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Brand Attitude Change and Acquisition
Attitude: An Experimental Study of U.S.
Consumers in an M&A Setting

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Abstract

Previous research on mergers and acquisitions (M&As) has mainly focused on financial and strategic outcomes at the expense of marketing dimensions. Although consumers play a critical role in the success of M&As, their perceptions and responses to such activities have seldom been addressed, and the impact of M&As on consumer attitude towards the brands has been overlooked. This current research aims at providing managers better and useful insight concerning how different well-known factors influence consumers' reactions to M&As, and how to implement an M&A process more successfully based on consumers' perspectives. Specifically, this study examines how competence complementarity between two outdoor sports and recreation brands involved in an M&A, communicated acquisition motive, target brand ownership status, and naming strategy will influence consumers' attitudinal responses. More detailed, attitudinal responses towards the bidder brand, target brand, and the acquisition. Two experiments with between-subjects design were conducted to test the developed hypotheses in the study. A total sample of 283 U.S. consumers participated, where the aim was to gain a better understanding of their reactions. The findings contribute to M&A and attitude literature by taking into account consumers' evaluations. Results demonstrate that (1) competence complementarity, communicated acquisition motive, and target brand ownership status have significant effect on attitude change, and that acquisition attitude mediates these variables, and (2) companies' attempts to involve consumers in an M&A process create more *negative evaluations*. The results indicate that consumers appreciate honesty from companies with respect to acquisition motive. Thus, it is important for managers to acknowledge customer related issues in M&A decisions.

1 Introduction

Mergers and acquisitions (M&As) have become a major trend during the past decades and a significant business strategy in order to enhance organizational performance (Vazirani 2012). Further, it can be argued that M&As have become a necessity in order to meet the increasing global competition due to, among other factors, increased technological development (Chakravorty 2012).

Considerable research attention has been devoted to M&As with a focus on financial outcomes (stock prices and profitability), examining how stockholders (Datta, Pinches, and Narayanan 1992), stakeholders or employees (Clarke and Salleh 2011; Newman and Krzystofiak 1993) respond to organizational changes during and post an M&A. Furthermore, numerous attempts to comprehend the underlying factors of M&A success and failure have been undertaken in different academic fields, such as finance (Datta, Pinches, and Narayanan 1992; Ferrer 2012), economics (Ravenscraft and Scherer 1989), corporate strategy (Capron 1999) and organizational theory (Larsson and Finkelstein 1999). In spite of this extensive academic research, there has been little research on M&As in the academic marketing literature with exception of a limited number of studies (Bahadir, Bharadwaj, and Srivastava 2008; Capron and Hulland 1999; Homburg and Bucerius 2005; Jaju, Joiner, and Reddy 2006; Swaminathan, Murshed, and Hulland 2008; Thorbjørnsen and Dahlén 2011; Öberg 2008). This lack of interest is somewhat surprising taking into consideration the acknowledged importance of marketing-related issues for M&A performance (Becker and Flamer 1997; Clemente and Greenspan 1997).

Following an M&A, neglect of customer-related tasks (Hitt, Hoskisson, and Ireland 1990) and decline in service quality (Urban and Pratt 2000) have been considered as potential outcomes that contributes to a significant risk of losing customers (Bekier and Shelton 2002). Anderson, Havila, and Salmi (2001) who point out that it may be negative for the relationship if managers neglect their customers also support this. Shah et al.'s (2006) emphasis on the importance of a company being customer centered can be related to M&As as well. M&As occur outside consumers' control and influence their relationships with the brand (Thorbjørnsen and Dahlén 2011). From a consumer perspective, an M&A may be

perceived as a combination of different associations from the two brands involved and how they complement each other. Complementarity is an important variable in consumers' evaluations of extensions (Völckner and Sattler 2006) and accordingly for M&As. Evaluations of the two companies' competence complementarity may create uncertainty among consumers with respect to service level, price, quality, and assortment. Also, companies' communication of why the M&A takes place may have an influence on consumers' evaluations. For instance, consider the newly announced merger of the two Nordic fitness centers Sats and Elixia, which may have come somewhat surprising for many of their customers. The owners state that they will continue providing both low price and high quality offerings to their customers, but also strengthen growth and innovation as well as creating new fitness clubs (E24 2013). The motive is clearly communicated, but may however cast doubt about the credibility, and thus create different reactions. Consumers may start speculating if such an action eventually will lead to monopolization. Another example with respect to credibility in the communication is NSB, who constantly asserts that they will have a more customer friendly approach. However, this is not what consumers experience, which is shown in their evaluation of NSB in customer satisfaction surveys (Norsk kundebarometer 2013).

With respect to that an acquisition motive is communicated as beneficial for the consumers, as in the case with Sats and Elixia, an M&A takes place first and foremost in the interest of the companies, such as e.g. synergies (DePamphilis 2012). Therefore, it could be that consumers appreciate that companies communicate the actual motive instead of trying to please the consumers with information about what benefits the M&A will provide for them. The same kind of honesty can also be applicable for naming strategy. Thorbjørnsen and Dahlén (2011) found that inviting customers to vote for the new entity's name resulted in a more favorable evaluation of the brands than those who were not given the opportunity to vote. However, in their study they measured post attitude only, and not how change in attitude was affected. As it is expected that all major decisions in an M&A operation are settled before announcing the M&A, it is believed that also the naming issue is decided. Hence, it could be that such an involvement addressed by Thorbjørnsen and Dahlén (2011) is not perceived as honest and thus affect customers' evaluations.

During the past years, many industries have been subject to an increased number of M&As. With respect to that research on this topic mainly is done within banking, finance, and insurance industries (Beccalli and Frantz 2013; Clarke and Salleh 2011; da Palma, Lopes, and Soares 2012; Hollowell and Bossen 2013), we argue that the marketing dimensions of such activities in another industry are worth deeper examination. This because banking and insurance are industries delivering “need to have” services, whereas consumables are not to the same extent “need to have” products. In their study within banking industry, Newman and Krzystofiak (1993) argued that employees’ decline in attitude resulting from an M&A can be explained by a series of stages they experience following a loss. It is reasonable to assume that same attitudinal response also will apply to consumers in an M&A setting. Thorbjørnsen and Dahlén (2011) further outline this, where consumers’ loss of freedom and control in an M&A situation are addressed. We suggest that being a customer of a bank, or owner¹ of a product from a specific brand, may influence consumers’ attitude towards the M&A and the brands involved. That is, an owner may feel a stronger relationship with the brand, and thus evaluate an M&A differently. In this respect, our research attempts to bridge M&A literature and marketing literature, particularly to branding research and consumer responses.

In our view, consumers’ role in an M&A is a critical factor to take into account, and based on aforementioned aspects, the main purpose of the present paper is to provide a better understanding on how an M&A operation influences consumers’ attitude and change in attitude. In this current paper, our emphasis is on acquisition with a focus on the sports and recreation clothing industry. We argue that recognizing consumers’ responds to an M&A is significant related to the success of it. Based on prior research, this paper adds to the field of attitudes and M&A by investigating consumers’ attitudinal change subsequent to an acquisition. Specifically, we emphasize consumers’ perspectives on the two brands involved in an M&A process, and their thoughts about the acquisition that takes place in the study.

¹ In the remainder of this paper, the use of the term “owner” means the same as being an owner of a product from a brand.

Research Questions. On the basis of the study's main goal and the reasoning above, the following two research questions have been addressed for the study:

RQ1: In an M&A situation, how does (a) perceived competence complementarity between target- and bidder brand, (b) communicated acquisition motive, and (c) target brand ownership influence consumers' attitudes towards the brands involved and the acquisition?

RQ2: Will corporate brand naming strategy affect consumers' reactions in an M&A operation?

The first research question is explored in Study 1, while the second one is reviewed in Study 2. Thus, to examine the developed research questions, our experimental research consists of two studies where a total of 283 U.S. respondents have participated. Their answers have been assessed in order to identify consumers' reactions following an acquisition between two companies operating in the sports and recreation clothing industry.

The paper is organized as follows: First, extant literature on specifically six important topics relevant to our research is reviewed, and descriptions of the paper's hypotheses are provided. Then, Study 1 and Study 2 are presented with their respective descriptions of the applied research methodology and procedure, followed by results and brief discussions. Finally, in the concluding section, a discussion with essential theoretical and managerial implications is provided, and limitations and suggestions for future research are offered.

2 Theoretical Background

In the following section, a review of previous research and theoretical aspects that are relevant for the current research are provided. We discuss important findings related to M&As, attitude, competence complementarity, communication, and brand ownership. The hypotheses tested in Study 1 are also presented.

2.1 Mergers and Acquisitions

In prior research regarding M&As, emphasis has been on how managers or companies communicate to employees throughout the process, and how this affects employees' evaluations of the merger. The marketing literature on M&As has broadly adopted a mass marketing view referring to M&A activities as a way of internationalization and a way of strengthening a company's position by acquiring profitable targets. Most studies have so far described the acquirer's perspective while customer considerations have been approached only indirectly.

M&A; definition and roles. A merger takes place when two companies agree to come together as one company for collaboration, whereas an acquisition occurs when one company purchases a distinct one and takes over the operations (Vazirani 2012). The two terms; mergers and acquisitions, have over time become approached equally, in spite that they legally are different transactions (Cartwright and Cooper 1990; Vazirani 2012). Following Cartwright and Cooper (1990), we deem M&A to mean the same in this research. Moreover, we define M&A to be a *horizontal acquisition* in this study, which signifies a strategy where one firm acquires another firm operating and competing in the same industry (Lahovnik 2011). As Thorbjørnsen and Dahlén (2011, 332) state, horizontal M&As are often unbalanced with regards to that the acquiring firm is larger and/or more influential in forming the acquired firm. This is substantiated by other studies, which have developed a general perception that there is one winner and one loser in an acquisition, where the acquired company is considered to benefit less (Ettenson and Knowles 2006). However, when accounting for future expectations, reputations, and brand quality/identity, this initial winner/loser perception can be neutralized and may increase likelihood of positive long-term consequences (Rao and Ruekert 1994) for both the acquired and acquiring company simultaneously, as managers must pay attention to consumer reactions.

Synergies. M&As are implemented by the notion that the combined company will achieve greater value rather than having the two companies operating separately (Mirvis and Marks 1992, cited in Vazirani 2012, 37). According to DePamphilis (2012), there are various reasons for M&As and the importance of the factors varies over time. The researcher points out two major synergies that cause M&A; operating synergies and financial synergies. Concerning operating synergies, economies of scale and scope are two prominent theories for M&As. Regarding financial synergies, diversification (e.g. entering new markets), strategic realignment (due to technological changes), and market power are some of the several pivotal theories. M&As and strategic alliances are assumed to develop new and larger companies/organizations, whereas extant literature illustrates that such combinations often fail to realize its intentions. Moreover, Vazirani (2012) conveys that only about half of all M&As create value.

M&A failure and success. The reason why many M&As fail has stimulated to more research in fields such as economics, finance and organizational behavior (da Palma, Lopes, and Soares 2012). However, whether an M&A fails or not is dependent on the definition of failure and objectives of the M&A. DePamphilis (2012) claims that overpaying, flawed strategy, and slow pace of post-merger integration are the most common explanations. The latter is supported by Lahovnik (2011) who identified that post-acquisition integration is critical to success, where strategic fit between business strategies in horizontal acquisitions is of great importance. Cartwright and Cooper (1990) argue that the combination of people, their expertise, and the organizational culture are important as well, since lack of human motives can result in job dissatisfaction, low morale, increased staff turnover, and consequently result in a failure. This view is shared by Papavasileiou (2009) who additionally posits that success is contingent on how the *consumers* perceive the M&A. Since many companies are dependent on consumers buying their products, managers involved in M&As planning should also draw up a marketing-oriented strategy directed to consumers, instead of focusing exclusively on operating and financial synergies.

Importance of communication to customers. Ettenson and Knowles (2006) highlight the importance of customers being affected by M&A situations. They state that M&As often end up destroying rather than generating value for the

companies involved as customers become dissatisfied. Another consequence that may occur is an erosion of either one or both of the brands involved in the M&A. Moreover, Ettenson and Knowles (2006) put forward the significance of ensuring productive and strong relationships between three key constituencies: *employees*, *customers* and the *investment community*. These relationships are essential for M&A success. Furthermore, the companies' corporate re-branding may play a vital role when communicating the strategic purpose of the M&A. In many cases, the corporate brand strategy only obtains great attention after the deal is approved or when the M&A is announced to the public. Management involved in an M&A acknowledges the importance of handling corporate branding issues early on in the process, but they often experience difficulties implementing such measurements due to lack of comprehensive tool to guide their thinking (Ettenson and Knowles 2006).

M&A similarity to brand alliances and extensions. Previous research pertaining to M&A points to several parallels between M&As and brand alliances, and up to a point to brand extension. Brand alliances involve associations of two or more brands simultaneously in a joint marketing activity (Simonin and Ruth 1998), as well as brands that are perceived as linked or jointly branded (Rao and Ruekert 1994), whilst brand extensions take advantage of brand names and brand image (Aaker and Keller 1990). In their research, Aaker and Joachimsthaler (2000) suggest different strategies for how to best combine brands, under the form of M&A or some kind of alliance, in order to extend to a new market or generate additional value for customers. Based on this, we argue that the use of brand alliances and extension theory within M&A settings are proved to be insightful.

2.2 Attitude

How does an M&A affect consumers' attitudes? Consumers' attitudes are formed by cognitive processes involving some sort of elaboration. Regarding brand attitude, Cohen and Areni (1991) use the term "cold" affect as it reflects evaluations and judgment of the brand. Since it is reasonable to assume that an acquisition can change consumers' judgments of the brands, this aspect is also significant in order to determine the success of an M&A. In an M&A scenario, consumers' attitudes may be influenced by several factors involved, some more than others. As competence complementarity is among the most relevant

influential variable (Simonin and Ruth 1998; Völckner and Sattler 2006) between two brands operating in an M&A, it is of interest to investigate how attitude is determined by this variable, in addition to the communicated acquisition motive and ownership status.

Reactance. Within M&A literature, a common assumption is that customers are controllable and possibly transferable across companies, meaning that their relationship with the company and their purchasing behavior will not modify (Öberg 2008). For this reason, customer reactions to M&As are very rarely investigated. This is in contrast to Thorbjørnsen and Dahlén (2011) who argue that consumers do not willingly accept all M&As, thinking that they become subject of certain constraints, as their freedom of choice will be restricted. They base this argumentation on the relevant theory of psychological reactance (Brehm 1966) that assumes that individuals have a predisposition towards preserving and restoring their personal freedom. More specifically, consumers can re-establish their threatened freedom by evaluating the eliminated alternative more positively or devaluing the attractiveness of the forced alternative. In a similar vein, prior research indicates that consumers favor a previously chosen option to others (Muthukrishnan 1995; Samuelson and Zeckhauser 1988). For this reason, they tend to react negatively to mergers. Furthermore, such reactions can be related to whether a consumer owns a product of the involved brands. This will be elaborated later in the paper.

Spillover. Based on evaluation and opinion regarding a brand, consumers make different types of judgments. In spite that two brands are perceived as equal, they may experience both negative and positive spillover effects, as they possess different brand image held in the associative network of the consumer. Simonin and Ruth (1998) found that spillover effects not necessary affect both brands equally, as it depends on the familiarity of the brand; an unfamiliar brand evaluation generates greater spillover than a familiar brand. The researchers also found consistency with the notion of “free rider”, where an unfamiliar brand gains positive evaluations from the familiar one. However, this is also depending on the complementarity between the brands. Keller (2008) points out that positive associations can become negative when evaluated in a different context, such as an M&A. Thus, it is assumed that this logic applies to brand attitude. For the

reason that horizontal acquisitions often are unbalanced with respect to the acquiring firm is larger or/and more influential in forming the acquired firm, consumers' attitudes towards the target brand post acquisition may change.

2.3 Competence Complementarity

A factor that might evoke either positive or negative evaluations of an M&A is the level of competence complementarity between the companies involved. Competence complementarity is important in order to link the companies, and thus create an understanding for the reasons behind the business combination. Depending on the effort of elaboration and cognitive processing (Petty and Wegener 1999), the fit between the companies may be perceived differently and thus influence consumers' attitude towards both the brands and the acquisition.

Definition of fit. The importance of perceived fit in business combinations is acknowledged. Nevertheless, prior research has determined different aspects that influence perceived fit, which is taken into account in our research. Aaker and Keller (1990) claim that the concepts of complementarity, substitutability, and transferability are essential in the consumers' evaluation of fit. As Bridges, Keller, and Sood (2000, 2) state, associations within category, brand concept or brand-specific associations may function as a basis of perceived fit. On the other hand, Bhat and Reddy (2001) identified that product category fit does not have a useful influence in extension evaluation, whereas the role of brand image between parent brand and extension is influential. Further, salience and relevance are also identified as important factors to establish links between brands in order to establish high perceived fit (Bridges, Keller, and Sood 2000; Völckner and Sattler 2006). Based on these identified studies, perceived fit is in this current study assessed in terms of *complementarity*, in line with one of Aaker and Keller (1990) three concepts of fit. Henderson and Quandt (1980), cited in Aaker and Keller (1990, 30), state that products are viewed as complements if they both are utilized jointly to satisfy some specific need. It is recognized that M&As often arise with respect to enhance organizational performance with intention to gain access to important competencies that may generate synergies. *Competencies* are identified as what the firm can do, and are the essence of great performance (Grant 2010). The basis of many competencies lies in the distinctive skills and knowledge of a company's employees and its functional expertise (Ireland, Hoskisson, and Hitt

2011). With respect to our research, perceived fit is defined as *competence complementarity* between the two brands involved in the acquisition, operating in the same category (Bridges, Keller, and Sood 2000).

Consumers' evaluations of fit. Previous research has indicated that the presence or absence of a relationship between the brands (Park, Milberg, and Lawson 1991), and individuals' own theories of how brands or entities are categorized, are also relevant for understanding perceived fit (Murphy and Medin 1985). Essentially, the positive effect of similarity on brand extension evaluation has been appraised within the context of brand extension and brand alliances (Aaker and Keller 1990; Park, Milberg, and Lawson 1991; Simonin and Ruth 1998). In the case of brand extensions, fit is determined by the correspondence between the associations that consumers have with the parent brand and the ones with the extension category. Jaju, Joiner, and Reddy (2006) point out that similarity between the merged companies influence consumers' evaluations of the M&A. In line with their findings, we argue that rationale of fit from branding literature could be extended to companies involved in M&As.

Notion of fit. As previously mentioned, parallels can be drawn from other theories. This also applies to fit between the companies involved in an M&A. The notion of fit is rooted in the brand extension literature (Bhat and Reddy 2001; Bridges, Keller, and Sood 2000) where it is used interchangeably with the term "similarity" (Smith and Park 1992). Völckner and Sattler (2006) found that fit is a key determinant when it comes to success of an extension. In order to retain the customer and brand bond, Aaker and Joachimsthaler (2000) convey that there need to exist a fit related to the context and position between the acquiring and acquired brand. Originally, the concept of fit has been applied in research done in the field of cognitive or psychological categories (Aaker and Keller 1990). Anyway, from a marketing standpoint, the concept of fit parallels that of "similarity of features" (Johnson 1986). In the current paper, the term "fit" is applied, as this has been broadly operationalized as similarity (Dimitriu 2010).

2.3.1 Impact of Competence Complementarity on Brand Attitude Change and Acquisition Attitude

Brand attitude involves thoughts and feelings about the brand (Park et al. 2010). In M&A situations, consumers might experience uncertainties in terms of the relationship, depending on how they perceive the fit between the companies (Papavasileiou 2009). Finkelstein and Haleblan (2002) highlight the importance of different complementarities as essential for acquisitions. High fit has shown to have more favorable evaluations than low fit (Aaker and Keller 1990; Buil, Chernatony, and Hem 2009). Further, Keller (2008) argues that high fit between two brands needs corresponding imagery. Thus, competence complementarity will evoke feelings that may affect attitude or judgments of the brands and the acquisition in a positive or negative direction. From the implemented pretest (Appendix 1), *durability*, *design*, and *functionality* were identified as the three most important attributes, and thus determine the competence complementarity in this study. We use high (low) competence complementarity in relation to the acquisition, and propose the following hypotheses:

H1_a: There will be a main effect of competence complementarity on change in consumers' attitudinal responses towards the target brand. Consumers in high competence complementarity condition will develop a more positive change (less drop) in attitude towards the target brand than consumers in low competence complementarity condition.

H1_b: There will be a main effect of competence complementarity on change in consumers' attitudinal responses towards the bidder brand. Consumers in high competence complementarity condition will develop a more positive change (less drop) in attitude towards the bidder brand than consumers in low competence complementarity condition.

H1_c: There will be a main effect of competence complementarity on consumers' attitudinal responses towards the acquisition. Consumers in high competence complementarity condition will develop a more favorable attitude towards the acquisition than consumers in low competence complementarity condition.

2.4 Communication of Acquisition Motive

How is the communication of the acquisition motive perceived by the customers? An M&A may develop benefits for both companies involved as well as for consumers. Nevertheless, the manner in which the merger is communicated can create different consumer reactions. For instance, consider the planned merger of Elixia and Sats. The companies have been clear in their announcement of the merger that customers will hardly notice any differences, but together the companies will create a much stronger position in the Nordic market. Despite that the companies have stated that the merger will enable them to meet customers' needs and demand in a better way, the motive behind the merger is clearly business focused. A communication strategy emphasizing how this merger to a greater extent would benefit the consumers could have created different evaluations of the merger and attitudes towards both brands. Thus, communication of acquisition motives is of interest in this context in order to see how it influences the consumers.

Attitude towards a particular brand can be influenced by different factors, including priming, numerous exposures, various persuasion techniques, and so forth. Yi (1990) has proved that contextual factors can influence judgments of the brand by priming different product attributes. He has also argued that the same product features can be evaluated in different ways, which will depend on the adjacent materials. Furthermore, according to Lee and Labroo's (2004) research on conceptual-fluency-based model of affective judgment, consumers may develop more favorable attitude towards particular brands when it is presented in a predictive context and primed by related construct. Authors have also experimentally proven that when the construct, which is brought to customers' minds, has negative connotation, participants' attitudes towards the brand may be less favorable. Thorbjørnsen and Dahlén (2011) argue that when consumers experience threat of freedom (e.g. forced to change bank due to M&A or change of name), they react negatively and may switch to another brand. Further, they argue that whether the information is framed in a personal or impersonal dimension, and whether consumers are allowed to actively be involved in the process, affect consumers' judgments of an M&A. Hence, building a communication strategy that takes into consideration the consumers' preferences is essential to mitigate negative judgments.

Communication strategy. Research on the influence of communication strategy, with respect to consumers' attitudes towards brand extensions, shows that effective communication strategies are essential in obtaining relevant explanatory links between the brands (Bridges, Keller, and Sood 2000). This finding is also believed to be applied in M&As, as the corporate brand strategy achieves significant attention when the M&A is announced to the public. Overall, prior research demonstrates that communication strategies influence consumers' attitudinal responses of particular brands, and there are different communication methods to be implemented. Communicating the strategic purpose of an agreement is believed to be crucial in order to provide consumers with a better understanding of the motives. Even though synergies created by activity sharing, and how the competitive advantages are enhanced may be very clear to the companies involved, it is not always easy for the consumers to capture the beneficial effects. Thorbjørnsen and Dahlén (2011) suggest that the given justification behind the M&A can moderate consumers' reactions. Consequently, expressing the motive behind the acquisition is considered relevant in this study. In an M&A setting, we suggest that arguments focusing on consumer benefits, i.e. consumer relevant content, will result in more favorable judgments compared to arguments focusing on company benefits, i.e. non-consumer relevant content.

2.4.1 Impact of Communicated Motive on Brand Attitude Change and Acquisition Attitude

In an acquisition situation, it is necessary to communicate the event to stakeholders and the market. Usually, this type of information contains positive implications of the M&A, such as strategic and financial gains. However, from a consumer perspective this kind of information might not be seen as positive. As in line with Petty and Cacioppo's (1979) findings, information may influence consumers' evaluations of the brands. Furthermore, as stated by Thorbjørnsen and Dahlén (2011), it is likely that consumers respond more favorably to arguments related to consumers' preferences than to financial related arguments. Hence, it is believed that consumer relevant content and non-consumer relevant content in the communication of acquisition motive will change the attitude in different ways, and thus the following hypotheses have been developed:

H2_a: There will be a main effect of communicated acquisition motive on change in consumers' attitudinal responses towards the target brand. Consumers exposed to consumer relevant communication will develop a more positive change (less drop) in attitude towards the target brand than consumers exposed to non-consumer relevant communication.

H2_b: There will be a main effect of communicated acquisition motive on change in consumers' attitudinal responses toward the bidder brand. Consumers exposed to consumer relevant communication will develop a more positive change (less drop) in attitude towards the bidder brand than consumers exposed to non-consumer relevant communication.

H2_c: There will be a main effect of communicated acquisition motive on consumers' attitudinal responses towards the acquisition. Consumers exposed to consumer relevant communication will develop a more favorable attitude towards the acquisition than consumers exposed to non-consumer relevant communication.

2.5 Brand Ownership

Will the fact that you own a product from a brand affect your judgments of an M&A involving “your” brand? Being an owner of a product from a brand involved in an M&A operation can explain why some consumers develop different reactions. It is likely that owners may have more favorable judgments of the brand than non-owners. However, this depends whether you are owner of the bidder brand or target brand. If your brand is the bidder, you may feel being part of the stronger party. On the other hand, if your brand is target, you may feel that your brand has “lost”. As a consequence, owners (to a greater extent than non-owners) will be more affected when their brands are involved in an M&A. Thus, ownership is a relevant factor to assess when investigating consumers' thoughts and feelings of an M&A, as it might influence attitudes differently.

Ownership status. Research on brand ownership status is recognized to be limited in academic marketing literature. Similar to fit, brand ownership is identified in brand extension literature, but in a limited amount of studies (Hadjicharalambous 2010; Kirmani, Sood, and Bridges 1999). As Kirmani, Sood, and Bridges (1999)

and Hadjicharalambous (2010) convey in their studies, brand ownership affect consumer response to co-branding extensions and brand line stretches. Owners react in another way than non-owners, as they have more favorable beliefs about the brand they possess, and perceive the value of the brand benefits differently (Kirmani, Sood, and Bridges 1999). The effects of ownership status related in a co-branding extension differ in terms of the partner brand's image (Hadjicharalambous 2010). Hadjicharalambous (2010) suggests that owners, compared to non-owners, develop more favorable attitudes to co-branding when partner brand's image is associated with high status, and a less favorable judgment when the image has lower prestige. Similarities can be drawn to an M&A setting, where owners develop more positive attitude evaluations than non-owners.

In her research, Fournier (1998) argues that consumers develop different types of relationships with brands. The quality and stability of the brand relationships vary and make consumers act differently (Fournier 1998). Based on Fournier's study, it is reasonable to take into account that a brand ownership may create a relationship to the brand, and thus affect consumers' behavior and attitude evaluations. Brand relationships are believed to influence consumers' responses to different activities and branding strategies involving the consumer's brand (Hadjicharalambous 2010). As with brand extensions, M&As are strategies and activities that may create different reactions from consumers. For the reason that there will exist owners and non-owners of the brands involved in an M&A scenario, it is essential to consider ownership status during the M&A process.

2.5.1 Impact of Target Brand Ownership on Brand Attitude Change and Acquisition Attitude

Consumers perceive the value of brands differently, and thus possess different attitudes towards brands and companies. It is acknowledged that owners have a greater involvement with the brands and possess better knowledge and familiarity (Kirmani, Sood, and Bridges 1999). Hence, they develop relationships with their brands, and may lead to different evaluations and behavior from non-owners. Kirmani, Sood, and Bridges (1999) and Hadjicharalambous (2010) discuss the importance of ownership in brand extension settings, and as aforementioned, parallels can be drawn from other theories, and it is therefore believed that owners

of the target brand will respond differently compared to non-owners in an acquisition scenario. This assumption leads to the following hypotheses:

H3_a: There will be a main effect of target brand ownership on change in consumers' attitudinal responses towards the target brand. Owners of target brand will develop a more negative change (greater drop) in attitude towards the target brand than non-owners.

H3_b: There will be a main effect of target brand ownership on consumers' attitudinal responses towards the acquisition. Owners of target brand will develop a less favorable attitude towards the acquisition than non-owners.

2.5.2 Mediating Effect from Acquisition Attitude

Attitudes are formed, according to information integration theory, "as people receive, interpret, evaluate, and then integrate stimulus information with existing beliefs or attitudes" (Anderson 1981, cited in Simonin and Ruth 1998, 32). Also, attitude can be a result of cognitive elaboration or less thoughtfully process (Petty, Cacioppo and Schumann 1983; Petty and Wegener 1999). The processing depends on the ability and motivation to elaborate, and will affect the attitude evaluation (Petty and Cacioppo 1979). Further, consumers' process of information about an alliance or acquisition can change the attitude towards the brands involved (Simonin and Ruth 1998).

We have previously predicted that competence complementarity, information about acquisition motive, and ownership has a main effect on acquisition attitude. But how will consumers' evaluations of the acquisition itself affect the change in attitude towards the brands involved? For example, it is acknowledged that perceived fit is a significant factor in attitude evaluations. For that reason, it is likely that consumers, who perceive a positive fit between two brands in an M&A setting, will have a heuristic approach when evaluating the attitude towards the acquisition. Thus, they will evaluate the acquisition positively, and consequently their post evaluation of target brand. Simonin and Ruth (1998) found that prior attitude towards the involved brands affect attitude towards alliance. It is reasonable that the same logic is transferable to attitude towards an acquisition.

Further, same authors also found spillover effects from brand alliance attitude, thus it is believed that acquisition attitude may have a mediating effect on the three independent variables respectively. This means that the three independent variables' effects on attitudinal shift towards the involved brands are expected to be reduced through the evaluation of the attitude itself.

For this reason, the relationships between the abovementioned factors and change in target brand attitude are further observed, now with the idea that competence complementarity, communication of acquisition motive, and ownership do not only influence change in brand attitude directly, but are also mediated by acquisition attitude. This indication provides the following model and hypothesis:

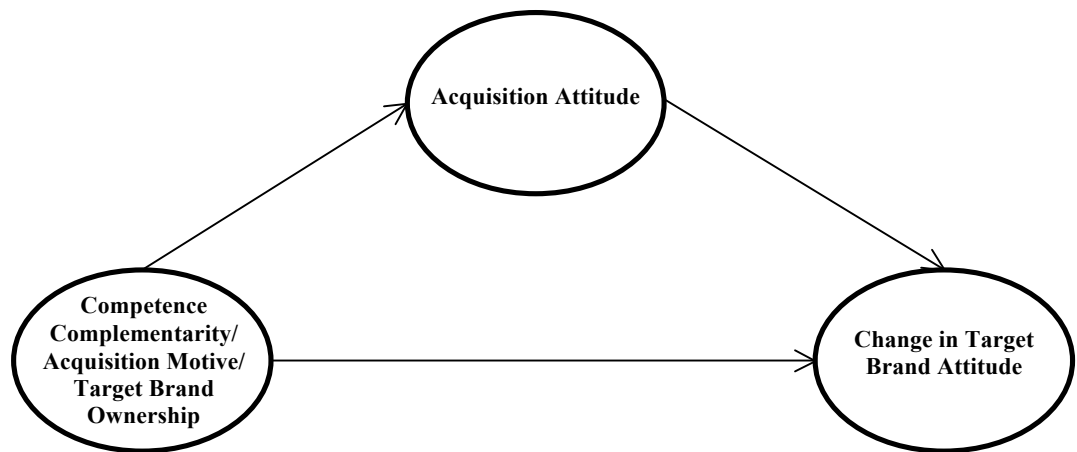


Figure 1: Conceptual Model of H4: Mediating Effects from Acquisition Attitude

H4: The influence of (a) competence complementarity, (b) acquisition motive, and (c) target brand ownership on change in target brand attitude will be mediated by attitude towards the acquisition

3 Study 1

Study 1 tests hypotheses 1 to 4. An analysis of consumers' attitudinal change towards the target- and bidder brand following an acquisition, and attitude towards the acquisition will be carried out. The level of competence complementarity between the companies involved in the acquisition, the variation of communication content regarding acquisition motive, and target brand ownership status are included in order to assess their effects on consumers' attitudes.

3.1 Methodology

In this section, we first present the implemented pretest with respect to the target brand and essential competencies utilized in the acquisition scenario. Then, the applied design for Study 1 is discussed with respect to participants, experimental procedure, manipulations of independent variables, and measurement of the dependent variables. Finally, the procedure on how we applied the experiment is put forward.

Based on resources as time and money, it was decided to use Amazon Mechanical Turk (MTurk) for gathering the needed data for our research. Compared to traditional methods of data collection, MTurk is recognized as an effective and professional method to gather reliable data (Buhrmester, Kwang, and Gosling 2011). Further, findings suggest that participants are more diverse than college students (Buhrmester, Kwang, and Gosling 2011). MTurk allows researchers to collect data from consumers quickly through an Internet marketplace at a low price. Thus, for this study, we have used participants from the U.S. Further, our requirements were that respondents had to have more than 100 Hits approved and an approval rate of minimum 95%. All data was collected in the course of 3 to 4 hours after publishing the experiment on MTurk.

3.1.1 Pretest of Target Brand

In order to identify which brand would be appropriate to use as target brand in the experiment, a pretest was implemented. We decided on using a medium involvement category that respondents were familiar with, and found that outdoor sports and recreation clothing brands would be suitable for this purpose. It was important for us to use a real brand that the respondents were average connected to, as it to a greater extent would make a more realistic situation and thus, more precise measures of target brand attitude. Consequently, to achieve a more reliable result, Escalas and Bettman's (2003) self-brand connection scale was applied. In addition to the scale's seven statements, the company logos were presented (Appendix 1)

We measured self-brand connection on three U.S. outdoor sports and recreation clothing brands. A 7-point semantic differential scale on the self-brand connection (SBC) items was employed. The chosen brands for the pretest were The North

Face, Marmot, and Mountain Hardwear. It was believed that respondents were familiar with these brands as those are well established in the U.S. market. In total, 39 respondents ($n = 39$) took part in the pretest. Table 1 demonstrates the findings from the pretest, and The North Face was identified to be the most acceptable brand to use as the target brand in our study ($M_{\text{The North Face}} = 3.62$). Respondents were also asked to write down some attributes they find important for the category. Those were identified as *durability*, *design*, and *functionality* and were applied as measurements of competence complementarity between the two brands involved in the acquisition.

Brand	n	Mean SBC
The North Face	11	3.62
Marmot	13	3.09
Mountain Hardwear	15	3.13

Table 1: Pretest of Target Brand

3.1.2 Participants and Design

Ghuri and Grønhaug (2010) state that within an experimental design, the sampling procedure becomes essential in order to achieve a representative sample. This is also important in order to achieve valid knowledge from the study's findings. It is of importance to recognize the needed size of the sample group for the study (Gripsrud, Olsson, and Silkoset 2008), as well as it is acknowledged that one should obtain at least 100 observations in a research study. Further, Sudman (1976), cited in Gripsrud, Olsson, and Silkoset (2008, 155), states that there should be among 25 and 50 respondents within each group when operating with different subgroups. In order to develop a consistent design, this information has been taken into account. In total, a sample of 163 U.S. respondents ($n = 163$) took part in the experiment, of whom 35.6% were females and 64.4% males, and 76.7% was in the age group 21-40. Regarding education level, 46% has earned an undergraduate degree.

The design consisted of three independent variables with two levels each. Basically, a 2 (competence complementarity: high vs. low) x 2 (communicated

acquisition motive: consumer relevant vs. non-consumer relevant press release) x 2 (target brand ownership: owner vs. non-owner) between-subjects factorial design was applied with three dependent variables; (1) change in bidder brand attitude, (2) change in target brand attitude, and (3) acquisition attitude. This design helps analyzing consumers' attitudes by manipulating the content of information presented to participants. Note that by randomly assigning participants to different experimental conditions, the internal validity of our study will be enhanced. Since respondents cannot be randomly assigned to the ownership variable, they need to be blocked, or grouped. Thus, a randomized block design was applied for this variable. The experiment's sample was blocked into two groups: owners and non-owners. Overall, competence complementarity and communicated acquisition motive formed the four experimental conditions in the experiment, which table 2 below illustrates. Together with the ownership variable, this experiment comprises a total of eight conditions.

		Communicated Acquisition Motive			
		Consumer relevant		Non-consumer relevant	
Competence Complementarity	High	Experimental Condition 1		Experimental Condition 3	
		Owner	Non-owner	Owner	Non-owner
	Low	Experimental Condition 2		Experimental Condition 4	
		Owner	Non-owner	Owner	Non-owner

Table 2: Four Experimental Conditions

3.1.3 Manipulations of Independent Variables

Two of the independent variables, competence complementarity and acquisition motive, were manipulated in order to test how they affected the dependent variables. The third independent variable, *brand ownership*, cannot be manipulated, and thus, respondents were simply asked if they own or have owned a product from The North Face.

Competence complementarity was manipulated by using two different competence descriptions of the bidder brand, with emphasis on durability, design, and functionality. We found it necessary to create a brand name that would not evoke any associations to other well-known brands in the category, while at the same

time evoke associations to sports and recreation clothing and outdoor activities. Hence, we chose to use the name Arctic Sport. We created two different descriptions of competence level; one description contained information featuring high competence complementarity with the target brand, while the other description included information featuring low competence complementarity.

Communication of acquisition motive was manipulated through creation of two different press releases by differentiating between consumer relevant content and non-consumer relevant content. Consumer relevant content communicated an acquisition motive providing beneficial outcomes for the consumers. Higher durability, enhanced innovation, and broader and customized product range are all advantageous for the consumers, and thus may generate important value. On the other hand, non-consumer relevant content expressed an acquisition motive providing beneficial outcomes for the two firms involved in the acquisition. Here, access to capabilities and resources, financial synergies, increased market share, and strengthened positions represent essential reasons for the companies to involve in the M&A.

3.1.4 Measurement of Dependent Variables

In order to measure change in attitude towards the target- and bidder brand, attitude was measured after reading the descriptions of the brands, and after being exposed to the press release about the acquisition. Acquisition attitude was measured after exposure of the press release. For all three dependent variables, we used a traditional 7-point semantic differential scale with three items; *good/bad*, *positive/negative* and *favorable/unfavorable*, as those have been applied in various research for many years, and moreover, it measures attitude directly (Haugtvedt, Petty, and Cacioppo 1992, 245; Samuelsen and Olsen 2012).

3.1.5 Manipulation Checks

Manipulation checks were included to ensure that the manipulations worked as intended (Mitchell and Jolley 2004). Manipulation of *competence complementarity* was, as previously mentioned, done by developing two descriptions of Arctic Sport. Further, one description of The North Face was designed with focus on the same competencies, allowing participants to perceive some level of complementarity between the two brands. To be able to evaluate

whether respondents perceived the manipulation as intended, measures of durability, design, and functionality perceptions between Arctic Sport and The North Face were performed after exposure of the acquisition. The measurement was carried out after acquisition and attitude items in order to prevent disclosure of the manipulation. For this purpose, a 7-point semantic differential scale was applied, where 1 represented “to a large extent poorer” and 7 represented “to a large extent better”.

The respondents were exposed to a press release emphasizing benefits for either the consumers or the company. To be able to assess whether the respondents correctly perceived the communicated acquisition motive, the manipulation was measured by a question pertaining the motive behind the acquisition. The respondents were asked to what extent they perceived the acquisition as more consumer or company focused. A 7-point semantic differential scale was used for this purpose, where 1 indicated “to a large extent consumer focused” and 7 indicated “to a large extent company focused”.

3.1.6 Procedure

The participants were randomly assigned to one of the four conditions, and table 3 below shows an overview of how participants have been distributed in the different conditions, including ownership. Before starting the experiment, a brief introduction to the questionnaire was presented. The layout of the questionnaire was the same across all four conditions, but with two various descriptions of the bidder brand and two different acquisitions motive framings. Qualtrics has been utilized in order to design the questionnaire and to collect the needed data. The developed experiment is based on four main parts, as described next.

	Low CC		High CC		Total
	Non-consumer	Consumer	Non-consumer	Consumer	
<i>Ownership</i>					
Non-owner	22	21	25	23	91
Owner	19	21	14	18	72
Total	41	42	39	41	163

Table 3: Distribution of Participants and Conditions

In the first part, the participants were initially introduced to a brief instruction in order to prepare them for the first section of the experiment. Then they were presented to one of the two descriptions of the bidder brand, Arctic Sport (Appendix 2 and 3), where brand illustration encompassed either a high or low level of durability, design and functionality (possessed high or low competence complementarity). Same amount of information was presented in both descriptions, as well as same logo. Further on, participants evaluated different statements regarding their impressions of Arctic Sport, and subsequently answered questions assessing their brand attitude.

In the second part of the experiment, the respondents were introduced to a description of the target brand; The North Face. Same brand illustration was given to all the respondents (Appendix 4). Subsequently, the participants were presented with questions about their impressions of the study's three attributes (quality, design, and functionality) and different statements measuring their attitude and self-brand connection towards The North Face. Lastly, questions evaluating their purchase intentions were presented.

In the third part, participants were introduced to one of two press releases describing the acquisition motive (Appendix 5 and 6), followed by questions measuring their attitudes towards the acquisition itself. Then, using identical scales as before manipulation, measures of attitude towards The North Face and Arctic Sport were performed again. This was done so that we could measure change in attitude. In addition, the participants answered questions evaluating their beliefs concerning consequences for the target brand as well as questions related to the acquisition motives. Lastly, Shimp and Sharma's (1987) reduced 10-item version of the CETSCALE, which measure consumers' beliefs concerning ethnocentric tendencies of purchasing foreign-made products, was included as a filler question in order to disguise the purpose of the study.

The fourth and final part of the questionnaire provided a set of demographic questions in order to obtain a better understanding of the study's respondents. The ownership question was included in this part, as it would appear as informative rather than a major part of the experiment. Lastly, participants were thanked for

their contribution, followed by information that the acquisition was created for research purpose only, and therefore was fictional.

3.2 Results

In this section the findings from Study 1 will be presented. First, we explain how the collected data was assessed, followed by a description of the manipulation checks. Finally, a brief discussion of the results with regards to the hypotheses is put forward.

3.2.1 Data Preparation

Before analyzing the data, some adjustments were implemented in order to be able to assess the data in a more appropriate manner. Some items were found suitable to combine into fewer variables in order to reduce the data set. A reliability analysis was conducted in order to test items' interrelatedness. To combine the items into one variable, a Cronbach Alpha (α) greater than .80 should be achieved, indicating high interrelation. Table 4 (Appendix 7) illustrates the new variables ($\alpha > .80$) that have been created in the data set.

It was desired to identify if the pretest of the target brand was in line with the findings from our main study. We assessed the self-brand connection variable in our study in order to see if the main study had provided reasonable results compared to the implemented pretest. The main study analysis recognized a mean value ($M = 3.84$), which is very similar to the pretest ($M = 3.62$). Nevertheless, it is reasonable to believe that there is a consistency of self-brand connection concerning The North Face between the respondents in the pretest and the experiment.

3.2.2 Manipulation Checks

The manipulation of *competence complementarity* was tested by conducting an one-way ANOVA. The result showed a weak significant difference between the groups, ($F(1,161) = 4.926, p = .099$), where respondents in the low competence complementarity condition evaluated Arctic Sport's attributes poorer than those in the high competence complementarity condition ($M_{\text{low CC}} = 4.27$ vs. $M_{\text{high CC}} = 4.62$). This manipulation was in line with our intentions, and thus, deemed as appropriate for testing our hypotheses.

Further, the manipulation of *communication content* was also tested by use of an one-way ANOVA. The result showed a significant difference between the groups, ($F(1,161) = 11.303, p = .001$). In line with our prediction, the respondents in the non-consumer relevant press release condition evaluated the acquisition motive as being more company focused than respondents in the consumer-relevant press release condition ($M_{\text{non-con.}} = 5.43$ vs. $M_{\text{con.}} = 4.61$). Overall, the analyses indicated that the study's manipulations of both competence complementarity and communication content worked as planned.

3.2.3 Analysis of Hypotheses H1-H4

A series of repeated measures ANOVA as well as univariate ANOVA were conducted to test hypotheses 1, 2, and 3. Three dependent variables were measured separately; (1) change in attitude towards the target brand, (2) change in attitude towards the bidder brand, and (3) attitude towards the acquisition. For each of the two change in attitude measures, we performed a 2 (competence complementarity (CC): high vs. low) x 2 (communication of acquisition motive: consumer relevant vs. non-consumer relevant) x 2 (target brand ownership: owner vs. non-owner) repeated measures ANOVA. For the attitude towards the acquisition measures, we performed a univariate ANOVA with competence complementarity, communication of acquisition motive, and target brand ownership as factors. To test hypothesis 4, we applied Baron and Kenny's (1986) regression approach for testing the mediating role of acquisition attitude, as this method is appropriate when the independent variable is not an interaction variable.

Marginal Means	The North Face			Arctic Sport			Acquisition
	Pre Mean	Post Mean	Change	Pre Mean	Post Mean	Change	Mean
<i>Competence complementarity</i>							
Low CC	6.11	5.26	- .85	5.44	5.31	- .13	4.93
SD	1.13	1.34		1.09	1.34		1.51
High CC	5.98	5.60	- .38	6.01	5.92	- .09	5.48
SD	1.07	1.37		.99	1.18		1.25
<i>Communication motive</i>							
Non-consumer relevant	6.18	5.73	- .45	5.75	5.86	.12	5.49
SD	1.01	1.25		1.16	1.24		1.31
Consumer relevant	5.92	5.15	- .78	5.70	5.37	- .33	4.92
SD	1.16	1.41		1.00	1.30		1.44
<i>Ownership</i>							
Non-owner	5.89	5.44	- .45	5.77	5.74	- .04	5.44
SD	1.21	1.36		1.08	1.22		1.31
Owner	6.25	5.42	- .83	5.65	5.45	- .20	4.90
SD	0.9	1.37		1.07	1.38		1.48

Table 5: Overview of Means (Study 1)

3.2.4 Test of Hypotheses 1a, 1b, and 1c

The first hypothesis proposed that high competence complementarity would have a more positive effect (less drop) on each of the three dependent variables than low competence complementarity. For change in attitude towards target brand (H1_a), results identified that competence complementarity has a significant main effect ($F(1, 155) = 5.297, p = .023$). More specifically, change in target brand attitude is more favorable in the high competence complementarity condition (High CC_{change in attitude} = -.38) than in the low competence complementarity condition (Low CC_{change in attitude} = -.85). The findings support hypothesis H1_a.

Further, the analysis of hypothesis H1_b, change in attitude towards bidder brand, revealed that competence complementarity has not a significant main effect ($F(1,155) = 0.113, p = .738$). Consumers' evaluations of the attitude towards bidder brand, both before and after the acquisition, are similar in the high competence complementarity condition (High CC_{change in attitude} = -.09) and low competence condition (Low CC_{change in attitude} = -.13). Thus, this hypothesis is not supported.

The final hypothesis in this section (H1_c), related to acquisition attitude, is supported. Competence complementarity has a significant main effect on attitude towards the acquisition ($F(1,155) = 5.367, p = .022$). As expected, high competence condition participants are more positive to the acquisition ($M_{\text{high CC}} = 5.48$) than participants in low competence condition ($M_{\text{low CC}} = 4.93$).

3.2.5 Test of Hypotheses 2a, 2b, and 2c

Hypothesis 2 predicted that communication of acquisition motive would affect both change in attitude towards target brand and bidder brand as well as attitude towards the acquisition. More specifically, it was expected that participants exposed to consumer relevant content would have a less change in brand attitude than those exposed to non-consumer relevant content. The same pattern was expected for attitude towards the acquisition.

The first hypothesis (H2_a), regarding the target brand, revealed that the content in the communication has a marginally significant main effect on change in attitude towards target brand ($F(1,155) = 3.122, p = .079$). Interesting however, the results showed that, contrary to our prediction, those exposed to communication with consumer relevant content showed to have a greater drop in attitude ($\text{Consumer}_{\text{change in attitude}} = -.78$) than those exposed to communication with non-consumer relevant content ($\text{Non-consumer}_{\text{change in attitude}} = -.45$). Thus, the hypothesis was not supported.

With regards to hypothesis H2_b, results of communication content showed a significant main effect on change in attitude towards the bidder brand ($F(1,155) = 7.212, p = .008$). As for hypothesis H2_a, findings contrary to our prediction was revealed. Participants in the consumer relevant content condition had a drop in attitude ($\text{Consumer}_{\text{change in attitude}} = -.33$), but more interestingly, participants in the non-consumer relevant content condition showed to have an *increase* in attitude after the acquisition ($\text{Non-consumer}_{\text{change in attitude}} = .12$). Thus, we did not gain support for this hypothesis.

The third hypothesis in this section (H2_c) predicted that different content in the communication would have a significant main effect on attitude towards the acquisition. For this, we found significant results ($F(1,155) = 6.492, p = .012$).

However, again results showed the opposite of our prediction, as attitude towards the acquisition was evaluated more positive when communication content was non-consumer relevant ($M_{\text{non-con.}} = 5.49$) than when communication content was consumer relevant ($M_{\text{con.}} = 4.92$). Consequently, in spite of significant difference, there was no support for our prediction in this hypothesis.

Even though all three hypotheses did not get support, it is important to notice that the communication content has a significant main effect. Furthermore, another interesting observation was that respondents in consumer relevant content condition in general generated lower mean attitude values compared to respondents in non-consumer relevant content condition. This will be discussed later.

3.2.6 Test of Hypotheses 3a and 3b

The two following hypotheses predicted that target brand ownership (owner vs. non-owner) would have a main effect on change in attitude towards target brand, as well as on attitude towards the acquisition. More detailed, for hypothesis H3_a it was assumed that change in attitude towards target brand would be less favorable amongst target brand owners than for non-owners. The same assumption was expected in hypothesis H3_b with respect to attitude towards acquisition.

In terms of the first hypothesis (H3_a), data showed that ownership has a weak significant main effect on change in target brand attitude ($F(1,155) = 2.756, p = .099$). The hypothesis was supported, as owners of target brand proved to have a less favorable attitude change ($\text{Owner}_{\text{change in attitude}} = -.83$) than non-owners ($\text{Non-owner}_{\text{change in attitude}} = -.45$). The hypothesis regarding attitude towards the acquisition (H3_b) turned out to have a significant main effect ($F(1,155) = 4.72, p = .031$) and consistent with our prediction, since evaluation of attitude towards the acquisition showed to be less favorable amongst owners ($M_{\text{owners}} = 4.89$) than for non-owners ($M_{\text{non-owners}} = 5.46$).

3.2.7 Test of Hypotheses 4a, 4b, and 4c

All three hypotheses predicted that each of the three independent variables' (competence complementarity, acquisition motive, and ownership) influence on change in target brand attitude would be mediated through acquisition attitude. A

set of regression analyses was performed according to Baron and Kenny’s (1986) approach. For all three independent variables, same regressions were performed; (1) we regressed change in target brand attitude against the independent variable, (2) then we regressed the mediator (acquisition attitude) against the independent variable, and finally (3) we regressed target brand attitude against both independent variable and mediator.

In hypothesis H4_a, we tested the mediating effect on competence complementarity. The analysis showed that competence complementarity had a positive effect on acquisition attitude (path a: $\beta = .543, t(162) = 2.50, p = .013$). Further, data revealed that acquisition attitude had a positive effect on change in target brand attitude (path b: $\beta = .407, t(162) = 6.62, p = .000$), while simultaneously providing a significant drop in the influence of competence complementarity ($F(2,160) = 25.836, p = .000$). This influence dropped from $\beta_c = .476 (t = 2.501, p = .013)$ to $\beta_{c'} = .256 (t = 1.481, p = .141)$. Combined, the results indicated a significant indirect effect, and a full mediation is achieved (Baron and Kenny 1986). The findings are consistent with the developed hypothesis, which therefore is supported.

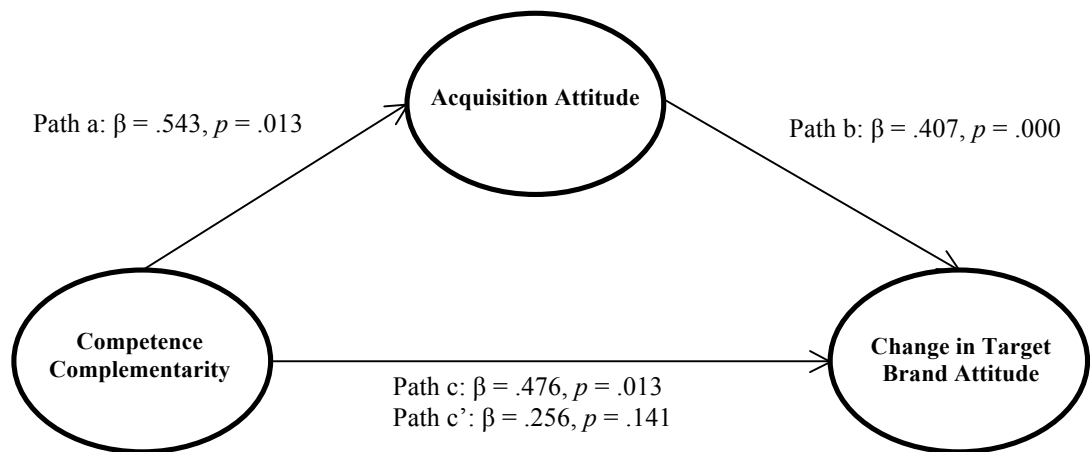


Figure 2: Mediating Effect of Competence Complementarity

	β	t-value	Sign.
Step 1 (Path c)	.476	2.501	.013
Step 2 (Path a)	.543	2.5	.013
Step 3 (Path b)	.407	6.62	.000
Step 3 (Path c')	.256	1.481	.141

Table 6: Results of Regression Analyses (Competence Complementarity)

Regarding hypothesis H4_b, the mediating effect on acquisition motive is tested. The analysis identified that acquisition motive had a negative effect on acquisition attitude (path a: $\beta = -.58$, $t(162) = -2.66$, $p = .009$). Next, acquisition attitude showed to have a positive effect on change in target brand attitude (path b: $\beta = .418$, $t(162) = 6.74$, $p = .000$), while simultaneously providing a significant reduction in the influence of acquisition motive ($F(2,160) = 24.574$, $p = .000$). The influence of acquisition motive was decreased from $\beta_c = -.329$ ($t = -1.711$, $p = .089$) to $\beta_{c'} = -.088$ ($t = -.508$, $p = .612$). Again, a full mediation is achieved, and the results support hypothesis H4_b.

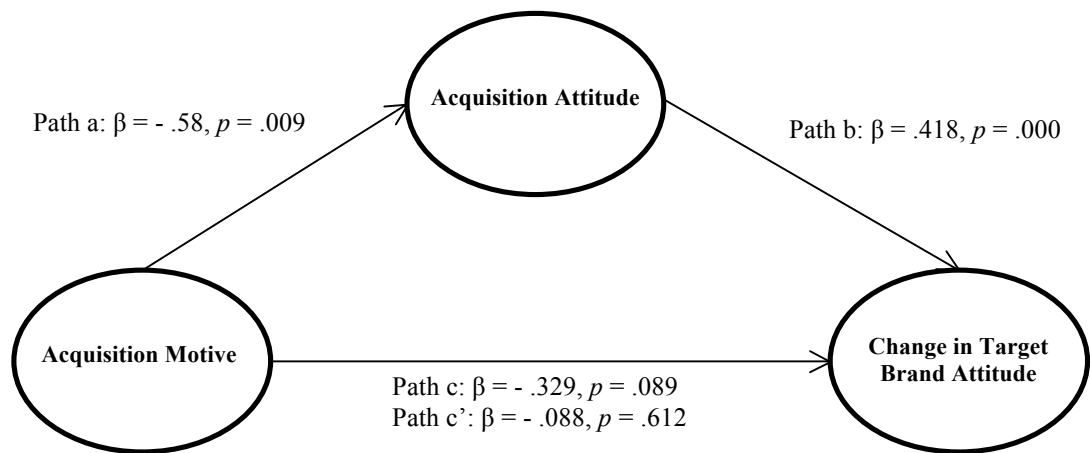


Figure 3: Mediating Effect of Acquisition Motive

	β	t-value	Sign.
Step 1 (Path c)	-.329	-1.711	.089
Step 2 (Path a)	-.58	-2.66	.009
Step 3 (Path b)	.418	6.74	.000
Step 3 (Path c')	-.088	-.508	.612

Table 7: Results of Regression Analyses (Acquisition Motive)

The final hypothesis tested the mediating effect on target brand ownership (H4_c). In addition to the negative effect of ownership on acquisition attitude (path a: $\beta = -.54$, $t(162) = -2.46$, $p = .015$), the acquisition attitude had a positive effect on change in target brand attitude (path b: $\beta = .414$, $t(162) = 6.71$, $p = .000$). Also, acquisition attitude resulted in a significant drop in influence of ownership ($F(2,160) = 24.926$, $p = .000$) as this variable was reduced from $\beta_c = -.378$ ($t = -1.958$, $p = .052$) to $\beta_{c'} = -.156$ ($t = -.893$, $p = .373$). These empirical findings provide support for the hypothesis.

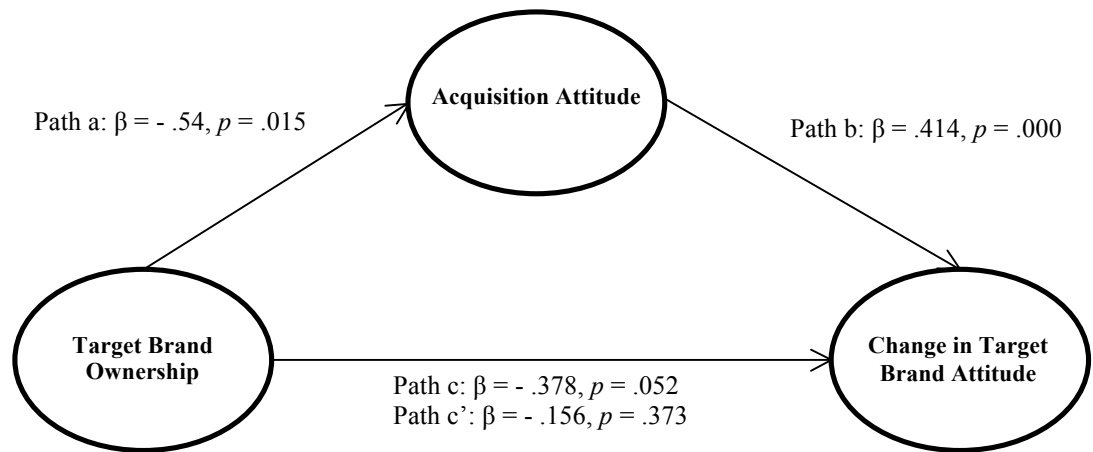


Figure 4: Mediating Effect of Target Brand Ownership

	β	t-value	Sign.
Step 1 (Path c)	-.378	1.958	.052
Step 2 (Path a)	-.54	-2.46	.015
Step 3 (Path b)	.414	6.71	.000
Step 3 (Path c')	-.156	-.893	.373

Table 8: Results of Regression Analyses (Target Brand Ownership)

3.3 Discussion

The results of Study 1 supports our assumptions that high competence complementarity contributes to a more favorable judgment of the target brand and the acquisition. That is, consumers that perceive a high fit between the companies do not change their attitude as negatively as those who perceive low fit, and they are more positive to the acquisition itself. When evaluating pre and post attitude towards the bidder brand, consumers' perception of competence complementarity is without significance. Additionally, and consistent with our predictions, the study's empirical findings regarding ownership gives the same pattern as competence complementarity. Those who own a product of the target brand change their attitude more negatively than non-owners. Further, they are more negative to the acquisition. That could be because they feel that the acquisition threatens their relationship with the target brand. Surprisingly, Study 1 demonstrates that when consumers are presented with information that emphasizes company benefits (non-consumer relevant content) they tend to overall have more positive evaluations than those presented with information focusing on consumer benefits (consumer relevant content). This is contrary to

our predictions. The results could be related to that consumers perceive companies to be more honest when they communicate that the acquisition is driven in the interest of the company. First, we found that change in attitude towards target brand do not drop as much when consumers are presented to non-consumer relevant information. Second, consumers who learn that the acquisition is company driven are more positive to the acquisition. Lastly, and more surprising, consumers exposed to non-consumer relevant content change their attitude towards the bidder brand in a positive direction. That is, they evaluate the bidder brand more positive after than before the acquisition. Thus, there is a spillover effect that can be related to the notion of “free rider” explained by Simonin and Ruth (1998), but probably also, as mentioned, honesty with respect to acquisition motive.

The results also demonstrate the idea that acquisition attitude mediates the effect of the three independent variables (competence complementarity, acquisition motive, and target brand ownership) on change in target brand attitude. No matter whether the independent variables have a positive or negative effect on consumers’ evaluation of the acquisition, the acquisition attitude has a positive effect on attitude change. This means that acquisition attitude is an influential factor in consumers attitude change.

With respect to acquisition motive, the study revealed opposite results than predicted. Could it be that consumers’ evaluations will be the same if the acquisition motive, which enhances company benefits, also reveals change in name for the new entity? More specific, following Thorbjørnsen and Dahlén’s (2011) logic by involving consumers, will there be differences among those invited to vote and those not invited to vote for the new entity’s name? Furthermore, as acquisition attitude showed to be a strong predictor in brand attitude evaluations, it can be speculated that consumers who are positive to the acquisition have more positive evaluations than those who are negative. To explore this further, we designed Study 2, where level of involvement was manipulated. The context is the same as in Study 1.

4 Study 2

Study 2 was designed to test the interaction between level of involvement in the communicated acquisition motive and attitude towards the acquisition on target brand attitude change. Two levels of involvement conditions were presented; (1) invitation to vote for the new entity's name (vote condition), where participants could vote for either bidder brand name or a new name, or (2) no invitation to vote (no-vote condition), where the new entity's name was specified to be the same as bidder brand name. The acquisition motive presented was the same in both conditions (enhancing company benefits).

This section provides a detailed description on how Study 2 was implemented, followed by a report of the results based on the developed hypotheses for this study. Lastly, a brief discussion of the empirical findings is presented.

4.1 Corporate Naming Strategy

Following an M&A, different corporate brand redeployment strategies are available to the parties involved in the operation (Jaju, Joiner, and Reddy 2006). It is believed that companies' naming strategies in M&A settings will influence consumers' judgments. To illustrate this, we again use Elixia and Sats as an example. Imagine that an acquisition takes place where Elixia acquires Sats. Rather than keeping the brands as it is today, it has been decided to change the name of the fitness centers. The suggestions are either to combine the names to ElixiaSats or just to use Elixia. Would these two naming strategies influence customers' attitudes? Or would customers be indifferent as they assume that the new entity's name is already determined? Based on this, we find it interesting to investigate how naming strategies in an acquisition scenario will affect consumers' attitudes. Also, as it is demonstrated that involvement of consumers may create more positive evaluations (Thorbjørnsen and Dahlén 2011), we include this as an essential part to determine the effect of naming strategy.

Extant research has paid attention to stakeholders' perspectives on different naming strategies in the wake of M&As, and its importance of achieving positive reactions from consumers have been highlighted (Jaju, Joiner, and Reddy 2006; Machado et al. 2012; Papavasileiou 2009; Thorbjørnsen and Dahlén 2011). Kapferer (1997) and Keller (1998), cited in Jaju, Joiner, and Reddy (2006, 207)

demonstrate that choosing the right strategy is essential, as the name conveys meaning and defines image. Also, name is considered to be a fundamental identity sign for companies, and is therefore a significant communication indicator (Machado et al. 2012). Papavasileiou (2009) proposes that naming strategy influences consumers' perceptions of M&As, and implementing a less favorable corporate name may affect consumers' attitudes towards the brands in a negative direction. Hence, achieving a comprehension about consumers' views on the brand images may be pivotal in the process of deciding naming strategy. As Jaju, Joiner, and Reddy (2006) convey, it is significant to consider what image one wants to communicate after an M&A and thereby choose a suitable name for the new corporation. Further, same authors pinpoint that it should be desired to favor a naming strategy that maximizes the equity related to the new corporation.

Naming strategies. In their research, Jaju, Joiner, and Reddy (2006) put forward three main naming strategies; (1) non-synergistic redeployment (creation of a completely new identity and corporate name), (2) pure synergistic redeployment (acquiring firm keeps its identity while the acquired firm's brand is kept as a division/subsidiary), and (3) synergistic redeployment (creation of a new corporate name where both firms' names are kept) where one distinguishes between an acquirer dominant synergistic redeployment and target dominant synergistic redeployment. Basu (2006) suggests the same strategies, but adds a fourth strategy; keeping only one of the brand names (either bidder or target brand name). More recently, Thorbjørnsen and Dahlén (2011) demonstrated that allowing consumers taking part in M&A decisions mitigate negative responses following an M&A. Their research suggests that involvement of customers in the naming strategy, and thus viewing them as partners, may mitigate reactance and assure greater M&A success.

4.1.1 Impact of Naming Strategy on Brand Attitude Change

It is acknowledged that management is aware of the importance of handling branding strategies early in an M&A process. Thornton, Arndt, and Weber (2004) describe real situations about consumers being less satisfied after a merger due to changes in prices, quality or as results of the entity's cost cutting. Such negative responses may be a result of not being customer centered (Shah et al. 2006).

Drawing on this, and Ettenson and Knowles' (2006) description of "business as usual strategy", it can be argued that acquisitions that do not entail changes for the consumers will not in particular change their attitude towards any of the entities when both brands are considered as equal. The same logic may apply to attitude towards the acquisition. Nevertheless, when companies decide on changing the target brand name, they can still continue their business as usual. However, in such a setting, customers may experience a loss of freedom with respect to whom they want to be a customer of. Therefore, in order to mitigate this psychological reactance (Brehm 1966) as well as minimize attitude change, it is believed that involving consumers in the naming process will reduce the reactance (Thorbjørnsen and Dahlén 2011), and consequently reduce attitude change. As M&As are provisions that are made outside control of consumers, they will to varying degrees make up some opinions about the acquisition. Thus, it is suggested that by implementing a naming strategy that involves consumers will affect attitude change in a different way than not involving consumers. Drawing on this, we propose the following hypothesis:

H5: There will be an interaction effect between naming strategy (invitation to vote vs. not vote) and consumers' attitude towards the acquisition on change in target brand attitude, such that a) the change in target brand attitude will be less affected by level of acquisition attitude when consumers are invited to vote than not invited to vote. Further, there will be difference between the conditions (vote vs. no-vote) at b) low values of acquisition attitude, such that those invited to vote will have less change in attitude than those not invited to vote, but no difference at c) high values of acquisition attitude.

4.2 Methodology

4.2.1 Participants and Design

In Study 2, 128 U.S. respondents took part the experiment through MTurk, and were randomly assigned to either a vote condition or no-vote condition. After rejecting participants who failed to respond correctly to the attention filler (Oppenheimer, Meyvis, and Davidenko 2009), the final sample size consisted of 120 participants (n = 120), distributed on 46.7% females and 53.3% males, and 77.5% was in the age group 21-40 years. Regarding education level, 43.3% has

earned an undergraduate degree. With respect to acquisition attitude, this was measured in same manner as in Study 1.

The design consisted of two independent variables; level of involvement in an acquisition scenario, and acquisition attitude. Change in target brand attitude was included as the study's dependent variable. Overall, a between-subjects factorial design was performed in order to investigate the interaction effect. For this purpose, we applied a univariate ANOVA to test the hypothesis. We utilized the same brands as in Study 1.

4.2.2 Measurements of Dependent Variable

As in Study 1, target brand attitude was measured both pre and post exposure of information about the acquisition, on a 7-point Likert scale with three items; *good/bad, positive/negative and favorable/unfavorable*.

4.2.3 Procedure

We followed the same procedure as in previous study, with some few changes. As high competence complementarity generated more positive effect in target brand attitude change in Study 1, all participants were presented for that description of Arctic Sport in this study. This was followed by some attitude and impression questions. Next, participants viewed the description of The North Face, followed by questions about attitude, impression and familiarity. Also, on the basis that it was desired to assess the possible effect of ownership status on change in target brand name, a question regarding ownership of a The North Face product was included. Moreover, we wanted to identify satisficing participants, and thus included an instructional manipulation check functioning as a filler question, adapted from Oppenheimer, Meyvis, and Davidenko (2009). Then, participants were randomly exposed to one of the two acquisition press releases, where one group was given the opportunity to vote for one of two entity names (Arctic Sport or Norse Wear) (Appendix 8) and the other group received information that the new entity name would be Arctic Sport (Appendix 9). Subsequent to the press release, questions measuring consumers' attitudes towards the target brand and the acquisition were presented. Like in Study 1, the questionnaire ended with demographic questions, followed by information that this study was conducted for research purpose only, and thus fictional.

4.3 Results

4.3.1 Data Preparation

A reliability analysis was performed before examining the study in order to reduce the data set. Table 9 (Appendix 10) illustrates the identified items that achieved $\alpha > 0.80$ and thus were merged into one variable. The target brand attitude variables measured before and after acquisition were calculated into one variable, denoted as change in target brand attitude.

4.3.2 Test of Hypothesis 5_a, 5_b, and 5_c

As the acquisition attitude variable was continuous, the procedure by Aiken and West (1991) and Fitzsimons (2008) was followed by conducting regression analysis. We performed a regression on change in target brand attitude. The independent variables were involvement of consumers (invitation to vote = 1 and no invitation to vote = 0), acquisition attitude (continuous variable), and their interaction. The continuous variable was centered to reduce multicollinearity (Aiken and West 1991). The result showed that the interaction between the independent variables had a significant effect on change in target brand attitude ($b = .316$, $t(119) = 2.64$, $p = .009$). Figure 5 illustrates the result, where Low Acquisition Attitude is plotted at one standard deviation below the mean and High Acquisition Attitude is plotted at one standard deviation above the mean.

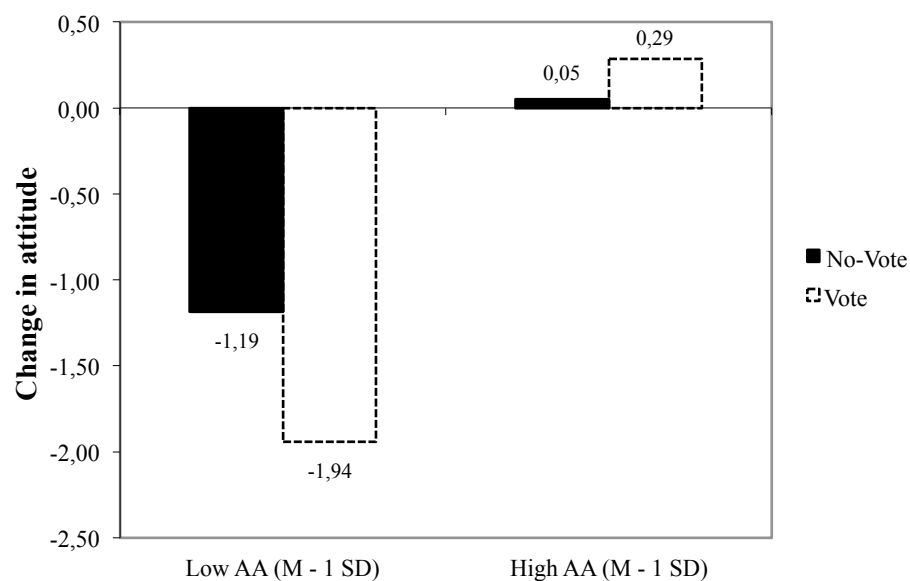


Figure 5: Change in Target Brand Attitude

To explore the interaction, the simple slopes of acquisition attitude were analyzed. The results showed that the slope between low and high values of acquisition attitude was positive and significant in both vote condition ($b = .714$, $t(119) = 2.704$, $p = .008$) and no-vote condition ($b = .397$, $t(119) = 4.119$, $p = .000$). However, as the b -value for vote condition is higher than for no-vote condition, it means that participants who were given the opportunity to vote are more affected whether they like or dislike the acquisition than those who were not invited to vote. Thus, participants invited to vote showed to have greater variation in their target brand attitude change. This is contrary to our prediction, and therefore hypothesis 5_a is not supported. To further investigate our prediction in hypothesis 5_b, that participants at low values of acquisition attitude do differ between the involvement conditions, a spotlight analysis was conducted at one standard deviation below the mean of acquisition attitude. The results showed that there was significant difference between participants who were given the opportunity to vote and participants who were not given the opportunity to vote ($b = -.752$, $t(119) = -8.897$, $p = .000$). However, those who were invited to vote generated a greater attitude change than those who were not invited to vote. That is, consumers who do not like the acquisition react more negative when given the opportunity to vote. This is not as predicted, and thus, we did not get support for this hypothesis.

With respect to H5_c, suggesting that participants among high values of acquisition attitude do not differ between the involvement conditions, a spotlight analysis was conducted at one standard deviation above the mean of acquisition attitude. As expected, the result showed that there was no significant difference between vote and no-vote conditions ($b = .232$, $t(119) = 0.828$, $p = .410$). Thus, hypothesis 5_c is supported. That is, when consumers like the acquisition, their attitude change is not affected by whether they are invited to vote or not.

	Acquisition Attitude (AA)	
	Low AA	High AA
	Change, mean	Change, mean
<i>Involvement</i>		
No-vote	-1.19	.05
Vote	-1.94	.29

Table 10: Overview of Means (Study 2)

4.4 Discussion

Despite significant results of all three hypotheses, together the overall results did not support our predictions, except hypothesis 5_c. That is, we expected that change in brand attitude would be less affected by low and high values of acquisition attitude when participants were invited to vote than not invited to vote. Further, the results showed that those at low level of acquisition attitude reduced their brand attitude significantly more when they were invited to vote as compared to when they were not invited to vote. Consequently, those results imply that inviting customers to vote will result in more negatively responses. Consumers who are negative to the acquisition (low acquisition attitude) will reduce their brand attitude more when they are invited to vote.

Study 2 extends the finding from H2 in Study 1 by showing that companies attempts to put consumers in focus, such as involving consumers or communicating consumer benefits, seems not worth the effort when it comes to reduce brand attitude change following an acquisition. Instead, we demonstrate that it actually leads to worse outcome than not involving consumers in the process. Consequently, the results reported from Study 2 is partially inconsistent with previous research, which has found that involvement of consumers in the acquisition process will provide more favorable brand judgments, as this will only have effect when consumers are more positive to the acquisition, and not when they are more negative. This implies that consumers have the notion that companies already have made up their minds about the new name of the entity ahead of announcing the acquisition. If so, it can explain why consumers who do not like the acquisition react even more negatively when they also have to vote for the new entity's name.

5 General Discussion

This final section highlights a main discussion and theoretical implications of the findings from Study 1 and Study 2, which leads us to the proposed managerial implications. Limitations regarding the implemented studies and suggestions for future research are then presented.

As it is acknowledged that consumers' reactions and perspectives to M&A activities rarely have been addressed in the academic marketing literature, the main objective of our research was to address the importance of consumers' roles in an M&A operation. The main purpose of this study was to provide a better understanding on how an M&A operation influences consumers' attitude and change in attitude, as previous empirical research in the field of M&A only to some extent has emphasized consumers' evaluations (Anderson, Havila, and Salmi 2001; Jaju, Joiner, and Reddy 2006; Thorbjørnsen and Dahlén 2011). Further, to our knowledge, few researchers have concentrated their studies around consumers' pre and post evaluations of both the bidder brand and target brand. It is also acknowledged that prior research on consumers' attitudes in an M&A mostly has focused on post attitude, and consequently not changes in attitude. In this sense, the current research makes 2 essential contributions to the M&A- and attitude literature. First, we examine how well known factors, such as perceived fit, acquisition motive, and ownership affect consumers' *change* in attitude. We show that these factors are essential with respect to consumers' evaluations of an M&A, and thus most likely sources of failure and success in such a setting. Second, to our recognition, this is the first study that empirically demonstrate that companies' attempts to *involve* consumers in an M&A process create more *negative evaluations* of the acquisition and change in brand attitude.

5.1 Main Discussion and Theoretical Implications

In general, the results from the two experimental studies demonstrate that consumers' judgment of an M&A situation are influenced, both positively and negatively, by how the companies' activities are implemented and presented. The results from Study 1 have provided useful insight with respect to our first research question:

RQ1: In an M&A situation, how does (a) perceived competence complementarity between target- and bidder brand, (b) communicated acquisition motive, and (c) target brand ownership influence consumers' attitudes towards the brands involved and the acquisition?

The results confirm our hypothesis that perceived fit between the companies pertaining in an acquisition is essential with respect to consumer evaluations. As expected, respondents have more favorable judgments when they experience that perceived competence complementarity between the companies is high than low. These findings support previous research, which states that fit is a key determinant (Aaker and Keller 1990; Völckner and Sattler 2006) and needs to be present with respect to context and position (Aaker and Joachimsthaler 2000). However, competence complementarity shows no significant effect on bidder brand evaluations in this study, only for target brand and acquisition attitude. The reason for this can be explained by the aspect that fit might not be perceived as relevant for the bidder brand, since it is perceived as the “stronger” party.

Moreover, the most interesting and unexpected finding from our research was how consumers reacted on the different acquisition motives presented to them. We predicted that acquisition motive has an essential role in influencing consumers' judgments, and it showed to be significant. However, the findings revealed opposite results of our prediction, as results overall indicate that respondents evaluate the brands more negative from pre to post acquisition when exposed to consumer relevant than non-consumer relevant information. The same was revealed in the analysis of acquisition attitude. Thus, our results are recognized to be inconsistent with Thorbjørnsen and Dahlén's (2011) argument that consumers are believed to respond more favorable to M&As when justifications are related to consumer benefits rather than benefits for the companies involved. Furthermore, consumers presented to non-consumer relevant content generated a better evaluation of the bidder brand *after* the acquisition, and thus generated a positive change in brand attitude. This is in line with Simonin and Ruth's (1996) findings concerning that less familiar brands experience spillover effect from the more familiar brands. Also, this is consistent with the notion of “free rider” described in Simonin and Ruth's (1996) research. The

increase in attitude can be explained by an expectation of increased market shares and financial strength in the future. Further, the acquisition did not involve any changes for the target brand, such as no change in corporate brand name, identity or quality, which is in accordance with Ettenson and Knowles' (2006) findings with respect to consumers' evaluation of such a "business as usual strategy". Therefore, it is reasonable to imply that consumers have the impression that, no matter what kind of communication motive presented, most M&As are undertaken mainly in the interest of the companies. The findings can also indicate that if consumers believe that M&As are in the interest of the company only, a motive enhancing firm benefits is perceived as more honest and sincere, and thus evaluated more positive.

With respect to ownership status, and consistent with our assumption, the result revealed that owners of target brand have less favorable attitude towards the acquisition. That is, when consumers experience an acquisition of "their" brand, they may feel that this changes their relationship with the brand. This supports Thorbjørnsen and Dahlén's (2011) statement that one needs to take into consideration that customers' relationships with brands can change during an M&A process. Further, as hypothesized, the study's empirical findings indicate that consumers' attitudes towards the target brand change in a negative direction, such that owners generate a greater reduction in attitude change compared to non-owners. That is, owners may be more involved and feel a stronger connection to the brand, and therefore react more negative than non-owners. Thus, our suggestion on drawing parallels from brand extension literature in terms of brand ownership (Hadjicharalambous 2010; Kirmani, Sood, and Bridges 1999) is appropriate.

Our study clearly shows a significant mediating effect from acquisition attitude on change in target brand attitude. We observed that competence complementarity, acquisition motive, and ownership influence consumers' judgments of the target brand through its influence on acquisition attitude, and thus empirically support our predictions. That is, all three independent variables have a significant effect on acquisition attitude, and acquisition attitude has a positive effect on change in brand attitude, signifying its important spillover effect. This supports Simonin and Ruth's (1998) findings regarding brand alliance spillover effect. Consequently,

acquisition attitude has a significant role in the known relationships between the independent variables and change in target brand attitude.

Study 2 aimed to investigate the effect of naming strategy on consumers' evaluations:

RQ2: Will corporate brand naming strategy affect consumers' reactions in an M&A operation?

As discussed, attitude towards the acquisition is a key determinant with respect to attitude change. This finding is replicated in Study 2, as consumers who are more positive to the acquisition are more likely to maintain their existing evaluation of the brand, in the sense that change in brand attitude is close to zero. This applies regardless if they are given the opportunity to vote or not. Opposite, when consumers are more negative to the acquisition, their evaluation of the brand changes negatively. That is, consumers who are negative to the acquisition change their brand attitude more negatively when they are invited to vote. This is opposite of our prediction and contrary to Thorbjørnsen and Dahlén's (2011) findings where involving consumers mitigate negative responses. These contradictions may be explained by that Thorbjørnsen and Dahlén (2011) measured attitude only after an M&A, and used a control group not exposed to an M&A, while our study measured both pre and post attitudes. However, we argue that our findings provide something more properly approach, as we measured each participant's attitude through the whole experiment.

Several studies enhance the importance of achieving positive reactions from consumers (Jaju, Joiner, and Reddy 2006; Machado et al. 2012; Papavasileiou 2009), also with respect to naming strategy. Our findings support this, as we have proven that different levels of acquisition attitude generate considerable variation in brand attitude change. Furthermore, consumers who were not invited to vote (ie. they were informed about the new entity's name), did differ in attitude change. This may imply that implementing a naming strategy that keeps only one of the brand names (Basu 2006) is more appropriate.

Overall, the findings in Study 2 replicate findings from Study 1 in the sense that companies' attempts to put the consumers in focus might result in greater negative changes in consumers' evaluations. Being customer centered (Shah et al. 2006) does not necessary mean involving customers in the M&A or provide them with information the company think might be favorable, but rather being honest and act trustworthy.

5.2 Managerial Implications

It is acknowledged that M&As have a high failure rate (Anderson, Havila, and Salmi 2001; Papavasileiou 2009). In M&As, much emphasis is recognized to be on strategic and financial goals rather than on companies' external relationships with customers. The current study provides significant insight regarding how consumers react on an acquisition. As it is believed that consumers' evaluations of the acquisition determine its success, it is of importance that managers focus on how different determinants of an acquisition will influence consumers' judgment. Our findings emphasize the importance of having the consumers in mind when implementing M&A activities. Managers can use our findings in order to avoid the high failure rate, and thus accomplish a more successful acquisition.

First and foremost, this study shows that consumers overall experience a negative change in brand attitude in an M&A setting. Such a response is probably inevitable, but our findings contribute to explain what factors managers can exploit in order to mitigate negative responses. As involving consumers in naming strategy is not positive for the attitude change does not mean that managers should not involve consumers. It might be that a different kind of involvement will engage consumers more, and even more important, they must feel that their involvement is actually real and not predetermined. Moreover, it is essential to identify and understand what issues consumers find important in an M&A situation, and utilize this as part of involvement.

Consumers who own a product of the brand react negatively to the acquisition and the brand itself, which may be negative for consumer's relationship with the brand. In order to keep the relationships strong, consumers' ownership status is a considerable factor to take into account. As owners in general possess a more negative attitude towards the acquisition, we suggest that managers should

implement measures that will keep customers' relationships with the brand strong, as well as minimizing the negative change in attitude. This is important in order to assure more successful outcomes of the acquisition.

Another important managerial contribution is related to that consumers react more favorable when the communicated acquisition motive focuses on company benefits rather than consumer benefits. This does not mean it has to be either or. Companies must balance their desire between being customer oriented and to provide factual information, so that consumers perceive the information as honest, but still beneficial for them. Consequently, implementing a communication strategy with respect to the intentions for the acquisition, can contribute to create positive attitudes towards the acquisition and the brands involved.

It is essential that managers understand that fit is an important element in determining acquisition success. However, in spite that our finding, as well as previous research, highlights the importance of high perceived fit, it does not mean that low perceived fit is synonymous with failure. This because finding suggests that attitude towards the acquisition itself is a key determinant in brand attitude change. Therefore, managers need to understand how to create the best possible framework in order to influence consumers' evaluation of the acquisition. To make consumers have a positive acquisition attitude contributes to generate favorable evaluations of the target brand. Overall, our findings are valuable for managers evaluating M&As as potential business opportunities.

5.3 Limitations and Further Research Directions

Even though the current research provides essential contributions to previous theories and studies in the field of M&A and marketing literature, much research remains to be done. We have acknowledged different limitations in our research, which may limit the generalizability of the findings. Firstly, we only applied the outdoor sports and recreation clothing industry in this present research, which limits the external validity. Thus, it is believed that further research on other types of industries is required to broaden the generalizability of the study's findings. Additionally, only U.S. consumers were utilized as the study's sample. In this sense, future research could employ participants from other nationalities in order to verify our findings.

Manipulation check of competence complementarity showed to be weak significant. It is believed that results would have been different if the manipulation had been more significant. Therefore, future research should examine competence complementarity with attempt to improve the manipulations to see if similar results are achieved.

Change in brand attitude is assumed to have influence on purchase behavior, purchase intention, brand loyalty, and satisfaction. Future research should investigate what consequences brand attitude change will have on these behavioral aspects.

When using a real target brand in a study, in this instance The North Face, consumers may be biased by already having developed attitudes towards the brand. Therefore, an acquisition by an fictional brand, like in this study, may affect consumer responses differently than if two familiar and real brands are involved in an M&A. Future research should examine how an M&A between two authentic brands affect customer judgment.

Another potential limitation may be related to the gathering of the study's data. Although there are many benefits by using MTurk to collect the needed data, we acknowledged some drawbacks with this database. We identified that some of the respondents completed the questionnaire in very short time. A reason for this may be that they are just motivated to receive the given reward and consequently do not bother to read all parts carefully enough, and thus may affect the results.

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Appendix

Appendix 1: Pretest with The North Face as an Example

This is a short questionnaire regarding our Master Thesis. The questionnaire will take approximately 2-3 minutes to complete. We are only looking for your opinions, and we thereby appreciate you to be as honest as possible. The results will be used for research only, and your answers will be anonymous. We appreciate your participation.

First, you will be rating some statements regarding the outdoor sports clothing brand The North Face. Next, you will be asked to list some few words that in your opinion describe users of those kind of products, and finally what you consider as most important attributes of garments in the category.

Please rate the statements below on a scale from 1-7.



The North Face reflects who I am

1 Not at all 2 3 4 5 6 7 Extremely well

I can identify with The North Face

1 Not at all 2 3 4 5 6 7 Extremely well

I feel a personal connection to The North Face

1 Not at all 2 3 4 5 6 7 Very much so

I (can) use The North Face to communicate who I am to other people

1 Not at all 2 3 4 5 6 7 Extremely well

I think The North Face (could) help (s) me become the type of person I want to be

1 Not at all 2 3 4 5 6 7 Extremely well

I consider The North Face to be "me" (it reflects who I consider myself to be or the way that I want to present myself to others)

1 Not "me" 2 3 4 5 6 7 "Me"

The North Face suits me well

1 Not at all

2

3

4

5

6

7 Extremely well

Please list some adjectives you think describe users of garments in this category

What do you consider being important attributes for garments in this category? (mention a few)

This completes all the questions. We thank you for your participation and appreciate your contribution.

**To receive credit for taking our survey, please provide this survey code:
M87G68**

Appendix 2: Arctic Sport High Competence Complementarity**Arctic Sport**

Arctic Sport, established in 2001, is a Norwegian company offering outdoor sports and recreation clothing for advanced and professional users. Although unfamiliar for most U.S. consumers, Arctic Sport is in its home market Norway known for outstanding product durability and highly innovative design in a broad product range. The products are made with high emphasis on flexibility and freedom of movement, while protecting from extreme weather conditions. Arctic Sport focuses on customers' requirements and feedback to continuously improve its offerings.

Appendix 3: Arctic Sport Low Competence Complementarity**Arctic Sport**

Arctic Sport, established in 2001, is a Norwegian company offering outdoor sports and recreation clothing for the mainstream users. Although unfamiliar for most U.S. consumers, Arctic Sport is in its home market Norway known for its practical clothes with adequate durability and design, as well as a somewhat limited breadth in its product range. The products are made with emphasis on being affordable and providing protection against non-extreme weather conditions. Arctic Sport focuses on creating useful products and thereby making it easy for families to enjoy outdoor activities.

Appendix 4: The North Face Description**The North Face**

The North Face, established in 1966, is an U.S. company offering a collection of high-performance outdoor sports clothing and equipment. The North Face is known for its technical advanced material and highly innovative design. The company fosters a strong link with the outdoor community by sponsoring professional athletes, which provides constant feedback and recommendations. This cooperation helps The North Face to constantly improve the durability and functionality of their garments. Furthermore, The North Face cooperates with innovative leading materials engineers in order to create the technical fabrics needed to meet its high standards.

Appendix 5: Press Release Consumer Relevant**PRESS RELEASE**

Publisher: Arctic Sport AS

Date: April 20th, 2013

Arctic Sport reports on the acquisition of The North Face

Arctic Sport is pleased to announce the acquisition of The North Face, effecting from May 1st, 2013. The acquisition will benefit the consumers, as both companies emphasize close collaboration with their users. To include The North Face in our portfolio will enable us to improve and broaden our offerings to the market, and thereby better satisfy the consumers. The capabilities and resources The North Face possesses will be important in order to continue the development of innovative products, as well as improve quality and design in line with consumers' requirements.

For the time being, The North Face will continue as an independent entity.

Appendix 6: Press Release Non-Consumer Relevant
PRESS RELEASE

Publisher: Arctic Sport AS

Date: April 20th, 2013

Arctic Sport reports on the acquisition of The North Face

Arctic Sport is pleased to announce the acquisition of The North Face, effecting from May 1st, 2013. Including The North Face in our portfolio will enable Arctic Sport to increase both our market share and financial strength, and thereby strengthen our position. The North Face's knowledge of the U.S. outdoor sports and recreation clothing industry and its resources, will be of importance for Arctic Sport's goal of becoming a leading international provider in this category. The acquisition will benefit both parties involved through increased revenues and increased shareholder returns.

For the time being, The North Face will continue as an independent entity.

Appendix 7: Table 4: Reliability Analysis Study 1

Variable Name	Items	Cronbach's Alpha (α)
Impression AS Pre	3	.849
Impression NF Pre	3	.910
Attitude AS Pre	3	.941
Attitude NF Pre	3	.969
Self Brand Connection	3	.936
Attitude AS Post	3	.975
Attitude NF Post	3	.974
Attitude Acquisition	3	.972
Beliefs NF Post	4	.936
Attributes NF Post	3	.917
Attributes AS Post	3	.929
Ethnocentricity	10	.956

Appendix 8: Press Release Voting Option**PRESS RELEASE**

Publisher: Arctic Sport AS

Date: June, 2013

Arctic Sport reports on the acquisition of The North Face

Arctic Sport is pleased to announce the acquisition of The North Face. Including The North Face in our portfolio will enable Arctic Sport to increase our financial strength, and thereby strengthen our position. The North Face's knowledge of the U.S. outdoor sports and recreation clothing industry and its resources will be of importance for Arctic Sport's goal of becoming a leading international provider in this category.

The North Face name will change:

Following the acquisition, the companies have agreed that The North Face will undergo a name change. The North Face is eager to still foster its good relationship with its customers, and therefore invite customers to vote for the new entity's name.

Please vote for one of the two options:

- Arctic Sport
 Norse Wear

Appendix 9: Press Release No Voting Option**PRESS RELEASE**

Publisher: Arctic Sport AS

Date: June, 2013

Arctic Sport reports on the acquisition of The North Face

Arctic Sport is pleased to announce the acquisition of The North Face. Including The North Face in our portfolio will enable Arctic Sport to increase our financial strength, and thereby strengthen our position. The North Face's knowledge of the U.S. outdoor sports and recreation clothing industry and its resources will be of importance for Arctic Sport's goal of becoming a leading international provider in this category.

The North Face name will change:

Following the acquisition, the companies have agreed that The North Face will undergo a name change. The name of the new entity will be **Arctic Sport**.

Appendix 10: Table 9: Reliability Analysis Study 2

Variable Name	Items	Cronbach's Alpha (α)
Impression NF Pre	3	.822
Attitude AS Pre	3	.911
Attitude NF Pre	3	.946
Self Brand Connection Pre	3	.962
Self Brand Connection Post	3	.962
Attitude AS Post	3	.975
Attitude NF Post	3	.975
Attitude Acquisition	3	.981
Attributes NF Post	3	.948
Attributes AS Post	3	.888
Reactance	14	.876

Appendix 11: Questionnaire Study 1

This questionnaire is a part of an academic research project related to our Master Thesis. You will be shown a series of questions related to outdoor sports and recreation clothing. The questionnaire will take approximately 7-10 minutes to complete. It will not be possible to go back in the questionnaire, so please pay close attention when answering the questions.

As we are interested in your opinions, the questionnaire is constructed so that there are no right or wrong answers - just your honest opinions. All responses will be handled anonymously, and the results will only be used for research purpose and will not be distributed further.

Thank you for taking time to participate in our questionnaire. Your contribution will be highly appreciated and of importance to our study.

If you have questions regarding this study, you may contact Madelaine Meyn at madelainemeyn@gmail.com.

In this section, you will be presented with a description of a company operating in the outdoor sports and recreation clothing industry. Please read the description carefully, and answer the questions that follow.

(CONDITION “High Competence Complementarity”):



Arctic Sport

Arctic Sport, established in 2001, is a Norwegian company offering outdoor sports and recreation clothing for advanced and professional users. Although unfamiliar for most U.S. consumers, Arctic Sport is in its home market Norway known for outstanding product durability and highly innovative design in a broad product range. The products are made with high emphasis on flexibility and freedom of movement, while protecting from extreme weather conditions. Arctic Sport focuses on customers' requirements and feedback to continuously improve its offerings.

(CONDITION “Low Competence Complementarity”):



Arctic Sport

Arctic Sport, established in 2001, is a Norwegian company offering outdoor sports and recreation clothing for the mainstream users. Although unfamiliar for most U.S. consumers, Arctic Sport is in its home market Norway known for its practical clothes with adequate durability and design, as well as a somewhat limited breadth in its product range. The products are made with emphasis on being affordable and providing protection against non-extreme weather conditions. Arctic Sport focuses on creating useful products and thereby making it easy for families to enjoy outdoor activities.

On a scale from 1 to 7, to what extent do you agree with the following statements?

	1 Totally disagree	2	3	4	5	6	7 Totally agree
My impression of Arctic Sport is that they offer clothing of high durability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My impression of Arctic Sport is that they offer clothing with good design	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My impression of Arctic Sport is that they offer clothing with high functionality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

On a scale from 1 to 7, my attitude towards Arctic Sport is

	1	2	3	4	5	6	7
1 Bad 7 Good	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1 Negative 7 Positive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1 Unfavorable 7 Favorable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

On a scale from 1 to 7, to what extent do you agree with the following statements?

	1 Totally disagree	2	3	4	5	6	7 Totally agree
My impression of Arctic Sport is that they offer clothing of high durability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My impression of Arctic Sport is that they offer clothing with good design	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My impression of Arctic Sport is that they offer clothing with high functionality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

On a scale from 1 to 7, my attitude towards Arctic Sport is

	1	2	3	4	5	6	7
1 Bad 7 Good	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1 Negative 7 Positive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1 Unfavorable 7 Favorable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

In the next section, you will be presented with a description of another company operating in the outdoor sports and recreation clothing industry. Please read the following text carefully, and answer the questions that follow.



The North Face

The North Face, established in 1966 , is an U.S. company offering a collection of high-performance outdoor sports clothing and equipment. The North Face is known for its technical advanced material and highly innovative design. The company fosters a strong link with the outdoor community by sponsoring professional athletes, which provides constant feedback and recommendations. This cooperation helps The North Face to constantly improve the durability and functionality of their garments. Furthermore, The North Face cooperates with innovative leading materials engineers in order to create the technical fabrics needed to meet its high standards.

On a scale from 1 to 7, to what extent do you agree with the following statements?

	1 Totally disagree	2	3	4	5	6	7 Totally agree
My impression of The North Face is that they offer clothing of high durability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My impression of The North Face is that they offer clothing with good design	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My impression of The North Face is that they offer clothing with high functionality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

How well do you know The North Face?

- 1 Not very well
- 2
- 3
- 4
- 5
- 6
- 7 Very well

On a scale from 1 to 7, my attitude towards The North Face is

	1	2	3	4	5	6	7
1 Bad 7 Good	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1 Negative 7 Positive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1 Unfavorable 7 Favorable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

On a scale from 1 to 7, to what extent do you agree with the following statements regarding The North Face?

The North Face reflects who I am

- 1 Not at all
- 2
- 3
- 4
- 5
- 6
- 7 Extremely well

I can identify with The North Face

- 1 Not at all
- 2
- 3
- 4
- 5
- 6
- 7 Extremely well

I feel a personal connection to The North Face

- 1 Not at all
- 2
- 3
- 4
- 5
- 6
- 7 Very much so

How likely is it that you will choose a product from The North Face next time you buy outdoor sports and recreation clothing?

- 1 Not very likely
- 2
- 3
- 4
- 5
- 6
- 7 Very likely

Please read the following text carefully, and answer the questions that follow.

(CONDITION "Consumer relevant"):

PRESS RELEASE

Publisher: Arctic Sport AS

Date: April 20th, 2013

Arctic Sport reports on the acquisition of The North Face

Arctic Sport is pleased to announce the acquisition of The North Face, effecting from May 1st, 2013. The acquisition will benefit the consumers, as both companies emphasize close collaboration with their users. To include The North Face in our portfolio will enable us to improve and broaden our offerings to the market, and thereby better satisfy the consumers. The capabilities and resources The North Face possesses will be important in order to continue the development of innovative products, as well as improve quality and design in line with consumers' requirements.

For the time being, The North Face will continue as an independent entity.

(CONDITION "Non-Consumer relevant"):

PRESS RELEASE

Publisher: Arctic Sport AS

Date: April 20th, 2013

Arctic Sport reports on the acquisition of The North Face

Arctic Sport is pleased to announce the acquisition of The North Face, effecting from May 1st, 2013. Including The North Face in our portfolio will enable Arctic Sport to increase both our market share and financial strength, and thereby strengthen our position. The North Face's knowledge of the U.S. outdoor sports and recreation clothing industry and its resources, will be of importance for Arctic Sport's goal of becoming a leading international provider in this category. The acquisition will benefit both parties involved through increased revenues and increased shareholder returns.

For the time being, The North Face will continue as an independent entity.

On a scale from 1 to 7, what is your attitude towards The North Face following the acquisition?

	1	2	3	4	5	6	7
1 Bad 7 Good	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1 Negative 7 Positive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1 Unfavorable 7 Favorable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

On a scale from 1 to 7, what is your attitude towards Arctic Sport following the acquisition?

	1	2	3	4	5	6	7
1 Bad 7 Good	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1 Negative 7 Positive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1 Unfavorable 7 Favorable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

On a scale from 1 to 7, what is your general attitude towards Arctic Sport's acquisition of The North Face?

	1	2	3	4	5	6	7
1 Bad 7 Good	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1 Negative 7 Positive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1 Unfavorable 7 Favorable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

To what extent do you think that the following beliefs of The North Face will be weakened/strengthened by the acquisition?

	1 To a large extent be weakened	2	3	4	5	6	7 To a large extent be strengthened
Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reliability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Innovativeness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Attractiveness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Companies have different motives behind an acquisition. The motive may be related to external reasons with an emphasis on creating better offerings in line with consumers' requirements, and thus focuses on the consumers. On the other hand, it may be related to internal reasons in order to achieve economic objectives, and thus focuses solely on the company.

To what extent do you believe that the acquisition you have been exposed to is consumer/company focused?

- 1 To a large extent consumer focused
- 2
- 3
- 4
- 5
- 6
- 7 To a large extent company focused

To what extent do you think the following attributes of The North Face's products will be weakened/strengthened as a consequence of the acquisition?

	1 To a large extent be weakened	2	3	4	5	6	7 To a large extent be strengthened
Durability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Design	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Functionality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

To what extent do you think the following attributes of Arctic Sport's products are poorer/better compared to The North Face's products?

	1 To a large extent poorer	2	3	4	5	6	7 To a large extent better
Durability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Design	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Functionality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

On a scale from 1 to 7, to what extent do you agree with the following statements?

	1 Strongly disagree	2	3	4	5	6	7 Strongly agree
Only those products that are unavailable in the U.S. should be imported	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
U.S. products first, last, and foremost	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Purchasing foreign-made products is un-American	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is not right to purchase foreign products, because it puts the U.S. out of jobs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A real U.S. citizen should always buy U.S.-made products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We should purchase products manufactured in the U.S. instead of letting other countries get rich off us	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
U.S. citizens should not buy foreign products, because this hurts U.S. business and causes unemployment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It may cost me in the long-run but I prefer to support U.S. products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We should buy from foreign countries only those products that we cannot obtain within our own country	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
U.S. consumers who purchase products made in other countries are responsible for putting their fellow U.S. citizen out of work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

On a scale from 1 to 7, to what extent do you agree with the following statements?

	1 Strongly disagree	2	3	4	5	6	7 Strongly agree
I am very interested in outdoor sports and recreation clothing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I see myself as an active person	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Do you own, or have you owned, a product from The North Face?

- Yes
- No

What is your age?

- Under 21
- 21-30
- 31-40
- 41-50
- Over 50

What is your gender?

- Female
- Male

Which of the following best describes your highest achieved education level?

- High school
- Some college, no degree
- Undergraduate degree
- Graduate degree (Masters, Doctorate, etc.)

This completes all the questions and your answers have been registered.

Both the Arctic Sport company and the acquisition scenario you have been presented to is fictional, and has been developed for this research purpose only. There are no indications suggesting that The North Face is facing an acquisition. The brand name was used in this questionnaire as a result of earlier pretests related to this research.

We thank you for your participation and appreciate your contribution.

Click to write the question text

- I have read and understood all the information provided in this form

Your validation code for mTurk is $\{e://Field/mTurkCode\}$ Please press on the continue button >> one more time.

Appendix 12: Questionnaire Study 2

This questionnaire is a part of an academic research project related to our Master Thesis. You will be shown a series of questions related to outdoor sports and recreation clothing. The questionnaire will take approximately 5-6 minutes to complete. It will not be possible to go back in the questionnaire, so please pay close attention when answering the questions.

As we are interested in your opinions, the questionnaire is constructed so that there are no right or wrong answers - just your honest opinions. All responses will be handled anonymously, and the results will only be used for research purpose and will not be distributed further.

Thank you for taking time to participate in our questionnaire. Your contribution will be highly appreciated and of importance to our study.

If you have questions regarding this study, you may contact Madelaine Meyn at madelainemeyn@gmail.com.

In this section you will be presented with a description of a company operating in the outdoor sports and recreation clothing industry. Please read the description carefully, and answer the questions that follow.



Arctic Sport

Arctic Sport, established in 2001, is a Norwegian company offering outdoor sports and recreation clothing for advanced and professional users. Although unfamiliar for most U.S. consumers, Arctic Sport is in its home market Norway known for outstanding product durability and highly innovative design in a broad product range. The products are made with high emphasis on flexibility and freedom of movement, while protecting from extreme weather conditions. Arctic Sport focuses on customers' requirements and feedback to continuously improve its offerings.

On a scale from 1 to 7, to what extent do you agree with the following statements?

	1 Totally disagree	2	3	4	5	6	7 Totally agree
My impression of Arctic Sport is that they offer clothing of high durability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My impression of Arctic Sport is that they offer clothing with good design	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My impression of Arctic Sport is that they offer clothing with high functionality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

On a scale from 1 to 7, my attitude towards Arctic Sport is

	1	2	3	4	5	6	7
1 Bad: 7 Good	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1 Negative: 7 Positive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1 Unfavorable: 7 Favorable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

In the next section, you will be presented with a description of another company operating in the outdoor sports and recreation clothing industry. Please read the following text carefully, and answer the questions that follow.



The North Face

The North Face, established in 1966, is an U.S. company offering a collection of high-performance outdoor sports clothing and equipment. The North Face is known for its technical advanced material and highly innovative design. The company fosters a strong link with the outdoor community by sponsoring professional athletes, which provides constant feedback and recommendations. This cooperation helps The North Face to constantly improve the durability and functionality of their garments. Furthermore, The North Face cooperates with innovative leading materials engineers in order to create the technical fabrics needed to meet its high standards.

On a scale from 1 to 7, to what extent do you agree with the following statements?

	1 Totally disagree	2	3	4	5	6	7 Totally agree
My impression of The North Face is that they offer clothing of high durability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My impression of The North Face is that they offer clothing with good design	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My impression of The North Face is that they offer clothing with high functionality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

On a scale from 1 to 7, my attitude towards The North Face is

	1	2	3	4	5	6	7
1 Bad: 7 Good	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1 Negative: 7 Positive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1 Unfavorable: 7 Favorable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

How well do you know The North Face?

- 1 Not very well
- 2
- 3
- 4
- 5
- 6
- 7 Very well

On a scale from 1 to 7, to what extent do you agree with the following statements regarding The North Face?

The North Face reflects who I am

- 1 Not at all
- 2
- 3
- 4
- 5
- 6
- 7 Extremely well

I can identify with The North Face

- 1 Not at all
- 2
- 3
- 4
- 5
- 6
- 7 Extremely well

I feel a personal connection to The North Face

- 1 Not at all
- 2
- 3
- 4
- 5
- 6
- 7 Very much so

Do you own, or have you owned, a product from The North Face?

- Yes
- No

Please read the following texts carefully, and answer the questions that follow.

Most modern theories of decision making recognize the fact that decisions do not take place in a vacuum. Individual preferences and knowledge, along with situational variables can greatly impact the decision process. In order to facilitate our research on decision making we are interested in knowing certain factors about you, the decision maker. Specifically, we are interested in whether you actually take the time to read the directions. So, in order to demonstrate that you have read the instructions, please ignore the question on the next

page regarding sport brands. Instead, simply write “sport brands” in the “Other” box and proceed with the survey. Thank you very much.

Which of these sports brands do you currently own? Check all that apply.

- Marmot
- Nike
- Peak Performance
- 2XU
- Billabong
- The North Face
- Adidas
- Mountain Hardwear
- Other _____

(CONDITION “Vote”)

PRESS RELEASE

Publisher: Arctic Sport AS

Date: June, 2013

Arctic Sport reports on the acquisition of The North Face

Arctic Sport is pleased to announce the acquisition of The North Face. Including The North Face in our portfolio will enable Arctic Sport to increase our financial strength, and thereby strengthen our position. The North Face’s knowledge of the U.S. outdoor sports and recreation clothing industry and its resources will be of importance for Arctic Sport’s goal of becoming a leading international provider in this category.

The North Face name will change:

Following the acquisition, the companies have agreed that The North Face will undergo a name change. The North Face is eager to still foster its good relationship with its customers, and therefore invite customers to vote for the new entity’s name.

Please vote for one of the two options:

- Arctic Sport
- Norse Wear

(CONDITION "No-vote")

PRESS RELEASE

Publisher: Arctic Sport AS
Date: June, 2013

Arctic Sport reports on the acquisition of The North Face
Arctic Sport is pleased to announce the acquisition of The North Face. Including The North Face in our portfolio will enable Arctic Sport to increase our financial strength, and thereby strengthen our position. The North Face's knowledge of the U.S. outdoor sports and recreation clothing industry and its resources will be of importance for Arctic Sport's goal of becoming a leading international provider in this category.

The North Face name will change:
Following the acquisition, the companies have agreed that The North Face will undergo a name change. The name of the new entity will be **Arctic Sport**.

On a scale from 1 to 7, what is your attitude towards The North Face following the acquisition?

	1	2	3	4	5	6	7
1 Bad: 7 Good	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1 Negative: 7 Positive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1 Unfavorable: 7 Favorable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

On a scale from 1 to 7, what is your attitude towards Arctic Sport following the acquisition?

	1	2	3	4	5	6	7
1 Bad: 7 Good	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1 Negative: 7 Positive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1 Unfavorable: 7 Favorable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

On a scale from 1 to 7, what is your general attitude towards the acquisition of The North Face?

	1	2	3	4	5	6	7
1 Bad: 7 Good	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1 Negative: 7 Positive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1 Unfavorable: 7 Favorable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

To what extent do you think the following attributes of The North Face’s products will be weakened/strengthened as a consequence of the acquisition?

	1 To a large extent be weakened	2	3	4	5	6	7 To a large extent be strengthened
Durability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Design	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Functionality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

On a scale from 1 to 7, to what extent do you agree with the following statements regarding The North Face?

The North Face reflects who I am

- 1 Not at all
- 2
- 3
- 4
- 5
- 6
- 7 Extremely well

I can identify with The North Face

- 1 Not at all
- 2
- 3
- 4
- 5
- 6
- 7 Extremely well

I feel a personal connection to The North Face

- 1 Not at all
- 2
- 3
- 4
- 5
- 6
- 7 Very much so

To what extent do you think the following attributes of Arctic Sport's products are poorer/better compared to The North Face's products?

	1 To a large extent poorer	2	3	4	5	6	7 To a large extent better
Durability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Design	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Functionality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

On a scale from 1 to 5, to what extent do you agree with the following statements?

	1 Strongly disagree	2	3	4	5 Totally agree
Regulations trigger a sense of resistance in me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I find contradicting others stimulating	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When something is prohibited, I usually think, "That's exactly what I am going to do"	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The thought of being dependent on others aggravates me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I consider advice from others to be an intrusion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I become frustrated when I am unable to make free and independent decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It irritates me when someone points out things which are obvious to me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I become angry when my freedom of choice is restricted	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Advice and recommendations usually induce me to do just the opposite	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am content only when I am acting of my own free will	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I resist the attempts of others to influence me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It makes me angry when another person is held up as a role model for me to follow	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When someone forces me to do something, I feel like doing the opposite	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It disappoints me to see others submitting to standards and rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

What is your age?

- Under 21
- 21-30
- 31-40
- 41-50
- Over 50

What is your gender?

- Female
- Male

Which of the following best describes your highest achieved education level?

- High school
- Some college, no degree
- Undergraduate degree
- Graduate degree (Masters, Doctorate, etc.)

This completes all the questions and your answers have been registered.

Both the Arctic Sport company and the acquisition scenario you have been presented to is fictional, and has been developed for this research purpose only. There are no indications suggesting that The North Face is facing an acquisition. The brand name was used in this questionnaire as a result of earlier pretests related to this research.

We thank you for your participation and appreciate your contribution.

Click to write the question text

- I have read and understood all the information provided in this form

Your validation code for mTurk is `{e://Field/mTurkCode}` Please press on the continue button >> one more time.

BI Norwegian Business School – Preliminary
Master Thesis Report

The Impact of Perceived Brand Fit on
Attitudinal Response in the case of Merger
and Acquisition:
The Moderating Role of Communication
Content

Hand-in date:
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Bendik Meling Samuelsen

Programme:
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Content

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Abstract

Previous research on mergers and acquisitions (M&As) has mainly focused on financial and strategic outcomes at the expense of marketing dimensions. Although customers play a critical role in the success of M&As, their perceptions and responses to such activities have seldom been addressed, and the impact of M&As on their attitudes to the brands subject to changes has been overlooked.

In M&A settings, the question of compatibility between the two participating companies arises. By bridging this matter with findings derived from the brand management literature, the current paper aims at examining how perceived brand image fit between the two brands involved in M&A operations will influence consumers' level of brand attitude towards one of them, and how this interaction will be moderated by relevant/non-relevant communication of the merger motive.

Based on extant research, a proposition is developed and tested through a 2 (perceived brand image fit: high vs. low) x 2 (communication content: consumer relevant vs. financial relevant) between subject factorial experimental design with brand attitude as the dependent variable.

1.0 Introduction

Mergers and acquisitions (M&As) have been a great trend for the past decades and have become a significant business strategy in order to enhance organizational performance (Vazirani 2012). It can also be argued that mergers have become a necessity in order to meet the increasing global competition due to, among other factors, increased technological development (Chakravorty 2012). Examples of past mergers are the Scandinavian airlines companies SAS and Braathens, where Braathens was subsequently integrated into SAS. In addition, Statoil and Hydro merged their oil and gas activities with the objective of achieving international growth (Statoil 2007). More recently, the Norwegian fast moving consumer goods and industrial corporation Orkla ASA achieved a stronger market position after acquiring the food company Rieber & Søn ASA.

Considerable research attention has been devoted to M&As with a focus on their financial outcomes (stock prices and profitability), examining how stockholders (Datta, Pinches and Narayanan 1992), stakeholders or employees respond to organizational changes during and post an M&A. Numerous attempts to comprehend the underlying factors of M&A success and failure have been undertaken in different academic fields, such as finance (Datta, Pinches and Narayanan 1992; Ferrer 2012), economics (Ravenscraft and Scherer 1989), corporate strategy (Capron 1999) and organizational theory (Larsson and Finkelstein 1999).

However, research on M&As is nearly absent in marketing literature with the exception of a limited number of studies (Bahadir, Bharadwaj and Srivastava 2008; Capron and Hulland 1999; Homburg and Bucerius 2005; Jaju, Joiner and Reddy 2006; Öberg 2008; Swaminathan, Murshed and Hulland 2008; Thorbjørnsen and Dahlén 2011). This lack of interest is surprising taking into account the acknowledged importance of marketing-related issues for M&A performance (Becker and Flamer 1997; Clemente and Greenspan 1997).

Studies with an emphasis on customers' perceptions in M&As have been recognized. However, much focus has been on naming strategies post M&A and how this is perceived by consumers (Jaju, Joiner and Reddy 2006; Machado,

Vacas-de-Carvalho, Costa and Lencastre 2012; Papavasileiou 2009). Prior research suggests that consumers' perceptions of M&As are influenced by corporate brand redeployment (Jaju, Joiner and Reddy 2006). Neglect of customer-related tasks (Hitt, Hoskisson, and Ireland 1990) and decline in service quality (Urban and Pratt 2000) have been considered as a potential outcome of M&As that contribute to a significant risk of losing customers (Bekier and Shelton 2002). This is also supported by Anderson, Havila and Salmi (2001), who point out that managers' neglect of consumers may be negative for the relationship. The way in which brand attitude is affected as a result of brand extensions, brand alliances and co-branding have been topics of great interest for marketers. However, academic research on brand management has been generally built upon stable organizational conditions (Kernstock and Brexendorf 2012) and for this reason, studies that approach M&As in conjunction with consumer response is very scarce.

During the past years, markets have been exposed to an increasing number of M&As, thus, we argue that the marketing dimensions of such activities are worth deeper examination. In this respect, the current research aims to bridge the M&A literature with the marketing one, particularly to branding research and consumer response. Based on the aforementioned aspects, the purpose of this paper is to provide a better understanding on how consumers' perceived fit of brands pertaining to companies involved in M&A affects brand judgment, and examine how communication regarding the motive behind the amalgamation might moderate the above mentioned interaction. For the purpose of the current study, *perceived fit* of the merging brands will be employed as the independent variable as it is identified to have an important influence on consumers' perceptions of an M&A. Since it is suggested that consumers are likely to respond more positively to beneficial justifications regarding the product rather than financial aspects of an agreement (Thorbjørnsen and Dahlén 2011), we consider *communication* of the companies' motives behind M&As as a moderating variable.

On the basis of the reasoning above, we propose the general research question for our study:

How does perceived brand image fit between two brands involved in an M&A affect attitudinal response towards one of the them, and how does communication content moderate this interaction?

Thus, our contribution to extant research is to shed light over M&A's effects on a critical marketing outcome: the consumers' attitudinal response towards one of the brands involved in M&A operations.

The paper is organized as following: First, an overview of previous research is provided where specifically four important topics related to our research motive is provided. Based on previous and relevant studies, we identify and describe how these topics are applied in this paper. Second, we illustrate the conceptual model with main and moderating effects, and explain the identified variables that are used to develop our proposition. Third, a description of the applied methodology in the study in terms of design, procedure, and manipulations is presented followed by an explanation on how we will analyze our findings. Finally, in the concluding section, we raise essential managerial implications based on the expected results of our study.

2.0 Literature Review

In the following section, a review of previous research and theoretical aspects that are relevant for the current research are provided. We discuss important findings related to M&As, perceived fit, brand attitude and communication.

2.1 Mergers and Acquisitions

Prior research regarding M&A's emphasis has been on how managers or companies communicate to employees throughout the process, and how this affects the employee's evaluation of the merger. The marketing literature on M&As has broadly adopted a mass marketing view referring to M&A activities as an internationalization way to strengthen presence by acquiring profitable targets.

Most of the studies so far have described the acquirer's perspective while customer considerations have been approached only indirectly.

M&As are implemented by the notion that the combined company will achieve greater value rather than having the two companies operating alone (Mirvis and Marks 1992). According to DePamphilis (2012), there are various reasons for M&As and the importance of factors varies over time. The researcher points out two major synergies that cause M&A; operating synergies and financial synergies. Regarding operating synergies, economies of scale and scope are two prominent theories for M&As. As regards to financial synergies, diversification (e.g. entering new markets), strategic realignment (due to technological changes) and market power are some of the several pivotal theories. M&As and strategic alliances are assumed to develop new and greater companies/organizations, whereas extant literature illustrates that such combinations often fail to realize its intentions. Vazirani (2012) conveys that only about half of all M&As create value.

Whether an M&A fails or not is dependent on the definition of failure and objectives of the M&A. DePamphilis (2012) claims that overpaying, slow pace of post-merger integration and flawed strategy are the most common explanations. Lahovnik (2011) who identified that post-acquisition integration is critical to success where the strategic fit between business strategies in horizontal acquisitions is of great importance also supports this. Cartwright and Cooper (1990) argue that the combination of people, their expertise, and the organizational culture are important as well, since lack of human motives can result in job dissatisfaction, low morale, increased staff turnover, and consequently result in a failure. Papavasileiou (2009) also shares this view and additionally posits that success is contingent on how the consumers perceive the M&A. Since most companies are dependent on the consumers' purchases of their products, managers involved in M&As planning should also draw up a marketing-oriented strategy directed to consumers, instead of focusing exclusively on operating and financial synergies. Previous studies have also developed the general perception that there is one winner and one loser in an acquisition, where the acquired company is considered to benefit less. However, when accounting for future expectations, reputations and brand quality/identity, this initial winner/loser perception can be neutralized and can increase likelihood of positive long-term

consequences (Rao and Ruekert 1994) for both the acquired and acquiring company simultaneously, as managers must pay attention to consumer reactions.

Ettenson and Knowles (2006) also highlight the importance of customers related to M&As. They state that M&As often end up destroying rather than generating value for the companies involved as customers become dissatisfied. Moreover, Ettenson and Knowles (2006) put forward the significance of ensuring productive and strong relationships with three key constituencies: *employees*, *customers* and the *investment community*. These relationships are essential to success within M&As. Furthermore, the companies' corporate re-branding may play a vital role when communicating the strategic purpose of the agreement. In many cases, the corporate brand strategy only obtains great attention after the deal is approved or when the M&A is announced to the public. Many people involved in an M&A acknowledge the importance of handling corporate branding issues early on in the process, but they often experience difficulties implementing such measurements due to lack of comprehensive tool to guide their thinking (Ettenson and Knowles 2006).

Extant research pertaining to M&A points to several parallels between M&As and brand alliances, and up to a point to brand extension. Brand alliances involve associations of two or more brands simultaneously in a joint marketing activity (Simonin and Ruth 1998), as well as brands that are perceived as linked or jointly branded (Rao and Ruekert 1994), whilst brand extensions take advantage of brand names and brand image (Aaker and Keller 1990). In their research, Aaker and Joachimsthaler (2000) suggest different strategies for how to best combine brands, under the form of M&A or some kind of alliance, in order to extend to a new market or generate additional value for customers. Based on this we conclude that the use of brand alliances and extension theory within M&A settings could prove to be insightful.

A merger takes place when two companies agree they should come together as one company and collaborate with each other, whereas an acquisition occurs when one company purchases a distinct one and takes over the operations (Vazirani 2012). Companies involved in M&A activities may vary in size from small to large businesses (Grave, Vardiabasis and Yavas 2012). Mergers and acquisitions

are two terms that over time have become approached equally, in spite that they are legally different transactions (Cartwright and Cooper 1990; Vazirani 2012). Following Cartwright and Cooper (1990), we deem M&A to mean the same in this research. Moreover, we define M&A to be an amalgamation between two equal parties, meaning that we do not distinguish between dominant and non-dominant brands.

2.2 Perceived Fit

As previously mentioned, in current research, parallels can be drawn from other theories. This also applies to the fit between the companies involved in an M&A. The notion of fit is rooted in the brand extension literature (Bhat and Reddy 2001; Bridges, Keller and Sood 2000) where it is used interchangeably with the term "similarity" (Smith and Park 1992). Völckner and Sattler (2006) found that fit is a key determinant when it comes to success of an extension. In order to retain the customer and brand bond, Aaker and Joachimsthaler (2000) convey that there need to exist a fit regarding the context and position between the acquiring and acquired brand. Originally, the concept of fit has been used in the research done in the field of cognitive or psychological categories (Aaker and Keller 1990). Anyway, from a marketing standpoint, the concept of fit parallels that of "similarity of features" (Johnson 1986). Within the current paper, the term "fit" is employed as this has been broadly operationalized as similarity (Dimitriu 2010).

Previous research has indicated that the presence or absence of a relationship between the brands (Park, Milberg and Lawson 1991), and individuals' own theory of how brands or entities are categorized are also relevant for understanding perceived fit (Murphy and Medin 1985). Essentially, the positive effect of similarity on brand extension evaluation has been appraised within the context of brand extension and brand alliances (Aaker and Keller 1990; Park, Milberg and Lawson 1991; Simonin and Ruth 1998). In the case of brand extensions, fit is determined by the correspondence between the associations that consumers have with the parent brand and the ones with the extension category. Jaju, Joiner and Reddy (2006) point out that similarity between the merged companies influence consumers evaluation of the M&A. In line with their finding we argue that rationale of fit from the branding literature could be extended to

companies involved in M&As. In addition, Aaker and Keller (1990) argue that the concepts of complementarity, substitutability, and transferability are essential in the consumers' evaluation of fit.

The importance of perceived fit in business combinations is acknowledged. Nevertheless, prior research has determined different definitions of perceived fit, which is taken into account in our research. As Bridges, Keller and Sood (2000, 2) state, associations within category, brand concept or brand-specific associations may function as a basis of perceived fit. On the other hand, Bhat and Reddy (2011) identified that product category fit does not have a useful influence in extension evaluation, whereas the role of brand image between parent brand and extension is influential. Salience and relevance are also identified as important factors to establish links between brands to establish high perceived fit (Bridges, Keller and Sood 2000; Völknner and Sattler 2006). Based on identified studies within this field, perceived fit is in our study assessed in terms of *brand image* between the two brands involved in the amalgamation.

2.3 Brand Attitude

Prior research pinpoints several similarities between strong brand attitudes and brand attachment, suggesting that both of them develop over time and that they might determine comparable outcomes. However, there are a number of significant differences between them. Whilst attachment is based on brand-self connections (Bowlby 1982; Collins 1996; Mikulincer et al. 2001; Park et al. 2010), these are not essential for strong positive brand attitudes. Besides this, strong brand attitudes reflect evaluations and judgment of the brand, and “cold affect” (Cohen and Areni 1991), whereas attachment involves “hot affect” (Mikulincer et al. 2001). Park et al. (2010) demonstrate the differentiation of brand attitude and brand attachment regarding measuring consumers' behavior and their relationship with brands. They also state that brand attachment is a stronger predictor of actual consumer behavior as attachment has emotional and self-implications that function as more powerful drivers of behavior. Anyway, in this research we will focus on aspect related to brand attitude as we assume that customers who are attached to a brand are less likely to change their level of

attachment in a context of an M&A as opposed to customers who possess any kind of attitude.

Within M&A literature, a common assumption is that customers are controllable and possibly transferable across firms, meaning that their relationship with the company and their purchasing behavior will not modify (Öberg 2008). For this reason customer reactions to M&As are very rarely investigated. This is in contrast to Thorbjørnsen and Dahlén (2011) who argue that consumers do not willingly accept all M&As, thinking that they become subject of certain constraints as their freedom of choice will be restricted. They base this argumentation on the relevant theory of psychological reactance (Brehm 1966). This assumes that individuals have a predisposition towards preserving and restoring their personal freedom. More specifically, consumers can re-establish their threatened freedom by evaluating the eliminated alternative more positively or devaluating the attractiveness of the forced alternative. In a similar vein, prior research indicates that consumers favor a previously chosen option to others (Muthukrishnan 1995; Samuelson and Zeckhauser 1988). For this reason, they tend to react negatively to mergers. Moreover, the same authors outline that these negative customer reactions to M&As may justify the financial under performance of M&As and their high rate of failure.

The consumer, based on their evaluation and opinion regarding a brand, makes different types of judgments. In spite that two merging brands are perceived as equal, they may experience both negative and positive spillover effect, as they possess different brand image held in the associative network of the consumer. Simonin and Ruth (1998) found that spillover effect not necessary affect both brands equally as it depends on the familiarity of the brand. Moreover, Keller (2008) points out that positive associations can become negative when evaluated in a different context, like an M&A.

2.4 Influence of Communication

Attitude towards a particular brand can be influenced by different factors, including priming, numerous exposures, various persuasion techniques, and so forth. Yi (1990) has proved that contextual factors can influence judgments of the

brand by priming different product attributes. He has also argues that the same product features can be evaluated in different ways which will depend on the adjacent materials. Furthermore, according to Lee and Labroo (2004), research of conceptual-fluency-based model of affective judgment, consumers may develop more favorable attitudes towards particular brands when it is presented in a predictive context and when primed by related construct. Authors have also experimentally proven that when the construct, which is brought to customers' minds, has negative connotation, participants' attitudes towards the brand may be less favorable. Thorbjørnsen and Dahlén (2011) argue that when consumers experience threat of freedom (e.g forced to change bank), they react negatively and may switch to another brand. Further, whether the information is framed in a personal or impersonal dimension, and whether consumers are allowed to actively be involved in the process, affect the consumers' judgments of an M&A. Hence, building a communication strategy that takes into consideration the consumers preferences is essential to mitigate negative judgments.

Research on the influence of communication strategy with respect to consumers' attitudes towards brand extensions show that effective communication strategies are essential in obtaining relevant explanatory links between the brands (Bridges, Keller and Sood 2000). This finding is also believed to be applied in M&As, and as previous mentioned, the corporate brand strategy gets significant attention when the M&A is announced to the public. Overall, prior research demonstrates that communication strategies influence consumers' attitudinal response of particular brands, and there are different communication methods to be implemented. Communicating the strategic purpose of the agreement is believed to be crucial in order to provide consumers with a better understanding of the motives. Even though the synergies may be very clear to the companies involved, it is not always easy for the consumers to capture the beneficial effects. Thorbjørnsen and Dahlén (2011) suggest that the given justification behind the M&A moderates consumers' reactions and is an interesting topic for further research.

Consequently, expressing the purpose of the amalgamation is considered as relevant in this study as it may affect consumers' judgments. For that reason, the motive behind the M&A will be used in our research communication strategy

where two manipulated announcements are implemented; (1) highlighting consumer relevant content and (2) highlighting financial relevant content.

3.0 Conceptual Model and Proposition

This section provides a detailed description of the developed conceptual model followed by a research proposition that support all the interactions in the model. Subsequently, expected outcomes of the proposition are presented.

3.1 Model Description

According to the purpose of our research, an analysis of whether there is an effect of perceived brand image fit between two merged companies on the level of brand attitude depending on the influence of variation in content of communication of merger motive will be carried out. The main and moderating effects are illustrated in the following model:

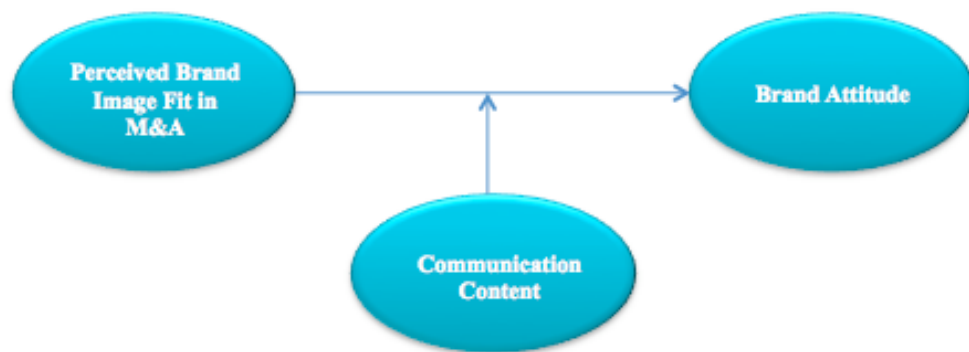


Figure 1 Research Model: Main and Moderating effects

In this conceptual model, brand attitude is the dependent variable. Specifically, an assessment of the extent to which high or low perceived brand image fit between merged brands will influence the dependent variable (main effect) will be applied. Furthermore, we test whether the content of communication (consumer oriented vs. financial oriented) is influencing the main interaction, and hence, acts as a moderator in the model. Note that we are not analyzing the direct effect of this variable on brand attitude, although it is acknowledged that this might occur.

3.2 The Main Effect of M&A on Brand Attitude

Brand attitude involves thoughts and feelings about the brand (Park et al. 2010). In M&A situations, consumers might experience uncertainties about the relationship, depending on how they perceive the fit between the merging companies (Papavasileiou 2009). Keller (2008) argues that high fit between two brands needs corresponding imagery. Thus, the perceived brand image fit will evoke feelings that may affect attitude or judgments to the brand positively or negatively. Further, we will use high perceived brand image fit and low perceived brand image fit in relation to the M&A.

3.3 The Moderating Effect of Communication

When two companies merge, it is necessary to communicate this event to stakeholders and the market. Usually, this type of information contains positive implications of the M&A, such as strategic and financial gains. However, this kind of information might not be seen as positive from a consumer perspective. As in line with Petty and Cacioppo's (1979) findings, information may influence consumers' evaluation of the brands. Furthermore, as stated by Thorbjørnsen and Dahlén (2011), it is likely that consumers respond more favorably to arguments related to consumers' preferences than to financial related arguments. Hence, it is believed that consumer relevant content and financial relevant content in the communication will change level of brand attitude in different ways.

Based on the argumentation above, the expected interaction is illustrated in figure:

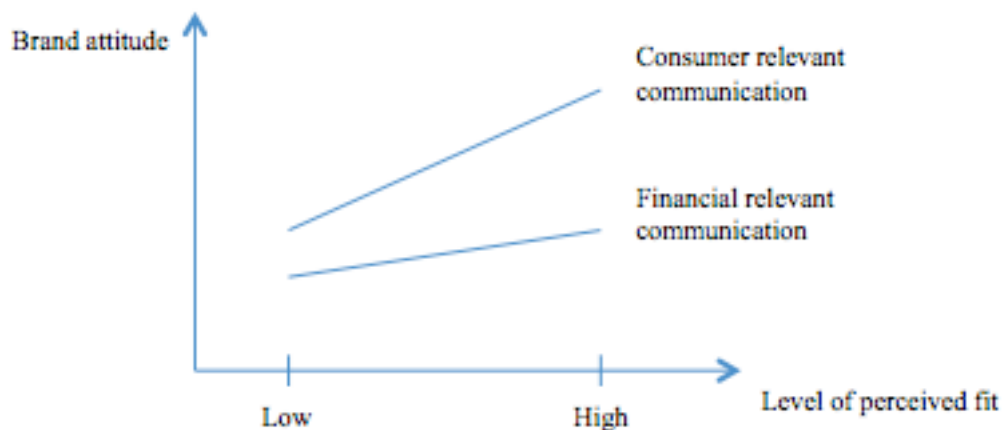


Figure 2 Pattern of interaction

4.0 Methodology

In the following section, the chosen design is discussed concerning the participants, experimental procedure, and measurement of the independent and dependent variables. Finally, manipulation checks and result analysis are explained.

4.1 Participants and Design

Participants will be randomly assigned to each of the four conditions (one-fourth of students in each) of 2 (perceived brand image fit: high vs. low) x 2 (communication content: consumer relevant vs. financial relevant) between subject factorial experimental design with brand attitude as the dependent variable:

As we want to examine the effects of two independent variables (with two levels each) in a single experiment, *factorial design* is appropriate for the current study as it will test whether stimuli will cause any effect on the dependent variable (Mitchell and Jolley 2007). This design will help analyzing changes in the level of brand attitude by manipulating the content of messages presented to participants. Note that by randomly assigning participants to different experimental conditions, the internal validity of our study will be enhanced.

4.2 Procedure

As previously mentioned, participants will be randomly assigned to one of the four conditions (50 subjects in each condition). Participants will be isolated from each other so that they will complete the task simultaneously, but at the same time unaware of the different conditions. In the first part of the experiment, participants will receive a questionnaire evaluating their level of awareness about the brands. Next part will include brief information about the merger of the brands, followed by a set of questions concerning the brand image fit perception in each of the particular M&A combinations. The aim of the latter will be to check whether respondents evaluate M&A in line with our predictions. Participants will also be asked to rate companies' alliance on a number of associations and characteristics

(using seven-point semantic differential scales) as well as to provide answers about their likelihood to purchase products from merged companies. This will be done to eliminate the possibility that they figure out the real purpose of our research. Afterwards, participants will receive the next part of the questionnaire, which will check their attitudinal response after evaluation of the amalgamation. Again, in line with brand attitude evaluation we will provide other questions concerning customers' behavior and willingness to pay to distract respondents' attention from our key research question.

In the final part of the experiment, participants will receive short announcements containing one of the communication variables. The questionnaire will end up with a set of demographic questions. Finally, participants will be thanked for their contribution to the research, and will be provided with disapproval note that all information about mergers is fictional.

4.3 Manipulations of Independent Variables

In order to determine brand image and perceived fit, it is suitable to measure this by use of a questionnaire where respondents are asked to evaluate different statements. Communication content will be manipulated by creating two different announcements regarding the motives behind the agreement: one with consumer relevant content and one with financial relevant content. It is expected that elaboration and processing of this information will affect the perceived fit and consequently the brand judgment.

4.4 Manipulations of Dependent Variables

Brand attitude towards one of the brands involved in M&A will be measured twice: after reading the information about the merger and after receiving a communication message explaining the motive behind the amalgamation. The aim is to analyze both main and interaction effects on dependent variable.

4.5 Manipulation Checks

To test whether participants are well-informed about the brands, a number of introductory questions regarding brand awareness will be addressed. Manipulation

of the perceived brand image fit variable will be checked before actual brand attitude evaluation. This will help us deciding whether respondents as low/high fit correctly perceive the chosen brand combinations. We are using six-point Likert scale for perception of fit questions.

A check of the review content manipulation will be made by asking respondents two questions. First, they will be asked to rate the extent to which they perceive information in the article as being important by the use of a seven-point Likert scale, where 1 indicates “insignificant” and 7 indicates “significant”. Second, participants will be asked to rate, on a seven-point Likert scale (1 – “not appealing”, 7 – “appealing”), how appealing they found the article content. All results from manipulation checks will be tested and analyzed through F-tests, followed by specific conclusions.

4.6 Results Analysis

To test our proposition we will perform analysis of variances. We believe this statistical technique is the most appropriate for the data collected by using factorial experimental design. ANOVA will show whether the main and interaction effect is significant in addition to test the general soundness of our research model.

5.0 Managerial Implications

As described in the introduction, limited research has been performed regarding consumers’ attitudinal response to an M&A. In this research, we expect that exposing customers to relevant information may result in an increase of their involvement with an issue, which may enhance previous (M&A) message processing and thus influence customers’ evaluation of brand judgment. The latter is in line with Petty and Cacioppo (1979) findings. By gaining deeper understanding of how consumers’ attitudinal response to an M&A can be moderated by relevant information, managers can utilize this knowledge to mitigate negative effects. In order to ensure a successful M&A, it is essential to understand how the merger affects the consumers. It is expected that this research

will reveal useful insight in the importance of relevant communication strategies, especially when the brand image fit is not so obvious in the consumers' eye.

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Appendix
Table 1: Previous Research on M&A Performance

Authors	Research Area	Variables DV=Dependent Variable IV=Independent Variable M=Moderator CV= Control Variable	Main Findings
Bahadir, Srivastava (2008)	The impact of target and acquirer characteristics on target brand portfolio value in M&As	M: M&A Strategy (synergistic/nonsynergistic) and sales growth	Both acquirer and target characteristics are important in determining the value attributed to the target firm's brands. The impact of target marketing capability on target brand value is lower when target sales growth is high
Datta, Pinches and Narayanan (1992)	Factors influencing shareholders' wealth creations in M&As where shareholders wealth gains refers to the stock market appraisal of specific merger transactions	DV: Wealth effects IV: Factors influencing wealth effects: (1) Number of bids (2) Bidder's approach (3) Type of financing (4) Type of acquisition and (5) Regulatory change CV: Methodological artifacts	Overall, the results suggest that targets benefit most in acquisitions. Shareholders gains are lower in stock-financed transactions for both bidders and targets. Multiple bidders and conglomerate acquisitions have a negative impact on the wealth of the bidding firm shareholders
Ferrer (2012)	Effects of M&As on firms' profitability in terms of return on equity and assets	DV: The company's profitability represented by (1) Return on assets and (2) Return on equity IV: M&A (which signify whether the company had engaged in the said business combination in a given year)	M&A will decrease the return on equity (sig. negative relation between M&A and return on equity). M&A has no relation to return on total assets ratio. Most M&As harm the financial well being of the companies
Jaju, Joiner and Reddy (2006)	Consumers' views of brand name redeployments (pure synergistic and synergistic) after M&As.	DV: Consumers' reactions to brand redeployment strategies IV: Four brand name redeployment strategies subsequent to M&As M: Brand attitude similarity and fit	All mergers led to a decrease in brand equity, regardless of the redeployment strategy. Similar- attitude, high- fit brand redeployments perform strongly. The target brand suffered less in terms of equity loss than the acquiring brand subsequent to the redeployment. Dominant redeployments outperform synergistic strategies
Lahovnik (2011)	Strategic fit between business strategies in the post- horizontal acquisition and performance		Should consider the strategic fit between business strategies when acquiring another entity in same industry. Most important motives for horizontal acquisitions are sharing of activities and transfer of skills

Authors	Research Area	Variables DV=Dependent Variable IV=Independent Variable M=Moderator CV= Control Variable	Main Findings
Machado, Vacas-de-Carvalho, Costa and Lencastre (2012)	The influence of name and logo characteristics on consumer preferences in a merger situation	DV: Consumers' preferences regarding alternative branding strategies IV: Merger M: Typology of post-merger corporate identity structures: Monolithic, Combined, Differentiated	Consumers mainly chose monolithic or combined structures within M&As. Concludes that logo is at least as important as name in merger situations. Strength of the two brands involved and the perceived aesthetic quality of the identity signs are key influential factors
Papavasileiou (2009)	Consumers' attitudes and behavioral attention after M&As	DV: Differences between consumers' attitudes and behavioral intentions concerning four naming strategies IV: Degree to which the two corporate imaged match (High/Low)	Two key factors influence consumers' perceptions to M&As: (1) the degree to which the two corporate images match and (2) naming strategy
Ravenscraft and Scherer (1989)	The profitability of mergers by assessing two situations where there is (1) a displacing of inefficient managers and (2) achievement of economies of scale/scope	DV: Post-merger performance with three profitability variables: PROF: A Operating income, PROF: B Operating income and PROF: C Cash flow IV: Average value across the three years of assets acquired at the time of acquisition (merger intensity and accounting method)"	Evidence suggests scepticism toward the claim that mergers are on average efficiency enhancing. Market share declined following both horizontal and conglomerate mergers. Acquired units' profitability declined sharply relative to pre-merger levels. May be due to control loss in more complex organizational structures
Swaminathan, Murshed and Mullan (2008)	How strategic emphases of merging firms (marketing or R&D) create value in merger context	DV: portfolio abnormal returns (which captures the value created) IV: Strategic emphasis alignment; Marketing or R&D M: Merger motive (Consolidation or diversification)	Results reveal that the relative allocation of marketing (versus R&D) resources in a merger context can have important implications for shareholder value
Thorbjørnsen and Dahlén (2011)	Customer reaction on horizontal M&As, with perspective of target brand. How can marketing actions mitigate negative effects	DV: Study 2, 3 and 4: Attitude Brand A, Attitude Brand B, Switching intentions M: Study 2: Personality trait reactance Study 3: Brand loyalty Study 4: Expectancy (take their vote into account)	5 studies that support the hypotheses on (negative) reactions of customers of the target brand when confronted with an acquirer-dominant M&A. When consumers are allowed to participate in M&A decisions, their reactance and negative responses to M&As are mitigated
Vazirani (2012)	Performance review of M&As → Different reasons of merger failures		Managers are neglecting HR issues which may be an important cause of M&A failures

Table 2: Previous Research on Perceived fit

Authors	Research Area	Variables DV=Dependent Variable IV=Independent Variable M=Moderator CV= Control Variable	Main Findings
Aaker and Keller (1990)	Consumer Evaluations of Brand Extensions	2 studies DV: Attitude toward the extension	Transfer and complement were more important as predictors than substitute. A good fit on both is not necessary. 3 fit dimensions: Complement, Substitute, Transfer
Bhat and Reddy (2001)	The impact of parent brand attribute associations and affect on brand extension evaluation	IV: Perceived fit (product category fit and brand image fit) M: May be; symbolism and functionality	Product category fit does not play a useful role in extension evaluation. Image fit has a positive impact.
Bridges, Keller and Sood (2000)	Communication strategies for brand extensions: Enhancing perceived fit by establishing explanatory links	Assess two categories: Watches and Tennis shoes DV: Perceptions of fit IV: (1) Dominant parent brand association with 2 levels: Attribute-based and Non-attribute-based (2) Brand-to-extension relationship with 2 levels: Attribute-based and Non-attribute-based (3) Manipulated Communication strategies with 3 levels: No information, A relational communication strategy and Elaborational communication strategy	Revealed the role of salience and relevance and the importance of establishing explanatory links that connect the parent with the extension. Explanatory links can be an effective measure of perceived fit
Simonin and Ruth (1998)	Is a company known by the company it keeps? Assessing the spillover effects of brand alliances on consumer brand attitudes	DV: Attitude toward brand alliance. (Also measure attitude toward each brand both pre and post) IV: Product fit and Brand fit M: Brand familiarity	Brand alliances have the potential to modify subsequent attitudes toward these partnering brands. Brand familiarity plays a key role in understanding brand alliance evaluations and their spillover eff.
Völckner and Sattler (2006)	Drivers of Brand extension success	DV: Brand extension success IV: Parent brand characteristics, Brand Ext. marketing context, Relationship between the PB and BE, BE's product category characteristics M: Quality of the PB x fit Quality of the PB x history of prev. BE History of prev. BE x fit Fit x PB conviction Marketing support x retailer acceptance	Effective communications strategies may need to convey the salience and relevance of the explanatory link

Table 3: Previous Research on Communication

Authors	Research Area	Variables DV=Dependent Variable IV=Independent Variable M=Moderator CV= Control Variable	Main Findings
Ahluwalia, Burnkrant and Unnava (2000)	Consumer response to Negative Publicity: The Moderating Role of Commitment	M: Level of commitment	Commitment of the consumer toward the brand is identified as a moderator of negative information effects
Bridges, Keller and Sood (2000)	Communication strategies for brand extensions: Enhancing perceived fit by establishing explanatory links	Assess two categories: Watches and Tennis shoes DV: Perceptions of fit IV: (1) Dominant parent brand association with two levels: Attribute-based and Non-attribute-based (2) Brand-to-extension relationship with two levels: Attribute-based and Non-attribute-based (3) Manipulated Communication strategies with three levels: No information, A relational communication strategy and Elaborational communication strategy	Effective communications strategies may need to convey the salience and relevance of the explanatory link between the products