usually turns into another type of strategy, different from the alliances that increase company size through cooperation.

## FROM TECHNICAL MODEL TO CULTURAL ALLIANCE

Two basic aspects must shape an alliance between two brands, one technical and one cultural. From the technical point of view, we must accept that brand coexistence as a process, not just a creative idea with impressive content. For cooperation to be effective, it is necessary to rigorously analyze the resources each partner contributes; implement committees to coordinate and oversee the agreement; create filters regarding the company, reputation, brand and communication that will share this coexistence; determine what types of information will be shared between the brands; and pre-state the partnership's discharge agreements and success indicators, among other aspects. Day-to-day needs, business demands, lack of team alignment and protocols will not be on our side. High levels of business involvement in cobranding strategies will require implementing a rational, agile and simple model that guarantees an effective process—without putting brand or business at risk. Also, to best negotiate brand coexistence, a structured and detailed model is necessary to avoid weakening your position.<sup>2</sup>

From the cultural perspective, the main question is how to build trust between two cultural identities, which are usually quite different. In an artificially generated partnership environment, trust and respect play critical roles. Many agreements fail because of the mistaken tendency to keep company secrets from their ally, but transparency is the best management option between parties if you want an agreement to be truly useful. From an anthropological point of view, the highest cooperation levels arose precisely in regions where living conditions were most difficult. Maybe this is why, in modern business history, we have viewed alliances as

particularly opportune during crisis situations. However, cobranding now implies one more goal as part of company growth, and it has to do with seeing growth as a reflection of the collaborative economy in the digital world, where an ethical vision becomes essential for corporate success.



<sup>2</sup> Jesús David Sánchez / Pedro Jiménez Estévez: [La cooperación empresarial como estrategia de crecimiento. Dialnet. \(Business Cooperation as a Strategy for Growth\); Universidad de la Rioja.](#)

Data has shown that reducing power and management imbalances may result in increased effectiveness, but for that, it is key to create objective criteria that ensure potential partners are carefully chosen.

## “We must accept that brand coexistence as a process, not just a creative idea with impressive content”

The creation of a cobranding process must include:

1. **Classification of a strategic alliance.** Based on business, image or target-specific goals.
2. **Customer and candidate brand analysis.** From the concept of setting filters around a company, reputation, brand and communication.
3. **Complement.** Results of the alliance.
4. **Coexistence scenarios.** Determine who will lead the partnership, or whether it will be a shared leadership situation. Define the visual and graphical relation and how it will be communicated.
5. **Governance model.** Define roles, teams and performance protocols for each phase of the process.
6. **Discharge strategies.** Discharge agreements, discharge communication framework and crisis manual.

Among the many formula for business alliances, cobranding is, without a doubt, one of the now most frequently used by companies that either have a sound market position and wish to achieve a more dynamic growth rate, or are in full development and need an additional boost to raise brand awareness and/or connect with audiences. A cobranding agreement must allow us to accurately assess the level of suitability of an alliance so as to recognize the opportunities and risks it will bring. All this is done with a focus on detecting and assessing the partnership so as to strengthen image or business growth. It is important to take prior considerations in the negotiation into account with **due diligence**, including a proactive system for candidate search and overview of the necessary information to close the agreement, set up a governance model and even discharge strategies. Finally, but no less important, it is necessary to create an activation plan alongside the coexistence model to turn theoretical goals into tangible results.

There are many well-known cobranding benefits:

### From the business perspective:

- Improve competitive positioning, with a positive impact on business.
- Diversify to new sectors and/or markets, multiplying the effect of strategies.
- Increase differentiation, expanding product and service offerings.

### From the brand perspective:

- Improve brand reputation and visibility, leveraging an ally's high brand awareness.
- Strengthen desired brand roles and territories.
- Increase desirability, capitalizing on opportunities to partner with new attributes.

**From the stakeholder perspective:**

- Strengthen affinity among specific targets, raising the level of brand loyalty.
- Appeal to new segments.
- Develop the capacity to segment brand communications.

Cobranding has a direct impact on business development, improving companies' competitive positions, reinforcing differentiation and opening doors to diversification. Furthermore, it builds on company brands, helping them add new

attributes related to their images and territories while improving visibility and strengthening their capacities to appeal to customers.

In short, the need to adopt new business, technological and digital models demands companies and their managers seek support from outside their organizations from those who can provide new skills and capabilities.

We don't know whether we will be able to keep our friends for our whole lives, but we can definitively say that, in regard to cobranding, there is a theoretical and practical method you can use to start a beautiful business friendship.

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