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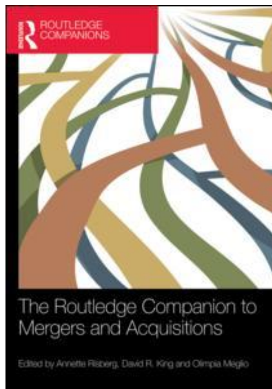

The Routledge Companion to Mergers and Acquisitions

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Branding in mergers and acquisitions

Publication details
https://test.routledgehandbooks.com/doi/10.4324/9780203761885.ch22
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Published online on: 06 Jul 2015

How to cite :- Marcella Rothermel, Florian Bauer. 06 Jul 2015, *Branding in mergers and acquisitions from:* The Routledge Companion to Mergers and Acquisitions Routledge
Accessed on: 29 Mar 2023
https://test.routledgehandbooks.com/doi/10.4324/9780203761885.ch22

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Branding in mergers and acquisitions

Current research and contingent research questions

Marcella Rothermel and Florian Bauer

Introduction

Brands are valuable and strategic intangible assets of firms, and there is a general agreement in marketing literature that they are key mechanisms for value creation (Madden *et al.* 2006; Srivastava *et al.* 1998). A study of Interbrand, an American global branding consultancy, reveals that organizations generate earnings from brand assets and tangible assets, as well as other intangible assets (Perrier 1997). Out of these different assets, the brand earnings can have a share of up to 70 percent, depending on the market (Lindemann 2003). The brand-building process requires constant efforts in marketing and advertising activities, and the creation of positive consumer associations is a long-term investment (Rossiter and Percy 1997). Due to the great meaning of brands (Homburg and Bucerius 2005), many companies are willing to pay high prices when acquiring brands, and the value paid for them can range from 1 percent to 50 percent of the total deal value (Bahadir *et al.* 2008). In mergers and acquisitions (henceforth: M&As), the redeployment of brands, which are complex organizational intangible assets, is difficult (Capron 1999), even though the target firm's legitimacy for products and technology can be enhanced when acquired by a firm with a strong brand (Wernerfelt 1984). With research and development (R&D)-intensive targets, the post-acquisition interaction of the target's specific resources and the acquirer's brand and marketing resources can enhance the acquisition performance (King *et al.* 2008). Nonetheless, many firms try to avoid the high risks of new product and brand development and instead they acquire firms with established brands for corporate development purposes (Capron 1999; Mahajan *et al.* 1994). Further, as brand building needs time and the transfer of brands across borders is difficult, the acquisition of local brands is often a key element in the internationalization strategies of firms (Anand and Delios 2002).

However, it seems that the retaining of brand equity is a difficult task. According to the study of Jaju *et al.* (2006), the redeployment of corporate brands leads to a loss of perceived consumer brand equity—no matter which brand integration strategy is chosen. This finding leads to the question: How can the loss of brand equity be minimized? And beyond minimizing the loss of

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brand equity, managers should, rather, think about how to leverage the brand. Following Lambkin and Muzellec (2010), the management of brand equity in M&As requires the identification and measurement of differences of the merging corporate brands before the deal as well as the management of the transfer between the two merging entities after the deal. Their study reveals that consumer perceptions about the acquirer can influence the perception of new products of the target company. In summary, the acquisition of brands provides access to new resources. In order to keep or to enlarge this value, it is important to retain and redeploy the equity of all involved corporate brands and to leverage it among the merging entities (Capron 1999).

Despite the undisputed value of brands, during M&As these aspects are often paid less attention—from a practical, theoretical, and empirical point of view (Jaju *et al.* 2006). Ettenson and Knowles (2006) state that decisions regarding the target brand are—among all M&A-related decisions—the mandatory ones, even though they are often given little attention. Further, during acquisitions, firms tend to ignore brand matters and, rather, concentrate on strategic and financial issues (Jaju *et al.* 2006; Kumar and Blomqvist 2004), and brand equity is commonly given consideration after operational and financial concerns (Hise 1991; Hitt *et al.* 1990; Homburg and Bucerius 2005; Kumar and Blomqvist 2004; Mazur 2000).

Even though brands and communication during M&As enjoy more and more attention in both literature and research (Balmer and Dinnie 1999; Bahadir *et al.* 2008; Jaju *et al.* 2006; Melewar and Harold 2000), our knowledge and understanding of branding issues in M&As, apart from marketing considerations, is limited (Homburg and Bucerius 2006; Jaju *et al.* 2006). Summarizing existing research, one can learn that branding in M&As primarily faces three challenges: 1) keeping the focus on brand management during a transaction, 2) retaining brand values, and 3) considering the perspective of all stakeholders.

In this chapter, we provide a comprehensive view of corporate branding in M&As by addressing theoretical and managerial issues to identify opportunities for future research. This chapter is structured as follows: First, we have outlined the basic underlying theories that have been used for researching branding in M&As; second, we have striven to present brand management during the M&A process; and third, we have dicussed possibilities for future research.

Theoretical underpinnings for studying the phenomenon

Motives behind the branding strategy of merging entities primarily originate from company and individual interests. On the one hand, scholars argue that changes in brand names are based on strategic decisions in order to extend the scope of business (Basu 2006; Berry 1975; Rock and Rock 1990; Seth 1990; Steiner 1975). On the other hand, theorists state that acquisition behavior and decision making during acquisitions is based on the selfishness and opportunistic behavior of managers. Consequently, changes in brand names during acquisitions are an expression of the managers' power and a demonstration of their sphere of influence (Yunker 1983). Nonetheless, increased reliance on corporate governance mechanisms—used as a countermeasure for managerial opportunism—has not led to decreasing M&A activity (King *et al.* 2004); thus, we believe that managerial opportunism is not decisive for decision making prior to and during acquisitions as regards branding. Based on the understanding of Jaju *et al.* (2006 p: 208) that "from a pragmatic viewpoint, a newly merged company should prefer a branding strategy that maximizes the equity associated with the new organization," we will now present various theories that underpin research on branding-related issues, decisions, and strategies of merging entities.

In general, research in the field of M&As can be classified into four core schools of thought that reduce the complexity of the research field: the financial-economics school, the strategic school, the organizational-behavior school, and the process perspective (Birkinshaw *et al.* 2000;

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Haspeslagh and Jemison 1991). As brands are valuable strategic assets, we subsume branding during acquisitions within the strategic school. Here, the market-based view and the resource-based view are essential theoretical underpinnings for studying M&As (Birkinshaw *et al.* 2000; Wirtz 2003). Nonetheless, with regard to branding, only the resource-based view seems to be an applicable theoretical underpinning for research.

The market-based view assumes resource homogeneity among firms as well as resource mobility. The major assumption of this paradigm is that entering into attractive industries through cost leadership or differentiation enables the creation of a sustainable position (Porter 1987). Linking this to M&As, firms positioned in an industry with low average profitability can positively influence their situations by extending their own capacity (cost leadership) or acquiring special products/services for differentiation purposes. Still, this view falls short with regard to brands, as brands can be seen as firm-specific resources that are developed over time and that are not easily transferable (Capron and Hulland 1999). The above-mentioned underlying assumptions of resource mobility and homogeneity do not provide a theoretical framework for investigating branding during acquisitions.

Resource-based view

The resource-based view assumes that companies differentiate themselves from each other in terms of resources which are not mobile but rather bounded to a firm (Penrose 1959). As the internal development of new resources is difficult due to intellectual capabilities and time (Singh and Montgomery 1987), firms are forced to acquire entire businesses and resources in order to obtain new resources (Barney 1991; Capron *et al.* 1998). M&As provide companies with the opportunity to get access to target firm-specific resources in order to link these with existing ones (Ahuja and Katila 2001). Thus, the aim of M&As from a resource-based viewpoint can be seen as the access to new resources and their reconfiguration, since own resources are limited (Colombo *et al.* 2007). Brands are seen as rare, non-imitable, path-dependent, and sticky resources (Bergen *et al.* 1996). Consequently, the resource-based view can act as a theoretical underpinning for branding and M&As.

Nevertheless, we argue that an exclusive strategic thought is not completely sufficient, as M&As go beyond resources and their interaction. Instead, we think that an organizational theory has to be taken into consideration to handle the effects of corporate brands in M&As properly. In the following, we draw attention to the stakeholder theory, where we debate the applicability of the underlying phenomenon.

Stakeholder theory

Next to consumers and the investment community, brands are often a key element of corporate cultures and, thus, closely tied to the routines and the systems of organizations (Capron 1999). Scholars argue that firms have to consider, beside customers, responses of other stakeholders to the corporate brand (Roper and Davies 2007). In line with theory, studies have shown that stakeholders may be treated as separate target groups for corporate branding because different stakeholders have different perspectives (Fiedler and Krichgeorg 2007; Roper and Davies 2007) and interests (King and Taylor 2012).

In fact, in M&As it is a difficult task to develop a corporate image that is welcomed by all involved stakeholders (Brown *et al.* 2006). Customers—as well as other stakeholders—expect honesty from companies, and managers should acknowledge customer-related issues in decision making during M&As (Gundersen and Meyn 2014). Uncertainty among customers, employees,

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and the investment community plays a decisive role in M&As. From an external point of view, this uncertainty can have negative effects on the service portfolio (Urban and Pratt 2000) and even lead to a loss of trust among the stakeholders (Homburg and Bucerius 2006), as managerial energy is often absorbed by internal issues, which can lead managers to neglect external tasks (Hitt *et al.* 1990). This decline can, for example, cause customers to question their future relationship with the merging firms, leading to defection to competitors (Reichheld and Henske 1991). From an internal point of view, the identification with brands by employees plays an important role for stability in the organization (Hieronimus 2006), as the building of trust and loyalty requires established values (Basu 2006). These basic values could be disrupted through improper branding decisions. Nonetheless, branding-related decisions can be used by executives as a key element to communicate the new vision of the acquired entity and to send compulsive and reliable signals inside and outside the organization to work against uncertainty (Ettenson and Knowles 2006).

According to the stakeholder theory, firms should strive for a balanced relationship with external and internal stakeholders simultaneously. Thus, regardless of which brand integration strategy is chosen, the redeployment of corporate brands must face the consequences for consumers and investors, while simultaneously ensuring that the identification of employees with the redeployed brand is positive (Jaju *et al.* 2006). Consequently, stakeholder theory could act as a theoretical underpinning for studying M&As, as M&As affect a broad variety of stakeholders with different interests (King and Taylor 2012). In the following section, we want to demonstrate the effects of brand management during the M&A process.

Brand management in mergers and acquisitions

Scholars frequently claim that brand considerations do not play a major role in the management of M&As, and that managers postpone these considerations to a later time as more urgent topics, like operational and financial matters, are handled first (Hitt *et al.* 1990; Knudsen *et al.* 1997; Kumar and Blomqvist 2004; Mazur 2000). This is in line with the study by Ettenson and Knowles (2006), who state, "rebranding becomes part of a post-acquisition cleanup in which the driving question for marketing executives is, 'How are we now going to make this deal work?'" (p. 40). Balmer and Dinnie (1999) argue that a lack of focus on corporate branding is one major reason why many mergers fail to reach expected outcomes.

Against this background, we argue that the effects and consequences of branding decisions in M&As are not only a post-merger issue but rather concern the entire M&A process. Brand analysis as well as branding-related decisions must be met during all stages, as the consequences of branding often occur at a later point in time. In the following section, we want to give an overview on relevant branding issues during M&As with regard to the M&A phases.

Pre-merger issues: the fit between the merging corporate brands

In recent decades, numerous researchers have sought to explain the success or failure of M&As on the basis of some kind of strategic match between the merging entities (Chatterjee 1986; Lubatkin 1987; Seth 1990; Swaminathan *et al.* 2008). This strategic match has been conceptualized in different ways. First, industry relatedness is applied as an indicator for related or unrelated M&As, depending on how close the core businesses of the merging entities are (Kang and Sakai 2001). Following this logic, horizontal and vertical transactions are more likely to be related, whereas conglomerates are unrelated (Ramaswamy 1997). It is argued that related M&As are more likely to create value or to increase performance, first, by being more efficient due to economies of scale and second, due to a greater market share (Chatterjee 1986; Datta *et al.* 1992;

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Kim and Finkelstein 2009; Lubatkin 1983; Pilar Socorro 2004; Ramaswamy 1997; Shelton 1988; Singh and Montgomery 1987). Even though the empirical results on relatedness are not univocal, in general it can be said that relatedness has a positive effect on the performance of the acquiring firm (Capon *et al.* 1988; Datta *et al.* 1992; Kusewitt 1985).

Second, similarities in resources between an acquirer and target firm have received serious attention from researchers as crucial factors for success or failure in acquisitions (Hitt *et al.* 1998; Larsson and Finkelstein 1999; Ramaswamy 1997; Walker 2000). According to Karim and Mitchell (2000), similarities in resources enable firms not only to eliminate redundant resources but also to offer possibilities for an expansion of resources due to the interaction of resources. Additionally, as dissimilarities urge conflicts (Lubatkin 1983; Salter and Weinhold 1979) particularly in decision making during post-merger integration (Swaminathan *et al.* 2008), similarities can be a beneficial source for effective integration. Consequently, the similarity in resources is seen as an indicator for synergy potential (Meyer and Altenborg 2008).

Even though strategic fit has been broadly operationalized in terms of product markets, resources, and/or supply chain-related issues (Pehrsson 2006; Stimpert and Duhaime 1997), brand fit in M&As has been largely overlooked as branding research mainly investigates the brand phenomenon under stable conditions (Bahadir *et al.* 2008). However, M&As are a disruptive event for firms and they do not only affect the organizations but also customers, employees, and investors (King and Taylor 2012; Mizik *et al.* 2011). A very similar situation occurs during brand extensions, where firms try to transfer the reputation of a brand onto a new/or another product category (Dacin and Smith 1994). In the brand extension literature, brand fit has received serious attention from researchers (Bottomley and Holden 2001; Park *et al.* 1991) and is investigated in terms of similarity in product characteristics, brand concepts or brand logos (Bottomly and Holden 2001; Keller and Lehmann 2006; Park *et al.* 1991). There is empirical evidence that consumer evaluations are best when there is a fit between the brands and the products (Park *et al.* 1991), while greater variances lower these (Dacin and Smith 1994). Bridging this logic to M&As, one could assume that brand fit is an indicator for consumer responses to acquisitions and is therefore decisive for market-related performance. Furthermore, as brands are valuable resources, a high brand fit can be seen as an indicator for a potential resource interaction and, therefore, for synergy after the acquisition. By now there is only little empirical evidence, but the study of Jaju *et al.* (2006) reveals that similar brand attitudes lead to the least changes in consumer brand equity and Bauer *et al.* (2012) found empirical evidence that high brand relatedness positively influences the market performance after M&As.

Post-merger issues

As industry relatedness and resource similarity, and brand fit or relatedness can only be seen as an indicator for synergy, the leveraging of these synergies can only be undertaken in post-merger integration. This is in line with Haspeslagh and Jemison (1991) holding that value creation in M&As is a post-merger integration issue. Thus, we have chosen to focus on branding issues during post-merger integration, namely the branding decisions and the integration of resources.

Branding decisions

Fundamentally, Lambkin and Muzellec (2010) argue that branding decisions should ideally be driven by marketing considerations in order to communicate the new strategic focus to all stakeholders and to generate synergies from brand equities of all involved firms. Branding in

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Table 22.1 Corporate brand integration strategies after an M&A

Acquirer corporate brand	*Target corporate brand*	
	Retained	*Not retained*
Retained	*Multi-brand* (e.g. Procter & Gamble + Gillette = Procter & Gamble; Gillette) *Hybrid brand* (e.g. Molson + Adolph Coors = Molson Coors)	*Target dominance brand* (e.g. Chemical Banking Corporation + Chase Manhattan Corporation = Chase)
Not retained	*Acquirer dominance brand* (e.g. Hewlett-Packard + Compaq = Hewlett-Packard)	*New brand* (e.g. Ciba-Geigy + Sandoz = Novartis)

Source: own elaboration according to Brockdorff and Kernstock (2001); examples provided by Jaju *et al.* (2006)

M&As initially raises the question about how brand is defined. Classical branding literature offers plenty of different definitions. Based on the more general brand definition of the American Marketing Association (AMA), Muzellec and Lambkin (2006 p. 805) state that

> a possible characterization of rebranding is therefore the creation of a new name, term, symbol, design or a combination of them for an established brand with the intention of developing a differentiated (new) position in the mind of stakeholders and competitors.

Depending on how brand is defined, there are multiple strategies for redeploying corporate brands in M&As. If one defines corporate brands simply as names, there are five basic strategies for the new entity: multi-brand, hybrid brand, acquirer dominance brand, target dominance brand, and new brand strategy (see Table 22.1). These strategies are differentiated from each other depending on whether the involved corporate brands are retained or not (Ettenson and Knowles 2006; Jaju *et al.* 2006; Vu *et al.* 2009).

As Table 22.1 shows, the multi-brand strategy retains the corporate brand names of the merging entities in its original form. Similar to this is the hybrid brand strategy, which retains the corporate brand names of the merging entities and combines them for the new entity. The dominance strategy retains only one corporate brand for the new entity. In the acquirer dominance strategy the new entity only retains the acquirer corporate brand, whereas in the target dominance strategy the new entity only retains the target corporate brand. The new brand strategy does not retain any corporate brand; all involved brands are deleted and a new corporate brand is created for the merging entity. Basically, all strategies contain opportunities and threats, which are summarized in Table 22.2.

Recent studies underline that the five basic brand integration strategies, (multi-brand, hybrid brand, acquirer dominance brand, target dominance brand, and new brand) rarely exist in their pure forms in practice. Instead, extended versions of the basic corporate brand options are present. For instance, Jaju *et al.* (2006) further distinguish whether the acquirer or target corporate name is placed first. Thus, in case of the hybrid strategy, the target corporate brand may be placed first (e.g. Farnell + Premier Industrial = Premier Farnell PLC). In their study, Ettenson and Knowles (2006) identified several modifications (extension of basic brand integration strategies) when defining corporate brands as a name and logo. For example, around 3 percent of 207 studied mergers applied the hybrid brand integration strategy in its pure form (retention of

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Table 22.2 Corporate brand opportunities and threats in M&A

Integration strategy	*Opportunities*	*Threats*
Multi brand	• No destruction of brand value (retaining of all corporate brands) • Maximization of market-coverage	• High maintaining costs (due to remaining of all corporate names) • Low synergy potential
Hybrid brand	• No destruction of brand value (retaining of all corporate brands) • Simplicity of implementation	• Low synergy potential (often similar positioning)
Dominance brand	• Realization of synergies (e.g. within the marketing-mix) • Transfer of positive image attributes the new entity • Simplicity of implementation (simply not retaining the unpopular brand)	• Destruction of brand value (retaining only one corporate brand) • Uncertainty among stakeholders (on behalf of the not retained brand)
New brand	• Launch of a new brand that perfectly fits to internal and external requirements • Exclusion of negative brand equity (symbolization of a new beginning)	• Destruction of corporate brand values (due to deletion of existing ones) • Huge establishment costs (creation and communication of new corporate brand) • Uncertainty among stakeholders (esp. customers, employees, and investors) • Challenge to embed the new corporate brand into customer's memory (due to often saturated and competitive markets)

corporate brand name and logo in a combined way). Around 5 percent of all transactions implemented this approach in a modified way by additionally changing the symbol of the acquiring company, while the identity elements of the target company were kept. Another further example is provided in a study by Machado *et al.* (2012), revealing that in a case of a merger which involves two strong brands, consumers may eventually prefer alternatives that preserve elements of both. Putting the basic corporate brand integration strategies and their redefined versions together, it seems that potential threats of the five basic options may be minimized when other aspects of a brand (e.g. logo) are part of the redeployment.

Resource interaction and integration

After M&As, the resources of acquirer and target firms can be combined to create a competitive advantage of the newly combined entity (Capron and Hulland 1999). For the desired resource

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interaction or combination, a certain level of integration is necessary. If brands are poorly managed in post-merger integration, synergies might fail to materialize (Basu 2006) and employee and customer relationships degrade (Ettenson and Knowles 2006). Thus, the acquirer needs a well-handled brand integration management in order to retain and enhance the relationships with customers (Ettenson and Knowles 2006; Kumar and Blomqvist 2004), employees, and investors, since these are the key stakeholders during a transaction (Ettenson and Knowles 2006). Consequently, a clear brand strategy formulation and integration can be seen as an important marketing, as well as organizational, task during M&As (Balmer and Dinnie 1999; Brooks *et al.* 2005; Melewar 2001). Branding strategies developed during M&As need to consider resource interactions.

An acquirer's brand, if it is a well recognized brand, can complement target products or markets. These spillover effects can be used without the brand value dwindling (King *et al.* 2008; Slotegraaf *et al.* 2003). King *et al.* (2008) found empirical evidence for a positive interaction effect of an acquirer's marketing and the target´s research and development resources. Even though not all resources can be redeployed equally due to their organizational complexity, Capron and Hulland (1999) found empirical evidence that the redeployment of brands from target to acquirer affects the geographic coverage as well as the market share in a negative way, while redeployment in the other direction has beneficial effects for both.

Against the positive considerations of integration, Homburg and Bucerius (2005) argue that extensive marketing integration has, on the one hand, positive effects on cost savings as the number of brands, for instance, can be reduced but, on the other hand, it has detrimental effects on market-related performance due to negative customer evaluations and the absorption of managerial energy by internal reorganization issues.

In summary, scholars claim that paying attention to brands in M&As is essential in order to generate value after the deal (e.g. Ettenson and Knowles 2006). Managers should neither ignore the corporate brands by keeping them without any changes (Basu 2006), nor should they pay too much attention to the corporate brands as that might lead to a contentious business (Ettenson and Knowles 2006).

Discussion

The previous sections have shown that corporate branding in M&As is an essential but largely unexplored topic. From the prior review, we now identify future research areas, beginning with the enlargement of theoretical underpinnings that might help to address knowledge gaps (corporate branding issues in particular) and research gaps (corporate branding issues in their entirety).

Enlarging theoretical underpinnings

In general, research in the field of mergers and acquisitions can be classified into four core schools of thought that reduce the complexity of the research field: the financial-economics school; the strategic school; the organizational-behavior school; and the process perspective (Birkinshaw *et al.* 2000; Haspelsagh and Jemison, 1991). The previous section has shown that, by now, research in the field of corporate branding in mergers and acquisitions uses the underlying assumptions of the resource-based view and the stakeholder theory. In the following, we present specified forms of these approaches, namely the dynamic capabilities view and the social identity theory, which might explain the redeployment of corporate brands in a better way.

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Dynamic capabilities view

The dynamic capabilities view (e.g. Eisenhardt and Martin 2000; Teece *et al.* 1997) advances the resource-based view of the firm (e.g. Barney 1991; Wernerfelt 1984) and it may improve insights on M&A brand management. Using the definition of Helfat *et al.* (2007), dynamic capabilities involve "the capacity of an organization to purposefully create, extend or modify its resource base" (p. 1). Following Teece (2007), dynamic capabilities comprise the processes of reconfiguration, leveraging, learning, and integration. Therefore, this might be a possible approach to face the redeployment of corporate brands in a comprehensive way. Brands can be observed during an entire transaction process: reconfiguration—transformation and recombination of assets and resources (in this case: corporate brand integration); leveraging—the replication of a process or system (in this case: brand extensions); learning—the task to perform more effectively and efficiently (in this case: potential post-merger brand adaptions); and integration—the coordination of assets and resources (in this case: brand architecture).

Social identity theory

Beside the stakeholder theory, social identity theory, derived from psychology, could be another relevant theoretical framework to explain the effects of different brand integration strategies in M&As. Mergers and acquisitions can be seen as market disruptions as they are "major events occurring in the market that threaten customer-brand relationships" (Lam *et al.* 2010 p. 128). As customer-brand identification, according to social identity theory, is defined as the overlap of the personal identities of brands and consumers (Bhattacharya and Sen 2004), we argue that social identity theory could be a powerful framework to explain the effects of branding in M&As. The effects of changes in the existing brand concepts, namely brand switching or decreasing brand loyalty, can be explained with this theory.

Addressing knowledge gaps: corporate branding issues in particular

The previous section has shown that the redeployment of corporate brands is, by now, rather drafted than explored in a detailed way. Within every single stage of a merger or acquisition process there occur specific questions that leave space for further research. In particular the timing and communication of corporate brand implementation, as well as the inclusion of stakeholder perspectives, seem to be promising research areas—especially for qualitative approaches.

Timing and communication of corporate brand implementation

Even though literature suggests specific brand integration strategies after M&As, our knowledge about the operational implementation of the new corporate brand is quite limited. According to Liedtke (1994), the implementation of a corporate brand can happen in two ways: abrupt change or incremental transition. An abrupt change can appear with or without an explanation for stakeholders. An incremental transition can be applied by changing over or using a two-step approach. Drawing from those statements, Esch *et al.* (2006) argue that a dominant brand strategy, for instance, might benefit from an abrupt change when the brand integration strategy is used as repositioning. Meanwhile, the use of the dominant brand strategy for original brands with similar target groups induces a changeover, i.e. brand elements are incrementally changed over time.

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To the best of our knowledge, research has not consistently addressed the timing of corporate brand implementation. This might be an interesting gap to close since the timing and the speed of integration seems to be an important factor for the success of an M&A. For instance, the study of Homburg and Bucerius (2006) reveals that the speed of marketing integration positively influences the market-related performance of an aquistion. They argue that fast integration decreases uncertainty among customers (Homburg and Bucerius 2005). Based on that argument, a potential future research question might be: How does the timing and the speed of implementation of the brand integration strategy affect the M&A outcome (e.g. financial brand equity)? Further, as uncertainty is a crucial factor when focusing on the stakeholder (Ettenson and Knowles 2006), it raises the question: How does the timing and the speed of corporate brand implementation increase or decrease uncertainty among stakeholders?

Additionally, communication of the new corporate brand is closely connected to this phenomenon. Stakeholder communication is one area that is named as a major reason for the failure of an M&A (Balmer and Dinnie 1999; Krishnan *et al.* 2007). Following Lambkin and Muzellec (2010), branding decisions should be based on marketing considerations in order to communicate the new strategic focus in a bettter way. However, our knowledge with regard to communication to stakeholders in the area of corporate branding in M&As is rather limited. This gap may be closed via quantitative studies, adressing questions like: What type of operational communication is suitable for different corporate brand integration strategies?

Inclusion of multiple stakeholder perceptions

Successfully managing the redeployment of corporate brands in M&As requires the understanding of how the different interest groups perceive certain brand modifications (Brown *et al.* 2006; Jaju *et al.* 2006). Consumers and investors as external stakeholders, in particular, as well as employees as internal stakeholders, play a major role here (Wirtz 2003; Ettenson and Knowles 2006). Existing research primarily addresses consumers (e.g. Jaju *et al.* 2006; Machado *et al.* 2012), and therefore future research might be concerned with the question: How does the redeployment of corporate brands in mergers and acquisitions affect other interest groups?

We also recommend distinguishing between acquirer and target stakeholders. This separation gains importance with "mergers of unequals". Ettenson and Knowles (2006) illustrate in detail how an acquirer as well as a target stakeholder might react to corporate brand changes, revealing that these reactions differ from each other. We assume that a more specific understanding of target stakeholders will improve our understanding of branding in M&As.

Moreover, literature reveals that corporate brand integration should be based on a company's valuable interests (Basu 2006; Berry 1975; Rock and Rock 1990; Seth 1990; Steiner 1975) such as access to new resources and not on the vested interests of individual managers (Yunker 1983). The study of Bauer *et al.* (2012) concludes that antecedents and determinants of the chosen brand integration strategy are still undetected. Thus, in order to avoid negative stakeholder reactions after an M&A, it seems that knowledge of the expectations of each interest group before a deal is a promising approach. Following the study of Jaju *et al.* (2006), consumer judgments on the fit of the merging corporate brands are an important factor for decision making. In this area, there are fundamental questions to address, such as: What is decision making based upon when redeploying corporate brands?, Who is in general included in corporate brand decision making?, or Which interest groups should be included in order to rebrand in a successful way?

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Addressing research gaps: corporate branding issues in their entirety

As previously mentioned, the redeployment of corporate brands is, by now, rather drafted than explored in a detailed way. Thus, a comprehensive view is so far described in a relatively complete manner and there exist studies that face corporate branding in a comprehensive way. However, their results are quite limited and might have their origin in insufficient measurements and/or a lack of included corporate frameworks. In the following, these issues are described in more detail.

Redefining measurements

Addressing the fit between the merging corporate brands, existing studies have used the measure of relatedness (Bauer *et al.* 2012; Wille *et al.* 2011). Another aspect is the complementarity between the merging entities. The central assumption of the complementarity concept is that similarities might generate potential after a transaction but complementarities in resources do the same by reconstructing (Capasso and Meglio 2005; Kim and Finkelstein 2009). This party argues that a high complementarity between the acquirer and target firm is more valuable (Harrison *et al.* 1991; Hitt *et al.* 1998; Larsson and Finkelstein 1999). Building on existing literature, Kim and Finkelstein (2009) define complementarity "as occurring when merging firms have different resources, capabilities, and/or strategies that can potentially be combined or reconfigured to create value that did not exist in either firm before the acquisition" (p. 619).

Empirical studies reveal that complementarity is a crucial factor in transactions (Kim and Finkelstein 2009). Complementarities between merging alliances reveal that complementarities have a positive influence on the post-merger performance (Krishnan *et al.* 1999, Lambe *et al.* 2002). Specifically addressing acquisitions, complementarities are identified as a crucial factor for generating synergies, whereas a high degree of integration pushes this effect (Larsson and Finkelstein 1999). Strategic complementarities have—especially with a less strategic focus—a positive influence on performance (Kim and Finkelstein 2009). This also addresses complementarities in resources which have a huge influence on success (Hitt *et al.* 1998). Differences have no significant negative influence on the post-merger performance; however, marketing activities and the structure of customers have a huge influence on success (Ramaswamy 1997).

Putting everything together, one can learn that both the similarities and complementarities seem to be a promising concept. Since it is really difficult to strictly differentiate between similarities and complementarities, it might be interesting to use the broader term 'fit' as a combination of both. Following the advice of Lambkin and Muzellec (2010), branding decisions ideally should be driven by marketing considerations in order to communicate the new strategic focus to all stakeholders and to generate synergies from brand equities of all involved firms. Thus, the central element of the pre-merger phase is probably the 'marketing fit' which might be further distinguished between an external and internal view, since such a differentiation enables clearer results, as prior studies have shown (Homburg and Bucerius 2006). Putting everything together, these redefined measurements might end up in the following research question: "How does the internal and external marketing fit influence the integration of corporate brands?"

Using the individual consumer as a unit of analysis, the performance of the merging entities has been measured so far with consumer-related brand equity (Jaju *et al.* 2006; Lee *et al.* 2011); taking the acquiring firm as a base, the overall performance of the merger or acquisition

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was used (Bauer *et al.* 2012; Wille *et al.* 2011). The latter approach might be redefined into market-related success, since the content is within the marketing area. Thus a possible research question could be "How do the corporate brand options influence the market-related success of mergers and acquisitions?"

Inclusion of the corporate strategy

An additional field of decision making involves the organizational integration approach, which depends on the need for strategic interdependence and organizational autonomy (Haspelsagh and Jemison 1991). A related aspect is the aim of M&As, which impacts corporate branding. For instance, Basu (2006) finds that the redeployment of corporate brands depends on the type of M&A (e.g. an industry convergence suggests a new brand option). The qualitative study by Vu *et al.* (2010) of horizontal transactions reveals that multi- and dominant brand strategies are connected with cost-saving objectives, while the hybrid and new brand integration strategies aim at growth. This poses the questions: "How is the redeployment of corporate brands related to the integration approach of the organization?" and "How do the different classifications (horizontal, vertical, and conglomerate) of M&As influence the redeployment of corporate brands?"

Conclusion

Making corporate branding-related evaluations and decisions prior to, during and after M&As is an essential management task. Although firms are willing to pay high prices to acquire corporate brands, literature reveals that these efforts are often undermined by a lack of corporate brand management during the entire process, which makes it difficult to retain brand values and meet stakeholder expectations. In prior research, these hurdles are explored in a relatively limited way. While the pre-merger evaluation of brands in M&A research is broadly ignored, the brand extension literature could deliver valuable insights, basic arguments, and methods to study the brand phenomenon in M&As. The arguments for a beneficial effect of brand fit or relatedness can be drawn from more positive customer evaluations, a better interaction of brand resources, and easier integration, as employees strongly identify themselves with the brand. Another major gap exists in the field of brand integration strategies. Apart from the different basic brand integration strategies, there is little empirical evidence of their effects on different stakeholders. A third stream prompting future research is the interaction and complementing effects of the resource brand. We recommend research in these fields, especially in terms of timing, speed, and communication of corporate brand integration. Further, the integration of a broader stakeholder perspective as well as the link of branding issues with corporate strategy could serve as a valuable future research area. In closing, we highlight the importance of an increased focus on brands in M&As that considers multiple stakeholders and new theoretical perspectives.

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