Title: Co-Branding as a catalyst for innovation: A qualitative study across industries

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Abstract

This paper explores the impact of co-branding on corporate innovation strategies through an in-depth analysis of practices and outcomes across various industries. Co-branding, a collaborative strategy where two brands unite to promote a product or service, has emerged as a significant lever for enhancing visibility and driving innovation beyond traditional marketing objectives. This research examines how co-branding influences internal dynamics within partner companies, including integrating R&D processes and fostering strategic collaborations, while also acknowledging the challenges and risks inherent in such partnerships. Adopting an exploratory approach, this study uses a qualitative methodology to investigate various types of co-branding—such as product co-design, co-communication, and ingredient co-branding—to identify initial patterns of impact. It provides a foundation for future research into how specific co-branding types drive different forms of innovation, including radical, incremental, disruptive, and sustaining. While the findings reveal that no single "winning" co-branding model exists, the unique combinations of co-branding types necessitate strategic adaptation to harness benefits and mitigate risks. Sectoral and external factors, such as government regulations and market dynamics, are shown to significantly shape co-branding outcomes. Industries like high-tech and optical have successfully leveraged co-branding to foster innovation, while sectors such as telecommunications and banking face greater constraints due to regulatory environments and structural complexities. Internal dynamics, including cross-functional collaboration, top management support, and organizational agility, also emerge as critical to effective co-branding management. The study highlights both the advantages of co-branding, such as accelerated innovation timelines, market expansion, and enhanced brand equity, and its potential disadvantages, including brand dilution, operational misalignment, and dependency on partner reputations. Finally, this study underlines the spillover effects of co-branding on other projects, brands, or even sectors. Increased knowledge sharing and new consumer expectations profoundly influence competition and how companies adjust their market strategies.

Keywords: Co-branding, Innovation management, Strategic partnerships, Knowledge spillover, Market extension

Suggested thematic tracks: Innovation and Product Management, Marketing Strategy

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Introduction

Imagine starting your day with a swipe of lip gloss that tastes like your favorite soda. At first glance, it might seem like a simple product. Yet, this cola-flavored lip balm emerged from a co-branding initiative between Dr Pepper and Bonne Bell in the 1970s—a partnership that sparked an entire category of flavored beauty products and continues to influence the industry today. This example illustrates how co-branding can extend beyond marketing to drive collaboration and create unique value. Defined as a strategic partnership between two brands to promote a product or service, co-branding has evolved into a dynamic approach that leverages the strengths of multiple brands to create offerings that might not otherwise exist. Examples like Nike and Apple merging sports and technology with Nike + (Ramaswamy, 2008) or Dell partnering with Intel to integrate advanced processors with the 'Intel Inside' campaign (Erevelles et al., 2008) demonstrate the potential of co-branding to reshape industries and enhance consumer experiences. This paper explores how co-branding influences corporate innovation across industries, analyzing real-world examples to uncover its potential benefits and challenges. Beyond enhancing brand visibility or expanding market reach, co-branding often involves complex collaborations that shape how companies innovate and grow. Through a qualitative approach, the study examines diverse co-branding strategies—such as ingredient co-branding, product co-design, and communication co-branding—and their impact on innovation. As an exploratory study, the aim is to identify patterns and emerging trends, providing a foundation for future research and deeper investigations into the dynamics of co-branding strategies.

Theoretical framework: Co-branding beyond marketing

Blackett and Boad (1999) define co-branding as the joint use of brand names on a product or service to leverage positive associations. While some scholars argue co-branding must produce new products, others include collaborations like co-communication that don't. This study adopts a broad definition of co-branding as a strategic collaboration where brands leverage each other's resources, identity, and reputation, regardless of product outcomes. Co-branding can take various forms based on strategic objectives, including complementary product co-branding to enhance consumer experience (Besharat, 2010), ingredient co-branding where one brand integrates another's component (Erevelles et al., 2008), and innovation-driven co-branding that combines expertise to create novel products (Bouten, 2010; Grębosz-Krawczyk & Pointet, 2017). Other forms include value chain, geographic, and sustainability-focused collaborations tailored to industry goals.

Advantages of co-branding: Co-branding enhances brand awareness, strengthens brand image, and provides access to new resources and markets (Bouten, 2010). It improves brand equity by boosting consumer recognition and trust, particularly when brands are perceived as compatible (Warraich et al., 2014; Besharat, 2010). Washburn, Till, and Priluck (2000) note that co-branding combines positive attributes of both brands, influencing perceptions of quality and trust. Familiarity with the brands and positive associations are key to success (Erevelles et al., 2008). Co-branding is uniquely effective at combining brand strengths to enhance quality, emotional appeal, and social value compared to strategies like green product innovations or limited editions (Steffl et al., 2023). It also fosters exclusivity and innovation, driving consumer engagement. Zhu et al. (2023) highlight how value proposition innovation enhances co-branding's perceived value, aligning partnerships with consumer expectations to establish market legitimacy and increase brand value.

Risks of co-branding: Co-branding carries risks, particularly if one partner faces a crisis. For instance, the Adidas and Kanye West collaboration initially boosted sales but later caused financial losses due to West's controversial actions (Quamina & Singh, 2023). This highlights the vulnerability of brand dependency, where scandals affecting one partner can harm the other. Co-branding can also lead to brand dilution if it weakens the distinct identity of either partner. Zhang et al. (2024) find that in collaborations, especially with heritage brands, consumers often attribute less responsibility to the heritage brand, reducing the perceived authenticity of the partnership. This diminished authenticity can erode trust and lower purchase intentions.

Co-branding and innovation: Co-branding has the potential to drive innovation by pooling resources, expertise, and technologies. Grębosz-Krawczyk and Pointet (2017) argue that co-branding fosters creative synergies and accelerates product development. Steffl et al. (2023) also show that co-branding partnerships can create significant innovation benefits when combined with other strategies, such as sustainability-focused initiatives or limited editions. These combinations allow brands to amplify their impact across multiple consumer dimensions, such as quality and exclusivity.

Sectoral dynamics, spillover effects and increased competition: Spillover effects refer to unintended outcomes of a partnership, such as shifts in consumer expectations, competitor innovation, and broader market changes. Co-branding's impact on innovation varies by sector and competitive environment. In industries with high R&D costs, like high-tech or pharmaceuticals, co-branding helps share financial burdens and mitigate risks. Successful co-branding elevates consumer expectations and industry benchmarks, driving competitors to innovate (Simonin & Ruth, 1998). For instance, the BMW and Louis Vuitton collaboration spurred similar partnerships between the luxury fashion and automotive sectors. Zhu et al. (2023) show that value proposition innovation enhances these spillover effects, especially in ventures like product–place co-branding. By integrating sustainability or exclusivity, such collaborations influence competitors' strategies and drive sector-wide advancements.

Methodology: Uncovering insights from industry professionals

This study used a qualitative approach with semi-structured interviews to explore co-branding's impact on innovation across sectors. Ten interviews, each lasting approximately 60 minutes, were conducted with professionals directly involved in co-branding projects, representing diverse roles (cf. Table 1) to provide a comprehensive view of co-branding practices. To capture varied perspectives, two sampling strategies were employed:

- Diverse company representation: Four participants from different industries and company sizes shared individual experiences, highlighting sectoral and organizational differences.
- Intra-organizational perspectives: Six participants from the same company, but different departments, provided insights into internal perceptions, management techniques and measurements of co-branding.

This combination of sampling strategies enabled the study to identify broad patterns and nuanced department-specific insights, offering a richer understanding of co-branding while allowing for limited generalizability.

Table 1: Overview of interviewees' profiles

#	Title	Industry	Company size
1	CEO	Tech startup in medical devices for visually impaired individuals.	≃ 10 employees
2	Marketing Specialist	Telecommunications service provider.	Several thousand employees.
3	Corporate Communications and CSR Director	Specialized financial institution for export businesses.	Several hundred employees.
4	PR Manager	Banking institution.	Several hundred employees.
5	Global Brand Manager for Innovation	International group in the optical industry	Several thousand employees.
6	Commercial Innovation Director	International group in the optical industry	Several thousand employees.
7	Senior Brand Activation Manager	International group in the optical industry	Several thousand employees.
8	Marketing Communication and Business Development Manager	International group in the optical industry	Several thousand employees.
9	Global Associate Director of Brand Communication	International group in the optical industry	Several thousand employees.
10	Process Industrialization Manager (leading the agile R&D team)	International group in the optical industry	Several thousand employees.

The study focused on the strategic rationale for selecting co-branding partners, the role of internal teams (e.g., R&D, marketing, communication, product development), and the tangible and intangible benefits of co-branding, such as innovation, market expansion, and organizational learning. Participants shared experiences of successful and unsuccessful co-branding efforts. Transcribed interviews were analyzed using thematic analysis to identify recurring keywords and patterns, such as how co-branding accelerated innovation, opened new markets, or influenced internal development strategies. Content analysis quantified term frequencies, ensuring a robust interpretation of the data. This approach captured broad co-branding practices while focusing on diverse industries and roles to provide a comprehensive perspective on its impact on innovation.

To further frame and deepen this exploration and analysis, the study is grounded in the following research propositions:

1. Co-branding activities could have a positive impact on corporate innovation performance.

2. Certain co-branding strategies, such as co-branding of complementary products or joint innovation, are expected to be more conducive to fostering innovation than others.
3. The efficacy of co-branding in driving innovation is believed to vary based on sector dynamics, market competition, and regulatory environments.
4. Spillover effects generated by co-branding are hypothesized to stimulate innovation among non-partner firms within the same sector via increased competition, knowledge spillovers and shifts in consumer expectations.

Findings and discussion: Co-branding influence on innovation

The advantage of engaging with industry professionals is gaining insight into how they perceive the impact of co-branding on innovation. It's not only about identifying whether co-branding drives creative synergies but also about understanding how companies recognize, strategize, and optimize this impact. The interviews revealed whether these professionals could articulate their experiences using scientific terms and whether they employed relevant KPIs to measure the success of their co-branding initiatives.

1. Co-Branding as a catalyst for innovation

Positive effects: Co-branding pushes companies to explore new technologies, markets, and strategies that might otherwise remain untapped. As participant 6 explained: "Co-branding acts as a strong stimulus because it allows us to address demands outside of our usual development pipeline". In one notable example, participant 1 also detailed a project involving a real-time navigation system for visually impaired users, developed through co-branding. The partnership integrated Chinese hardware, American cameras, and European software, reducing the development and launch timeline to just two years. Co-branding also inspires internal innovation, as participant 5 reflected: "Collaborations push us beyond our usual limits in creativity. When I observe how they manage their brands, it becomes a source of inspiration.". Interviewee 10 also highlighted how co-branding can influence independent product pipelines: "The success of such a collaboration impacts our innovation pipeline completely".

Measuring the impact of co-branding on innovation: One of the recurring themes in the interviews was the limited use of systematic metrics to measure the impact of co-branding on innovation. While tracking innovation KPIs is recognized as valuable, few companies regularly measure specific indicators in this context. Among those that do, measurement is primarily limited to R&D-driven projects, where metrics such as decreased time-to-market and number of new products launched using co-branding technology platforms are used to evaluate success. As participant 10 put it: "The challenge lies in defining clear objectives and aligning them with measurable outcomes. Often, we focus on project success rather than rigorous KPI tracking."

Market expansion and consumer reach: Co-branding also plays a pivotal role in market expansion. Participant 4 shared how partnering with a local music icon helped their company tap into a younger audience: "Collaborating with [the artist] was a strategic move because he connects with our target demographic. This partnership allowed us to expand our customer base more rapidly than traditional marketing approaches." This highlights the ability of co-branding to unlock new market segments through culturally resonant collaborations.

2. Challenges and complexities

Despite its numerous benefits, co-branding is not without challenges, and several respondents shared specific examples of failures or disadvantages. The complexity of aligning brand identities and communication priorities was a recurring theme. Participant 7 described the difficulties of merging distinct visual identities as well as agreeing on budgets and promotional offers: "X is very blue, Y is red and black—how do you combine the two? Negotiating budgets and determining promotions were also significant hurdles". Internal processes also created obstacles, especially in large organizations with lengthy approval cycles: "Internal complexities and prolonged approval cycles can significantly delay projects, especially when multiple departments are involved in decision-making" (Participant 2). Technological misalignments between partners sometimes hindered progress. For example, participant 6 highlighted how a co-branding project faced delays due to incompatible technologies: "We had to create a dedicated agile team to speed up validation processes, which previously took up to nine months". In some cases, co-branding failed to resonate with target audiences: participant 3 explained that "the product didn't meet market expectations, and it was criticized for failing to align with the heritage brand's identity".

3. Sector dynamics and increased competition

The interviews revealed that co-branding often intensifies competition in different industries. Participant 1 highlighted how their co-branded product pushed competitors to innovate at a faster pace, particularly in sectors where technology evolves rapidly: "We were the first to introduce real-time navigation for the visually impaired, but it won't be long before competitors catch up". This heightened competition compels companies to continually innovate, leveraging co-branding as a way to stay ahead of market trends. The synergy between partners often sets a new benchmark for competitors, driving industry-wide advancements.

4. Spillover effects and knowledge transfer

A major advantage of co-branding is the spillover effect, where collaboration fosters knowledge exchange between partners, sparking further innovation. Participant 8 described co-branding as a "stimulus for creativity" that influences not just the partnered project but future initiatives as well. For example, participant 2 explained that the lessons learned from developing an innovative solution against fraud in collaboration with one partner led to the adaptation of that technology for other partners and across product lines. Knowledge sharing is also vital for enhancing operational efficiency. Participant 4 mentioned: "We saw how our partner used a virtual platform for their company-wide conferences, and this inspired us to implement a similar system. It saved us millions per quarter." Finally, managing intellectual property is critical to the success of co-branding partnerships. Several respondents emphasized the importance of legal frameworks and patents to ensure that collaborations run smoothly, while avoiding future disputes over co-developed technologies.

Limits and implications of the study: This study's reliance on qualitative interviews limits the generalizability of findings to a certain extent. The small sample size (10 interviews) and concentration on specific industries (Optical industry representing 60% of the sample size) introduce potential selection bias. Expanding the participant pool and industry scope in future research could validate these findings across diverse contexts.

Managerial implications: The key takeaway for business leaders is that co-branding can drive innovation, but success relies on strategic alignment between partners. Involving both technical teams (such as R&D) and business ones (like marketing) early on in the co-branding process ensures clear alignment on innovation goals and maximizes synergies. Managers should create systems to capture and share knowledge from co-branding projects, applying insights across the organization to enhance broader innovation efforts, not just the specific co-branded product.

Suggestions for future research: This paper lays the foundation for targeted future research, such as examining specific co-branding types (e.g., product or ingredient co-branding) or focusing on single industries. Narrowing these scopes could yield deeper insights and actionable strategies tailored to unique co-branding dynamics. Future studies could adopt quantitative methods to establish a KPI framework to measure co-branding's impact on innovation, focusing on R&D output, time-to-market, product success, market share growth and innovation adoption rates to better quantify co-branding's impact. This approach would provide a more robust framework for understanding how co-branding drives innovation across sectors. Research should also identify key elements, such as technological integration or joint product development, that drive innovation. As digital transformation advances, areas like AI, IoT, and big data offer new opportunities for co-branding-driven innovation.

Conclusion

The analysis revealed that co-branding activities play a crucial role in driving innovation within companies. While no specific type of co-branding was found to significantly outperform others in fostering innovation, co-branding strategies enable the sharing of resources and expertise, as well as the leveraging of creative synergies that promote the development of new products and services. The research also noted that the effectiveness of co-branding in stimulating innovation depends on sector dynamics, market competition, and, most importantly, the dynamics and processes within the partnering brands. Regulatory environments seem to only be a hurdle for the banking and telecommunication industries. Additionally, spillover effects from co-branding contribute to innovation among non-partner companies, driven by increased competition, knowledge diffusion, and shifting consumer expectations. Co-branding, when executed thoughtfully, is a powerful driver of corporate innovation. Companies looking to leverage co-branding for innovation should focus on strategic partner selection, integrating R&D and relevant teams early in the process, and ensuring their values and objectives align with those of their partners. In a world where collaboration is key to staying competitive, co-branding offers a unique opportunity for companies to push the boundaries of innovation, creating products that not only capture consumer attention but also reshape entire industries.

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