CO-MARKETING CAPABILITY AND ITS IMPACT ON MARKETING ALLIANCE PERFORMANCE

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SUMMARY

Nike is performing well in an area where other corporations, from Coca-Cola to General Motors, have unsuccessfully tried to enter: Building brand loyalty via online social networking. The key to bringing their customers into the Web was the introduction of the Nike+ Sport Kit sensor, developed and marketed together with Apple. The partnership between Nike and Apple is a very successful example of what might be termed a co-marketing alliance (Bucklin and Sengupta 1993).

Unlike buyer-seller or manufacturer-distributor partnerships, co-marketing alliances are lateral relationships between firms at the same level in the value chain. Firms with pronounced competences in co-marketing, referring to superior skills how to create and sustain fruitful cooperative arrangements with partners, have a significant edge over their competitors (Lambe, Spekman, and Hunt 2002). Despite their potential contribution, co-marketing alliances pose significant management challenges. As a consequence, 60 to 70 percent of alliances can be considered as failures (Das, Sen, and Sengupta 2003). Although Sivadas and Dwyer (2000) as well as Lambe et al. (2002) conducted early examinations of alliance competence, it still lacks an integrated understanding of what capabilities allow firms to successfully find, develop, and manage co-marketing alliances. Hence, we identify and empirically examine a specific co-marketing capability (CMC) that enable firms to effectively engage in marketing alliances. Our findings provide new insights regarding the process of forming and conducting successful alliances in marketing.

We conceptualize a CMC as the essential capability of an organization to achieve superior co-marketing alliance performance and a sustained competitive advantage. Drawing on an extensive literature review, in-depth personal interviews with marketing alliance managers, and consulting experience concerning co-marketing alliances at various firms in the consumer good and business to business market, we built a preliminary model of CMC and confronted 15 knowledgeable managers and 9 marketing experts with it. Based on the obtained insights and suggestions from practitioners and academics, we extended our model and identified five distinct dimensions of CMC: Partner identification, alliance configuration, interfirm coordination, effective communication, and knowledge management. Furthermore, the literature review as well as our interviews highlight certain characteristics of alliances that may increase or reduce the influence of co-marketing capabilities. In particular, three factors have been shown to be important and are assumed to moderate the relationship between CMC and co-marketing alliance performance: Age of a co-marketing alliance, complexity of tasks within the alliance and power imbalance.

Primary data for testing our hypotheses were collected via a mail survey of firms operating in consumer and business markets. We selected firms with more than 100 employees to avoid an interference of small firms being dependent on alliances. Such firms may cooperate without actively developing and employing CMC due to a lack of own assets. The results of our study suggest four conclusions: First, CMC has a high impact on co-marketing alliance success. Second, CMC is especially important during the early honeymoon stage of co-marketing alliances (Levinthal and Fichman 1988). Third, firms need high CMC to successfully handle alliances with complex tasks, e.g. co-development of new products (Sivadas and Dwyer 2000). Fourth, power imbalance does not moderate the CMC and co-marketing performance relationship. Contrary to what we expected and prior research suggested, CMC is equally important for alliance partners having similar resources and power and those within an imbalanced alliance, e.g. a co-marketing alliance between a multinational and a small or medium-sized company.

High failure rates indicate that managing alliances is extremely challenging. Drawing on our research, a lack of CMC may be a primary reason for unsuccessful co-marketing alliances. Our results demonstrate that sophisticated CMC leads to an effective work environment between the partner firms in which alliance objectives will be achieved. Hence, CMC needs to be anchored within the firm. Firms should therefore aim to establish CMC at all positions touched by the co-marketing alliance. The moderating role of co-marketing alliance age confirms prior findings that alliance experience plays a significant role for alliance success (Lambe et al. 2002). Firms having a long-lasting co-marketing alliance learn about each other and internalize roles and responsibilities. Hence, CMC will become more tacit and embedded within the partnership. As ambitious alliances with complex tasks require extensive CMC, we empirically prove Day's (1995) suggestion that firm's initial attempts to establish co-marketing alliances should be made with relatively noncomplex and modest objectives. The lack of relationship between power imbalance and CMC was a surprise because prior research has found that co-marketing alliances dominated by a single partner require higher managerial skills to avoid detrimental effects from the partnership (Bucklin and Sengupta 1993; Sivadas and Dwyer 2000). We conclude that the identified CMC serves as a general foundation for achieving alliance objectives and is mandatory for all kinds of co-marketing alliances. References are available upon request.

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