The Interorganizational Dynamics of Brand Alliances

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Abstract

The objective of the research is to put in evidence the interorganizational dynamics of brand alliances. More specifically the aim of the paper is to identify the business-to-business interactions within brand alliances through the governance adaptations that occur during a period of time. We show that these governance adaptations result from external (competitive pressure, value perception by consumers and customers) as well as internal forces (objectives and expectations of the partners, network positions, resources of the partners). Consequently the level of stability in the long run of brand alliances can be linked to organizational factors. To do our demonstration we propose an analytical framework that combines IMP concepts with theoretical works on dynamics of strategic alliances. The methodology follows the case study approach, with an empirical application to two examples of brand alliances: a certification brand with a banana brand on the Fair Trade market, and an association brand with a processed pork brand on the health food market.

Keywords: alliance, brand, dynamics, inter organizational relationships, interaction, network

1- Introduction

The objective of the research is to put in evidence the interorganizational dynamics of brand alliances, defined as “a combination of two or more existing brands into a joint product or marketed together” (Keller, 2003).

More specifically the aim of the paper is to identify the business-to-business interactions within brand alliances through the phenomenon of governance adaptations. We show that these governance adaptations result from external as well as internal forces.

To do so we propose an analytical framework that combines IMP concepts with theoretical works on dynamics of strategic alliances. In previous works (Sauvée and Coulibaly, 2007), we have shown that the value creation process is crucial to understand and analyze brand alliances from a network perspective. Indeed the value creation process of brand alliances sends back to the resources that are mobilized by the partners. Thus the in-depth study of the network form where these resources are embedded is an initial step for the research. But, following numerous authors, we suggest that a complementary analysis of dynamic processes is necessary. Indeed the value creation process in brand alliances is not given in itself. It is a dynamic building, affected by external (competitive pressure, value perception by consumers and customers) as well as internal forces (objectives and expectations of the partners, network positions, resources of the partners). In consequence the partners involved in the brand alliance will constantly redefine governance mechanisms in order to mitigate risks and hazards, and maximize value.

The paper is organized as follows. In a first part (2), and following the literature in the IMP tradition and works on strategic alliances, we identify some key elements to be acknowledged in the analysis. Then we propose an analytical framework crafted to study the dynamics of brand alliances from an interorganizational perspective (3). In a third part (4) we apply this framework to two case studies of brand alliances and their afferent organizational forms. We identify the main elements that explain the level of stability and the long run dynamics of brand alliances. Finally we develop the managerial implications and we propose some organizational and business-to-business key success factors for partners involved in brand alliances (5).

2- Theoretical backgrounds: combining IMP concepts with literature on strategic alliances

Brand alliances, seen from an interorganizational perspective, necessitate the mobilization of complementary research streams. In a first section (2-1), we will show the relevance of the internal tension approach. In a second section (2-2) we will see that the concept of interaction is also an important theoretical contribution. Finally in a third section (2-3) we identify the specificity of the concept of governance in strategic alliance settings.

2-1 The internal tension approach

We will follow Das and Teng (2000, 2002, and 2003) in their view of strategic alliances in a dynamic perspective. We will consider that “strategic alliances are the sites in which conflicting forces develop” (Das and Teng, 2000:84). Thus the starting point of our analysis of brand alliances from an interorganizational point of view is thus the idea of forces that will shape the on going process of alliance transformation, from initiation to termination. For Das and Teng (2000) there are several explanations of strategic alliance instability, and these explanations can be applied, mutatis mutandis, to brand alliances: transaction-cost economics (with the role of opportunistic behaviors), game theory, resource dependence/bargaining power, agency theory. Another stream of literature on strategic alliance is mobilized: the Das and Teng conceptualization of an alliance seen as an ‘internal tensions’ system (Das and Teng, 2000).

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

We will consider, following Ebers and Grandori (1999) that interorganizational relationships are inherently instable and from that point of view alliances based on brands are not different. Ebers and Grandori (1999) characterized these “evolutionary forces as outcome-driven feedback loops”. This instability is to be related to changes in actors’ resource base, to changes in actors’ information base and to actors’ expectations of their network partners’ behavior and actions (Ebers and Grandori, 1999). The changes in actors’ resource base, following the resource-based view of the firm, reflect the fact that the partners “reduce the diversity of their resource bases and thus gradually destroy the foundations on which heir relationships rests” (Ebers and Grandori, 1999:277). The changes in actors’ information base and actors’ expectations also reflect the idea of evolving initial conditions inherent to any partners involved in a network.

2-2 Interaction processes within brand alliances

Being a value differentiation strategy, brand alliances are prone, like any other type of brand differentiation strategy, to value erosion. One could say that, unlike other types of alliances, the volatility of the benefits of a brand alliance is a key characteristic. The changing environmental conditions like changing consumer

behaviors, market conditions and technology shifts will affect greatly the evolution of the brand alliances. All these changes are factors of instability and may affect the value of the differentiation but, more importantly, it also may affect the value creation process developed by the partners during the initial stage of the brand alliance. Consequently it will be necessary to focus the analysis upon any types of interactions within the business network and between the business network and its environment. The importance of interaction processes has been widely acknowledged in the IMP literature (Håkansson et al., 2004).
Following Ritter and Ford (2004) we suggest classifying the interacting process into three categories:
- Interaction within existing relationships. As Ritter and Ford argue, "a certain level of confrontation (and thus conflict) is needed in relationships to allow them to develop further, to reinvest themselves." Inside the existing network, one of the partner or even the two of them will develop identify new opportunities that could affect the existing relationships.
- Choices about position in the network. This question is especially crucial in brand alliances. The value of a brand is highly dependent upon the value for the direct or indirect customers. Being able to modify this value for instance in developing new marketing channels through e-commerce will raise the perceived value of the brand and consequently improve the network position of the owner. In the words of Ritter and Ford (2004) the company has the choice between "consolidate by stabilizing and strengthening its existing network position" or "create a new position by changing the combination of its existing relationships or developing new ones".
- Choices about how to network. The partners have many possibilities between ranges of modes of control, from total ownership to informal agreements. In other words, the interaction process is also concern with how to concede and how to coerce.
We will broaden the perspective on interactions in business networks with the work of Olkkonen et al. (2000). Indeed brand alliances are often loosely coupled business networks, or, in the term of Blois (2004) close to 'market forms'. For this author, the market form (unlike a business network) takes as its focus a firm's product family. A brand alliance is a situation where different organizations will impact the creation of value without real exchanges. For instance, considering the role of informal communication exchanges in brand alliances, there is an important role of broad communication processes. These communication channels are widely based on interpersonal links ("the lower level of interpersonal communication processes", in the words of Olkkonen et al., 2000). Network forms in brand alliances are complex organizational forms with a focal net surrounded by direct and indirect partners. In a dynamic perspective, it is thus necessary to identify, within this 'market form', what are the different categories of interactions.

2-3 Governance

In a comparison between the classical strategic management literature with the network approach, Håkansson and Deo Sharma (1996) suggest that a major difference between the two "lies in their emphasis on the governance structure in strategic alliances" (Håkansson and Deo Sharma, 1996:123). 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 will consider the status of interactions as the basic line of governance modes. We will combine the two approaches: formal and informal governance mechanisms will be considered.

Following Wilke and Ritter (2006), and Ritter (2007), we will thus consider the question of governance in relation with that of level of analysis in business-to-business marketing. This question is of tremendous importance and not only for analytical reasons. Indeed we will see that important evolutions are observed on the ground in the distribution of governance functions and contents between macro, meso and micro levels. Usually devoted to the dyads, the basic element of interorganizational research has progressively shifted towards firm's net and network (Ritter, 2007). We will consider in our analysis the three levels of analysis: the dyad constituted of the two brand owners, the network form that may surround the brand owners (and especially when this brand owner is 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: "the different levels of analysis must be treated as quasi-isolated but as complementary connected in our efforts to understand the overall picture" (Wilke and Ritter, 2007:51).

The strategic management literature also gives other interesting complementary insights on governance. For instance the works of Reuer, Zollo and Singh (2002) with their approach of governance change in interorganizational alliances will be mobilized. 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 then the nature of these governance changes: what types of structural characteristics or evolving mechanisms should be studied? The authors 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" (Reuer et al., 2002:138).

3- Analytical framework

From these seminal works on alliance instability, interactions and governance we develop a theoretical model for the study of interorganizational dynamics of brand alliances. It is based on three components: (1) the identifications of the main changes to be observed in resource base, actors' information, 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).

The global conception of this analytical grid is in the line of reasoning with Poole and Van de Ven's (1989) 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.

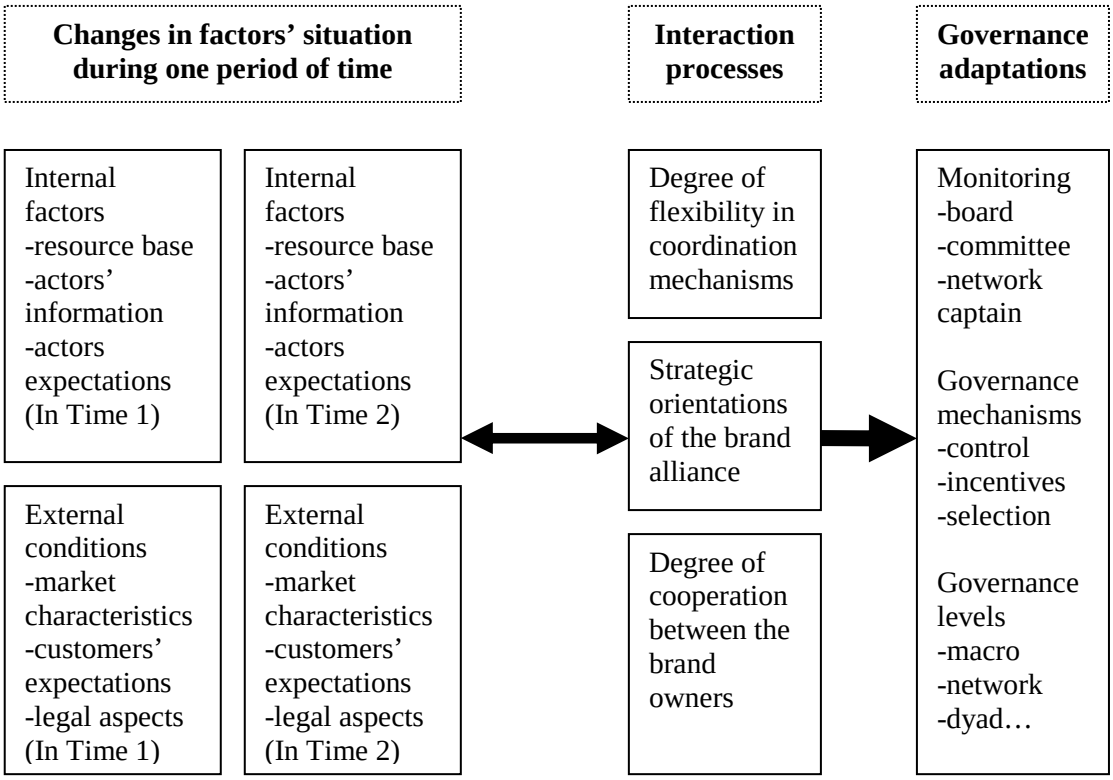
Following research antecedents on interorganizational dynamics, we will adapt our analytical grid to the contextual aspects of brand alliances detailed above: changes in internal and external conditions that have affected more or less the value creation process of brand alliances; the interaction processes 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.

(i)The change in internal initial conditions (resource base, actors' information, actors' expectations) and 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 with actors' information about for instance market predictions. Ebers and Grandori linked 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 a higher competitive pressure, changing behaviors from consumers 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.

(ii) The modifications of internal tensions between partners through permanent interaction processes: identification of cooperation/competition evolutions; rigidity/flexibility continuum; short/long term orientations of partners. For Das and Teng (2000, 2002, 2003) the role of an internal tensions framework is to identify the main conflicting forces that will explain the "intrinsic vulnerability of alliances". But alliances are not only instable they are also unpredictable. In the vein of Van de Ven research works (Van de Ven and Walker, 1984; Van de Ven and Poole, 1995; Dooley and Van de Ven, 1999), Das and Teng 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. They distinguish three types of output or elementary 'pairs' of conflicting forces: rigidity vs. flexibility, short-term vs. long-term orientation, cooperation vs. competition. The 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 will consider the degree of flexibility in coordination mechanisms. Formal contracts, centralized decision rights, financial integration will 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 will increase the flexibility. We find here the classical opposition between hierarchies on the one hand and market institutional forms on the other hand.
(iii) The identification of ex post governance changes: monitoring devices (boards, pilots, formal consortiums, in other words 'who is in charge of what'); 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.
The figure 1 summarizes the main components of the analytical framework.

Figure 1: An analytical framework for the study of interorganizational dynamics in brand alliances



4- Empirical research

We will firstly present our research methodology based upon a qualitative approach of case studies (4-1). Then we will give a detailed description of the two cases of brand alliances (4-2). We will finally apply the framework of the cases (4-3).

4-1 Research methodology

The empirical part is based on two case studies of brand alliances and the evolution of their network forms over one period of time. 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 to mutually defend their position both on the market and within the partnership. Thus, beyond 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.

The methodology set up for these case studies is based upon previous theoretical works on longitudinal approaches (Eisenhardt and Graebner, 2007) and of their application in industrial marketing cases (Dubois and Gadde, 2002; Dubois and Araujo, 2004, 2007). Other research works on longitudinal studies must be acknowledged. Pettigrew (1990) and Van de Ven and Huber (1990) made a distinction of methods when studying organizational changes: some approaches are centered on antecedents and consequences of changes and other approaches are centered on the emergence and evolution of organizational change. For Van de Ven and Huber, the second approach "requires and 'process theory' explanation of the temporal order and sequence in which a discrete set of events occurred based on a story or historical narrative. In terms of causality (…) this approach explains an observed sequence of events in terms of some underlying generative mechanisms or laws that have the power to cause events to happen in the real world and the particular circumstances or contingencies when these mechanisms operate" (Van de Ven and Huber, 1990:213). Our research methodology will follow this process view of organizational change.

The case study research protocol is done in the vein of Yin (2003). The selection of cases is done according to previous research works on brand alliances. We have adopted a qualitative approach with the use of semi-directive interviews to collect data. According to Eisenhardt and Graebner (2007), interview is a very rich source of information that facilitates data collection, especially when the phenomenon is highly occasional. This is the case of brand alliances which have products with short life cycles. We have carried out interviews principally in face to face because it established trust between the interviewer and the interviewees. The latter is also more likely to give detailed information to the interviewer in comparison to requests by telephone or email. Through the case study method we have obtained a great number of details concerning the circumstances in which the various types of brand alliances occur. In order to succeed with the interview methodology, Eisenhardt and Graebner (2007) advise to carry out discussions with the organizational actors at various hierarchical levels, in different sectors, different groups and geographical places, actors of other organizations like external observers, etc. Thus, we interviewed different actors on the two markets concerned by the alliance: with owners of the brands, marketing directors and persons in charge of association or company. Also we interviewed partners who are indirectly related to alliance.

Thus, to collect primary data, we did 15 semi-directive interviews in face to face, 6 interviews by telephone (that lasted on average one hour and a half) and we sent 4 questionnaires to get additional details. These primary data were supplemented by annual reports of activity, the reports of the board of directors, our participation in conferences organized on the markets where alliances take place. Regarding the data processing, we used the method of content analysis. After recording the interviews, we progressively transcribed them (after each interview) to ensure the safeguard of information and notes during interviews. For the data processing, we used qualitative data processing software 'QSR Nvivo 2.0' to identify the topics of our analytical framework in the interviews. This software also enabled us to make classification without moving away from paper and traditional method of information analysis (topics). To do the coding, we used a dictionary which presents topics of our analytical grid. According to our framework, these topics are changes in factors' situation during one period of time; interaction processes, and governance adaptations.

4-2 Presentation of the cases

(i) Case 1

Our first case study relates to the alliance between the private certification brand Fair Trade (Max Havelaar association or hereafter MH) and a banana brand Oké (AgroFair's company). MH is an association with no lucrative 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 to developed countries (indirectly to final customer via hypermarkets) (Sauvée and Coulibaly, 2007).

Indeed the sales turnover of MH's labelized products increases because a great part of consumers (78% in France) consider that MH's products resulting from the Fair Trade have a good quality. Among nine 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 benefits between actors.

MH and AgroFair are thus in relation 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 realizing 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 image of its strong brand via the Fair Trade concept. Agrofair permanently wants to improve its image in putting in front of access its brand Oké. This potential rivalry fuels the interorganizational dynamics between the partners (Sauvée and Coulibaly, 2007).

(ii) Case 2

The second case study is an alliance between the brand of health nutrition Omega 3 from Bleu-Blanc-Coeur's association (hereafter BC) and the private brand Fleury Michon belonging to the company Fleury Michon (hereafter FM), a food company which sells processed pork products. BC, an association with no lucrative goals, promotes the use of flax in animal and human food with Oméga 3 (Sauvée and Coulibaly, 2007).

BC's concept from Omega 3 consists to give feed to animal (mainly flax seeds): the animals (for instance pigs) concentrate Omega 3 and make them more available for consumers in a context where problems of obesity and cardiovascular diseases have increased. BC success is thus strongly related to the characteristics of the nutrition health market with very specific products' attributes.

This association is composed of members such as pork producers, retailers, food companies, consumers and their associations, feed companies. In the alliance, BC animates the scientific step (clinical studies) and contributes to the communication around the Omega 3 ingredient. FM takes care of the distribution of its products with the brand Fleury Michon and the logo BC Omega 3. The presence of this logo is conditioned by a payment of royalty to BC. FM is committed to respect like all the other members (producers, feed companies, distributors...) the requirement specifications and the rules of procedure set up by BC. The control committee of the association checks the application of the user requirement specifications.

The scientific committee defines the research orientations as well as publications, takes part in the development of the nutritional speech and ensures the bond with the research institutes. This committee is composed of specialists who are members of BC. Then the marketing commission manages the communication budget, defines the communication contents and the market and consumer studies. Considering the importance of the topics for members, a need for a tighter coordination has progressively emerged (Sauvée and Coulibaly, 2007).

4-3 Results of the case study research

We will apply our analytical grid in following the three-step level: identification of internal and external changes between T1 and T2; modification of internal tensions between partners; governance adaptation 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 facts reflect the major changes that have been observed during the period of time; either concerning the internal factors (such as resource base or actors' expectations about the alliance) or concerning the external ones (market conditions, legal environment etc.).

These facts 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 will put the stress on 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 (figure 1).

Case study 1: Max Havelaar/Oké-Agrofair

Initial conditions in this case differ greatly: a well established certification brand, Max Havelaar has provided its image of fait 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 necessitate a formal separation between the certifying organization FLO Cert on the one hand, FLO who 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.

Table 1 gives the main features of this evolution for the three components of the framework with this example of the case 1.

Case study 2: Bleu-Blanc-Coeur/Fleury Michon

In the second case study, three facts seem particularly relevant. There is also a rapid market expansion for the products with nutritional allegations. So the number of members has increased significantly since year 2000. The resource of BC being related to the amount of fees, the association has increased its financial possibilities. Consequently the expectations of the association have been enlarged and have moved towards new objectives. Initially, the objectives of BC were centered on the knowledge about nutritional benefits. The objective is now to promote the use of flax in more and more agrifood chains, thus reflecting the necessity to increase the market. Simultaneously, the resource base of the association has grown significantly, mainly in human resources.

A second fact in external environment has also affected the situation: the new legal aspects concerning nutritional allegations. Created in 2007, the legal constraints concerning nutritional allegations have two consequences. The first one is the fact that this is likely to be more difficult, in the future, to maintain the price premium for products with Omega 3 allegations: the competitive pressure from other products and markets will be heightened. The evolution of legal rules encourages BC to undertake complete clinical studies. A recent study is related to the metabolic syndrome (overweight and obesity). BC also carried out several researches with hospital and veterinary research centers to show positive impacts of Omega 3 in human and animal nutrition.

The second consequence stems from the first one: the BC association must clearly develop its differentiation on other aspects than nutritional allegations, for instance sustainable development, local production etc.

As shown in table 1, in case study 2 the internal tensions situation between the partners is clearly oriented towards increased coordination mechanisms and more cooperation between the partners. But, while the orientation for the BC association brand is clearly stated, the Fleury Michon orientation is less clear.

Table 1: An internal tensions perspective on interorganizational dynamics in brand alliances

	Degree of flexibility in coordination mechanisms	***Orientation of the brand alliance***	***Degree of cooperation between brand owners***
Case study 1: Max Havelaar/Oké	• Creation of independent certifying associations and evolution towards norms and standards • FLO cert gives accreditation rights to producers • More external controls on list of specifications (for farmers) • Lack of coordination rules between Agrofair and banana ripening stores • Development of a contract relationships between Agrofair and Max Havelaar • Interpersonal relationships between Agrofair and retailers • FLO manages the relation with actors of the South, producer groups and growers	• For Max Havelaar, development of a consumer orientation with a new communication strategy • New global orientation for Max Havelaar because necessity to separate certifying from communication and control activities • For Oké-Agrofair, increase of its sale force, objectives of product development (tropical fruit) • For Oké-AgroFair, orientation towards final consumers through communication policy	• Strong information exchange between the two partners • Continuation and development of information exchanges about market conditions • Some divergences in communication objectives and image of Fair Trade products
Case study 2: Bleu-Blanc-Coeur/Fleury Michon	•The BC association creates a scientific committee in order to better coordinate research orientations and needs • Creation of a control committee • Increased coordination between Fleury Michon and DistriCoeur, BC's subsidiary for promotion and communication activities on the ground. Boards of directors supervise these organs	• Long term orientation of BC based upon the know how about flax, mainly towards research activities and new human resources (sales force for instance) • Increase in the number of members of the association in order to develop the market, so fees increased • New product development using flax for Fleury Michon • Increase of financial support from European institution (for clinical studies)	• Joint communication policy between BC and Fleury Michon • Important increase of expenses in research and communication activities • Creation of internal communication tools through the website and newsletters

Governance changes and adaptations

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 the case study 1, 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 case study 2, the situation is quite different. The BC association has clearly extended its role towards several directions. Unlike Max Havelaar, the reputation of the logo was very limited and, through a rapid market and expansion in the number of members, the objectives have changed. The governance of the BC network has thus evolved with a specialization of governance functions. The scientific, communication, sales force and control functions are the main monitoring authorities. The decision processes within the association are thus highly integrated. BC association acts like a quasi firm or more precisely like a club (on clubs and club goods, cf. Torre, 2006) and has been able to develop its reputation. This fact is corroborated by the importance in the number of the new comers and in some cases by the reputation of their brands.

Table 2: Governance changes and adaptations in brand alliances

	Case study 1: Max Havelaar/AgroFair-Oké	*Case study 2: Bleu-Blanc-Coeur/Fleury Michon*
Governance mechanisms	• Direct certifying (operating) contracts between FLO Cert and agricultural producers •Indirect licensing contracts between FLO Cert and importers, exporters etc. • Steady price premium for producers, • Easy market access for Agrofair at initial stage	• Stable premium prices for BC products • Important increase of the amount of collected fees • Member selection for new comers • Mutualization of expenses
Monitoring	• Separation of tasks between several boards -FLO cert: certifying organization -FLO organization: definition of rules for Fair Trade product -Max Havelaar: marketing and communication activities, with brand licensing • Agrofair: producer group	• Creation of the main monitoring committees: control, scientific, communication and promotion committees • Creation of DistriCoeur, an organization specialized in promoting and selling BC products • Expansion of roles for the control committee • Increasing perimeter for the scientific board • Control committee extend its controls over the list of specification
Governance levels	• Shift from meso to macro governance level for certifying activities : elaboration of standard rules for all Fair Trade products • Stability of governance level between Max Havelaar and AgroFair • Emergence of a micro governance level, between AgroFair and its direct clients (hypermarkets and supermarkets)	• Stability of governance levels • Extension of dyadic governance between BC and new members • Set up of new rules and standards for nutritional allegations

Our analytical framework of inter organizational dynamics is thus applied to the case studies. In these two case studies, created sometime ago, it is possible to identify significant evolutions in the value creation processes. According to this framework, we identify the main changes that falls into three broad categories: main changes in resource base, in actors' information and in actors' expectation. It is shown for instance that the expectations of the partners have drastically changed, notably because of modifications in market positions. Internal tensions have somewhat arisen in one of the two case studies, while the other seems to develop a long-term orientation with a clear cooperation strategy for all the partners which are members of the association. Finally, the governance changes that are identified show the main evolutions within the network forms, with the creation of new devices, new contractual provisions, complementary enforcement procedures, new roles for the committee boards.

5- Managerial implications and concluding comments

The brand alliance seen in an interorganizational dynamics perspective has many interesting implications for the managers. First of all, the partners in the alliance have different level of relational experience. This experience effect will impact the performance of the brand alliance. We have seen in particular the role of

market information in the constitution of this experience. We suggest that the relative scope of market positions will directly influence the benefits from the alliance.

The question of initial conditions and the role of the alliance formation stage have also to be acknowledged. We have seen in the case studies that differences in brand reputations between the two brands in the alliances at the initial stage have organizational consequences. This asymmetrical situation necessitates from the partners resource adaptations. The ability to adapt through resource acquisition linked to the value creation process is thus critical. The characteristics of contributed resources will significantly affect alliance conditions. For example, as suggested by Das and Teng (2003), "partners with imitable resources are likely to loose their mutual dependence rather quickly".

Our research puts in light the interests of cumulative knowledge and the links with alliance performance. In a longitudinal approach, it is possible to identify some features such as the reputation of the brands, the possible conflicts occurring between the partners and the interdependencies leading to opportunism, and to correlate these features with the outcomes and benefits of the alliances.

Some preliminary results emphasized the importance of some characteristics of brand alliances for their stability: the nature of collective resources linked to the alliance, the effects of opportunism, the balance of power and the rise of a symmetric partnership, especially in considering the level of the spillover effect between brands (and its evolution overtime).

The main result of this research is to show that, in line of reasoning with our previous works on brand alliances, the understanding of brand alliance evolution towards expansion, termination or stability cannot be separated from interorganizational aspects. Following Van de Van and Poole and Das and Teng analysis of organizational dynamics, we think that there are no life cycles in brand alliances: the logic of this dynamic is dialectic and mainly found in organizational components. In other words, the evolution of brand alliance is unpredictable and is the results of contradictory forces between the partners that will modify permanently the network form. But being unpredictable is different from having no rationality. To be intelligible, we suggest that the study of brand alliances dynamics should focus on a few key organizational aspects.

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