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*Co-Branding and Brand Loyalty – Higher Education  
Institutions' Perspective*

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Co-branding i lojalność wobec marki – perspektywa instytucji szkolnictwa wyższego

**Keywords:** co-branding; brand; universities; brand loyalty

**Słowa kluczowe:** co-branding; marka; uniwersytety; lojalność wobec marki

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## Introduction

Consumer loyalty is a phenomenon associated with shaping positive opinions about a product, a seller, a producer, or a brand. They are shaped within the consumers as a result of purchasing a specific product. Satisfaction with the purchased product

may lead to re-purchase, which translates into the creation of the buyer's loyalty. In order for the consumer to feel a positive impression after purchase, marketing activities are crucial. One of such actions is shaping the right brand image [Garbarski, 1998], an example of which is co-branding. The aim of the article is to present the issue of co-branding and to determine dependence between loyalty to a brand and the strategy of co-branding using the example of universities.

Co-branding is a kind of marketing agreement established to combine two or several brands. According to Shuliang and Jim Zheng [2014], increasing brand awareness is the key to the survival and success of most companies, and effective branding, including co-branding, can lead to an increase in orders and higher revenues, and can also, in the long term, increase customer loyalty.

Analysis of the literature proved that there is still a need to study individual advantages and disadvantages of co-branding. Due to the detected research gap, it was decided to focus on brand loyalty in the context of co-branding. Long-term research was planned, beginning by conducting a questionnaire survey in the environment closest to the researchers – i.e. at universities. The article is based on analysis of the subject literature and presents the results of the authors' own study.

## 1. Literature review

The literature contains numerous definitions of co-branding. According to Blackett and Boad [1999], combining brands (co-branding) is a form of cooperation between two or more brands enjoying high appreciation from customers, with the names of all participants preserved. The duration is usually medium or long-term. In this case, the potential to create net worth is too small to justify the creation of a new brand and/or joint venture. Levin et al. [1996] define co-branding as the use of two different brand names for one product. Similarly, Kotler and Armstrong [2009] believe that co-branding is a technique of combining two or more well-known brands in one product.

Hillyer and Tikoo [1995] define co-branding as the practice of double-labelling a product, whereby it is labelled with more than one brand. According to this definition, co-branding differs from other forms of cooperation, such as joint advertising and joint promotion (co-promotion). Hillyer and Tikoo also point out that co-branding distinguishes the inviting and the invited brand.

In the article, co-branding of the higher education institution means the strategy of double-endorsed education programmes and fields of study, as well as the university as a whole.

In the literature on marketing and brand management, various classifications of the co-branding strategy can be found, depending on the degree of involvement, the nature of the commitment and the type of cooperation [Grębosz, 2012]. For example, Blackett and Russell [2000] divide co-branding in terms of creating shared values

aimed at awareness and its scope, based on supporting brand values and relying on mutual complementarity of competences.

The goal of co-branding aimed at awareness and its scope is to quickly create brand awareness with partner's customers. One example could be the cooperation between credit card providers and other partners. Co-branding based on the promotion of brand values aims to strengthen each other's values and thus strengthen the positioning of both brands [Grębosz, 2012]. Research shows that brands create co-branding relationships in order to redefine a brand's identity, change the position of the brand, or build its capital [Motion et al., 2003]. Co-branding researchers also indicate that it can provide access to the strategies of the brand's partner and through the combination of marketing communication – access to the range and networks of the other brand [Motion et al., 2003]. Other scientists emphasise that this cooperation is a way to increase the reach and influence of brands in a competitive market situation, to enter new markets, and to reduce costs thanks to the benefits of, among other things, joint creation of communication campaigns and refreshing the brand image. For well-known brands, co-branding creates the possibility of obtaining a completely new revenue stream or increasing the sales of existing products. For new brands, it can bring immediate credibility in the usually sceptical market. It is a widely used business strategy in industries such as food and beverages, retail, air travel and financial services, and the number of companies using it increases by 40% annually [Blackett, Boad, 1999].

The aim of co-branding is to use the reputation of partner brands to obtain immediate recognition and positive evaluation among potential customers. The presence of the second brand strengthens the impression of high-quality products, which leads to higher ratings and increased market share [Rao et al., 1999]. According to Keller et al. [2008], co-branding provides an opportunity to broaden the reach and impact of a brand, enter new markets, use new technologies, reduce costs and refresh the brand image. As emphasised by Grębosz [2012], in the case of the B2B sector, the use of the co-branding strategy is effective. Two partner brands co-creating one image can make the co-branded product more attractive. As a result, cooperation with another brand may contribute to the development of favourable attitudes towards both brands.

As emphasised by Wyrzykowska [2003], marketing strategies often lead to the so-called verification of the convergence of brand symbolism and the customer's personality. If brand X creates the image of independence and self-confidence, consumers with the appropriate personality traits are more likely to demonstrate a preference for this particular brand. The sought-after benefits of the brand result from the dominant need in the customer's personality structure. Consumers show significant convergence between what they think and what they buy. Consumers are generally considered to choose products that are compatible with their image and reject those that conflict with it – in this case, the brand image is an extension of one's own self. However, there are certain groups of consumers who are attracted to a different image than their own, especially if it is an image with which they would

like to identify. In the case of such consumers, their unmet needs motivate their choices. The mental self-image in the real and idealised dimension often explains choices made by consumers and their preferences for specific brands.

The perceived quality of the product in the co-branding process is higher than the perceived quality of a single brand, even if it is linked to a brand with low capital, and the level of brand loyalty is higher in the case of co-branded products, cooperation of two brands with high capital, or high and low brand capital than in the case of a single brand with high capital [Grębosz, 2012; Washburn et al., 2000; Ueltschy, Lacroche, 2004].

Changes in the communication of higher education institutions and in the holistic approach to their strategy are observed in the Polish market. The consequences of these changes are new branding strategies in the higher education institution market, including co-branding [Singh et al., 2011] and rebranding. What is also important is that students in higher education are involved with a high-value, high-involving purchase decision that is important and largely irrevocable, so they are likely to spend considerable time on post-purchase evaluation. Institutions should appreciate that cognitive dissonance may lead to consumer dissatisfaction, poor loyalty and negative word of mouth [Wilkins et al., 2018, p. 13]. Referring to business cooperation, based on the analysis of the literature on the subject, the importance of four key groups of the benefits of cooperation with business should be emphasised:

- increasing the university's recognition among employers and candidates;
- improving the quality of education and research;
- financial benefits;
- fulfillment of legal obligations [Bryła et al., 2013, pp. 14–15].

## 2. Research findings

On the basis of a systematic literature review, the following hypotheses have been formulated:

H0: Cooperation of the university with another renowned scientific unit has a positive impact on students' loyalty to its brand.

H1: Cooperation of the university with another reputable academic unit has a positive impact on the decision to choose it as a place of study.

H2: Double signing (signed by two cooperating research centres) diplomas of graduation gives students a sense of greater opportunities for a career path in the future.

The study was conducted in April 2017 on a group of higher education students from Wrocław. The group selection was non-random and purposeful, and the sample consisted of 165 students. Students were selected both in public and non-public schools. The research was carried out using an online questionnaire sent to students of all levels and forms of study, i.e. first degree, second degree, third degree and postgraduate; full-time and part-time students.

The distribution of the group was represented as follows: 46% – first-degree students; 36% – second-degree students; 16% – postgraduate students; 1.5% – doctoral students. This is also an approximate picture of the proportion of students in Poland. The aim of the study was to obtain the opinions of participants in the study on co-branding, as well as their loyalty to the brand of the higher education institution they represented. Among other questions in the survey questionnaire, the respondents were asked:

1. How do you feel about the university at which you are studying?
2. What was the main reason for choosing the university at which you are studying?
3. What opinions do you have of the university where you are studying?
4. Do you ask somebody about where he/she is studying when entering a relationship?
5. Do you feel that you are a co-creator of your university's brand?
6. Do you think that integrating the university with other research centres, including other universities, can bring you an advantage?
7. Would you like the university at which you are studying to combine with another university?
8. Does signing selected specialisation affect the perception of the brand of the university at which you are studying?
9. Does signing selected specialisation increase the credibility of this company?
10. If it was possible for your diploma to have the logo of another university on it would you be more interested to study at this university?

Noteworthy is the issue of loyalty to co-branding. Respondents positively assessed the phenomenon of higher education institutions joining forces with other research centres (Fig. 1). Nearly 85% assessed this phenomenon positively, presenting a number of benefits (including increased prestige and higher development opportunities).

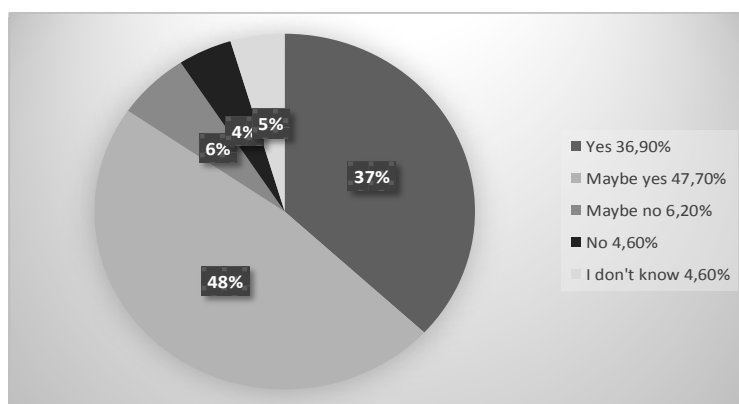


Figure 1. Benefit assessment of higher education institutions joining forces with other research centres, including other universities

Source: Authors' own study.

Despite this, the surveyed students showed a high level of loyalty to the brand of their parent institution. To a similar question, but concerning the institution they represented, their answers were more cautious (Fig. 2).

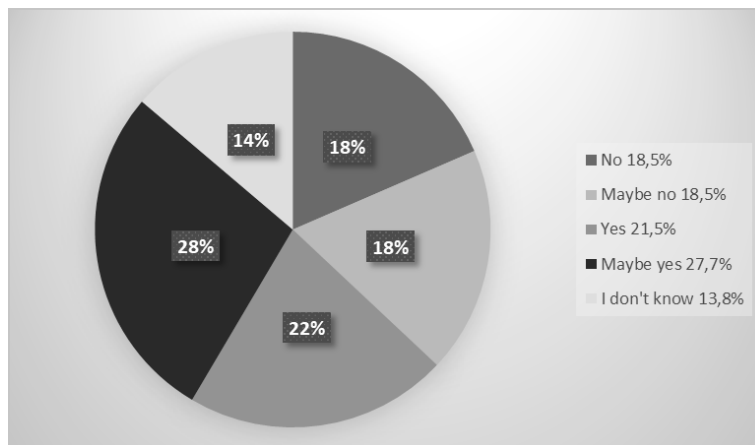


Figure 2. Students' opinions of the prospect of co-branding the higher education institution with another university

Source: Authors' own study.

Just under half of the respondents expressed a positive opinion in this respect: 21.5% expressed a strong desire, while 27.7% were less decisive. However, a significantly higher number of respondents (in comparison to the general question) assessed such an operation negatively. The authors also compared the questions with the correlation coefficient.

### Results:

Nonparametric correlations

Correlation coefficient: Spearman's rho

$$r_s = 1 - \frac{6 \sum d_i^2}{n(n^2 - 1)}.$$

where

$d_i = \text{rg}(X_i) - \text{rg}(Y_i)$  is the difference between the two ranks of each observation.

$n$  is the number of observations.

The following pairs of variables:

pair OT1–3	0.569**
pair OT4–5	0.503**
pair OT8–10	0.478**
pair OT8–9	0.449**
pair OT6–8	0.400**

\*\* correlation is significant at the 0.01 level (2-tailed)

=> reliability 99%

Students who think (question 8) have a similar opinion on (question 6), and *vice versa*.

Students who think (question 8) have a similar opinion on (question 9), and *vice versa*.

Students who think (question 8) have a similar opinion on (question 10), and *vice versa*.

The correlation value for pair 4–5 means that students who more often inform others about where they are studying are more likely to feel like they are co-branding their school (and *vice versa*).

The authors also analysed the dependencies of selected quality variables (nominal, ordinal), analysing pivot tables using the  $\times 2$  independence test = chi square. Statistical dependence was found in the following cases:

*Type of studies:*

- students (postgraduate) have more often mentioned the variant of the university's reputation
- students (postgraduate) more often mentioned the "very good" option
- students (postgraduate) more often mentioned the "yes" option

*The respondent works in a company or organization:*

- respondents who work mentioned the "very good" option more frequently
- respondents who work exchanged the "yes" option often
- respondents who do not work mentioned the "yes" option more frequently, but only if asked about it
- respondents who work exchanged the "yes" option often
- respondents who chose the "yes" answer wanted to be linked with a renowned foreign university more often

Statistical dependence was found in the following cases:

- students (postgraduate) more often mentioned the "very good" option
- respondents who work mentioned the "very good" option more frequently

A summary of the results of the conducted research may indicate a high level of loyalty towards the brand with which the respondents are associated, especially since over half of the respondents (54%) indicated having a sense of co-creating the brand of their higher education institution. An additional confirmation of this would

be the fact that in the detailed answers, the respondents expressed concern about the situation of combining brands with units of lower prestige.

Much greater openness was demonstrated in the context of co-branding activities related to marketing fields of study or teaching programmes with other brands by business practitioners. Such actions were described as bringing mutual benefits for both the higher education institution (students) and the companies themselves.

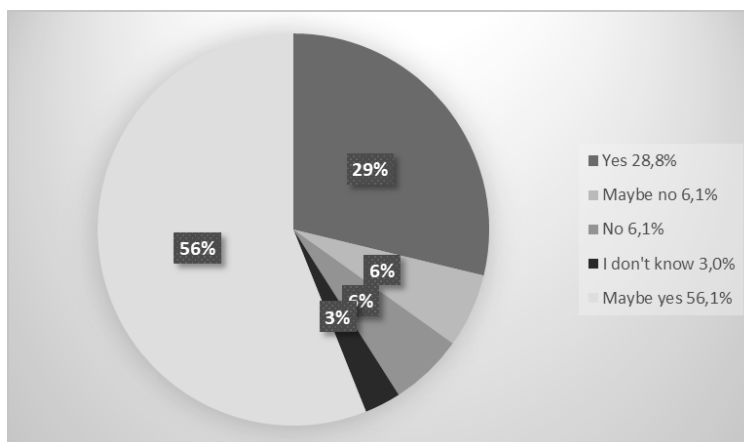


Figure 3. Marketing selected fields of study and/or curricula (e.g. postgraduate studies) by well-known companies or business practitioners – impact on the perception of the higher education institution's brand

Source: Authors' own study.

Figure 3 presents the answers to the question related to the use of brands of business practice at higher education institutions. Nearly 85% of the respondents assessed such actions positively, while simultaneously indicating a definitely more favourable development of prospects and emphasising the increase of the institution's prestige.

It is worth emphasising that in the context of brand loyalty, there is also a lack of succession in learning at a particular higher education institution, which is noticeable in the countries of Western Europe and the United States of America. Noticing this phenomenon may be the beginning of the application of appropriate tools for the strategy of higher education institutions in such a way as to achieve the effect of a "family tradition" in the choice of the university, and thus it indicates management implications.

## Conclusions

A review of Polish and foreign literature showed a shortage of theoretical and empirical work devoted to co-branding. This publication, therefore, fills the research gap in theoretical terms, with a focus on higher education institutions.

Co-branding strategies can be an effective way to use combined brands' strengths and/or introduce a new product and/or service of an unknown brand to the market [Washburn et al., 2000]. Co-branding is part of marketing strategy and influences a brand's values as well as its organisational culture. The collective coexistence of two different brands influences marketing communication and the image of these brands.

In the case of higher education institutions, co-branding means a strategy for double-branding of educational programmes and fields of study, as well as the university as a whole. The main reason for this type of solution is the mutual support of the combined brands, and even achieving the effect of synergy.

The problem of co-branding still requires in-depth research. The authors would like to point out that in the context of co-branding of higher education institutions, an important problem to be investigated in the future is that of dependencies between the inviting and the invited brand, as well as the creation of the brand's value and loyalty to it in this process.

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### **Co-branding i lojalność wobec marki – perspektywa instytucji szkolnictwa wyższego**

Istnieją różne strategie tworzenia marek. Jedną z strategii tworzenia marki w świadomości konsumentów to co-branding lub inaczej sojusze marek. Co-branding to rodzaj umowy marketingowej, która ma na celu połączenie kilku marek. Celem artykułu było przedstawienie problemu współ-brandingu oraz określenie związku między lojalnością wobec marki a strategią co-brandingu na przykładzie uniwersytetów. Artykuł oparto na analizie literatury przedmiotu oraz badań własnych.

### **Co-Branding and Brand Loyalty – Higher Education Institutions’ Perspective**

There are various strategies for creating brands. One branding strategy – i.e. the strategy of creating a brand in the minds of consumers – is the brand alliance, or co-branding. Co-branding is a kind of marketing agreement established to combine several brands. The aim of the article was to present the issue of co-branding and to determine the relationship between loyalty to a brand and the strategy of co-branding using the example of universities. The article was based on analysis of the subject literature and presents the results of the authors’ original study.