The many paths of value creation in brand alliances: Resource combining and governance mechanisms

Competitive paper

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The main objective of the paper is to show how resources, both inside and outside the firm, are combined together in the context of brand alliances. Indeed strategic assets in alliances are mobilized by actors in complex forms of organization in order to reach certain strategic objectives. Brand alliances are not different from that point of view. Internal and external governance mechanisms, such as contracts, informal devices and joint committees are commonly found on the field of brand alliances. So the research question of the paper is to understand, in specific processes of the value creation, the way resources are combined together. We show that when considering the type of value creation processes developed by brand alliances, several combinations of resources aligned with governance mechanisms are possible. The paper proposes two case studies of brand alliances featuring this situation and extents the results to a stylized conceptualization of value creation processes linked with interorganizational design in brand alliance settings.

Keywords: alliance, brand, governance structures and mechanisms, resource combining.

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1- Introduction

Brand alliances, defined as “a combination of two or more existing brands into a joint product or marketed together” (Keller, 2003), are a strategic trend particularly significant for small and medium enterprises. Indeed the difficult conditions of differentiation strategies, such as the high levels of entry barriers for advertisement and of research and development budget, put these small and medium firms in the search for new strategic marketing opportunities: the brand alliance is one of them.

Most of the researches that have been focused so far on brand alliances have mainly pointed out the importance of phenomenon such as attributes complementarities, spill over effects, consumer behaviors, market conditions and so on. In consequence, these researches have tried to understand the conditions of success in considering the value creation that will stem from the brand alliance as given. The question of value creation, which underlies any strategic decisions to bring together two brands, has been frequently neglected. As in any differentiation strategy, partners who decides to join their efforts in a marketing strategy will have to cope with the question of value creation, i.e. the specific resources of any kind that the companies involved in the alliance will have to create, sustain and, more important, to combine in the long run in their new offerings.

The main objective of the paper is to show how resources, both inside and outside the firm, are combined together in the context of brand alliances. Indeed strategic assets in alliances are mobilized by actors in complex forms of organization in order to reach certain strategic objectives. Brand alliances are not different from that point of view. Internal and external governance mechanisms, such as contracts, informal devices and joint committees are commonly found on the field of brand alliances. So the research question of the paper is to understand, in specific processes of the value creation within the context of brand alliances, the way resources are combining together.

Brand alliances are not outside markets conditions, but are on the contrary highly related to market conditions (for instance a fierce competition), to managerial and scientific interest (specific needs for differentiation, importance of knowledge transfer from research to private companies), to legal aspects. This is why the contingency dimensions of the phenomenon are of particular interest. We will focus our study of food markets, and more specifically on health and fair trade food markets. Indeed these markets have been characterized by significant trends such as a price competition lowering the importance of brands, and at the same time by increasing legal constraints (mainly due to several severe food crises). Last but not least, societal aspects such as nutrition problems (the rise of obesity) and international trade (poverty in developing countries) issues have also tremendously impacted the image of brands.

The paper is organized as follows. In a first part, we define the analytical grid necessary to study brand alliances from the perspective of resources and resource combining. In this part, we put forward the question of value creation in general and also related to the question of its origins. We show that this origin can be related to the consumer side as well as the producer side. In focusing on the producer side, we propose to develop, in the line of reasoning with researchers of the IMP tradition, the idea of a matching between resources and governance mechanisms. We then propose a complete analytical grid of value analysis in brand alliances based upon a limited numbers of components: behaviors and objectives, resources and governance, and value-based outputs of the brand alliance.

In a second part we apply this framework to two case studies in the food market, and more especially the fair trade market for bananas, and the nutritional market for dairy products, through a qualitative methodology in the spirit of Yin and Eisenhardt. These two cases combine a private brand with a private certification brand for the first case, and with a collective brand for the second case. We follow an abductive approach in using direct interviews, secondary data as well as indirect sources. We apply our analytical grid to these two cases with the objective to show the interplay between the specific combinations of resources, governance mechanisms and value positioning strategies. Managerial implications and concluding comments are drawn from the case studies, illustrating the interests of a contingent approach, of analytical views of differentiation strategies based upon the basic concepts of the IMP research tradition, where the proper design of a few relevant organizational components is at the core of the firm's success.

2- An analytical grid of value creation in brand alliances

In a global view, brand alliances represent a specific type of strategic alliance. So we will consider firstly that its value is explained as a value for the strategic alliance (or for the interorganizational relationship broadly speaking). We thus identified several types of value that are created and we will focus on the value created from the partners' side, mainly through interaction processes (2-1). Nevertheless it is necessary to go deeper in this question of interaction. How is this value created and through which logic? We propose an approach of this question with the help of the concept of combination. Partners in the alliance seek to combine their strategic resources in specific institutional matrix (governance structures and mechanisms) (2-2). Then we propose a complete grid linking the three components of our analysis: objectives and behaviors of partners, resource combination and governance mechanisms, types of value created (2-3).

2.1. What is the origin of value in brand alliances?

- Origin of value in inter organizational relationships

Previous researches on strategic alliances links value to financial and strategic aspects of the organizations. Ritter and Gemünden (2003: 694), referring to Walter et al (2001), present two steps to create value: direct functions and indirect functions. According to these authors, direct functions such as profit and volume permit to create value for supplier within a given relationship. Indirect functions such as innovation, market access, and scout functions allow value creation for the supplier either in the future in the relationship or in other (connected) relationships. These authors explain value creation in a dyadic relationship between the two companies.

Hinterhuber (2002: 616) note the importance of coordination and integration of activities to create value in an alliance. Firms are perceived by this author as a bundle of relatively static and transferable resources (Hinterhuber, 2002: 618). He defends that value is created by improving the quality of products or services or by reducing costs potentially at each step of the extended value chain (Hinterhuber, 2002: 617). So organizations that will reduce their costs and will make benefits in an alliance can create value for consumer for example through an improved quality of the product delivered. He demonstrates that at the beginning of the relationship, an organization (Monsanto in his article) combines these strategic, cultural and technical criteria to select the potential partners. For this author, "strategic criteria ensure that the long-term vision of Monsanto of global sustainability is being translated into a set of competence and opportunity-based indicators. Financial criteria ensure that the relationship with partner companies allows specific payback criteria to be met (…). Free Cash Flow, and Economic Value Added-projections were frequently adopted. Cultural criteria ensure that core values, operating mechanisms, and decision processes are compatible between the companies" (Hinterhuber, 2002: 623)

So we clearly identify that value creation process in brand alliance, as well as any type of strategic alliance, can be sketched as an interactive perspective between two sides: the value for consumers and the value for organizations.

- The types of value created in brand alliances: consumer value, financial value and competitive value

We refer to previous works on value creation in alliances (Doz and Hamel, 2000) to identify the different types of value in a brand alliance. Doz and Hamel (2000: 44) argue that a firm can create value through an intensification of its competitiveness, through a co specialization of its resources, and through an appropriation of the acquired know-how.

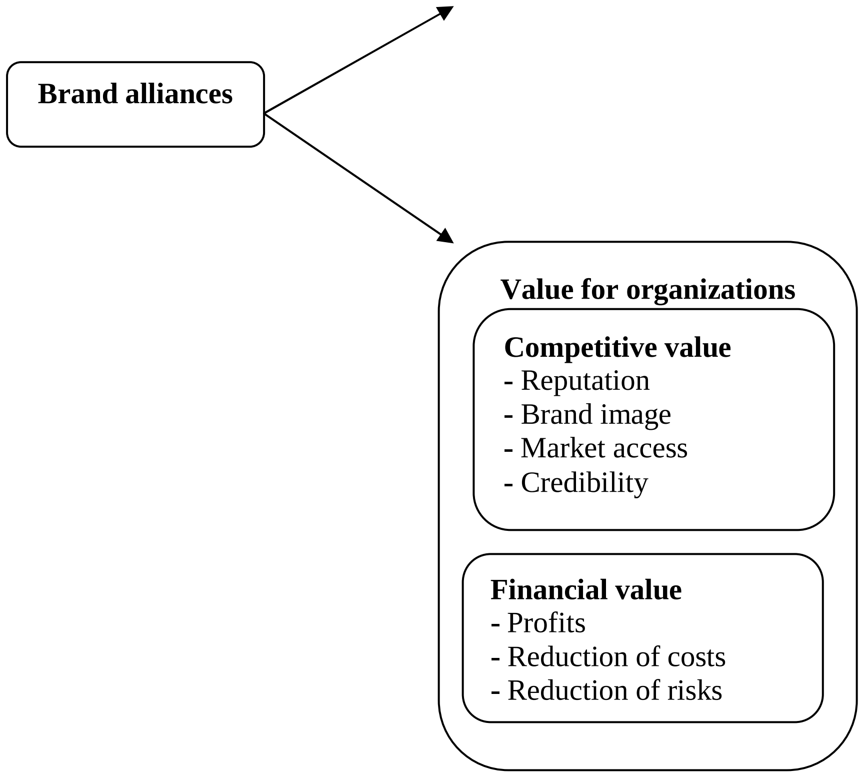
Similarly, in brand alliances, firms which associate their brands could be potentially competitive or complementary. For Abratt and Motlana (2002) a brand alliance will allow an organization which has an unknown (or less known) brand to acquire a reputation and credibility when it combines its brand with another organization having a known brand. So, in brand alliances, an organization can have a competitive advantage linked to a property and image of brands. It will acquire a brand image and known-how from the well-known organization. We can represent this advantage by the "competitive value" (a value for the organizations).

On the other hand, organizations in brand alliances combine their specific resources and their skills such as product, service, information, knowledge related to the brand (Kapferer, 2008). Using these resources and skills, organizations can increase their sales to the consumers and at the same time can reduce their production costs in working together. In this context, they generate a "financial value" (a value for the organizations) and a value for consumers, in delivering them a differentiated product with a better quality. This innovation and added value for the consumers will represent the "consumer value" (the value for consumers).

Thus we consider that, in brand alliances, three types of value are created: consumer value, financial value and competitive value. The two last values represent the value created for the organizations which combine their brands and for their partners. We symbolize these three types or 'families' of value in Figure 1.

Figure 1: the three types of value in brand alliances

Consumer value
- Quality of product
- Innovation
- Added value
- Differentiation



We have identified different types of value created in brand alliances. Now we will explain how the organizations involved in the brand alliance will proceed to create and maximize these values.

- Interaction between actors

According to Schurr, Hedaa and Geersbro (2008: 878) interpersonal interactions generate the resource ties and activity structuring associated with networks. Referring to the IMP group researches (Håkansson and Snehota, 1995**)**, these authors note that each actor represents a node that connects with other nodes in structures comprised of resource ties, activity links, and actor bonds between companies. In add, they show that the interpersonal trust and commitment reduces uncertainty in relationships. They demonstrate also that shared norms, cooperative adaptation in a relationship are necessary to sustain the relationships (Schurr, Hedaa and Geersbro, 2008: 879).

Schurr, Hedaa and Geersbro (2008) confirm Medlin's (2004: 185) conclusions in considering interaction processes as a essential analytical concept at the heart of the relationship and network perspective of business markets, as developed mainly by the IMP group (Ford, 1990, 2002; Gemünden, Ritter, & Walter, 1997; Håkansson, 1982; Håkansson and Snehota, 1995; Sheena, Naudé and Turnbull, 2003).

Previews works concerning interaction between actors show us the importance of resources and governance mechanisms in a relationship. So we retain these two dimensions to explain value creation in brand alliances. This idea of interaction as a dimension of resource combining is well summarized by Gadde and Håkansson (2008:34): "The benefits from a relationship are in this way strongly dependent on how the two organizations manage to combine their resources. A relationship can function in two ways in relation to other resources on the two sides of the dyad (…). A business relationship is a flexible and multidimensional resource involving design and redesign of resources and combinations of resources."

2.2. The creation of value in brand alliances: resources and governance mechanisms

- Resources in brand alliances: definition and types of resources

Williamson (1990) defines resources as a set of assets including production capacities, sales possibilities, relational assets (Purchase and Phungphol, 2006). Nevertheless Gadde and Håkansson (2008) consider that there is no "common understanding concerning resource classification" (Gadde and Håkansson, 2008:35). While some authors make a distinction between tangible and tangible assets, others distinguished between physical capital, human capital and organizational resources. Finally the authors adopt a classification of resources in two main types: physical resources and organizational resources.

In her study concerning the growing commercial activities in the Uppsala region (focus on the restructuring a pharmaceutical company), Waluszewski (2004: 134) illustrates a manner to relate, confront and remodel resources in a relation. She distinguishes four types of resources: two types of resources are mainly social; organizational units, developed in co-operation processes and organizational relationships, developed in networking processes; and two mainly physical; products, developed in buying-selling processes and production facilities developed in producing-using processes.

In their work, Gadde and Håkansson (2008) give a view of the links between business relationships and resource. For them "the processes of building inter-organizational relationships can be regarded as a flow of resources between organizations". They consider that "the value of a resource is determined through its interplay with other resources. The underlying processes of companies' efforts in this respect are identified as 'systemic combining' of resources across firms' boundaries.

Besides, Håkansson and Snehota (1989: 193) explain the central role of the "invisible" or "intangible" assets in organizational effectiveness. They argue that these assets which are knowledge and abilities, fame and reputation are created in external relationships. In another research, Håkansson and Snehota (2006: 273) argue that it is the flow of resources that defines the boundaries of the firm. They demonstrate that resources are both managed across boundaries and through moving and developing interfaces that at the same time constitute legal boundaries.

How is it possible to relate these general considerations on resources and resource combining with brand alliances? So we note that in a brand alliance, similarly, organizations at stake exchange physical (material) and non physical resources (non material, intangible assets) to create value in a relationship.

In brand alliances the resources are mainly represented by brands: notoriety, reputation, knowledge, technology, cash flow, raw material, clinical studies, and schedule conditions (Abratt and Motlana, 2002; Kapferer, 2008). We have in these resources material and non material capital. Indeed, the particularity of brand alliances resides in the existence of two types of actors in the relationship. We have owners of brands and their partners. So we distinguish, among resources in brand alliances, resources embedded which represent resources of brand's owners (inside) and resources outside the brand's owners. Resources embedded are specific to each owner of a brand, they represent notoriety and reputation; we can called them the core resources of the alliance. Resources outside the property of brand's owners represent knowledge, technology, cash flow, raw material, clinical studies and schedule conditions. We will consider these resources as secondary resources, embedded in the network of suppliers and customers of each of the brand owners.

- Governance mechanisms developed by partners: formal and informal mechanisms

Williamson (1990) shows that, in a relationship, existing contracts between partners are necessary to manage and control the relationship. But the control is assumed to be also necessary in order to adapt and relate effectively hazards to the environment (Pfeffer and Salancik, 1978: 32, in Håkansson and Snehota, 1989: 192). So Håkansson and Snehota (1989) argue that an organization's boundaries should be set with the limits to its activity control.

Other authors explain the importance of institutional norms, means to solve conflicts (Mohr and Spekman, 1994) and cooperation between partners (Zajac and Olsen, 1993; Das and Teng, 2000) in an alliance. Theses mechanisms can be integrated in formal mechanisms.

Certain authors have produced results about informal norms focused on trust and informal agreements (Barney and Hansen, 1994; Das and Teng, 1998; Hummels and Rosendaal, 2001) which are developed between actors in an alliance. They represent the informal mechanisms.

In brand alliances, Ghosh and John (1999; 2005), Dahlstrom and Dato-on (2004) note that governance mechanisms are developed by partners. They argue that the types of governance mechanisms mobilized may range from simple contracts, to formal joint committee for strategic decisions, or even to informal mechanisms such as trust. These structures may be a direct relationship between the two companies. But the alliance may involve also several firms or even non-business organizations.

The question of the links between governance mechanisms and the use of resources is to be found in the configuration of resources that are mobilized by partners. The idea of resource constellation defined as a set of resources is necessary to explore this idea.

2.3 Understanding the diversity of value creation processes in brand alliances

In a brand alliance, organizations combine their different resources in line with the objectives assigned by them to the alliance. So their individual objectives may converge with the common objectives, but some discrepancies between individual and collective objectives are likely, especially in the long run.

According to Pfeffer and Salancik (1978), Williamson (1990) and Doz (1996), a combination of different resources in an alliance can create dependencies between organizations and will induce possible opportunistic behaviors. Moreover, for Håkansson and Snehota (1989: 189), to accumulate resources in a best way, it is necessary for organizations to match the characteristics of the environment with their capabilities. These authors add: “To manage the behavior of the organization will require a shift in focus away from the way the organization allocates and structures its internal resources and towards the way it relates its own activities and resources to those of the other parties that constitute its context” (Håkansson and Snehota, 1989: 198). Consequently the vision of alliances as a constellation of resources brings a perspective on governance mechanisms and structures set up by the partners.

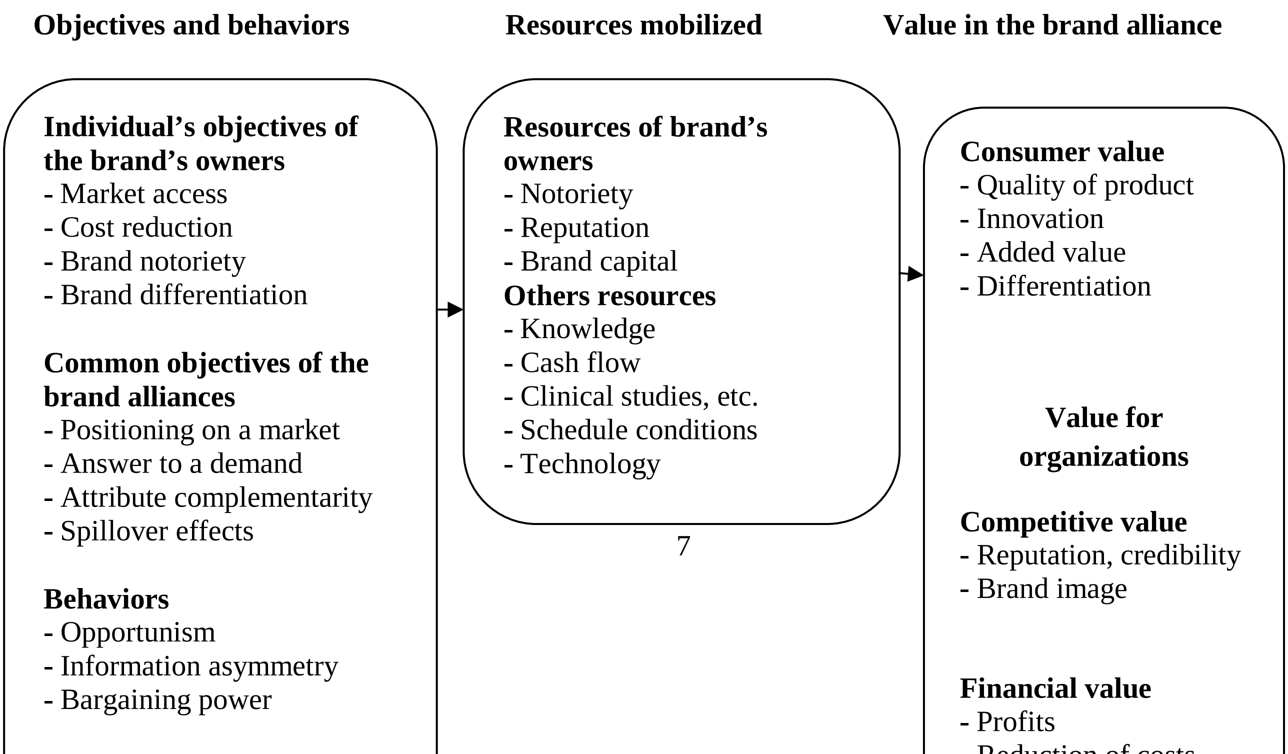
In the vein of Ghosh and John (1999, 2005) works, other studies present governance mechanisms as solution to solve problems which appear in an alliance (Ulrich and Barney, 1984). Das and Teng (1998, 2000) have also built on this idea of contingency between strategic alliances and forms of organizing exchanges and relationships.

From these previous works on strategic alliances and governance we propose an analytical grid in the form of a three-step chart. Each step symbolizes, in a heuristic manner, the consecutive decisions that will be taken by firms, even if in real life situations these decisions are overlapping.

Firstly, in a competitive context where brand alliances are developed, we think that organizations must adapt their individual’s objectives and behaviors in a common way, without underestimating possible divergences on objectives. Then secondly the partners in the brand alliance combine adequate resources and governance mechanisms to create the different types of value: consumer value, competitive value and financial value. Referring to previous researches on strategic alliances adapted to the literature concerning brand alliances, we identify key elements which permit to conceptualize this process (Figure 2).

We note that to maximize value creation in brand alliances, it is necessary to consider a specific and given combination of resources. Organizations must consider behavioral consequences when they combine their resources. So the diversity of the value creation is linked to global aims and behaviors of partners to reach optimization.

Figure 2: An analytical grid of the origin of value, resources and governance in brand alliances



Governance mechanisms

Core mechanisms
- Contracts
- Monitoring committee
- Control procedures
- Incentive mechanisms

Secondary mechanisms
- Information exchange
- Interpersonal relationship
- Training

3. Application

The analytical grid presented in figure 2 is then applied to two case studies. We first present our methodology (3-1) then the grid is successively applied to a brand alliance on the fair trade market (3-2) and on the health food market (3-3).

3.1 Research methodology

Following Yin (2003) in the definition of the research protocol, the selection of the two case studies is done with the objective of an 'analytic generalization'. As suggest by Yin (2003:32-33), an analytic generalization is relevant when "a previously developed theory is used as a template with which to compare the empirical results of the study (…). Thus "the use of theory, in doing case studies, is not only an immense aid in defining the appropriate research design and data collection but also becomes the main vehicle for generalizing the results of the case study".

The data collection has privileged the interviews, which is according to Eisenhardt and Graebner (2007) a very rich source of information well adapted when the phenomena is either complex or occasional.

We conducted twenty seven semi-directive face to face interviews (fifteen in the fair trade market and twelve in the nutritional health market) with executive managers, sales directors of the organizations which joined their brand and with their partners. We completed these data sending questionnaires (six) to the persons interviewed and we collected secondary data in the different companies concerned by the alliance (annual reports, press information, websites etc.). We completed our analysis using software "QSR Nvivo 8.0".

3.2 Case studies 1: alliance between a certification brand and private brand of banana

- Presentation of organizations

The first case study on a fair trade market relies on an alliance between a private certification brand "Fair Trade" owned by a fair trade association Max Havelaar and a private brand of banana "Oké" belonging to a private company "AgroFair". The owners of the brands are AgroFair which is an importer of bananas and Max Havelaar which is a fair trade association. The two organizations facilitate a production and distribution of fair trade bananas in developing countries and promotion and marketing of these bananas in developed countries. They work with direct partners like producers, ripening stores, distributors, certification organization (FLO cert: Fairtrade Labeling Organization), consumers and indirect partners such as voluntary workers, government.

Figure 3: Representation of the case study 1

Abstract preview

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Fairtrade brand (owner: association Max Havelaar)	Oké brand (owner: the company Agrofair	**A banana with Oké + Fairtrade brands**

- The value creation process on the fair trade market: case study 1

On the fair trade market we explain how objectives and behaviors of organizations in brand alliances permit to mobilize resources and governance mechanisms and finally to create value. Indeed, alliances are a reaction to changes in the environment and depend on resources (Spekman, 2009).

In our case study, owners of "Fairtrade" brand and banana brand "Oké" would like to reach the fair trade market and to satisfy consumers who are demanding for product attributes respecting environmental rules and fair trade issues. So organizations will adapt their behaviors, sometimes exchanging information about bananas. They negotiate decision to combine their key resources: brand, communication strategy, financial resources and schedule conditions, etc. Organizations also set up core mechanisms such as contracts between owners of the brands and their partners, social and environmental norms. In addition they mobilize secondary mechanisms concerning cooperation and negotiation to execute the core mechanisms.

Consequently, the alliance permit to create value and enhance competitive advantage by leveraging and building economics of scale and scope, gaining access to markets and technology, improving product development, increasing the general level of knowledge (Spekman, 2009). In this case study the value created concerns on the one hand consumer value, for example when organizations deliver bananas which respect conditions of the fair trade concept: environmental norms, equal relation between all the partners applying decisions or sharing benefits. In addition the relationships permit to create value for the parties (Snehota and Corsaro, 2009). In this alliance we explain value created for organizations by the competitive value and the financial value. Competitive value represents for example brand image of the "Fairtrade" brand which permit to the owners of the banana brand to reach the market conditions for this type of products and to acquire reputation in this market. Financial value concerns the cost savings and the increase of the benefits which permit to invest in social projects in developing countries. We summarize the analysis in figure 3.

Figure 4: The origin of value, resources and governance in case study 1

Objectives and behaviors

Individual's objectives of the brand's owners
- To access to a fair trade market
- Cost reduction
- "Fairtrade" brand notoriety
- Differentiation of the banana

Common objectives of the brand alliance
- Positioning on a fair trade market
- Answer to a demand: quality of product, respect of the trade between developing and developed countries, help for developing countries

Behaviors
- Opportunism in a

Resources mobilized

Resources of brand's owners
- Notoriety of "Fairtrade" brand, reputation
- Brand image

Others resources
- Strategy of communication
- Financial resources (subsidies).
- Schedule conditions

Governance mechanisms

Core mechanisms
- Contracts between AgroFair and Max Havelaar: Max Havelaar gives to AgroFair its agreement to put a fair trade brand on the banana and Agrofair pay a royalty to Max Havelaar

Value in the brand alliance

Consumer value
- Quality of fair trade banana "Oké-Fairtrade": respect of environment rules, security, guaranty, societal concerns

Value for organizations

Competitive value
- Notoriety, reputation, brand image of fair trade.
- Qualified producers: they know the process of production.
- Communication around a fair trade concept.
- Improvement of live conditions of producers.

3.3. Case study 2: alliance between a private license brand and a milk brand

- Presentation of organizations

The second case study on the nutritional health market concerns an alliance between a private license brand "Oméga 3 naturels" belonging to the nutritional health association "Bleu-Blanc-Coeur" and milk brand "Agrilait" owned by the private company Coralis. The owners of the brands are Agrilait and Bleu-Blanc-Coeur" association which promote the marketing of a nutritional milk "Agrilait-Oméga 3 naturels. The two organizations exchange with direct partners which are flax producers, feed manufacturers, independent farmers, breeders, food processing companies (dairy companies), distributors and consumers. They work also with indirect partners such as research centers, regional and European institutions.

Figure 5: Representation of the case study 2

Agrilait brand (owner: the company Coralis)

Oméga 3 naturels (owner: the association Bleu-Blanc-Coeur

A milk brick with "Agrilait + Oméga 3 naturels" brands

- The value creation process on the nutritional health market: case study 2

As in the first case study, we show that on the nutritional health market, objectives and behaviors of organizations are linked to resources and governance mechanisms used and consequently permitted to create value in brand alliances. Firstly to answer to consumer demand and access to a nutritional health market, owners of "Omega 3 naturels" brand and of the milk brand "Agrilait" combine their individual objectives concerning reduction of costs and differentiation of milk. So organizations must adapt their behaviors to assemble resources such as brands, schedule conditions, clinical studies which create credibility for the final product, communication strategy and financial resources.

To apply in a best way these resources owners of brands and their partners use core mechanisms (contracts, socials and environmental norms, etc.) completed by secondary mechanisms (exchange of information). These actions in brand alliances allow the creation of value for consumers and for organizations (competitive value and financial value). Consumer value is expressed by milk containing Oméga 3 good for health and which respects environmental norms.

As a competitive value we have for example brand image of “Oméga 3 naturels”. When a dairy company combines its brand with “Oméga 3 naturels” brand, it gives to its company a good reputation and notoriety on the nutritional market. Financial value is expressed by the increase of brands owners benefit. We recapitulate this analysis in figure 4.

Figure 6: The origin of value, resources and governance in case study 2

Objectives and behaviors

Individual objectives of the brand’s owners
- Access to a nutritional health market
- Cost reduction
- “Oméga 3 naturels” brand notoriety
- Differentiation of the milk

Common objectives of the brand alliance
- Positioning on a nutritional health market
- Answer to a demand: health milk which respect of environmental norms

Behaviors
- Opportunism in a relationship when organizations must exchange strategic information
- Bargaining power

Resources mobilized

Resources of brand’s Owners
- A nutritional brand “Omega 3 naturels”

Other resources
- Schedule conditions
- Clinical studies
- Communication strategy
- Financial resources

Governance mechanisms

Core mechanisms
- Contracts between Bleu-Blanc-Coeur and Coralis
- Bleu-Blanc-Coeur with organizations of control verifies the respect of the social and environmental norms by Coralis and all the partners in alliance
- Coralis has his proper norms of quality which specifies the respect of production of the milk
- Existence of bodies (administration, marketing, control, etc.) to manage the relation between partners

Secondary mechanisms
-Interaction between all the partners, exchange of information
- Exchange of knowledge concerning specification of

Value in the brand alliance

Consumer value
- Quality of milk “Agrilait Oméga 3 naturels”: the product contains a nutritional component “Omega 3”which is better for health and allows the reduction of obesity.

Value for organizations

Competitive value
- Brand image of the nutritional health brand.
- Scientific team.
- Qualification and education of all the members around the nutritional concept.
- Communication around the brand “omega 3 naturels”.

Financial value
- Increased benefit for Coralis and the members of Bleu-Blanc-Coeur association.

4- Managerial implications and concluding comments

The two types of brand alliances show us that the individual objectives of the organizations converge on common objectives, combined with elements of opportunistic behavior. Indeed, in a fair trade market the common objective is to ensure quality between organizations which exchange in a fair trade market to sell bananas labeling “Fair trade”, to help producers of bananas and to protect the environment. In a nutritional health market, the common objective is to improve health using a nutritional health component “Oméga 3” in milk. But at the same time the brands’ owners may try to avoid the main constraints such as controls and rules.

We show that to realize the objectives, organizations mobilize their resources and set up governance mechanisms to create and sustain value in the alliance. Value is created not only for the organizations (competitive value and financial value) but also for the consumers (consumer value). Nevertheless certain organizations can privilege their strategic objectives and try not to scatter information in the relationship when they use resources. Sometimes, an organization can take a strategic decision or/and have a bargaining power because of its control on specific resources. Moreover, organizations must support negotiation costs of contracts, constraints to respect social and environment rules when they mobilize governance mechanisms.

So we note that to maximize value creation process in brand alliances it is necessary to combine resources in the best way in considering objectives of all the partners to manage their behaviors and to mobilize in consequence the appropriate governance mechanisms.

In this research, we obtain two key results. For the first time, we show that value creation in brand alliances is defined by interactions between resources in organizations, and this resource combining is largely done across firm and/or organization boundaries. The rationale to analyze this process of combining different resources is to be found in the strategic positioning of brands. According to an overall efficiency principle in a competitive context, the best combination of resources, for the partners involved in the alliance, requires the proper use of governance mechanisms to create and sustain value for both consumers and organizations.

A second result of the research is to show that organizations which combine differently their resources could reach a certain level of optimality in their process of value creation. We also see that the diversity of value creation processes depends, among other factors, on the possibilities to exploit different in house and/or external strategic resources controlled by a large array of governance mechanisms. In first analysis, it seems that the degree of exclusivity of the brand alliance and the degree of complexity of inter organizational coordination are two key dimensions to understand this diversity.

Finally, we conclude that the combination of resources is not permanent. Considering the evolution of external conditions (competitive pressure, consumers’ behaviors) and internal factors (partner’s objectives), the partners in the brand alliances will have to re-optimize continuously the combination of resources and to adapt governance mechanisms.

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