

Report on Co-Creation of Co-Branded Products

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Automobile “Designer” Editions

The long-standing co-brand of Ford Explorer and Eddie Bauer has reportedly been losing sales in recent years (see the notes below under “Hoping for a Sum Greater Than Its Parts: Brand Equity Considerations in Product Alliances”). The Eddie Bauer version of Ford’s Explorer seems to be, for the most part, an effort to borrow brand image by taking the core automobile product and overlaying it with a branded luxury package.



According to the Ford Web site, this package includes an Audiophile audio system with six-disc changer, a digital audio player, custom power seats with memory, dual-zone temperature controls, heated exterior mirrors with security lamps, and audio and temperature controls on the

steering wheel. Other than logo images, nothing in the Eddie Bauer Luxury Package seems like anything that Ford did not design in house. John Heilig, writing for *The Auto Channel*, says the package costs \$3,695. The Eddie Bauer Edition also allows for adding on other options.

For a period of time, Lexus offered a co-branded Coach-edition automobile, and Lincoln offered a Cartier edition, but the carmakers no longer appear to be marketing these vehicles.

The Smart car, now manufactured by DaimlerChrysler, began as a collaboration between Swatch, the Swiss watch company, and Volkswagen. After that alliance fell through, Swatch went to Daimler-Benz and the auto went into production. However, Swatch backed out altogether after heavy losses in the venture. DaimlerChrysler does have Smart cars on the market, but without any Swatch co-branding.

David A. Fields, of Ascendant Consulting, tells ILO researchers that he thinks this kind of product alliance can potentially work well, “where **one brand is clearly contributing the concrete product attributes while the other is adding the image/emotional components.**”

Nike and Apple: Do They Really Want to Be Married?

The Nike-Apple product alliance, known as Nike+, bundles together athletic shoes and the iPod Nano, which can become a “workout companion,” according to the companies. Aside from playing music, a sensor in the shoe connects with a 2.4 GHz wireless receiver in the iPod to provide real-time monitoring of your workout session.

Marketing consultant Peter Koepfel tells ILO that he believes “Apple and Nike are a good fit for a co-marketing venture since they target similar audiences, they produce innovative, hip products, and they both utilize cutting-edge marketing techniques.”

David A. Fields, of Ascendant Consulting, acknowledges that the alliance seems complementary in terms of market segments, but he expresses reservations about how enduring the partnership will be: “**Does Nike really want to tie itself so tightly to Apple? Does Apple really want to risk alienating Adidas?** I think we’ll see whether it lasts.”



Coping With Cultural Issues

David A. Fields, of Ascendant Consulting, believes that two companies working on a product alliance need to have complementary cultures. Fields tells ILO that “some companies I’ve worked with are very structured, very process-oriented. Their product pipelines are very well planned going out years in advance. Then there are other companies that barely have their stuff together for a couple of months from now. Two companies like that are going to have a very difficult time collaborating together.”

Fields thinks that concerns over brand equity could be even a greater obstacle: “Most marketers spend a huge amount of time trying to create a distinct and valuable brand equity. A co-developed product could end up muddying your equity—what does this product stand for—your brand or the other brand?”

Brand alliances create associations that might make sense on a strategic level but go against corporate culture and self-image at a high level. Fields relates an example of a brand alliance that did not work out: some years ago, the phone company Nynex investigated a partnership with Oxy, the acne medicine, to reach out to teenagers as a market for second phone lines in homes. “From a market reach standpoint, considering complementary targets, the strategy was brilliant,” says Fields, “but ultimately the corporate officers at Nynex said, ‘We don’t want our brand associated with zit medicine.’ That ended that. Brands are subjective; what a brand communicates is different for different people, and in how you want to extend that brand there’s a lot of subjectivity.”

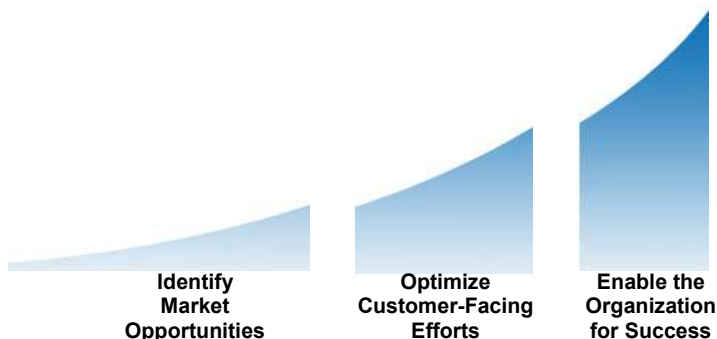
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