

# Analysis of Co-Branding Strategy to Improve Company's Competitive Power

(Case Study on Walls Selection Oreo)

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**Abstract**—The Co-Branding Strategy has been a choice since the 1980s. Co-Branding is a strategy chosen by at least 2 companies or 2 products to increase sales by combining 2 brands or more that were previously known by consumers. The purpose of this study is to find the effect of co-branding strategies that have been implemented, to find the brand equity value, and implementation of Co-Branding strategies in increasing company competitiveness between Walls Ice-cream and Oreo. Research methodology in this study use quantitative descriptive with EFE Matrix, IFE Matrix and SWOT Matrix analysis with the respondents background from with the chairman, marketing managers, customers, and experts from university lecturers with marketing management major. Result of the study from EFE and IFE Matrix, also SWOT Matrix are companies, products, market share, innovation and price available to support Co-Branding Strategy for Wall's Selection Oreo. Co-Branding Strategy on Walls and Oreo Products provides added value and increases competitiveness for both brands for the consumers who are the object of research.

**Keywords:** *co-branding, EFE Matrix, IFE Matrix, SWOT Matrix*

## I. INTRODUCTION

Business competition which is increasing at this time is a challenge for every company. A company expects that the sales of their products will increase, and companies that cannot meet consumer tastes will practical experience a decrease in sales volume. Therefore, to compete in the market, companies are required to think creatively and implement new strategies to defeat competitors. The increasingly competitive competition requires each company to form a plan to maintain consumers and attract new customers to make a purchasing decision on the product. A decrease in purchasing decisions can harm the company. Consumers will switch and choose a competing

brand considered good so that the impact of a decline in the company's reputation and decreased sales of the brand.

Declining consumer satisfaction and a large number of competitors resulted in a decrease in purchases of Wall's ice cream products. Hence, Wall's ice cream made a brand formation strategy, one of which was Co-Branding. This strategy is a partnership carried out by two or more companies to produce a new product. The formation of a Co-Branding strategy by a company that is well known to the public has a positive influence on new products released.

Co-Branding can increase sales through existing target markets and open opportunities for consumers and new networks. Co-Branding also has valuable meanings for learning about consumers and how other companies approach consumers and more than 40 flavors. Walls also has Brand Awareness. Walls itself is an ice cream brand from PT Unilever Indonesia, which entered the Indonesian market since 1992 and has issued 13 brands and more than 40 flavor variants. Walls also has good Brand Awareness as evidenced by achieving the Top Brand Kids Index in 2018. Achievement of the Top Brand Index Walls Reached 63.9% far above the nearest competitor, namely Campina, which only reached 22.5%.

Oreo is the trade name of a type of biscuits sold by Nabisco, the first time in 1912. Consists of two chocolate cakes with white cream in the middle. One popular way to use oreo is to dip it in milk. Besides, Oreo can also be used for other food raw materials, such as milkshakes, and ice cream. In Indonesia, Oreo is produced by PT Craft Indonesia or Kraft Food Indonesia.

The purpose of this research is to find out and explain the effect of co-branding strategies that have been implemented on the Wall's Selection Oreo. Then to find out and explain How

much influence the brand equity value of the Wall's Selection Oreo as well as to find out and explain the implementation of Co-Branding strategies in increasing company competitiveness.

Commonly adopted schemes in industry such as profit-sharing schemes, fixed royalty schemes and merger schemes are examined to investigate brand performance. Analytically it was found that the related brand would perform best under the merger scheme. This implies that internal collaboration in large groups is the most desirable strategy for branding.

Co-branding programs have been conducted for service products and goods. Co-branding for Frequent Flyer (FFP) services is rapidly changing the scope of additional revenue. Triangulation of the tripartite composition of airlines, banks and payment networks that formulates sales of miles and the resulting value that arises [1]. According to analytically that fashion brands must quickly work with well-known luxury fashion brands for brand alliances [2]. Co-branding between local and global brands that are known to give a positive image for both products to consumers [3].

Another study revealed that the presence of at least one high-equity brand in a cobranding strategy is sufficient to improve consumer evaluations of new products. However, the findings of the second study show there is no significant difference between co-branding and brand extension in terms of consumer evaluations of identical products [4].

Co-branding programs have been conducted for service products and goods. Co-branding for food is an interesting thing to do research. Walls and Oreo are two (2) different types of food products. Walls have the basic ingredients of ice cream, while Oreo is a widely known biscuit. This research is to find out the strategies used in the co-branding of the two products.

## II. RESEARCH METHODOLOGY

The research methodology used is quantitative descriptive, where the descriptive research from this research is describing the history of the company, the organizational structure and describing the real conditions of the company, while the quantitative research of this study is the result of matrix calculations from questionnaires filled out by expert respondents. The research data was analyzed by matrix analysis. It used to create a problem solving model, analyzes of factors that influence the company are needed. Before formulating the strategy, the company must first identify internal and external factors that will have an impact on the company that will run the business.

The matrix in the framework of the analysis of the strategy formulation used is as follows:

### A. EFE Matrix (External Factor Evaluation)

The EFE matrix is a tool for rating and evaluating information, economic, social, cultural, demographic, environmental, political, government, and technology and competition law. The EFE matrix collects the main external facts that are stated in quantitative form so that the resulting strategy will be more specific and accurate. This main external

factor will be given a quality. This quality indicates the importance of success factors in the company industry. The exact weight can be determined by comparing successful competitors with unsuccessful ones, or by discussing the factors that reach group approval.

### B. IFE Matrix (Internal Factor Matrix)

The IFE matrix is a strategy formulation tool that summarizes and evaluates critical strengths and weaknesses in the functional area of the business, and also as a basis for identifying and assessing relationships between those areas. In making an IFE matrix, what is needed is an opinion based on intuition. The IFE matrix collecting these main internal factors will be given a quality. This quality indicates the importance of factors to be successful in the company industry, regardless of whether the main factor is the strength or internal weakness. The highest quality should characterize factors that are considered to have a huge effect on company performance.

### C. SWOT Matrix

The tool used to compile the company's strategic factors is the SWOT method. This matrix can clearly illustrate how external opportunities and threats faced by the company can be adjusted with the strengths and weaknesses they have. And this matrix can produce four strategic alternative possibilities cells.

## III. RESULTS AND DISCUSSION

### A. EFE Matrix

The EFE Matrix Analysis show that the total score achieved is 2.793. Its meaning the company's position is quite good at dealing with its external environment. In this case, the company has tried as optimal as possible to take advantage of opportunities and avoid existing threats. The factor that provides the most significant opportunity is the market share that is still open, with the highest score of 0,054 with a speedy lifestyle and development. Therefore, is a great opportunity to innovate by Co-Branding.

As for the position of the threat of competing companies, the weakest factor is the critical community in the price of the product indicated by a score of 0.257. The other elements are increased competition, the food industry, especially ice cream, which results in similar competition among companies. Resulting in a critical society in product prices; therefore, the company must apply Co-branding, so that it has unique and different values among companies. So, consumers are satisfied with the product to be purchased.

By using the values of the analysis using EFE and IFE, the IE matrix (internal-external) resides in consciousness described as growing and built, with the IFE value in the vertical dimension with a total score of 2.793 and the EFE value in the horizontal size with an overall score of 2.640. The company's position on the IE Matrix explains that the company's situation is in an area of growth and stability.

**B. IFE Matrix**

The IFE matrix can be seen internally by the company is quite strong. This shows the highest score achieved by the company amounting to 2,640. The main strength of the company is in the price of affordable products and excellent product quality with the most top scores of 0.524 and 0.435. But on the weakness of the company, the lowest score is 0.106 limited promotion. This must be considered by competing companies, namely increasing promotions given to consumers to know more about the products offered by the company.

By including the results of identification of opportunities and threats of various internal strategic factors, the writer assigns quality and ratings to the EFE matrix.

**C. SWOT Matrix**

*1) Strengths*

- Ice Ice Cream Walls and Oreos have a matching function that is as a dessert product.
- Walls as Market Leader.
- Oreo as Market Leader.
- Become the Top of Mind in the minds of consumers.
- Attractive product design.

*2) Weaknesses (W)*

- Ice Cream lacks so many variants that consumers are bored and will cause switchers to other product brands.
- Segmentation is not widespread.
- Distribution is not good.
- Promotion is not massive.
- Unattractive price.

*3) Opportunities (O)*

- Brand awareness of original brands (ice cream) and (biscuits) is suitable for strengthening the positioning of Co-Branding products
- Favorable from both brands that if you want to buy ice cream, you will definitely choose walls and if you want to buy sandwich biscuits, you will definitely choose Oreo.
- Brand is Sufficiently Strong (brand that is strong enough) when asked to mention the brand of ice cream and sandwich biscuits then Walls ice cream and Oreo biscuits first appear in the minds of consumers.
- By combining Ice cream Walls and Oreo biscuits will be a unique and attractive brand merger that will provide brand benefits that will always be remembered for its uniqueness.
- The positive response from consumers because both brands already have an image with good quality in the minds of consumers.

*4) Threats (T)*

- Development of new products
- Products are easy to imitate
- Competitors release more innovative new products
- Price competition with competitors
- Unstable Exchange Rate

Based on the SWOT Matrix factors, we can create the strategies as follow:

*1) SO Strategy*

- Maintaining an existing market and expanding market share.
- Develop a brand image so that the brand is always remembered
- Develop ice cream product variants

*2) WO Strategy*

- Promotion of products is more intense.
- Be active on social media to strengthen the brand so that people are more familiar with the product.
- Increase the efficiency of the product.

TABLE I. SWOT MATRIX

SWOT Matrix	Strengthen	Weakness
<b>Opportunity</b>	1) Maintaining an existing market and expanding market share. 2) Develop a brand image so that the brand is always remembered 3) Develop ice cream product variants	1) Promotion of products is more intense. 2) Be active on social media to strengthen the brand so that people are more familiar with the product. 3) Increase the efficiency of the product.
<b>Threat</b>	1) Strengthening promotions by both companies 2) Creating market share together 3) Strengthen the brand image that co-branded products are market leaders	

**IV. CONCLUSION**

Based on the analyzed data, we can draw several conclusions as follows: Oreo Walls Selection has internal and external strategic factors which include strengths, weaknesses, opportunities, and threats and can affect the company's operational activities. PT Unilever and Kraft have strength in producing good quality products in conducting product Co-Branding strategies in increasing sales volume, this is used as one of the competitive advantages by PT Unilever and Karft in dealing with companies (Diamonds), where competing companies do not use good product quality as one of its competitive advantages but more emphasis on more affordable product prices. They are based on SWOT Analysis through IFE

and EFE Matrix. PT Unilever and Kraft in the internal environment were in the position of 2,640 while in the external environment position in the 2,793 position explained that the housing conditions of the research object were in a position of balance (stability), while the internal environment of the competitor's company was 2,555 while the external position was 2,688, this shows the company has a balance position (stability).

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