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► **To cite this version:**

Mantiaba Coulibaly, Loïc Sauvée. Value Creation in Brand Alliances: A Dynamic Conceptualization. Journal of business market management, 2010, 4 (1), pp.3-25. 10.1007/s12087-010-0029-1 . hal-04364220

HAL Id: hal-04364220

<https://normandie-univ.hal.science/hal-04364220>

Submitted on 26 Dec 2023

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Value creation in brand alliances: A dynamic conceptualization

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Abstract

The objective of this article is to conceptualize the value creation process in brand alliances using a dynamic approach. Using the literature on strategic alliances and inter organizational relationships to explain the importance of organizational components in brand alliances. The research question is to identify the key components which allow the creation and sustaining of value: context, actors, objectives, behaviors, resources, and governance mechanisms, internal and external conditions affecting the value creation process. Then the framework is applied in case studies of brand alliances in the food market. We show that the impact of these components depends on the nature of the organizations involved, on market conditions and on the manner resources and governance mechanisms are combined together.

Key words: alliance, brand, governance, value

Value creation in brand alliances

1.0. Introduction

Alliances create value and enhance competitive advantage by leveraging and building economies of scale and scope gaining access to markets and technology, improving product development, and increasing the general level of knowledge (Spekman, 2009). According to Spekman (2009), alliances are reactions to changes in the environment and depend on the motivation for resources. In a context of fierce competition between brands, the rise of brand alliances is a way to gain and maintain a competitive advantage. In this regard, we propose

that it is necessary to consider both preliminary and dynamic approaches of alliances to explain value creation process in brand alliances.

To present a preliminary approach of the value creation process, we review the literature on brand alliances as well as strategic alliances. We identify some components that influence value for the consumers and the organizations: context, actors (their objectives and behaviors), resources and governance mechanisms. Also, we show that these components can have negative impacts.

We also present a dynamic approach of value creation in brand alliances. We show that the evolution of some organizational factors including internal factors such as objectives and resources of actors, internal tensions impact on value creation (Das and Teng, 2000) and governance mechanisms.

We use case studies (Yin, 2003; Eisenhardt and Graebner, 2007) to apply the value creation process to two types of alliances in the food market: the alliance between a private certification brand and a private brand of banana, and the alliance between an ingredient food brand and a dietary food supplement brand.

Firstly we conduct our literature review (2.0) on value creation in brand alliances in order to identify the basic components of our interorganizational perspective (2.1). Then we propose a dynamic conceptualization of value creation (2.2). Secondly, we apply the conceptual framework in case studies in a food market (3.0). For this, we present the research methodology (3.1), the results (3.2) and discussion (3.3). Finally we conclude and explain possibilities for future research (4.0).

2.0. Literature review

2.1. Value creation in brand alliances: preliminary perspective

In general, alliances are developed in competitive contexts. It is necessary to know in which context alliances occur, to identify the reasons of the organizations exchange in alliances and the means to reach their objectives using resources and governance mechanisms. We focus on preliminary approach of strategic alliances to identify these different components in the statement of brands alliances.

A preliminary study is necessary isolate the key components affecting the design of the value creation process at a given point in time (2.1.1). We propose to link these components in an integrated framework in a dynamic conceptualization (2.1.2).

2.1.1 The basic components of the preliminary approach

- Context of brand alliances

In general, the context refers to political and economic aspects, cultural and social domain, structure of the market (offer/demand), internationalization, position in a manufacturing chain, dynamism (Pardo and Salle, 1994: 416-418). It is convenient to classify all of these elements in the environment of the alliance.

The context of alliances represents the external and internal environment of the alliances (Kumar and Nti, 1998). An external environment reveals the economic, social and legal situation of the alliance. The internal environment concerns, for example, communication on a product or strategy of commercialization adopted by organizations in the alliance. According to Kumar and Nti (1998, p. 364), the internal and external environment can involve negative impacts on the relationship between organizations in alliance.

- Actors in brand alliances

Actors represent organizations that exchange in an alliance and participants in the alliance. Indeed Doz (1996: 58) identified three types of participants in a relation: ‘front line day-to-day partners’; ‘more senior executives’; ‘senior line managers’. He shows that actors in alliance can have different functions which depend of their status or role in alliance. So we can consider actors in an alliance as different partners in the relation. Consequently they express different opinions on value considering some aspects and not others, and emphasizing concern with different consequences (Snehota and Carsaro, 2009).

According to Spekman (2009), partners in R&D alliances can control information leakage and benefits from prior relationship. Indeed, literature on brand alliances represents actors by organizations which combine their brands and the partners of these organizations (Golan, Kuchler and Krissoff (2007). In the food market, brand owners exchange with their direct partners (producers, distributors, organization of control) and their indirect partners (government, public and private institutions). Consequently all the actors in brand alliances exchange activities and resources (Håkansson and Snehota, 1995) to create value for consumers and finally for organizations.

- Actors’ objectives, their resources and behaviors in brand alliances

In brand alliances, actors (organizations) develop different objectives: individual and/or common objectives. The objectives can be strategic: to make a profit, to have legitimacy, and to reduce costs (Abratt and Motlana, 2002; Prince and Davies, 1999). The objectives concern the brand image and the price of the product which represents the brands (Leuthesser, Kholi, and Suri, 2003).

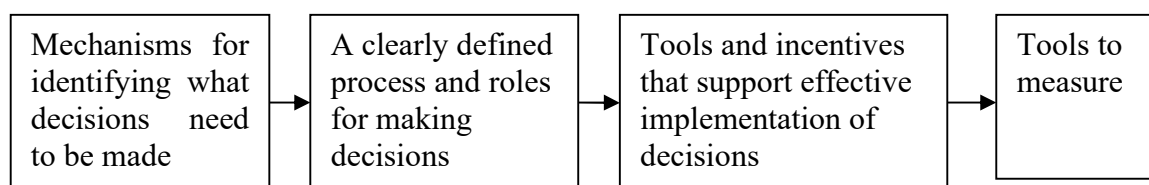
In addition, organizations combine tangible resources such as cash flow, raw material, etc. and intangible resources for example brand, reputation, knowledge, etc. (Williamson, 1990; Gilbert and Strebel, 1987). Resources allow the creation of value for consumers (quality of product toward the brand) and for organizations (reputation, benefit).

But retention of resources involves dependence between organizations (Pfeffer et Salancik, 1978) and some organizations develop opportunistic behaviors because they want to improve their profit rapidly at the exclusion of their partners in the alliance (Williamson, 1990; 2002).

- The mobilization of governance mechanisms in brand alliances

Previous researches on inter organizational relationships (IOR) and strategic alliances identified formal and informal governance mechanisms. Formal mechanisms represent contracts between actors in the alliance (Williamson, 1990), social and environmental norms, shared knowledge (Doz, 1996) and coordination of activities (Mintzberg, 1982). Informal mechanisms concern trust and informal agreements between organizations. Others studies focus on relational variables such as trust commitment and information sharing (Spekman, 2009). This author identifies procedural elements of effective alliances governance summarized in this figure (**Figure 1**):

Figure 1: procedural elements of effective alliances governance (Adapting for Spekman, 2009)



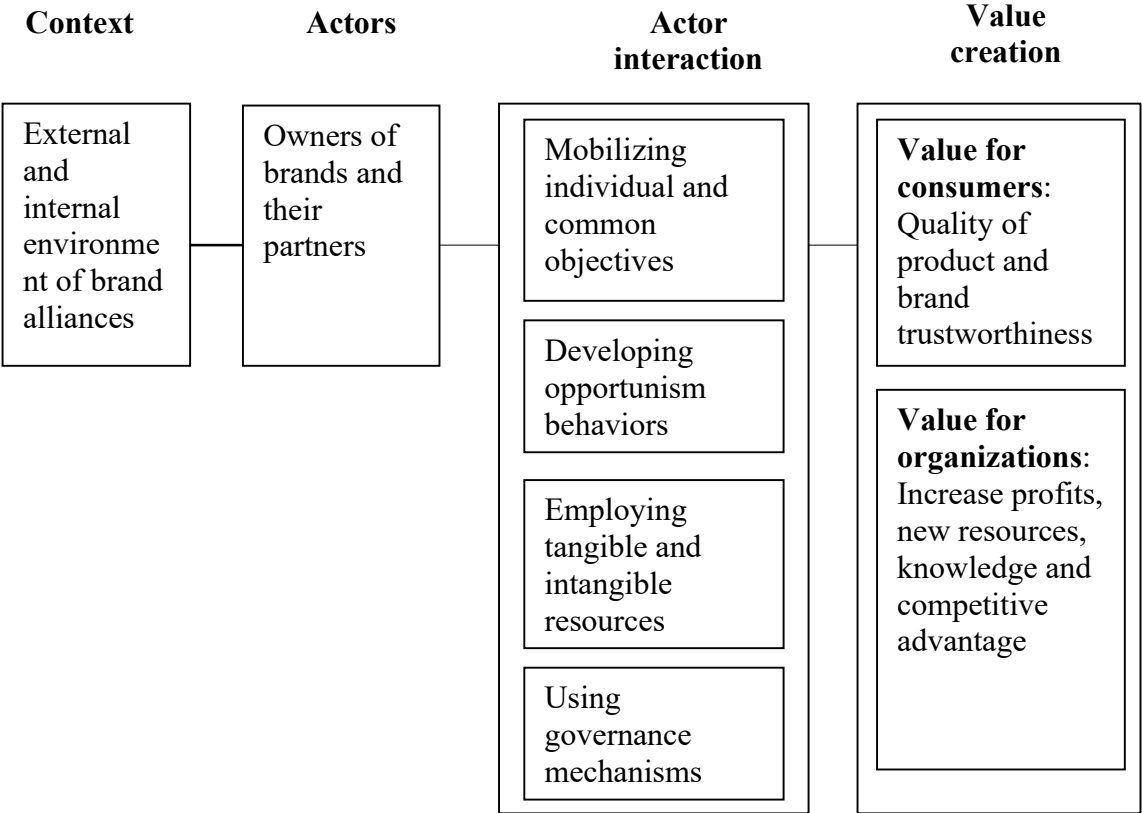
All these mechanisms allow value creation for consumers (best image of product which represents the brands of alliance) and for organizations (good relationship, development of activities and sales). However the governance mechanisms involve some negative impacts on

the alliances including the costs to negotiate contracts, the difficulties to respect norms, to collaborate, etc.

2.1.2. Conceptualization of the main components of the framework

In previous research (X and Y 2009), we showed that the following components facilitate value creation in brand alliances: the context of alliance, the actors (organizations) which combine their brands in alliance and their partners, the objectives, the behaviors and resources of actors, and the governance mechanisms. These components create value for consumer toward quality of product and brand trustworthiness. Then, the components create value for organizations that combine their brands and for their partners: they can increase profits, allow access to new resources, improve trust of partners and create new knowledge and competitive advantage. However, organizations must support the costs of contracts, the management of the relationships, the respect for rules, etc (Figure 2).

Figure 2: A conceptualization of the value creation in brand alliances: a preliminary approach



2.2. A dynamic approach of value creation in brand alliances

In a competitive environment, one of the main goals of organizations in an alliance is to maintain the value created. Previous research on alliances showed that organizational mechanisms allow value creation over a long time. Indeed the evolution of the alliance is influenced by the initial conditions and the process of collaboration (Doz, 1996: 55).

The conceptualization of value creation in brand alliances in a dynamic perspective necessitates the analysis of complementary research streams and the definition of an integrated analytical grid. In a first section (2.2.1) we consider previous works on the evolution of strategic alliances, and especially those of Ring and Van de Ven, 1994; Das and Teng, (2000), Ebers and Grandori (1999) to explain the dynamics of the value creation process in brand alliances on the long term. In a second section (2.2.2) we propose an analytical grid based on a few relevant structural components.

2.2.1. Brands alliances as dynamic interorganizational structures: theoretical backgrounds

We review previous research on the evolution of the alliances and governance mechanisms to explain the question of the interorganizational dynamic in brands alliances.

- Evolution of alliances: main characteristics

Ring and Van de Ven (1994) has mentioned the steps of the evolution process of the relationship between organizations in alliances: negotiations (formal and informal negotiations), commitments (formal and informal contracts), and assessments and execution of commitments. In line with their conception of a process as a dialectic evolution based upon a few structural components, we formalize the existence of brand alliance form an interorganizational perspective.

For Poole and Van de Ven (1995) there is no particular life cycle in alliances and their future is unpredictable. We think that a process view of brand alliance helps to avoid deterministic visions. Instead, instability, dynamic tensions and unbalanced equilibrium are seen to be in play.

Nevertheless, according to Doz (1996: 55), the evolution of an alliance is impacted by initial conditions such as task definition, partners' routines, expectations of performance and

behavior, etc. Indeed the context of alliances must be deeply investigated in order to identify key variables.

Other researches give us information on the existence of contradictory elements during the evolution of an alliance. Indeed, Das and Teng (2000:84) showed that “strategic alliances are the sites in which conflicting forces develop”. Thus the starting point of a conceptualization of the evolution of brand alliance is the idea of forces that will shape the ongoing process of alliance transformation, from initiation to termination.

Das and Teng (2000) advanced that there are several explanations for a strategic alliance’s intrinsic instability. They showed, for instance, that in alliances application of some decisions and activities cause modification of flexibility to rigidity. Then cooperation can be opposed to competition and in strategic orientation, short term can be opposed to long term (Das and Teng, 2000: 84-88). We propose that these interactions processes in alliances explained by Das and Teng (2000) can be applied to brand alliances.

Following Selnes and Johnson (2004)’s insights, we also consider that “effective marketing strategies are found when there is a good match with resource allocation and organization, and type of relationship value creation” (Selnes and Johnson, 2004:125-126). In a longitudinal approach, several features affect this good match and therefore modify the equilibrium of the interorganizational relationships. Therefore the tension within brand alliances is to be found in the instability of this match.

In the same vein, we consider, following Ebers and Grandori (1999), that these interorganizational relationships are inherently instable: they characterized these evolutionary forces as “outcome-driven feedbacks loops”. This instability is to be related to changes in actors’ resource bases, to changes in actors’ information bases and to actors’ expectations of their network partners’ behavior and actions. The changes in actors’ resource bases, following the resource-based view of the firm, reflect the fact that partners “reduce the diversity of their resource bases and thus gradually destroy the foundations on which their relationship rests” (Ebers and Grandori, 1999:277). The changes in actors’ information bases and actors’ expectations also reflect the idea of evolving initial conditions inherent to any partners involved in a network.

- **Governance mechanisms in alliances**

Another important stream of literature is related to governance structures and mechanisms. Our review of this stream focuses on authors using the governance concept for network

approach and strategic management literature. In spite of discrepancies between groups of authors, we try to bring together their perspectives of the governance in strategic alliances.

In comparing the classical strategic management literature with the network approach, Håkansson and Deo Sharma (1996: 123) suggest that a major difference between the two “lies in their emphasis on the governance structure in strategic alliances”.

For the strategic management literature, the legal structure (formal contract) will define the respective contributions of the partners. For the tenants of the network approach, informal exchanges mainly due to cognitive limitations of the human brain and the complex environment are necessary to develop and “appropriate process to relate and coordinate activities and resources with the counterpart firm” (Håkansson and Deo Sharma, 1996:124). Consequently we consider the status of interactions as the basic line of governance modes. We then combine the two approaches: the formal and the informal governance mechanisms will be considered.

Following Wilke and Ritter (2006) and Ritter (2007), we also consider the question of governance in relation with the level of analysis in business-to-business marketing. This question has tremendous importance and not only for analytical reasons. Indeed, we see that important evolutions are observed on the ground in the distribution of governance functions and the levels of analysis are macro, meso and micro. Usually devoted to the dyads, the basic element of interorganizational research has progressively shifted towards firm’s net and network (Ritter, 2007).

We consider in our analysis the three levels of analysis: the dyad made of the two brand owners, the network form that may surround the brand owners (and especially when this brand owner has a complex organizational form such an association or a cooperative for instance), and the macro level of the global market/sector, especially norms and standards defined at the macro level institutions.

As stated by Ritter (2007) “the different levels (...) do not exist in isolation nor are they researched separately. Rather the interplay between the different levels is most often reported in studies.” The interaction processes is thus part of the analysis. But, we follow Wilke and Ritter (2007: 51)’s recommendation that: “the different levels of analysis must be treated as quasi-isolated but as complementary connected in our efforts to understand the overall picture”.

The strategic management literature, in spite of its significant differences with the network approach gives interesting complementary insights on governance. This is illustrated in the work of Reuer, Zollo and Singh (2002) with their approach of governance change in

interorganizational alliances. These authors propose an analysis of “alliance adjustments in collaborative agreements (...) by studying the occurrence and determinants of post-formation governance changes in alliances” (Reuer et al., 2002:138).

The question is the nature of these governance changes: what types of structural characteristics or evolving mechanisms should be studied? Reuer et al. (2002:138) distinguished three types of ex post governance changes: contract alterations, joint board or committee monitoring mechanisms. For instance, contractual changes (or contract alterations) may include modification of royalty percentages paid by the licensee; joint boards may evolve in size and/or composition; monitoring mechanisms such as liaison desks may be institutionalized. These changes reflect the fact that “the firm’s accumulation of experience with alliances is seen as providing the firm with different types of expertise and capabilities in forming alliances and managing their evolution”.

From these researches we note the importance of governance mechanisms (formal and informal), internal conditions (such as resources, objectives, their behavior) and internal tensions (degree of flexibility, degree of cooperation and strategic orientation) in the evolution of brand alliances. All of these organizational factors can impact positively or negatively the value created in brand alliances. Finally, interactions between actors in the long term can modify governance relationships in a market (Ritter, 2007).

This analysis of the literature shows us that in a favorable economic context, organizations can join their brands in an alliance to create value to cope with the demand on the market for the best product. Combining their objectives, they mobilize strategic resources and governance mechanisms to maximize value. Additionally, we note that during evolution of alliance, modifications in internal conditions, internal tensions and governance mechanisms can change the value created in the alliance. In the second section, we identify these interactions on brand alliances in the food market using the case studies method.

2.2.2. A conceptualization of value creation process in brand alliances

From these seminal works on alliance instability, interactions and governance, we develop a theoretical model for the study of interorganizational dynamics of brand alliances.

The global conception of our analytical grid is in the line of reasoning Poole and Van de Ven (1989)’s conception of a process. Brand alliances in dynamics, from an interorganizational perspective, have no particular life cycle and their future is unpredictable.

Doing so, we then develop the idea of a dialectic evolution of brand alliances base on a few structural components of their afferent network form of organization.

Following research antecedents on interorganizational dynamics, we adapt our analytical grid to the contextual aspects of brand alliances detailed above: the changes in internal and external conditions that have more or less affected the value creation process of brand alliances; the interaction processes between partners in the brand alliance (inter individual as well as interorganizational processes); the tangible results of these interaction processes: governance adaptations and changes. Let us detail these components.

- **The changes in internal initial factors external initial conditions**

We regard as changes in internal initial factors: resource base, actors' information, actors' expectations and in external initial conditions: market changes, consumers' expectations...). Following Ebers and Grandori (1999), we consider first that internal initial conditions are a necessary step to study interorganizational dynamics.

An alliance is generally crafted to exploit differences in resources. For instance, in brand alliances, complementary attributes may induce spillover effects. Market access, contact with new customers or alternative marketing channels could also be opportunities. This is the same for actors' information in a context of market predictions. Indeed, Ebers and Grandori (1999) connect this question of information with that of mutual adaptation and learning. They suggest for instance that "the discovery of greater goal differences and cultural diversity among partners may lead to the premature termination of a relationship". Expectations are not stable either: they may evolve through acquisition of information or because of internal changes (a new brand manager for instance).

The study of changes in external conditions is directly linked to the value creation process. We suggest that phenomenon such as higher competitive pressure changing consumers's behaviors or new legal rules may affect greatly the brand alliances. Indeed the value of differentiation is extremely fragile, and these external factors need to be incorporated in the framework.

- **The modifications of internal tensions**

These modifications take place between partners through permanent interaction processes: identification of cooperation/competition evolutions; rigidity/flexibility continuum; short/long term orientations of partners (Das and Teng, 2000). But alliances are not only instable, they are also unpredictable.

For Das and Teng (2000, 2002 and 2003) the role of an internal tensions framework is to identify the main conflicting forces that will explain the “intrinsic vulnerability of alliances”. In the vein of Van de Ven’s researches (Van de Ven and Walker, 1984; Van de Ven and Poole, 1995; Dooley and Van de Ven, 1999), Das and Teng (2000) consider that the logic of alliance dynamics is dialectic. An important consequence of their conception is the focus of their analytical framework on processes and the resulting effects, without any claim about what could be the future of the alliance.

Das and Teng (2000) distinguish three types of output or elementary ‘pairs’ of conflicting forces: rigidity vs. flexibility, short-term vs. long-term orientation, cooperation vs. competition. We give an explanation the rigidity vs. flexibility generally occurs in organization. Indeed, rigidity vs. flexibility pair reflects the “degree of connectedness of members with each other in an ongoing relationship”. Then “constituencies within formal organizations are rigidly linked with each other”. The problem of strategic alliances is the blurred frontier between formal and informal mechanisms. In order to avoid these difficulties, we consider the degree of flexibility in coordination mechanisms. Formal contracts, centralized decision rights, the financial integration decrease the flexibility of these coordination mechanisms. On the contrary, informal and/or interpersonal agreements, decentralized decision devices, autonomy of decision centers about finance or strategic decisions increase the flexibility. We find here the classical opposition between hierarchies on the one hand and market institutional forms on the other hand.

- **The identification of ex post governance changes**

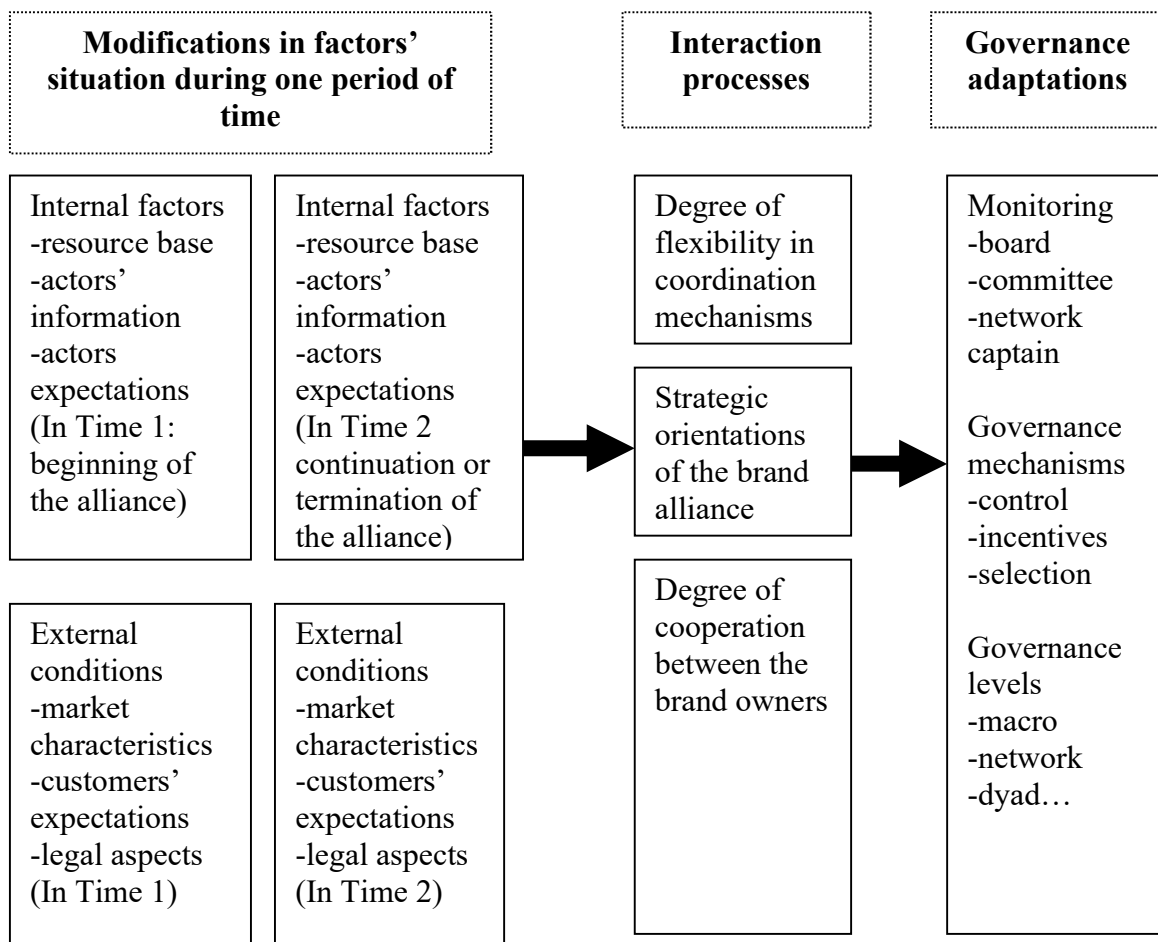
Ex post governance changes refer to monitoring devices (boards, pilots, formal consortiums); governance mechanisms (contractual provisions such as control schemes, price premiums, rewards, fees and royalties); governance levels (linked to the level of analysis). The changes in governance, called in the grid ‘governance adaptations’ refer to the well-known modifications in monitoring and governance mechanisms (Reuer, Zollo and Singh, 2002; Heide, 1994; Ghosh and John, 1999; Anderson and Coughlan, 2002). We add the category of governance level. In brand alliances, shifts in product parameters can modify the governance level: this is especially the case in the context of certification schemes with their certification brands.

We deduce three components to conceptualize the value creation process in brand alliances in a dynamic way: (1) the identifications of the main changes to be observed in the resource

base, the actors' information, the actors' expectation; (2) the induced modifications of internal tensions: more or less cooperation / competition; more or less rigidity / flexibility; more or less short-term / long term orientation; and (3) the identification of ex post governance changes (monitoring mechanisms, contractual provisions, boards etc). Then case studies allow to confirm and to complete components of the model referring to the grounded theory approach (Glaser and Strauss, 1967).

The following figure summarizes the principal components of the analytical framework (Figure 3).

Figure 3: A conceptualization of the value creation process in brand alliances: a dynamic view



3.0. Application of the value creation process to case studies in a food market

We use a qualitative approach applying the case study protocol (Yin, 2003; Eisenhardt and Graebner, 2007) to present a preliminary framework and dynamic approach of the value creation process in brand alliances in the food market. We worked on types of brand alliances in two markets during three years (Y and X, 2007; X, 2008; Y and X, 2008; Y and X 2009).

3.1. Research methodology and global presentation

The first case study on fair trade market concerns an alliance between a private certification brand: “Fairtrade” of Max Havelaar association (MH) and a private brand of banana: “Oké” of Agrofair’s company.

MH is an association with nonprofit organization goals which offers outlets for trade to producers. The brand Fair Trade is a promise of ethical value releasing a strong image for the product and positive attributes on the market. AgroFair is a banana importer that buys bananas to producers in developing countries, to sell them developed countries (indirectly to final customer via hypermarkets) (Y and X, 2007).

MH’s products resulting from the Fair Trade have a good quality. Among labellized products, banana is growing on the market. An alliance between MH and AgroFair aims to promote and to commercialize Fair Trade bananas through an equal distribution of the profit between actors.

MH and AgroFair exchange with producers, distributors, organizations of control (like FLO Cert, Fair Trade Labeling Organization, a certifying organization) and final consumers. FLO Cert defines the rules of operation and writes the schedule of conditions. FLO Cert grants certification and ensures control. By granting its license to Agrofair the payment of a royalty, MH checks that information on Fair Trade bananas is in conformity with the standards of the market without being responsible for quality. Thus in the relationship, MH seeks to protect its reputation and its image of its strong brand via the Fair Trade concept. Agrofair permanently wants to improve its image in by putting in front of access its brand Oké. This potential rivalry fuels the interorganizational dynamics between the partners.

The second alliance on dietary food supplements market relies on an alliance between a private ingredient brand “Svetol” of Berkem’s company (Naturex’s company is now the owner of the brand) and a private dietary food supplement brand “Adip’Light” of Lierac’s company.

Naturex is a food ingredient company which commercializes plant extracts to agro food companies and cosmetic industries (in general to dietary food supplements companies). It is the number 1 of extraction in the United States with a close 80 millions in 2007. This turnover is developed on the first market of dietary food supplements: the slimming market. Its ingredient brand "Svetol" is a green coffee extract which facilitates the combustion of calories. Through "Svetol" which is an ingredient for thinness, Naturex sells an active principle to the specialists of the dietary food supplements companies such as Lierac.

Within brands alliance, the two companies Naturex and Lierac aim to satisfy women. So Lierac sell to them dietary food supplements (Adip'Light) which contains an ingredient (Svetol) releases dietetic virtues to the end consumer and allows increasing the differentiation of the product. The owners of this brand introduce on the market a product of quality by working with other organizations. Indeed, Naturex and Lierac exchange with scientific communities in order to test their products (food ingredient and dietary food supplement) and to validate clinical studies by proving that these products facilitate reduction of calories. So they collaborate with research centers in universities and hospitals. The two companies practice also the common strategy of communication in magazines for women, they facilitate publications in scientific reviews explaining results of clinical studies and they communicate via the Internet. All of these actions are necessary because the companies work in a competitive market.

To collect data, we conducted 26 semi-directive interviews (14 in the fair trade market and 12 in the dietary food supplements market) with executive managers, sales directors of the organizations which join their brand and their partners. We sent 6 written questionnaires for additional details.

During the interviews information was collected related the different components of the preliminary conception and dynamic conception of brand alliances. We present an outline of the interviews in the appendices (**appendices 1**).

Then for the period of the interviews we reassure interviewees by presenting the confidentiality of the research (a consent form) according university rules and regulations.

We completed these data with annual reports, and secondary data on markets and firms. Nevertheless to give us some secondary data concerning their partners, scientific studies, perspectives to develop on the market, commercialization of the products, some organizations (generally in a dietary food supplements market) required a consent form. So we have signed consent forms with these organizations to use data only for our research.

We analyzed the data with the help of “QSR Nvivo 8.0”software (appendices 2).

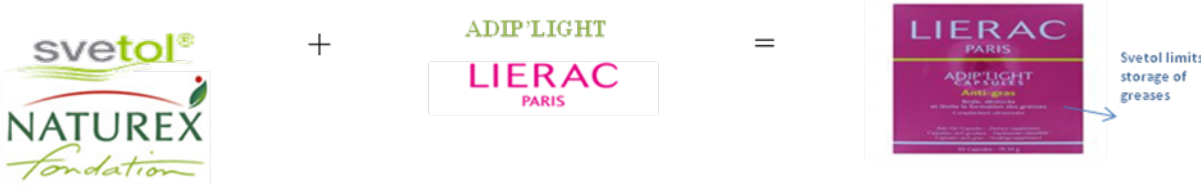
3.2. Results

In these two case studies of brand alliances, actors in relation mobilized resources, implemented governance mechanisms (such as ownership, contracts, incentives, internal or external controls), and defined strategies both on the market and within the partnership. Thus, whatever the combination of their brands (strong or weak or of equal force) at initial time, the evolution of the global value creation process in an alliance is conditioned by the interorganizational dynamics.

Case study 1



Case study 2



We present in **table 1** and **table 2** data collected in a preliminary approach and a dynamic approach.

In these tables we summarize data collected with interviewed persons referring to different components of our model which conceptualizes the value creation process in brand alliances. For the two case studies we had not all the data on the organizations studied. Indeed, in the second case studies on a dietary food supplements market, we don't identify changes on external conditions of the alliance (objectives and behaviors) and organizational mechanisms. We specified lack of data in the tables by “not identified or not significant”. We can explain this lack of data in a dietary food supplements market by the specificity of the slimming market during our research. Indeed, a market where are constantly in search of women body

welfare and there are regulations which were always favorable to the development of the dietary health supplements.

Table 1: The value creation in two brand alliances on food market: basic components

Case study 1: alliance between a certification brand and private brand of banana	Case study 2: alliance between a ingredient brand and a dietary food supplement brand
<p>External environment</p> <p>Fair trade market:</p> <ul style="list-style-type: none"> - Regulated market to reduce inequality between producers in developing countries and in developed countries. - A high consumption of fair trade bananas. <p>Internal environment</p> <p>Promotion of two types of brands:” Fairtrade” and “Oké” on fair trade bananas “Oké Fairtrade”.</p>	<p>External environment</p> <p>Dietary food supplements market:</p> <ul style="list-style-type: none"> - Regulated market to control and preserve health of consumers. - Increasing of dietary food supplement particularly for thinness. <p>Internal environment</p> <p>Promotion of two types of brands: “Svetol” and “ Adip’Light “ on dietary food supplements “Adip’Light”.</p>
<p>Owners of brand</p> <p>Company Agrofair: importer of bananas. Company Max Havelaar: an association which promotes marketing of fairtrade products.</p> <p>Direct partners of Agrofair and Max Havelaar</p> <p>Producers, Ripening stores, distributors, certification. organization (FLO: Fairtrade Labelling Organization), consumers</p> <p>Indirect partners of Agrofair and Max Havelaar</p> <p>Voluntary, government.</p>	<p>Owners of brand</p> <p>Company Naturex: industry of food ingredients. Company Lierac: industry of dietary food supplements.</p> <p>Direct partners of Naturex and Lierac</p> <p>Suppliers of raw material to produce ingredients, distributors of ingredients.</p> <p>Indirect partners of Naturex and Lierac</p> <p>Research center, hospitals.</p>
<p>Common objectives of organizations in the alliance:</p> <ul style="list-style-type: none"> - To ensure equality between organizations which collaborate in a fairtrade market to sell bananas labeling “Oké Fair-trade”. - To decrease the problems of producers who produce bananas. - To protect the environment. <p>Behavior</p> <p>Opportunism of organizations in exchange.</p>	<p>Common objectives of organizations in alliance</p> <ul style="list-style-type: none"> - To permit women to lose weight using a dietary food supplement “Adip’Light” containing ingredient “Svetol”. - Increasing profit. <p>Behavior</p> <p>Opportunism of organizations in exchange.</p>

<p>Resources</p> <ul style="list-style-type: none"> - Financial resources (subsidies). - Notoriety of “Fairtrade” brand. - Strategy of communication, schedule of conditions. <p>Governance mechanisms in alliance</p> <p>Formal mechanism</p> <ul style="list-style-type: none"> - Contracts between Agrofair and Max Havelaar : Max Havelaar give to Agrofair its agreement to put a fair trade brand on the banana and Agrofair pay royalty to Max Havelaar. - FLO verify respect of standard in fair trade market by all actors: socials and environment norms. - Cooperation and negotiation between organizations in applying standard and produce knowledge. <p>Informal mechanism</p> <ul style="list-style-type: none"> - Trust between Agrofair and Max Havelaar. 	<p>Resources</p> <ul style="list-style-type: none"> - Clinical studies. - Communication in scientific journal on the food market. <p>Governance mechanisms in alliance</p> <p>Formal mechanism</p> <ul style="list-style-type: none"> - Confidential agreement. - Respect of socials and environment norms in a dietary food supplements market. - Exchange of Knowledge concerning specification of final product (dietary food supplement).
<p>Value creation in brand alliances</p> <p>Consumer value:</p> <ul style="list-style-type: none"> - Quality of fair trade banana “Oké-Fairtrade”: respect of environment rules, security, guaranty. <p>Financial value:</p> <ul style="list-style-type: none"> - Decrease of production costs, increase of benefit and investment in socials projects in developing countries. <p>Competitive value</p> <ul style="list-style-type: none"> - Notoriety, reputation, brand image of fair trade. - Qualified producers: they know process of production. - Communication around a fair trade concept. - Improvement of live conditions of producers. <p>Negative consequences in brand alliances</p> <ul style="list-style-type: none"> - Negotiation costs of contracts, constraints to respect social and environment rules. 	<p>Value creation in brand alliances</p> <p>Consumer value:</p> <ul style="list-style-type: none"> - Quality of dietary food supplement “Adip’Light” : <p>The product contains a thinness ingredient “Svetol”, respects environment rules.</p> <p>Financial value:</p> <ul style="list-style-type: none"> - Benefit of Naturex and Lierac increase. <p>Competitive value</p> <ul style="list-style-type: none"> - Scientific team work in Naturex and Lierac: doctors, engineers. <p>Negatives consequences in brand alliances</p> <ul style="list-style-type: none"> - Negotiation costs of contracts, constraints to respect social and environment rules. - The cycle of life of ingredients and dietary food supplements is short in this market.

Table 2: Dynamic approach of value creation process in two brand alliances on food market

		Case study 1: alliance between a certification brand and private brand of banana	Case study 2 : alliance between an ingredient brand and a dietary food supplement brand
Modifications in internal factors	Resources	- Common communication of Agrofair and Max Havelaar to justify the price of « Oké Fairtrade » banana to the final consumer. This communication concerning write actions conducting by organizations to improve producers conditions, distribution of benefit between actors; - Increase of subsidies for Max Havelaar and Agrofair.	- To renew clinical studies and communication in scientific review.
	Actors' objectives and behaviors	- Max Havelaar encourage companies to invest in a fair trade market - Common objectives: maintain alliance during a long time.	No identified or not significant
Modifications in internal tensions	Degree of flexibility : flexibility versus rigidity	Certification of Agrofair by the control organization / control of the Agrofair's activities by certification organization, payment of royalty by Agrofair.	No identified or not significant
	Degree of cooperation: Cooperation versus competition	Common communication to promote banana "Oké Fairtrade" / potential competitors on the fair trade market to sell banana.	Common communication on an ingredient "Svetol" in a dietary food supplement "Adip'Light" / communicate on others ingredients included in "Adip'Light".
	Strategic orientation: short term versus long term	Respect of producer's conditions, equality in the distribution of benefit between actors / Respect of the price of banana in the fair trade market.	Using an ingredient "Svetol" to produce a dietary food supplement:" Adip'Light" /to replace a "Svetol" by other ingredient.

Modifications in governance mechanisms	Formal mechanisms	- Reinforcement of standards, rules and norms. - Increasing of appointments and exchanges between actors. - Participation of producers at the decisions in fair trade market.	No identified or not significant
	Informal mechanisms	- Reinforcement of trust between actors.	No identified or not significant

3.3. Discussion

The dynamic approach of value creation in a food market allows us to identify the three-step level of the model (Figure 3): identification of internal and external changes; modification of internal tensions between partners; governance adaptations and changes within the network forms. But in order to apply properly our analytical grid, the internal tensions perspective will be focused on two or three leading facts. These events reflect the major changes that have been observed during the period of time; either concerning the internal factors (such as resource bases or actors' expectations about the alliance) or concerning the external ones (market conditions, legal environment etc.). These events will act as major drivers of change in the brand alliance. These major drivers of change will modify the internal tensions between the partners in the brand alliance.

Following Das and Teng (2000, 2002, and 2003) in their approach, we emphasize the results of internal tensions between the two partners in the alliance. Consequently the governance structures will evolve, and this will be identified through three components: monitoring procedures; control and incentive mechanisms, governance levels. Also, in the two case studies we have put in evidence important evolutions of the initial conditions during a limited period of time. We have shown that brand alliances, like any other form of strategic alliances, are instable by nature. Due to internal and/or external evolutions, the changing equilibrium between the partners will modify the relationships between them. Let us now consider the consequences of these facts on governance changes and adaptations.

In a case study 1 (alliance between a certification brand and private brand of banana) we note that initial conditions differ greatly: a well established certification brand, Max Havelaar has provided its image of fair trade products to AgroFair and its brand Oké. After a few years, some major changes in these initial conditions have occurred and can be summarized in two major points.

Firstly, the market for fair trade products has grown rapidly for several products categories, including bananas. Considering the internal conditions, this rapid evolution has change the communication policy of Max Havelaar. The organization decided to improve its links with final consumers through a development of market communication. But at the same time and for the same reasons AgroFair tried to extend its product range from bananas to tropical fruit (mangoes, citrus for instance) and also decided to develop its communication policy. The global evolution of the market is therefore a way for the partners in the brand alliance to widen their influence. So we can say that actors' expectations about the alliance have somewhat changed, with a real internal evolution of their financial resources.

A second important evolution in the case study is the legal environment that will require a formal separation between the certifying organization FLO Cert on the one hand, FLO which defines the rules and Max Havelaar who markets the products indirectly through its license, on the other hand. In doing so, the role of Max Havelaar, as an organization, is to refocus its activity on the communication policy towards final consumers. But without real production activities in the agrifood chain, its position may be weakened.

Concerning governance changes and adaptations, the main feature that has been observed is the development of different levels of governance with a complementarity of functions. Mainly due to an important market expansion for fair trade products, it shows that, to maintain their efficiency, the partners try to improve the way the alliance is conducted. Consequently, the internal tension equilibrium is somewhat contrasted. While the two direct partners, Max Havelaar and Agrofair, benefit from this expansion and increase their cooperation policy, the links between Max Havelaar and the certifying organization could diminish in the long run. Concerning the governance adaptations, we highlight the development of external enforcement mechanisms such as fair trade certification schemes. This multi level governance may affect in the long run the differentiation strategy followed by Agrofair and jeopardize the situation of Max Havelaar with regards to its direct clients.

In a case study 2 (alliance between an ingredient brand and a dietary food supplement brand), certain elements are relevant.

First, we note the importance of dietary food supplements particularly for the thinness market. We are on a regulated market and government wants to control and to preserve health of consumers. It is a competitive market where we have the influence of the fashion effect within the food ingredient and the product life cycle is very short (less than two years). So Naturex

and Lierac decided to promote their respective brands: “Svetol” and “Adip’Light“ on this market. These companies look for innovation and credibility.

Second, we notice that to reach their objectives on the market, the owners of brand take attention to certain resources specifically clinical studies and communication in scientific journals. They want to attract women to buy dietary food supplement “Adip’Light” containing ingredient “Svetol” to lose weight.

We observe also that in order to maintain alliance in long time on a dietary food market, owners of brand and their partners interesting not only for resources and governance mechanisms but also for internal factors and internal tensions which can change relations between them.

Finally, according to governance changes and adaptations, we note a difference with regard to the case study 1. Indeed, we don’t observe modifications about mechanisms: confidential agreement, respect of social and environment norms, exchange of knowledge concerning specification of final product in a dietary food supplements market. Modifications concern particularly internal factors such as resources (increase of clinical studies) and internal tensions rely on cooperation/competition and strategic orientation (long term/short term).

We noted that the main changes concerning internal tensions (flexibility, cooperation, strategic orientation) are more related to the nature of the market, the evolutions of the regulations and trends in consumption.

We conclude in a competitive market such as dietary food supplement market, organizations must take more attention on, resources and internal factors and internal tensions to maintain alliances in a long way.

4.0. Conclusion and future research

In the study on the conceptualization of value creation process in brand alliances, we note that a good economic context, a demand of product of quality by customers and environmental rules on a market facilitate interaction between organizations which use their suitable resources and governance mechanisms. Nevertheless their relation can imply risk linked to certain objectives and the development of opportunistic behaviors in alliance.

From the case studies in the food market, we confirm contributions of the literature on brand alliances and strategic alliances concerning impact of context of alliance, common objectives

of actors, resources, behaviors and governance mechanisms on value creation in brand alliances. We note also the existence of difficulties when organizations join their brands. However, we note differences between objectives in the two case studies. Indeed in a fair trade market the main objective is to promote an equal trade of bananas between developing countries and developed countries. In a dietary food supplement market, the main objective is to increase financial results. We note also the difference between governance mechanisms and modifications in resources, internal tensions, mechanisms during evolution of the alliance.

We conclude that value creation in brand alliances depend of factors such as the nature of organization (commercial or non commercial) and the characteristics of market and institutional environment. These factors influence objectives, behavior of actors, exploitation of resources and governance mechanisms and finally value for the consumers and organizations.

We deduce three main contributions of this work: theoretical issues, methodological issue and practical issues for managers.

The first theoretical issue is the building of a conceptual framework which explains the value creation process in brand alliances in a period of time and in a dynamic view. We analyze value creation in brand alliances in two periods of time: at the beginning of the alliance and at a moment where alliance is implanted and continuous. We show that brand alliances are not totally different of the strategic alliances.

The second issue for theory is the study of the functioning of brand alliances which involves actors, in considering objectives of each partner, behaviors, and governance mechanisms to optimize value creation.

The methodological contribution of this paper concerns the choice of the sample with two case studies, each of them on a different food market (fair trade and nutritional health markets). This choice shows heterogeneity of the actors, objectives, behaviors and governance mechanisms use from a market to another one. For example according to a market, actors who make and take decision in alliances can be chief executive or sales director, etc. These actors can work in different network: producer's network, distributor's network, control organization, etc.

In practice, we presented a set of resources and governance mechanisms which help managers in brand alliances. We emphasize the importance of all the partners and the control in the alliance to maximize the value creation process. This consists in anticipating partners'

behaviors in an alliance, to follow the evolution of environmental norms, to work out and to exchange strategic information with the marketing board of the partners.

However some limitations appear in this paper. Firstly we choose the case studies only on the food markets (one market) and we did interviews with persons (in general responsible) who work on organizations which combine their brands. Secondly we study dynamic of alliance during a short time (two and three years according to the companies). We explain these limitations by the difficulty to access to some information in a nutritional health market which is more competitive.

We suggest that for future researches it could be possible to compare the value creation processes in brand alliances between food markets and industrial markets. We suggest also realizing interviews with consumers who buy products resulting of the brand alliances. The conception of the consumers will allow to have new information about consumer value. Finally, we think it could be interesting to complete qualitative analysis and to combine it with quantitative method, which can facilitate an in depth understanding of value creation for consumers.

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Appendices

Appendices 1: Interviews guideline

Presentation of the firm and interviewee

1. Company name
2. Sector
3. Name and job of the interviewee

Initial situation of the firm

4. What are your different marketed products available on the market? (differentiation of the products, reduction of costs, relationship with customers and suppliers)
5. What is the culture of the company (about sharing of knowledge, transmission of objectives, values, norms)

Context of the alliance

6. In which type of alliance do you participate: association of brands to market a product; brands extension; legal cooperation)?
7. What are the expectations of each partner: reduce production costs, market costs, share profit?
8. How do you choice partners, products, brands? The choice is different from a country in the other one?

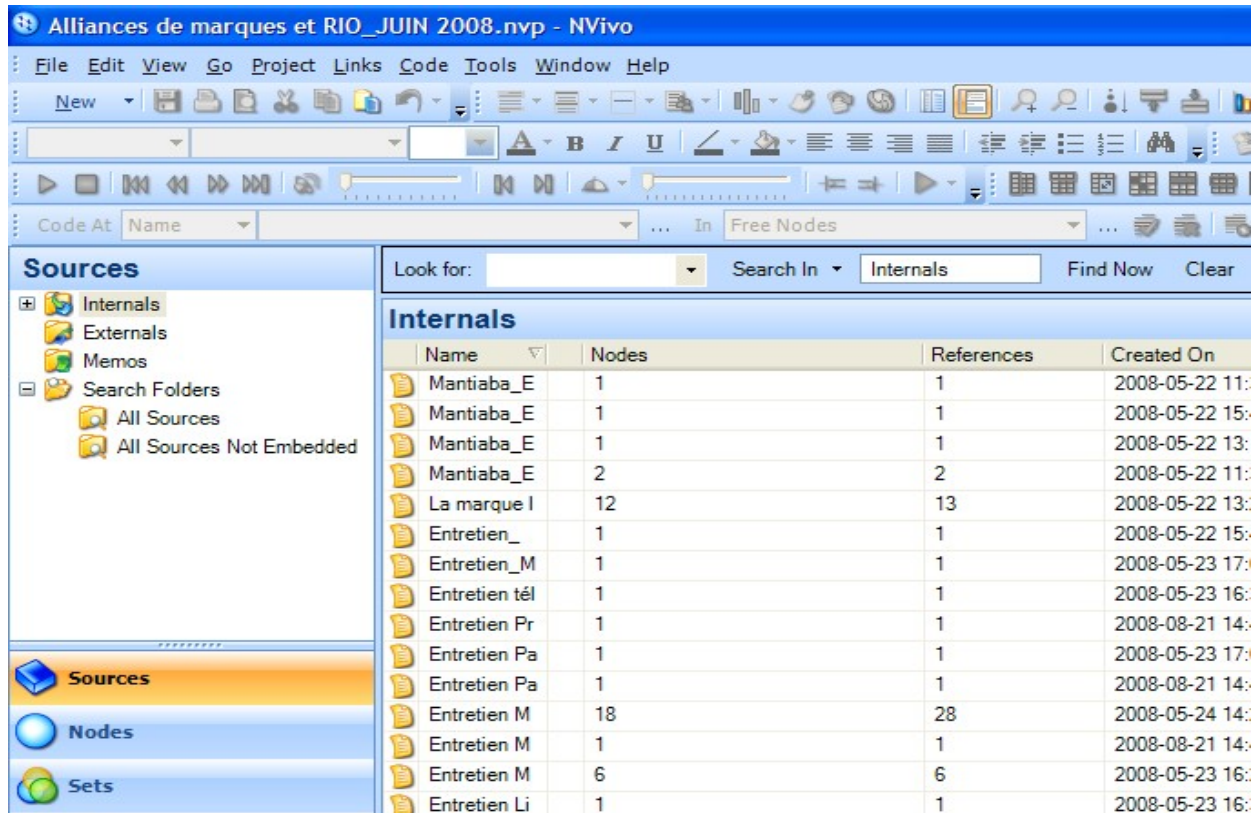
Dynamic of alliance

9. How does company evolve in a market? (comparing with its partners, competitors)
10. How do you manage current events about brand knowing that technology, products and customers evolve)
11. Can you explain evolution of relationship and activities in the company: task, assets, means?
12. What are the main difficulties which occur: financial, technical, trust?
13. How do you proceed to resolve? (conflicts, disagreements)
14. How do you project the relationship: to continue or stop?

Appendices 2: Analyzing of data using the software “QSR Nvivo 8.0”

In the software you entered all the interviews in a box named “sources” in a the first part “internals”).

Presentation of the interviews in the software



Then we coded interviews selected the main ideas referring to the main parts of the interview guideline (appendices 1)

Example of an interview coded interviewee answer according to the competition

