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# Customer Behaviours towards Co-Branded Products of the Textile Industry

## Abstract

Companies from the textile sector seek new methods of market expansion and increasing brand value. These methods include brand extension, brand licensing, acquisition of patent rights and co-branding, that is the strategy of double branding products when two distinct partner brand names are used on one product. Different studies show that the influence of co-branding on the behaviour of the consumer and their perception of products is high. For the authors, it was important to demonstrate the impact of co-branding on customer preferences concerning textile products for the example chosen. The aim of the research was to identify behaviours of consumers from the Lodz Voivodeship (Poland) when a co-branding strategy is used. As was proved in the study, the consumers give priority to a co-branded textile product in relation to a classic textile product. However, at the same time, those consumers do not give priority to a more expensive co-branded textile product in relation to the classic textile product. As was also proved in the study, the preferences of different groups of customers are not the same and the demographic, socio-professional and geographical characteristics of customers influence their behaviour towards the example of a co-branded textile product.

**Key words:** textile product, co-branding, customer behaviour, brand, brand alliance.

## ■ Introduction

The pressure of the contemporary competitive market pushes clothing enterprises to analyse their micro- and macro-environment on a constant basis. Confronted with multiple current approaches to strategy and turbulence in the environment, the enterprises make strategic choices continuously and dynamically [18]. The effectiveness of these activities depends on the companies' ability to respond to changes in the environment and create an original strategy and operational solutions. Due to increasing competition and market saturation, textile companies are trying to find new solutions to attract customers. Companies propose new materials, reorganise distribution strategies and develop interactive communication [6]. There are companies in the textile sector with a strong position on the market which are constantly searching for possibilities to become more competitive. In order to do that they invest in research and development, which not only secures their position on the market, but also helps them to be abreast of new technologies [1].

In recent decades we have also observed a re-evaluation of the approach to business cooperation in different sectors, including the textile industry. Increasingly business success is significantly dependent on the ability to build partnerships of business networks, strategic alliances and other forms of interaction. This cooperation can be conducted based on various sources and stimulators. Some companies choose the realisation of a co-branding strategy.

## ■ Conceptual background

The term co-branding implies the use of two or more established brands to name a new product [17]. According to Keller *et al* [8], co-branding occurs when two or more brands are combined into a joint product or are marketed together in some fashion. According to the authors of this paper, co-branding can include cooperation between two partners with a view to creating a new product with a new brand, as well as cooperation with a view to introducing a product signed by two brands.

In some cases, the realisation of a co-branding strategy is connected with venture capital funds. In the current financial crisis a lot of attention is focused on the cyclical development of venture capital, which is a great deal connected to the state of capital markets [15].

In literature, there is different categorisation of co-branding. Michel [11] distinguished functional co-branding and symbolic co-branding.

Functional co-branding (also called ingredient branding) consists in indicating the brand of one or more components of the final product. Such a form of co-operation between two companies is aimed at underlining the high quality of the product and the manufacturer's competence. Ingredient branding is one of the most promising branding strategies for companies. Generally it is exactly what the name implies: an essential ingredient or component of a product that has its own brand identity [14]. The basic motivation

for using ingredient branding is that it enhances the differentiation of the partner's brand from the competition by characterising the ingredient attribute in the partner's brand more specifically [2]. Some successful ingredient brands in the textile sector include Lycra fibres, Gore-Tex water-resistant fibres, and Scotchgard fabrics. Ingredient brands attempt to create sufficient awareness and preference for their product such that consumers will not buy a "host" product that does not contain the ingredient.

Symbolic co-branding, which consists in the application of a partner's brand to stress some symbolic values and create an image, is used in the textile sector, where famous brands like Crocs or Reebok cooperate, for example, with the Disney brand to increase brand awareness and associations.

Co-branding is an important tool for the development of the market and industry. Co-branding can help attract new customers, refresh brand image, reinforce brand equity and exchange technical and managerial expertise. Companies can share the cost of research and development, production and sales. In effect, co-branding is also a method to minimise costs [4, 5]. Due to the costs of R&D, production and sales, with co-branding companies have the possibility to share these costs with each other. There is a possibility for both companies to exchange know-how in the whole value chain of a product and create new products. However, co-branding also contains risks in connection with know-how exchange. It is possible that

one company is just focused on getting the particular know-how of their partner to use it afterwards for itself.

In 1992, Norris [12] first confirmed the potential benefits of functional co-branding. This paper was followed by a large number of conceptual articles. Hillyer and Tikoo [7] discussed two important issues in co-branding: consumer evaluations of co-branding and conditions under which marketers used co-branding as a strategy. Levin *et al.* [9] provided a common framework for addressing consumers' evaluation of different branding strategies and showed the role of brand name contribution in the evaluation of branding strategy and brand equity. Following the conceptual work, quantitative empirical research on co-branded products began in 1996. Most of the current empirical studies use observations from fast-moving consumer goods' categories. In the majority of cases, the results of studies confirm the positive effect of co-branding strategy on customers' behaviours. Park *et al.* [13] found that the positive attitude of consumers toward one brand leads to positive direct effects, and that a co-branded product consisting of two complementary brands maintains a better attribute profile in consumers' minds than does a direct brand extension of the dominant brand or a co-branded product consisting of two highly favourable but not complementary brands. Rao *et al.* [16] showed that consumers can better evaluate the quality of a brand with unobservable attributes when that brand is allied with a second one that is perceived as vulnerable to consumer sanctions. As a result of their double-branding

feature, co-branded products provide an enhanced quality signal compared with a mono-branded product. McCarthy and Norris [10] demonstrated that branded ingredients consistently and positively affect moderate-quality partners' brands, but only occasionally have positive effects on higher-quality partners' brands. In addition, the high product quality of the partner's brand improves the positive evaluation of the co-branded product. Voss and Tansuhaj [17] proved that consumer evaluations of a co-branded product improve if an unknown brand cooperates with a well-known one. Vaidyanathan and Aggarwal [16] also analysed co-branded products formed by a well-known brand and an unknown one, and found that a co-branded product receives more positive evaluation if it incorporates a well-known ingredient brand.

## ■ Research concept

The aim of the research was to identify the behaviours of consumers from the Lodz Voivodeship (Poland) when a co-branding strategy is used for a chosen textile product: Adidas-Gore-Tex jacket. Empirical studies were conducted in the first and second quarter of 2013. The authors wanted to verify the following: If consumers of the Lodz Voivodeship give priority to a chosen co-branded textile product in relation to a classic textile product? If consumers of the Lodz Voivodeship give priority to a chosen co-branded textile product in relation to a classic textile product in the case of differences in product prices? If the demographic, socio-professional and geographical characteristics of customers influence their behaviour towards a chosen co-branding textile product?

The test product chosen was a sports jacket. The case represents the strategy of functional complementary co-branding. Two versions of the product were used in the study (*Figure 1*):

- A) a classic product: an Adidas brand jacket,
- B) a co-branding product: an Adidas-Gore-Tex jacket.

In the first part of the study the price of both products was the same, but different parameters of the products were emphasised. In the second part of the study the product prices were changed and the co-branded product was more expensive (699 PLN).



**Figure 1.** Characteristics of the test product; Own work. A) Adidas brand sport jacket, B) Adidas brand sport jacket, equipped with a membrane of the Gore-Tex®, ensuring 100% resistance to moisture.

## Research methodology

The empirical studies were carried out among 1000 respondents from the Lodz Voivodeship in the first and second quarter of 2013. A non-random selection method was used for the sample studied, that is to say, a quota selection, which is based on the knowledge of the general population structure. This is one of the most popular sample selections in market research. Based on data of the Central Statistical Office concerning the Lodz Voivodeship, the selection criteria chosen were applied. The sample reflects the structure of the population of the Lodz Voivodeship with regard to age (from 19 years of age), gender and place of residence. As a starting point in the sample construction an assumption was made that the sample will constitute a miniature model of the population with respect to its features. The number of people in the sample is proportional to their actual share of the total population. Due to an arbitrary manner of selection, a quota selection sample can be representative of a whole population, yet to a limited degree. Therefore the study comprised a group of as many as 1000 respondents. Three factors affected the final sample size, namely the territorial scope of the research, the type of participants and the number of subgroups analysed. According to survey sample sizes of the study dependant on the type of cross tabulation, a sample of 1000 respondents can be considered representative.

Empirical material for the study of behaviours of consumers in the case of a co-branding strategy was collected by the method of the direct collection of information using the technique of an interviewer-administered questionnaire survey. The research tool was a survey questionnaire, the choice of which was justified by the specificity of the subject matter of the paper and the necessity to include a larger number of consumers in the study. In the course of the survey, the potential case of co-branding chosen was used. Respondents stated their preferences, making a choice between a classic product and a co-branded one (designated by two partners' brands).

In order to study consumer preferences understood as a conscious choice between two or more possible options of a specific product within the same group of products, a simple scale based on a zero-one matrix was used. Consumer preferences were considered in a narrow

approach and referred to products that not only satisfied the same need but were also similar to one another. Consumer preferences [3] are defined as giving priority to one group of products in relation to others, as well as the degree of liking or not liking with respect to the names of particular products. Preferences determine relations between attitudes towards products of the same category. Consumer preferences can be considered in a broader and narrower approach. A broader approach concerns the choice of products satisfying the same need, from a number of products different from one another. Preferences in a narrow approach concern choices between products not only satisfying the same need but are also similar to one another.

Analysis of the research results has made it possible to assess the relationship between the preferences of consumers towards products of the same category, pointing to a partial predominance of co-branded products.

## Analysis of the results of empirical research

### Assessment of consumer preferences

In the case of the test product (Adidas jacket), 77% of respondents expressed an intent to purchase the co-branded product supported by a partner's brand. The emphasis on the added value gained in the case of a purchase of a co-branding product induced  $\frac{3}{4}$  of respondents to select the product supported by a partner's brand. The obvious effect of material values on the consumers' positive perception can be observed. The choice of the co-branding product, apart from the knowledge of brands, was influenced by

the description of additional properties of the Adidas-Gore-Tex jacket. Consequently it can be concluded that consumers of the Lodz Voivodeship give priority to the chosen co-branded textile product (the Adidas-Gore-Tex jacket) in relation to a classic textile product (the Adidas brand jacket).

### Effect of price on consumers' preferences

In the second part of the study the product prices were changed. Once the price of the test product was diversified, consumers' preferences changed. In the case of a proposition offering a cheaper product (the Adidas brand jacket) at a price of 499 PLN, and a co-branded product at a price of 699 PLN, 68% of respondents chose the cheaper product. This means that over half of those under study changed their decision and rejected the co-branded product, regarding the price as a significant factor. 32% of respondents maintained their decision and chose the more expensive co-branded product (Figure 2). Due to the increase in the price of the co-branded product more than half of respondents chose the classic product. However, one should take into account the character of the product, intended for a specific group of consumers, as well as its high price and the difference between the price of the classic product and that of the co-branded product, amounting to 200 PLN.

The analysis of the research proved that consumers of the Lodz Voivodeship do not give priority to a co-branded product (the Adidas-Gore-Tex jacket) in relation to a classic one (the Adidas brand jacket) in the case of a difference in product prices.

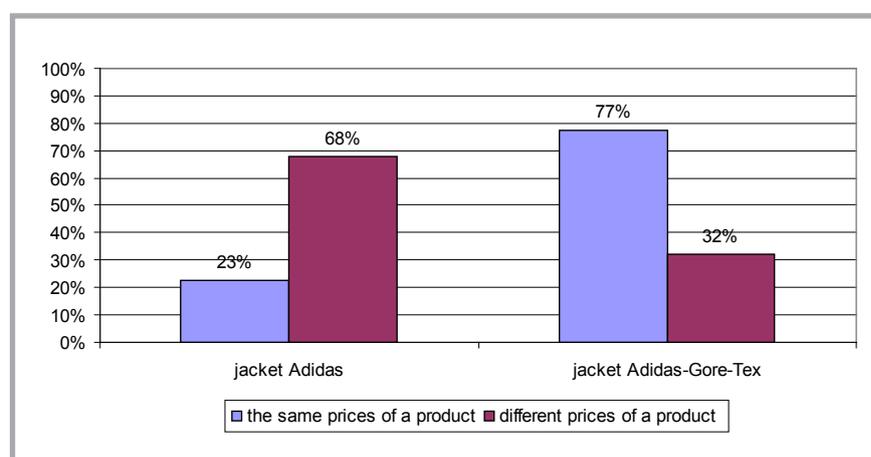
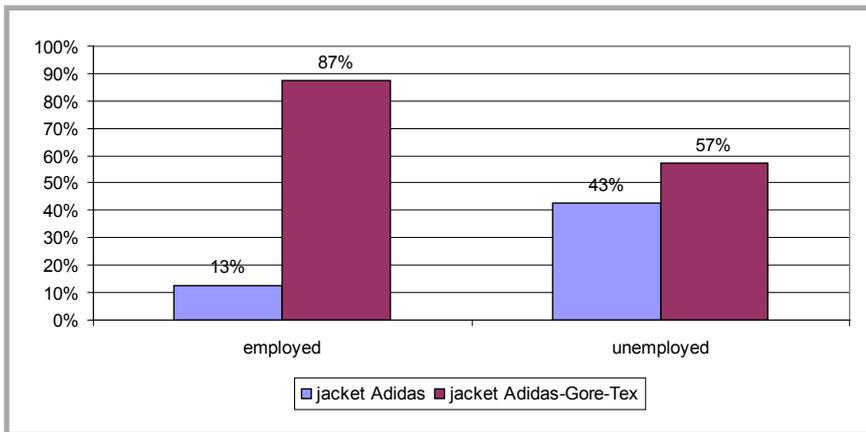
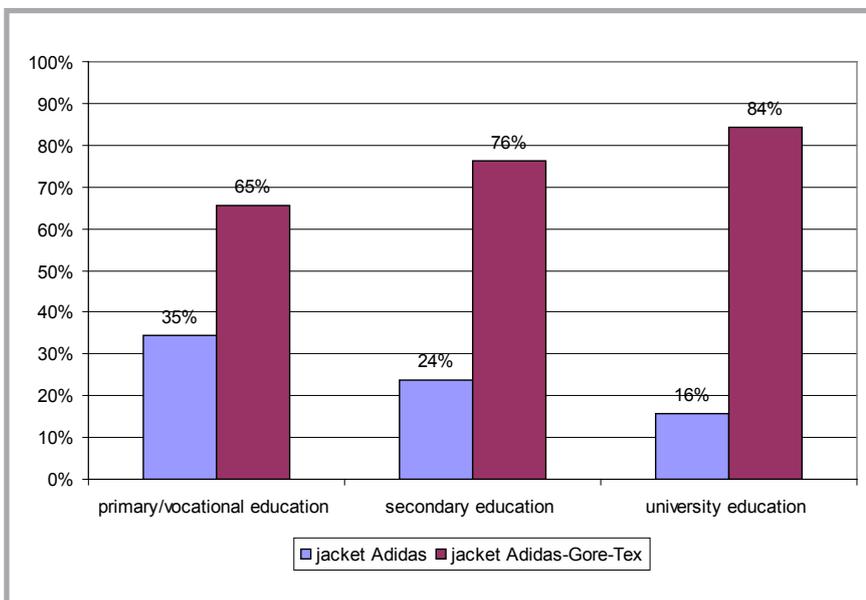


Figure 2. Effect of co-branding on consumers' preferences in the case of using the same and different prices of a product; Own work.



**Figure 3.** Effect of co-branding on consumers' preferences in the case of using the same price of the test product, depending on the respondent's professional activity; Own work.



**Figure 4.** Effect of co-branding on consumers' purchase decisions when the same prices of the test product are used, depending on the respondent's education; Own work.

### Effect of other factors on consumers' preferences

Statistical analysis allows the identification of a correlation between the consumer's features and behaviour towards a chosen co-branded product when both the same and different prices of the product are used. The effect of gender, age, education, family situation and place of residence of consumers was analysed.

For the test product, when the same prices are maintained, the correlation coefficients are significant (with  $p < 0.05$ ) for such factors as education (0.15), family situation (0.13), age (0.09), professional activity (0.34) and place of residence (0.10).

The highest degree of correlation was found in the case of professional activity. Employed persons more frequently

(87%) selected a co-branded product when identical prices were used than those unemployed (57%) (Figure 3).

With the same prices, the co-branded clothing product analysed is more frequently selected by respondents with a university education (84%) and secondary education (76%) (Figure 4). It can be assumed that these respondents know more about new technologies; hence the choice of the Adidas brand supported by the Gore-Tex brand.

The co-branded product is also selected by persons in a relationship with children under 18 years of age (87%) and with children over 18 years of age (84%), which can be evidence of children's influence on making purchases intended for them and their knowledge of popu-

lar brands. With the same prices the co-branded product analysed was selected by over 80% of urban respondents. On the other hand, in such a situation the classic product was selected by nearly a third of rural respondents. It can be concluded that consumers' familiarity with brands such as Gore-Tex is lesser in rural areas.

In the case of the same prices, the Adidas-Gore-Tex jacket was selected by respondents aged 45 - 54 (92%) and those aged 25 - 34 (87%). Older persons indicated the co-branded product less frequently (57%).

### Effect of other factors on consumers' preferences – the differentially priced test product

For the differentially priced test product, the correlation coefficients are significant (with  $p < 0.05$ ) for the majority of factors, i.e. education (0.21), family situation (0.11), age (0.16), professional activity (0.42) and gender (0.07).

41% of those professionally active respondents cast aside the co-branded product in favour of the cheaper classic product. However, despite the high price, as many as 46% of respondents accepted the co-branded product offer. The situation changed radically in the case of unemployed persons, among whom 53% forwent the purchase of the Adidas-Gore-Tex jacket, which was more expensive by 200 PLN. Financial problems of a large group of the unemployed should be taken into consideration (Figure 5).

As with the selection of the sports jacket when the same prices were used, after the differentiation of prices, the effect of the education level on consumers' behaviour could clearly be seen as well. The more expensive co-branded product is more frequently selected by persons with a university education (44%), and less frequently selected by those with primary or vocational education (15%) (Figure 6). As many as 50% of respondents of the latter group forwent the purchase of the co-branded product after its price was increased, compared to 46% of those with secondary education changing their decision, and 40% of those with university education. In the case of the test product of the clothing branch, a considerable increase in the price of the co-branded product was used, which had a clear impact on the study results.

In addition, the more expensive co-branded product is more eagerly selected by persons aged 25 - 54, probably due to their better financial situation, and customers in a relationship with children under 18 years of age (46%). The Adidas brand supported by the Gore-Tex brand is selected by 36% of men, compared to 29% of women, which can be explained by the greater interest of this group of respondents in sports articles.

## ■ Conclusions

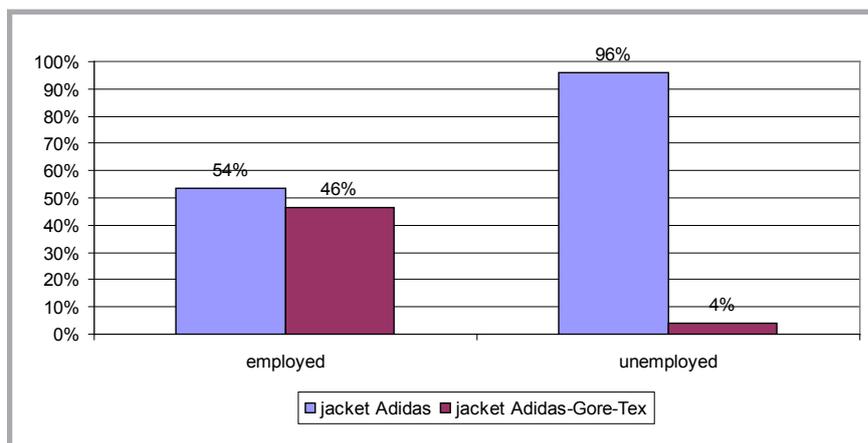
The increase in the importance of cooperation and communication between enterprises and that of social, psychological and emotional advantages for consumers have caused co-branding to be a strategy that is increasingly commonly used in relations between enterprises in the textile industry. The simultaneous use of two partners' brands facilitates consumer choice by allowing them to evaluate the properties of a given product as well as advantages resulting from its purchase.

In conclusion, it can be asserted that the consumers of Lodz Voivodeship give priority to the co-branded textile product analysed in relation to the classic textile product. Thus this confirms the results of studies carried out worldwide, which indicate the predominance of co-branded products in the consumer's awareness. At the same time, consumers of the Lodz Voivodeship do not give priority to more expensive co-branded textile products in relation to cheaper classic textile products. The demographic, socio-professional and geographical characteristics of customers also influence their behaviour towards the co-branded textile product analysed. This study showed that the influence of co-branding on the perception of textile products (on chosen example) by customers is high.

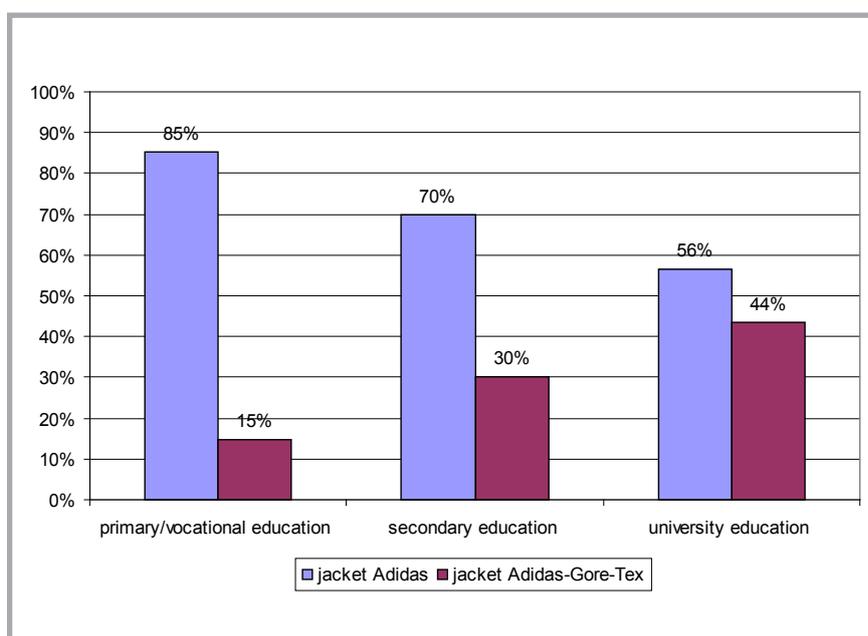
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## ■ Limitations and extensions

The conclusions in this study are set fourth, of course, with a caveat as to the limitations of the sample (consumers from the Lodz Voivodeship). It should also be stress that the analysis concerns only one chosen example of co-branding. To provide a more comprehensive pic-



**Figure 5.** Effect of co-branding on consumers' preferences in the case of different prices of the test product, depending on the respondent's professional activity; Own work.



**Figure 6.** Effect of co-branding on consumers' preferences with the use of different prices of the test product, depending on the respondent's education. Own work.

ture of the evaluation of the impact of co-branding on customers preferences concerning textile products, similar studies could be done for different products from this sector. Similar studies should also be undertaken in other regions of Poland and in other countries. A future study could also examine the customers and their opinions concerning not only co-branding products but also the effects of co-branding on the partners' brands.

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## INSTITUTE OF BIOPOLYMERS AND CHEMICAL FIBRES

### LABORATORY OF BIODEGRADATION

The Laboratory of Biodegradation operates within the structure of the Institute of Biopolymers and Chemical Fibres. It is a modern laboratory with a certificate of accreditation according to Standard PN-EN/ISO/IEC-17025:2005 (a quality system) bestowed by the Polish Accreditation Centre (PCA). The laboratory works at a global level and can cooperate with many institutions that produce, process and investigate polymeric materials. Thanks to its modern equipment, the Laboratory of Biodegradation can maintain cooperation with Polish and foreign research centers as well as manufacturers and be helpful in assessing the biodegradability of polymeric materials and textiles.

The Laboratory of Biodegradation assesses the susceptibility of polymeric and textile materials to biological degradation caused by microorganisms occurring in the natural environment (soil, compost and water medium). The testing of biodegradation is carried out in oxygen using innovative methods like respirometric testing with the continuous reading of the CO<sub>2</sub> delivered. The laboratory's modern MICRO-OXYMAX RESPIROMETER is used for carrying out tests in accordance with International Standards.



The methodology of biodegradability testing has been prepared on the basis of the following standards:

- **testing in aqueous medium:** 'Determination of the ultimate aerobic biodegradability of plastic materials and textiles in an aqueous medium. A method of analysing the carbon dioxide evolved' (PN-EN ISO 14 852: 2007, and PN-EN ISO 8192: 2007)
- **testing in compost medium:** 'Determination of the degree of disintegration of plastic materials and textiles under simulated composting conditions in a laboratory-scale test. A method of determining the weight loss' (PN-EN ISO 20 200: 2007, PN-EN ISO 14 045: 2005, and PN-EN ISO 14 806: 2010)
- **testing in soil medium:** 'Determination of the degree of disintegration of plastic materials and textiles under simulated soil conditions in a laboratory-scale test. A method of determining the weight loss' (PN-EN ISO 11 266: 1997, PN-EN ISO 11 721-1: 2002, and PN-EN ISO 11 721-2: 2002).



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The following methods are applied in the assessment of biodegradation: gel chromatography (GPC), infrared spectroscopy (IR), thermogravimetric analysis (TGA) and scanning electron microscopy (SEM).

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