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Abstract

In recent years strategic alliances and various forms of collaborations between companies have increased significantly. Other companies and brands are not seen merely as rivals but as potential partners in mutually beneficial ventures. Co-branding or brand alliance refers to the situation where two or more brands endorse each other in the market place. With the help of brand alliances companies try to build brands more successfully compared to what either one of the brands could do separately. The objective is to form an alliance where the sum is greater than the two parts. The objective of this research is to study brand alliances from the perspective of the companies. The main research question of the study is the following: How does co-branding create value for companies? The research question is divided into following sub questions:

- How are brand associations transferred to brand alliance?
- What factors determine how the brand partners fit together?
- What kind of value is the co-branding expected to create for companies?

The theoretical framework of the study includes views from theories related to brand management, brand extensions, strategic alliances and co-branding. The research is a qualitative case study that uses the brand alliance of two Finnish companies as an example. The research was conducted through interviews. Altogether five persons from the case companies were interviewed. The main findings of this research indicate that the associations that the partners share are strengthened due to the alliance. Through brand collaboration the companies are also able to transfer certain associations that they are lacking but want to be associated with in the future. According to the results of the study the companies and brands fit together when the companies are not competing with each other, they share similar values and objectives, they are able to bring something new to the venture and when an image of united entity is given. Through co-branding companies can create significant strategic value for themselves and their brands. The brand alliances are able to endorse the reputation of the companies and to create a boost in awareness. This is of importance especially for internationalising companies. The partners also benefit from association transfer and strengthening of common values. An access to new markets and target groups is one of the potential benefits of co-branding strategy. It can be concluded that companies are able to create value for themselves and their brands when the partners and brands fit together. However, the co-branding may lead to negative associations and brand equity dilution if the markets do not perceive the partners and brands as a fitting together.

Key words	Brand alliances, co-branding, brand associations, brand equity
Further information	