Brand Alliance Research: In Search of a New Perspective and Directions for Future Research

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The lack of firm side research is a fundamental limitation in the extant brand alliance literature. In this paper, we discuss some of the potential avenues for research into firm brand alliance behavior. Importantly, we propose a conceptual framework for the antecedents of brand alliance formation. The issues raised in this paper are of interest for marketing and brand managers because brand alliances are an important strategy for leveraging brand strength and growing brand value. Future research should conceptually explore some of the research questions raised by this work and empirically test the conceptual framework developed in this paper.

INTRODUCTION

Brand alliances are a rapidly growing brand leverage strategy (Rao & Ruekert, 1994; Simonin & Ruth, 1998, Kippenberger, 2000). A brand alliance allows firms to leverage their own brands by linking them to other firms' brands (Rao & Ruekert, 1994; Simonin & Ruth, 1998). Knudsen, Finskud, Tornblom, and Hogna (1997) stated that alliances between brands are increasing by 60% each year. A more recent study reveals that the number of co-branded products launched in the United States alone has been increasing 20% every year for the past two decades (Ernst, 2002). Given the increasing popularity of brand alliances, it is not surprising that the brand alliance phenomenon has attracted increasing attention from marketing scholars over the last decade. Prior research on brand alliances has significantly increased our understanding of how consumers react to brand alliances and identified a host of variables that influence customer brand evaluations (Rao & Ruekert, 1994; Park, Jun, & Shocker, 1996; Simonin & Ruth, 1998; Rao, Qu, & Ruekert, 1999; Desai & Keller, 2002; Gammoh, Voss, & Chakraborty, 2006).

Brand alliance research has also identified a host of benefits firms can gain from engaging in brand alliances. A brand alliance allows the firm to augment and strengthen the current set of brand associations (e.g., overall quality, image, awareness, particular attributes), providing them with an effective and efficient way of differentiating and positioning their brands and securing competitive advantage in the market place (Park et al., 1996; McCarthy & Norris, 1999). Despite these potential benefits, brand alliances are complex, not free from risk, and might negatively influence participating brands (Rao & Ruekert, 1994; Simonin & Ruth, 1998; Helmig, Huber, & Leeflang, 2008). Since a brand alliance involves the pooling of partner brands, if problems arise the brand equity for both participating brands may suffer. In addition, entering into a brand alliance is not without the direct costs related to forming and maintaining relationships between partners. Then too, the brand alliance is likely to lead to reduction in the firm's direct control over its brand asset. Yet, it is still widely recognized that our knowledge of firms' brand alliance behavior is limited (Rao & Ruekert, 1994; Simonin & Ruth, 1998; Rao et al., 1999).

This work contributes to existing brand alliance research by identifying potential research avenues into firm brand alliance behavior and developing a conceptual framework of the antecedents of brand alliance formation. This is important because at this early stage of investigation an overall research strategy for the subject is needed. Such a strategy can help provide a roadmap to interested researchers. Such a strategy can also help unify research into a coherent overall nomological network. Toward this end, we bring insight from related literature (i.e., strategic alliance research in the marketing and management disciplines) and integrate it with consumer side brand alliance research. The rest of the paper is organized as follows. We begin with a review of the brand alliance literature. Next we highlight the significance of studying brand alliances from the firm perspective. After that, we discuss some of the potential avenues for research into firm brand alliance behavior. Finally, we present our conceptual framework and develop a set of research propositions of the antecedents of brand alliance formation.

LITERTURE REVIEW

Brand Alliances: The Current Literature

Brand alliances are cooperative marketing activities involving short-term or long-term combinations of two or more individual brands (Rao & Ruekert, 1994; Simonin & Ruth, 1998). There seems to be an agreement among researchers in this area that brand alliances come in several forms such as co-branding, joint promotion, composite branding, ingredient branding, and dual branding (e.g., Rao & Ruekert, 1994; Simonin & Ruth, 1998; McCarthy & Norris, 1999; Helmig et al., 2007). For example, Rao and Ruekert (1994) argue that the nature of brand alliances vary, ranging from the physical combination of multiple brands within the same product [ingredient branding] (e.g., IBM and Intel; Diet Coke and NutraSweet; Apple and Motorola) to symbolical association of brand names, logos, or other proprietary assets of the brand in marketing communication efforts [joint promotion] (e.g., joint promotion of Bacardi Rum and Coca-Cola; Frito-Lay chips and KC Masterpiece barbecue sauce). Prior brand alliance research investigated whether consumer evaluation of the participating brands is positively affected by the brand alliance, and what brand alliance and or consumer characteristics might moderate this effect (Rao & Ruekert, 1994; Park et al., 1996; Simonin & Ruth, 1998; Rao et al., 1999; Desai & Keller, 2002; Geylani, Inman, & Hofstede, 2008; Gammoh, Voss, & Fang, 2010).

This consumer based brand alliance research has produced several contributions to our understanding of brand alliances. First, a brand alliance can be an effective strategy to signal unobservable quality when consumers lack accurate information regarding the brand's true quality (e.g., Rao et al., 1999; Voss & Tansuhaj, 1999). Such a strategy can also convey information about the availability of a specific attribute even when the quality of the product is *a priori* observable (e.g., Park et al., 1995; Desai & Keller, 2002). These overall quality endorsement and/or attribute enhancement effects are evident regardless of the brand alliance form (i.e., co-promotion, co-branding, or ingredient branding). Second, consumers' existing attitudes toward the constituent brands influences their evaluations of the brand alliance (e.g., Simonin & Ruth, 1998). Third, how well two brands fit together influences the consumer's evaluation of the brand alliance (e.g., Park et al., 1996; Simonin & Ruth, 1998; Helmig et al., 2007; Monga & Lau-gesk, 2007). Regardless of how the notion of "fit" has been conceptualized and defined (e.g., product fit, brand fit, personality fit, symbolic complementarity, functional complementarity, attribute overlap, or goal congruency), previous research demonstrates that consumers' perception of "fit" between participating brands is positively related to their evaluation of the brand alliance. Fourth, consumer's subsequent evaluations of participating brands evidence asymmetrical "spillover effects" after exposure to a brand alliance (e.g., Simonin & Ruth, 1998; Washburn, Till, & Priluck, 2000; Geylani et al., 2008). Fifth, various personal and contextual factors that influence consumer evaluations of brand alliances were explored (e.g., Rodrigue & Biswas, 2004). For example, from a resource dependency theory perspective, Rodrigue and Biswas (2004) examined the moderating role of consumers' perceptions of alliance dependency and exclusivity within Simonin and Ruth's brand alliances model. The authors found that the spillover on the focal brand is moderated by exclusivity but not dependency and vice versa for the ally brand.

Brand Alliances: A Firm Perspective

Signaling theory holds that a signal (a brand alliance in this case) is a deliberate action by the firm to communicate information to the market (Spence, 1974; Wernerfelt, 1988). According to Spence (1974), signals are activities or attributes of a firm that alter the beliefs or convey information to other market actors. Given that a large part of extant brand alliance research applies a signaling theory perspective to explain the effectiveness of brand alliances with respect to consumers (Rao & Ruekert, 1994; Rao et al., 1999; Voss & Gammoh, 2004), it seems logical to investigate the sender side of the signaling phenomenon.

Brand alliances also involve the leveraging of one of the most important assets of the firm — a brand name (Aaker, 1992; Keller, 2003). Yet, the firm's decision to engage in brand alliances is not without its complexities and potential negative outcomes (Rao & Ruekert, 1994; Park et al., 1996; Simonin & Ruth, 1998). Abrahams and Granof (2002) argue that brand alliances expose companies to the risk that one partner's performance may fail to meet customers' expectations, thus damaging the brands of the other alliance members. Thus, even though the literature identifies potential negative outcomes of engaging in brand alliances, published research has not investigated firm decision making with respect to this issue.

The study of brand alliances phenomena from a firm perspective is very important and seems to be the next logical step in the development of brand alliance research. The focus of this work, therefore, is to call the attention of brand alliance researchers to the importance of investigating the brand alliance phenomenon from the firm perspective. In the next section, we outline some of the potential avenues for research into firm brand alliance behavior. Table 1 summarizes the shift in research focus taken by this paper and gives an example of the several interesting research questions sparked by this shift.

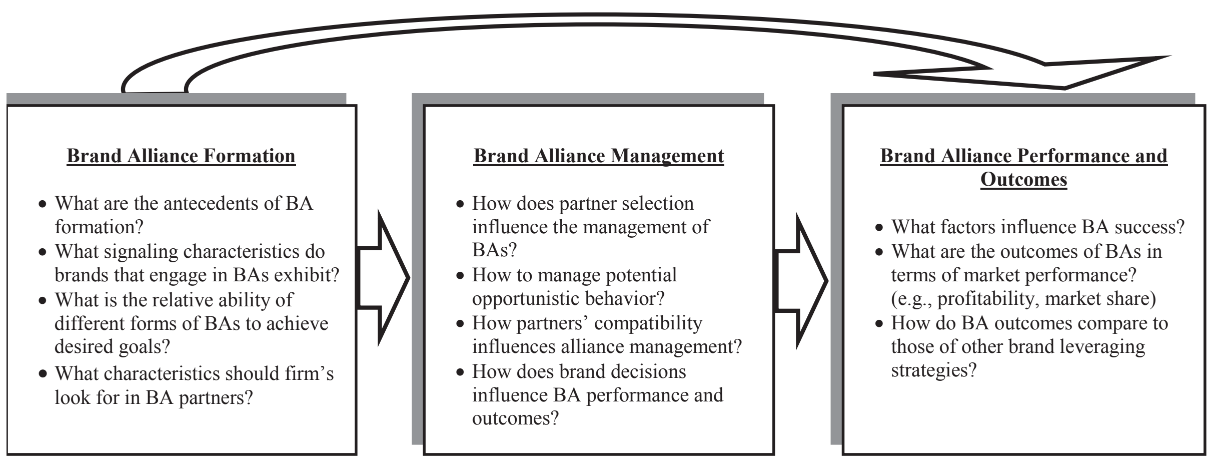
TABLE 1
A SHIFT IN FOCUS OF THE STUDY OF BRAND ALLIANCES

	Where we have been	Where we need to go
General concerns	Understanding the effectiveness of brand alliances with respect to consumers	Understanding firm brand alliance behavior.
Major topics	Spillover effects, type of brand alliances, consumer characteristics that influence their interpretation of brand alliances, multiple brand alliances, the integration of associations provided by partner brands	Firm internal and external antecedents of brand alliance formation, Brand ally selection criteria, firm level performance outcomes of brand alliances, management of brand alliances.
Illustrative research questions	What is the definition of a brand alliance? What are the different forms of brand alliances? How do consumers evaluate brand alliances? What consumer characteristics influence evaluations of brand alliances? What is the influence of multiple brand allies?	What are the antecedents of brand alliance formation? What characteristics do brands exhibit that engage in brand alliances? How do brand alliances impact partner firms' brands and overall performance? How does brand alliance management influence its potential outcomes?

AVENUES FOR FUTURE RESEARCH

When considering a brand alliance, management should obtain answers to relevant questions such as: What are the benefits and costs of the alliance? With whom should we ally? What is the best way to ally? How should we manage the alliance relationship? What are the potential effects of the alliance on the brand? Or, what factors influence brand alliance performance? We group these issues into three research directions: brand alliance formation, brand alliance management, and brand alliance performance and outcomes. In what follows we briefly discuss each of these research directions and identify some interesting research questions that need to be explored regarding firm brand alliance behavior (see Figure 1).

FIGURE 1
POTENTIAL RESEARCH AVENUES INTO FIRM BRAND ALLIANCE BEHAVIOR



Brand Alliance Formation

Forming a brand alliance is a complex decision that involves an assessment of whether a brand alliance is a viable strategy for achieving the goals in mind, what type or form of brand alliance should be used, searching for potential partners, and assessing the partner's compatibility and commitment to the alliance relationship (Rao & Ruekert, 1994). One interesting area of research is to investigate the antecedents of brand alliance formation. Potential antecedents include the internal characteristics of the firm (e.g., managers' attitudes and experience), characteristics of the industry (e.g., competitive intensity), factors related to the external environmental (e.g., environmental uncertainty), and relationship factors (e.g., availability and compatibility of potential partners).

Another interesting area of research involves matching different brand alliances forms to the attainment of desired goals. Firms' often form brand alliances for a number of reasons and have various options and alternatives at their disposable in forming a brand alliance (i.e., co-adverting, branded ingredient, co-branding). Therefore, firms need to understand the optimal form of cooperation that enables them to achieve their intended goals at minimum risk. For example, is it enough for a firm seeking enhancement of a specific attribute to engage in joint-promotion activities with a brand ally that possesses this attribute? Or does it need a more tangible form of brand alliance such as using a branded ingredient to enhance consumers' evaluations on that attribute?

Forming a brand alliance involves an assessment of the availability of potential partners, their reputations, and potential to contribute to the alliance. For example, future research could address issues related to how partner characteristics such as partner similarity, resource complementarity, and relationship commitment influence partner selection in brand alliances. A firm that desires to link its brand to another brand through a brand alliance is rightly concerned about the fit between the two brand's markets, positioning, image associations (Park et al., 1996; Simonin & Ruth, 1998). Together, these issues reflect on the potential success of the alliance as well as the future performance of the individual brands standing alone. Therefore, partner selection is a critical issue that influences brand alliance management and performance. In the next section, we propose a model of brand alliance formation that encompasses these ideas.

Brand Alliance Management

Despite the rapid growth of brand alliances, inter-firm cooperation is still considered risky (Rao & Ruekert, 1994; Simonin & Ruth, 1998). Some firms may behave opportunistically and use the alliance to achieve their own goals at the expense of their partner's goals. Even in the absence of opportunistic behavior, a brand alliance can expose a company to the risk that the partner's performance may simply fail to meet customers' expectations (Abrahams & Granof, 2002). Such concerns produce asymmetric spillover effects on consumers' evaluations of the participating brands, potentially damaging the company's brand image or equity. Since brand alliances pose significant management challenges, research is needed to build our understanding of how brand alliances can be managed most effectively. For example, consistent with the commitment-trust theory of relational exchange (Morgan & Hunt, 1994) researchers might investigate how trust and commitment between the partners allow management to contain the threat of opportunism in the brand alliance.

Brand Alliance Performance and Outcomes

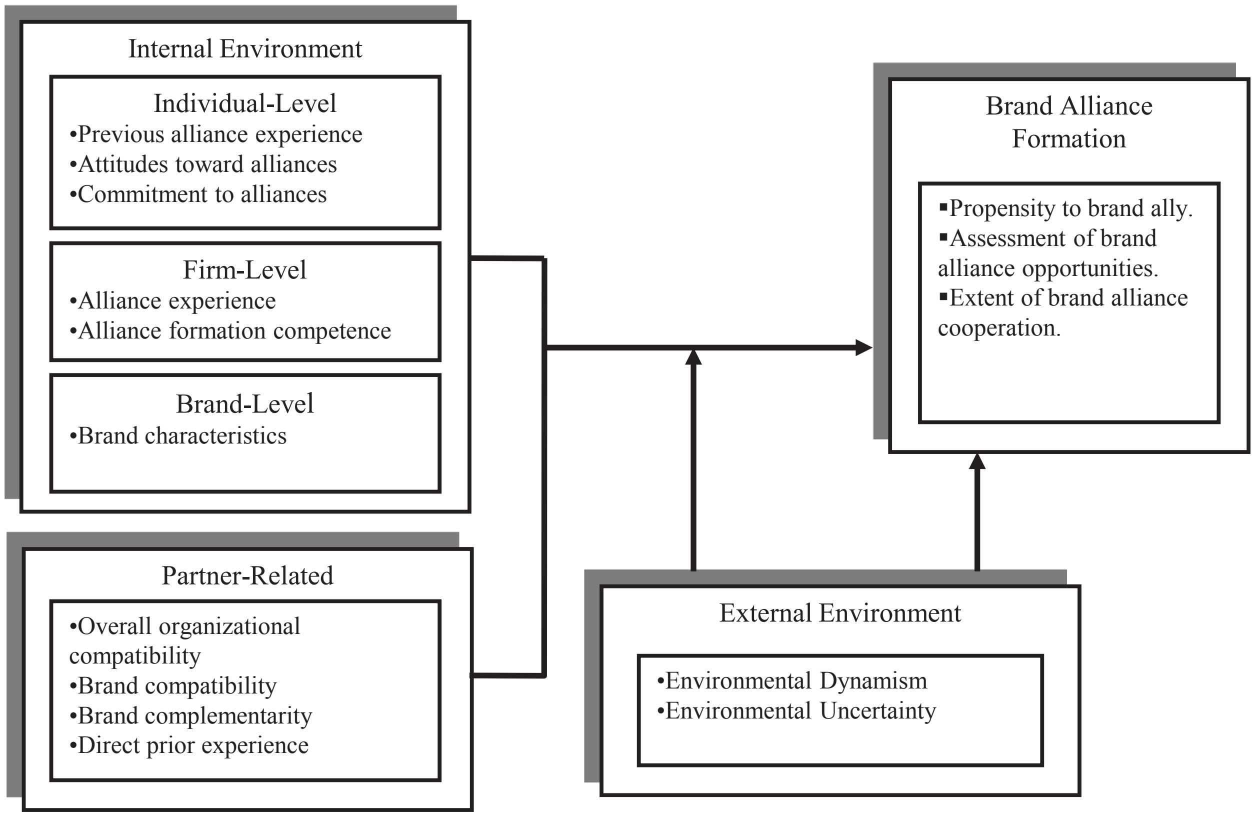
Brand alliances are implemented to achieve a variety of goals such as enhancing current market position, enabling new market entry, adding value to the firm's existing product mix, and reducing the cost of building brand awareness or penetrating distribution channels (Norris, 1992; Rao & Reukert, 1994; Park et al., 1996; Desai & Keller, 2002). Whatever the firm's goal for entering a brand alliance, performance will be contingent on the firm attaining its goal. Many issues need to be addressed with respect to the determinants of brand alliance success. Interesting research questions include: how do firm specific characteristics or partner-specific characteristics influence the success of the brand alliance? and contingent on the firm's goals, how do brand alliances compare to alternative branding strategies for achieving those goals?

A FRAMWORK OF BRAND ALLIANCE FORMATION

It seems essential at this point in the development of the brand alliance research field to improve our understanding of the antecedents of brand alliance formation. This is a foundational step. Investigating the brand alliance management → performance relationship without understanding the antecedents of brand alliance management could produce spurious results (Mowen & Voss, 2008). In addition, a focus on brand alliance formation is required for firms to maximize their opportunity by, for example, matching the alliance form with the firm's specific situation.

Varadarajan and Cunningham (1995) defined marketing strategic alliances as inter-firm relationships that involve the pooling of skills and resources by the alliance partners in an attempt to achieve one or more goals linked to their strategic objectives. As another form of inter-firm strategic/marketing cooperation, a brand alliance involves the pooling of partners brand names in an attempt to achieve one or more goals linked to their strategic objectives (Rao & Ruekert, 1994; Simonin & Ruth, 1998). A brand alliance could be seen as a strategic alliance at the brand level. Accordingly, we build our model of brand alliance formation on the strategic alliance literature as well as previous findings in brand alliance research. We propose that the antecedents of brand alliance formation can be broadly grouped into five sets of antecedents: internal environment antecedents at the (1) managerial-level (e.g., attitudes toward alliances); (2) firm-level (e.g., alliance formation competence); (3) brand-level (e.g., brand product quality); as well as (4) partner-related antecedents (e.g., organizational compatibility); and (5) external environment antecedents (e.g., environmental uncertainty) — see Figure 2. In what follows we discuss these five sets of antecedents and develop a set of research propositions for the relationships in our brand alliance formation model.

FIGURE 2
A FRAMEWORK OF BRAND ALLIANCE FORMATION



Managerial-Level Antecedents

Managerial-level antecedents seek to provide insight on how the (product or brand) manager's attitudes, perceptions, and experiences affect brand alliance formation. The strategic alliance literature highlights the role that decision maker's play in their firms' strategic choices. The basic premise of this literature is that managers affect firm-level outcomes primarily through the decisions or strategic choices that they are empowered to make on behalf of the firm (Hambrick & Mason, 1984). One of these key decisions is the choice to enter (or not enter) strategic alliances (e.g., Larson, 1992; Eisenhardt & Schoonhoven, 1996; Tyler & Steensma, 1998). Along the same lines, marketing researchers recognize and have empirically demonstrated the role that decision makers play in the firm's choices with respect to marketing cooperative behavior (e.g., Frazier, 1983; Varadarajan & Cunningham, 1995). In these research streams, a number of managerial-level antecedents have been shown to influence the firm's propensity to engage in strategic alliances and the rate at which such alliances are formed. Important antecedents include the manager's previous alliance experience, attitude toward strategic alliances, and commitment to alliances as a beneficial strategy for the firm. For example, Tyler and Steensma (1998) found that top executives' personal work experiences, their perceptions of their firms' attitudes toward technology and risk, and their perceptions about their firms' past success with collaboration influence their cognitive assessment of potential technological alliances. In conclusion, research shows that the experiences, attitudes, and commitment of decision makers within firms have a significant effect on firm-level strategic decision. Therefore, it is logical to assume that the firm's decision to brand ally, like other forms of strategic decisions, is likely to be influenced by the individual characteristics of decision makers. Therefore, we propose:

Proposition 1: Managers' previous alliance experience, attitude toward alliances, and commitment to alliances will be positively related to brand alliance formation.

Firm-Level Antecedents

Strategic alliance researchers acknowledge the value of alliance formation competence as an important antecedent for strategic alliance formation and management (e.g., Gulati, 1995, 1998; Simonin, 1997; Sivadas & Dwyer, 2000; Lambe, Spekman, & Hunt, 2002). For example, Simonin (1997) introduces the construct of "collaborative know-how" which he defines as the extent to which firms have skill in identifying, negotiating, managing, monitoring, and terminating collaborations. Gulati (1995) argues that the possession of alliance formation competence can be a significant catalyst for firms considering new alliances. Gulati (1998) shows evidence that firms' build alliance formation competence with experience, which in turn enables them to form new alliances with greater ease and frequency. More recently, Lambe et al. (2002) show that alliance formation competence contributes to alliance success, both directly, and indirectly through the acquisition and creation of resources. In summary, a firm with alliance formation competence is in a position to develop better future alliances.

Brand alliance formation is a difficult and complex decision (Rao & Ruekert, 1994; Simonin & Ruth, 1998). A firm needs to consider several aspects with respect to the decision to brand ally. These include, but are not limited to, the benefits and costs of engaging in such alliances, the optimal form of cooperation through brand alliances, the availability of potential partners, their reputation, and potential contributions. Firms that possess alliance formation competence are in a position to better deal with the complexities associated with brand alliance formation, and therefore are more likely to engage in brand alliances. Thus, we propose that firm alliance formation competence is a predictor of brand alliance formation (i.e., likelihood to brand ally). Hence:

Proposition 2: Firms' alliance formation competence will be positively related to brand alliance formation.

Brand-Level Antecedents

The strategic alliance literature emphasizes the role that resources play in the firm's strategic choices. More specifically, researchers have long argued that a firm's resources position significantly impacts its motivation to engage in alliances and, thus, is a reliable predictor of a firm's alliance formation behavior. Indeed, much of the empirical research in strategic alliances and marketing strategic alliances uses factors related to the characteristics of the firm's resources in explaining its alliance behavior (e.g., Oliver, 1990; Spekman & Sawhney, 1990; Varadarajan & Cunningham, 1995; Das & Teng, 2000). For example, Varadarajan and Cunningham (1995) argue that the firms' resource position is one of the forces that influence its propensity to form strategic alliances. They suggest that brand characteristics such as brand equity and reputation for product quality at both the product line and brand level influence a firm's propensity to engage in cooperative strategic alliances. In their resource based theory of strategic alliances, Das and Teng (2000) argue that there are two related, but distinct, motives for firms to use strategic alliances: (1) to obtain others' resources; and (2) to retain and develop one's own resources by combining them with others' resources. Since previous research has shown that the firm's resource position can have a significant effect on its strategic alliance decision, we suggest that the decision to brand ally is influenced by the resource positions of the brands involved. Signaling theory, for example, posits that brands with an inability to issue credible market place signals will ally with brands that can issue such signals due to their positive reputations (Rao & Ruekert, 1994). Consequently, we expect:

Proposition 3: Brand reputation and brand product quality will be related to brand alliance formation.

Partner-Related Antecedents

A brand alliance involves at least two firms; as such a firm's decision to enter into a brand alliance is likely to be influenced by factors related to the potential partner. Therefore, the fourth set of antecedents includes partner-related antecedents. More specifically, we suggest four partner-related antecedents of brand alliance formation: overall organizational compatibility, brand-level compatibility, brand-level complementarity, and direct prior experience. In what follows we establish the theoretical justification for these partner-related antecedents and how they apply to the context of brand alliances.

Strategic fit, cultural fit, and goals fit have been found to enhance the formation and management of inter-organizational cooperative activities (Saxton, 1987; Ruekert & Walker, 1987; Bucklin & Sengupta, 1993). For example, Sivadas and Dwyer (2000) argue that the success of strategic alliances depends on the strategic fit among partners. Day (1995) stated that among the reasons for disappointment and frustration from alliances is the conflict in objectives and cultures between partners. Incorporating all of these factors, Achrol, Scheer, and Stern (1990) introduced the concept of organizational compatibility which reflects the degree of similarity between the partner firm's goals, strategic orientation, and cultural aspects. Similarly, the firm's decision to brand ally is likely to be influenced by the overall organizational compatibility between brand alliance partners.

In addition, since a brand alliance pools the partners' brand names, it is also likely that the firm's propensity to ally its brand with another brand is influenced by the compatibility between the two brands. Strategic alliance research demonstrates that the compatibility between partners' shared resources are important antecedents of their cooperation (e.g., Dyer & Singh, 1998; Harrison, Hitt, Hoskisson, & Ireland, 2001). In addition, consumer-side brand alliance research indicates that the compatibility between participating brands is an important variable influencing consumers' evaluation of brand alliances (Simonin & Ruth, 1998). The notion of compatibility or what's called "fit" in most of the brand alliance research has been defined and conceptualized in different ways. For example, Simonin and Ruth model brand alliance evaluations as a direct function of consumers' attitudes toward each brand, product fit, and brand fit. According to the authors product fit refers to consumer perception of the compatibility between the two products, irrespective of the brands. On the other hand, brand fit refers to consumers' perception of brand image cohesiveness and consistency between the brands involved in a brand alliance. The authors found that product fit and brand fit significantly affects consumers' attitudes toward the alliance. Therefore, beside the strategic and cultural compatibility between the two firms, the issue of compatibility at the brand-level should influence a firm's propensity to brand ally with a potential partner.

Brand alliances are relationships between two or more firms that come together to leverage their brands. Dyer and Singh (1998) argue that full utilization of a firm's resources may require the firm to combine those resources with complementary resources from other firms. As such, one reason to enter into an alliance is to leverage owned resources. As a result these firms search for partners that have complementary resources (Gulati, Nohria, & Zaheer, 2000). Several studies have illustrated the importance of complementarity in strategic alliances (Varadarajan & Cunningham, 1995; Harrison et al., 2001; Ireland, Hitt, Bettis, & Porras, 2002). For example, Madhok and Tallman (1998) argued that alliances where partners have the potential to create synergy by integrating complementary resources have the highest probability of producing value. Finally, Chung, Singh, and Lee (2000) found significant support for the notion that resource complementarity drives alliance formation between two specific firms.

Since a brand alliance is the pooling of partners' brand names, it is likely that a firm's engagement in a brand alliance with a specific potential partner is influenced by resource complementarity at the brand-level. In some situations, a brand alliance is motivated by the complementarity between participating brands. That is, complementarity in terms of usage occasion, brand associations, market positioning (Park et al., 1994). This assertion is further supported by consumer-side brand alliance research where complementarity between participating brands has been identified as an important variable influencing consumers' evaluation of brand alliances (Park et al., 1996). More specifically, Park et al. (1996) found that a brand alliance consisting of two complementary brands has a better attribute profile than a partnership between two highly favorable brands that are not complementary to each other. In a more recent effort, Choi and Jeon (2007) found that the ability of a co-branding strategy to signal product quality is a function of the co-branding sectors complementary inputs. Since firms intentionally participate in brand alliances, to leverage their own brands by associating them with other brands with the purpose of enhancing consumer evaluations, we suggest that forming a brand alliance with a specific potential partner is positively influenced by the complementarity between their own brand and the potential partner's brand.

Empirical work links the extent to which a firm has a direct prior relationship with a potential partner to the propensity to form relationships with that firm (Gulati, 1995; Saxton, 1987; Levinthal & Fichman, 1988). For example, Gulati (1995) found that a prior relationship between the partners influenced the willingness to partner again. Furthermore, Gulati found that previously allied firms were more likely to engage in new alliances. Chung et al. (2000) found significant support for the notion that direct prior alliance experience drive alliance formation between two specific partner firms. Prior affiliation, then, influences a firm's propensity to ally itself with a particular partner. Part of the complexities associated with brand alliance formation are related to the assessment of potential partners, their contribution to the alliance, as well as the potential for opportunistic behavior. In this situation, familiarity with a potential partner firm as a result of direct prior experience will enable the firm to better understand their partner and enhance their ability to assess any considerations they have with that potential partner. Therefore, we suggest that prior direct prior experience with a potential partner firm in strategic alliances will be positively associated with brand alliance formation with that partner. Therefore, we propose that:

Proposition 4: Organizational compatibility, brand compatibility, brand complementarity, and direct prior experience with the partner will be positively related to brand alliance formation.

External Environment

The establishment of strategic alliances as a way of the managing environmental dynamism and environmental uncertainty is one of the major ongoing interests in strategic alliances research (contractor & Lorange, 1988; Harrigan, 1988). Environmental uncertainty reflects the unpredictability of environmental factors that affect the firm's decision-making (Achrol and Stern, 1988; Spekman & Sawhney, 1990; Achrol et al., 1990). Das and Teng (2001) argue that firms are more likely to engage in alliances in industries that have a high degree of environmental uncertainty. This view holds that firms seek to reduce environmental uncertainty by exchanging resources for mutual benefit. Furthermore, empirical support has been found for these contentions. For example, Thoumrungroje and Tansuhaj (2004) found that uncertainty in global markets positively influence the degree of cooperation in international co-marketing alliances. Environmental dynamism, on the other hand, reflects the rate of change in key environmental factors at the micro and macro level such as technology, competitor activity, consumer tastes and preferences, or regulations, which makes the environment a volatile one. Cravens, Shipp, Cravens (1993) argue that organizations are more likely to engage in alliances when both technological turbulence and market turbulence (i.e., dynamism) are high. Bucklin and Sengupta (1993) found empirical evidence that the perceived effectiveness of alliances was higher when the rate of technological turbulence (i.e., dynamism) in the environment increased. For example, in markets in which the rate of change is high, brand alliances should allow a faster response than alternative actions such as brand repositioning or new product development. Thus, we include environmental uncertainty and environmental dynamism as external environment variables that influence the propensity to brand ally. Hence:

Proposition 5: Environmental dynamism and Environmental uncertainty will be positively related to brand alliance formation.

CONCLUSION

This paper discussed potential research avenues into firms brand alliance behavior thereby brought attention to some key questions left unexplored by previous brand alliance research and provided a roadmap to interested researchers. In addition, this paper presented a framework and a set of research propositions for the antecedents of brand alliance formation. Future brand alliance research should conceptually explore some of the research questions raised in this paper and empirically test the research propositions discussed in our brand alliance formation model.

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