



Successful Brand and Retailer Collaborations: Does Brand Familiarity Matter?

Michelle L. Childs, The University of Tennessee, Knoxville, TN  
Byoungho Jin, The University of North Carolina at Greensboro, Greensboro, NC

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**Rationale and Purpose:** Well-known designer brands have commonly collaborated with retailers to offer an exclusive brand extension such as Missoni at Target. Recently, rather than collaborating with familiar brands, retailers have started to collaborate with up-and-coming designer brands that are not well known. Examples include Jason Wu's collaboration with Target and Derek Lam's collaboration with Kohl's. The notion of consumers' familiarity with a brand is known to be critical to the success of the brand extension (Lane & Jacobson, 1995). Given this, when a retailer's collaboration with a less known brand (or designer) such as Jason Wu and Derek Lam, how does it impact the reputation of the retailer or the brand (or designer)? Based on schema theory, the purpose of this study is to understand how brand familiarity affects consumer's urgency to buy and dilution of retailer and brand image. Urgency to buy is when consumers have a feeling to buy the product right away (Gupta, 2013). Retailer and brand dilution occurs when consumers' positive beliefs and specific attributes (e.g., quality, price, level of assortment) associated with the retailer or brand name are decreased (Loken & John, 1993).

**Hypothesis Development:** By collaborating with well-known brands, retailers may experience a boost in sales by increasing consumers' urgency to buy the brand extension. Since the extension products are exclusive at the retailer (Cohen, 2011), the familiarity of the brand and the novelty of being offered at the retailer can excite consumers (Ahn et al., 2010). The excitement generated may push consumers to buy the highly familiar brand extension right away. However, when retailers collaborate with brands that are less familiar, consumers' urgency to buy will be low because it creates less excitement. Therefore, *H1: Urgency to buy the brand extension will be higher in retailers' collaboration with high familiar brands than low familiar brands.*

When retailers collaborate with highly familiar brands, they become susceptible to a change in consumers' perception of their image (Cooke & Ryan, 2000). This may be true because according to schema theory (Fiske & Taylor, 1984), consumers create a set of cognitively organized associations based on knowledge about a certain concept (e.g., brand, retailer). When these two entities collaborate, the image of the brand and retailer become integrated (Pettijohn, Mellott, & Pettijohn, 1992) and attributes associated with the retailer become weaker and fragmented. In this case, the retailer image becomes vulnerable to new associations which may deviate from its image prior to collaboration. This can create confusion for consumers about the retailer's image, which can cause dilution. On the other hand, consumers have not developed clear perceptions toward brands that lack familiarity, thus, retailer's image may be less damaged. *H2: Dilution of the retail image will be higher in retailer's collaboration with high familiar brands than low familiar brands.*

Despite an unknown brand's desire to increase market exposure through mass market distribution, it may actually harm the brand and dilute its image. For instance, in line with

Schema theory (Fiske & Taylor, 1984), consumers develop strong brand attitudes through time and experience. (Jap, 1993). In this case, consumer brand equity develops for highly familiar brands because the consumer holds strong attribute association in memory (Keller, 1993). However, brands which have a low level of familiarity lack these attribute associations. Thus, when low familiar brands extend through collaboration, it gives rise to new associations and can potentially create confusion about attributes associated with the brand (Park et al., 1991), which can dilute the brand's image (Sheinin, 2000). H3: *Dilution of the brand image will be higher when retailers collaborate with low familiar brands than high familiar brands.*

**Methods:** College students from a Southeastern University in the US (n=138) were exposed to a video commercial advertisement of a brand and retailer collaboration. Based on a measure of brand familiarity (e.g., How familiar is this brand to you?), high and low familiar groups were formed based on the mean value for familiarity (M=5.11). Retailer [brand] dilution was calculated by taking the mean difference score between the retailer [brand] evaluation measure (e.g., What is your perception of the quality of the retailer [brand]?) before and after viewing the video. Items measuring urgency to buy (e.g., I would buy this product immediately) were developed based on previous research. All measures used 7-point likert scales.

**Findings:** Findings are presented in Table 1.

H	Dependent Variable	Brand Familiarity		F-Value
		Low Brand Familiarity MEAN (n=62)	High Brand Familiarity MEAN (n=76)	
H1	Urgency to Buy	3.34	3.79	4.35*
H2	Retailer Dilution <sup>a</sup>	.14	-.24	3.22
H3	Brand Dilution <sup>a</sup>	-.60	.11	15.33***

a: (-) value indicates dilution, (+) value indicates image improvement; \*:p<.05, \*\*\*: p<.001

**Discussion and Implications:** In a brand and retailer collaboration, results demonstrated that in comparison to low familiar brands, high familiar brands cause greater urgency to buy (H1). While not significant, minus (-) value in the above Table 1 indicated that retailers' collaboration with high familiar brands resulted in a loss in retailer image (H2). Lastly, the most critical finding of this study is that when a low familiar brand collaborates with a retailer, it causes brand dilution (H3); therefore, up-and-coming brands (i.e., low brand familiarity) should consider other extension avenues so that their image does not become quickly diluted. This study was one of the first to discover that when a retailer's collaborate with brands, depending on consumers' familiarity level toward a brand, urgency to buy and the level of brand dilution differs. Practically, when retailers collaborate with highly known brands, they need to balance their short-term sales increase with the potential of damaging their image long-term. Theoretically, this research contributes to the understanding and application of schema theory to brand collaboration research. Based on schema theory, we proposed in H2 that the strong attributes consumers attach to highly familiar brands would overcome the retailer's attributes when collaborating, weakening the retailer's image. Surprisingly, our results were not confirmed. This demonstrates that the associations consumers attach to each of the collaborating partners are more resilient than predicted.

References available upon request