There’s no question; business today can be tougher than it has ever been. The past couple of years has been a bumpy ride for many; being in business brings with it many challenges but also many rewards. One of the most important things to keep on top of when you are in business is to keep looking for new ideas and innovations to ensure you can stay in it for the long haul. For franchisees, co-branding can be one such innovation and bring with it an entirely new opportunity for your business.

So what does co-branding actually mean? It’s pretty straightforward – co-branding includes the presentation and offering of multiple brands and their products to consumers, but under a more defined single strategy and marketing plan. Of course, like with any business venture there are benefits, considerations and drawbacks. When done properly co-branding offers fantastic paybacks for both the business (financially and brand-wise) and the customer (convenience and trust).

So why, and how can co-branding work?

There are some obvious ways in which co-branding can be a great way to buoy your business. There are the apparent costs savings such as shop rental, building maintenance fees, wages for staff and other business overheads. Other opportunities and advantages that come from partnering with another reputable brand include benefiting by association. By joining forces with a brand that also has a great customer base, is complementary, is in a good location and can offer existing customers convenience—all of sudden a new world of opportunity is presented.

Let’s take advertising and marketing for instance: in a usual campaign for business promotion, normally just the one brand’s message and creative would be used. However, with co-branding, the ad may show the initial brand but interweave the second brand i.e. someone coming in to rent a DVD while enjoying an ice cream. Working the brands in together and leveraging each other’s marketing is a great way to maximise reach, open up to and ensure new audiences.

Another critical thing to think about, and some advice offered when considering co-branding your brand (store) or entering a joint agreement is to ensure that you are doing so with established and more valued brands. Ensure you don’t link your existing brand with one that does not have the same values or business direction, no matter how large or more established the other brand is. For example Best & Less is a great discount brand however you would only wish to embark on a joint venture with them if you were also offering discounts and lower price point products. If this was not the case it would ultimately damage your brand in the long-term and devalue your business’s current offering.

For Cold Rock, using a Cold Rock Express model and going into Video Ezy stores makes complete sense. The customer base is similar and so are the brands’ values. The products are complementary and with the steady decline in DVD rentals, it presents the customer an added reason to visit the store rather than watch their movies online.

From the Cold Rock perspective, the brand is going into new locations that already attract steady foot traffic; ultimately any customer who walks into the store is a potential customer for Cold Rock. Therefore Cold Rock already has a head start, being able to tap into an established customer base and a captive audience.

This particular co-branding arrangement also benefits existing franchisees of Video Ezy; with increasing costs but decreasing revenue, it allows the franchisee to share overheads and staff costs across a new revenue stream. And better still, the investment is small! The model also means franchisees can take advantage of the Cold Rock Marketing Department and leverage off the national marketing activities as well as local marketing knowledge.

However, not all co-branding scenarios are as smooth sailing and so obvious. There are other considerations to make and details to look into before jumping into business with another brand. As touched on earlier, it is important to ensure both brands are trying to attract the same type of customer.
to truly take advantage of the co-brand. It’s important to weigh up and think about:

• Will either of the brands’ marketing messages lose impact?
• Will the brands’ existing customers be confused?
• Will the two brands devalue each other?

If any of these considerations are true, there is the potential to lose the advantage of each brand’s marketing and customer base.

A brand like Cold Rock presents a unique advantage: being a dessert brand, it is very versatile, meaning it can be co-branded with a wide range of brands such as entertainment outlets (video rental stores, theme parks, cinemas etc.) and other food retail outlets, providing the dessert option to their main course. Cold Rock has co-branded with both Video Ezy and Souvlaki Hut, which has created a one-stop destination for both brands’ existing customers. This is a fantastic benefit for customers who don’t want the hassle of stopping at multiple stores.

This kind of co-branding is already working in the frozen confectionary / dairy sector, with Cold Stone in the USA co-branding with Tim Hortons (a Canadian coffee and sandwich system).

Taking co-branding and diversifying the concept slightly, supermarkets in the UK are waging war on all sectors, white labelling everything from currency to gold buying, from opticians to car insurance to party planning. In the UK they are creating a one-stop destination for consumers without the need to co-brand, but with the added benefits of choosing the best companies in each sector to service their existing customers.

They are taking the risk out of diversifying and taking the benefits of co-branding to the next level. It is a great growth tool for all brands involved.

So, co-branding remains an interesting and often smart strategy in these unsteady business times. It is critical to assess many factors, and while this trend is being seen more regularly it is not a decision that should be rushed.

The following provides a summary of key pointers to use as a quick checklist, to help you decide and evaluate if co-branding is a good next business step:

• Will co-branding offer your existing business overall value?
  - Will the co-branding increase traffic for different times of day? For example, in the case of Cold Rock and Souvlaki Hut – customers can come for lunch, or for an afternoon snack.
  - Will sharing an identity introduce new consumers, or will it weaken overall market presence and decrease a brand’s value?

• Do the brands complement each other - will existing marketing activities complement each other? Can the brands leverage off each other?

• Be mindful that partners may request non-competition, that is, in some co-branding situations one brand may insist that certain products cannot be sold. So, a fast food restaurant that already sells coffee might insist a café style business does not sell coffee, and only sells the pastries.

• Does the co-branding open up a new and complementary audience for your existing business? Will it provide a potentially more engaged, or repeat customer?

• Will management, staffing and overheads costs be lowered?

• Will the co-brand diversify the risks?

• Can space for signage and allocation of marketing and advertising space, work?

• Will sales and revenue receive a boost?

Ultimately any success that comes from co-branding sits with ensuring the ideal partner for the current business. If the ‘right’ business can be found, an existing franchise can discover and reach many new markets.

Stan Gordon is Managing Director of Melbourne-based Franchised Food Company (FFCo). Stan is a skilled franchisor with hands-on experience in advertising and marketing, being well recognised for his business acumen and personality. He successfully established several franchise operations in Africa, most notably the Pies for Africa Group with the Mandela family, before moving to Australia.

Franchised Food Company, or FFCo, owns the highly popular Cold Rock Ice Creamery brand as well as Mr. Whippy, Pretzel World and Nutshack. FFCo is 100 per cent Australian owned, and is the biggest multi-system, non-listed franchisor, dealing in the ‘fun treats’ markets.

Phone: 1300 00 FFCO (1300 003 326)
Email: info@ffco.com.au
Web: www.ffco.com.au

“Ultimately any success that comes from co-branding sits with ensuring the ideal partner for the current business. If the ‘right’ business can be found, an existing franchise can discover and reach many new markets.”

Stan Gordon, Managing Director, Franchised Food Company.