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ABSTRACT

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Author	Miikka Hakala	Student number	503038
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Supervisor(s)	Ph.D. Niina Nummela, M.Sc. Riikka Harikkala-Laihinen		

Abstract

Previous literature indicates a lack of attention paid to the integration of corporate brands in cross-border acquisitions, which consequently serves as a motivation for this thesis. The purpose of this thesis is to study how companies integrate corporate brands in cross-border acquisitions. The emphasis is consequently on the factors to be taken into consideration in the integration process as well as on the roles of different stakeholders and on the challenges that companies are likely to face when integrating corporate brands in cross-border acquisitions.

This study is conducted as a qualitative research. The theoretical background of this study draws on branding and M&A literatures and provides a framework for the research. The literature review is divided under two main chapters covering different aspects of acquisitions from a corporate brand perspective, brand integration strategies as well as stakeholder perspective and the role of culture in cross-border M&A brand integration. The collected empirical data, on the other hand, consists of expert interviews as well as other supportive materials provided by the interviewed companies. The empirical data is derived from several different cross-border acquisitions in the B2B markets, including several different companies and industries and thus provides a holistic picture of the process of integrating of corporate brands in cross-border acquisitions. Thematic analysis was used in the analysis of interview data.

The findings of this study indicate that generally acquiring companies' broader strategic guidelines dictate a specific brand strategy to be used in every acquisition. However, this study finds that rather than choosing a specific strategy, the method of implementing the given brand integration strategy has a major impact on the success of the integration. Additionally, timeline for strategy implementation was found to be crucial. Furthermore, the timeline should depend on the target company corporate brand's recognition and level of establishment in its local market. This study also emphasizes the role of stakeholder communication as well as proactive management of the integration of corporate cultures in the process of integrating corporate brands in cross-border acquisitions.

Key words	Corporate brands, integration, M&A, acquisition
Further information	

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TIIVISTELMÄ

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	Lisensiaatintutkielma
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Tiivistelmä

Aikaisempi tutkimus on osoittanut, että yritysbrändien integroimiseen kansainvälisissä yrityskaupoissa ei kiinnitetä riittävästi huomiota, mikä puolestaan motivoi tämän tutkimuksen tekoa. Tutkimuksen tavoitteena on selvittää, miten yritykset integroivat yritysbrändejä kansainvälisissä yrityskaupoissa. Päätutkimuskysymys on jaettu kolmeksi alakysymykseksi, jotka käsittelevät yritysbrändien integraatioprosessissa huomioitavia tekijöitä, sidosryhmärooleja sekä integraatioprosessin haasteita.

Tutkimus toteutettiin laadullisena tutkimuksena. Teoreettinen viitekehys perustuu aikaisempaan brändi- ja yrityskauppakirjallisuuteen. Teoreettinen viitekehys on jaettu kahden pääkappaleen alle. Kappaleet käsittelevät kansainvälisiä yrityskauppoja yritysbrändinäkökulmasta, strategioita yritysbrändien integroimiseksi sekä integraatioprosessin sidosryhmänäkökulmaa sekä kulttuurien roolia yritysbrändien integroimisessa. Tutkimuksen empiirinen aineisto puolestaan koostuu asiantuntijahaastatteluista sekä kirjallisista materiaaleista, joita haastateltavat yritykset antoivat tutkimuksen tueksi. Empiirinen aineisto pohjautuu useisiin kansainvälisiin yrityskauppoihin eri toimialoilta ja eri yritysten väliltä, minkä seurauksena tutkimus antaa kokonaisvaltaisen kuvan yritysbrändien integroimisesta kansainvälisissä yrityskaupoissa. Haastatteluaineiston purkamisessa hyödynnettiin temaattista analyysiä.

Tutkimuksen tulokset osoittavat, että ostavien yritysten laajemmat strategiset tavoitteet määrittelevät myös brändistrategian, jota noudatetaan kaikissa yrityskaupoissa. Yritysbrändien integroimisen onnistumisen kannalta tutkimuksen tulokset kuitenkin korostavat tietyn brändistrategian valitsemisen sijaan tapaa, jolla annettu brändistrategia implementoidaan. Lisäksi yritysbrändien integrointinopeus todettiin tutkimuksessa hyvin tärkeäksi. Integrointinopeus tulisi määrittää ostettavan yrityksen yritysbrändin tunnettuuden perusteella. Lisäksi tutkimus korostaa sekä yrityksen kommunikointia sen eri sidosryhmille että yrityskulttuurien aktiivista johtamista yritysbrändien integraatioprosessissa.

Asiasanat	Yritysbrändit, kansainväliset yrityskaupat, integraatio
Muita tietoja	

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INTEGRATING CORPORATE BRANDS IN CROSS-BORDER ACQUISITIONS

Serial acquirer focus

Master´s Thesis
in International Business

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1 INTRODUCTION

1.1 Background for the study

Mergers and acquisitions are popular means for companies to increase market share, gain rapid organic growth, to enter foreign markets and to gain dynamic learning processes (Shimizu et al. 2004; Lees 2003, 3–4). The term "cross-border acquisition" refers to an acquisition where the acquiring company's headquarters and operations are located in a different country than those of the acquired company's. Figure 1 below illustrates the large volumes in conducted cross-border mergers and acquisitions by private equity firms between the years 1996 and 2014.

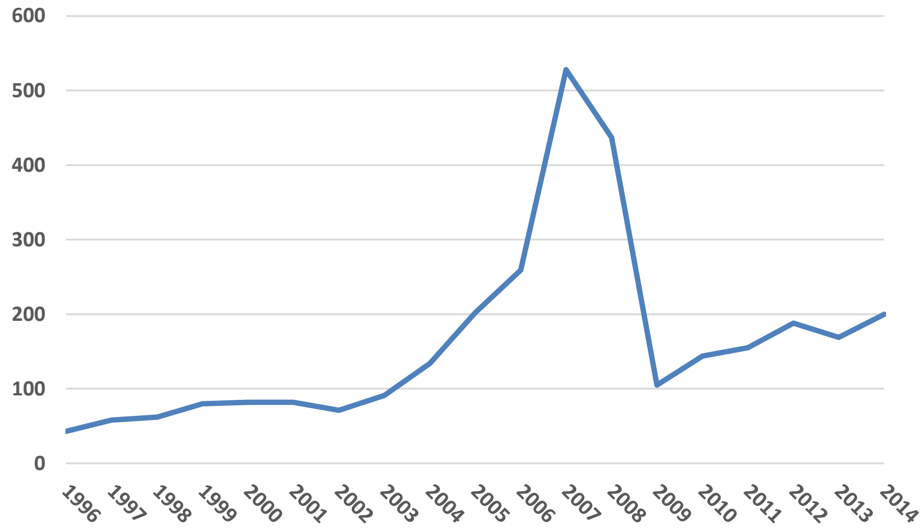

Figure 1 Cross-border M&As by private equity firms, 1996-2014 (UNCTAD 2015, 15)

The Y-axis in figure 1 presents the value of cross border mergers and acquisitions in USD billions. As can be seen in figure 1, cross-border mergers and acquisitions have increased within the last 18 years. In 1998 cross-border acquisitions accounted for 23 % of the total volume of acquisitions, and 45 % in the year 2007. (Erel, Liao & Weisbach 2012, 1045.) The most rapid growth in cross-border acquisitions was experienced prior to the 2007 global financial crisis, after which the value of cross-border mergers and acquisitions fell drastically between 2007 and 2009. Between 2009 and 2014, however, cross-border mergers and acquisitions have increased steadily.

Literature generally links mergers and acquisitions together, and the term "M&A", referring to mergers & acquisitions, is often used to describe the process of two companies uniting as one. However, mergers and acquisitions have different definitions and they also differ from a strategic perspective. (Hassett, Räikkönen & Rantala 2011, 84–85.) Mergers can be described as the amalgamation of two equal companies that are willingly combining their assets in order to create an entirely new company. The merging companies are in control of the newly formed entity through shared ownership. In comparison, acquisition refers to acquiring another company entirely, or an amount of the company that provides full control to the acquirer. (Angwin & Savill 1997; Hill 2009; Sloman & Jones 2011.) The term M&A in this study refers to acquisitions.

Acquisitions require complex managerial decisions. One of such decisions concerns brands. Brands are assets that are closely involved in the acquisition process, as the acquiring company must decide what to do with the acquired company's brand. Branding issues are, however, vastly overlooked in acquisitions. (Chang et al. 2015, 594; Lambkin & Muzellec 2010, 1234.) The American Marketing Association (AMA) defines brand as a *"Name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition"* (Keller 2003, 3). Brand equity, on the other hand, indicates perceived quality, the value placed by shareholders and consumers on the brand, from which the current price and advertising exposures are discounted (Kamakura & Russel 1993, 9). Kamakura and Russell also state that the intangible value of a brand doesn't result from the attributes of the physical product itself, but rather from factors such as brand name associations and perceptual distortions. Similarly, Simon and Sullivan (1993, 29) define brand equity as the additional cash flows that branded products gain compared to the sale of unbranded products. Kotler et al. (2004, 556) define brand equity as "*The value of a brand, based on the extent to which it has high brand loyalty, name awareness, perceived quality, strong brand associations, and other assets such as patents, trademarks and channel relationships*". A simplified method for quantifying brand equity is to extract the price premium, which consumers are willing to pay for the brand. (Kotler et al. 2004, 556.)

Brand is an identity built over time by consistent quality and supporting business functions such as advertising and promotional messages. Consumers link associations and attitudes with brands. Different brands are easily identifiable by packaging and product differences, which are both attributes that encourage repurchase and the development of – either conscious or subconscious – a relationship between the consumer and the organization. Consequently, for the consumer, brands go beyond the actual core products and the rational reasons behind the purchase decision. Intangible and tangible elements are used to distinguish brands, which consequently allow businesses to charge premium prices for them. Figure 2 below illustrates the intangible elements of a brand. (Roper & Fill 2012, 108–110.)

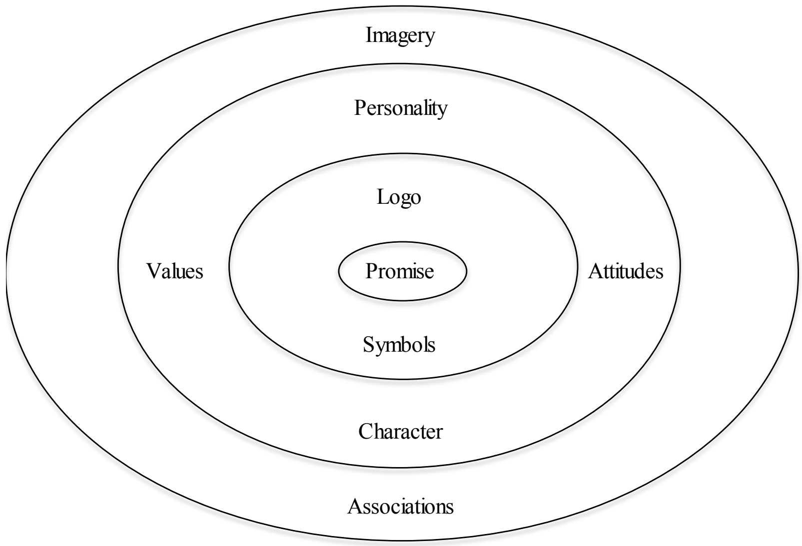

Figure 2 Intangible elements of a brand (Roper & Fill 2012)

As can be seen in figure 2 above, the intangible elements of a brand are very diverse and complex. Chang et al. (2015) discuss psychological ownership and apply the concept to brands introducing brand ownership. Psychological ownership refers to a person generating feelings of possession and ownership over items he or she does not own. Chang et al. (2015, 595) define brand ownership as "*Psychological state in which people feel possessive of a brand and as if they have control over the brand"*. Consumers' emotional investment in a brand consequently leads to brand ownership. Study conducted by Chang et al. (2015) suggests that high brand ownership is likely to result in negative stakeholder reactions towards a brand in an acquisition, which can consequently lower purchase intentions (Chang et al. 2015, 594).

The value of brands to businesses can be exemplified through a comparison of differentiated and undifferentiated products and markets. Commodity market is an example of an undifferentiated marketplace where consumers come to purchase decisions based on mere price and availability; consumers do not perceive any added value in buying a specific product over another. Manufacturers in such markets are vulnerable to competitors with lower production costs or superior distribution networks. Petrol and gas are examples of undifferentiated commodities. A brand, on the other hand, brings added value to the manufacturer and gives its products individuality and separates them from competition. (Roper & Fill 2012, 107–108.)

A key characteristic of a brand is that it distinguishes otherwise similar products from each other. According to Kotler et al. (2004, 559) brands consist of five different levels of meaning. The levels are attributes, benefits, values, culture and personality. Additionally, Roper and Fill (2012, 108–112), added "user" as an extra level. Table 1 below further elaborates on these six levels.

Table 1 Six levels of brand meaning (Roper & Fill 2012; Kotler et al. 2004)

Brand meaning	Explanation
Attributes	Product attributes such as the high level of safety features within a Saab motor car
Benefits	What customers are interested in, i.e. They feel more secure on overcrowded roads in their Saab
Values	The brand is in tune with the values of consumers i.e. Consumers feel they are individuals and express this through their choise of car
Culture	The brand may represent a certain culture. The Saab represents Swedish culture: organized, safe, high quality
Personality	If the car were a person it would be professional, intelligent and solid
User	The primary target, the type of person who consumes the brand - a solid middle-aged business person in this instance

As can be seen in table 1 above, the several levels of brand meaning indicate that brands are highly complex concepts that demand close management. Brands cannot be treated as mere names or logos. Kotler et al. (2004) emphasize the need for companies to pay attention to all these levels of the brand in the brand positioning and integration processes and not, for instance, only promote the easily replicable attributes. The brand meanings that are the most sustainable and define the essence of the brand are values and personality. Consequently, companies' brand strategies should be built around these core meanings.

Kochan (1996, xi) concentrates on values and divides brand value into three separate tiers, which are functional, expressive and central values. Functional values are related to product performance; BMW provides safety and is comfortable on the highway, Mercedes Benz does the same, therefore functional values do not differentiate the product from competitors. Expressive values concentrate more on the consumer instead of the product; consumers purchase Armani clothes for status. Expressive values therefore reflect the consumer's sense of herself and provide an opportunity for differentiation from competitors. Central values, however, are the most lasting and, according to Kochan (1996) "*go right to the core of the consumer's system of beliefs*" and are therefore hard to replicate by competitors.

1.2 Purpose and structure of the thesis

Despite the high popularity of mergers and acquisitions, literature suggests that majority of mergers and acquisition result in failures or don't meet the original objectives (Yang, Davis & Robertson 2011; King et al. 2004, 187; Salama, Holland & Vinten, 2003; Angwin & Savill 1997). Yang et al. (2011, 441) state that 70 % of all mergers and acquisitions don't meet the initial objectives, 50 % experience a decrease in productivity in the post-acquisition phase and 23 % of all the mergers and acquisition only reach break-even point without creating additional profit. Brand literature has suggested that the lack of attention paid to corporate branding in the M&A process is one of the reasons behind the high failure rates of acquisitions (Kernstock & Brexendorf 2012; Balmer & Dinnie 1999). Brand equity is widely downplayed in M&As and is merely treated as an after-thought in comparison to more tangible assets such as financial and operational matters. Brand integration and brand equity transfer generally have a low priority status in M&A negotiations. Consequently, branding decisions are usually made promptly after concluding the deal, only to bring some coherence to the collections of names and entities brought together by combining two businesses and their products and markets. (Lambkin & Muzellec 2010, 1234; Ettenson & Knowles 2006.)

Kumar and Blomqvist (2004, 20–21) highlight the need for companies that use acquisition-based growth strategies to develop a process for integrating brand and corporate finance M&A practices in order to better utilize the strategic advantages of brands. In addition, companies engaging in M&A activities should also develop a process for branding the acquired company as well as managing the integration of the brand to the new company. Kumar and Blomqvist (2004) conclude in their research that a large number of companies engaging in M&A activities do not devote necessary time and attention to brand related issues and considerations in different phases of the M&A process. They also emphasize that businesses need to address the lack of attention to branding matters in order for M&As to deliver the expected value.

There is a lot of published literature and research on different aspects of cross-border M&As, yet branding and brand related issues in M&As have received only a little attention (Ettenson & Knowles 2006; Basu 2006; Homburg & Bucerius 2005; Kumar & Blomqvist 2004), which is consequently where this thesis is going to focus. The purpose of this thesis is to study how companies integrate corporate brands in cross-border acquisitions. The research problem is approached through the following sub-research questions:

- What are the different factors taken into consideration in the corporate brand integration process?
- What are the roles of different stakeholders in the corporate brand integration process?
- What kind of challenges does a company face when integrating corporate brands after an acquisition?

This study takes a specific focus on corporate brand integration and therefore excludes certain factors. First, it is noteworthy that not all cross-border M&As require the integration of corporate brands in order to succeed. Ettenson and Knowles (2006, 48–49), for instance, introduce "business as usual" –strategy in which the acquired business continues operations as an autonomous unit. The acquisition of the Finnish video game company Supercell by the multinational telecommunications and internet corporation SoftBank Group is an example of a cross-border acquisition that follows the aforementioned business as usual strategy where corporate brands are not integrated following the acquisition. Acquisitions that follow the business as usual strategy are excluded from this study. Second, brand integration and brand equity transfer in cross-border M&As are very comprehensive and diverse processes that should ideally begin immediately after identifying an acquisition target (Kumar & Blomqvist 2004, 21). This thesis, however, mostly excludes the pre-acquisition phase and concentrates in corporate brand integration in the post-acquisition context. Third, the empirical part of this study concentrates on reviewing the integration of corporate brands in acquisitions that are conducted by serial acquirers. The term "serial acquirer" refers to a company that conducts several mutually interrelated acquisitions over a period of time and aimed at specific strategic targets, instead of executing isolated deals (Laamanen and Keil 2008, 663). Finally, this study focuses solely on the integration of corporate brands in cross-border acquisitions and therefore excludes domestic acquisitions.

Chapter 1 discussed the background for the study and presented key concepts and definitions. Additionally, purpose and structure as well as the objective and limitations of the study were outlined. Chapters 2 and 3 introduce the literature review for the thesis, which mainly draws on branding and M&A literatures. Chapter 2 concentrates on different aspects of acquisitions, including type and size as well as the overall acquisition process. Chapter 3, on the other hand, focuses on corporate brand integration in cross-border acquisitions by reviewing different branding strategies and also discussing cultural and stakeholder perspectives in the context of corporate brand integration in cross-border acquisitions. Chapter 3 also includes further definitions of key concepts, such as differences between product and corporate brands. Chapters 4 and 5 comprise of the empirical part of the study. Chapter 4 introduces the chosen methodology and research approach. The empirical findings are presented and discussed in chapter 5. Chapter 6 concludes the study presenting theoretical contributions and managerial implications.

2 MERGERS AND ACQUISITIONS

2.1 Acquisition types

Acquisitions are divided into four different types based on how related the acquiring company's business is to the acquired company's business. The four types are vertical-, horizontal-, conglomerate-, and concentric acquisitions (see figure 3). (Hassett et al. 2011, 85–86.) The distinction between different acquisition types may be difficult to make in practice as a large share of companies are highly diversified, especially large multi-industry multinational enterprises, which makes the distinction problematic. (Herger & McCorriston 2016, 322–324.)

Acquisition is vertical when both the acquiring and the acquired company are operating within the same industry, but in different stages of the value chain. Pepsico's acquisition of Beaman Bottling Company is an example of a vertical acquisition where a company acquires a downstream firm in the same value chain. (Mishra & Slotegraaf 2013, 707.) Horizontal acquisition is the most common of acquisition types. It refers to mergers and acquisitions within the same industry. The number of horizontal acquisitions has increased substantially during the past few decades. (Hassett et al. 2011, 85–86.) The acquisition of Germanwings by Lufthansa is an example of a horizontal acquisition. Additionally, M&A literature has linked the success of post-acquisition integration to the relatedness of the acquisition, dominantly concluding that acquisitions between related companies, as in horizontal acquisitions, result in increased post-acquisition performance (King, Dalton, Daily & Covin 2004, 189).

In conglomerate acquisitions, the acquiring- and the acquired company are neither operating in the same industry nor in a supplier-customer relationship (Thavikulwat, Chang & Sanford 2013, 708). The acquisition of the car rental company Avis by the American manufacturing company ITT is an example of a conglomerate acquisition. In concentric acquisitions, the acquired company is operating in a related field to the acquirer, but the acquirer is not familiar with the target company's activities. A company that produces DVDs acquires a company that produces DVD players is an example of a concentric acquisition. Concentric acquisitions are used for product or market extensions (Hasset et al. 2011 85–87).

Another method for categorizing acquisitions is the division between related and unrelated acquisitions. Related acquisitions refer to horizontal, vertical and concentric acquisitions, whereas unrelated acquisitions refer to conglomerate acquisitions. (Hassett et al. 2011, 86; Ramaswamy 1997) Ramaswamy (1997, 699) states that acquisition relatedness is a broad concept, which not only encompasses the mere product-market considerations but also critical organizational and strategic factors, including resource allocation patterns, management philosophy and organizational culture. Figure 3 below illustrates different M&A deal contingencies.

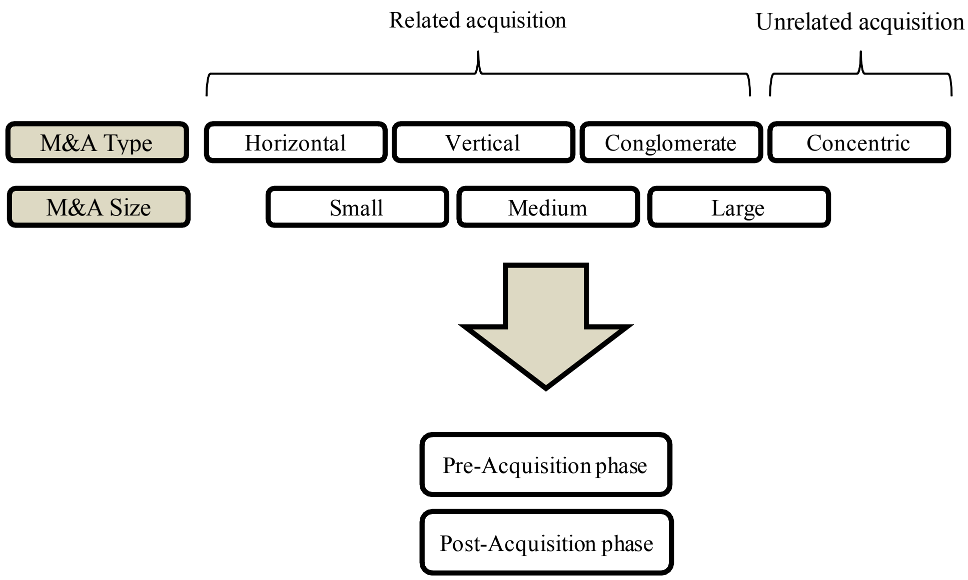

Figure 3 M&A deal contingencies (Hasset et al. 2011, 86)

Synergies between merging businesses are more likely to be created when the businesses are closely related (see figure 3) in terms of using similar production technologies, serving similar markets and exploiting similar scientific research (Newmeyer, Swaminathan & Hulland 2016, 133). Koričan, Barac and Jelavić (2014, 32) argue that enhancing firm performance through achieving synergies is one of the main reasons companies conduct acquisitions. Product category fit between merging companies generally enables greater value through the utilization of economies of scale and scope as well as market power (Newmeyer, Swaminathan & Hulland 2016, 133–135). Furthermore, several sources in M&A literature have recognized that related acquisitions create more value and increase firm performance mainly through economies of scale and achieving greater market share (Kim & Finkelstein 2009; Pilar Socorro 2004; Ramaswamy 1997). However, related acquisitions potentially lead to the cannibalization of existing acquirer products and brands. (Newmeyer, Swaminathan & Hulland 2016, 133–135.) Due to the complementary nature of knowledge, however, unrelated acquisitions offer more opportunities for innovation. Additionally, the presence of similar knowledge stocks in the merging companies is likely to result in incremental innovation. (Newmeyer, Swaminathan & Hulland 2016, 133–135.)

Newmeyer, Swaminathan & Hulland (2016, 133–134) mention three reasons companies can expect greater value creation from acquiring a related brand. First, due to the acquirer's previous knowledge and experience of the acquired business, the acquiring company is more likely to be able to accurately assess and replicate the conditions surrounding the acquired brand and therefore being able to tackle the obstacles created by brand asset redeployment from target to acquirer as well as resource immobility. Resource immobility refers to the difficulty of imitating or substituting certain resources, such as brands (Capron & Hulland 1999, 42). Second, acquiring a related brand introduces economies of scale and scope as well as increase in market power. Third, acquiring a related brand allows the acquirer to cross-sell or up sell across related brands in its portfolio by leveraging synergies between its own products and the newly acquired brand. Additionally, studies conducted by Capron and Hulland (1999) as well as Anand and Delios (1997), conclude that market similarity between the acquirer and target eases the international redeployment of marketing resources, including brands.

The limitations regarding unrelated acquisitions concern brands specifically. According to Barney (1991), physical assets, such as different technologies, are generally easily transferred from the acquired business to the acquirer due to low degree of company embeddedness and social complexity. Brands, on the other hand, have high company embeddedness and social complexity. Consequently, resource immobility is higher for intangible assets such as brands than for tangible assets subsequently creating obstacles for the integration of brands in acquisitions. (Newmeyer, Swaminathan & Hulland 2016, 133–135.) The following chapter discusses the second variable shown in figure 3 earlier, M&A size, and consequently its implications on corporate brand integration.

2.2 Implications of acquisition size

Size of the acquisition is a factor to be taken into consideration when observing acquisitions and the related integration processes, including brand integration. Acquisitions' value creating potential is highly dependent on the relative size of the merging companies (Capron 1999, 994). The focus lies in the merging companies' sizes compared to each other, rather than the absolute size of the acquisition. (Capron 1999; Seth 1990.) Specifically, the size of the target company is an important factor affecting the overall acquisition process, including post-acquisition integration and resource redeployment. The post-acquisition integration in a small acquisition differs from that of a large acquisition in terms of processes and procedures. (Ellis et al. 2011, 1262.)

Size of the acquisition in this context refers to the relative size of the acquirer compared to the acquisition target. The relative size of M&A, according to Jansen, Sanning and Stuart (2013, 534), is "*usually measured as deal value divided by acquiring firm* *market value of equity".* Additionally, the level of brand equity in the acquiring company compared to the target is also a factor to be considered in the brand integration process (Bahadir, Bharadwaj & Srivastava 2008). Previous studies have shown that in the most common M&A scenario, a large company acquires a smaller business. The expectation behind such an acquisition is that the performance of the smaller target company can be improved by transferring resources and skills from the acquirer and consequently adding the value of the newly combined entity. (Lambkin & Muzellec 2010, 1234.)

Thorbjørnsen and Dahlén (2011, 332) as well as Gussoni and Managani (2012) argue that a large share of unbalanced acquisitions are horizontal acquisitions. Acquisitions are unbalanced when the acquiring company is relatively larger and therefore holds more influence in shaping the newly merged entity than the target company. In such unbalanced acquisitions the acquirer generally absorbs the target under its corporate brand resulting in the elimination of the target's corporate brand. (Thorbjørnsen & Dahlén 2011, 332; Basu 2006.) The absorption of the target company under the acquirer's corporate brand is known as acquirer dominant brand integration. Such absorption takes place predominantly in acquisitions where the acquirer is substantially larger than the target. (Lambkin & Muzellec 2010.)

In a large study of mergers and acquisitions in the United States over a period of 30 years Andrade et al. (2001) found that in average, acquiring companies were 10 times larger than their target companies. The findings support a scenario discussed by Capron and Hulland (1999) as well as Lambkin and Muzellec (2010), in which larger companies acquire smaller targets and consequently look to expand their business and exploit the synergies of the newly combined entity. In such acquisitions, according to Capron and Hulland (1999, 41), resources are dominantly redeployed asymmetrically. Resources are mostly redeployed from acquirers to targets whereas the opposite redeployment, from targets to acquirers, tends to be very low. Resources that are generally redeployed from acquirers to targets are manufacturing, innovation, marketing as well as brand resources (Lambkin & Muzellec 2010, 1235; Capron and Hulland 1999). The consolidated post-acquisition performance results of the study conducted by Capron and Hulland (1999) indicate that redeployment of brand resources from acquirer to target has a positive influence on post-acquisition product quality as well as geographic coverage. In contrast, redeploying brand resources from target to acquirer appeared to have a negative impact on geographic coverage as well as overall market share. The impact on profitability, however, was found to be minimal. (Capron & Hulland 1999, 51.) All in all, relative size differences between the merging companies appear to have implications for the integration of corporate brands after the acquisition. The following chapter discusses the acquisitions process, including the two phases of acquisitions.

2.3 Acquisition process

The two phases that comprise the acquisition process are the pre-acquisition phase and the post-acquisition phase (see figure 3 in chapter 2.1). The acquiring company's strategic intention and motive to acquire generally sets the pre-acquisition phase in motion. The pre-M&A phase consists of determining objectives, searching for potential acquisition target candidates, selecting the target, negotiations, due diligence and planning the integration. The official closing of the acquisition deal ends the pre-acquisition phase and also marks the beginning of the post-acquisition phase. The post-acquisition phase consists of the takeover as well as the integration of the acquirer and target companies. (Hassett et al. 2011.)

The end of the pre-acquisition phase is seemingly obvious as it is regarded to end at the closing of the acquisition deal. The post-acquisition phase, however, is a difficult concept to define and to frame on a timeline. Some parts of the integration process can potentially be implemented fast, whereas some parts, such as human-resource integration can take years to complete. (Hassett et al. 2011, 88–89.) Figure 4 below illustrates the M&A process including the pre- and post-acquisition phases, in an undefined timeline.

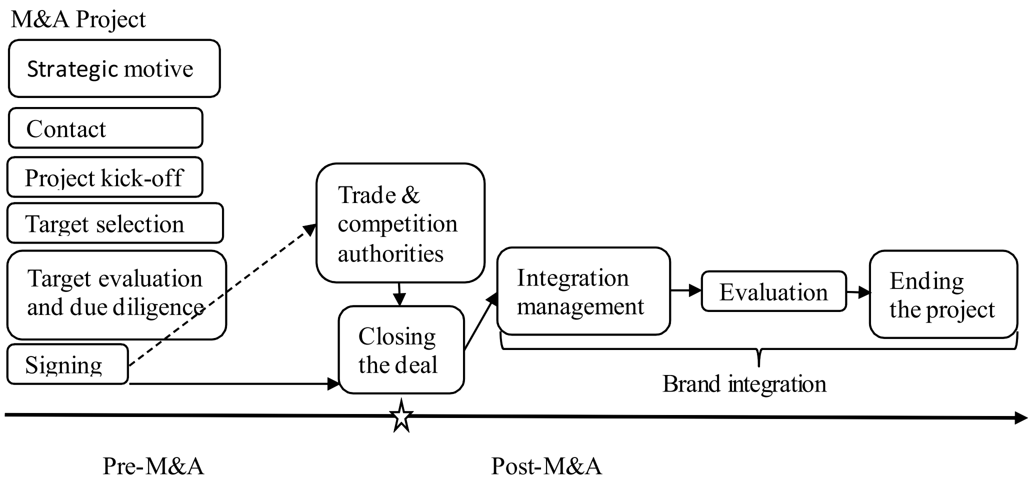

Figure 4 M&A process (Hassett et al. 2011, 127)

Figure 4 above gives a simplified illustration of the M&A process as a project, with brand integration process added to the post-acquisition phase. As according to several literature sources and previous studies, brand integration process takes place in the post-acquisition phase. (Lambkin & Muzellec 2010; Vú, Shi & Hanby 2009; Basu 2006; Capron & Hulland 1999).

Several sources suggest that brand integration matters receive inadequate attention in the integration process and should therefore be more closely involved in the pre-M&A phase as well (Kumar and Blomqvist 2004). Kumar and Blomqvist (2004, 20–21) also state that the lack of attention to branding matters should be addressed in order for M&As to generate expected value. Similarly, Yang, Davis and Robertson (2011, 444) argue that the process of integrating brands in the context of acquisitions should be formulated into the entire M&A deal process covering both pre- and post-acquisition phases. According to Rothermel and Bauer (2016), the consequences and impact arising from corporate brand related decisions in acquisitions concern the entire M&A process rather than being exclusively limited to the post-acquisition phase. However, Jaju et al. (2006), in contrast, argue that legal considerations associated with M&A processes often constrain businesses from pursuing pre-M&A brand specific market research, which can consequently hinder the formulation of the brand integration process into the entire M&A process.

Evaluating the long-term brand strategy implications throughout the M&A process is important in order to enhance the value generating ability of the acquisition. Therefore, companies engaging in acquisitions should have a properly planned out brand strategy, which is in-line with the company's overall business objectives. (Kumar & Blomqvist 2004, 21–22.) Additionally, a clear branding strategy, according to Basu (2006, 29), is needed in order to manage marketplace perceptions as per the strategic intent of the merged firm and to motivate the managers and employees of the merging companies to focus their efforts behind a common set of goals. Kernstock and Brexendorf (2012, 170) discuss the scarcity of literature related to M&A brand strategies and the link between neglecting the brand integration process and M&A failure. The next part of this study focuses on the integration of corporate brands in acquisitions. First off, chapter 3.1 discusses the definitions of corporate brands after which discussion is forwarded to the different implications of corporate brand integration in cross-border acquisitions.

3 CORPORATE BRAND INTEGRATION

3.1 Defining corporate brands

Corporate brand is a parent of its product brands (Voss & Mohan 2016, 4177). Corporate brands are among the most important strategic assets companies can have. When properly managed, a corporate brand can yield competitive advantages, such as market entry- and penetration advantages in a global scale and also provide differentiation from competitors. (Hatch, Schultz & Wally 2008, 5–6; Kotler at al. 2004, 566.) Consequently, corporate brands and product brands share the same objective of creating differentiation (Knox and Bickerton 2003). However, corporate brands focus on a defined set of an organization's values (Aaker & Joachimsthaler 2000) and are therefore more complex than product brands (Muzellec & Lambkin 2009). Corporate brands can be conceived in terms of internal and external dimensions. The internal dimensions include broad contexts such as culture and identity while the external dimensions comprise of image and reputation. (Schultz & de Chernatony 2002.) Additionally, according to Schultz and de Chernatony (2002) corporate branding activities should reflect the comprehensiveness that defines corporate brands. In other words, corporate branding activities should cover the entire organization and include all of the company's functional areas and business units. (Schultz & de Chernatony 2012.)

Muzellec and Lambkin (2009, 47) classify corporate brand identities into three distinct types, which are "corporate trade name", "business brand" and "holistic corporate brand". First of the three types, "corporate trade name", refers to a so-called house of brands, in which the corporate brand is hidden behind several product brands. Procter & Gamble and Unilever are examples of such corporate brands. (Muzellec & Lambkin 2009.) Organizations that are categorized under corporate trade name, in most cases, target their marketing efforts on individual product brands separately, which further alienates the corporate brand from stakeholders (Knox 2004). The second type of corporate brand identity, "business brand" is described by Muzellec and Lambkin (2009) as more than a mere trade name, but not, however, a full corporate brand. Business brands usually place primary focus on business stakeholders. The last type of corporate identity by Muzellec and Lambkin (2009), holistic corporate brand (see figure 5), can be described as being both a corporate brand and a consumer brand as the same brand addresses all stakeholder groups. Out of the three aforementioned types of corporate identities, the last and most extensive type of corporate brand identity, "holistic corporate brand" best fits the focus of this study. Additionally, the companies from which the empirical data for this study is collected also fit the description of holistic corporate brands. Figure 5 illustrates the stakeholder relationships of a holistic corporate brand.

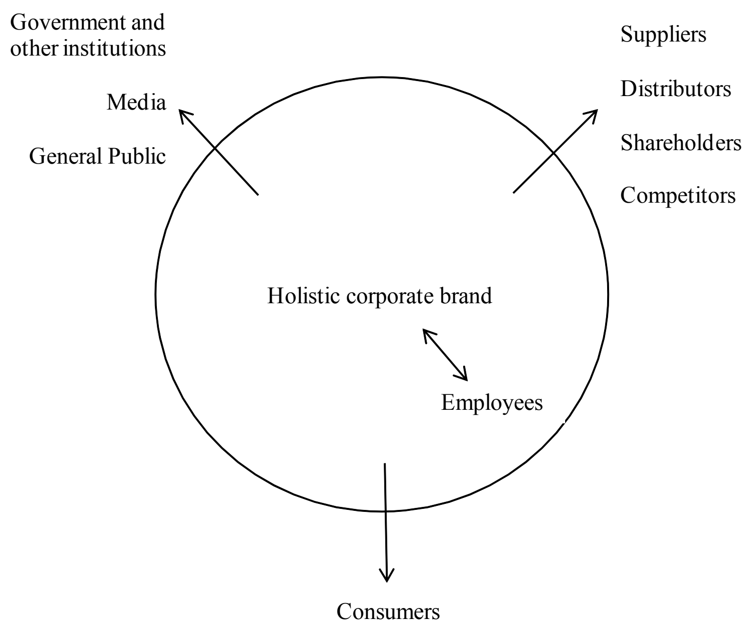

Figure 5 Stakeholders addressed by holistic corporate brands (Muzellec & Lambkin 2009, 50)

As can be seen in figure 5, corporate brands address all of the company's stakeholders. The integration of corporate brands in cross-border acquisitions is further discussed from a stakeholder perspective in chapter 3.6 of this study. An additional feature that separates product and corporate brands arise from the differences in gaining market share. Product brands gain market share through short-lived marketing campaigns, which are strongly dependent on the product's life-cycle whereas corporate brands express the companies' enduring ambitions and core values and also represent all the related stakeholders (see figure 5). (Hatch, Schultz & Wally 2008, 10.) All in all, corporate brands can be described as holistic in nature, which refers to covering entire organizations instead of mere individual products, strategically valuable, by setting a direction for the organization, as well as relational in nature, referring to the internal and external dimensions of corporate brands (Muzellec & Lambkin 2009; Schultz & de Chernatony 2002). The following chapter focuses on the identification of corporate brand equity and also examines the sources of corporate brand equity based on previous literature. Additionally, recognizing the intangible value of corporate brands, as well as the implications of brand value to acquisitions, are also discussed.

3.2 Identifying and measuring corporate brand equity

As mentioned in the previous chapter, corporate brands are important assets to organizations (Hatch, Schultz & Wally 2008, 5–6; Kotler at al. 2004, 566). Corporate brands hold substantial financial value and are highly relevant for organizations' performance (Kumar & Blomqvist 2004). Lindemann (2003) for instance, argues that a corporate brand can account for 70 % of a company's market value. Similarly, Reyneke, Abratt and Bick (2014, 2) as well as Otonkue, Edu and Ezak (2010) state that corporate brand equity can potentially account for a significant portion of a company's market capitalization. Furthermore, according to Bahadir et al. (2008), corporate brands can potentially account for up to 50 % of acquisition transaction value. However, regardless of the potentially substantial financial value that is related to corporate brands, brand related issues are generally ignored in acquisitions (Ettenson & Knowles 2006; Balmer & Dinnie 1999). Furthermore, according to El-Tawy and Tollington (2008) as well as Otonkue et al. (2010) intangible brand value is generally not addressed in companies' financial statements and balance sheets, which can make the recognition of intangible value related to corporate brands rather difficult. Additionally, quantifying corporate brand equity is a process that requires estimation and subjectivity (Otonkue et al. 2010), which could, in turn, lead to misinterpretations of intangible value.

The sources for brand equity in branding literature are rather diverse (Kuhn, Alpert & Pope 2008, 41). Aaker (1996, 8–9), for instance, divides the sources for brand equity under five categories, which are brand loyalty, brand awareness, perceived quality, brand associations and other proprietary brand assets. Keller's (1993) customer-based brand equity (CBBE) model is a widely accepted brand equity model in literature (Lambkin & Muzellec 2010, 1235). Kuhn et al. (2008) adapted Keller's customer-based brand equity model into business markets, focusing on corporate brand as the unit of analysis (Lambkin & Muzellec 2010). Subsequently, Kuhn et al. (2008, 43) emphasize the product, distribution services, support services and the company itself in the measurement of corporate brand equity and also argue that each of these elements possess both tangible and intangible elements. These findings by Kuhn et al. (2008) are supported by Muzellec and Lambkin (2009) as well as Schultz & de Chernatony 2002, who discuss the holistic nature of corporate brands. Figure 6 is a representation of Keller's (1993) customer-based brand equity model revised by Kuhn et al. (2008, 50) for building and measuring corporate brand equity.

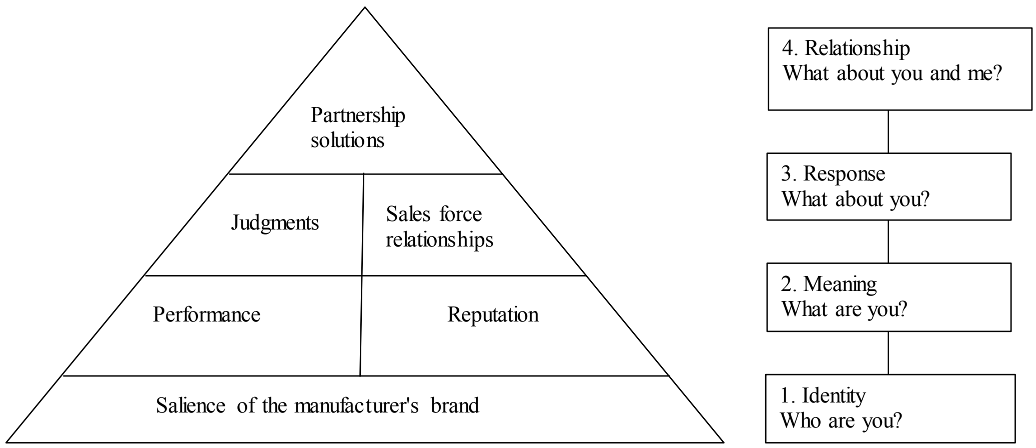

Figure 6 CBBE pyramid revised for corporate brands (Kuhn et al. 2008, 50; Keller 1993)

The revised CBBE pyramid in figure 6 identifies four steps – identity, meaning, response and relationship – for corporate brand building. These steps consequently consist of six building blocks, which are salience of the manufacturer's brand, performance, reputation, judgments, sales force relationships and partnership solutions. (Kuhn et al. 2008, 41; 50–51.) Each step needs to be successfully achieved in order to move up the pyramid. The ultimate goal is to reach partnership solutions at the top of the pyramid, which means brand loyalty; gaining active loyalty relationship between customers and the brand. (Kuhn et a. 2008, 43–44.) The original CBBE model by Keller (1993) is primarily focused on individuals' assessments of product brand equity whereas corporate brand context introduces additional complexity, in terms of stakeholders (Hatch, Schultz & Wally 2008, 9–12; Roper & Davies 2007; Hatch & Schultz 2003), for instance. In the context of corporate brands, other influencers, such as internal stakeholders and distributors can have a substantial impact on brand equity. Kuhn et al. (2008) argue that for brand building in B2B markets, quality, reliability, performance and service play an essential role, with emphasis in quality. Additionally, in terms of corporate brands, some traditional brand elements, such as product slogans, are irrelevant, whereas factors such as user profiles, purchase and user situations and credibility are of highlighted importance. (Kuhn et al. 2008, 50–51.) In conclusion, as discussed in this as well as in the previous chapter, corporate brands are highly complex (Muzellec & Lambkin 2009; Hatch et al. 2008) but important company assets that also hold substantial financial value (Kumar & Blomqvist 2004) and potentially account for a considerable portion of companies' market capitalizations (Otonkue et al. 2010). However, the intangible value related to corporate brands is difficult to quantify and cannot be seen in companies' financial statements (El-Tawy & Tollington 2008). Therefore corporate brands are often ignored in acquisition integration processes (Ettenson & Knowles 2006).

3.3 Integrating corporate brands in acquisitions

Corporate brand decisions related to the newly formed entity in mergers and acquisitions are important. Corporate brand communicates the future intent of the merged company as well as the strategic rationale for the M&A. In addition, corporate brand can mitigate potential disruptive impacts of the M&A by reducing uncertainty among stakeholders and help them form better expectations. The chosen corporate branding strategy can also be seen as a reflection of the internal integration and re-structuring strategy undertaken by the merging companies, which may be used by investors as a signal of management commitment to successful integration. (Mizik, Knowles & Dinner 2011, 10.)

Acquisitions are incidents over which most stakeholders have zero or only little control, yet acquisitions potentially influence stakeholders' relationships as well as behavior toward the brands. Consequently, acquisitions increase the potential threat of losing both customers and employees, and potentially other stakeholders as well. (Thorbjornsen & Dahlen 2011.) A consistent brand strategy is essential for the management of stakeholder perceptions as per the strategic intent of the acquisition. A brand strategy is also important in the process of motivating internal stakeholders, employees for instance, to align their efforts. (Kernstock & Brexendorf 2012, 171.)

Branding and M&A literatures recognize several different strategies for integrating corporate brands after an acquisition (Rothermel & Bauer 2016; Gussoni & Managani 2012; Jaju et al. 2006; Basu 2006; Ettenson & Knowles 2006). The main distinction between these integration strategies is whether or not the involved corporate brands are retained (Rothermel & Bauer 2016; Ettenson & Knowles 2006). This chapter presents four different strategies for integrating corporate brands in cross-border acquisitions mainly referencing the studies conducted by Gussoni and Managani (2012) and Basu (2006). This chapter additionally discusses the challenges related to different corporate brand integration strategies as well as the process behind choosing an integration strategy.

3.3.1 Integration strategies for corporate brands

Gussoni and Managani (2012, 773) introduce four main strategies to choose from when integrating brands in M&As. First, the acquirer extends its corporate name to the target company. This strategy is also known as acquirer-dominant branding strategy. Second, the acquirer may decide to keep the target company's name. Third, the acquirer may combine the two names, or fourth, to create a completely new corporate name. (Gussoni & Mangani 2012, 773.) Basu (2006) discusses four similar strategies for integrating corporate brands in acquisitions. The strategies are presented in figure 7 below.

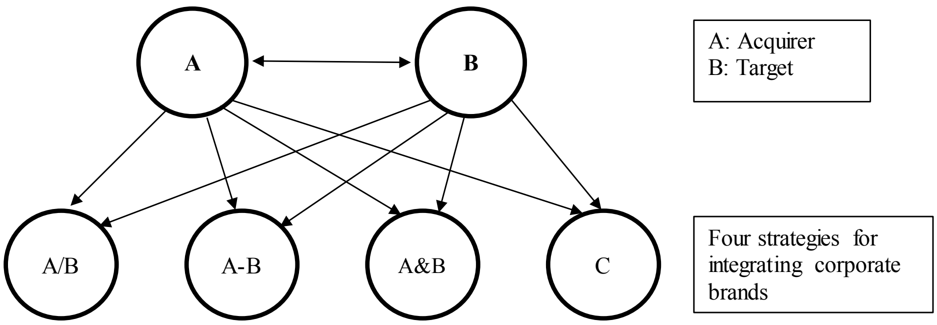

Figure 7 Strategies for integrating corporate brands in acquisitions (Basu 2006, 30)

A and B in figure 7 represent the acquirer and target companies in an acquisition. The four options below them – A/B; A-B; A&B and C – represent the four generic strategies for integrating corporate brands in acquisitions. A/B is a "one brand" strategy, which in most cases refers to acquirer dominant branding strategy where the newly formed entity takes the acquirer's corporate brand and the target's corporate brand is consequently dropped. The second option, A-B, is a "joint brand" strategy where the acquirer keeps the target's name in the corporate name of the newly formed entity. Third, A&B, is a "flexible brand" strategy, in which the target company continues operations under its own brand name, at least until a gradual absorption into the acquirer's corporate brand. Finally, strategy option C is a "new brand" strategy where a completely new corporate brand is created. (Basu 2006, 29–31.)

Lambkin and Muzellec (2010), Jaju et al. (2006) as well as Ettenson and Knowles (2006) found that a large proportion of acquisitions take place between companies with substantial differences in relative sizes which consequently leads to the popularity of using the dominant-acquirer branding strategy. Whereas Gussoni and Mangani (2012) as well as Basu (2006) discovered that mergers, unlike acquisitions, generally use a combination of the merging companies' names, in other words, the joint brand strategy, displayed by A-B in figure 7. A new corporate brand (C in figure 7) is generally adopted in situations where the new company wants to signal both internal and external stakeholders of radical post-M&A transformations. Such radical transformations are generally related to the company's product mix, customer reach, corporate culture, and relationship with shareholders. (Basu 2006, 31.) Additionally, the branding strategy that is adopted by the acquiring company may change over time. The brand integration may start by using a joint brand strategy (A-B) or a flexible brand strategy (A&B) (see figure 7) and gradually migrate to an acquirer dominant strategy where the target is absorbed under the acquirer's brand. (Basu 2006, 32.)

3.3.2 Challenges of different corporate brand integration strategies

Rothermel and Bauer (2016, 368) emphasize three challenges that, according to them, are likely faced by companies in the process of integrating corporate brands in acquisitions. The three challenges are retaining brand value, taking the perspective of all company stakeholders into consideration and keeping the focus on brand management during an M&A transaction. In terms of stakeholder considerations, Thorbjørnsen and Dahlén (2011) similarly found that acquirer dominant brand strategies generally lead to negative reactions among the target brand customers and consequently provokes intentions to switch brands as a result of the M&A. Dominant acquirer branding strategy was found to evoke feelings of losing control over brand relationship and freedom of choice among customers of the target company. Thorbjørnsen and Dahlén (2011, 339) also found that customer involvement in the M&A process gradually mitigates the negative responses: "*Customers value being part of the process and having the opportunity to influence the outcome"*. Leitch and Richardson (2003) made similar findings in terms of customer involvement.

In contrast to the results from the studies conducted by Thorbjørnsen and Dahlén (2011), Lambkin and Muzellec (2010) found that acquirer dominant brand redeployment is welcomed by target stakeholders in cases where there is a perceived benefit from the redeployment of brand equity from the acquirer. Jaju et al. (2006) on the other hand, reported findings of their research stating that corporate brand equity is often reduced as a result of M&As. Jaju et al. (2006) also found that perceived fit between the acquirer and target brands is an important factor, especially in dominant acquirer brand integration. Stakeholders are likely to develop more positive attitudes toward the integration of corporate brands when the acquirer and target companies are perceived to have high fit, meaning the merging companies are similar to each other. The study conducted by Jaju et al. (2006) also indicates that dominant acquirer branding strategy in the case of a bad fit between the merging companies may lead to considerable decrease in the brand equity of the newly formed entity. Table 3 summarizes opportunities and threats of the four integration strategies presented earlier (see figure 7).

Table 2 Opportunities and threats of corporate branding strategies (Rothermel & Bauer 2016, 373)

Brand integration strategy (see figure 7)	Opportunities	Threats
Acquirer dominant (A/B)	• Simple implementation • Realization of synergies • Transfer of positive image attributes to the new entity	► Destruction of brand value as one corporate brand is dropped out ► Uncertainty among stakeholders
Joint brand (A-B)	• No destruction of brand value • Simple implementation	► Low synergy potential
Flexible brand (A&B)	• No destruction of brand value • Maximization of market coverage	► High maintaining costs ► Low synergy potential
New brand (C)	• Launch of a new brand suitable to internal and external requirements • Excluding negative brand equity	► Destruction of corporate brand values ► Establishment costs ► Uncertainty among stakeholders ► Embedding the new corporate brand into customers' memory

As can be seen in table 3, joint brand and flexible brand strategies are least likely to destroy brand value as both corporate brands are maintained. However, these strategies also have the lowest synergy potential due to similarities in market positioning. Acquirer dominant strategy, on the other hand, allows the realization of synergies as well as the transfer of positive image attributes to the new entity, which is further discussed in chapter 3.4. However, acquirer dominant brand integration as well as the new brand strategy potentially destroy brand equity as either one or both corporate brands are dropped. (Rothermel & Bauer 2016, 373.)

Jaju et al (2006), in contrast, found that acquirer dominant brand integration, where the newly formed entity takes the name of the acquiring company outperforms brand redeployment options where both the acquirer and target's brand names are maintained in the newly formed entity. Jaju et al. (2006) also emphasize the need for company managers to consider the post M&A corporate brand integration from different stakeholder perspectives. Acquirer dominant brand integration, for instance, is found to be efficient from the customer's perspective, whereas the internal stakeholders of the target company may raise criticism of a brand redeployment strategy that consequently results in the loss of their company's corporate identity. (Jaju et al. 2006.) Similarly, Rothermel and Bauer (2016), Ettenson and Knowles (2006) as well as Kumar and Blomqvist (2004) argue that the chosen brand integration strategy must be implemented and managed properly in order to retain and improve the company's relationships with customers, investors and employees. The process of choosing a corporate brand integration strategy from the presented options is discussed next.

3.3.3 Choosing a corporate brand integration strategy

Kernstock and Brexendorf (2012, 171) state that in an M&A context, the main task of brand management is to make a decision about the continuation or deletion of existing brands or the creation of new brands. Additionally, the acquiring company must evaluate the long-term brand strategy implications throughout the M&A process in order to enhance the acquisition's value generating ability. A recent study by Bauer, Matzler and Wille (2012) discovered that corporate brand integration strategy has substantial implications for acquisition performance. However, indicators and determinants behind specific brand integration strategies have yet to be detected (Bauer et al. 2012). Bauer et al. (2012) additionally discovered a negative relationship between corporate brand integration strategy and acquisition performance, which is mainly caused by negative stakeholder evaluations, organizational concerns and increased costs due to changes. Consequently, Rothermel and Bauer (2016), for instance, suggest that minimizing negative stakeholder reactions by mapping and analyzing the interests of different stakeholder groups prior to integration is a suitable approach for choosing a corporate brand integration strategy.

Furthermore, corporate brand integration strategy used in an acquisition should be in-line with the company's overall business objectives (Kumar & Blomqvist 2004, 21–22). Additionally, acquisition type can also affect the process of choosing a suitable corporate brand integration strategy (Basu 2006). Similarly, Vú et al. (2009) suggest that acquirer dominant (A/B in figure 7) and flexible brand (A&B in figure 7) strategies are commonly related to cost-saving objectives whereas new brand (C in figure 7) and joint brand (A-B in figure 7) strategies are generally aiming at growth. Table 4 introduces two distinct sets of criteria by Jaju et al. (2006) as well as Kumar and Blomqvist (2004) that can be used in the process of formulating a corporate brand integration strategy in an acquisition.

Table 3 Criteria for formulating an M&A brand strategy (Jaju et al. 2006; Kumar & Blomqvist 2004)

Jaju, Joiner and Reddy (2006, 208–209)	Kumar and Blomqvist (2004, 23–24)
• Brand familiarity • Perceived fit • Attitude toward the corporate brand	• Control • Strategic importance • Relative brand strength • Brand synergies • Risk involved

The two sets of criteria listed in table 4 are guidelines against which acquirers can reflect the target corporate brands and potentially utilize in the process of choosing an integration strategy. Control in this context refers to the share of equity and voting stock the acquirer will hold of the target company after the acquisition. Majority ownership is crucial as it secures long-term strategy control to the acquirer. Strategic importance refers to the importance of the target company's brand to the acquirer's business, whereas relative brand strength reflects the acquirer and target's corporate brands against each other, to determine market related establishments, for instance. (Kumar & Blomqvist 2004, 23–24.)

Brand synergies and perceived fit in table 4 are similar to the concepts of market and brand relatedness in acquisitions, which is discussed in branding and M&A literatures (Hussinger 2010; Homburg & Bucerius 2006; Cassiman, Colombo, Garrone & Veugelers 2005) Market relatedness, as previously discussed in chapter 2.1 of this study, can potentially yield synergy related advantages in the acquisition transaction, including brands (Capron & Hulland 1999) and should therefore be considered in the process of choosing a suitable strategy for integrating corporate brands, regardless of the fact that Bauer et al. (2012) concluded in their research that market relatedness is not a determinant nor an indicator for a brand integration strategy. Risk assessment involves looking into the feasibility of re-branding and overall association to the target company's brand; are the two brands compatible without conflict and how do different stakeholders react to the brand linkage (Kumar & Blomqvist 2004, 24). Determining the reactions of different stakeholder groups as a part of risk analysis is also consistent with statements from Rothermel and Bauer (2016) in regards to mapping and analyzing stakeholder interests and preferences as a starting point for strategy formulation.

According to several studies (Lambkin & Muzellec 2010; Capron & Hulland 1999) acquirers generally hold stronger and more established brands than targets and brand resources are consequently redeployed from acquirer to target. However, when the target's corporate brand is well established in the market ("brand familiarity" and "brand strength” in table 4), the transition must be managed very carefully in order to avoid losing brand equity. (Jaju et al. 2006; Kumar & Blomqvist 2004.) In such cases, however, the loss of brand equity may be an inevitable outcome, as indicated by Bauer et al. (2012). In conclusion, branding and M&A literatures recognize a link between corporate brand integration strategies and acquisition performance, but do not offer ready frameworks for strategy formulation (Bauer et al 2012). However, previous branding and M&A literatures recognize the importance of understanding the interests of different stakeholder groups (Rothermel & Bauer 2016; Kumar & Blomqvist 2004), the potential impact of acquisition type on strategy and alignment with acquirer’s business goals (Vú et al. 2009; Basu 2006; Kumar & Blomqvist) as well as the implications of market relatedness (Jaju et al. 2006; Capron & Hulland 1999) as important to the integration of corporate brands, and should therefore be considered in the strategy formulation process. The following chapter discusses the transfer of different tangible and intangible elements of corporate brand equity from acquirer to target in a cross-border acquisition.

3.4 Transferring corporate brand equity in cross-border acquisitions

The acquirer dominant brand integration strategy, (A/B in figure 7), is commonly used especially in horizontal acquisitions (Gussoni & Managani 2012) and in acquisitions where the acquirer is substantially larger than the target (Thorbjørnsen & Dahlén 2011, 332; Lambkin & Muzellec 2010; Basu 2006). In such unbalanced acquisitions, resources are often dominantly redeployed from acquirer to target, whereas the opposite redeployment of resources is minimal (Capron and Hulland 1999). Transferring corporate brand equity from acquirer to target can be challenging, as previously mentioned in this study, corporate brands are highly complex (Muzellec; Lambkin 2009; Aaker & Joachimsthaler 2000) elements that comprise of internal and external dimensions (Schultz & de Chernatony) while recognizing intangible brand value is relatively difficult (El-Tawy & Tollington 2008; Otonkue et al. 2010). Therefore, the acquiring company must manage these aforementioned complexities and consequently discover a way in which the acquirer’s corporate brand equity can be transferred to the target in a way that preserves brand equity and potentially enables the merged company to utilize synergistic advantages (Rothermel & Bauer 2016; Lambkin & Muzellec 2010). The relatedness of the acquirer’s business to that of the target’s was discussed in chapter 3.3.3 in relation to the process of choosing an integration strategy. Similarly, market relatedness, according to Lambkin and Muzellec (2010), Kaplan (2006) and Andrade et al. (2001) substantially affects the pattern of resource redeployment in acquisitions.

Lambkin and Muzellec (2010) studied which elements of brand equity can be redeployed from acquirer to target in an acquisition. Subsequently, brand resource redeployment from acquirer to target is grouped under two distinct categories, which are corporate reputation and corporate culture (displayed as arrows in figure 8 below). Corporate reputation is consequently divided into brand name, corporate ability and financial position, whereas corporate culture is described as “Know-How Transfer” of product mix and expertise as well as internal systems and metrics. (Lambkin & Muzellec 2010.)

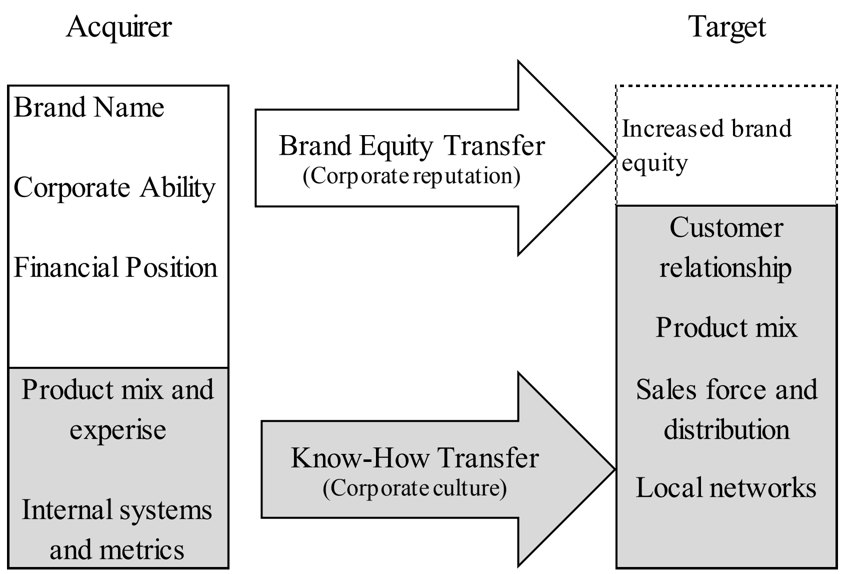

Figure 8 Post M&A brand equity transfer (Lambkin & Muzellec 2010)

Figure 8 above illustrates the transferrable elements of brand equity by Lambkin and Muzellec (2010). In addition to the actual brand name, which embodies the value of the brand, corporate ability and financial position are also transferred from acquirer to target after an acquisition. In contrast, Capron and Hulland (1999) concluded that in addition to the actual brand, other supportive company elements, such as sales force and marketing expertise are transferred from acquirer to target in an acquisition. Corporate ability and financial position have been found to have a high importance in the creation of either positive or negative brand associations (Lambkin & Muzellec 2010; Brown & Dacin 1997). Brown and Dacin (1997, 70) define corporate ability as *“expertise in producing and delivering product and/or service offerings”*. A company that positions itself using a corporate ability (CA) based strategy can focus on the superiority of internal research and development and the following technological innovation, the expertise of its employees, customer orientation or industry leadership, for instance, in order to build and strengthen brand associations (Brown & Dacin 1997, 70). “Know-How Transfer” in figure 8 above represents the transfer of intangible elements that build up the company's corporate culture. Corporate brands are known to be deeply rooted in the cultures and structures of companies that own them (Capron & Hulland 1999). Consequently, corporate cultures must be integrated and proactively managed in acquisitions in which corporate brands are integrated (Hassett et al. 2011). Transferring corporate cultures from acquirers to targets is one of the most challenging and time consuming parts of an M&A integration process (Hassett et al. 2011), which is further discussed in chapter 3.7 of this study. All in all, in addition to the actual corporate brand name, the transfer of corporate brand equity in acquisitions includes a number of other elements (Lambkin & Muzellec 2010; Capron & Hulland 1999) that must be transferred as well. The following chapter discusses acquirer marketing capability, which has been found to be an important facilitator in the integration of corporate brands (Newmeyer, Swaminathan & Hulland 2016; Bahadir, Bharadwaj & Srivastava 2008).

3.5 Acquirer marketing capability

Acquirer marketing capability is briefly discussed in this chapter in relation to branding strategies in order for this study to comprehensively answer the research questions, specifically the first sub research question "What are the different factors taken into consideration in the integration process". Acquirer marketing capability is a key factor influencing the success of brand integration in mergers and acquisitions (Newmeyer, Swaminathan & Hulland 2016, 134). Bahadir, Bharadwaj and Srivastava (2008, 51) define acquirer marketing capability as *"The acquirer's ability to combine efficiently several marketing resources to engage in productive activity and attain marketing objectives".* Marketing capability is an "intellectual" or "knowledge-based" resource that can provide competitive advantage to a company, and its presence is also important in the context of integrating brands in M&As (Capron & Hulland 1999, 44). In addition, a company with a strong marketing capability can achieve better targeting and positioning of its brands in comparison to competitors, which, in turn, generates competitive advantage (Dutta, Narasimhan & Rajiv 1999, 550). Bahadir, Bharadwaj and Srivastava (2008) found that strong marketing capabilities enable acquirers to attribute higher value to target companies' brands due to their higher future revenue expectations.

Marketing capabilities are also transferrable in acquisitions due to low levels of organizational complexity. Similarly to brand resources, marketing capabilities are also redeployed dominantly from acquirers to targets in acquisitions. (Capron & Hulland 1999.) According to (Newmeyer, Swaminathan & Hulland 134), in addition to the presence of marketing capability in the acquiring company, also the presence of a marketing management structure, referring to senior managers responsible for marketing functions, is essential. In addition to potentially contributing to the company's sales and the ability to generate cash flows from a brand asset, superior marketing capabilities also enable the acquirers to better tackle the resource immobility constraints related to brands. Acquirer marketing capability also facilitates the redeployment of resources, including the transfer of brand equity, which was discussed in the previous chapter, to further strengthen the target asset (Newmeyer, Swaminathan & Hulland 2016, 134; Lambkin & Muzellec 2010; Capron & Hulland 1999).

In regards to marketing management structure, the acquirer needs structural commitment as well as actual marketing management capability, which is generally intangible in nature. Senior managers, who are responsible for marketing strategy and execution, are needed to facilitate the redeployment of resources that are critical to brand and product success. Additionally, having a formal marketing management structure in place indicates that brand related strategic decisions are aligned with the company's broader strategic goals. (Newmeyer, Swaminathan & Hulland 2016, 134.) In conclusion, acquirer marketing capability as well as the presence of marketing management structure are essential in facilitating the integration of corporate brands in acquisitions. The following chapter discusses stakeholder perspective to integrating corporate brands in cross-border acquisitions.

3.6 Stakeholder perspective of integrating brands in cross border M&As

Corporate brands address and deal with the requirements of multiple stakeholders. Such stakeholders include, for instance, employees and managers, suppliers, investors, regulators as well as local communities. (Hatch, Schultz & Wally 2008, 9–12; Roper & Davies 2007; Hatch & Schultz 2003.) King and Taylor (2012) similarly emphasize the importance of seven distinctive stakeholder groups in acquisition integration. The seven stakeholder groups by King and Taylor (2012) are employees, competitors, customers, advisors, lenders, vendors and government regulators. Additionally, previous literature highlights the importance of employees in regards to corporate brands and corporate brand integration (Roper & Davies 2007; Balmer & Gray 2003; Schultz & de Chernatony 2002; Hatch & Schultz 2001; Harris & de Chernatony 2001; Morsing & Kristensen 2001) Roper and Davies (2007, 77), for example, argue that the employees' attitudes and behavior can *"make or break the corporate brand*". In other words, employees are likely to transfer their own negative attitudes toward the corporate brand to other stakeholders, such as customers, as well. Similarly, King and Taylor (2012) argue that the execution of post-acquisition integration along with the integration of corporate brands will inevitably fail regardless of the chosen strategy, if the people needed to execute it are not on board. Therefore, company employees are in a key role in the integration of corporate brands.

Acquisitions cause uncertainty, which may decrease trust toward the organization among stakeholders (Rothermel & Bauer 2016, 370) and therefore acquisitions require effective stakeholder management, especially considering the broad scope of audience that corporate brands address (Roper & Davies 2007). Addressing the needs of several stakeholder groups and managing multiple stakeholder perceptions makes corporate brand management and the integration of corporate brands in acquisitions a challenging task. In order for corporate brand integration to be successful, company managers need to address different stakeholder needs while simultaneously ensuring a consistent image across all stakeholders. (Anisimova 2014, 442.) Furthermore, Rothermel and Bauer (2016, 376) recommend a distinction to be made between target and acquirer's stakeholders, as studies by Ettenson and Knowles (2006), for instance, indicate substantial differences in the reactions of target and acquirer stakeholders to the integration of corporate brands in M&As. Such distinction, according to Rothermel and Bauer (2016) would improve the understanding of different nuances of brand integration in M&As.

When integrating corporate brands after an acquisition, a consistent understanding about the chosen branding strategy among all stakeholders, from managers, partners, employees and customers to shareholders, must be reached by the newly merged company (Chang, Chiang & Han 2015; Yang et al. 2011; Jaju et al. 2006). Yang et al. (2011, 448) discuss a "harmonization rule" in regards to integrating brands in acquisitions, which puts emphasis in the actions of the management. Management has to mind the people side of brands in order to make sure that everyone understands the different aspects of the branding strategy after the acquisition. (Yang et al. 2011, 448.) Yang, Davis and Robertson (2011) as well as Newmeyer, Swaminathan and Hulland (2016) emphasize the importance of stakeholder communication in the different stages of the brand integration process in acquisitions. Stakeholder communication is also in a key role in obeying the previously mentioned harmonization rule; company management has to get the 'synergies' message across the company for employees, partners and consumers for all of them to know what is going on. Additionally, effective sharing of information is likely to increase stakeholder involvement as part of the new business. (Yang, Davis & Robertson 2011, 448–449.)

The importance of stakeholder communication is even higher in acquisitions that adopt the acquirer dominant branding strategy and move the target company under the acquirer's brand. Deleting a brand, which usually happens to the target brand in acquirer dominant acquisitions, has a high probability of resulting in negative reactions from employees and customers alike. Employees are likely to have generated feelings of attachment to the brand, and may therefore feel the repercussions from brand change. Additionally, brand change may also introduce uncertainty and imply power change, both of which may cause redundancy. Hence, regular reassurance and explanation should be given to all stakeholders, regardless of the chosen brand integration strategy. (Yang, Davis & Robertson 2011.)

Additionally, as M&A activity often worries and upsets the personnel, it may result in change resistance (Lundqvist 2011, 87). Active communication and human resource management during the acquisition process is important in order to reduce the possible change resistance (Hassett et al. 2011, 121). Extensive communication is likely to reduce feelings of anxiety, and support involvement (Lundqvist 2011, 86). Hasset et al. (2011) suggest that unless employees are properly managed throughout the integration process and helped to deal with changes, the resulting employee dissatisfaction may lead to the loss of customers. Additionally, marketing and organizational literature suggests that corporate brand building should be a mutual process between an organization and its stakeholders. Consequently, recognizing and understanding key stakeholder needs and expectations is essential for corporate branding and corporate brand integration in acquisitions. (Anisimova 2014, 442; Gregory 2007, 61.)

However, as Gregory (2007, 62) points out, despite the widely accepted notion that stakeholders have a key role in corporate brand development, literature does not sufficiently articulate an overall process of how this stakeholder participation happens and what the degree of stakeholder involvement in the brand development and integration process should be. Consequently, Gregory (2007, 66) uses a power/ interest matrix (figure 9 below) for categorizing stakeholders into four different sections depending on the nature of their relationship with the organization. Different stakeholder communication strategies should be used for each of these four sections (Gregory 2007, 66).

		Interest	
		Low	High
Power	Low	**A** Minimal effort	**B** Keep informed
	High	**C** Keep satisfied	**D** Key players

Figure 9 Categorization of stakeholders to the Power/Interest matrix (Gregory 2007, 65)

The power/interest matrix can be used as a tool in strategic planning. Stakeholders are categorized based on the amount of power of influence and the level of interest they may have in an issue. The more the stakeholders have power and influence, the greater the influence their actions have on the organization. The matrix can be used for tailoring different communication strategies for each segment. (Gregory 2007, 65.)

Informing strategies will be targeted at stakeholders with low interest and power, illustrated by segment A in figure 9. Stakeholders in this particular segment are not likely to actively seek information but the organization may wish to stimulate interest nonetheless. Consequently, a mechanism for feedback should be available in case this segment becomes more active. Stakeholders in this segment are not actively engaging in cooperative brand building and the company will mostly be engaged in one-way communication. (Gregory 2007.) Segment B consists of stakeholders with a certain level of engagement and a need for dialogue. A consultation strategy is deployed for this segment; listening and active responding is required. Stakeholders in segment C provide an opportunity for more collaborative working and fuller engagement. Segment C consist of stakeholders with high power, yet low interest; shareholders with purely financial interest generally fall into this category. (Gregory 2007.) Segment D requires full engagement, open dialogue and a relationship based on peer respect and equality. Stakeholders in this segment have a capability to either significantly contribute, or in contrast, seriously damage the organization and the brand building process. (Gregory 2007, 65–66.) In conclusion, the successful management of corporate brand integration in cross border acquisitions requires thorough understanding of how different stakeholder groups perceive the modifications to the corporate brand (Rothermel & Bauer 2016; Brown, Dacin, Pratt & Whetten 2006; Jaju et al. 2006) In addition to stakeholders and stakeholder management and communication, recognizing different cultural aspects and integrating organizational cultures is essential for the success of corporate brand integration in acquisitions. Consequently, the following chapter discusses the role of culture in cross-border acquisitions as well as its implications to corporate brand integration.

3.7 The role of culture in cross-border M&A brand integration

Brands are intangible assets that are deeply rooted in the cultures and structures of companies that own them, indicating a high level of organizational complexity (Capron & Hulland 1999). According to Capron and Hulland (1999, 43), "*organizational complexity arises when resources are embodied in the organizational routines, systems, and cultures of firms, and/or when they span many organizational functions*". Muzellec and Lambkin (2008, 296) suggest that the integration of corporate cultures facilitates brand integration by mitigating the negative impact caused by the change of corporate names and also reduces the probability of damaging the corporate brand. Similarly, Kernstock and Brexendorf (2012) found in their research that corporate brands rely on a combination of corporate culture, values and images that evolve over time. Consequently, when integrating brands in acquisitions, it is also important to integrate corporate cultures and values (Kernstock & Brexendorf 2012).

Cultural integration is one of the most challenging and time consuming parts of an M&A integration process. Figure 10 below illustrates the speed of cultural (and HR) integration in the post-acquisition phase. (Hassett et al. 2011, 119–120.)

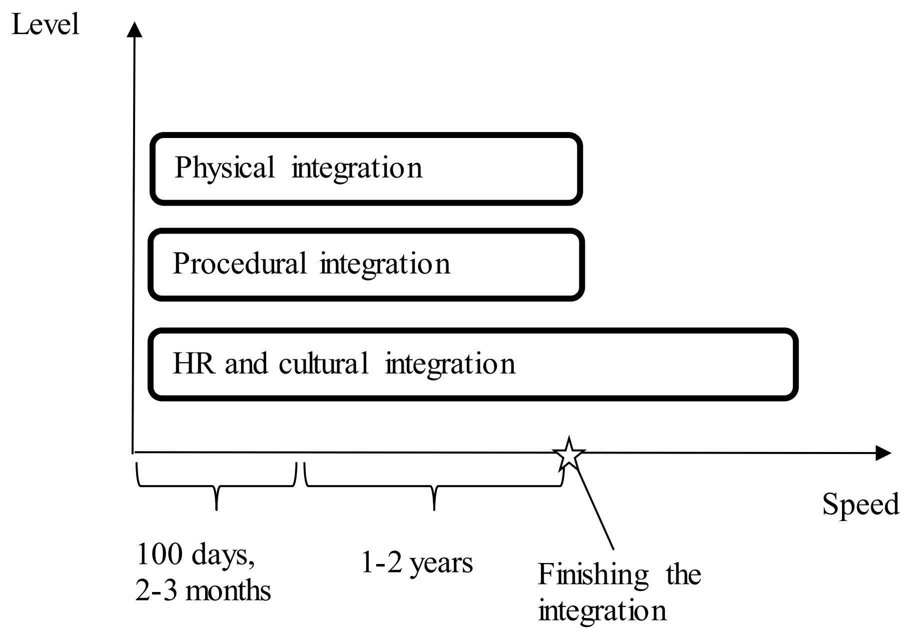

Figure 10 Post M&A cultural integration (Hassett et al. 2011, 119)

As can be seen in figure 10 above, compared to physical and procedural integration, the integration speed of cultures is relatively slow. Managers tend to hope that the organizational cultures of the acquirer and target companies will merge over time. However, if not knowingly integrated, the separate cultures may coexist for years. Additionally, the acquirer usually regards its own culture to be superior to the target's culture and expects the target company to automatically adopt the acquirer's culture. Such cases often provoke resistance, which may impede the entire integration process. (Hassett et al. 2011, 120–122.)

In terms of cultural integration, acquisitions result in acculturation, which refers to the process of contact, conflict and adaptation, and occurs in four modes, which are assimilation, integration, deculturation or separation of the merging companies' original culture patterns. The specific mode depends on the employees' level of satisfaction with their existing culture as well as their evaluation of the attractiveness of the other culture. (Hassett et al. 2011, 123–124; Yang, Davis & Robertson 2011, 447–448). Acculturation in mergers and acquisitions is illustrated in figure 11 below.

	Very willing	Not at all willing
Very attractive	Assimilation	Integration
Not at all attractive	Deculturation	Separation

Figure 11 Acculturation in mergers and acquisitions (Hassett et al. 2011, 124)

Figure 11 presents the four modes of acculturation as a fourfold table. “Very attractive” and “Not at all attractive” refer to the attractiveness of the acquirer’s culture whereas “Very willing” and “Not at all willing” refer to the willingness of target employees to abandon their old culture. Therefore, as can be seen in figure 11 above, in assimilation, the target company’s employees find the acquirer’s culture very attractive and are willing to abandon their old culture, which could potentially lead to smooth integration. Deculturation implies employee dissatisfaction with their existing culture, while finding the acquirer’s culture unattractive. Integration represents the ideal case with interaction and adaptation between the two cultures results in the development of a new culture. Separation is a scenario where the target company’s employees resist all attempts of adopting or assimilating the acquirer’s culture. (Hassett et al. 2011, 120–124.)

According to Yang et al. (2011) brand integration process and acculturation in mergers and acquisitions are interrelated processes as brands and organizational and national cultures are involved. In other words, it is a process of acculturating brand ID among employees, customer recognition, competitor reactions and brand strategic fit into the new organizational culture. The market consideration of branding is also a delicate cultural matter; whether customers in different countries accept the brand or brands of the newly merged entity. (Yang et al. 2011, 447–448.) The following chapter concludes the theoretical background part of this study by presenting a synthesis of the theoretical discussions in chapters 2 and 3 and consequently creates a theoretical framework for the empirical part of this study, which begins in chapter 5.

3.8 Synthesis

This chapter concludes the literature review that was presented in chapters 2 and 3 and subsequently compiles the previous theoretical discussions into a theoretical framework for the empirical part of this study. The purpose of this thesis is to study how companies integrate corporate brands in cross-border acquisitions. The emphasis is consequently on the factors to be taken into consideration in the integration process as well as on the roles of different stakeholders and on the challenges that companies are likely to face when integrating corporate brands in cross-border acquisitions. Chapter 2 covers a number of aspects and nuances of acquisitions, which have an impact in the integration of corporate brands. Such aspects include the type and size of the acquisition as well as the pre- and post acquisition phases and the level of relatedness between the merging companies' markets and operations. Chapter 3 on the other hand focuses on corporate brand integration in acquisitions.

Chapter 3.3.3 of this study discusses different aspects that potentially impact the decision of which brand integration strategy to implement in the acquisition. Bauer et al. (2012), for instance, concluded in their study that corporate brand integration strategy has substantial implications for acquisition performance, but literature fails to recognize determinants behind specific brand integration strategies. The lack of knowledge about the determinants of brand integration strategies, as well as the subsequent lack of a framework to guide organizations in corporate brand integration acts as a motivation for this thesis to study factors that impact the integration of corporate brands. Previous literature indicates that corporate brands are valuable and highly complex company assets (Hatch, Schultz & Wally 2008; Kotler at al. 2004) that potentially account for a significant portion of companies' market capitalizations (Otonkue et al. 2010). However, brand related issues are generally ignored in acquisitions (Ettenson & Knowles 2006; Balmer & Dinnie 1999). Previous literature additionally shows that intangible value related to corporate brands is difficult to quantify (El-Tawy & Tollington 2008; Otonkue et al. 2010) and might therefore go unrecognized by acquirers. Consequently, this thesis examines the target company corporate brand's market specific establishment and perceived recognition as a factor in the integration of corporate brands in an acquisition, in an international context.

Previous studies (Hatch, Schultz & Wally 2008, 9–12; Roper & Davies 2007; Hatch & Schultz 2003) indicate that different stakeholder groups have an important role in the integration of corporate brands and minimizing negative stakeholder reactions (Rothermel & Bauer 2016) can facilitate the successful integration of corporate brands. Previous literature also highlights the importance of employees in corporate brand integration (Roper & Davies 2007; Balmer & Gray 2003; Schultz & de Chernatony 2002; Hatch & Schultz 2001; Harris & de Chernatony 2001; Morsing & Kristensen 2001) and indicates that unlike in most previous studies, a distinction between target and acquirer's stakeholders should be made (Rothermel & Bauer 2016), as some studies (Ettenson and Knowles 2006) indicate substantial differences in the reactions of target and acquirer stakeholders toward the integration of corporate brands in M&As. Distinction between target and acquirer stakeholders, according to Rothermel and Bauer (2016), would improve the understanding of different nuances of brand integration in M&As. Consequently, this thesis examines the roles of different stakeholder groups in corporate brand integration, specifically distinguishes between target and acquirer stakeholders, and places additional emphasis in both the target and acquirer's employees. In addition, stakeholder communication and its role in the corporate brand integration process is examined. Finally, this thesis seeks to map out potential challenges that companies face when integrating corporate brands in cross-border acquisitions and consequently improve the readiness of future acquirers to create action plans for dealing with such challenges. The following chapter introduces the methodology and research approach of this thesis, after which the empirical findings are presented and discussed in chapter 5.

4 RESEARCH DESIGN

4.1 Research approach

A researcher who is planning to conduct an empirical study has to decide which method to use in the research. The two possible options from which to choose from are qualitative and quantitative data collection and analysis methods. Ghauri and Grønhaug (2002, 85) define research methods as "*systematic, focused and orderly collection of data for the purpose of obtaining information from them, to solve/answer our research problems or questions.*" Consequently, the decision on which method to use should be derived from the research problem and objective of the study at hand (Ghauri & Grønhaug 2002, 85; Alvesson & Sköldberg 2000, 3–4; Eskola & Suoranta 1998).

Ghauri and Grønhaug (2002, 86) state that the distinction between qualitative and quantitative research methods cannot be made based on quality; the main differences are in the procedures. Qualitative research is looking to identify processes as well as understand and explain behavior, beliefs and the context of people's experiences (Hennink, Hutter & Bailey 2011, 16–17.) Qualitative research generally aims at developing theory, and to describe, explain, and understand the studied subject, instead of testing a precise hypothesis, as in quantitative research (Morse 1994, 3). Bailey (2014, 169), on the other hand, argues that the abstract nature of qualitative research complicates the composition of a formal definition.

In order to be able to effectively and thoroughly answer the main research question and sub research questions, while taking into consideration the objective of this study, qualitative research strategy was regarded as the best option to follow. This study examines *how companies integrate corporate brands in cross-border acquisition*s. The main research question is approached through three sub research questions, each of which is qualitative in nature. Different factors to be considered in the integration process (sub question 1.) as well as stakeholder roles (sub question 2.) and challenges (sub question 3.) in the corporate brand integration process are not easily quantifiable and presentable as numeric data, hence the qualitative approach.

Eskola and Suoranta (1998, 15) list a set of specific characteristics and criteria that are typically related to qualitative research. The list is presented below in bullet points. These criteria are reflected against this study in order to validate the chosen research method.

- Data collection method
- The studied subjects' perspective
- Purposive sampling
- Inductive analysis of the collected data

- Lack of research hypotheses
- Researcher's role
- Narrativeness

As qualitative research aims at contributing to the better understanding of social realities by looking into processes, meaning patterns and structural features of the studied concepts, the data in qualitative research is preferably collected in a natural setting avoiding researcher manipulation. Additionally, the research problem may have to be reviewed several times during the course of the research process (Flick, von Kardorff & Steinke 2004, 3; Eskola & Suoranta 1998, 15–16; Hirsjärvi, Remes & Sajavaara 1997). This study is reviewing the corporate brand integration process in the context of cross border acquisitions by specifically targeting the processes and structural features of the integration process. The empirical data is collected in a natural setting with minimal manipulation, based on the theoretical background of the study. Additionally, the design of the research problem is constantly reviewed during the research process. According to these aforementioned factors, this study meets the first criterion in the list by Eskola and Suoranta (1998, 15–16).

The second distinctive feature of qualitative research according to Eskola and Suoranta (1998, 16) is the perspective from which the research problem is examined, which is the perspective of the respondent. This perspective in qualitative research stems from ontological and epistemological orientations. In qualitative research, social reality is perceived subjective. In other words, social reality is constructed as a result of meanings and contexts that are jointly created in social interaction. (Flick et al. 2004, 6–7.) Therefore, the researcher is looking to observe and discuss in order to attain information (Hirsjärvi et al. 1997). The empirical data for this study is collected via a number of in-depth interviews with selected individuals. The goal is to make observations from the interviewees' perspective based on the discussions.

Third, purposive sampling refers to the relatively small size of the sample as oppose to a large random sample (Eskola & Suoranta 1998, 18; Hirsjärvi et al. 1997, 165). In this study, in-depth interviews are conducted with a few carefully selected individuals with first-hand experience in the process of integrating corporate brands in cross-border acquisitions. Hence, purposive sampling criterion is met.

Fourth, qualitative research often uses inductive analysis for analyzing the collected empirical data (Eskola & Suoranta 1998, 19). Inductive analysis draws general conclusions from the collected empirical data, from which theory is then derived. Deductive analysis, in contrast, is logic-based and tests hypotheses and either confirms or contradicts them. (Alvesson 2011; Ghauri & Grønhaug 2002, 13 –15.) This study has deductive characteristics as it draws heavily on the theoretical framework on corporate brand integration. However, the goal of this study is not to test nor implement concepts that are introduced in the literature review. In contrast, this study is set out to fill gaps in the current literature concerning corporate brand integration in cross border mergers and acquisition, consequently utilizing inductive analysis of collected empirical data, which is in accordance with the fourth qualitative research criterion by Eskola and Suoranta (1998).

Fifth, even though theory-driven observation is unquestioned, the lack of research hypotheses is a distinctive characteristic of qualitative research (Flick et al. 2004, 153; Eskola & Suoranta 1998, 19). Pre-formulated hypotheses are predominantly rejected in qualitative research due to the awareness that knowledge influences observation and action and researchers prefer not to be ‘fixed’ by the hypotheses. Consequently, hypotheses are suspended in qualitative research in order to attain the greatest possible openness to the meanings and relevances of actors. (Flick et al. 2004, 153–154.) As earlier mentioned, this study draws heavily on the branding and M&A literatures, which means that theory-driven observation plays a major role. However, this study does not use a hypothesis, therefore the fifth criterion is met.

Sixth, the researcher plays an important role in qualitative research. Instead of being a source of disturbance that needs to be monitored or eliminated, the researcher’s reflective capabilities about his actions and observations in the field of investigation are essential to making discoveries and getting results. (Flick et al. 2004, 8.) Additionally, qualitative research process allows certain liberties for the researcher in terms of planning and conducting the research as well as analyzing the results and drawing conclusions (Eskola & Suoranta 1998, 16–25). The role of the researcher in this study can also be seen as important because this study does not test a hypothesis, but aims at addressing the research problem by analyzing structural features of the corporate brand integration process in cross-border acquisitions and empirical data is collected via discussion-like interviews.

The last criterion for qualitative research in the list by Eskola and Suoranta (1998) is narrativeness, which is intertwined with the researcher’s role. Fairly open interviews are generally narrative in nature, from which the researcher must come to conclusions, which is also the case in this research. Therefore, also the last criterion of qualitative research by Eskola and Suoranta (1998) is met. All in all, after reviewing the criteria mentioned above, the qualitative nature of this study becomes clear.

4.2 Data collection

Data collection approach in qualitative research depends on the objective of the study. Observation, for instance, is a suitable approach if the research is to examine people’s behavior, whereas interviews are used in research with the objective of understanding why something happens. (Hair, Celsi, Money, Samouel & Page 2011, 186.) Considering the qualitative nature of this study, as was established in chapter 4.1, as well as the objective of examining how corporate brands are integrated in cross-border acquisitions, the researcher saw interviews as the most suitable data collection method for this study. Therefore, data for this study is collected via semi-structured interviews (see appendix 1). In addition to interviews, the researcher was allowed to use the interviewee companies' written supportive materials under the condition of providing full anonymity.

A semi-structured interview is a one-to-one, conversation-like, personal interview where the interviewer and the interviewee discuss the chosen issues in-depth. Although the purpose of a semi-structured interview is not to be constructed as a two-way dialogue between the researcher and the interviewee, a properly conducted semi-structured interview can, nonetheless, appear as a conversation for the interviewee. The role of the interviewee is to share their story and the interviewer's role is to bring out all the relevant information from the interviewee by asking pre-determined questions and motivating the interviewee to enclose their perspectives and views on the discussed topics. (Hennink et al. 2011, 109.)

According to Eskola and Suoranta (1998, 87), the questions in a semi-structured interview are the same for each interviewee. However, the questions are open-ended giving the interviewee some leeway in how to reply (Eskola & Suoranta 1990, 87). Even though the same interview framework and question guide is used in all of the interviews, Bryman and Bell (2007, 474) argue that the questions in a semi-structured interview do not necessarily follow the outlined schedule. The interviewer may also ask additional questions that are not in the interview guide, based on the statements made by the interviewee (Bryman & Bell 2007, 474).

In order for an interview to be successful and for it to provide meaningful data for the research, the interviewees need to be carefully chosen based on their experiences and abilities (Ghauri & Grønhaug 2002, 101). The objective of this research is to study how corporate brands are integrated in cross-border acquisitions. Therefore, the background requirements for the selected interviewees were both company, and position related. Individuals that were selected to be interviewed for this research were required to have been involved in the integration processes of corporate brands in cross-border acquisitions. The selection process for interviewees was started by mapping out companies in the B2B sector that have conducted cross-border acquisition within the last few years. After listing the interviewee prospects, first contacts were made. The objective of this study limits the number of potential cases valid for data collection. Domestic acquisitions as well as the acquisitions of product brands by large brand houses were excluded, for instance. These requirements not only substantially limited the number of possible interviewees, but also created severe obstacles for the data collection process of this study. A large number of contacted companies declined to disclose any forms of integration related information due to non-disclosure agreements and the sensitive nature of the data. Due to these reasons, the number of conducted interviews is relatively low, emphasizing the depth of information.

The interview questions used in this study were derived from the theoretical background using the operationalization chart displayed in table 4 below. Before conducting the interviews, the researcher discussed the research topic with the interviewees over the phone. Additionally, the interview questions (see appendix 1) were sent via email to the interviewees few days prior to the actual interview in order to provide the interviewees with the possibility to prepare and get a better grasp of the context of the study. Table 5 below presents the operationalization chart that was used in the research to operationalize the research questions into interview questions.

Table 4 Operationalization chart

The research question	The sub research questions	The operational equivalents	The main themes of the interview
How do companies integrate corporate brands in cross-border acquisitions	What are the different factors taken into consideration in the corporate brand integration process?	What kind of target/ acquirer brand related considerations have an impact in the integration process?	Acquirer's corporate brand
			Target's corporate brand
			Brand strategy building
		What is the role of marketing capability in corporate brand integration?	Responsibilities
			Backgrounds
			Experiecne
	What are the roles of different stakeholders in the corporate brand integration process?	How is the M&A considered from different stakeholder perspectives?	Internal stakeholders
			External stakeholders
			Stakeholder involvement
		How are the stakeholders managed through the integration process?	Stakeholder communication
			Strategy implementation
			Employee perceptions
	What kind of challenges does a company face when integrating corporate brands after an acquisition?	What kind of HR and culture related challenges came up in the brand integration process?	Change resistance
			Organizational culture
			National culture
		What kind of external challenges were present in the integration process?	Stakeholder reactions
			Managing the process and measuring quality

The operationalization chart illustrated in table 5 above divides the main research question as well as sub research questions into operational equivalents and furthermore, into main themes that were used as assistance in forming the semi-structured interview guide displayed in appendix 1.

Expert interview is an empirical method used in qualitative research. Expert interview examines and utilizes expert knowledge in the research. (Meuser & Nagel 2009, 17.) Expert interviews enable the researcher to quickly and efficiently obtain results of high quality. Additionally, often in the cases of expert interviews the researcher and the interviewee have similar scientific backgrounds or relevance systems, which can be seen to increase the expert's motivation to take part in the interview. (Bogner, Littig & Menz 2009, 2.) An important consideration concerning expert interviews is the actual definition of an expert – who can be classified as an expert and on what grounds. If the term "expert" is not defined, or the criteria to fit the definition are too loose, the concept loses purpose as it cannot be distinguished from other interviews. In scientific research a person is labeled as an expert based on the researcher's assumption that the person possesses knowledge that cannot be accessed by anybody in the studied field. Expert knowledge, on the other hand, is defined as "*a special knowledge which the expert is clearly and distinctly aware of"*. (Meuser & Nagel 2009, 18, 29.)

Meuser and Nagel (2009, 31) state that the data collection technique that is the most suitable for an expert interview is a semi-structured interview, which was also used in this thesis. Semi-structured interviews consist of open-ended interview questions and therefore the interviewed experts are more likely to give comprehensive information, thoughts and views about their positions and functions. Semi-structured interview techniques don't have strict guidelines for the interview, which allows the experts to freely talk about their activities, give examples and overall think more freely which can improve the quality of data. (Meuser & Nagel 2009, 31.)

The researcher must be well informed and have strong knowledge of the studied subject in order to conduct an expert interview. If the researcher doesn't have a strong knowledge base of the studied matter, he will come across incompetent, which may drastically lower the interviewee's motivation and readiness to give insightful answers and therefore impact the results of the interview. (Meuser & Nagel 2009, 31–32.)

Expert interview was chosen as the most suitable interview method for this study because the research problem requires the in-depth examination of interview data that can only be attained by interviewing individuals with experience in integrating corporate brands in an M&A setting. The individuals interviewed for this study had first-hand experience in corporate brand integration activities in cross-border acquisitions and possessed very limited and protected information, making them suitable respondents for expert interviews.

A total of four interviews were conducted in September and October in 2016 in Helsinki, Finland. All of the interviewees agreed to a face-to-face interview in their offices, which provided comfortable and quiet surroundings with no interruptions. The interview lengths were between 52 and 75 minutes. The same interview guide (see appendix 1) was used in all of the interviews. The differences in lengths were therefore due to differences in answering techniques and the number and depth of examples the interviewees used. Additionally, some of the interviews included questions that are not in the interview guide. Such questions were used in order to get further elaboration on matters that came up in the interviews. All of the interviewees also agreed to being recorded, which enabled the researcher to later create word-for-word transcriptions of the interviews. The researcher did not recognize any changes in the interviewees' attitude or readiness to thoroughly answer the interview questions when the voice-recorder was introduced. Table 6 below provides additional information on the conducted expert interviews.

Table 5 Interviews

	Position	Date	Place	Duration (min)	M&A Experience	Company M&A profile
1	Software Sales and Business Analytics Manager	27.9.2016	Helsinki	57	Joined the company through an acquisition.	Serial acquirer, knowledge intensive business
2	Managing Director	27.9.2016	Helsinki	59	Target company manager. Managed HR integration.	Serial acquirer, knowledge intensive business
3	CEO	14.10.2016	Helsinki	75	Brand-consulting in several cross-border acquisitions	Consulting services in several acquisitions
4	Vice President, Head of Global Communications	19.10.2016	Helsinki	52	Managing marketing and communications in several acquisitions	Serial acquirer, knowledge intensive business

All of the interviews listed in table 6 were conducted in Finnish. Being the researcher's as well as interviewees' first language, the possibility of misunderstandings in the interview was minimal due to the lack of any language barriers. After having conducted and transcribed the interviews, the researcher wrote summaries about the discussions and sent them back to the interviewees for reviewing, giving them the opportunity to comment on the points they made during the interview. All of the interviewees demanded full anonymity, which is also provided for them.

4.3 Data analysis

Ghauri and Grønhaug (2002, 137) define data analysis as "*the process of bringing order, structure and meaning to the mass of collected data.*" Qualitative research aims at attaining depth of information and the nature of data analysis is interpretive as study participants share their views and experiences in the studied matter after which the researcher is looking to interpret the meanings. Interpretation of data is in a key role in qualitative research as the researcher must gain understanding of the studied matter. (Ghauri & Grønhaug 2002, 16–17, 137.)

After having conducted the interviews, each of them were transcribed into textual form for further analysis. According to Hennink et al. (2011, 210–211), transcription style depends on the research purpose. For this study, word-for-word transcriptions were produced in order to enable a thorough analysis. Additionally, the word-for-word transcriptions allowed the researcher to read through the interviews in detail, which allowed a better preparation for analysis. The interviews were conducted and transcribed in Finnish and there was no further need to translate the transcriptions into English. The interviews were conducted in person, which allowed the researcher to observe the respondents' nonverbal gestures and reactions as well.

This study uses the thematic analysis approach. In thematic analysis, the collected empirical data is organized into themes through which the research problem is analyzed (Eskola & Suoranta 1998, 175). The utilization of semi-structured interviews (see appendix 1) facilitated the data analysis process of this study, as the themes of the interview were already known, consequently creating a viable structure for analysis. In order to be successful, thematic analysis requires interaction between the theoretical framework and empirical data (Eskola & Suoranta 1998, 175). The interview framework in this study was built based on the theoretical framework, therefore establishing the required interaction.

In this study, the main themes for analysis are derived from the sub research questions of this study and consequently divided into six themes, illustrated by the "*operational equivalents*" in the operationalization chart in table 4. Therefore, according to this division, themes 1 and 2, which elaborate on brand considerations and acquirer marketing capability in the M&A process provide information for the first sub research question of this study, which is "*what are the different factors taken into consideration in the corporate brand integration process*". Themes 2 and 3 provide information about different stakeholder roles in the corporate brand integration process through elaborating on stakeholder management and considerations in the integration process, therefore, providing information for the second sub research question of this study. Finally, themes 4 and 5 provide information for the third sub research question, which covers challenges related to the corporate brand integration process. As previously mentioned, the used semi-structured interview framework provided the structure – the themes – for analysis, however, careful examination of the transcriptions also introduced additional themes that emerged in the interviews. The findings of this study are further discussed in chapter 5.

According to Alasuutari (1994, 28–29), qualitative research examines the collected empirical data as a whole in order to gain insight in the logic and structures of the studied issues. The researcher in qualitative research cannot base his analysis on the differences between the collected units of data. Due to small sample sizes in qualitative research, variations are not statistically valid and therefore cannot be generalized. (Alasuutari 1994, 28–29.)

In this research, after having sectioned the interview responses under the previously mentioned themes, each "section" was analyzed as a whole, rather than focusing on, and analyzing individual interviewees separately. This method of analysis provided an opportunity to thoroughly review the responses and come to a more coherent picture of the research problem. Additionally, rather than being exclusionary, the responses from different interviews can be regarded as complementary since the information was gathered from people working in different functions, and different companies, which also provided a more generalizable picture of the corporate brand integration process in cross-border acquisitions.

4.4 Trustworthiness

Literature does not recognize a specific universal framework for evaluating the trustworthiness of qualitative research (Tynjälä 1991, 387). Mäkelä (1990, 47), for instance, suggests that the trustworthiness of qualitative research can be evaluated based on four factors, which are significance of the data, sufficiency of the data, thoroughness of analysis and finally the extent of evaluation and repeatability of analysis. The trustworthiness of this study, however, is evaluated based on evaluation criteria introduced by Leininger (1994, 105–108). The criteria can be used to assess both methods and findings of qualitative research. Qualitative research methods should be assessed by using evaluation criteria that is designed specifically for qualitative research, instead of using traditionally quantitative evaluation criteria such as validity and reliability (Tynjälä 1991; Leininger 1994). The use of quantitative evaluation criteria in the evaluation of qualitative research lacks consistency with the goals and purposes of qualitative research and may decrease the credibility of the research findings. (Leininger 1994, 96–98.) The criteria that are used to evaluate this study are listed below in table 7.

Table 6 Assessment criteria for qualitative research (Leininger 1994, 105–108)

Qualitative criteria:	**Definition**
Credibility	Truth and value of the findings, the respondents' perspective
Confirmability	Restating the respondents' answers to them; confirming the researcher's understaning
Meaning-in-context	The respondents fully comprehend the studied issues in the given context; the respondents' interpretation
Recurrent patterning	Events and experiences that recur over time in different contexts
Saturation	Gaining thorough and comprehensive knowledge of the studied issues
Transferability	Transferability of the findings to another context as they appear

The six criteria introduced by Leininger (1994, 105–108) are credibility, confirmability, meaning-in-context, recurrent patterning, saturation and transferability, as can be seen in table 7.

Credibility refers to the “truth”, value and “believability” of the research findings (Leininger 1994, 105). “Truth” in this context refers to the truth as known or experienced by the respondents, which in this case are the interviewees. The use of expert interviews as a data collection method in this study increases credibility. All the respondents were professionals with substantial experience in integrating corporate brands in cross border acquisitions, which increases the quality and value of the collected data. A personal interview might not be the most comfortable and natural of situation to the respondents, and could therefore impact the respondents’ way of expressing themselves. However, the researcher did not recognize any nervousness or anxiousness in the respondents’ behavior during the interviews. The respondents also agreed to the interviews being voice-recorded. The presence of the recorder did not seem to affect the participants’ answers. The respondents were experienced managers with constant exposure to different social situations, which could explain their calmness in the interview situations.

Confirmability refers to the researcher confirming with the participants that he has understood what he has seen, heard, or experienced with respect to the phenomena under study (Leininger 1994, 105). Specific actions were made in order to establish confirmability of the data in this study. After having conducted each interview, the researcher summarized the main points and arguments of the interviews with preliminary analysis and sent them to the respondents via email for reviewing. Consequently, the respondents were given an opportunity to take another look at the main points of the interview and to specify their statements and also evaluate whether the researcher has understood everything correctly. In addition to interviews, the researcher was given written materials, such as guidelines and other materials related to the process of integrating corporate brands in cross border acquisitions. These materials supported analysis and were also seen to increase confirmability. Voice-recording the interviews and requesting the participant's to use examples to further illustrate their points also increased confirmability of the data.

Meaning-in-context refers to data, which is understandable within specific contexts or special referent meanings to the respondents of the study. Meaning-in-context criterion emphasizes interpretations and understandings of actions, communication and other human activities within the studied context. (Leininger 1994, 106.) The participants in this study were inquired about different stakeholder perceptions and impacts, communication in acquisitions and a lot of matters in relation to intangible elements, such as brands, emphasizing the importance of the respondents' own interpretations. Recurrent patterning, on the other hand, refers to repeated and patterned instances within the studied context, "*Repeated experiences, expressions, events or activities that reflect identifiable patterns of sequenced behavior or expressions or actions"* (Leininger 1994, 106). Such identifiable and repeated patterns were also visible in the processes this study examined.

Saturation refers to the comprehensiveness of data gathered from the studied phenomenon. Saturation is reached, when the researcher stops discovering new information, and in turn, starts getting the same or similar information on repeated inquiries (Leininger 1994, 106.) In relation to saturation, Hennink et al. (2011, 111) discuss inductive interferences. Conducting several interviews enables the researcher to use inductive interferences, and therefore improve the basis for the following data analysis. Inductive interference refers to the researcher taking identified key issues from one interview and modifying the questions of the following interviews based on the previously identified issues. Inductive interferences enable the researcher to get deeper into the issues. The researcher can continue engaging in these interferences until new information about the research topic stops emerging and saturation is reached. (Hennink et al. 2011, 111.)

A sufficient level of saturation was reached in this study through the careful interviewee selection process. The interviewees represented different organizations, and had experience from corporate brand integration processes in several cross-border acquisitions, ensuring a sufficient level of quality and diversity for the collected data. In addition to interviews, the researcher was allowed to use written company materials aimed at managing the corporate brand integration process in cross-border acquisitions, which further enriched the collected data. These written materials were attained from a serial acquirer company operating in knowledge intensive business. Furthermore, the materials had been used in training the personnel involved in integration processes and also included general guidelines, timelines as well as further explanations of used branding strategies in the company's acquisitions. The researcher was also able to conduct inductive interferences by modifying the interview questions and also include additional questions into the interview guide.

Transferability, according to Leininger (1994, 106) refers to whether *"particular findings from a qualitative study can be transferred to another similar context or a situation and still preserve the particularized meanings, interpretations, and inferences from the completed study."* Leininger (1994, 106) also states that the purpose of qualitative research is to gain an in-depth understanding of the studied phenomenon rather than producing generalizations and therefore the transferability criterion mainly focuses on similarities between findings under similar conditions. Integrating corporate brands in cross-border acquisitions is a complex process including a lot of brand and market specific nuances to be taken into consideration, which consequently hinders the full transferability of the results of this study. However, the results of this study are transferable to a certain extent and can be used as a guideline.

Additionally, the researcher tried to maintain a level of neutrality in the interviews in order to avoid interjecting any expectations or values into the interview exchange, which could create distortions and affect the interviewee's responses. Such negative effects are called interviewer effects, according to Frey and Oishi (1995, 33). The reader must also take into account the fact that the results and conclusions of this study are based on the analysis and reasoning of only one researcher. The following chapter presents the key findings of this study.

5 FINDINGS AND DISCUSSION

5.1 Factors to consider in the corporate brand integration process

Integrating corporate brands in cross-border acquisitions is a multifaceted process and requires a great deal of planning and analysis as well as specific market related nuances to take into consideration. Brand strategy formulation and implementation, legal considerations, the level of target involvement and the integration of corporate cultures are examples of matters that need to be addressed in the integration of corporate brands, based on the empirical findings of this study.

Chapter 3.1 of this study presented four different strategies recognized in branding and M&A literatures for integrating corporate brands in acquisitions. Additionally, Capron and Hulland (1999) and Lambkin and Muzellec (2010) found that in most acquisitions the acquiring company is substantially larger than the target and that resources are dominantly redeployed from acquirer to target. Similarly, the empirical findings used in this research were gathered from acquisitions where the acquirers were substantially larger and resources were redeployed asymmetrically. In addition, acquirer dominant brand integration strategy was the dominating strategy used in these acquisitions.

Acquirer dominant – or "One brand" – strategy is often used in cross-border acquisitions. However, based on the interviews conducted for this research, there are specific target related metrics to consider when planning the strategy implementation. First, the timeline in which to implement the chosen strategy, and second, different aspects of the target's corporate brand, such as the level of establishment in the market as well as brand recognition.

Based on the gathered empirical findings, brand strategy implementation timeline should largely depend on how established the target's corporate brand is. Additionally, legal considerations have an impact in the implementation as well. Usually after being published, the acquisition deal goes under the inspection of competition authorities (see figure 6 in chapter 2.3). Brand- or any other forms of integration cannot be started while the deal is under review and therefore both brands are visible for at least until the deal is accepted by the authorities. Consequently, the integration of corporate brands begins after the deal is accepted by the authorities.

> *Timeline is important, to allow a smooth transition. Given timeline almost always depends on the acquirer and their decisions, though there is some room for negotiation and therefore the target can impact the time-*

> *line. And the main question here is does the acquirer understand the value of the intangible elements in the process.* (CEO 14.10.2016.)

In terms of acquirer dominant brand integration, brands with low recognition in the market are transitioned under the acquirer's corporate brand immediately whereas the transition of well recognized brands should be done very carefully. Based on the empirical findings, when the target company's brand is well established in the market, brand integration generally starts with a "Co-existence" or "Joint brand" –strategy and gradually migrates to acquirer dominant brand integration by fully adopting the acquirer's corporate brand (see Figure 7). An interviewee with experience from several cross-border acquisitions, representing a company that adopts the "One brand" –strategy in all of its acquisitions stated:

> *So if the target company's corporate brand is well established in its market, and when it clearly is a strong, recognized brand, we do the transition very carefully with a lot of planning. In such cases we use the temporary "Co-existence" strategy. Brands that are not that established are transitioned under the acquirer's brand immediately.* (Vice President, Head of Global Communications 19.10.2016.)

An interviewee from another large international corporation that also uses the "One brand" –strategy in all of its acquisitions stated that implementation depends greatly on the target's brand recognition. The acquired company in this particular case had a well established corporate brand in the market.

> *The target's corporate brand was transferred under the acquirer's brand extremely carefully. The process was moved forward around every six months. In the beginning, the target's brand was very visibly involved in the company name. X&Y company was used as a temporary brand for the first year. From there the Y brand was gradually removed – very gently though. First off, the process started with a change of colors, which meant that the target's products were changed from their original colors to the acquirer's colors. These were the first steps used to change people's mindsets.* (Software Sales and BA Manager 27.9.2016.)

When a target company's corporate brand is not well established and recognized in the market, acquirers using the acquirer dominant brand strategy integrate these corporate brands immediately after the deal is accepted by the competition authorities.

When the deal was accepted by the authorities, the target's brand was transitioned under the acquirer's corporate brand almost immediately (Managing Director 27.9.2016).

A corporate brand can also be integrated differently depending on the geographic markets and the brand's recognition in each market, as is illustrated by figure 13 below. As previously mentioned, the timeline for brand strategy implementation should largely depend on the target brand's level of establishment. However, cross-border acquisitions introduce certain challenges as corporate brands might be established very market specifically, which would in turn require the acquirer to use different approaches and timelines in the integration of brands in different markets. Figure 12 visualizes a scenario where a company uses market specific timelines and strategy implementations for the same corporate brand in different Nordic markets.

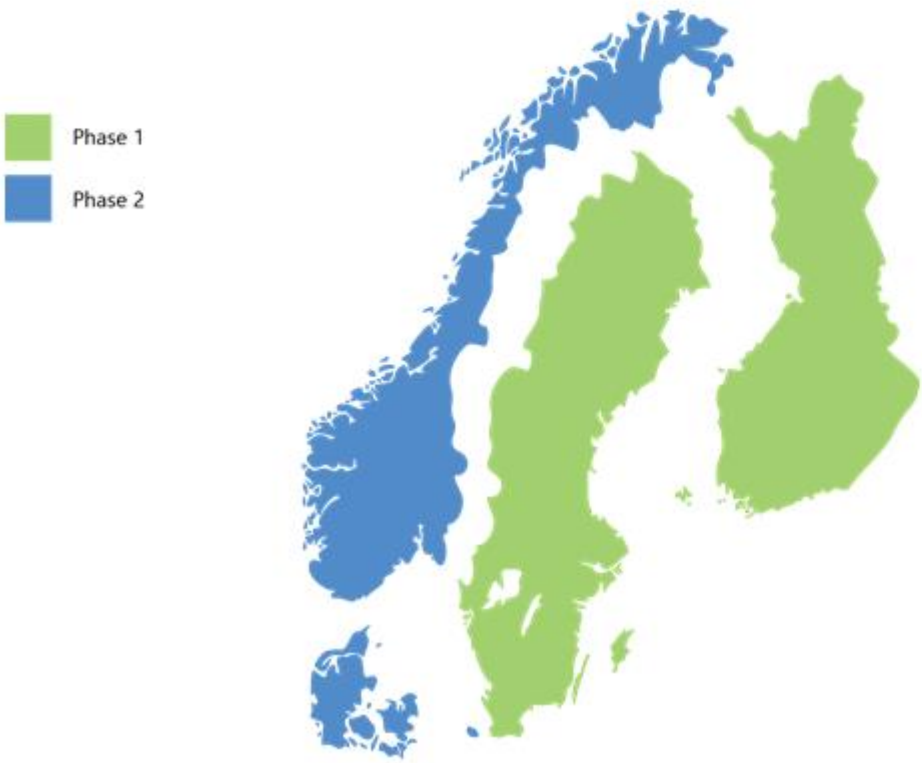

Figure 12 Branding strategy implementation – 2 phases (Vice President Head of Global Communications 19.10.2016)

Figure 12 above depicts an example of a two phased brand strategy implementation. The brand strategy used in this particular cross-border acquisition was implemented differently in different markets – mainly depending on target brand recognition in each market. The final strategy is the same for all markets, which is the acquirer dominant brand strategy in which all operations are transitioned under the acquirer's corporate brand. However, the timeline for implementation was different. In markets where the target brand was well recognized and established, a temporary "Co-existense" brand strategy was used to smoothen out the transition. In contrast, markets where the target's brand was unknown, but the acquirer was well recognized and established, an immediate transition under the acquirer's brand was implemented. The temporary 'co-existence' strategy was used in the Norwegian and Danish markets, because of high target brand recognition in those markets.

As can be seen in figure 12, phase 1 included the full transition of the target under the acquirer's brand in Sweden and Finland, and the introduction of "Co-existence" in Norway and Denmark. After a period of 18 months, phase 2 was implemented, in other words, Danish and Norwegian markets were also fully transitioned under the acquirer's corporate brand.

The process of formulating a branding strategy in a cross-border acquisition is discussed below based on the empirical findings of this research. However, in most cases, especially in regards to organizations that frequently conduct several acquisitions, the acquiring company's broader strategic business goals and guidelines dictate a specific branding strategy to be used in all of the company's acquisitions. Furthermore, the brand transition plan should be integrated with the acquiring organization's business plan. However, as earlier established, there can be substantial flexibility in terms of strategy implementation. Therefore, a specific branding strategy can be implemented in numerous ways. Figure 13 below illustrates the positioning of the target company's corporate brand in relation to the acquirer. The visualization in figure 13 can be used as a tool for improving brand positioning, customer promise, key communication themes and desired customer experience, for instance, in the corporate brand integration process.

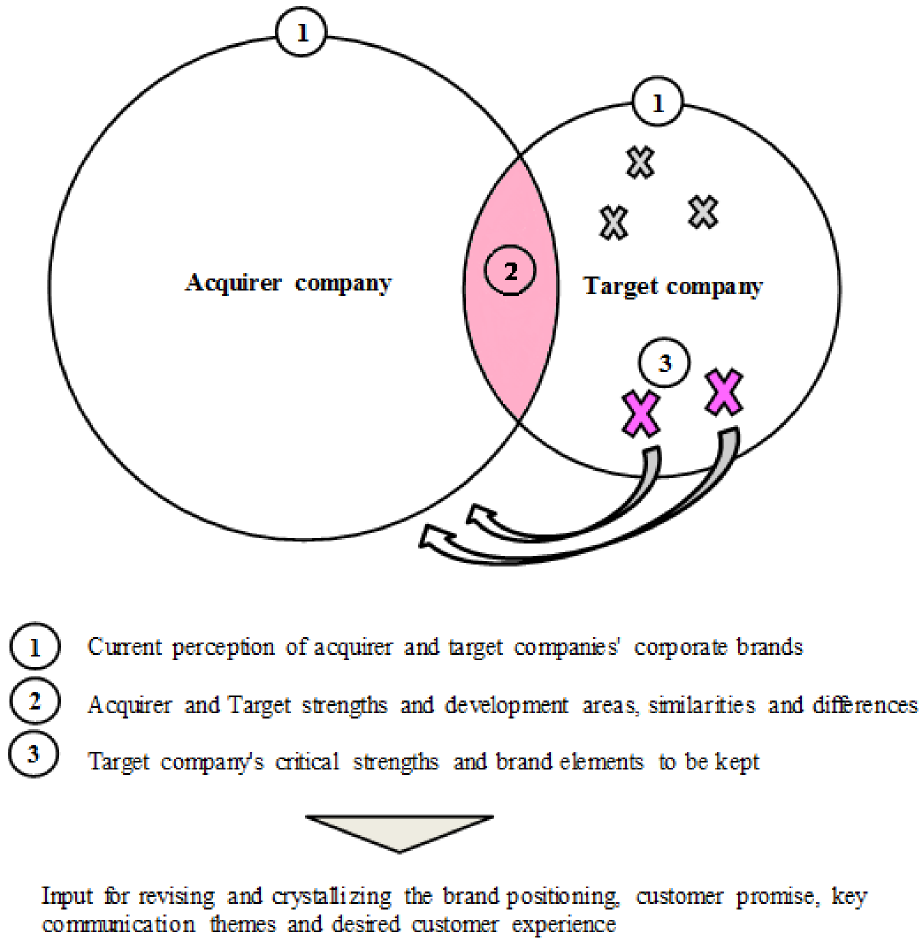

Figure 13 Target positioning (Vice President, Head of Global Communications 19.10.2016.)

Thorough corporate brand analysis should be made before deciding on a strategy to implement, or at least the method of implementing a specific strategy. A thorough analysis tackles both the background and current states of both corporate brands and consequently looks to provide key conclusions in order to support the integration process. Figure 13 above illustrates the suggested key conclusions to be utilized in the integration. In other words, a thorough corporate brand analysis is a three stage process comprising of the following stages:

1. Background analysis
2. Current state analysis
3. Key conclusions and recommendations (see figure 13)

Background analysis provides descriptions of target and acquirer brand elements, target positioning, customer promise, desired customer experience and key communication themes, for instance. The current state analysis, on the other hand, consist of customer awareness and perceptions of both of the companies and their offerings and products, analysis of customer decision making criteria, competitive landscapes, customer experiences, target and acquirer companies' key strengths and development areas, and finally, views and expectations regarding the acquisition.

The key conclusions and recommendations, as depicted in figure 13, are drawn from background and current state analyses, and include analyzing and identifying key similarities and differences in customer perceptions, identifying customer decision making criteria and preference drivers, identifying target and acquirer companies' strengths and development areas, identifying critical strengths of the target company's corporate brand that are to be kept and integrated with the acquirer's brand, and finally define the next steps for the process.

> *So what we did was a comprehensive analysis of both corporate brands; their strengths, the competitive landscapes and customer experiences in both target and acquirer companies, for instance. Then we drew conclusions on how to proceed. Basically we analyzed the individual strengths of the brands and the common areas to emphasize in the next steps of the process. And of course the implementation timeline is an important decision here as well.* (Vice President, Head of Global Communications 19.10.2016.)

As previously mentioned in this chapter, strong target brands should be integrated carefully and gradually, while unrecognized brands can generally be integrated more swiftly. In contrast, however, deploying the acquirer dominant brand strategy quickly in a well established target and replacing the target's corporate brand with the acquirer's less established corporate brand is likely to introduce problems, as was stated by an interviewee:

> *The case here was that a Finnish company operating in the pharmaceuticals industry with a very well known and established corporate brand with high brand equity was acquired and the brand was fully replaced with the acquirer's brand. The acquirer's brand was totally unknown in the Finnish market; brand recognition was zero, positive attributes were zero. The target's strong brand was dropped and replaced even though the acquirer was informed that it would have negative ramifications. Our forecasts of negative brand effects have later proved to be correct; the company experienced a measurable drop in reputation and brand image.* (CEO 14.10.2016.)

In conclusion, there is a notable risk of destroying the target's corporate brand equity in cross-border acquisitions, especially in cases where the target brand is well recognized and established in its market. In addition, a corporate brand is an essential element in the target company employees' identities; a poorly managed brand transition can introduce notable obstacles for the entire process of integrating the merging companies. These matters are further discussed in the next two chapters. Chapter 5.2 tackles the stakeholder perspective and chapter 5.3 the challenges of integrating corporate brands in cross-border acquisitions, based on the empirical findings of this study.

5.2 Stakeholders in corporate brand integration in cross-border acquisitions

As chapter 3.6 of this study states, branding literature regards internal and external stakeholders as extremely important in corporate brand building and management, especially in the context of mergers and acquisitions. Furthermore, as was established in the literature review of this thesis, corporate brands address internal and external stakeholders in an extensive scope, placing emphasis in the stakeholder perspective of brand integration. Similarly to the findings in branding and M&A literatures, also the empirical findings of this research support and emphasize the key role, which company stakeholders have in the process of corporate brand integration in cross-border acquisitions.

> *Stakeholders are in a key role in the integration. The overall success or failure of the whole process depends on them.* (Vice President, Head of Global Communications 19.10.2016.)

The following sub-chapters discuss the role of different stakeholders and stakeholder communication in the process of integrating corporate brands in cross-border acquisitions. The following observations are based on the empirical findings of this study.

5.2.1 ***Stakeholder roles***

Figure 14 below illustrates the roles and inter-relationships of internal and external stakeholders in the corporate brand integration process in cross-border acquisitions. Figure 14 is constructed based on the interviews conducted for this thesis.

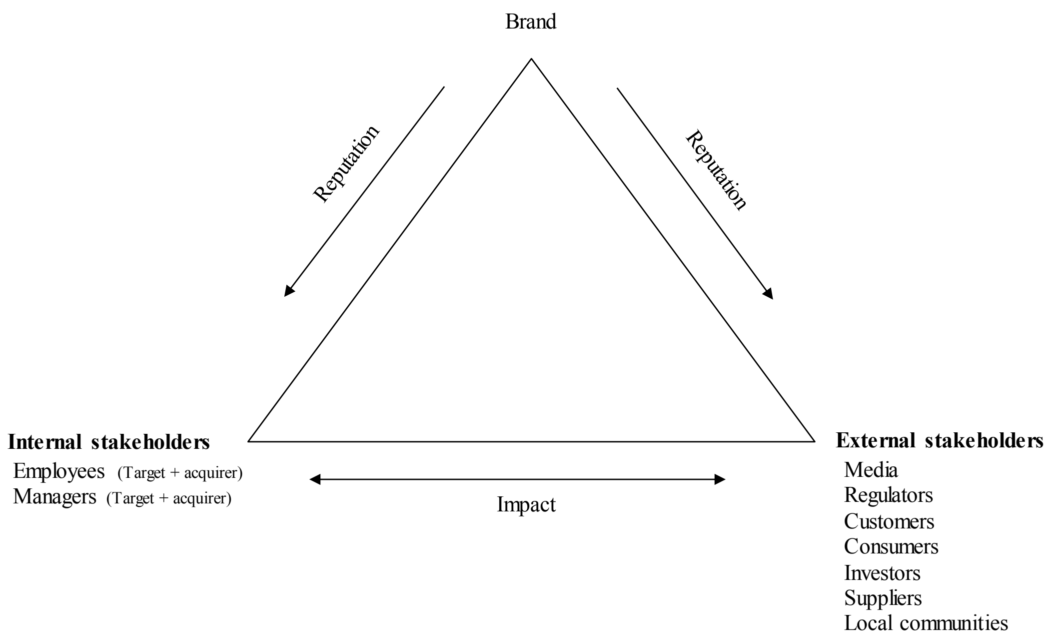

Figure 14 Stakeholder roles in corporate brand integration

The top corner of the pyramid in figure 14 above represents the corporate brand. That corporate brand has a stakeholder-specific reputation to its different stakeholders, as illustrated by the downward arrows in figure 14. On the lower right corner of the pyramid are external stakeholders. As stated in chapter 3.6 of this study, external stakeholders is an extensive category that covers the media, regulators, customers, consumers, investors, suppliers and local communities, for instance. On the lower left corner of the pyramid are internal stakeholders, referring to employees and managers. Internal and external stakeholders in this context refer to both acquirer and target companies' stakeholders.

All stakeholder groups in figure 14 are interconnected to each other and the corporate brand and therefore have an impact on each other and also on the brand itself. Media operates as an influencer and therefore has an important role in external stakeholder communication. Media impacts the attitudes and perceptions of other stakeholders, both internal and external, by publishing stories to large audiences. Internal stakeholders can be referred to as "Internal brand ambassadors" and they have an important role in either building or destroying the company's brand image. Such impact on brand image is further emphasized in acquisitions; notable changes in the employees' routines and surroundings may cause resistance, which in turn can provoke negative attitudes toward the acquirer brand among target employees.

> *The role of internal stakeholders in brand integration can be described with the word "Trust". Are they a force that generates trust toward the brand or one that destroys it?* (CEO 14.10.2016.)

If the employees are dissatisfied with the new brand and the transition under the new brand in an acquisition is poorly managed, the employees are likely to spread the dissatisfaction to other stakeholder groups as well, as the arrow labeled "impact" in figure 14 suggests. This observation from the empirical data is also supported by previous literature. Hasset et al. (2011, 121–122) argue that the dissatisfaction of internal stakeholders is likely to affect the perceptions of external stakeholders as well, and may lead to the loss of customers. Whereas Roper and Davies (2007, 77), for instance, found that the employees' attitudes and behavior can "*make or break the corporate brand"*. The findings made by Roper and Davies (2007) are consistent with the empirical findings of this study in regards to the role of internal stakeholders as "internal brand ambassadors" that have a substantial impact in the corporate brand and on how external stakeholders see the brand. Consequently, dissatisfied employees can potentially cause substantial damage on the brand image and may additionally hinder the successful integration of corporate brands in an acquisition. An interviewee who was closely involved in the integration of corporate brands in an acquisition, where an established corporate brand was dropped and replaced with the acquirer's brand noted the following:

> *Everyone in the company shared this negative attitude towards the acquirer's brand. Even the country manager started putting his resume in shape and contacted headhunters saying he's ready for new challenges. If people inside the company have no faith what so ever in the new brand, how can it possibly ever work out?* (CEO 14.10.2016.)

In cases similar to the one described above, when the level of dissatisfaction toward the acquirer's corporate brand among the target employees is high, considering the employees as "Internal brand ambassadors", as discussed earlier, the negative brand perceptions are likely to spread to other stakeholder groups as well. Consequently, integrating the brands successfully becomes less likely, while increasing the potential of losing brand related intangible value in the integration. In terms of the importance of company employees in the integration of corporate brands in acquisitions, considering the findings from previous literature (Roper & Davies 2007; Balmer & Gray 2003; Schultz & de Chernatony 2002; Hatch & Schultz 2001; Harris & de Chernatony 2001; Morsing & Kristensen 2001) as well as the empirical findings of this study, company employees can be categorized into segment D as key players in brand integration in the power/ interest matrix presented in chapter 3.6.

The empirical findings of this study also put emphasis in the involvement of the target company's stakeholders in the corporate brand integration process. Brand strategy implementation, for instance, should be planned with the target company's managers to enable a smooth transition. The involvement of the target's stakeholders is especially important for two reasons; helping the acquirer to get a better grasp of the target's local market and brand value, and reducing change resistance among target employees. Involving the target stakeholders has proved to reduce change resistance toward the integration of corporate brands. Both of these factors are further discussed in chapter 5.3.

5.2.2 ***Stakeholder communication***

The empirical findings of this study emphasize the role of stakeholder communication in reducing resistance and increasing commitment toward the acquirer's corporate brand among the target employees. Previous literature on brand integration in cross-border mergers and acquisitions has also recognized the importance of stakeholder communication in brand integration, and further emphasized its role in acquisitions where the acquirer dominant brand strategy is implemented (see chapter 3.6). Communication to external stakeholders, such as the media, also impacts how internal stakeholders see the brand, which is in accordance with the interconnection between stakeholders as suggested in figure 14 earlier. One interviewee emphasized the role of external communication on internal stakeholders:

> *Roughly speaking external communication is the best kind of internal communication, meaning that positive news and publications also tend to increase employees' support toward the organization.* (CEO 14.10.2016.)

Consistent communication to different stakeholder groups in acquisitions is important. Acquisitions tend to cause anxiousness especially in the target companies' employees, which may trigger reactions that hinder the integration process as a whole. The target employees need to be aware that they are acquired because of their talents, they are valuable in improving and developing the current know-how of the acquirer's business. Corporate communications have an important role in generating commitment among the target employees.

> *Large international organization, as the acquirer was in this case, was regarded to be very rigid and bureaucratic compared to the company we previously worked for – we did lose employees in the acquisition. People*

> *felt they could never work as freely as they did before being acquired.* (Software Sales and BA Manager, 27.9.2016.)

Previous literature and the gathered empirical findings suggest that acquisitions are likely to provoke feelings of anxiety and fears among internal stakeholders over losing their corporate culture and agility, for instance. Additionally, as the empirical findings indicate, also external stakeholders are likely to express feelings of uncertainty in acquisitions, especially the target company's customers.

> *The acquisition brought up a lot of commotion among our customers. Large international company acquiring a smaller business tends to do that. Different terms and conditions on contracts, and fears over the acquirer not being as agile. Agility is a big concern. Smaller businesses can be very agile with customers, large ones not so much. For instance, –Target– had such conditions in their contracts that –Acquirer– would never give and accept. We ended up losing a lot of customers.* (Software Sales and BA Manager, 27.9.2016.)

Anxiousness is likely to be higher among the target's stakeholders especially in cases where the acquirer is substantially larger than the target and when the acquirer deploys "acquirer dominant" brand strategy and kills the target's corporate brand. Therefore, corporate communications in the M&A context play an important role in generating commitment

> *When we prepare these kinds of communication operations we need to keep up an attitude that we must win over the target employees' trust and they must feel important. The commitment of target employees in an M&A is crucial for the success of the acquisition. So this is something we are preparing well before the actual launch.* (Vice President, Head of Global Communications 19.10.2016.)

Table 8 below summarizes the communication objectives of one of the companies interviewed for this study. This particular company has undertaken several cross-border acquisitions within the last few years. These communication objectives are used by the interviewee company for catering the needs for practical information of what is happening, how the integration will be done and how the next steps will be communicated to all relevant stakeholder groups.

Table 7 Stakeholder communication objectives (Used by a serial acquirer, knowledge intensive business)

Stakeholder	Communication objective
Employees	Convince target employees about the acquirer's capabilities and possibilities for personal growth
Customers and partners	Reassure customers and partners about the strengthened portfolio and capabilities and competencies available.
Investors and media	Reassure investors and media about the consistent journey on the acquirer's strategic roadmap and the expected value/synergies of the deal

Table 8 above divides stakeholders into three sub-categories, which are employees, customers and partners as well as investors and media. First, in terms of internal stakeholders, the communication objectives concentrate on the target company's employees, and exclude the acquirer's employees. Target companies' employees are knowingly prioritized because, as previously mentioned, they are more likely to have high levels of anxiety due to being acquired.

> *I remember I was cooking food while our CEO called me and told me about the acquisition. I was so shocked and overwhelmed that I remember how the kitchen knife just dropped out of my hands.* (Managing Director 27.9.2016.)

Additionally, corporate brand is an important element in the employees' identities. Therefore, especially in M&As where the acquirer dominant brand strategy is adopted and the target brand is killed, the importance of stakeholder communication to the target employees increases. Second, although not exclusively, but also "Customers and partners" category in table 7 puts an emphasis in the customers and partners of the target company. The empirical findings of this research indicated that customers and partners of the target company are more likely to express concerns over acquisitions than those of the acquirer's.

> *In our case, a lot of our core customers were extremely worried and anxious over the acquisition and what it would do to their business relationships with the company.* (Managing Director 27.9.2016.)
>
> *And a lot of our customers felt that this gets too difficult – 'we're in a sensitive area here, in our core business area, this is not good'. We lost a lot of customers.* (Software Sales and BA Manager 27.9.2016.)

Consequently, customers and partners are frequently communicated to and assured of the direct benefits of the acquisition. Such communicated benefits are synergy related advantages, attaining more resources for R&D operations and gaining access to a wide range of capabilities and competencies.

Third, investors and media is an important stakeholder category. As previously mentioned, media is an influencer that has an impact in the perceptions of both internal and external stakeholders. Business analysts and investors, alongside media, are important external stakeholders as they impact the company's valuation and future business. Mizik, Knowles and Dinner (2011, 10) stated that the chosen corporate brand integration strategy in an acquisition could be seen as a reflection of the internal integration and re-structuring strategy undertaken be the merging companies, which could in turn be used by investors as a signal of management commitment to successful integration.

Figure 15 below presents a communications overview used by an acquirer in a cross-border acquisition. The overview puts different communications related activities in a timeline in order to create a coherent picture of the process.

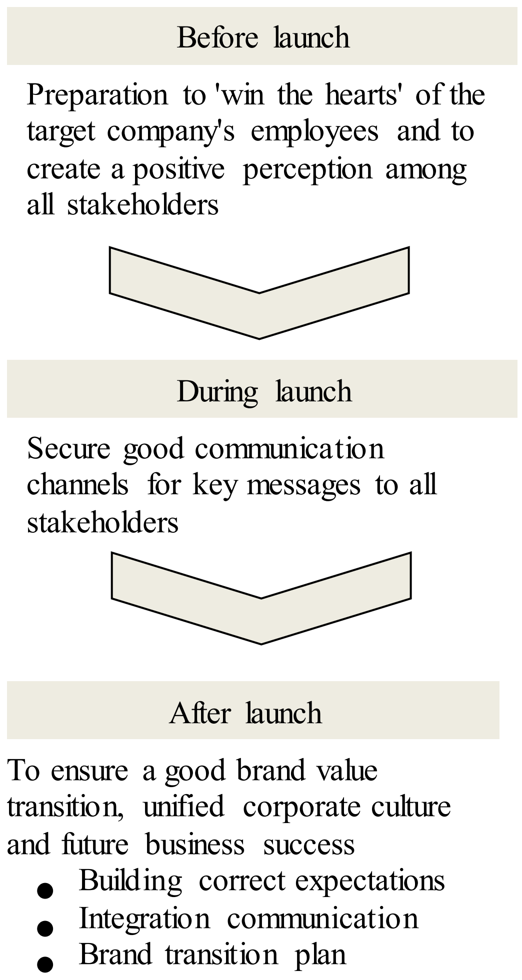

Figure 15 Communications overview in M&As (Used by a serial acquirer, knowledge intensive business)

The communications overview in figure 15 presents different communications activities before, during and after publishing the acquisition deal. “Before launch” activities take place in the pre-M&A phase within a small team that works under strict confidentiality. The first phase includes generating a communications plan that covers all stakeholders. The planning that takes place in the “Before launch” phase is crucial for the success of the following phases. The empirical findings of this study emphasize the need for communications to be involved in the integration process early enough.

> *In an ideal situation corporate communications is involved in the acquisition process as early as possible in order to enable the planning and tailoring of stakeholder specific communication. Communication-wise things get really hectic after the deal is published because everything happens at once.* (Vice President, Head of Global Communications 19.10.2016.)

Actual communication begins once the acquisition deal is published. Similarly to communication objectives presented in table 8, also the communications overview in figure 15 puts emphasis in the target company's employees. Once the acquisition deal is published, tailored messages to targeted stakeholders are put forward.

> *Communications are tailored and targeted to different stakeholders separately – all the key messages are synchronized to all stakeholders. Announcements are released in local languages in each market, media are pitched about the acquisition separately and specific communication is targeted to the acquired company and their employees, and also acquirer's employees.* (Vice President, Head of Global Communications 19.10.2016.)

As can be seen in the communications overview in figure 15, "After launch" corporate communications are targeted in supporting the brand transition plan, in other words, the integration of corporate brands.

Corporate communications, as previously discussed, are in a key role in brand integration through securing target employees' and also other stakeholders' commitment. However, as the empirical findings of this study indicate, communications and stakeholder management in acquisitions are largely handled as a project, which in a lot of cases, ends too soon.

> *In the beginning of the integration, communication to internal stakeholders was very frequent and regular. However, after the target employees were transitioned into the new organization, the flow of communication suddenly stopped. It is forgotten.* (Software Sales and BA Manager 27.9.2016.)

The general idea behind such behavior is that the target employees are regarded to be a part of the new company and assumed to come along and integrate into the acquirer's organization. The empirical findings indicate that the process of integrating personnel is often dropped too soon. The span of active stakeholder communication, especially to target employees, is in most cases around six months, or once the integration is finished. Generally, the integration of companies in an acquisition is regarded finished once the systems and tangible elements are integrated and target employees moved to the acquirer's facilities. Mismanagement of employee integration in an acquisition is likely to introduce challenges and reduce employee commitment toward the organization. The next chapter discusses different challenges related to integrating corporate brands in cross-border acquisitions, based on the empirical findings of this study.

5.3 Challenges of integrating corporate brands in cross-border M&As

Brands are not only important elements in the company employees' identities, they also hold a lot of intangible value, which is difficult to present numerically. As the theoretical background of this study established, brands are built over a long period of time, they consist of several intangible elements (see figure 2) and different levels of meaning (see table 1). Furthermore, both previous literature and the empirical findings of this study indicated that brands are indeed difficult to establish, yet easy to destroy. Acquisitions are disruptive events where the risk of destroying brand value is relatively high. Furthermore, cross-border acquisitions introduce additional challenges to the integration of corporate brands, in comparison to domestic acquisitions, due to the increased complexity introduced by the international context.

Figure 16 below presents the main challenges to the process of integrating corporate brands in cross border acquisitions, as per the empirical findings of this research.

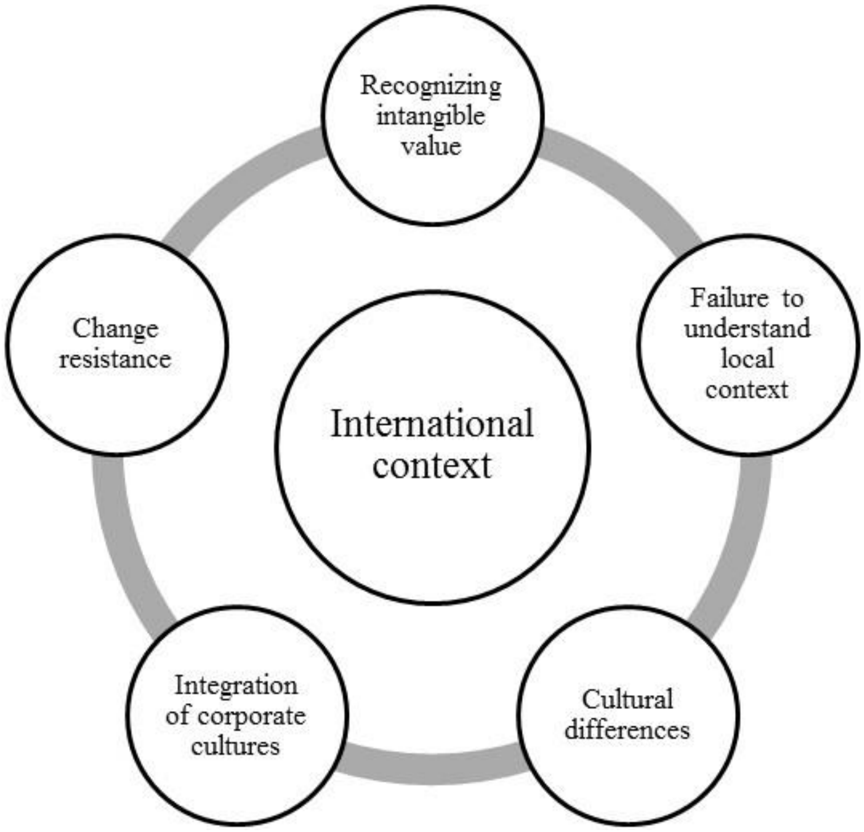

Figure 16 Challenges of integrating corporate brands

International context is a central element in cross-border acquisitions and it therefore introduces distinct challenges and also essentially affects the level other possible challenges and obstacles faced in the integration of corporate brands. Consequently, international context is displayed in the middle in figure 16 as the force that notably affects the other five challenges that were recognized in this study. Most notable challenges to the integration of corporate brands, according to the empirical findings, are the acquirer's inability to recognize brand related intangible value, failure to understand local context, cultural differences, managing the integration of corporate cultures and change resistance. All of the listed challenges are, at least to a certain point, interconnected with each other, and also emphasized due to the international context. Acquirer's failure or unwillingness to understand the target's local context as well as the acquirer's inability to recognize the intangible value related to the target's corporate brand were detected as major sources for change resistance among the target company's internal stakeholders, for instance. Similarly, international context along with cultural differences increase the possibility of misinterpretations and failure to understand local context and also make the recognition of intangible value more difficult. However, it should be noted that the interrelationships between these elements are highly complex. The actual sources of change resistance, for instance, are very diverse, as one of the interviewees emphasized:

> *Change resistance also stems from these individual little things but they all just pile up. Your e-mail program changes and works differently. When you want to go on a holiday you have to use this new software tool hidden somewhere deep in our company's intranet and things like this.* (Managing Director 27.9.2016.)

International context refers to the international nature of the acquisitions; challenges that are introduced or emphasized due to the fact that the acquirer and target companies are from different countries and markets. Furthermore, in terms of international context and the following cultural differences, the target and acquirer companies' countries of origin play an important role. In other words, whether or not the companies originate from similar cultural backgrounds.

> *International context makes the acquisition definitely more complex. Yet of course it depends on where the acquirer and target are from. If they come from countries with similar cultures, the clashes are most likely smaller. In this case, the acquirer was a company from the United States, which meant the way of doing business was very different. Contract policies became more complex which also caused anxiety among our existing*

> *customers and things like this.* (Software Sales and BA Manager 27.9.2016.)

As previously discussed in chapter 5.1 of this study, brand recognition and the level of establishment related to the acquired corporate brand also play an important role in the magnitude of these aforementioned challenges. The impact of local context is emphasized, when the acquired brand is well established, for instance. Similarly, change resistance is likely to be greater when the replaced brand is well established in the market.

> *The acquirer's systematic unwillingness to understand the meaningfulness and value of the intangible elements in the local market. Ignoring the value of the target brand. This kind of approach causes a lot of resistance and fight back attitude.* (CEO 14.10.2016.)

Failure to understand the local context and the intangible value of the acquired company's corporate brand is likely to introduce problems in the integration process and lead to the loss of brand equity, and possibly employees and customers as well. As mentioned in chapter 5.2.1 of this study, internal stakeholders either generate or destroy trust toward the corporate brand. An acquirer that fails to recognize the corporate brand's intangible value in the local market is likely provoke "fight-back" attitude among target employees. Consequently, as discussed in chapter 5.2.1, unhappy employees can cause damage to the brand and the company's reputation within all stakeholder groups. International context further increases these clashes since the acquirer is a lot less likely to understand all the nuances of the local market and is therefore more likely to ignore the value of the corporate brand.

> *The target company having to give up its strong and well established corporate brand raised a lot of red flags. 'Do we really have to do this, this is pure madness' was the target's response. There were a lot of attempts to inform the acquirer that this shouldn't be done that we will lose a lot of market share if they go through with it. None of that helped, the acquirer just told us that it will happen anyway.* (CEO 14.10.2016.)

An interviewee, a CEO of a company providing brand consulting services, stated that clear numerical indicators for measuring and observing company reputation as well as its different components and development over time, are available. The interviewee stated that intangible brand value is not reported in companies' financial statements and consequently CFOs and other company managers have difficulties understanding and recognizing brand related intangible value. According to the interviewee, it is extremely common to hear statements such as "Brand and reputation are irrelevant in the B2B markets". Brand and reputation analytics, however, prove this statement wrong, according to him. Statistics and indicators show that brand and reputation are even more relevant in the B2B markets than they are in the B2C markets. Research conducted by the interviewee's company shows that in B2B markets when reputation increases by 1 point, the corresponding support from stakeholders, in regards to willingness to buy and recommend, for instance, increases by 1,29 points. In contrast, when reputation increases by 1 point in the B2C markets, the corresponding increase in stakeholder support is 1.1 points – far less than in the B2B markets. However, as the interviewee emphasized, this is something you cannot see in the financial statements and the CFO's excel sheets in any way. As a result, the intangible value related to brands gets overlooked. In other words, as intangible elements, such as brands, are not measured in a quantitative manner, the possibility of destroying brand value in the corporate brand integration process increases. The lack of addressing the intangible value of corporate brands in companies' financial statements and the following inability to recognize intangible value is also discussed in previous literature by El-Tawy and Tollington (2008) and Otonkue, Edu and Ezak (2010).

> *The main question here is does the acquirer understand the value of the intangible elements in the process. This is especially hard since the value of these intangible elements is difficult to measure – you don't see them in the financial reports or the CFO's excel sheets. Also these large acquirers don't ask a lot of questions and opinions concerning brand value – they inform that this is the plan, execute.* (CEO 14.10.2016.)

Additionally, the local context must be analyzed and understood in order to be able to successfully integrate the merging companies' corporate cultures. The importance of corporate cultures to corporate brands was established in the literature review of this study (see chapter 3.7). Similarly, the empirical findings of this study also found corporate cultures and cultural integration as essential for the success of integrating corporate brands, especially in acquisitions where the acquirer dominant brand strategy is implemented. Previous literature (Muzellec and Lambkin 2008, 296) has recognized that the integration of corporate cultures facilitates brand integration by mitigating the negative impact caused by the change of corporate names and also reduces the probability of damaging the corporate brand. Literature has also recognized the integration of corporate cultures to be one of the most time-consuming and challenging processes related to M&A integration (see Hasset et al. 2011, 119–120). Similarly to observations from previous literature, the empirical findings of this study also emphasized the importance of corporate cultures in terms of brand integration.

> *I see corporate culture as extremely important, essential. Culture defines entirely how an organization works, how people see it.* (Managing Director 27.9.2016.)

However, regardless of the fact that the integration of corporate cultures is widely recognized as highly important, the actual integration process often receives only a little attention. The empirical findings suggest that the integration of corporate cultures is deprioritized because of the time it requires (also see figure 10 in chapter 3.7). Acquisition integration is often managed as a project with specific goals and deadlines, while the integration of corporate cultures would need a lot more time and effort targeted at it. Most of the resources and attention is paid to the integration of tangible elements, such as systems, operations and finances, while intangible elements get overlooked. Similar findings arise from previous literature. Hasset et al. (2011, 120–122) suggested that managers pay only a little attention to the integration of corporate cultures and tend to hope that the cultures will merge over time. Hasset et al. (2011, 120–122) concluded that if cultural integration is not managed, separate corporate cultures may coexist for years. Additionally, integration of corporate cultures is potentially more difficult in cross-border acquisitions as the target and acquirer companies are likely to have greater differences in their corporate cultures.

> *Corporate culture was paid inadequate attention to in the integration process. We were just told what we were allowed and not allowed to do in the new organization, that's it. We lost a lot of employees."*
> *(...) I would also state that –the acquirer– does not really put effort into integrating corporate cultures. There is a certain way of doing things, get on board or leave. There's no culture leadership.* (Software Sales and BA Manager 27.9.2016.)

In addition, as previous literature has recognized, a common characteristic in acquisitions is a difference in the merging companies' sizes – acquirers are generally much larger than targets (see Lambkin and Muzellec 2010, 1234). The acquisitions that were used to collect the empirical data for this study also fit the previous description – the acquirers were substantially larger than the targets. A theme that came up in each case was the similarity in the target companies employees' perceptions of the acquirers' corporate cultures. Large acquirers were almost without exception always regarded to be "*rigid and bureaucratic*" among target stakeholders, which could directly impact the integration of corporate cultures, through intense change resistance, for instance.

> *As I've said before when the acquirer is a lot larger company, the target employees feel threatened and have this rebellious mind set. It doesn't really help the integration of cultures.* (CEO 14.10.2016.)

The empirical findings of this study suggest that the successful integration of corporate cultures facilitates the integration of corporate brands. Therefore, companies that conduct cross-border acquisitions need to invest in cultural leadership and the proactive integration of corporate cultures rather than expecting an automatic merging of cultures.

The following chapter concludes the study by knitting the empirical findings together with previous literature. First, theoretical contributions of the study in terms of integrating corporate brands in cross-border acquisitions are presented. Additionally, managerial implications of this study are discussed. Managerial implications can be used as guidelines by company managers when integrating corporate brands following a cross-border acquisition.

6 CONCLUSIONS

6.1 Theoretical contribution

The purpose of this thesis was to study how companies integrate corporate brands in cross-border acquisitions. The main research problem was approached through three sub-research questions that covered different factors to be taken into consideration, the roles of different stakeholders, and finally, challenges faced by companies in the corporate brand integration processes. Chapters 2 and 3 comprise the theoretical framework of this study. Chapter 2 covers a number of aspects and nuances of acquisitions, which have an impact in the integration of corporate brands. Such aspects include the type and size of the acquisition as well as the pre- and post acquisition phases and the level of relatedness between the merging companies' markets and operations. Chapter 3 on the other hand focuses on corporate brand integration in acquisitions.

Chapter 3.3.3 of this study presented guidelines and criteria that can be used in the process of formulating a brand integration strategy in an acquisition. The two sets of criteria include brand familiarity, perceived fit and attitude toward the corporate brand by Jaju et al. (2006, 208–209) as well as control, strategic importance, relative brand strength, brand synergies and the involved risk, by Kumar and Blomqvist (2004, 23–24). The empirical findings, however, indicate that brand strategy is often dictated by the acquiring company's broader strategic goals and guidelines and is therefore not negotiable, especially in terms of large international organizations that often conduct cross-border acquisitions. Such companies are profiled as serial acquirers. The companies that were interviewed for this thesis, for instance, actively acquire smaller businesses and always implement an acquirer dominant strategy, as per the companies' strategic guidelines. In such cases the brand integration strategy comes as given and cannot be chosen based on the surrounding circumstances. However, there is notable flexibility in terms of strategy implementation, which, in turn, gives the acquirer an opportunity to plan the integration in a manner that preserves brand equity. Consequently, instead of choosing the most suitable brand integration strategy, companies can choose the most suitable implementation method of the given strategy. The aforementioned criteria derived from previous literature can therefore be used in planning the implementation.

In terms of strategy implementation, the empirical findings of this study emphasize the importance of the target company corporate brand's recognition and establishment in its local market, as well as the timeline in which the brand integration is implemented. Furthermore, the timeline for strategy implementation should be decided based on the target brand's recognition and establishment in the market. The empirical findings of this study indicate that brands with low recognition and level of establishment can be transitioned under the acquirer's established brand almost immediately after the acquisition deal is published. Similar findings can be found in previous literature, Lambkin and Muzellec (2010), for instance, stated that acquirer brand redeployment is welcomed by target's stakeholders in cases where there is perceived benefit from the redeployment of brand equity from the acquirer. However, contradicting results can also be found in previous literature. Thorbjørnsen and Dahlén (2011) as well as Jaju et al. (2006) stated that brand integration in acquisitions generally result in negative stakeholder reactions and reduced brand equity.

In contrast to the swift integration of corporate brands with low recognition in the market, the empirical findings of this study indicate that the transition of well recognized and established corporate brands must be done carefully in order to avoid destroying brand equity. Therefore, the strategy implementation timeline is emphasized in acquisitions where the target's brand is well established. In terms of the acquirer dominant "One brand" strategy, the companies interviewed for this study implemented the strategy in several phases when acquiring a company with a strong corporate brand. Strategy implementation started with a temporary "Co-existence" phase, where both the target and acquirer's corporate brands are visible. From there the target's corporate brand is gradually left out and the target company is absorbed entirely under the acquirer's corporate brand. Careful and gradually forwarded implementation of a chosen brand integration strategy is also discussed in previous literature by Basu (2006, 32) for instance, as an option for instantaneous absorption.

Cross-border acquisitions introduce situations where the recognition and the level of establishment related to an acquired corporate brand is strictly market specific. In other words, the corporate brand of an acquired company is differently established in different geographic markets. In such cases, the acquired company's corporate brand can be integrated under the acquirer's corporate brand market specifically. In other words, the target's corporate brand is transitioned under the acquirer's corporate brand instantly in markets where the target's brand recognition and establishment is low, whereas a gradual integration through a temporary "Co-existence" is implemented in markets where the target is well recognized.

The empirical findings of this study indicate that an impediment to efficient strategy implementation is created by the difficulty of recognizing the target brand's intangible value. Such difficulty is further emphasized in cross-border acquisitions as the acquirer is less likely to be aware of all the nuances of the local market and therefore misinterpret or overlook the target's brand value. Furthermore, the empirical findings of this study suggest that a failure to recognize the value of a target's established corporate brand and to replace it with the acquirer's corporate brand after an acquisition is likely to lead to loss of brand equity.

Jaju et al. (2006) found that acquirer dominant brand redeployment, where the newly formed entity takes the acquirer's brand outperforms brand redeployment options where both acquirer and target's brand names are maintained in the newly formed entity (see figure 9). The empirical findings of this study, however, indicate that gradual transition under acquirer's brand preserves brand equity, in comparison to an option where the target is transitioned under the acquirer's brand immediately after the deal is accepted by the competition authorities. Therefore, emphasis is placed in the strategy implementation timeline.

Both previous literature (Rothermel & Bauer 2016; Anisimova 2014; Yang et al. 2011; Roper & Davies 2007) and the empirical findings of this study emphasize the importance of stakeholder communication in the process of integrating corporate brands in cross-border acquisitions. The importance of communication is further emphasized in acquisitions where the acquirer dominant brand strategy is implemented. Dropping the target company's corporate brand – either gradually or instantly – is likely to result in negative stakeholder reactions. Additionally, both the empirical findings and previous literature indicate that corporate brands are important elements in the employees' identities, which consequently leads to notable anxiousness and resistance among the employees' of the acquired company in acquisitions. Stakeholder communication has been recognized to reduce anxiety and support involvement in acquisitions.

Stakeholder communication has an essential role in generating commitment and reducing anxiousness among different stakeholder groups in acquisitions. The empirical findings of this study indicate that target companies' employees are most vulnerable in an acquisition and require consistent and tailored flow of information. The power/interest matrix (Gregory 2007, 65) presented in figure 10 in chapter 3.2 can be used as a tool to determine the impact different stakeholders have in the brand integration process, and also help the acquiring company to select suitable communication approaches for each stakeholder group. Stakeholder communication is essential for the integration of corporate brands, and it requires thorough planning. According to Anisimova (2014, 442), different stakeholder needs must be addressed in acquisition communication, while ensuring a consistent image across stakeholders. Similarly, the empirical findings of this study emphasize the need for communications to be tailored and targeted to individual stakeholder groups separately, while synchronizing the key messages to all stakeholder groups. Stakeholder communications need to be involved in the acquisition process as early as possible to ensure thorough stakeholder analysis and preparation of tailored communication for different stages of the integration process. In addition, stakeholder communication is in a key role in reducing change resistance, which was recognized as one of the main impediments to successful brand integration in acquisitions.

Both previous literature (Kernstock & Brexendorf 2012; Muzellec & Lambkin 2008) and the empirical findings of this research recognize the integration of corporate cultures as essential in generating employee commitment toward the new corporate brand in an acquisition. Kernstock and Brexendorf (2012, 176) highlighted the importance of integrating corporate cultures in acquisitions where corporate brands are integrated. The empirical findings of this study also put emphasis in the importance of integrating corporate cultures. However, this study also recognized deficiencies in organizations' cultural leadership activities in acquisition integration processes. The acknowledgement of the importance of corporate cultures is very visible, yet the proactive management of the integration of corporate cultures is either insufficient or the process is dropped too early. Integration of corporate cultures requires a long time, even when proactively managed. In most cases, however, acquisition integration processes are managed as projects with designated deadlines. The empirical findings of this study indicate that once physical and procedural integration is finished, the target employees are regarded to be a part of the new organization and assumed to come along, with no further investment in cultural or personnel integration. Previous literature states that generally managers tend to hope that the acquirer and target's corporate cultures would merge over time without active cultural leadership. The following chapter discusses the managerial implications of this study.

6.2 Managerial implications

This study recognized a number of factors for managers to take into consideration when planning and implementing corporate brand integration in cross-border acquisitions. These factors are discussed below.

First, as corporate brands are valuable strategic assets, the strategy for integrating corporate brands in acquisitions should be in alignment with the broader strategic goals of the company. Such strategic goals usually dictate a branding strategy to be used in all of the company's acquisitions and therefore a specific strategy cannot be chosen separately for each acquisition. However, as this study indicates, there is measurable flexibility in terms of strategy implementation, even in cases when the brand integration strategy is pre-determined.

Second, management should utilize brand and reputation analytics. The value of corporate brands is often overlooked due to their intangible nature and the fact that brand value is difficult to quantify and cannot be seen in companies' financial statements. Both previous literature and the empirical findings of this study recognize corporate brands as valuable strategic assets. Furthermore, in contrast to common beliefs, this study indicates that corporate brands have a larger impact in a B2B rather than a B2C environment.

Third, successful integration of corporate brands in acquisitions requires thorough planning and analysis, comprehensive understanding of the target's local market and stakeholders and should not be rushed. The importance of preparation and analysis is emphasized when acquiring a company with a strong and established corporate brand. When acquiring a company with an established corporate brand, the brand integration strategy should be implemented very carefully and preferably in stages over a specific period of time which is decided based on the acquisition. This study shows that strong corporate brands should be replaced very delicately using a temporary "Co-existence" – strategy during which the acquirer and target's corporate brands are visible. The target's corporate brand is gradually dropped out.

Fourth, in terms of corporate brand analysis, this study suggests a three-stage approach to be used in the analysis of the target as well as the acquirer's corporate brands. The three stages for brand analysis are background analysis, current state analysis and finally, key conclusions and recommendations. Key conclusions and recommendations are derived from the background and current state analyses and are to provide a coherent picture of the brands in terms of strength, recognition, similarities and stakeholder perceptions, for instance. Consequently, brand strategy implementation in the acquisition should be planned based on these analyses.

Fifth, management should invest in cultural integration and stakeholder communication. This study indicates that the success of corporate brand integration depends heavily on the merging companies' stakeholders and their commitment to the integration process. Stakeholder communication is in a key role in mitigating negative stakeholder reactions and generating commitment toward the newly merged company. Additionally, when corporate brands are integrated, corporate cultures must also be integrated. Furthermore, the integration of corporate cultures requires proactive management and cultural leadership. Corporate cultures do not integrate by themselves.

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APPENDICES

Appendix 1: The interview guide

Background questions

- Could you tell me about your professional background and your current role in the company?
- Could you tell me more about the acquisition?
    - How were you involved in the M&A process, specifically the integration phase?
        - What were your tasks and how were they completed in practice?
- Do you have previous experience from acquisitions?
    - How many M&A integration processes have you been involved in?
        - How would you compare the integration processes between the acquisitions you were involved in – what were the main differences?
- Do you have any previous experience from integrating brands (specifically in an M&A setting)?

- Could you describe your company's corporate brand/ or brands on a general level?
    - Do you have one or several corporate brands?
    - Do you have separate product brands, independent from the corporate brand? (If yes, why?)
    - Could you tell me a little bit about the historical development of your company's brand(s)?
        - Has there been any radical transformations concerning brand image or the future goals or directions of the corporate brand in the recent history?

What are the different factors taken into consideration in the corporate brand integration process?

- **What kind of target/ acquirer brand related considerations have an impact in the integration process?**
    4. What was the role of corporate brand in the acquisition?
        a. How would you describe the role of a corporate brand in the pre-M&A phase (before the signing of the deal)
    5. What processes were needed for integrating the corporate brands?
    6. What kind of a strategy was used for integrating the brands?
        a. What were the factors that dictated which brand integration strategy was used?
        b. What was the perceived importance of branding in the M&A
        c. What kind of resources were allocated for brand integration?

   d. In which stage of the M&A integration is the process of integrating brands initiated?
7. How did the acquirer's brand impact the integration?
8. How did the target's brand impact the integration?

- **What is the role of marketing capability in corporate brand integration?**
  9. Who (or which function) in your company is responsible for brand building and development?
     a. How closely is this person (and function) involved in the acquisition integration process?
  10. Was there a specific team put together for the brand integration process in the acquisition and what were the preconditions concerning the members?
  11. What kind of professional backgrounds did the integration team consist of?
      a. Did the integration team consist of members from both organizations (target and acquirer companies)?
  12. Did the members have previous M&A experience?
  13. How were the target company's marketing capabilities utilized?

<u>What are the roles of different stakeholders in the corporate brand integration process?</u>

- **How is the M&A process considered from different stakeholder perspectives?**
  14. What are the roles of internal stakeholders (i.e. employees & managers) in the brand integration process?
      a. Did the employees have possibilities to contribute to brand integration? Were they allowed to be involved in any way?
  15. How are external stakeholders involved in the integration process?

- **How are stakeholders managed through the integration process?**
  16. How were internal stakeholders managed through the integration process?
  17. How was the branding strategy in the acquisition implemented among employees and managers?
      a. What was the role of communication and how were employees informed and committed to the new brand?
      b. At what point in the integration process were employees informed about brand changes?
      c. How did the employees and managers welcome the new brand?
         i. What kind of differences were in the perceptions of the acquiring company and target company's employees
         ii. Did the target company's employees require different kind of management compared to the acquirer's employees?
  18. How were external stakeholders managed through the integration process?
      a. How frequent was communication to external stakeholders?

   b. How were external stakeholders (i.e. consumers) communicated to?
19. How did you categorize external stakeholders?
   a. Which stakeholder groups were prioritized?
      i. Did you have different stakeholder communication strategies for different stakeholder groups/ categories?

<u>What kind of challenges does a company face when integrating corporate brands after an acquisition?</u>

- **What kind of HR and culture related challenges were present in the brand integration process?**

20. What barriers, problems, and dilemmas were encountered in the corporate brand integration process (during planning, implementation)?
   a. What management and coping strategies were employed to deal with the problems/ barriers/ dilemmas?
21. How would you describe corporate culture? What are the essential elements?
22. Were there significant differences in the merging companies' corporate cultures?
   a. What kind of actions were made towards integrating corporate cultures?
   b. How did corporate cultures impact the integration of brands?
      i. What kind of challenges were present in the integration of different corporate cultures?
   c. How challenging would you describe the integration of corporate cultures to be compared to the integration of other elements?
23. Was there any change resistance present in the integration process and how was it managed?
   a. What was the greatest source and cause of change resistance? (name changes, etc)
   b. How did you mitigate negative employee reactions and how did you deal with uncertainty among employees?
   c. Was change resistance greater in the target or the acquirer's employees?
24. Did the international nature of the acquisition introduce any culture related challenges to the integration process?

- **What kind of external challenges were present in the integration process?**

25. Were there any challenges regarding external stakeholders, i.e. consumers?
   a. Did the acquisition cause any negative consumer reactions?
26. Quality measures: What kind of indicators are used for evaluating the brand integration process and whether it stays on track