

# “Profit and non-profit brand alliances: the pertinence of fair co-branding”

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## Profit and non-profit brand alliances: the pertinence of fair co-branding

### Abstract

This research investigates the potential benefits of a fair co-branding operation. Two major corporate brands are fictitiously allied with a Fair Trade labeling organization brand. The sample for the first study is composed by 540 interviews, and by 350 for the second study; it is representative of the French population. Besides showing that the paradigm of co-branding is consistent to evaluate brand alliances between corporate and Fair Trade brands, the PLS model implemented in this research first investigates how do classical variables (attitudes, fit, similarity) are antecedents of co-branding relevancy and customers' evaluation of the alliance. Second, this study introduces a new explicative variable based on the similarity-dissimilarity of the brands on FairTrade related aspects. The results obtained through the test of a PLS (Partial Least Square) model are a first step to better understand co-branding between corporate and labeling brands. This study also provides findings concerning the whole paradigm of cooperation between profit and non-profit organizations. In this type of brand alliance, the corporate brand provides the alliance with its leading position, and the Fair Trade brand provides the ethical attribute.

**Keywords:** co-branding, congruence, Fair Trade, PLS analysis.

### Introduction

Global demand for Fair Trade<sup>1</sup> (FT) products is still developing<sup>2</sup>; consequently, FT is an increasingly important stake for marketing research. Considering marketing research inside FT stakes, most papers focused on the determinants of FT products purchase (Shaw and Shiu, 2002, 2003; Ozcaglar-Toulouse et al., 2006), on its motivations (Tagbata and Sirieix, 2004; De Ferran, 2006); other authors investigated the meaning of the consumer commitment towards FT (Ozcaglar-Toulouse, 2009), price specific sensibility (Arnot et al., 2006), willingness to pay more (De Pelsmacker et al., 2005), and even bio-FT double labelization (Tagbata and Sirieix, 2008). Leitch and Davenport (2008) studied the alliance of a supermarket brand and a cause; Reed (2009) studied the ability of the corporations to collaborate with FT; since, no research has yet focused on the alliance between corporate brands and labeling organizations, viewed from a consumer perspective. We assume that this stake is crucial, because corporate brands have often been criticized in the general field of ethical practises. On the other hand, one can easily assume that FT actors will no longer satisfy with niche markets, but will soon be challenging bigger market shares in every consumer market. A Belgian study

concluded that the major three criteria in purchasing decisions of FT-labeled coffee are, in order of importance, the brand, the taste and the presence of a FT label (De Pelsmacker and Janssens, 2007). In conclusion, if FT actors want to become major actors in big consumer markets, they will certainly think about joining new economic partners, i.e. world leading brands.

Our study examines the potential benefits of co-branding strategies between major labeling organizations and major corporate brands, known for not having launched any cause-related marketing action or initiative. We use the concept of co-branding because in this kind of alliance, the two brands are identified and memorized by customers (Hultman, 2002). A Max Havelaar (MH) certification associated with Carte Noire (CN) coffee or with Nestlé (NES) chocolate tablets would send the message of a double signature for the products. Given that many customers thought MH was a FT coffee brand, the double signature hypothesized in our study is completely interpretable as a co-branding operation in the customers' minds. This research tests a hypothetical co-branding operation between (1) CN-MH, and (2). Nestlé-MH.

The first step of this study builds a model for fair co-branding. Through testing the model, the second step evaluates to what extent corporate brands could expect benefits by associating with FT labeling brands. This study confirms the impact of classical antecedents of co-branding success, and introduces an ethics-based variable for co-branding relevancy and consumer evaluation. Valid and reliable scales for each construct in the model are developed. All research questions are solved, and the results are presented. Implications and policy suggestions are discussed. Limitations and directions for further research are also developed.

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<sup>1</sup> According to article 60 of August 2005 French law for small and medium firms, Fair Trade is part of sustainable development national strategy. Fair Trade is defined as a change in business practices: commercial brands commit themselves to pay a minimum price to producers. The formers must respect good practices in terms of governance, environmental practices, respect of the rights of producers and employees, and are thus certified by a labeling organization.

<sup>2</sup> According to PFCE statistics, the Fair Trade French market reached €256 millions in 2008, growing by 22% within the same year. 63% of global sales are achieved by medium and large supermarkets. Fair Trade notoriety has now reached 95%, which represents a real progression, since it was only 9% in 2000, 51% in 2004 and 74% in 2005 (Ipsos/PFCE barometer, April 2008; IPSOS, June, 2009).

## 1. Theory development and model building

**1.1. Co-branding.** Co-branding is an association of two or more brands, consisting in developing and selling products they will brand together. The product will hold the two brands simultaneously (Cegarra and Michel, 2001; Helmig et al., 2008). Co-branding is a brand alliance strategy in which one product is branded and identified simultaneously by the two brands. Vertical co-branding is mainly composed of ingredient co-branding, or functional co-branding, because it enhances differentiation through the use of a more important ingredient (e.g., diet soft drinks including NutraSweet) (Ahn et al., 2009). Horizontal co-branding is defined as a multibranded product at the same step of the value chain (e.g. Sony Ericsson cell phones). For the needs of this research, we focus on vertical co-branding. Usually, one of the involved brands is considered as the main brand, it is also called the “host brand”. The other brand is the “invited brand”, which aspects and attributes enhance the value of the former, and further its

brand territory. Co-branding is a message to customers, it promises a high quality level to potential buyers. Two brands are cooperating, in order to send a high quality and trust message to their customers. The main objective is to convince customers and potential customers that a double signature provides them with more value than the value of each one of the two brands considered separately (Simonin and Ruth, 1998; Rao et al., 1999). Consequently, mutual legitimating gives a stronger position to the co-branded product; a greater perceived value is hence consistent in customers’ minds. In this study, CN and NES are obviously the host brands, and MH is the invited brand; this invited brand provides the formers with the FT attribute. Therefore, fair co-branding would provide the co-branded product with both the major corporate brand image and the ethical image of the FT brand. The customer evaluation of the co-branded product is the major dependent variable in our study. Figure 1 shows the conceptual model of this study, and summarizes all research hypotheses.

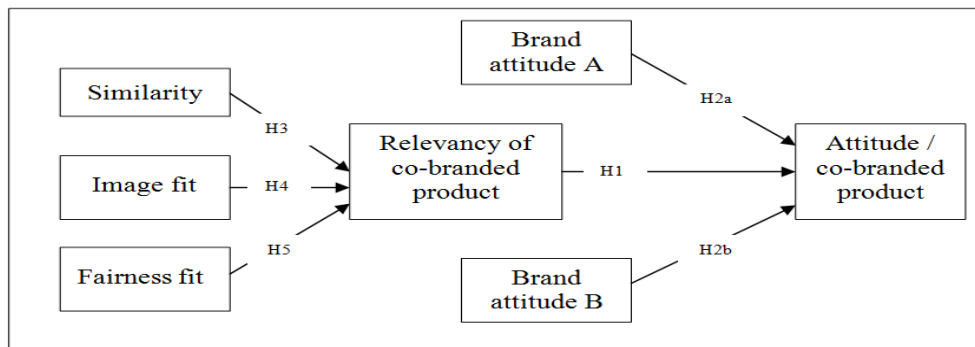


Fig. 1. Conceptual model for fair co-branding

**1.2. Co-branded product relevancy.** Relevancy has been defined by Heckler and Chiders (1992), as the consistence of the alliance. According to Simonin and Ruth (1998), relevancy, or brand fit, is the level of consistency, or “cohesiveness” of the brand alliance. Co-branded product relevancy can be defined as the functional pertinence of the co-branded products. This research places this variable in the mediating position; we think this solution is the most consistent with our research objectives because, on the one hand, it fits the general structure of our model, and on the other hand it enables to investigate more accurately the other explicative variables, particularly fairness fit.

*H1: Co-branded product relevancy positively influences co-branding evaluation.*

**1.3. Brand attitudes.** The brand extension literature widely investigates brand attitudes (Aaker and Keller, 1990; Klink and Smith, 2001). The co-branding literature also investigates brand attitudes, as a major success parameter for a co-branding

operation (Simonin and Ruth, 1998; Dickinson and Barker, 2007). Generally, consumer perceptions and attitudes clearly influence behaviors. The hypothesis is that the more positive attitude the partner brands receive, the more positive the attitude towards the co-branded product.

*H2a: Brand attitude toward the host brand positively influences the attitude toward the co-branded product.*

*H2b: Brand attitude toward the invited brand positively influences the attitude toward the co-branded product.*

**1.4. Similarity and fit between the partner brands.**

The fit is basically linked with consumer perceptions of similarity of the partner brands (Collange, 2008; Fleck and Maille, 2010). The fit can be defined as the level of consistency between the different aspects of the partner brands (Aaker and Keller; 1990, Tauber, 1988). Generally, the higher the fit is, the better the customer’s evaluation

is (Collange, 2008). Heckler and Childers (1992) studied congruence and explored its dimensionality; they distinguished two dimensions of congruence concept: expectancy, and relevancy. The concept of “fit” is still supported as the dominant contributor to brand extension success (Aaker and Keller, 1990; Broniarczyk and Alba, 1994; Klink and Smith, 2001). In co-branding models, similarity is a widely accepted explicative variable; it must be strong to ensure co-branding success (Michel and Cegarra, 2002, Busacca and Bertoli, 2006). Further, a high fit between the two brands allows an enhanced brand attitude and greater purchase intention (Ahn et al., 2009). The literature distinguishes perceived consistency as regards to physical attributes (similarity), and to image attributes (Muroma and Saari, 1996; Cegarra and Michel, 2001).

*H3: Perceived similarity between partner brands strongly influences the co-branding product relevancy.*

*H4: Image fit between the partner brands weakly influences the co-branding product relevancy.*

**1.5. Fairness fit.** This study investigates the potential benefits of a co-branding operation between a major corporate brand and a labeling organization brand; thus the field of fairness perceptions is concerned by this approach. Consequently, it is seemingly necessary to examine the fit between the partner brands in terms of perceived fairness. The main question is to know whether the partner brands must (or must not) be perceived by the customers as equally oriented toward FT, in order to ensure the success of the co-branding operation. The most widely accepted hypothesis is that the greater the fit is, the more successful the co-branding operation is. Inversely, Walchli (2007) showed that moderate unfit between the partner brands generates more positive evaluations than strong fit or unfit, especially in situations of committing or complex purchasing. This question was investigated by Heckler and Childers (1992), who demonstrated that a “moderate incongruence” leads to a good customer evaluation. On the customers’ side, the main explication lies in the balance between the cognitive efforts one must achieve to solve the unfit, and the satisfaction one can gain from this resolution. In the case of a high unfit between the brands, the necessary cognitive efforts penalize co-branding evaluation. Inversely, a strong fit does not generate enough satisfaction for the customer, because if the brands are too close in the customer’s evaluation, the relevancy for a co-branding operation seems to be weaker (what can brands could mutually bring to each other, if they have the same skills and image attributes?). What’s more, customers can choose their favorite brands while they promote FT and sustainable development. Therefore, these customers can reduce

their own cognitive dissonances. According to Fleck et al. (2012) results, fit is not all matters, and it can exist a non-parametric or a negative relationship between the variables. Consequently, we can assume that the lower the fairness fit is between the brands, the more positively the co-branding operation is evaluated by the customers. Not only this “unfit” may enable firms to reach new market targets, but also it may provide corporate brands with a better consumer evaluation. This inversion of the relationship between fairness fit and co-branded product evaluation is the basic aspect of H5.

*H5: Fairness fit inversely influences co-branded product relevancy.*

## 2. Model testing

**2.1. Data collection.** The data collection has been organized in the city center of two medium-sized French towns, Tarbes and Rouen, and in a big town, Toulouse. 630 direct interviews were collected concerning the CN-MH study, and 350 were collected for the NES-MH study.

The chosen sampling method is quota representation, controlled by “sex” and “age”; this sample is representative of the French population, according to 2011 French population recording. The sample is 58% composed by women, and 42% composed by men in CN study, and 54% composed by women and 46% composed by men in NES study.

**2.2. Construct development and validation.** Co-branded product evaluation, the final dependent variable, is conceptualized as an attitude; therefore it is measured by the three-item solution (cognitive, affective and conative). The same three-item scale has been chosen for brand attitudes towards the two involved brands on the co-branding operation (host brand and invited brand). The scale choice for the other independent variables of the model are directly inspired by co-branding literature (Michel and Cegarra, 2002; Simonin and Ruth, 1998). All concepts are measured by Likert type scales ranging from 1 = “strongly disagree” to 5 = “strongly agree” and with 3 = “neither agree, nor disagree”. MH brand image was measured around the major attribute of a FT brand label, the concern for fairness towards southern producers, mainly represented by the price given to them. A qualitative exploration was held before proceeding with the quantitative study. Four focus groups were organized, each one gathering five persons for about 45 minutes. Five attributes or brand-related representations were actually conserved for each studied brand (see Table 1).

A sixth brand-related representation was added: fairness towards local little producers. The introduction of this item in the brand image scale enables the test for fairness fit.

Table 1. Free brand – associated thoughts

Brands	Main free associated thoughts
CN	Power of its taste, sensuality, product quality, collective experience, high price, and fairness towards local little producers
NES	Greediness, dairy products, product quality, moderated price, and fairness towards local little producers
MH	CN study (MH coffee): power of its taste, sensuality, product quality, collective experience, high price, and fairness towards local little producers NES study (MH chocolate tablet): greediness, dairy products, product quality, moderated price, and fairness towards local little producers

Note: Only 4 principal representations have been conserved for NES.

Then, each one of the groups of six free associative thoughts was transformed into a 4 point Thurstone scale (“completely associated with”, to “not at all associated with”). The similarity of the brand image scales enables the calculation of image fit and overall fairness fit. The latter two concepts were measured indirectly, as in Michel and Cegarra (2002), using the Euclidean distance between the central representations of the brand images. To achieve the test, the assisted notoriety question was asked showing MH’s logo. 60% out of the sample

did recognize MH’s logo, and all following tests have been performed on the basis of people having recognized MH’s logo. Table 2 displays the scale details for all concepts of this study, and indicates their scale reliability, using Cronbach alpha method. All data were previously handled using SPSS 14, then transferred into two PLS models (one for CN-MH, and one for NES-MH), to achieve reliability and validity tests. Eventually PLS models were used to build causal models, designed to solve our research questions.

Table 2. Variable measure and reliability (PLS models)

Concepts	Variables and items	Reliability (Cronbach's alpha)
Brand attitude	(BRAND)5: I have a good opinion of the brand (brand) (BRAND)6: I appreciate the brand (brand) (BRAND)7: If I have to buy (product) soon, I would certainly buy the brand (brand)	CN = 0.88 NES = 0.76 MH chocolate = 0.82 MH coffee = 0.87
Image fit	Power of the central representations of the host brand (5 key representations of the brand) Power of the central representations of the invited brand (5 key representations of the brand)	Calculation of Euclidean distance
Fairness fit	Power of a central representation (fairness towards southern little producers): of the host brand; of the invited brand	Calculation of Euclidean distance
Similarity	SIM1: (Brand) and MH have the same skills SIM2: The (brand) products and MH products are similar	CN-MH = 0.79 NES-MH = 0.76
Relevancy of the co-branded product	PERT1: In comparison with the existing products, a (Brand-MH) (product) would provide something new PERT2: A (Brand-MH) (product) would provide something better than the existing products	CN-MH = 0.84 NES-MH = 0.74
Evaluation of the co-branded product	ATT1: I have a good opinion of a possible (brand-MH) (product) ATT2: I would appreciate a possible (brand-MH)(product) ATT3: I would certainly buy a possible (brand-MH)(product)	CN-MH = 0.92 NES-MH = 0.73

According to Fornell and Larcker (1981) methods, we first examine convergent validity indexes, and second, discriminant validity indexes, as summarized in Tables 3, 4 and 5. Convergent validity means that different indicators of the same phenomenon are correlated. First, the  $\lambda$  (loadings) must be far different from 0, and as near as 1 as possible, their  $R^2$  must be superior to 0.5. Second, the construct variance must be most explained by the measuring items than by error. The calculation of AVE (average variance extracted) is the

part of “true variance” that can be extracted from the scale items: it must be superior to 0.5. Table 3 displays all indexes concerning the items quality and convergent validity, for all variables in the two studies. The whole scales obtain very good indicators. First, all items correlation with the main factor (loadings) reach high values, most of them are next to 1. Second, AVE values are far superior to 0.5 for all measures, except for brand attitude toward co-branded product, in the NES study.

Table 3. Convergent validity of the constructs

Brands	Constructs	Items	Convergent validity	
			Loadings	AVE
CN	Brand attitude	CN1 CN2 CN3	0.91 0.96 0.83	0.88

Table 3. (cont.). Convergent validity of the constructs

Brands	Constructs	Items	Convergent validity	
			Loadings	AVE
NES	Brand attitude	NES1	0.84	0.68
		NES2	0.89	
		NES3	0.73	
MH (coffee)	Brand attitude	MH1	0.91	0.80
		MH2	0.94	
		MH3	0.83	
MH (chocolate)	Brand attitude	MH4	0.84	0.82
		MH5	0.87	
		MH6	0.86	
CN / MH	Similarity	SIM1 SIM2	0.90 0.92	0.79
	Relevancy of the co-branded product	PERT1 PERT2	0.92 0.93	0.86
	Brand attitude towards co-branded product	ATT1 ATT2 ATT3	0.93 0.94 0.92	0.86
NES / MH	Similarity	SIM1 SIM2	0.90 0.89	0.81
	Relevancy of the co-branded product	PERT1 PERT2	0.89 0.89	0.80
	Brand attitude toward co-branded product	ATT1 ATT2 ATT3	0.64 0.80 0.78	0.56

Discriminant validity means that two indicators different in theory, are also different empirically. To demonstrate discriminant validity, it is required to show that squared root of each construct AVE is

superior to its bilateral correlations with the other constructs. In Table 4, *root AVE* indexes are reported in the diagonal of the latent variable correlation matrix.

Table 4. Evaluation of correlations between constructs and discriminant validity (MH-CN model)

	Attitude toward co-branded product	Brand attitude MH	Brand attitude CN	Fairness fit	Image fit	Similarity	Relevancy of co-branded product
Attitude toward co-branded product	<b>0.93</b>						
Brand attitude MH	0.30	<b>0.90</b>					
Brand attitude CN	0.53	0.10	<b>0.90</b>				
Fairness fit	-0.09	-0.13	-0.02	<b>1.00</b>			
Image fit	0.18	0.26	0.14	0.11	<b>1.00</b>		
Similarity	0.52	0.05	0.25	0.13	0.15	<b>0.90</b>	
Relevancy of co-branded product	0.84	0.38	0.39	-0.14	0.19	0.55	<b>0.93</b>

Note: Root AVE are indicated on the diagonal line. The other values are correlation scores between the latent variables.

The table of discriminant validity for NES-MH is not presented here, for parsimony reasons; but the results are correct enough to accept this measurement model. Discriminant validity is demonstrated for all constructs of CN-MH model (see Table 4), and it is also demonstrated for all constructs of NES-MH model. The latent variables of the model obtained excellent convergent and discriminant validity indexes, in the two studies, CN-MH and NES-MH. AVE indexes are almost always superior to 0.70 in CN study, and to 0.55 in NES study. All constructs share a greater part of variance with their measuring items, than with their respective measure error. All indexes are superior to the values below the diagonal line. Relationships between latent variables are inferior to relationships

between each latent variable and its measuring items. The model can be considered as reliable and valid.

**2.3. Model fit.** The tested model (cf. Figure 2.a for CN-MH study) has been internally evaluated by “structural scheme” (*path weighting scheme*). Hypothesis tests consist in examining estimation parameters signification levels (*path coefficient*) in the relationships between latent variables. A boot-strap simulation has been handled to estimate the parameters. For MH-CN and MH-NES studies, results obtained by the cross-validation method of the boot-strap are reported in table 5 (cf. Table 5 for B1 and B2 parameters, standard deviation, and *T* of Student tests).

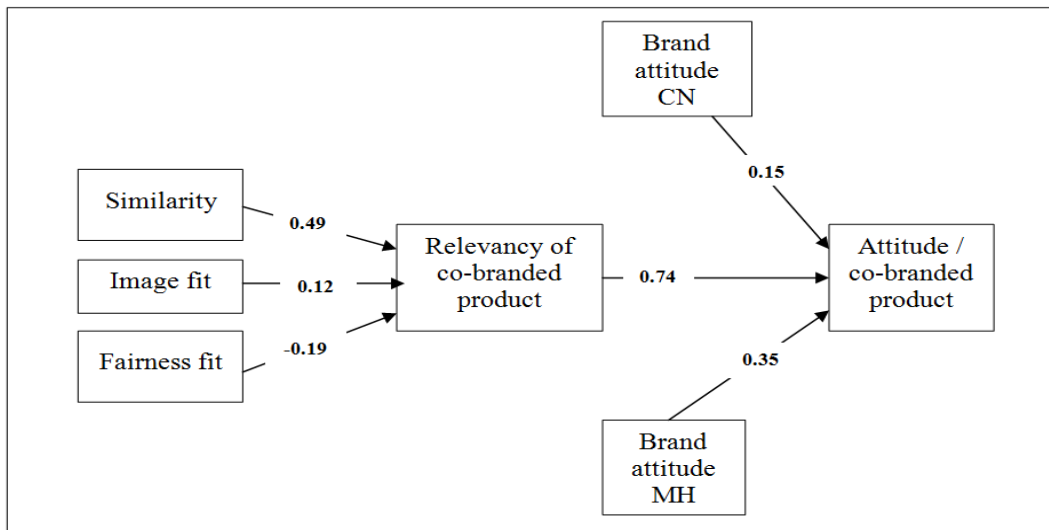


Fig. 2. Fair co-branding model (CN-MH)

Table 5. Estimation of the MH-CN (MH-NES) causal model parameters using bootstrap method

Hypothesis	B1 parameter	B2 parameter	Std deviation	T Test	Sig (at 0.05)
H1: Relevancy of co-branded product has a strong and positive influence toward attitude toward co-branded product evaluation	0.74 (0.62)	0.74 (0.62)	0.02 (0.03)	55.42 (18.72)	Yes
H2a: Brand attitude CN (NES) has a positive influence toward co-branded product evaluation	0.15 (0.23)	0.14 (0.24)	0.06 (0.05)	2.64 (4.47)	Yes
H2b: Brand attitude MH has a positive influence toward relevancy of co-branded product	0.35 (0.29)	0.34 (0.29)	0.06 (0.06)	6.13 (4.66)	Yes
H3: Image fit has a weak influence toward relevancy of co-branded product	0.12 (0.11)	0.11 (0.11)	0.04 (0.05)	0.39 (1.97)	No
H4: Similarity has a strong influence toward relevancy of co-branded product	0.50 (0.13)	0.49 (0.13)	0.03 (0.05)	14.47 (2.63)	Yes
H5: Fairness fit has a strong and negative influence toward relevancy of co-branded product	-0.19 (-0.17)	-0.19 (-0.17)	0.03 (0.05)	4.91 (3.47)	Yes

Note: B1 is the parameter extracted from the whole sample; B2 is the average of coefficients extracted with the bootstrap method.

### 3. Results and discussion

**3.1. Goodness of model fit.** The research model explains over 50% of the variance of the construct “relevancy of co branded product” ( $R^2 = 0.51$ ), and over 70% of the variance of the construct “attitude toward co branded product” ( $R^2 = 0.70$ ), for CN-MH study. The research model explains over 47% of the variance of the construct “relevancy of co-branded product” ( $R^2 = 0.47$ ), and over 38% of the variance of the construct “attitude toward co-branded product” ( $R^2 = 0.38$ ), for NES-MH study. The global quality of the model can be evaluated by the determination of a general  $R^2$  coefficient. It is defined as the average of all coefficients observed on dependant variables. The set of hypothesis explains 60% of the whole information brought by the model constructs for the CN-MH study, and 42.5% for the NES-MH study. Eventually, the global model quality is excellent in CN-MH study, and acceptable in the NES-MH study.

**3.2. Test of hypotheses.** The B parameters obtained in PLS models, measuring the intensity of the relationships between the latent variables of the model,

are our estimators for the hypothesis resolution. If the  $T$  test at 0.05 significance is correct, B parameters can be used to answer the research questions.

H1 was defined as follows: Co-branded product relevancy positively influences co-branding evaluation. Estimated B parameters for the influence of relevancy toward attitude toward co-branded product are 0.74 in CN-MH study, and 0.62 in NES-MH study,  $T$  tests are both valid. These very strong influences demonstrate that *H1 is strongly confirmed*. This very significant importance of the loading between the two latent variables furthers the evaluation of the model, yet the strength of the link shows that relevancy cannot be a classical explicating variable, it is rather a mediating variable, and gives more discursive power to the analysis.

H2 was defined as follows: the more positive the partner brand attitude is, the more positive the attitude toward the co-branded product. Measured B parameters are 0.15 and 0.35 for CN-MH study, and 0.23 and 0.29 for Nestle-MH study. Clearly, brand attitudes are antecedents of attitude toward co-branded product. Surprisingly, brand attitude toward

CN is the weaker explicative variable among this group; the value of its loading is only 0.15 (0.23 for NES), whereas the score for MH brand attitude is much higher (0.29 to 0.35). In the two studies, brand attitude toward MH has a stronger explicative power than forecast. *T* test is valid for each part of the hypothesis; we can globally conclude that *H2 (a and b) is confirmed* for the two studies.

H3 was defined as follows: Perceived similarity between partner brands strongly influences the co-branding product relevancy. Estimated B parameters measuring the influence of similarity toward relevancy of co-branded product are 0.49 in CN-MH study and 0.13 in NES-MH study. The influence is very strong in CN-MH study, and moderate in NES-MH study. In both cases, *T* test is correct. We can conclude that *H3 is confirmed*, even if similarity (physical fit) CN-MH is better than NES-MH, and therefore, the validation is much better for CN model. Consistently, as MH is often considered as a coffee brand, it is logical that the two brands were seen as having the same skills, and also logical in explaining the relationship with relevancy of co-branded product.

H4 was defined as follows: Image fit between the partner brands weakly influences the co-branding product relevancy. Estimated B parameters measuring the influence of image fit toward relevancy of co-branded product are 0.12 in CN-MH study and 0.11 in NES-MH study. This influence ranges from very weak to weak; *H4 is confirmed*, even if a limitation exists; yet *T* test is invalid in CN-MH study.

H5 was defined as follows: Fairness fit inversely influences co-branded product relevancy. Estimated B parameters for the influence of fairness fit toward relevancy of co-branded product are -0.19 in CN-MH study, and -0.17 in NES-MH study. *T* Tests are valid in both cases. The structural link between fairness fit and relevancy of the co-branded product is moderately important and negative. We confirm that fairness unfit influences relevancy of the co-branded product positively; *H5 is confirmed*. Yet the influence of fairness unfit is significant, and provides many stakes for marketing and co-branding research.

**3.3. Discussion.** *3.3.1. Research findings.* This study built a fair co-branding model, associating a FT labeling brand with two multinational brands. This research focused on major existing models, confirmed certain results, brought new results and introduced new concepts for co-branding theory.

First, this research furthers the comprehension of co-branding theory. We conclude that similarity plays a major role in the model, explaining co-branded product relevancy, accordingly to Simonin and Ruth (1998), and Cegarra and Michel (2001). Brand

attitudes play an important role in the model, confirming Simonin and Ruth (1998), Dickinson and Barker (2007) and Ahn et al. (2009) findings. In this research, the latent variables explain over 70% of the variance of the construct “attitude toward co branded product” ( $R^2 = 0.70$ ), for CN-MH study. The discursive power of fair co-branding is important if the allied brand is not perceived as a “fair” brand. Heckler and Childers (1992), previously demonstrated that a “moderate incongruity” leads to a good customer evaluation. Yet, fair co-branding CN/MH) can be categorized in “not expected/relevant” category. Consistently, unexpected events raise more attention than expected events. An unexpected alliance, whether it may make sense in the customer evaluation, may be remarked by many customers, as previously outlined by Fleck and Maille (2010).

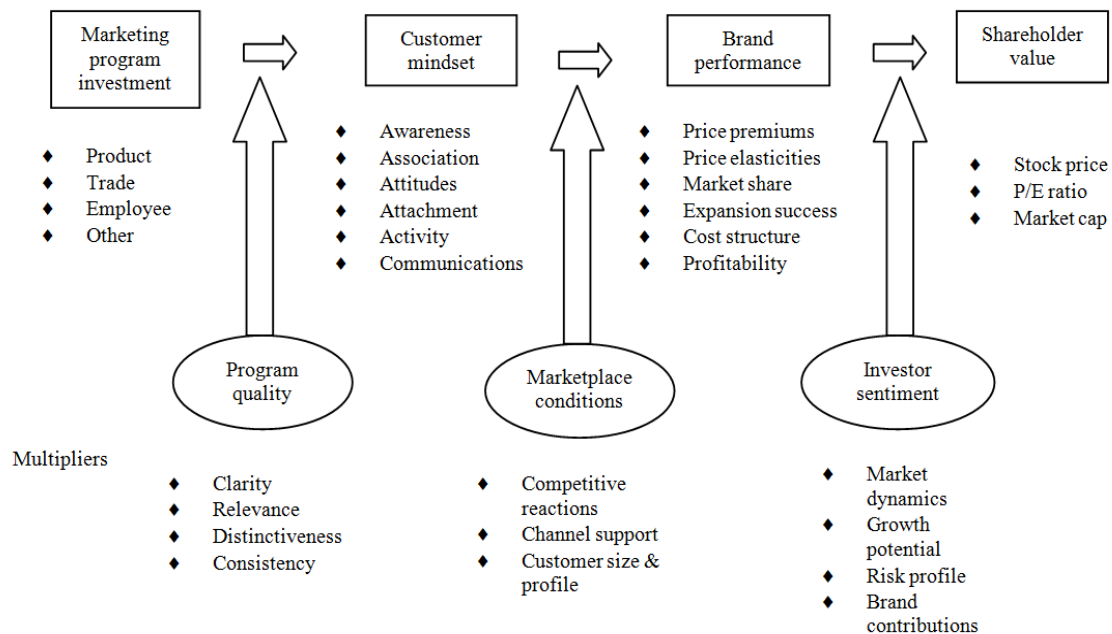
Second, this study introduced the concepts of “fair co-branding” and “fairness fit”. Fair co-branding is an alliance which implicates the host brand in the medium – long run. Usually, fairly traded products are purchased under co-operative rather than competitive trading principles, ensuring a fair (higher than free-market) price and fair (better than free market) working conditions for producers and suppliers in developing countries. Hence, a major theoretical finding of this research is the introduction of fairness fit. The present research shows that congruence (fit) influences the customer evaluation of a co-branding operation. This major result is linked to the question whether congruence or incongruence (fit or unfit) is required to ensure the success of fair co-branding operations. This study has shown that Fairness unfit influences positively the final evaluation of the fair co-branding evaluation. The structural link between fairness fit and relevancy of the co-branded product is moderately important and negative. Hence, we conclude that fairness unfit influences relevancy of the co-branded product positively. Consistently in a FT oriented marketing alliance, the ethical partner (MH in our study) brings about its specific skills and image attributes in the alliance strengths. Consequently, this type of alliance would be worthless in a “fair-fair” context.

*3.3.2. Managerial implications.* The managerial stakes are first linked with the purchase intention premium a corporate brand can expect in such an alliance. Given that it is estimated that many customers would buy ethically if no price premium or additional shopping effort were required, the alliance of a major corporate brand and an ethical brand could raise many purchase intentions. A plethoric literature exists in the field of economic and financial performance linked with socially and environmentally responsible practises (for a global



review, see Van Beurden and Gössling, 2008). If many studies reveal the importance of the ethical brand advantage and its potential purchase intention premium (Creyer and Ross, 1997; De Pelsmacker et al., 2005), most studies confirm that price, brand attachment, or perceived quality remain the basic antecedents for household grocery purchase intentions (De Pelsmacker et al., 2005). Consistently, the Brand Value Chain theory (Keller

and Lehmann, 2003, 2006) is helpful to further the analysis. The Brand Value Chain is a structured approach to assessing the outcomes of brand equity and the manner by which marketing activities create brand value. It provides insights to support the various decision makers in the company and assumes that the value of brand ultimately lies in customers' mindset. There are four steps in the value creation process model (see Figure 3).



Source: Keller K.L. and Lehmann D.R. (2003). How Do Brands Create Value, *Marketing Management*, May-June, pp. 26-31.

Fig. 3. The brand value chain

This model also assumes that there are a number of linking factors that intervene between these stages. These linking factors determine the extent to which value created at one stage transfers or “multiplies” to the next stage. The three stages of multipliers moderates transfer between the marketing program and the three value stages: the program quality multiplier, the marketplace condition multiplier and the investment sentiment multiplier. In our study, the fair co-branding action may enhance CN or NES performances in the three multipliers of the model. First, “Program quality” is concerned, because the four items in this category may be improved by the FT attributes of MH label. Second, fair co-branding may have a positive influence upon the second multiplier, principally upon the channel support and the customers' sizes and profiles. Third, brand image enhancement and affect transfers brought by fair co-branding may have an influence upon the third multiplier, principally upon growth potential and brand contributions. Keller and Lehmann (2003, 2006) showed that brand performance is enhanced by the previous stages of the Brand Value Chain. CN coffee or NES chocolates could recover higher profits with greater brand performance (Figure 3). These higher

profits, resulting from greater brand equity, may be synthesized as follows: price premium, market share premium, greater success for brand extensions.

Corporate brands are able to submit their brand management to any FT certification, whether they invest sufficient means. The host brand (e.g. CN) would be compelled to implement new distribution channels and new supply chain organization. Consistently, CN would maintain their main distribution strategy in mainstream selling points; the brand could also enter new channels, such as alternative FT distribution. Given that consumers are really willing to pay more for products branded by a strong brand (Ailawadi et al., 2003), the revenue premium may enables the brand to create high level channels (e.g. an online customers' club, or high level brand shops, in the inner centers of major towns).

CN would have to rethink its margin policy, to ensure better outcomes to little local producers. Hence, fair co-branding is likely to enhance the brands perceived social responsibility, as shown by Montoro Rios et al. (2006), who studied alliances between corporate brands and environmental labels.

## Conclusion

Alliances between lucrative and non lucrative brands are a crucial point for marketing research agenda. The raising of CSR stakes is a major evolution in the customer brand evaluation. Managers and practitioners must take this ethical evaluation into account. Consistently, fair co-branding would probably impact the image and the further ethical evaluation of the host brand. This point deserves particular attention. To explore this question, a longitudinal study is necessary; this time perspective may enable the measure of spillover effects for both brands.

Consistently, consumer skepticism is another crucial stake in studying FT buying behavior. In this study, skepticism may be high, because many customers may think that CN or NES only join MH to get better business performance, and not engage really in FT

practices. Further research can consider skepticism as an independent variable of the model. Another research direction would be the introduction of perceived quality of the host brand in the fair co-branding model. In our study, both host brands are evaluated very positively, hence the success of co-branding operation is quite more expectable. Further studies may compare the chances of success of a badly evaluated (versus well evaluated) brand engaging in fair co-branding. The coffee brand category seems to be a good research field.

Considering the major finding of this study (fairness fit), further research must be conducted to explore precisely the real influence of this construct toward co-branding success. The influence of fairness fit is moderate, and negative. This crucial question must be further investigated. To finish we can introduce the suggestion of the introduction of fair co-branding in the co-branding typology.

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