

The event sponsorship and co branding marketing essay



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In Today's market, there is an administrative appeal to strive for partnerships with other brands and their organisations. It is also referred to as brand alliance (Bengtsson & Servais, 2005). Co-branding is a mutual marketing partnership between two or more brands which are either amalgamated into one joint product/service or promoted together in some manner (Investopedia. com, 2013; Keller, K. et al. 2008).

The research on co-branding recognizes diverse strategies such as sponsorships and ingredient branding which can be used to boost the significance of the product or service (Cooke & Ryan, 2000; Rao & Ruekert, 1994; Swaminathan & Reddy, 2000). Event Sponsorship is when a company gives a certain fee for the cost associated with a public event, project or for a social cause in exchange for some kind of recognition, marketing opportunities and acknowledgment to increase brand awareness (Investopedia. com, 2013; Keller, K. et al. 2008). The purpose of this essay is to discuss the evidence for and against event sponsorships & co-branding and as strategies it should be used more often based on existing studies.

Co-Branding when accomplished effectively delivers a method for companies to pool forces so that their promotion efforts work in cooperation. Also, it creates win-win-situation for all the participants in the partnership (Whatis. techtarget. com, 2013). Conversely, if it is not executed accurately all the partners can get affected (Kirmani et al. 1999). A very good example of co-branding is of the team up of Nike and Apple Inc. Nike has developed a shoe which has a specially designed sensor. This sensor parleys with the wireless receiver that is attached to the Apple iPod and iPhone (Businessweek. com, 2013) . These components work in synergy to give voice commands without

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interrupting the music player that informs the athlete about the duration, distance and other information of each run (Holmes, 2006).

As a strategy co-branding is very helpful for organisations that are eyeing to escalate their sales and cash flow. This strategy is used by many industries in different segments such as retailers, auto industry, restaurants, and electronic manufacturers. Also, co-branding helps to enhance product/service exposure to customers and to increase customer loyalty (Investopedia. com, 2013).

Automotive giants like the Mercedes-AMG has teamed up with Pagani Automobili, manufacturer of high end sports car to develop a new model which features an engine designed by Mercedes-AMG and the body designed and styled by Pagani Automobili (Joseph, 2013). This unique partnership has helped Pagani to borrow the needed expertise of Mercedes-AMG i. e. designing & building the engines and Mercedes-AMG has benefited from the technology and styling knowledge possessed by Pagani Automobili.

Also, this partnership has helped both the organisations to increase the access points (Pagani. com, 1999) . This has opened up opportunities in new markets like Mercedes-AMG which is based in Germany and has the knowledge and information of German markets that gave Pagani Automobili comparative advantage over other rivals such as Ferrari, Lamborghini etc. At the same time, it opened opportunities in new markets like Germany. Similarly, Pagani Automobili's knowledge and information about Italian markets has given Mercedes-AMG comparative advantage over its rivals and opened up new opportunity in Italian market.

Furthermore, this co-branding partnership gave Mercedes-AMG a source of additional revenue (Keller et al. 2008). Since it is giving its engines to Pagani Automobili it has opened up new sources of revenue which is another major advantage of Co-branding. Since Mercedes-AMG has a very good reputation for built quality and reliability of the engines, this helps Pagani Automobili to improve the company brand image (Mercedes-AMG. com, 1996). An improved attributed profile of product can be attained for the co-brand by amalgamating two brands that are complementary with regards to the attribute profile. With the alliance of Mercedes-AMG and Pagani Automobili, the attribute profile of the ultimate product has been higher and superior than that of their own existing brands and that of their rivals (Park et al. 1996).

Despite the many benefits that co-branding offers, there are certain limitations that make this brand strategy unfavourable. Mercedes Benz and Swatch decided to team up to develop a “Swatchmobile” which was supposed to be a small low cost car. Products with Swatch name did not do well in terms of sales due to which Mercedes’ brand image suffered and also led to dilution of brand equity (Keller, K. et al. 2008). Another notable example is of Sony Ericsson split. The products of Sony Ericsson lacked creativity, innovation and uncertainty of operating system selection which led to decline in sales. Another reason was unclear segmentation of the products which also led to a lack of communication, distrust among the organisation leading to loss of control (Carrick, 2012).

Another form of co-branding is ingredient branding. This is the company’s principal suppliers or the company’s largest brands. These are usually the
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most unique and are protected by copyrights and patents (ExpertsMind.com, 2012). Quattro®, for example, is Audi's biggest brand and is protected by patent laws (Audi.co.uk, 2012). Additionally, Siri which gives commands to the Apple iPhones is another example of ingredient branding (Casestudyinc.com, 2011; Apple.com, 2012). Apart from co-branding; event sponsorship is another brand strategy that has become increasingly prevalent.

Sponsorship is when a benefactor provides a higher percentage of the funding to an event to leverage its marketing bucks by achieving additional publicity and goodwill (Allbusiness.com, 2006). Toyota Motor Corporation has been very successfully achieving this by sponsoring many events (Allbusiness.com, 2006). Toyota, for the development of the society and cultural activities via sports events is sponsoring many sports events/tournaments like Copa Libertadores, FIFA Club World Cup and the prestigious 2014 FIFA World Cup Brazil Asian Qualifiers (Toyota-global.com, 2012).

Sponsorship can be very advantageous just like the co-branding. Barclays Plc has sponsored the English Premier League. Since this league is the greatest football league and most watched league in the world coupled with most frequently watched/played game of football it has a worldwide mass appeal. This has given Barclays a very good opportunity to generate product/service awareness. Barclays being a title sponsor authorizes them with exclusive worldwide marketing, branding and product & patent rights (Group.barclays.com, 2011; Mori, 2010).

For a sponsor, sponsoring an event can also have a negative effect. It can generate negative publicity. In the Italian Serie A when the players were caught for match fixing it generated negative publicity for their main title sponsor TIM (Telecom Italia Mobile) which led them to reconsider their decision (Albionroad. com , 2011).

The cost associated with sponsorship can be high and can act as a barrier against potential sponsors. The sponsors should promote the sponsorship two to three times the cost of sponsorship. For example, companies with deep pockets would be favourable to sponsor events like the World Cup or the Olympics since these are very big event and take considerable amount of money for hosts to make it successful (Gilbert, 1988; Heffler, 1994; Meenaghan, 1994; Farrelly et al., 1997).

Co-branding and event sponsorship are widely used brand strategies by most organizations. However, both strategies carry certain risks. Despite the risks associated with these strategies, the benefits of co-branding and event sponsorship overshadow the perceived risks. Therefore, such brand strategies should be adopted by organizations to market their products/services.