Original Article

Integrated branding with mergers and acquisitions

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ABSTRACT With growing numbers of mergers and acquisitions (M&A), its relationship with brands and branding has attracted the attention of academics and practitioners. However, little has been explored in this area owing to greater emphasis on tangible financial factors. This article responds to the call of prior research to explore new variables associated with branding and M&A success. So what are the factors behind successful branding in M&A? To obtain answers, we interviewed 17 senior executives who were involved in a total of 43 grand projects. As insightful outcomes of the study, we present an 'integrated model of branding-M&A'. The authors argue that integrated branding is an inseparable part of the process of merger integration, and involves forward and backward branding for strategy implementation. The model also links corporate vision, forward and backward branding, and pre- and post-M&A activities to help manage strategic decisions on integration. In this process, we identify several critical factors that rationalize branding implementation.

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INTRODUCTION

When Lufthansa took over the budget airline Germanwings, it decided to conduct 'business as usual'. Behind this strategy, however, the integration was based on the notion of enjoying the differences, and maintaining consistency and alignment with the corporate services. As a result, both corporate brands have been retained, and this decision has led to strengthened brands. For Lufthansa, it is brand extension into low-budget airline services; for Germanwings, it is brand reinforcement and revitalization by being part of a large multinational like Lufthansa. The mergers and acquisitions (M&A) strengthened Lufthansa's competitiveness on some routes by eliminating one of its rivals. 'Business as usual' also allowed Lufthansa and its subsidiaries to continue to provide entirely different services targeting differentiated market segments. This was a realistic approach. A 'shared' service that obliged Lufthansa staff to operate in the Germanwings manner would have caused an outcry among employees and customers, whereas the reverse would have been too costly for Germanwings, undermining profit opportunities.

This introductory case indicates that an appropriate branding strategy is a key integrative decision that executives must make when expanding through M&A. Prior research (Basu, 2006; Ettenson and Knowles, 2006) reveals that executives managing mergers or acquisitions tend to be confronted with four broad decision options for corporate branding strategies: Should both corporate brands be kept (Companies A&B, for example Lufthansa and Germanwings)? Should the acquiree's brand be chucked overboard, or the other way around, that is, should the target brand be the focus (A or B)? Should the two brands be combined (A + B)? and Should an entirely 'new face' be present (Company C)? No matter what decision CEOs finally make, the strategy must be linked with three constituencies: employees, customers and the investment community (Ettenson and Knowles, 2006). In other words, despite the strategy available to integrate brands and M&A, the challenging part is the strategizing process whereby firms are able to make a confident decision based on relevant factors to ensure integration success. However, the significance of branding for M&A is yet systematically examined, and this includes what factors to consider for brand integration success.

In this article, we argue that the strategic prudence from senior managers lies in the forward and backward branding in the complex process of M&A. In this process, some crucial factors need to be considered in addition to the three constituencies. With this thought in mind, we aim to broadly address one question: Regardless of what branding strategy a firm has adopted, what enables brand-merger integration to be successful? Specifically,

1. What factors should be considered in the process of brand-M&A integration?
2. What should be considered as precautionary tales?

With this aim and questions in mind, we interviewed 17 top executives and consultants who were directly involved with 42 integration projects ranging from €400 million to 20 billion mega deals. Accordingly, we have proposed an 'integrated model of branding-M&A' grounded in strategy theories, and drawn from the insights of these interviewed 'insiders'. The model introduces a comprehensive guide to the brand-merger integration process and alignment, and reveals executives' notions and experiences regarding how the model is relevant to what companies do toward integration implementation.

We draw conclusions based on a qualitative study method. As a start, we screened

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50 companies operating in the United Kingdom that were involved in mega deals through M&A in the past 20 years. The second author contacted the CEOs at the first instance requesting interviews. Given that he was a consultant and a board member of trustees at the Chartered Management Institute, access was not a concern. As a result, 17 CEOs or referred subordinates responded and agreed to meetings (see Table 1 for more interviewee information). Before each meeting, a semi-structured interview sheet (designed by the first author) was sent to the interviewees for preparation. Among the interviewees, their positions varied from functional directors (for example, finance, marketing, IT, operations), to specialized division heads (for example, integration, strategy, change management, M&A division, corporate development, transformation), to top leaders (for example, CEO, Chairman). These managers had on average 24 years of integration experience, and eight of the executives had at least 30-year experience in this field. The deals they were involved with were mostly above €5 billion and the smallest deal was worth €400 million. These interviewees represent large corporations, such as HSBC, Oracle, Diageo, HP, T-Mobile, Britannia Building Society, Cable and Wireless, BP and Standard Chartered Bank. Each interview was conducted for between 30 min and 2 hours, and focused on our aim and related questions. In the end, each interviewee was asked to return the semi-structured interview sheet with their answer. The purpose of such a

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Table 1: Case information

Interviewee	*Experience (years)*	*Company*	*Number of deals involved*	*Highest value*
A	40	Oracle	Five, including Peoplesoft, Sieble and Hyperion deals	US$ 11 billion
B	30	Diageo	Three GrandMet& Guinness – Diageo; Amersham& GE; P&O &Maersk – Masers Line	£13 billion
C	20 in Branding and M&A; 30 in business	Enterprise IG	Largest Global Brand Consultancy	10 billion
D	35 with 15 in senior positions in M&A	Plastic Division, Rexam	Six deals (one large five small), with previous M&A experience as CFO of FTSE 100 company	US$1 billion
E	10	HSBC – Bermuda	One large deal, with previous experience of a number of small deals	Large
F	16	HP& Compaq Merger	One	Large
G	15	T-Mobile	One large deal and many smaller ones	Large
H	15	iProCon Human Capital Management Ltd	Many from an IT view	Unknown
I	30	Stiefel	Many	US$2 billion
J	10	Britannia Building Society	Many Under £1billion	£8 billion
K	40	BP	All BP mergers in the past 28 years	US$16 billion
L	10	COA Solutions	Many deals	Unknown
M	30	Conegy	About 40 in the past 2 years, with many completed before that	Up to 400 million euro
N	30			
O	20	Cable and Wireless	Six deals with C&W and many before that	£8 billion
P	30	ARM	Ten deals with ARM and many before that	£1 billion
Q	20	Standard Chartered Bank	Many	£1 billion

dual process of data collection was to verify data consistency. Inconsistency and unclear answers were clarified via telephone calls.

With the data collected, we organized responses by categorizing the major themes: keys to successful integration, and precautionary tales. Based on these themes, we assessed each interview and compiled relevant content under each theme. When each individual interview assessment was completed, we conducted a cross-interview synthesis to aggregate our findings. This method of organization allowed us to synthesize the data in a systematic manner before analysis took place.

We have adopted a cross-case analysis technique with which to conduct our research (Yin, 2003). Cross-case analysis allows researchers to use word display to identify the unique characteristics of each individual case, and common features within a subgroup and/or the whole case group. As a result, insightful information can be drawn through arguments with data evidence.

In the remainder of the article, the 'Theoretical Foundations' section presents our theoretical basis for conducting this research. We then explain the 'integrated model of branding-M&A'. Next, we reveal our interview findings before the 'Discussions and Conclusions'. To emphasize, this article is not storytelling about the outcomes of branding and M&A deals (as these have already been reported by the media and are summarized in Table 1), but aims to go beyond and deeper to draw insights for optimal success in merger integration from these global managers' experience with great emphasis on the process.

THEORETICAL FOUNDATIONS

Role of branding in M&A

In recent years, M&A have been more active than ever, but positive outcomes tend to fall short (Nelsestuen, 2008). These figures speak volumes: 70 per cent of mergers have unmet objectives, 50 per cent have overall fall in productivity after merger, and 23 per cent have only got their costs back (Swystun, 2001); shareholders on average have a zero and often negative return (Andrade *et al*, 2001; King *et al*, 2004; Boone and Mulherin, 2007). The reasons behind negative reporting were that the wrong variables were examined, as tangible assets tend to be the focus of M&A (King *et al*, 2004). This partly explains why M&A remains a tempting option for firm expansion given that they want to access complementary resources, particularly cutting-edge patented technologies and brands.

Brands represent value creation or increase for the firm through integration. For example, brand value gains recognition in up to 50 per cent of the merger transactions examined (Bahadir *et al*, 2008). Specifically, several studies appear to conclude that there is a positive market reaction to corporate name changes (Horsky and Swyngedouw, 1987; Bosch and Hirschey, 1989; Karpoff and Rankine, 1994). However, positive market reaction only implies firm commitment and organizational change, but not necessarily heightened demand for the products (Horsky and Swyngedouw, 1987). Therefore, action to make branding contribute to M&A success is an important strategic process for the future of the new firm.

Branding is a significant strategic decision process for M&A success owing to its crucial role in gaining loyalty from different stakeholders. It can contribute to M&A because of its potential impact on value generation through increased brand equity and clear strategic directions for future development (Mizik *et al*, 2011). Given that branding is highly value-relevant for M&A, it is important to 'examining a broader set of strategic variables in mergers' (Mizik *et al*, 2011, p. 32). This is also because firms

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tend to view branding in M&A narrowly as an internal and operational matter (Hsu *et al*, 2010). However, branding plays much bigger roles in M&A, and one of these is to help mitigate uncertainties associated with M&A by clarifying vision to stakeholders (Mizik *et al*, 2011). Despite the highly recognized role of brands in value creation, existing studies seem to place more weight on brand management in a static manner (Bahadir *et al*, 2008). In other words, branding associated with changes has been given little attention. Therefore, strengthening the links between branding and M&A is evidently the next step in research and practice. In other words, examining the factors of branding toward M&A success is the key.

Strategy theories and branding and M&A integration

Strategy theories, being multidisciplinary and multi-dimensional, place great emphasis on designing, planning and positioning to integrate organizational goals and actions to maximize firm performance (Chandler, 1962; Ansoff, 1965; Porter, 1980). Despite their different emphases on designing, planning and positioning, they all recognize the importance of knowledge, strategy formation, central planning and strategic positioning relative to competitors.

In addition to these classical strategy theories stressing on strategic contents, now strategy theories also underscore knowledge learning process, that is, strategizing. In other words, strategy is also a process of continuous problem solving and incremental organizational learning (Argyris and Schön, 1996; Starkey, 1996) in which the role of knowledge becomes increasingly salient (Nonaka and Takeuchi, 1995; Schendel, 1996). Moreover, the resources-based view emphasizes that firm success depends on its resources and capability, and their deployment (Penrose, 1959; Wernerfelt, 1984; Amit and Shoemaker, 1993; Peteraf, 1993). Therefore, it differs from prior theorists' focus on value appropriation; instead it recognizes the role of firms as value creators (Conner, 1991). In the process of value creation, firms need a thorough understanding of the multifaceted nature of the complex organization and the surrounding competitive environment.

On the basis of the above strategy theories, two firms merging into one is a holistic learning process where all aspects of the two organizations need to be coordinated for the same new organizational goal. This means that the multiple facets of the merged organization need to be considered, as emphasized by all classical strategy theories. Brands, as cutting-edge assets for firms' competition, become knowledge, and require learning on both sides when they are merged from two firms. More importantly, how to deploy them along with M&A is also a strategizing process to learn the best way yet of maximizing the performance of the new firm.

Our integrated thinking of branding-M&A is in line with the call for more attention to 'process' comprehension and 'value creation' within strategy theories (Ghoshal and Barlett, 1999). In other words, strategy theories need to emphasize strategizing in addition to strategy itself. Our emphasis in branding-M&A integration is a strategizing process of strategy. That is, the role of brands in M&A emphasizes strategy, but branding itself is a strategic process; the process of integrating branding and M&A is a process of organizational learning and knowledge deployment. Therefore, our framework design in the subsequent section reflects the multifaceted nature of the classical strategy theories (design, planning and positioning and knowledge appropriation), and the need to focus on the process and learning, and knowledge creation and deployment of the firm (organizational learning and resources-based view).

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PROPOSED MODEL: AN INTEGRATED MODEL OF BRANDING-M&A

On the grounds of the above strategy theories and the insights of the insiders of our interviews, we present Figure 1: The Integrated Model of Branding-M&A, that is, how branding and M&A should be integrated to maximize M&A success. This model is the analytical outcome of the interviews, and is important because top executives need to consider all the elements in the model before they make a brand-related M&A. This model reflects the fact that brand-merger integration involves top management and is a strategic matter rather than a functional one, and is directly linked with the firm performance.

Our analysis of the interviews allows us to detail relevant factors for executive consideration that interviewees believe crucial. After back-and-forth communications, we are able to introduce this model validated by them. It is in line with the broader organizational strategy where firms design their plan and actions for transformation. However, it differs from the organizational strategy owing to its emphasis on integration between branding and M&A and on influential factors associated with branding. Our experienced interviewees agree that this model helps firms to align vision and strategy implementation; integrate branding into M&A; link past, present and future to set directions for expansion; and consider key factors for integration, such as culture, rivalry, people, brand measurement, ownership, brand alignment and brand strategizing. In the subsequent discussions, we will explain the relevant concepts in the model.

The integrated model of branding-M&A allows decision makers to align brand and merger integration with corporate vision and implementation, and to have a comprehensive thinking process of integration to consider all factors from pre-M&A and forward branding to backward branding and post-M&A. In short, this model was led by the corporate vision and centered around integration between brand and merger. Visionary thinking allows companies to rearrange their values to stimulate progress in the long run with the input of something new (for example, new technology, new brands and new management method, Collins and Porras, 2002).

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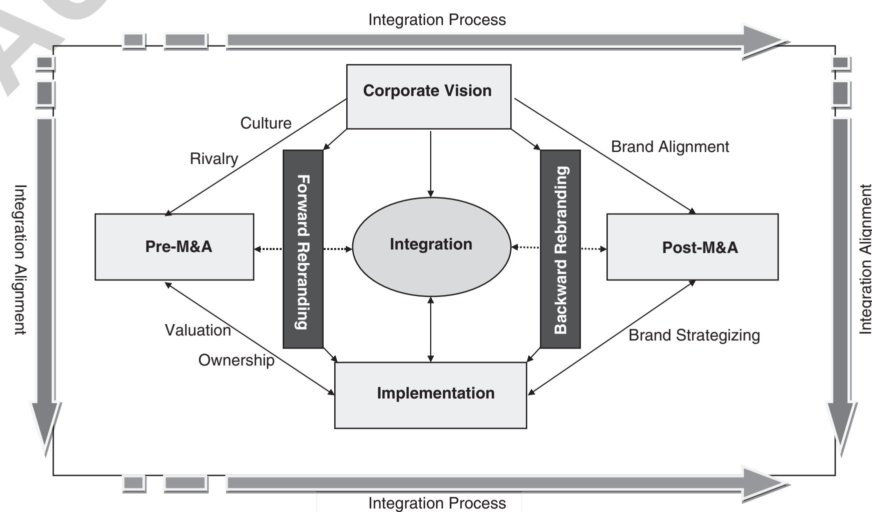

Figure 1: The integrated model of branding-M&A.

Every company needs to have a vision – a long-term aspiration for the firm – to assist corporate leaders in linking corporate focus with internal and external realities and in deciding the directions and future development. In an M&A situation, corporate vision helps the companies involved set a consistent pattern for their integration and branding – what to be, what to stand for, and where to go.

However, 'vision without action is a daydream; action without vision is a nightmare' (Japanese proverb). This is called a 'vision-driven approach' to management (Balmer and Soenen, 1999) and it goes beyond visual manifestations into strategic change management (Balmer, 2001), and is a means to integrated branding (de Chernatony, 2001). However, as Hatch and Schultz (2001) emphasized, despite stressing the visionary importance, there is a limited link between corporate brand and merger integration. As a result, we argue that branding strategies should be formulated into the entire M&A 'deal' process to serve the corporate vision from the pre-M&A preparation period to post-M&A integration. The 'integrated model of branding-M&A' ensures the direction of the integration process being set to enhance efficient and effective decision making among top managers because M&A requires the alignment of two firms in visions, brands and strategies.

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In this process, both forward and backward branding need to be considered. The *Forward Branding Strategy* thus optimizes a branding choice by taking account of influential factors, such as culture, brand value (how much is a brand worth?), rivalry (sustaining competition among all competitors) and ownership (control of the brands after integration). Specifically, this strategy integrates corporate vision and pre-M&A to consider all factors that impact on the branding options so that a decision can be made as to an entirely new corporate brand, a merged brand, the brand of the acquirer or the acquiree, or the co-existence of two independent brands. The *Backward Branding Strategy* implements the branding action associated with a particular forward branding choice. Specifically, this strategy integrates corporate vision with post-M&A activities to ensure that the branding decision is communicated with all stakeholders (especially employees, consumers and shareholders) and that brands from the two firms are aligned for integration implementation (including corporate brand strategizing between the two firms, and related product alignment for the corporate brand, Basu, 2006). In the process of brand alignment, control, brand strategic importance, strength, synergies and risks are key elements in influencing the decision making (Kumar and Blomqvist, 2004). Both branding activities help firms to clarify their direction for integration so as to make the most appropriate decision for the new firm's future.

This holistic thinking of forward and backward branding strategies is vision-led implementation of integration. This means that partners may have separate visions at the pre-deal stage that must be harmoniously converged at the post-deal stage. The separate visions must be attuned into an integrated vision. This convergence will have an immediate effect on the success of M&A. First, it contributes to amiable relationships (connections between people) – the foundation of successful future collaboration. The concerted effort toward a shared vision contributes to the convergence of different teams and the continuity of the whole deal process. Second, it leads to an understanding as to how branding strategies can be complementary, thereby strengthening the process of expansion.

This integrated model of branding-M&A for top managers implies that branding is an inseparable part of firms' M&A. Branding decisions in M&A will affect the deal itself

and the post-deal integration process (for example, resultant synergies, as well as the people in the companies and their desire to move forward). Going through this thinking process enables top managers to stay focused so that cost-effective restructuring and delivery for expansion can take place. Linking branding with corporate vision enables top managers to switch on their integrated thinking process as early as possible to assess whether a deal will work for the company in the long run.

The integration '*made a difference to the concept of brand decision*', according to Interviewee G, who was heavily involved with a major M&A deal as well as many smaller transactions. Interviewee C, from Enterprise IG, the world's largest brand consultancy company, could not agree more. As an experienced corporate branding consultant who has managed some of the best branding deals in the world, he stresses that branding is a '*thought process*'. 'Only by going through this process, we are able to understand the branding of our new company so that we can make effective decisions'. This process is a '*visioning process*' for each M&A he has managed.

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FINDINGS

Following the model discussed above, this section reveals our interview findings accordingly based on Figure 1, including the key factors for integration success and precautionary tales.

Key factors to help integration implementation

To use the integrated model of branding-M&A effectively, many factors must be considered because they play a determining role in the strategic decision-making process and success of branding-merger integration. In the following, we explain these factors with the real-life examples based on interviews.

Deal rationale: Linking vision with integration

No two companies are identical. Apparently similar companies, such as Kodak and Fuji, Coca Cola and Pepsi, McDonald's and Burger King, and so on, differ in their corporate visions and their strategies for achieving them. These corporate visions must be borne in mind when M&A parties consider putting their differences aside to adopt a particular branding strategy.

This has been emphasized by Interviewee H, from a branding consulting firm: 'The ultimate vision focus is fundamental to guide any other activities and gives them the guarantee of consistency and alignment in the branding and M&A process'. Such a focus is justified as 'deal rationale', by Interviewee I, from a large pharmaceutical company. These deal rationales, according to him, are threaded by the ultimate vision toward the delivery of synergies, such as product portfolio, strengths and weaknesses, match and mismatch, commercial channels, and compatibility or complementarity of related people. These vision-led rationales ensure that links are established between brands and products, brands and people (internal people and external customers), and brands and potential M&A partners.

Ownership: Possessing the power of control

The power of ownership control and the desire to show it should be part of forward branding implementation. Has the new venture reflected that our company is the owner? Can a new brand do a better job than merging the two brands? Can the branding strengthen the acquirer and enhance its image as a bigger company? For example, one manager particularly emphasizes the importance of the available URLs for ownership identity and brand strengthening across borders because URLs would allow general public access that leads to brand awareness. This factor must be considered when acquiring a company

from a country that is not advanced in IT development.

This is how Conegy achieved its success. The company merges and acquires other firms with brand ownership in mind: owning technologies and owning companies across borders. They merge competitors with similar technologies, buy up the best technologies, and are able to introduce the best products from around the world – from technological ownership to product extension. They also buy into new geographic markets around the world. For example, the purchase of an Indian company has enabled them to introduce their products into this vast market. Interviewee M emphasizes that ownership is powerful, but companies also need to take account of the fact that different types of ownership have direct bearing on M&A. Geo-extension appears to require fuller integration than product extension owing to the establishment of a new venture across borders. To simplify the matter, they tend to acquire the ownership but leave companies to their own devices and introduce new products to them so that stronger sales can be achieved. In contrast to geo-extension, they emphasize technological integration so that up-and-coming technologies can spread across global branches.

Ownership: One fresh-faced identity and newly acquired media attention

Companies in the branding-merger integration need to clarify ownership and publicize this new identity in the media. This is particularly important when adopting a new corporate brand as part of an M&A, and the company should present a united front to all their stakeholders. This 'one face' strategy is driven by the desire to establish an identity that is distinct from the companies' pre-M&A brands, to show their customers a new face, to gain new media exposure, and to have their new value reflected in their share prices.

This is exactly why the Diageo brand was created. A leading drinks company through the merger of GrandMet and Guinness, it possesses premium brands such as Johnnie Walker, Smirnoff, Baileys and Guinness and is listed on the New York and London Stock Exchanges. The Diageo brand represents 'the Latin for day (dia) and the Greek for world (geo)'. And they state, 'We take this to mean every day, everywhere, people celebrate with our brands'. Interviewee B says, 'The new entity aims at having a higher price/earnings ratio and being marketed in our new corporate strategies with the publicity of media exposure'. Over 10 years on, the company feels that this 'one face identity' strategy has proven a key factor of success for the company. One of their existing strategies, for example, is to be selective in M&A to support brand growth. Moreover, positive exposure in the media is not only an indicator to demonstrate whether the company has made the right branding strategy, but also free publicity to increase awareness of the new venture and its brands.

Brand valuation: Let facts speak volumes

Which brands should be removed and which kept? A short answer is: Take advantage of the information age, and evaluate and valuate the brand before a decision is made. When looking at brands, a wealth of information is usually available, including cost of product, brand investment in the past and need in the future. Management must consider segmenting the market and targeting brands toward distinct segments (whether these are product brands or corporate brands). For example, one should look at cost reduction through slimming the acquired firm itself and its product lines. Nonetheless, information may have flaws and thus the 'diagnosis' needs to be logical. Therefore, maximizing the accuracy of brand valuation rises to the top of the

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management agenda, that is, valuing brands using a consistent valuation method or, even better, combinative valuation methods agreed upon by all parties.

Warren Buffett's famous saying 'price is what you pay, value is what you get' is illustrative of branding, and indicates to managers that it is vital to understand the 'true value' of integration. This is because the value of a brand can be subjective under different circumstances. This subjectivity is further exacerbated by the non-standardized situation of valuation methods. Therefore, top management needs to ensure what they are paying for and whether the payment will yield greater income through branding implementation.

In the case of Diageo mentioned earlier, we need to link it with its predecessor, GrandMet, as the latter was a pioneer in taking advantage of trademark value for growth and reflecting brand value on the company's balance sheet. Before its disappearance, it merged with Pillsbury and Pet. Few people understood why GrandMet purchased these two US food companies with liability almost equal to, or higher than, their assets. But the GrandMet management realized that with these companies' trademarks taken into account, the assets of the M&A far exceeded the liabilities and there was potential for GrandMet to profit.

Despite the measurement differences for value, our experienced respondents appear to have no objections related to the measures of branding success – share price, sales, return on investment, and so on. Most successful deals for Oracle have resulted in higher share prices. A mega deal for Diageo yielded a return on investment of approximately 120 per cent in the first year. Interviewee B, who was directly involved with three mega deals across different industries, confirms that rising share price is a gauging factor of branding and M&A success. Although share price is more reflective of a company's overall performance, through comparing share prices before and after an M&A, top management can tell whether the company has made the right decision in acquiring and branding.

Rivalry: Consolidating through marrying an opponent

With the rising competition for technologies, profits and market share, getting rid of a competitor through M&A is a harsh reality firms have to confront. The ancient Chinese wisdom from the Taoist Lao Tzu seems to explain the philosophical inspiration behind this reality – *to win a battle without fighting it*. Marriage is certainly beneficial; confronting is surely riskier because the former assists in wringing efficiencies for the company. Our opening case of Lufthansa and Germanwings demonstrates taking this 'consolidating' effect into account when setting a branding strategy.

The AstraZeneca merger between Astra, Sweden and Imperial Chemical Industries, UK is another case in point. The integration of the two brands has generated a market capitalization of US$70 billion and a portfolio of tens of thousands of patents. Behind the brand merger, the two firms were intellectual property (IP) driven because both were facing the potential loss of market owing to expiring patents, and mounting costs of R&D and of managing IP. The merger of equals allowed them to pool IP strength together in addition to cost reduction, and created one of the largest pharmaceutical companies in the world. As a result, they have removed a rival in their markets, and strengthened their competitiveness through market expansion.

Culture: Bearing in mind acculturation

As in any international business activity, cultural distance is a repeated topic of

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cautionary tales for managers. The M&A between two enterprises results in their original culture patterns being assimilated, separated, integrated or marginalized (Berry, 2003). It will directly affect strategy implementation and firm performance (Weigelt and Camerer, 1988). Although the acculturation involves two-way changes, the minority may experience more adjustment owing to the majority's dominance (Kottak, 2005). As a result, the minority reacts to such change and may have to overcome social and psychological difficulties in adjusting to it, leading to their options of assimilation, separation, integration and marginalization.

Branding-M&A integration is similar to an acculturation process because brand, organization and country cultures are involved. In other words, it is the acculturation process of brand ID among employees, customer recognition, competitor reactions and brand strategic fit into the new organizational culture. It comes from the cultural friction among employees and organizational cultural differences between management after M&A. How to bring two families together becomes part of the integration. Therefore, top executives become a 'marriage bureau', as Interviewee Q of Standard Chartered Bank refers to it. Another cultural matter that is more delicate is the market consideration of branding. This not only includes whether customers in two countries accept the brands owned by two individual companies, but also whether they would accept joint brands co-owned by the marriage.

A shortcut to close cultural gaps is to have 'someone next to us who knows how to do it and to give a roadmap'. This is again the voice of Interviewee Q. In addition to this management action, it is also important to close cultural gaps among the employees. Interviewee Q's voice of experience is 'training', which can accelerate the learning process. With time, people not only understand each other's culture, but also 'take the ownership of the change'. As for brands, there appears to be no shortcut to knowing the suitability of a brand in a different country. The best way to find out is to 'listen to the voice of consumers'.

Brand alignment: Following the 'Harmonization Rule'

Brand alignment requires the newly merged firm to reach a consistent understanding about the branding strategy among all stakeholders, from managers, partners, employees and customers to shareholders. M&A may not provide golden handcuffs for every employee, but they certainly require management to mind the people side of brands to ensure that everyone is on the same page regarding the understanding of the branding strategy after merger. This is the so-called 'Harmonization Rule'. That is, when people are harmonized, brands are integrated, and this applies to all branding activities. Communications play a key role in obeying the harmonization rule,

M&A requires getting at least 'two separate families' together. Transmitting a single brand message within 'one family' happens when a 'small' brand is abandoned and replaced by a 'big' brand. As a result, employees from the small company may feel deserted by or resentful toward the new company. To help counteract such reactions, what Rexam did was to communicate with all employees about the new corporate brand identity. Management believed that the speed of changing into the new identity was important in order for the employees to feel part of the new family. Corporate logos tend to be changed on the night before their official announcement of M&A, and office and plant logos within a week after.

Moreover, it is important to get the 'synergies' message across the whole company

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so that employees, partners and consumers all know what is going on. Synergies may be related to redundancy and some plant closures, but it is more about cross-sell, up-sell, procurement efficiencies and distribution improvements. When people understand where they stand, they become active in getting involved as part of the new businesses. Britannia Building Society knows very well about the importance of people when it comes to strategies for branding and M&A. Their guidelines are as follows: No customer should be worse off and no compulsory redundancies.

Brand strategizing: Aligning corporate and product branding

Brand strategizing here refers to strategizing both corporate brands and product brands in the process of integration. This involves the relationship between the two merged corporate brands, and subsequently how related products should fit in the merged company (Basu, 2006).

Backward branding strategies tie in with corporate restructuring to create an effective and efficient M&A. The goal behind the efficiency and effectiveness is to aid sales and expansion. M&A without corporate branding causes excessive product brands and confusion for consumers and staff, and makes organizational management tedious. Thus, it may be unwise to have business as usual. Instead, simplifying corporate brands – backing, merging or new – will help the new firm to establish good connections between corporate and product brandings, and top managers should be able to work toward a clear corporate structure to allow efficient internal and external functions. Whatever connections between corporate and product linkages are established, the purpose is to make branding contribute to the successful process of M&A.

However, this is often a sensitive issue, and must be handled with care. This is because with M&A, brands associated with products and companies may abound, and killing a brand (either corporate or product) may lead to negative reactions from both employees and consumers. Employees may feel the repercussions from brand change owing to their significant attachment to the brand. Moreover, brand change implies power change and uncertainty that may cause redundancy. Likewise, customers may feel their favorite products were abandoned upon M&A. Therefore, whatever decision on branding is made, reassurance and explanation of the logic of the decision needs to be given to all staff and customers.

One example is the BP and Castrol merger. The IT director – Interviewee K – has been involved with all BP M&A over the past 28 years, including many of the largest global oil and gas M&A at the highest level. He says, 'In the end, branding is a mix of corporate and product brands because corporate brands went to BP, but the Castrol brands become BP's product brands – Castrol lubes become premium products, and BP lubes went lower end'.

Having a good product and corporate brand mix is also what COA Solutions did to ensure M&A success, according to Interviewee L. This company is small but is growing rapidly in the IT industry through sales of IT products to medium-sized firms. They focus on companies for M&A that are mature, complementary, and can allow them to expand the product range so that new products can be sold to existing customers. As a result, they enrich product varieties for their customers under the same corporate brand. Of course, this result is achieved through the assurance to their customers and staff that they share the same goal of brand strengthening, instead of de-strengthening.

Brand strategizing: Big is beautiful

When it comes to brand strategizing, size does matter. In converging into one

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company, the small one appears to become vulnerable, but adaptable to the large one to make decisions for branding. In other words, the larger company becomes more powerful than the relatively smaller company to steer decisions driven by the fact that they are bigger. As a result, 'Backing the stronger brand; removing the weaker one' becomes their branding strategy.

This is Oracle's mainstream strategy when it acquires companies. As the world's third largest software company, most of its M&A partners are significantly smaller. Thus, relative size has been a key factor in deciding the corporate branding strategy in its 42 M&A since 2005. For example, its M&A with AdminServer, a provider of insurance policy administration software, strengthens Oracle's existing insurance software for its thousands of customers, including top global insurers.

In explaining why 'big is beautiful', Interviewee D from Rexam comments, after growing the division from £400 million turnover (17 per cent of group income) to over £1 billion through six M&A, 'I would rather do a big M&A than lots of little ones, each takes the same time and effort, the same pain to go through so one large one is easier on management and change. The risks are larger but the upside is also larger'. Larger M&A gives existing companies potential to grow.

Brand strategizing: Small can be pretty as well – The world's local brand

'Big' is not always straightforwardly beautiful, because not all the acquirers are big and famous like Oracle. Even if a company is big and famous, a local brand can play a dominant role in steering branding decisions. This is particularly the case when branding is associated with two distinct cultures and 'big' is perceived locally in a 'suspicious' manner. As a result, 'business as usual' becomes a viable choice to make the M&A consistent with local branding for local people.

A case in point is HSBC's M&A of the Bank of Bermuda. Its 'big is beautiful strategy' usually works for its global customers. However, when 'the world's local bank' is oriented toward local customers, 'big' does not always work and local culture functions as a determinant. This conscious decision was made when HSBC realized that while the Bank of Bermuda had the intention of global reach by linking with HSBC's expansion strategy, local customers were less comfortable with global brands (in fact they do not know much about global brands in general) and felt more relaxed and satisfied dealing with their local branch.

Interviewee E, who was heavily involved with the M&A, commented that brand values can be perceived differently by each constituency and that cultural factors must be taken into account in integration. 'We are a global company with global brands', but for the Bank of Bermuda case, we own local companies with local brands. We consider this strategy a success because it helps us to continue to grow the business toward 'The World's Local Bank'.

Listening to the voice of experience: Precaution and actions

The executives and consultants provide important points for branding and M&A, and we have synthesized and highlighted their experienced voices below; these executives' key remarks about integration are also summarized in Table 2. Accordingly, companies can take precautions and actions as part of their future integration if relevant and appropriate.

A good general is the soldiers' fortune

Good leaders are paramount for branding success. They control, with their decisions, the key to certainty, ease the anxiety of

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Table 2: The voice of integration experience

Interviewee	Quotations
A	… we do not want 50 to 100 sub brands. We look to eliminate the confusion. We keep things simple, if there is no value to the brand, when compared to the larger brand, we remove it. If we were to go slowly on an integration the costs of delivery would become bloated and the people are uncertain for longer; … We make all the people decisions in 3 weeks; We don't want indecision.
B	… through comparing share prices before and after an M&A, top management can tell whether the company has made the right decision in acquiring and rebranding … . Keep the strong drop the weak; As the merger took place – we decided to have a new brand – this new corporate brand was for the city and the media – the aim to enable people to see a new company and a new value (share price value) and let the media be able to talk about a new brand … this is a complete cut off from the master brands which all remained the same … .
C	… rebranding is a '*thought process*'. 'Only by going through this process, we are able to understand the branding of our new company so that we can make effective decisions. Understanding our brand is key, this is what we want to stand for in 5 years time and this is what we stand for today'.
D	Communications are important: why have we bought you and what will we do with you. To be successful in M&A, you ought to get three things right: the right strategies, the right payment, and the right integration.
E	Global brand was used for global customers; The local brand with local (retail) customers
F	Although the merger was labelled as a merger of equal, as usual, there is always one party leading over the other. The most successful integration manages a transition smoothly, by for example step by step mixing the old name with the logo of the acquiring firm before transforming all of it to the new owner's look & feel (accompanied of course with a letter to all customers to explain change in signalling of the brand). Others add the new owner's logo in the corner & as time goes by, the owner logo gets bigger & more predominant as the old one replaces it in the corner before disappearing completely …
G	There will always be customer churn due to the mergers, and this is often overlooked during the pre-deal phase of the acquisition process. It must be thought of during the integration planning and we try to keep churn as low as possible.
H	The ultimate vision focus is fundamental to guide any other activities and gives them the guarantee of consistency and alignment in the rebranding and M&A process. In a nutshell it is all about alignment and consistency between the client facing part of the business and the 'employee facing part'
I	Integration is about keeping the momentum up: keep the people we wanted to keep; get the new products to market; check if the merger slows this process
J	You need a short list of overarching decisions to help guide the merger. Here are the 3 we used: No customer should be worse off; No compulsory redundancies; No branch to close unless there is another one within 10 miles
K	Management positions: ½ & ½ in previous deals some positions have been given on merit and some to ease the political situation. My view is that politically motivated placements are a bad idea. You may end up with the wrong people even if the intent is right.
L	In the time of change we need to be very conscious about what competitors are doing, some could spread rumors about our merger. There should be a huge amount of thinking about how to integrate before the deal – we call this 'due diligence' however people do not do much with this, they don't think.
M	Every integration is different, but we learn from each and this is called cross learning. We have the process, tools and people to achieve successful integration, if we have done it before we will do it well this time. Those that do it for the first time will burn their fingers. We invest in our integration learning and capability because it brings value.
N	The ideal integration manager: people doing integration for the first time are too optimistic about what will happen. Talking to our senior management they have a happy spark in their eyes when we go to talk with them. We should let them know the negative points, the things that could go wrong and bring our learning and experience to them.
O	Brand integration in M&A is all about inside-outside, top-bottom intercommunications. You must tell people things – tell them a lot or tell them little, but tell them something and do not fall back on 'the regulators say we cannot tell you anything'. Otherwise, misunderstanding and ambiguity would occur.
P	Cross education brought the teams together, we told them about us and they told us about them. We needed to go around the loop 1-2-3-4 times before we really understood.
Q	The integration team is like a marriage bureau, helping to bring together the two parties. The market consideration of rebranding not only includes whether customers in two countries accept the brands owned by two individual companies, but also whether they would accept joint brands co-owned by the marriage.

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customers and employees, and orient branding and M&A strategies that lead to the success of the new company. The importance of leadership is in integrating thinking into action. There are many functions within a company, but it is difficult to judge which function should be prioritized for integration. Information comes from functional managers and each may have a bias owing to their position, view and experience. The 'general' will thus act as a brake, looking to focus the business in the right direction by integrating all functions and eliminating stalemates. A good general should possess the power of quick decision instead of indecision. For example, 'people decisions' should be made within a few weeks of M&A. This can eliminate the anxiety of uncertainty among employees and enable their quick adaptation to the new environment. As Interviewee A from Oracle states, 'We do it, do it quickly and get it done'.

Simplicity is beauty

Simplicity represents efficiency and slimline operations. This does not mean that M&A do not allow more brands, but certainly it would not favor an unnecessary bulge of them, as they represent increased complexity in management, costs and confusion for consumers.

Branding: Thinking starts well before the M&A deal

'A goal without a plan is just a wish'. Good planning is indispensable for good outcomes because with a good plan laid, branding and M&A are not surrendered to chance. As a result, there will be less chaos and strong certainties for success when planning, as a good intention is transformed into actions. Branding should be planned well before any actions are taken.

Do not mess around with well-known brands

Brands are sources of profit. When CEOs believe that a brand can function in a successful way, whether it is an existing corporate brand or product brand, do not hesitate to keep it. If CEOs are unsure, keep the brand for a while, and wait and see how it might contribute value to the new firm. When post-merger shows weak brand performance, it is possible to act later and eliminate the brand. The key is to assess how much profit the brand can generate for the company and make decisions based on current and future revenues, costs and overall value.

Making it a people's branding

Never isolate branding from the people. This means that branding must be linked with employees, integration specialists and customers. When it comes to employees, early-stage recognition of the key people gives due diligence on decision making because there are stars in the company who know what to do and how to do things. Holding onto these 'good people' can make a difference to the company – increasing integration efficiency. The new company should also consider how employees react to the branding strategy, and determine how they feel about the change.

Likewise, this should also be associated with customers, who should be consulted and informed of the changes, and companies should know the positive and negative effects of these branding changes on them. Owing to the strong association of brands with employees and customers, it is therefore not an exaggeration to state that branding is people's branding. We should let these people know what the brand will do and make them feel that they are involved.

However, the people's brand is not only about public views, but also experts'

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scrutiny, because branding is, in a sense, 'rocket science', and the complexity it presents to businesses should be considered to ensure success. If possible, specialists should be called in from the beginning of M&A so that branding strategies can be adopted successfully.

Speedy decisions and a soft landing

This rule means that decisions on branding strategy should be made as quickly as possible, but transitional strategies may need to be adopted to allow the M&A to be implemented as two companies become one entity. Speedy decisions can eliminate anxiety, increase certainty, and allow new management to take their place and new operations to happen quickly. However, two companies are, after all, still two companies after M&A, and it takes time to feel like one family. Therefore, some transitional strategies should be in place to accommodate this phasing in process. The soft landing strategy is particularly beneficial when it is unclear whether a brand can generate more income under the new venture. For example, at the transitional stage, the company allows the existence of products from both sides, with the corporate brand having the 'best of both'. The soft landing allows new management to make up their minds as to which brands they should keep to boost profit margins and which should be phased out of the market. In short, individual cases need to be considered when it comes to branding integration for either soft landing or immediate action.

Do not separate the inseparables

Inseparable decision making is associated with branding, M&A and financial considerations. Branding and M&A are both about spending money first, but generating income later; in other words, both are financially driven initially, but value generation-driven in the long run. An M&A starts with paying off because of people's redundancy, thus management may feel demotivated owing to excessive spending and no saving within the first year. Therefore, allow a time lag before synergy delivery. The key is to make these two strategies work hand-in-hand to make a larger, more successful company. As Interviewee D, Rexam summarized, 'to be successful in M&A, you ought to get three things right: the right strategies, the right payment, and the right integration'.

Get intercommunications going

Brand integration in M&A is all about inside-outside, top-bottom intercommunications. This is the only way to get the message across and get it across quickly. As Interviewee O from Cable and Wireless, says, 'There are issues with confidentiality, you must tell people things – tell them a lot or tell them little, but tell them something and do not fall back on "the regulators say we cannot tell you anything". Otherwise, misunderstanding and ambiguity would occur'. The best way to solve this problem is to make communication mandatory and put in place as quickly as possible a top communication team to deliver a consistent message through a communication platform. In the Cable and Wireless case, there was a face-to-face cascade or call for 20 min once a week to explain how the change was a correct and positive move instead of a shift toward corporate distortion.

The intercommunication is also about 'cross-education' between the would-be partners. Branding and M&A are undertaken in order to make something complementary happen. This means that both sides have something to offer and can learn from each other. As stated by Interviewee P from the ARM, 'Cross education brought the

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teams together, we told them about us and they told us about them. We needed to go around the loop 1-2-3-4 times before we really understood. Full integration can be fast'.

Enjoy the difference

It may be an exaggeration when we say that a successful M&A is a marriage made in heaven. But it is the imperfection that makes the 'marriage' interesting, and the key is that the 'couple' should learn how to enjoy their differences. Differences indeed do not matter as long as goals are shared. Differences create opportunities for progression as intensive communications, new strategy stipulations and actions to resolve differences take place. Companies should enjoy their differences after an M&A, from variations among management, employees and branding, to products and services. This is again descriptive of our opening case about Lufthansa and Germanwings' integration.

DISCUSSIONS AND CONCLUSIONS

In this article, we sought answers to the question: What enables the success of brand-merger integration. To answer this question, we have proposed an integrated framework in which we have identified the key factors that M&A firms should consider when integrating with brands. This framework was established on the grounds of strategy theories. The multiple facets of the framework were based on the classical strategy theories to designing, planning and positioning firms for the purpose of knowledge appropriation. Our emphasis on the strategizing process in addition to strategy was based on the strategy theories of the organizational learning and resources-based view to stress the importance of the insides of organizations, value creation and asset deployment. The establishment of the framework is also a response to the call for exploring new variables for M&A success going beyond looking at the tangible financial factors, and emphasizing the role of intangible capital, including brands.

Through interviews with experienced brand-merger executives, we are able to assess the framework, that is, to address the key factors associated with successful brand integration, including precautionary tales. Our findings show that a successful integration is vision-led, with managers having a comprehensive understanding of the integration process and alignment. With this big picture in mind, successful integration encompasses all key factors to consider brandings and mergers. Top managers conduct forward branding assessment, that is, consideration of all the important factors at pre-deal stage, including ownership, valuation, rivalry and culture, to anticipate future branding activities. In addition, at the post-deal stage, brand alignment with all stakeholders, and brand strategizing with corporate and product brands, helps firms to implement backward branding. This integrated branding-merger process and alignment helps top executives to gain both a big picture and small details about the entire integration. This experience-based integrated model of branding-M&A was developed with the insights of 17 experienced integration managers, who successfully implemented mega deals in the past 10 to 40 years. In addition, their voice of experience is also highlighted in this article through precautionary tales and recommended actions for future integration.

This article contributes to existing knowledge on M&A because it takes prior research, a vision-driven approach, one step further and emphasizes a vision-led holistic approach to the integration process and corporate alignment considering forward and backward branding, and brand strategizing. Moreover, it responds to the call for identifying new variables driving M&A success where intangible assets such as

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brands play a significant role. Thus, this exploratory research contributes to strategy theories. In addition, this article also contributes to the dominant, conceptualized approach to the study of branding, and injects case-based discussions and understanding about branding through the insights of experienced brand executives and consultants. This approach is an important step to allowing branding research development to evolve from the conceptual stage to empirical studies.

This research derives its results from practitioners' years of experience and will be useful for managers going through branding-M&A integration. This means that managers involved with brand-merger integration will be able to use the model, and the related experience, to assess their ongoing integration projects. As a result, they will be able to determine what successful factors have not been considered in the process of integration. This is particularly relevant to our proposal of considering forward and backward branding and the strategic process of integration.

Although our 'integrated model of branding-M&A' has been grounded in strategy theories, and is drawn from and reflects practice, this is exploratory research. In other words, the model requires further testing with empirical data. In addition, further testing should also be conducted in a comparative manner in which cross-industry integration, cross-stakeholder assessment on integration success, and cross-country experience can be analyzed to determine how the model works or does not work for brand-merger integration.

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