THE EFFECTS OF CO-BRAND MARKETING MIX STRATEGIES ON CUSTOMER SATISFACTION, TRUST AND LOYALTY FOR MEDIUM AND SMALL TRADERS AND MANUFACTURERS

Ki-Pyeong Kim, Yoo-Oh Kim, Min-Kweon Lee, Myoung-Kil Youn

Introduction

Due to Korea's recent economic depression, polarised consumption, and intensifying competition, its medium and small traders and manufacturers find it increasingly difficult to compete for sales in the domestic and foreign markets. The reality is that their survival is being threatened by the weakness of their brand power compared to that of large businesses and global enterprises, and a global problem is particularly acute in Korea because of the nature of its economy.

Therefore, this study addresses the following questions. First, are there any methods for small traders and manufacturers to achieve competitiveness? We shall try to find a way for them to overcome the inferiority of scale and secure competitiveness through systematization among similar business types.

Second, would it be possible to make co-branding among small stores necessary? We shall also discover what marketing strategy is necessary for co-branded businesses.

Third, what effects does co-branding have on consumers? We shall perform an empirical analysis that demonstrates whether the Co-Brand Strategy can induce trust and customer satisfaction from customers.

Fourth, can customer loyalty be strengthened through co-branding? We shall perform a study on whether the Co-Brand Marketing Strategy affects customer loyalty.

This study closely examines the performance of co-brand marketing activity based on the problems presented above and presents a strategic co-brand alternative for medium and small traders and manufacturers.

This paper is clearly different from existing studies targeting medium and small businesses since it focuses on medium and small traders and manufacturers. This significance of this study is in its assertion that the co-brand strategy can become a method for medium and small traders and manufacturers facing difficulty to gain competitiveness.

1. Study Method

1.1 Study Model and Hypotheses

In social sciences, finding a theory to fit every circumstance is rather difficult. It is almost impossible to find a dominant law by objectifying conditions with all their complexities because the physical, mental, socioeconomic, and environmental conditions of the subjects, as well as their desires, are diverse and variable. This study model was designed to systematise correlations and levels of influence by finding the factors corresponding to the effect of the co-brand Marketing Mix Strategy on customer satisfaction and loyalty.

Accordingly, this study will try to verify the effects which the Co-brand Marketing Mix Strategy pursued by medium and small traders and manufacturers have on customer satisfaction and loyalty through empirical analysis. A study model has been set up for this purpose.

 DOI: 10.15240/tul/001/2014-1-011

The hypotheses of this study are as follows:

Hypothesis 1. The co-brand Marketing-Mix Strategy will have a significant effect on Customer Satisfaction.

Hypothesis 1-1. There will be a more significant effect on Customer Satisfaction as the co-brand price decreases.

Hypothesis 1-2. There will be a more significant effect on Customer Satisfaction as the location of the co-brand improves.

Hypothesis 1-3. There will be a more significant effect on Customer Satisfaction as the quality standard of the co-brand rises.

Hypothesis 1-4. There will be a more significant effect on Customer Satisfaction as the number of co-brand promotions rises.

Hypothesis 2. The co-brand Marketing-Mix Strategy will have a significant effect on Trust.

Hypothesis 2-1. There will be a more significant effect on Trust as the co-brand price decreases.

Hypothesis 2-2. There will be a more significant effect on Trust as the location of the co-brand improves.

Hypothesis 2-3. There will be a more significant effect on Trust as the quality standard of the co-brand rises.

Hypothesis 2-4. There will be a more significant effect on Trust as the number of co-brand promotions rises.

Hypothesis 3. Customer Satisfaction will have a significant effect on Trust.

Hypothesis 4. Customer Satisfaction will have a significant effect on Loyalties.

Hypothesis 4-1. Customer Satisfaction will have a significant effect on Repurchase Intentions.

Hypothesis 4-2. Customer Satisfaction will have a significant effect on Recommendation Intentions.

Hypothesis 5. Trust will have a significant effect on Loyalties.

Hypothesis 5-1. Trust will have a significant effect on Repurchase Intentions.

Hypothesis 5-2. Trust will have a significant effect on Recommendation Intentions.

1.2 Design of Survey

1.2.1 Technical Definition and Measurement of Variables

Empirical studies tend to use empirical or quantitative analyses [8], [11], [12]. This analysis will use only quantitative analyses. To that end, we must define the concepts to be measured by the empirical survey.

The Co-Brand Marketing Strategy has spread to many fields, with the Kiho Trading Ltd. becoming a business leader and making a success through its company brand name 'Kapachi' and partnerships with medium and small manufacturers. Making a co-brand secures customer awareness by publicising the brand inexpensively with government support. Therefore, as the Co-Brand Marketing Strategy can be useful for the price, sales promotion, place, quality, and promotion strategies of medium and small businesses, Price, Place, Quality, and Promotion have been classified as sub-fields in order to identify the effect on them of co-branding.

This study organises its questions based on previous studies [4]. The questions have been measured on a 5-point Likert scale spanning from 1 ('not at all') to 5 ('very much so').

Purchase satisfaction represents the ultimate purpose of consumption activity. The concept of 'satisfaction' refers to the follow-up stage of awareness [5]. This study has reorganized the data of a previous study [7], [10] in order to measure purchase satisfaction on a 5-point Likert scale running from 1 ('not at all') to 5 ('very much so').

Trust can be defined as the mental act of trying to bear insufficiency through the optimistic belief in another's intentions or behaviour or the positive intention of having a conviction. Consumer trust in this study was conceptualised by reorganizing for this study a tool used by a previous study [6].

Jacoby & Kyner [3] define brand loyalty as continued biased purchase behaviour toward one or more brands among many alternatives. When facing fierce competition, maintaining customer loyalty becomes the key factor of success. Many studies on the concept of loyalty have been performed in the field of consumer behaviour. In this study, the concept of 'loyalty' has been reorganised with 'reuse intentions' and 'oral transmission intentions' as sub-fields

based on the tool of previous studies [1], [2] and is measured on a 5-point Likert scale spanning from 1 ('not at all') to 5 ('very much so').

1.2.2 Organization of Questionnaire

The questionnaire was organized as shown in Tab. 1 below.

Tab. 1: Organization of Questionnaire

Field and Details		Question No.	No. of Questions
Co-Brand Marketing Factor	Price Place Quality Promotion	I. 1,2 I. 3,4,6,8 I. 5,9,10 I. 7,11,12,13	13
Customer Satisfaction	Selection of Co-Brand and Satisfaction of Expected value	II. 1–10	10
Trust	Overall Trust in Co-Brand	III. 1–5	5
Loyalties	Repurchase Intentions	IV. 1–5 IV. 6–9	9
Purchase Conditions	Purchase Cost or Product Type, etc.	V. 1–6	6
General Details	Gender, age, education, job and income standard, etc.	VII. 1–6	6

Source: own

1.2.3 Analysis Method

The statistics processing of data gathered in this investigation was performed using the SPSS 12.0 for Windows Statistics Package and the AMOS 7.0 Program, including data coding and data cleaning processes.

In order to identify the common characteristics in the sample, a frequency analysis was performed. Moreover, an exploratory factor analysis using SPSS and a confirmatory factor analysis using AMOS were performed in order to analyse the validity of the measuring tool. In order to identify the reliability of this study a reliability analysis was performed using Cronbach's α.

In order to analyse the suitability of the study model, the causal relationship among variables, and the path effect of questionnaire, a path-analysis was performed using the AMOS 7.0 Program.

2. Empirical Analysis

2.1 Validation of Measuring Tool

The high reliability of a measuring tool does not guarantee high validity. The higher its validity is, however, the higher the reliability is. Therefore, a validity analysis of the measuring tools was performed for this study. The validity of the measured items was raised through the exploratory factor analysis and confirmatory factor analysis, while the reliability of the descaled factors was raised through the reliability analysis. The measuring items with confirmed validity and reliability were added and averaged depending on the variable to be considered as basic data of the structural equation model analysis.

2.1.1 Co-Brand

The first factor analysis on co-brand marketing discovered that nos. 7, 8 and 9 bound the theoretically set factor differently. While the factor loading value of these questions was .05 or higher, we found the optimum factors through elimination, as the corresponding questions produced closer relationships with questions with different factors from the ones that had been theorised. The details that did not fit the content have been removed, while nos. 7, 8, and 9 have also been removed. As shown in Tab. 2, 4 factors have been extracted, and the

total coefficient of determination on the 4 factor groups was 73.87%. If we examine this, factor 1 can be defined as Place, factor 2 as Quality, factor 3 as Promotion, and factor 4 as Price.

Tab. 2: Exploratory Factor Analysis Result on Co-Brand

Question No.	Factor 1	Factor 2	Factor 3	Factor 4
	Place	Quality	Promotion	Price
Question 6	.858	.015	.167	.020
Question 3	.843	.062	.156	.150
Question 4	.600	.498	.087	.098
Question 10	.229	.783	.077	.188
Question 5	-.094	.714	.306	.291
Question 12	.287	.219	.743	.216
Question 11	.224	.048	.701	.480
Question 13	.066	.554	.628	.021
Question 1	.117	.285	.086	.868
Question 2	.083	.150	.423	.747
Unique Value	2.025	1.836	1.784	1.742
Coefficient of Determination	20.25	18.36	17.84	17.42
Accumulated Coefficient of Determination	20.25	38.61	56.45	73.87

Source: own

2.1.2 Loyalties

As shown in Tab. 3, 2 factors were extracted after eliminating Question 5, which was bound differently from the theoretically set factor after the factor analysis of the Loyalties item. The total coefficient of determination on 2 factor groups was 66.89%. Upon examination, Factor 1 can be named 'recommendation intention', and Factor 2 can be named 'repurchase intention'.

Tab. 3: Exploratory Factor Analysis on Loyalties

Question No.	Factor 1	Factor 2
	Recommendation Intention	Repurchase Intention
Question 8	.835	.204
Question 6	.817	.206
Question 7	.797	.213
Question 9	.710	.315
Question 3	.084	.802
Question 4	.215	.795
Question 1	.423	.718
Question 2	.448	.631
Unique Value	2.936	2.416
Coefficient of Determination	36.70	30.20
Accumulated Coefficient of Determination	36.70	66.89

Source: own

2.1.3 Customer Satisfaction

As shown in Tab. 4, only 1 factor was extracted for Customer Satisfaction because there was no sub-factor and the total coefficient of determination was 46.40%.

Tab. 4: Exploratory Factor Analysis on Customer Satisfaction

Question No.	Factor 1
	Customer Satisfaction
Question 9	.710
Question 8	.707
Question 2	.707
Question 1	.704
Question 7	.701
Question 10	.697
Question 6	.685
Question 3	.640
Question 4	.632
Question 5	.619
Unique Value	4.640
Coefficient of Determination	46.40
Accumulated Coefficient of Determination	46.40

※ Values above are component matrix.

Source: own

2.1.4 Trust

As shown in Tab. 5, only 1 factor was extracted for Trust because there was no sub-factor and the total coefficient of determination was 58.03%.

Tab. 5: Exploratory Factor Analysis on Trust

Question No.	Factor 1
	Reliability
Question 4	.819
Question 3	.797
Question 1	.790
Question 2	.723
Question 5	.670
Unique Value	2.902
Coefficient of Determination	58.03
Accumulated Coefficient of Determination	58.03

※ Values above are component matrix.

Source: own

2.2 Reliability Analysis

Reliability among variables is measured through test-retest reliability, alternative-form reliability, split-half reliability, and internal consistency reliability.

In this study, internal consistency, the typical method of evaluating reliability among questions designed as plural numbers, will be applied in order to measure specific variables. The Cronbach's Alpha, or the reliability coefficient Alpha (α), a value indicating internal consistency, is used to discover whether the test questions are composed of homogeneous factors based on an average correlation among the variables in the test.

Nunnally [9] insists that a Cronbach Alpha value of 0.6 or higher is enough in the exploratory field of study, must be 0.80 in basic field, and must be 0.90 or higher in the applied field of study. Ven de Ven & Ferry [13] also generalise that the reliability of a measuring tool is sound if the Cronbach Alpha value is 0.60 or higher.

As shown in Tab. 6, a reliability analysis was performed on the Co-Brand Marketing-Mix Factor and Loyalties based on the questions derived from the previous factor analysis; their reliability was confirmed, as the Cronbach's Alpha value was shown to be 0.6 or higher.

Tab. 6: Reliability Analysis Results for Measuring Tools

Category		Question No.		Reliability
		First	Final	
Common Brand Marketing Mix	Price	2	2	.755
	Place	4	3	.748
	Quality	3	2	.737
	Promotion	4	3	.617
Customer Satisfaction		10	10	.871
Trust		5	5	.815
Loyalties	Repurchase Intention	5	4	.803
	Recommendation Intention	4	4	.847

Source: own

2.3 Confirmatory Factor Analysis

A confirmatory factor analysis (CFA) was performed in this study in order to verify the construct validity. This was performed in order to derive the measurement model for the measured items after completing the exploratory factor analysis and reliability test.

In order to evaluate the suitability of deriving the optimum state of item organization for each stage, the basic Fit value of χ^2 statistics quantity ($p>0.05$ is suitable), the GFI (Goodness of Fit Index: 0.9 or higher is suitable), the AGFI (Adjusted Goodness of Fit Index: 0.9 or higher is suitable), the RMR (Root Mean Square Residual: 0.05 or lower is suitable), the NFI (Normed Fit Index: 0.9 or higher is suitable) and the CFI (Comparative Fit Index: 0.9 or higher is suitable) were used.

Meanwhile, although the standard of χ^2 also must be considered in case the size of sample is large (as the χ^2 value is sensitive to the size of the sample), the suitability of the model must be evaluated by first considering other, higher priority suitability indices.

2.4 Correlation Analysis

Tab. 7 shows the significant positive (+) correlation among all factors through correlation analysis. Customer Satisfaction showed a positive (+) correlation with Price, Place, Promotion, and Quality, while both Repurchase Intention and Recommendation Intention showed a significant positive (+) correlation with Co-Brand Marketing Factor. Among these, Customer Satisfaction showed the highest correlation with Trust (at $r=.780[p<.01]$).

Tab. 7: Correlation Analysis

Category	Price	Place	Quality	Promotion	Customer Satis-faction	Trust	Repurchase Intention	Recommen-dation Intention
Price	1							
Place	.308**	1						
Quality	.509**	.314**	1					
Promotion	.606**	.460**	.576**	1				
Customer Satisfaction	.627**	.262**	.553**	.582**	1			
Trust	.527**	.244**	.545**	.596**	.780**	1		
Repurchase Intention	.482**	.234**	.486**	.474**	.703**	.647**	1	
Recommendation Intention	.363**	.151*	.391**	.404**	.604**	.563**	.597**	1

*p<.05, **p<.01 Source: own

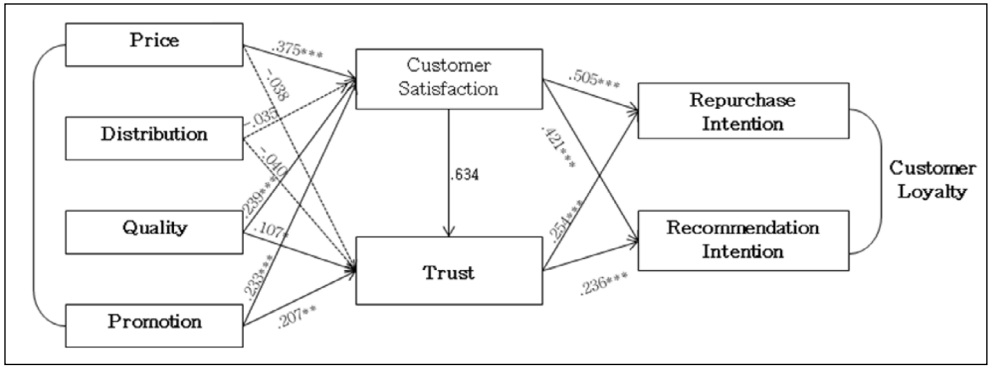
3. Verification of Study Hypotheses

3.1 Verification of Hypotheses

A structural equation model analysis was performed using AMOS 7.0 in order to clarify the relationship between the Co-Brand Marketing Mix Strategy and Customer Satisfaction, Trust, and Loyalties.

In this study, the fitness of the analysed model is determined by the Goodness Fit Index (GFI), the Adjusted Goodness Fit Index (AGFI), the Absolute Fit Measures such as Root Mean square Residual (RMR), and the Incremental Fit Measures such as the Normed Fit Index (NFI) or Comparative Fit Index (CFI).

Fig. 1: Path Diagram of Study Model



Source: own

For the path analysis using AMOS, the researcher must turn the study model into a diagram based on theoretical assumptions. Therefore, the path diagram in Fig. 1 has been designed. The model has been derived under the assumption that the measurement error of the possible related measurement variables will show correlations through the revised index.

The processes above revealed a fitness test result for the final study model of χ^2=22.358 (p<.01), GFI=.976, AGFI=.903, RMR=.012, NFI=.976, and CFI=.985, as shown

in Tab. 21. The GFI, AGIF, NFI, and CFI satisfied the standard values, as anything 0.9 or above is suitable. On the other hand, although the p value must be greater than 0.05 in the case of χ^2, it was determined not to be problematic given other fitness indices, even though it does not reach the standard value as a sensitive index.

3.2 Summary of Empirical Analysis Results

The results of the empirical analysis on this study model and the summaries of the main details are shown in Tab. 8.

Tab 8: Hypothesis Test Summary Table

Hypothesis Classification				Path Coefficient	Standardized Path Coefficient	Standard Error	t Value	P	Rejected/ Selected
Hypothesis 1	Customer Satisfaction	<---	Price	.245	.375	.041	5.982	.000***	Selected
	Customer Satisfaction	<---	Place	-.021	-.035	.033	-.649	.516	Rejected
	Customer Satisfaction	<---	Quality	.185	.239	.047	3.911	.000***	Selected
	Customer Satisfaction	<---	Promotion	.179	.233	.054	3.352	.000***	Selected
Hypothesis 2	Trust	<---	Price	-.031	-.038	.046	-.671	.502	Rejected
	Trust	<---	Place	-.030	-.040	.034	-.872	.383	Rejected
	Trust	<---	Quality	.104	.107	.051	2.019	.043*	Selected
	Trust	<---	Promotion	.200	.207	.057	3.480	.000***	Selected
Hypothesis 3	Trust	<---	Customer Satisfaction	.795	.634	.071	11.183	.000***	Selected
Hypothesis 4	Repurchase Intention	<---	Customer Satisfaction	.638	.505	.095	6.711	.000***	Selected
	Recommendation Intention	<---	Customer Satisfaction	.517	.421	.104	4.955	.000***	Selected
Hypothesis 5	Repurchase Intention	<---	Trust	.256	.254	.076	3.378	.000***	Selected
	Recommendation Intention	<---	Trust	.231	.236	.083	2.775	.006**	Selected

Source: own

(1) Effect of the Co-Brand Marketing Mix Strategy on Customer Satisfaction

As shown in the result of testing Hypothesis 1, 'Co-Brand Marketing Mix Strategy (Factor) will have a significant effect on customer satisfaction', the Price (Standardized Path Coefficient=.375, t=5.982, p=.000), Quality (Standardized Path Coefficient=.239, t=3.911, p=.000), Promotion (Standardized Path Coefficient=.233, t=3.352, p=.000), excluding Place, had significant effects. Therefore, Customer Satisfaction was improved as the Price, Quality, and Promotion were evaluated as positive. On the other hand, the Place (Standardized Path Coefficient=-.035, t=-.649, p=.516) was shown not to have significant effect on Customer Satisfaction. Through this, hypotheses 1-1, 1-3 and 1-4 were selected and Hypothesis 1-2 was rejected, so that Hypothesis 1 was selected.

(2) Effect of Co-Brand Marketing Mix Strategy on Trust

As shown in the result of testing Hypothesis 2, 'Co-Brand Marketing Mix Strategy (Factor) will have significant effect on Trust', the Quality (Standardized Path Coefficient=.107, t=2.019, p=.043) and the Promotion (Standardized Path Coefficient=.207, t=3.480, p=.000) had significant effects. Therefore, Trust was shown to be improved as the Quality and Promotion were evaluated as positive. On the other hand, the Price (Standardized Path Coefficient=-.038, t=-.671, p=.502) and Place (Standardized Path Coefficient=-.040, t=-.872, p=.383) were shown not to have significant effects on Trust. Through this, hypotheses 2-2 and 2-3 were selected while 2-1 and 2-2 were rejected, so that Hypothesis 2 was selected.

(3) Effect of Customer Satisfaction on Trust

As shown in the result of testing Hypothesis 3, 'Customer Satisfaction will have a significant effect on Trust', Customer Satisfaction had a significant effect on Standardized Path Coefficient .634(t=11.183, p<.001). Therefore, Trust became higher as Customer Satisfaction became higher, so that Hypothesis 3 was selected.

(4) Effect of Customer Satisfaction on Loyalties

As shown in the result of testing Hypothesis 4, 'Customer Satisfaction will have a significant effect on Loyalties', Customer Satisfaction had significant effects on Repurchase Intention (Standardized Path Coefficient=.505, t=6.711, p=.000) and Recommendation Intention (Standardized Path Coefficient=.421, t=4.955, p=.000). Therefore, Repurchase Intention and Recommendation Intention became higher as Customer Satisfaction became higher, so that Hypothesis 4 was selected.

(5) Effect of Trust on Customer Loyalties

As shown in the result of testing Hypothesis 5, 'Trust will have significant effect on Loyalties', Trust had significant effects on Repurchase Intention (Standardized Path Coefficient=.254, t=3.378, p=.000) and Recommendation Intention (Standardized Path Coefficient=.236, t=2.775, p=.006). Therefore, Repurchase Intention and Recommendation Intention became higher as Trust became higher, so that Hypothesis 5 was selected.

Conclusion

This study has presented a study model in order to clarify the effect of the Co-Brand Marketing Mix Strategy as employed by medium and small traders and manufacturers on customer satisfaction and loyalty after previous studies on the co-brand, the Marketing Mix Strategy, customer satisfaction, trust, and loyalty had been examined to establish hypotheses clarifying the relationships among the variables. A survey was performed on government workers and consumers who deal with medium and small traders and manufacturers. The study's questionnaire derived its sample frequency analysis using the SPSS Statistics program, and reliability and validity tests on the measured items were performed. In order to test the hypotheses, a structural equation model analysis was performed.

The results of the tests on the effect of the Co-Brand Marketing-Mix Strategy on Customer Satisfaction are as follows.

First, testing the hypothesis that 'the Co-Brand Marketing Mix Strategy will have a significant effect on Customer Satisfaction' showed that it had significant effects on Price, Quality, and Promotion (excluding Place): Customer Satisfaction was improved as the Price, Quality, and Promotion of the Co-Brand were evaluated as more positive. It is thus determined that a business plan must be able to manage factors such as the price, quality, and promotion of the brand product in order to enact the Marketing-Mix Strategy.

Second, testing the hypothesis that 'the Co-Brand Marketing Mix Strategy will have a significant effect on Trust' showed that Quality and Promotion had significant effects: Trust was improved as Quality and Promotion of the Co-Brand was evaluated as more positive. It is thus determined that a Marketing Manager's business strategy must allow customers to trust in the brand's Marketing-Mix factors such as quality and promotion.

Third, testing 'Customer Satisfaction will have significant effect on Trust' showed that Customer Satisfaction had a significant effect on the Standardized Path Coefficient: thus, a customer who is satisfied with the product or

service of a business makes it profitable. Satisfaction creates positive results from limited resources and is crucial for individual customers.

Fourth, testing 'Customer Satisfaction will have a significant effect on Loyalties' showed that Customer Satisfaction had significant effects on Repurchase Intention and Recommendation Intention. Thus, the customer will always select the business providing the highest value or benefit; a business can expect continued repurchase when the customer is satisfied through the provision of value or benefit.

Fifth, testing 'Trust will have significant effect on Loyalties', showed that Trust had significant effects on Repurchase Intention and Recommendation Intention. It is thus determined that a strategically well managed brand should be able to strengthen brand loyalty by heightening its reliability thereby increasing its consumer usage and emotional ties to its identity.

Therefore, empirical analysis shows that customer satisfaction, reliability, and co-branding have effects on loyalty. This study has verified that customer satisfaction and trust increase loyalty, inducing repurchase and recommendation intention. In order for medium and small traders and manufacturers to achieve competitiveness, then, their strategic planning must improve customer satisfaction and reliability by consolidating the factors such as product, quality, price, place, and promotion through co-brands.

The results of this study allow medium and small traders and manufacturers, as well as related government agencies, to reflect on the appropriate business strategies. They need to consider the following facts.

First, a management company for the promotion of co-branding should be incorporated as a cooperative cartel. In order to establish such a management company, it is necessary to change the enforcement regulations of 'The Law Related to Monopolization Control and Fair Trades' Article 19 Clause 1 No. 1, No. 6 and No. 8 to prevent limiting the establishment and business activity of any co-brand management company.

Second, approval from the Fair Trade Committee should be necessary to carry out the co-brand business. It must be demonstrated that the management company had not been designed to pursue profit through monopoly but to create social value by improving and maintaining quality and providing instruction in and supervision of service improvement in order to prevent unethical business practices.

Third, for medium and small traders and manufacturers to effectively use marketing strategies (such as cut down of fixed allowance, joint sales, and joint publicity) during the initial market entry of their co-brands, they need to hold presentations, seminars on successful co-brands, co-brand fashion shows, a general exhibition on agricultural co-brand products, and information on the private contract system for government funded co-brands.

Fourth, It is necessary to consolidate the government support policy for Co-Brand. Currently, the Medium and Small-sized Businesses Administration is providing support through programs like the Co-Brand Product Development and Facility Extension, the Co-Brand Design Development Fund, the Raw and Subsidiary Material Purchase Funds for Production of Co-Brand Products, the Export Finances for Promoting Export of Co-Brand Products, the Extension of In organization Funds for Setting Up ERP and SCM, and the Tuition Support for Using CRM. It will be more helpful to medium and small traders and manufacturers if tax exemption support is offered, such as a tax exemption on leases or transfers of Co-Brands or an exemption on investment tax for funds invested as development, Co-Brand publicity, and promotion. Additional policy support projects, such as management instruction and consulting support for the establishment and operation of a co-brand management company will be helpful.

References

[1] CHOI, N.H., PARK, D.S. Individual Brand Loyalty and the Self-Corporate Connection Induced by Corporate Associations. *Journal of Distribution Science.* 2011, Vol. 9, No. 1. pp. 5-16. ISSN 1738-3110.

[2] ENGEL, J.F., BLACKWELL, R.D., MINIARD, P.W. *Consumer Behavior.* 8th ed. Fort Worth: Dryden Press, 1995. pp. 235-240. ISBN 0030258189.

[3] JACOBY, J., KYNER, D.B. Brand loyalty versus repeat purchase behaviour. *Journal of Marketing Research.* 1973, Vol. 10, No. 1, pp. 1-9. 1973. ISSN 0022-2437.

[4] KELLER, K.L., HECKLER, S.E., HOUSTON, M.J. The Effects of Brand Name Suggestiveness

on Advertising Recall. *Journal of Marketing.* 1998, Vol. 62, Iss. 1, pp. 48-57. ISSN 0167-8116.
[5] KIM, Y.H., BAE, M. The Effect of Perceived Justice on Customer Satisfaction and Repuchase Intention in the Discount Stores Service Recovery. *Journal of Distribution Science.* 2005, Vol. 3, No. 1, pp. 23-42. ISSN 1738-3110.
[6] LEE, J.G., BAE, M. The Impact of Interpersonal Relationships on Department Stores Customer Satisfaction and Trust, Loyalty. *Journal of Distribution Science.* 2006, Vol. 4, No. 1, pp. 27-52. ISSN 1738-3110.
[7] LOUNSBURY, J.W., POLIK, J.R. Leisure needs and vacation satisfaction. *Leisure Science.* 1992, Vol. 14, Iss. 2, pp. 105-119. ISSN 0149-0400.
[8] NADIRI, H., TÜMER, M. Retail service quality and behavioural intentions: An empirical application of the retail service quality scale in Northern Cyprus. *E+M Ekonomie a Management.* 2009, Vol. 12, Iss. 2, pp. 127-139. ISSN 1212-3609.
[9] NUNNALLY, J.C. *Psychometric theory.* 2nd ed. New York: McGraw-Hill, 1978. ISBN 0-397-51357-7.
[10] OLIVER, R.L. *Satisfaction: A behavioral perspective on the consumer.* NewYork: McGraw-Hill, 1997. ISBN 0070480257.
[11] YOUN, M.K., KIM, Y.O. *Theory of Distribution.* Dunam: Seoul, 2010. ISBN 978-89-6414-072-7.
[12] YOUN, M.K., KIM, Y.O. A Study on the Methodology of Distribution Study in Korea. *Journal of Distribution Science.* 2007, Vol. 5, No. 1, pp. 75-88. ISSN 1738-3110.
[13] VAN DE VEN, A.H., FERRY, D.L. *Measuring and Assessing Organization.* New York: Wiley-Interscience, 1980. ISBN 0471048321.

Ki-Pyeong Kim, Ph.D.
Daejeon University
Department of Business Administration
gpkim2970@hanmail.net

Yoo-Oh Kim, Ph.D.
Research Office for Commercial Districts Development
Agency for Traditional Market Administration
birch65@hanmail.net

Min-Kweon Lee, Ph.D.
General Office for Management Planning HQs
Agency for Traditional Market Administration
lmk62@hanmail.net

Myoung-Kil Youn, Ph.D.
Eulji University
School of Health Industry
Dept. Medical IT & Marketing
retail@eulji.ac.kr

Abstract

THE EFFECTS OF CO-BRAND MARKETING MIX STRATEGIES ON CUSTOMER SATISFACTION, TRUST AND LOYALTY FOR MEDIUM AND SMALL TRADERS AND MANUFACTURERS

Ki-Pyeong Kim, Yoo-Oh Kim, Min-Kweon Lee, Myoung-Kil Youn

Due to Korea's recent economic depression, polarised consumption, and intensifying competition, its medium and small traders and manufacturers find it increasingly difficult to compete for sales in the domestic and foreign markets. The reality is that their survival is being threatened by the weakness of their brand power compared to that of large businesses and global enterprises. As the brand has become a key method for identifying products and guaranteeing quality owing to the spread of the Internet, the position of medium and small traders and manufacturers with relatively weak brand power has become tenuous. Accordingly, securing the brand marketing function is becoming a crucial factor for those medium and small traders and manufacturers who wish to leap into the middle ranks through sales increases and business stabilization achieved by market extension.

Therefore, this study presents a model that clarifies the effect of the Co-Brand Marketing Mix Strategy when used by medium and small traders and manufacturers on customer satisfaction and loyalty and offers hypotheses to clarify the relationship among variables by examining previous studies on co-brand, the Marketing Mix Strategy, customer satisfaction, trust, and loyalty. The fact that customer satisfaction increases loyalty, thus triggering repurchase intentions and recommendation intentions, will also be verified. This paper is, therefore, clearly different from existing studies targeting large, medium, and small businesses since it focuses on medium and small traders and manufacturers. The significance of this study is in its assertion that the co-brand strategy can become a method for medium and small traders and manufacturers to secure their competitiveness.

Key Words: *Medium and small traders and manufacturers, small- and medium-sized businesses, co-brand marketing mix strategy, customer satisfaction and loyalties.*

JEL Classification: *M31, O53, C44.*

DOI: *10.15240/tul/001/2014-1-011*