Influencing Factors Analysis of Co-Branding Fit Degree Based on Niche Trend Theory

YAO Huili[a],*; WANG Xin[b]; CHU Juan[b]

[a] Professor, School of Economics and Management, Jiangsu University of Science and Technology, Ph.D., research direction is the brand niche. School of Economics and management, Jiangsu University of Science and technology, Zhenjiang Jiangsu 212003, China.
[b] School of Economics and management, Jiangsu University of Science and technology, Zhenjiang Jiangsu 212003, China.
* Corresponding author.
Address: School of Economics and management, Jiangsu University of Science and technology, Zhenjiang Jiangsu 212003, China.

Abstract

On the basis of related research results, the paper defines Co-Branding Fit Degree as the consistent degree in brand image, target market and market position among partner brands. According to Niche Trend Theory, three dimensions of Co-Branding Fit Degree, i.e. brand image, target market and market position, each one can be seen as a comprehensiveness of state and potential. So the paper analyzes the influencing factors of brand image, target market and market position from "state" and "potential" based on Niche Trend Theory, establishes relationship model of Co-Branding Fit Degree's influencing factors and does a detailed analysis of influencing factors. These studies can provide reference to the enterprises which implement co-branding strategy. They can help enterprises to understand the connotation and influencing factors of Co-Branding Fit Degree. Enterprises may evaluate Co-Branding Fit Degree based on these factors. The research provides prerequisite for successful implementation of Co-Branding strategy.

Key words: Co-Branding; Co-Branding Fit Degree; Niche Trend Theory; Influencing factors; Brand partnership

INTRODUCTION

Co-Branding means the cooperation among two or more than two existing enterprise brands, through combination, using mutual competitive advantages to form competitive strength (MAO, 2003; XU, 2005). The rapid development of Co-Branding in the practice makes it be the academic research focus. According to the results of previous studies, positive effect of Co-Branding requires two brands fit. Co-Branding Fit Degree is the key to impact co-branding effect. In order to evaluate Co-Branding Fit Degree, it is necessary to analyze influencing factors first.

Domestic and foreign scholars evaluated Co-Branding Fit Degree with different theories and methods. Samu, Krishnan and Smith (1999) believed that if the two products are used together to produce greater practical utility for consumers, the combination is fit. WU and LU (2010) evaluated product function complementary and brand image consistency with scales. But there is little research on evaluating Co-Branding Fit Degree by influencing factors. So the paper will analyze influencing factors of Co-Branding Fit Degree to fill this research gap.

David A. Aaker first introduced the concept of ecological populations to study brand theory, with the deepening study of brand ecosystem theoretical, scholars gradually introduced niche theory from biology to brand ecosystem. Niche Trend Theory is a basic theory of niche theoretical system; it has been a wide range of applications in marketing. A large number of studies have shown that the influencing factors analyzed by Niche Trend Theory

are scientific and comprehensive, so this article will use Niche Trend Theory to analyze influencing factors of Co-Branding Fit Degree. Niche Trend Theory indicates that any biological unit contains state and potential property. Brand niche can be regarded as a comprehensiveness of the brand's state and potential, state refers to the current state, it is accumulated in the past; potential refers to the influence on the environment, which determines the future development trend of the brand. The paper will analyze the influencing factors of Co-Branding Fit Degree's three dimensions, brand image, target market and market position from "state" and "potential" based on Niche Trend Theory.

1. THEORETICAL BASIS OF ESTABLISHING CO-BRANDING FIT RELATIONSHIP MODEL

1.1 Niche Trend Theory and Influencing Factors Related Research

Chinese scholar ZHU (1997) put forward Niche Trend Theory. Any biological unit (both nature and human society) exists in certain state and impact surrounding environment, and contains the two properties, state and potential. Niche should include two aspects: first, the state of biological unit, it is the result accumulated by growth and development, learning, social and economic development and interaction with the environment in the past; second, the potential of biological unit, i.e. the influence or dominance of biological unit on environment. Niche Trend Theory has universal applicability because all the biological units of different tissue levels in the biosphere contain state and potential, and the theory is applicable to both nature and human society, it is a high comprehensiveness of natural science and social science.

Many scholars introduced Niche Trend Theory to analyze influencing factors and build index system. YAN (2007) analyzed influencing factors of enterprise niche from "state" and "potential" and constructed enterprise niche evaluation index system; YAO and ZENG (2008) indicated that brand niche can be regarded as a comprehensiveness of the brand's state and potential, the factors affecting brand state include business scope, enterprise scale and market position; brand strong degree, brand innovation capability, brand communication capability, brand expansion capability and brand growth capacity are factors that affect brand potential, and then established the evaluation index system of brand niche.

1.2 The Application of Niche Trend Theory in This Article

Domestic and foreign scholars have their own understanding about Co-Branding Fit. LI, WEN, YAO and ZENG (2008) think Co-Branding Fit is the match between partners in product, brand and target market; JIANG and CHEN (2007) summarize three types of perceptual match: based on the product category and characteristic match, based on the interest and goal match, based on the brand personality and image match. On the basis of previous studies, the paper defines Co-Branding Fit as the consistency in brand image, target market and market position among partner brands.

Biel (1993) defined brand image as consumers' perceptions about a brand, as reflected by the brand associations held in consumer memory. If two brands with good image combines, the influence will be far-reaching. Target market means one or several sub-markets that enterprise supplies its products or services to meet others' needs after market segmentation. Only the two joint brands have similar target market and fully understand the characteristics and needs of consumers, can meet the consumers' demand. Brand's market position is a brand's integrated market share in all its permeable regions. Different market positions have different adaptive brand strategies, so it is necessary to evaluate the market position fit degree before co-branding. A lot of research and successful co-branding cases have shown that the effect of co-branding will be good if the Co-Branding Fit Degree is high in brand image, target market and market position. The above analysis shows that the definition of Co-Branding Fit Degree in this article is scientific and reasonable.

According to Niche Trend Theory, three dimensions of Co-Branding Fit Degree, i.e. brand image, target market and market position, each one not only contains factors of "state" that accumulated in the past development and demonstrate the current state, but also contains the "potential" factors that present the influence on environment and determine the future trend. In brief, each dimension can be seen as a comprehensiveness of state and potential.

1.3 Establish Influencing Factors Relationship Model Based on Niche Trend Theory

Based on Niche Trend Theory, the paper analyzes the influencing factors of Co-Branding Fit Degree from "state" and "potential", gives full consideration to the factors' procurability and computability, systematically and comprehensively reflects the connotation and and essential characteristics of Co-Branding Fit Degree from different levels. The ultimate relationship model of Co-Branding Fit Degree's influencing factors will be a structured whole, while each factor's relatively independent existing is significative.

The consistency of brand image, target market and market position between two joint brands affects Co-Branding Fit Degree. First, the influencing factors of brand image include corporate image, product image, symbol image, dissemination image. Second, the influencing factors of target market include consumers' demand conditions, consumers' demand trend, competitors' number and characteristics, market potential, market entry

barriers and market growth rate. Last, the influencing factors of market position include market penetration rate, market coverage rate and market share. The relationship model of Co-Branding Fit Degree's influencing factors is established as follows:
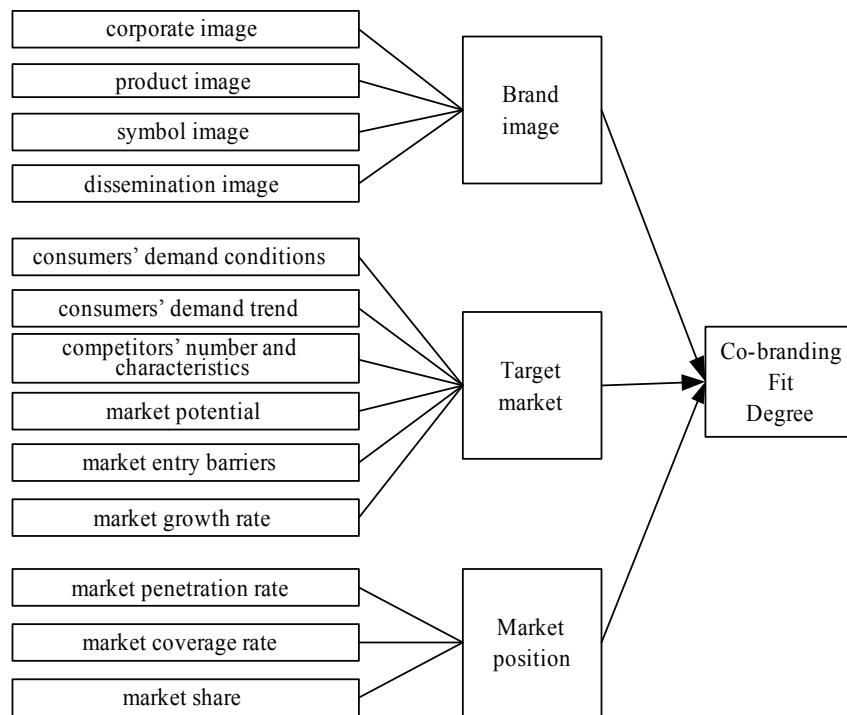

Figure 1
The Relationship Model of Co-Branding Fit Degree's Influencing Factors

2. INFLUENCING FACTORS ANALYSIS OF CO-BRANDING FIT DEGREE

2.1 Influencing Factors of Brand Image

According to Niche Trend Theory, brand image niche can be regarded as a comprehensiveness of brand image's state and potential. "State" of brand image includes the product quality, function, category, price, users, enterprise size, corporate culture, enterprise service, easy-to-remember symbols and allegorical symbols. "Potential" of brand image includes enterprise innovation, globalization and localization, brand recognition, brand reputation, brand loyalty and spokesperson. These factors of brand image are summarized as four indicators, they are corporate image, product image, symbol image and dissemination image (GUO, LV & WU, 2006). Corporate image is the backing of brand image. Enterprise size refers to the range type of enterprise production and operating; Corporate culture is unique cultural image of a company, composed of values, beliefs, rituals, symbols, etc.; Enterprise services involve pre-sales service, service on sale, after-sales service; Enterprise innovation consists of organizational innovation, technological innovation, management innovation and so on; The concept of globalization is to have a convergent development in global commodity, consumption and even culture and

values; Localization holds that all the business activities see consumers as the core, corporate norms must change with consumer's change which caused by regional change. The five indicators reflect corporate image. Product image is the sum of impression of the products in the public's mind. Product quality includes performance, life, reliability, etc.; Products have their functional value that consumers demand; Products have their respective category for consumers to choose; Prices is an important factor that affect whether the consumers purchase, only the consumers feel the products are good value for money can they buy them; user's characteristics, such as age, occupation, income, personality, reflect the product image, which can make consumers want to subordinate such a group and then determine to buy such products. The five indicators reflect product image. Brand symbol is the basis of forming brand concept. Spokesperson is the person who disseminate brand information, his or her image represents brand image to some degree; Brand symbol, brand name, sign, logo, slogan and package included, should be easy to recognize and remember; Brand symbol should have some sense, such as NIKE, its "check mark" represents rebellious psychology. Spokesperson, easy-to-remember symbols and allegorical symbols reflect the symbol image. Brand communication is the way to create brand image. Brand recognition refers to the aware extent of

potential buyers about brand names and categories; Brand reputation is defined as the favorable impression and trust degree of the consumers about a brand; Brand loyalty means the purchasers buy the products repeatedly in a long period. These three indicators reflect dissemination image of the brand.

2.2 Influencing Factors of Target Market

According to Niche Trend Theory, target market niche can be regarded as a comprehensiveness of target market's state and potential. "State" of target market includes consumers' demand conditions, the number and characteristics of competitors, market entry barriers; target market; "potential" of target market includes the consumers' demand trend, market potential and market growth rate (LIU & ZHANG, 2007).

Today's market is a demand-driven market, companies should grasp all kinds of information about consumers through adequate investigation before entering new markets and analyze the specific characteristics of the consumers' demand conditions; in view of the consumer demand exhibiting diverse characteristics, grasping the demand trend is particularly important; there are similarities in products or services and even target customers among competitors, so the number of competitors, intensity of competition and competitor characteristics will affect the choice of target market; understanding the size of market potential will help to judge the current situation and the future development of market, so market potential is the influencing factor of target market; the brand will face some barriers when enter a new target market, such as barriers of not understanding the characteristics of the market, buying habits and so forth, these barriers can affect the choice of target market; the life cycle stage of products can be judged by the characteristics of market growth rate, and based on which enterprise can select target markets, market growth rate is another indicator of target market.

2.3 Influencing Factors of Market Position

According to Niche Trend Theory, market position niche can be regarded as a comprehensiveness of market position's state and potential. "State" of market position includes market penetration rate and market coverage rate, "potential" of market position is market share (Biel, 1993). Market penetration rate reflects the scale of brand owners accumulated from putting brand to market until now; market coverage rate reflects the number of regions occupied by a brand in a certain range of market, it shows the current state of region number a brand involves; market share has two characteristics, quantity and quality, the quantity of market share can be expressed as a percentage of the brand sales accounted for all similar brands' total sales, customer satisfaction rate and customer loyalty rate are major criterions to measure the quality of market share. Both changes in corporate sales and industry sales will affect market share, analyzing the causes of market share changing contributes to the brand develop better. These three factors reflect the brand's market position.

CONCLUSION

Based on Niche Trend Theory, the paper analyzes the influencing factors of Co-Branding Fit Degree in brand image, target market and market position from "state" and "potential", establishes relationship model of Co-Branding Fit Degree's influencing factors and does a detailed analysis of influencing factors. This is a beneficial attempt to combine niche theory and co-branding, at the same time, these studies can provide reference to the companies which implement co-branding strategy. They can help enterprises to understand the connotation and influencing factors of Co-Branding Fit Degree. Enterprises may evaluate Co-Branding Fit Degree based on these factors. The research provides prerequisite for successful implementation of co-branding strategy.

REFERENCES

Biel L. A. (1993). How Brand Image Drives Brand Equity. *Journal of Advertising Research, 66*(3), 177-198.

GUO, X. Y., LV, J. X., & WU, X. M. (2006). The Approaches to Brand Image Evaluation. *Commercial Research, 22*(3), 60-63.

JIANG, Q. Y., & CHEN, Z. H. (2007). *Expanding the Psychological Boundaries of Brand Extension — The Mechanism of Brand Personality in Consumer Brand Extension Attitude Formation.* Shanghai: Fudan University, China.

LI, H., & WEN, H. L. (2010). The Influence of Brand Matching on Brand Alliance Effect. *Operation and Management*, *4*(9), 84-86.

LIU, J. E., & ZHANG, H. L. (2007). Target Market Selection Research Based on the Method of Entropy Weighting Ideal Point. *China Management Informationization*, *4*(2), 2-16.

MAO, R. F. (2003). The Road to co-branding. *Enterprise Management*, *2*(4), 43-45.

SAMU, S. H., KRISHNAN, S., & SMITH, R. E. (1999). Using Advertising Alliances for New Product Introduction: Interactions Between Product Complementarities and Promotional Strategies. *Journal of Marketing*, *63*(1), 57-74.

WU, F., & LU, J. (2010). The Impact of Alliance Fitness on Co-Branding Evaluation. *Journal of Business Economics*, *225*(7), 63-71.

XU, J. N. (2005). Alliance Brand. *Journal of Jiangxi University of Finance and Economics*, *18*(4), 38-41.

YAN, A. M. (2007). Research on Construction of Evaluation Indexes and Model of Organization Niche. *Science & Technology Progress and Policy*, *30*(7), 136-137.

YAO, H. L., & ZENG, R. (2008). Brand Niche Evaluation Index System Design Based on Ecological Niche Theory. *Enterprise Economy*, *333*(5), 56-59.

ZHU, C. Q. (1997). Ecological Niche Theory and Expansion Hypothesis. *Journal of Ecology*, *23*(3), 324-332.