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Answer to Question No. 01 (a)

People generally use the terms, Consumer and Buyer interchangeably because they believe both are synonyms. However, the definition of both terms is different.
Therefore, it is essential for people running businesses to know the difference and for persons in the literature field or people trying to grasp English better.

The main difference between Consumer and Buyer is that a Consumer is the end recipient and the user of a product or service. On the other hand, a Buyer is a person who purchases goods or services in return for money and isn't necessarily the last recipient of that product.

A Consumer is a person who utilizes a service and therefore is the last owner of that product. Since Consumers use a product, they are also known as users or end-users.
Moreover, Consumers purchase the goods they use, but it isn't necessary, and they can consume goods without paying for them.

A buyer is someone who exchanges goods for money. Individuals, groups, and businesses that purchase a product from a seller are regarded as Buyers.

Some Buyers obtain a product intending to consume it, and others resell it, but in any case, they contribute directly to the growth of any business.

Parameters of Comparison	Consumer	Buyer
Definition	An entity that consumes a product or utilizes a service	An entity that buys goods and services
Purpose	Consumer's primary goal is to use a product	The Buyer's primary purpose is to consume or resale a product.
Mode of obtaining the product	A Consumer does not always pay for the goods they get	A Buyer always pays for the products they get
Other names	User, end-user	Customer, reseller
Type of entity	Individual, family, or a group	Individuals, businesses, organizations
Etymology	Originated from consumer, a Latin word meaning "use up."	Originated from buyer, an Old English word meaning "owning something by paying for it."

Consumer:

Consumers are people responsible for the usage of products and services. They are the last in the supply chain and are therefore known as end-users or users.

Every enterprise makes products by keeping the needs of Consumers in mind as they are the only source of revenue and growth.

Some Consumers purchase the products they use, but this doesn't happen in every case. Consumers can obtain the goods by other means like gifts, but the aim is to utilize that product no matter how it was procured.

Everyone with the aim of using a service and not reselling the obtained products is a Consumer – a group, family, individual, or organization.

The word "Consumer" originated from the Latin word consumer, meaning "to waste" or "use up." Furthermore, Consumer was also derived from the Old French word consumer, meaning "to consume."

Theoretically, a commercial organization can be a Consumer, but according to laws in different states, only living persons are regarded as Consumers and not businesses or enterprises.

This is done to establish substantial Consumer rights and enforce them. Some of the rights given to Consumers are the right to safety, the right to choose, the right to be informed, etc.

Buyer:

Buyers purchase products or services with the purpose of either consuming them or reselling them. Anyone who buys something from a seller by paying money (or something else) is regarded as a Buyer.

In other words, Buyers are the people who pay for the ownership of goods.

Based on the two different aims of Buyers, they are divided into two categories: Trade Buyers and Final Buyers. Trade Buyers purchase products to generate revenue by reselling them.

For example, manufacturers, distributors, wholesalers, retailers, etc. On the other hand, final Buyers purchase a product for their use or buy it for someone else. In any case, they don't wish to resell their goods.

Examples of Final Buyers are families, individuals, etc.

Buyer originated from the Old English word buyer, meaning "procure something by paying for it." Also, the roots of the word "Buyer" are linked with the Proto-Germanic word bugjan, meaning "purchase." Later, "Buyer" was derived from the agent noun "buy."

Buyers are the dominant source of revenue for businesses and enterprises as they are the ones who pay for the produced services and goods.

Therefore, there will be no money in the market without buyers, which means no businesses and no development.

Main Differences Between Consumer and Buyer

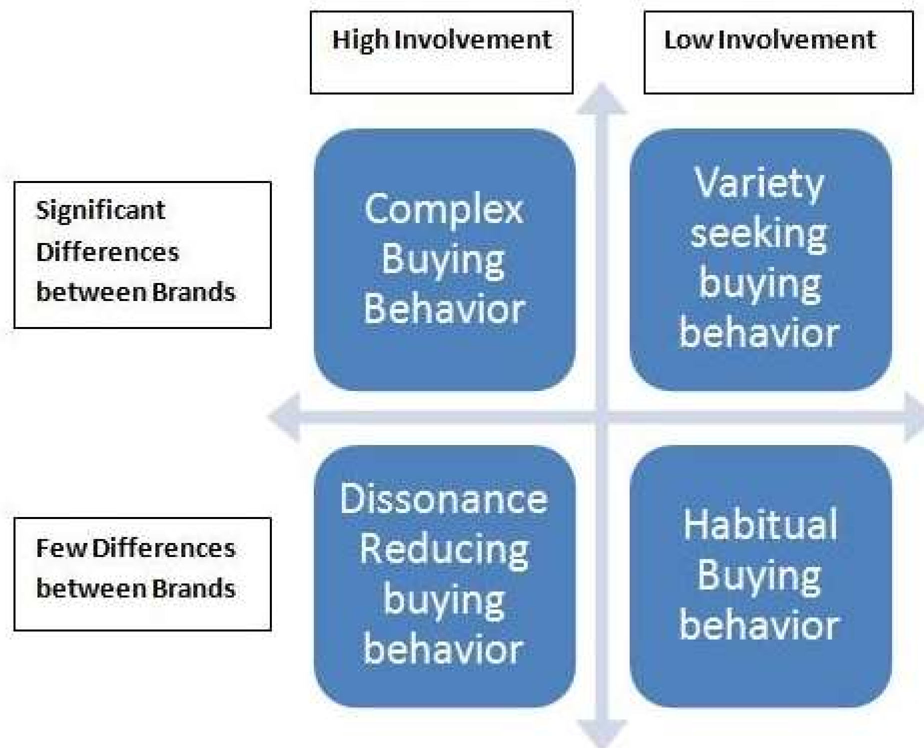
1. Consumers are entities that utilize goods, products, and services. On the other hand, Buyers obtain products by paying for them through money or other methods.
2. The purpose of a Consumer is to use services. On the other hand, the aim of Buyers is to consume or resell the obtained goods.
3. Consumers don't necessarily pay for the products they use. On the other hand, Buyers always pay for their acquired products.
4. Consumers are also known as end-users or users. On the other hand, Buyers are known as customers, resellers, etc.
5. Consumers can be individuals, groups, or families, whereas Buyers can be organizations, individuals, and groups.
6. Consumer originated from consumer (Latin word), meaning "to utilize." On the other hand, Buyer originated from bycgan (an Old English word), meaning "acquiring things by paying."

The obscurity in the dissimilarities between a Consumer and a Buyer arises from the fact that a Consumer can be a Buyer and a Buyer can be a Consumer.

This confusion is why people think of them as similar words and use them interchangeably without a second thought. However, theoretically, both are different terms that hold different meanings at their core.

Answer to Question No. 01 (b)

Types of Consumer Behavior



4 Types of Consumer Behavior

A consumer's buying decision depends on the type of products that they need to buy. The behavior of a consumer while buying a coffee is a lot different from while buying a car.

Based on observations, it is clear that purchases that are more complex and expensive involve higher deliberation and many more participants.

Consumer buying behavior is determined by the level of involvement that a consumer shows towards a purchase decision. The amount of risk involved in a purchase also determines the buying behavior. Higher priced goods tend to high a higher risk, thereby seeking higher involvement in buying decisions.

There are four types of consumer buying behavior:

1. Complex buying behavior
2. Dissonance-reducing buying behavior
3. Habitual buying behavior
4. Variety seeking behaviour

1. **Complex buying behaviour:**

Complex buying behavior is encountered particularly when consumers are buying an expensive product. In this infrequent transaction, consumers are highly involved in the purchase decision. Consumers will research thoroughly before committing to invest.

Consumer behaves very differently when buying an expensive product or a product that is unfamiliar to them. When the risk of buying a product is very high, a consumer consults friends, family, and experts before making the decision.

For example, when a consumer is buying a car for the first time, it's a big decision as it involves high economic risk. There is a lot of thought on how it looks, how his friends and family will react, how will his social status change after buying the car, and so on.

In complex buying behavior, the buyer will pass through a learning process. He will first develop beliefs about the product, then attitudes, and then make a thoughtful purchase choice.

For complex buying behavior customers, marketers should have a deep understanding of the products. It is expected that they help the consumer to understand their product. It is important to create an advertising message in a way that influences the buyer's beliefs and attitudes.

2. **Dissonance-reducing buying behaviour:**

In dissonance-reducing buying behavior, consumer involvement is very high. This might be due to high prices and infrequent purchases. In addition, there is low availability of choices with fewer significant differences among brands. In this type, a consumer buys a product that is easily available.

Consumers will be forced to buy goods that do not have too many choices and therefore consumers will be left with limited decision making. Based on the products available, time limitations, or budget limitations, consumers buy certain products without a lot of research.

For example, a consumer who is looking for a new collapsible table that can be taken for camping quickly decides on the product based on a few brands available. The main criteria here will be the use and the feature of the collapsible table and the budget available to him.

Marketers should run after-sale service camps that deliver focused messaging. These campaigns should aim to support consumers and convince them to continue with the choice of their brand. These marketing campaigns should focus on building repeat purchases and referrals by offering discounts and incentives.

3. **Habitual buying behaviour:**

Habitual Buying Behavior is depicted when a consumer has low involvement in a purchase decision. In this case, the consumer is perceiving only a few significant differences between brands.

When consumers are buying products that they use for their daily routine, they do not put a lot of thought. They either buy their favorite brand or the one that they use regularly – or the one available in the store or the one that costs the least.

For example, when a consumer buys a loaf of bread, he tends to buy the brand that he is familiar with without actually putting in a lot of research and time. Many products fit into this category. Everyday use products, such as salt, sugar, biscuits, toilet paper, and black pepper all fit into this product category.

Consumers just go for it and buy it – there is no brand loyalty. Consumers do not research or need information regarding the purchase of such products.

Habitual buying behavior is influenced by radio, television, and print media. Moreover, consumers are buying based on brand familiarity. Hence marketers must use repetitive advertisements to build brand familiarity. Further to initiate product trial, marketers should use tactics like price drop promotions and sales promotions.

Marketers should attract consumers using visual symbols and imagery in their advertising. Consumers can easily remember visual advertisements and can associate with a brand.

4. Variety seeking buying behaviour:

In variety-seeking consumer behavior, consumer involvement is low. There are significant differences between brands. Here consumers often do a lot of brand switching. The cost of switching products is low, and hence consumers might want to try out new products just out of curiosity or boredom. Consumers here, generally buy different products not because of dissatisfaction but mainly with an urge to seek variety.

For example, a consumer likes to buy a cookie and choose a brand without putting much thought into it. Next time, the same consumer might choose a different brand out of a wish for a different taste. Brand switching occurs often and without intention.

Brands have to adopt different strategies for such types of consumer behavior. The market leader will persuade habitual buying behavior by influencing the shelf space. The shelf will display a large number of related but different product versions.

Marketers avoid out-of-stock conditions, sponsor frequent advertising, offer lower prices, discounts, deals, coupons, and free samples to attract consumers.

Consumer buying decisions are depended on consumer behavior. There are great differences in consumer behavior while buying a car versus buying chips. Marketers have to exercise careful judgment in marketing products to different kinds of consumer behavior.

Answer to Question No. 02

Business Buying Process

The business buying process is quite different from the consumer buying process. Because in this case the business market is involved in a different set of characteristics and demands. The companies doing business in business markets adopt separate marketing strategies.

There are a few basic concepts that should be discussed. Before going into detail about the business buying process.

Business Market

All the businesses that purchase goods or services. Particularly to modify them for the purpose of reselling are collectively called the business market. Business markets have derived demand that basically originates from consumer demand.

Buying Situation in Business Markets

The following are the three types of business buying situations:

- **Straight Re-buy**

  In this situation, the previous routine order is made by one business without any modifications.

- **Modified Re-buy**

  In this case, a certain business wants to modify its order in respect of specification of the product. Along with its price or terms, etc. Hence this requires more participants in the decision-making process.

- **New Task**

  When a business buys a specific product or service for the first time. Then this case is called new task buying.

Participants of Business Buying Process

The following are the five participants that may be involved in the Business Buying Process:

- Gatekeepers
- Deciders
- Buyers
- Influencers
- Users

Steps of Business Buying Process

The business buying process is split into eight stages. So, the new task buying contains all of these steps. Whereas the straight or modified re-buy may skip some of them. These stages are as follows:

- Problem Recognition
- Description of General Need
- Specification of Product
- Search of Supplier
- Proposal Solicitation
- Selection of Supplier
- Order-Routine Specification
- Performance Review

Problem Recognition

In the first stage of the business buying process. A certain problem is recognized by someone in the organization. So that it can be solved through the purchase of any new product or service. Therefore, the external or internal stimuli result in the creation of such a recognized problem.

In the case of internal stimuli. The management of the organization may determine to manufacture a new product. Nor any production machine becomes damaged that needs certain new parts. Another internal reason may be that the supplier is not providing effective goods at a fair price.

On the other hand, the external elements may be in the form of any new idea of a product. Even at a trade show or seeing new advertisements. Nor any favourable offering by a salesperson, etc.

Description of General Need

This stage starts when a clear need has been identified by the organization. In this step description about the general need has been prepared. That shows general characteristics and the quantity of the required product.

In the case of simple items, this process is linear. Whereas in the case of complex items in the process involves. A team of buyers, engineers, and other professionals. Basically, who work together to agree on the desired product. The significance of reliability, price, durability, and other features are ranked. In fact, for the desired product or service by the team.

Specification of the Product

In this stage, the organization that is involved in the business buying process. Actually, prepares a detailed list of the technical specifications of the desired product. Through value analysis conducted by the engineering team.

In value analysis, careful studies are made to determine the cost reduction production process. Particularly for the redesigning or standardization of the desired product or service. So, the professional team covers the best features and characteristics required in purchasing the product. Therefore, the selling organizations can also use this step to increase their sales.

Search of Supplier

In this step of the business buying process, the buying organization searches the suppliers. In order to make a purchase with the best one. For this purpose, a list of competitive vendors is prepared by the buying organization through the use of supplier directories. Also, the aid of a computer (internet), or contacting other organizations for obtaining recommended names.

The internet is increasingly becoming a platform for such searching. Nowadays as most of the organizations are entering into this virtual world. In the case of buying new and expensive products. So, the more time is consumed in searching for suitable suppliers. That can best meet the specifications of the required product.

The suppliers should keep themselves enrolled in the relative directories. Just to make their good reputation in the market. Moreover, the salesperson should also target the supplier searching organizations in the business market.

Proposal Solicitation

In this stage, the suppliers are asked to submit their proposals. In some cases, some suppliers send only their salespersons or simple catalogues. However, when the desired product is more expensive and complex. Than proper formal presentations and detailed written proposals are required from the qualified suppliers. So, the marketers of business organizations should also be skilful in writing. As well as in presentation of business proposals to the buying organizations.

Selection of Supplier

At this stage, the final supplier is selected from the list of potential suppliers. Who have submitted their proposals to the buying organization? So, the selection team of the buying organization reviews the proposals of all suppliers. Also lists the offered attributes on the basis of the rank of importance. So, following are some of the main attributes that serve as the basis for the selection of potential suppliers.

- Quality of product
- Delivery time
- Ethical corporate behaviour
- Reasonable price
- Honest communication
- Past performance and reputation
- Repair and maintenance services etc.

Order-Routine Specification

The order-routine specifications are prepared in this step. Actually, which contains the order having a final list of the specifications, the selected supplier. Also, delivery time, quantity required, price and repair and maintenance services, etc.

Performance Review

This is the last stage of the business buying process in which the performance of the supplier is reviewed by the buying organization. For this purpose, the buying organization contacts the customers. As well as users of the purchased product and asks them to provide their experience of using that product.

Mainly the Consumer Behavior or the satisfaction level of users serves as the basis of the performance reviewing factor. Particularly for the product purchased from business suppliers. So the performance review helps in the future decisions of the business buying process. Specifically, in the form of straight re-buy, modified re-buy, or new task buying. Therefore, the selling organization also takes into account the same factors. That would affect the performance review by the buying organization.

Answer to Question No. 03 (a)

Market segmentation is a marketing term that refers to aggregating prospective buyers into groups or segments with common needs and who respond similarly to a marketing action. Market segmentation enables companies to target different categories of consumers who perceive the full value of certain products and services differently from one another.

- Market segmentation seeks to identify targeted groups of consumers to tailor products and branding in a way that is attractive to the group.
- Markets can be segmented in several ways such as geographically, demographically, or behaviourally.
- Market segmentation helps companies minimize risk by figuring out which products are the most likely to earn a share of a target market and the best ways to market and deliver those products to the market.
- With risk minimized and clarity about the marketing and delivery of a product heightened, a company can then focus its resources on efforts likely to be the most profitable.
- Market segmentation can also increase a company's demographic reach and may help the company discover products or services they hadn't previously considered.

Companies can generally use three criteria to identify different market segments:

1. Homogeneity, or common needs within a segment
2. Distinction, or being unique from other groups
3. Reaction, or a similar response to the market

For example, an athletic footwear company might have market segments for basketball players and long-distance runners. As distinct groups, basketball players and long-distance runners respond to very different advertisements. Understanding these different market segments enables the athletic footwear company to market its branding appropriately.

Market segmentation is an extension of market research that seeks to identify targeted groups of consumers to tailor products and branding in a way that is attractive to the group. The objective of market segmentation is to minimize risk by determining which products have the best chances of gaining a share of a target market and determining the best way to deliver the products to the market. This allows the company to increase its overall efficiency by focusing limited resources on efforts that produce the best return on investment (ROI).

Explain Market Targeting Strategies

The company cannot fulfil all customers' needs that is too large. Therefore, to solve this problem marketers segment the market into small segments. After this, one should target those segments which can be better served is market targeting.

There are some businesses who believe that everyone will be their customer. It is not true. Targeting is focused on evaluating available segment's attractiveness and select one or more segments to serve. You only want those people who have a need for the products and services you are offering.

Many of your customers belong to multiple target markets at a time, for example, I am a man, a father and a husband. Each category has some products and services that I need to fulfil my wants, needs and responsibilities in each respective position. Here you noticed that everything about me puts me in a target market for some marketers.

Market Targeting Definition

A market is segmented using age, gender, income, education, lifecycle, social status, social class and many more. After identifying segmentation few segments are selected to reach target customers. This process of evaluating and selecting market segments is known as market targeting.

Market Targeting Process

There are two steps of market targeting process, the first step is to evaluate market segmentation and select those segments that suit the business. In the second step, marketers select appropriate market targeting strategies.

Evaluation Market Segments

The market targeting process involves assessing those segments marketers already identified in the market segmentation. But when we talk about evaluating market segments, it is based on certain criteria. Business owners and marketers must answer these questions while assessing the market segments.

These are not the only questions. The questions may vary according to industry, business nature and the depth of research you conducted.

Market Targeting Strategies

In todays' business environment every business needs market targeting strategies. Targeting the right market is very important. Here we will discuss four types of market targeting strategies with examples.

Undifferentiated Market Targeting

Undifferentiated market targeting strategy ignores market segmentation and goes after the whole market. This strategy considers buyers as homogeneous group. Undifferentiated marketing is also known as mass marketing. In this strategy, companies do not produce different products for different market segments.

This type of marketing strategy relies on mass distribution and mass advertising. Companies aim to create superior image of the product in the minds of consumers. Company use this strategy to appeal a wider audience based on common customer needs and wants other than differentiated and concentrated strategies.

It has a narrow product line which leads to low advertising cost. Lack of segment marketing reduces the costs of marketing research.

Example

Henry Ford adopted undifferentiated marketing strategy for T Ford Model. This model was available in only black colour in 1930s. Another example of undifferentiated strategy is Hershey company, few years back they have only one chocolate candy bar for all.

Differentiated Market Targeting

In Differentiated market targeting strategy, a company opt to target multiple market segments and design different and effective marketing mix for each market segment. A Differentiated market targeting approach is likely to create more sales than does undifferentiated marketing. But due to distinct marketing mix, the promotion cost also increases. The increasing sales must be weighed with increasing costs.

Number of different companies adopted differentiated marketing strategies. For example, the segmentation of Unilever generates more sales by achieving higher market share through various detergent brands which they could not with just one brand.

Example

Another example is McDonalds, they have developed unique menus for local consumers in many countries of the world. In India McDonald create a unique menu for local consumers i.e. the McCurry Pan which a vegetarian dish. The Indian version of Big Mac is called the Maharaja Mac "the Social Burger" make with grilled chicken, tomatoes and onions. Both products are according to the Indian religious sensitivities as beef is not consumed.

Concentrated Market Targeting

In concentrated / niche market targeting strategy, resources are focused and target specific market segments. Concentrated marketing strategies are effective for those small companies having limited resources. Due to focused strategy they can perform better compare to large businesses.

Due to better knowledge of specific segment's needs, company can achieve a higher market position. If company choose the right segment at the right time, it can achieve lucrative rate of return on investment.

Examples

Pizza Hut successfully developed database of 9 million pizza lover's customers. By using this database, Pizza Hut developed target market campaigns to reach its consumers.

Micromarketing Market Targeting

Micromarketing strategy involves developing products, services and marketing programs best match with individuals and locations. Small business owners can use micromarketing strategy to target customers at personal level. micromarketing includes local marketing and individuals marketing.

Example

A good market targeting examples is Citibank, it offers different services on branch level based on neighbourhood demographics. Walmart and Sears Store customizes its inventory and promotion to meet the requirements of specific clients.

Individual marketing examples include hotel industry, clothing, furniture and bicycle industry. This strategy is based on the preferences on individual's customers.

Whether a company, business owner or marketer, you should evaluate and target the market very carefully and effectively. Market targeting strategies are designed to promote a brand or resonate a message to target audience. Evaluate market segments and select target market according to your overall business objectives and plans.

Answer to Question No. 03 (b)

Buzz Marketing

Buzz marketing is a sub-discipline of word-of-mouth marketing and has an interface with viral marketing. The goal of buzz marketing is to increase the awareness of a brand, product or service in a cost-effective way.

Simplified, word-of-mouth propaganda should be created by so-called buzz agents telling their friends and acquaintances about a product or service.

The task of marketing is to create a campaign that triggers this buzz. These campaigns are often created for product launches in new or existing market segments.

Buzz Marketing Formats

There are different types of buzz marketing strategies. The goal is to get people talking about the solutions and products. Some marketing techniques are:

Buzz Influencer Marketing

Influencers are well suited because they already have a high reach and often – as the name suggests – influence over their audience. Thus, the potential buzz agents trust the influencer and tell their acquaintances about the solutions.

Guerrilla Marketing

Guerrilla marketing is a type of marketing where often public places are designed into something unexpected. This can be artistic, for example by repurposing objects as part of a product package, but also actions like a flashmob.

Often, guerrilla marketing campaigns generate a lot of chatter and online impressions, creating a buzz and getting people talking about the brand.

Viral Online Marketing

One interface of buzz marketing is viral marketing. Viral marketing aims to get a campaign shared online with a lot of people. An example of a viral buzz marketing campaign is the Ice Bucket Challenge, in which participants pour a bucket of ice-cold water over their heads and then nominate other people to participate in the challenge. The campaign was intended as a fundraiser. Often campaigns add humor and funny hashtags to generate further attention.

Affiliate Marketing

Affiliate marketing can also be a form of buzz marketing. The caveat here is that people who recommend a product get a commission.

Buzz Marketing Examples

Buzz marketing has many facets and therefore many examples. Often the focus is to create a low-cost campaign, but also to give a campaign more reach.

An example of such a campaign is Super Bowl Ads. The cost of a TV commercial during the American football mega-spot event was $6 million in 2021. However, Super Bowl Ads often generate so much buzz that the spots achieve a much higher reach than just in the 30 seconds on screen.

Another example of buzz marketing is the $1,000,000 homepage. I'm sure you've heard of it, right? Relatively simple, but still very effective. On the page, one million pixels were sold at one US dollar each. Brands jumped on this buzz train and often bought several pixels to get a piece of the often talked-about cake.

But there are also examples on a smaller scale. Companies can offer discounts or even free products when users pay with a social share. Companies like Pay with A Tweet enable a social paywall. Thus,

every customer – who wants to take advantage of the offer – shares their purchase with their social network.

Buzz marketing effective

The effectiveness of buzz marketing is sometimes difficult to measure, but on the other hand, it becomes easier nowadays. In 99.9% (no statistic just my estimation) every buzz marketing campaign has an online touchpoint. Even if the campaign is offline like Guerilla Marketing a TikTok video, press release, or Pinterest pin will go viral somewhere.

Advantages of Buzz Marketing

Buzz marketing can have many advantages. One of the biggest is the low cost and high reach. Campaigns that go viral and turn into digital snowballs rolling down a mountain can be very effective. In general recommendations by peers are more trusted than advertising messages.

People feel also more connected to brands that have clear viewpoints. For example, sustainability issues or labour laws are big discussion topics. When brands create buzz campaigns representing often discussed values, the benefits can be enormous.

But not all campaigns have to be serious. For example, Coca Cola's Happiness Starts with a Smile campaign resulted in big buzz.

Negative Buzz Marketing

Not all buzz is good buzz. Negative buzz means bad experiences are shared. This can be product/service-related or campaign-related. In most cases, the outcome depends on how a company handles negative customer feedback.

Often, negative feedback can even be a way to position yourself well.

Co-Branding

Now more than ever, brands are exploring new opportunities to gain market share and engage with prospective consumers. Marketing strategists are thinking outside the box, and many consider working together with another brand to execute an innovative and influential campaign.

This article will explore the concept of co-branding and analyse the factors that marketers need to consider if they want to trigger a beneficial public response for each party involved.

Definition of Co-Branding

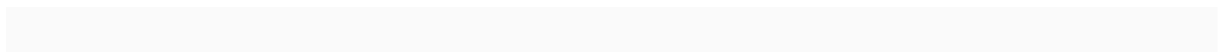
Co-branding is the strategy that strives to capture the synergism of combining two well-known brands into a third, unique branded product (Rao and Ruekert, 1994).

In other words, a co-branding strategy will introduce a new product or service to the market. This product or service's characteristics are then rooted in the attributes and core competencies of the two cooperating brands.

Co-branding can be a very effective activation that bolsters both brands working together rather than acting independently. It helps extend reach, awareness, and sales potential by capturing prospective consumers of each brand.

Deference of Co-branding and Co-marketing

In contrast to co-branding, where companies co-create a new, unique product, co-marketing pertains to when two separate brands promote multiple products through a combined campaign. Here, the focus of the strategy is on communications. Companies will strive to align their messaging to capture the awareness of the target audience.



When forward-thinking brands consider co-branding vs. co-marketing, the key component is to evaluate how they can improve their position in the marketplace and how much time and resources they are willing to invest.

Co-marketing is effective when organizations commit to each other and cross-promote existing products or services.

In circumstances where brands want to convey a deeper connection and craft a new, compelling offering, a co-branding initiative can drive results and revenue and be a win-win for each partner.

Advantages and Disadvantages of Co-Branding

Overall, co-branding will affect the bottom line as separate brands agree to develop and jointly promote an enticing, new product or service.

Benefits

- Each company is launching a product extension tailored to its loyal customer base yet geared to attract new business. An example of this is Nina Ricci and Ladurée.
- When executed strategically and effectively, companies maximize exposure and enhance brand recognition.
- Companies earn respect and credibility when they align with a reputable, aspirational brand partner.

Co-branding allows each invested partner to drive revenue, attract new customers, share the risk, and essentially double its advertising budget.

Disadvantages

Co-branding is built on the foundation of collaboration, and when completely different cultures collide, it might not always be ideal.

The agreement requires a lot of trust, guidelines to be followed very closely, and resources shared.

Most importantly, brands need to consider consumer reaction to this newly established partnership. Brand images can clash, and market segments can be misled if companies fail to demonstrate a seamless, sensible connection. For example, if a prestigious high-end brand shares voice with one perceived as mass-market or lower quality, the co-branding partnership can fail due to mixed messages and confused consumers. Examples of this are Lego and Shell or Custo Barcelona and Lidl.

In the worst-case scenario, the product could flop, the brand image can be tarnished, and the venture can be considerably costly.

Co-Branding Examples

Let’s explore some prominent co-branding case studies that provide like-minded brands with competitive advantages when focused on high-quality production and cooperative communication.

In 2015, Starbucks complemented its Coffeehouse ambiance by teaming up with the mega music-streaming machine, Spotify.

As part of the agreement, Starbucks employees receive a Spotify Premium subscription, where they curate playlists serving as a musical background for coffee lovers to access through the Starbucks app. Spotify then provides these playlists “on-the-go” and offers discounted subscription plans, thereby attaining a plethora of new potential users.

It’s a digital co-branding strategy of hot and trendy empires adding tech and tunes to espressos and lattes. Each brand benefits through shared promotions, merged loyalty programs, and valuable incentives offered on each other’s behalf. Spotify supports the sounds while Starbucks secures the setting, and both businesses build off each other.

The collaboration provides weekly playlists, exclusive artist features, and helps both brands communicate to a captivated audience. Consumers take notice and enjoy each entity’s offering while sipping and socializing seven days a week.

Some partnerships promote one another while providing incentives and entertainment to the consumer. When Walt Disney's Pixar launched Cars 3 back in the Summer of 2017, consumers were engulfed with previews, signage, and related toys and merchandise promoting the much-anticipated premiere.

However, the Animation Arm of Disney went "To Infinity and Beyond" by differentiating itself from a blockbuster movie's traditional press circuit and promotional plan. With the Pixar flick's direct relevance to racing and watching the road, its agreement to team up with GPS Navigation app WAZE revved the engine for a successful co-branding journey. The co-branding integration allowed Waze users to customize the app's virtual tour guide's voice to that of Lightning Queen or Jackson Storm, two of the main characters in Cars 3.

With a co-branding opportunity catering to kids, both products enjoyed an uptick in exposure and had parents racing to the cinema all summer long.

In some cases, a co-branding strategy may turn out not so successful. Some failed strategies mesh two like-minded brands in a way that misleads the consumer or hinders brand image.

With a brand legacy born in Switzerland and produced in Germany for over 100 years, Milka is regarded as a luxury chocolate within the high-end confection category. Its brand takes pride in its tender texture, delicious taste, and carefully crafted recipes.

On the other hand, OREO is a global giant and the best-selling cookie in the world. It is a notorious brand with a quality product; however, OREO is in a different class of consumer products. It is a mass-market consumer snack spanning every shelf across American retail. Its messaging is fun, engaging, and family-friendly, but how will consumers consider Milka and Oreo connecting with one another?

When the two confectionery brands introduced a new line in 2016, sales were generated, and products were consumed. However, it may not be a match made in heaven with a long-lasting shelf life. In particular, the initiative might not translate well with specific audiences because it combines a natural, upscale brand with a processed food.

We talked before about the importance of trust and sticking to guidelines for a successful co-branding partnership. In Milka and Oreo's case, due to a translation error, both brand images were compromised when Milka Oreo bars were recalled in the UAE when a labelling error was discovered misspelling chocolate "liqueur" with chocolate "liquor".

Successful co-branding captures additional audiences and communicates a message meant to inspire and intrigue. For over 100 years, Coca-Cola has aligned with the American Red Cross to develop a partnership focused on goodwill and fostering local communities around the country.

The beverage mogul boosts its exposure by assisting with disaster relief, local healthcare events, charity initiatives, and volunteer efforts. On the flip side, the Red Cross has a premium partner with a supply chain on call and ready to serve. With Coca-Cola's vast array of water, juice, soda, and energy drinks, the American Red Cross ensures it has a partner in place to aid and assist support teams on the ground and suffering citizens in need. Coca-Cola earns a soft spot in the local community while co-branding its business in conjunction with a humanitarian haven.

While some Coca-Cola products are perceived as unhealthy and could cause a backlash by partnering with an esteemed health organization like the Red Cross, the co-branding partnership extends beyond the product. It showcases an over-arching partnership of two All-American brands with legacy and tradition. Furthermore, Coca-Cola owns and contributes healthy drinks to the Red Cross, including its lines of Dasani Water, Smart Water, and Vitamin Water.

When a first-class automotive brand mingles with high-end couture, luxury meets luxury, and the marketplace doubles. Passionate "Beamer" enthusiasts care about precision, quality, and performance. These same traits seamlessly coincide with the perceived quality of Louis Vuitton's elite line of apparel, leather goods, and luggage.

With an affluent clientele and a Marketing strategy that capitalizes on diverse market segments, the two entities formed an effective co-branding operation in 2014.

Through research, manufacturing expertise, and devoted collaboration, Louis Vuitton introduced a luggage line that can precisely be stored within BMW's latest luxury model, the i8. It is an appealing alliance that parallels the two brands' reputable symbols of class, design, and innovation.

As marketplaces evolve, consumers can purchase products and services accessible through a growing number of channels and points of purchase.

As we've seen from the examples, successful co-branding is achieved when compatible brands launch a valuable product that resonates with consumers and generates a buzz.

With the emergence of Artificial Intelligence, Augmented, and Virtual Reality, brands will continue to find ways to combine campaigns and co-create products and services that move the needle and push the envelope.

Co-branding is an age-old marketing principle, yet the creativity and capabilities are just scratching the surface.