RNI No. RAJHIN/2007/26996
ISSN 0976-7452 Raaso
Refreed Journal

रासो

अन्तर्विषयी त्रैमासिक शोध पत्रिका

वर्ष-18, अंक-2, मार्च अप्रैल मई 2025

रासो
त्रैमासिक शोध पत्रिका
2005
॥ स्वस्ति पन्थामनु चरेम ॥

RNI No. RAJHIN/2007/26996
ISSN 0976-7452Raaso
Refreed Journal

रासो

इतिहास, संस्कृति, साहित्य एवं दर्शन की त्रैमासिक शोध पत्रिका

वर्ष-18 अंक - 2 मार्च-अप्रैल-मई-2025

☆ सम्पादकीय/सचिव
व्यवस्थापकीय कार्यालय
सृजन संस्थान,
आचमन, वेद विहार,
लोहाखान, अजमेर-06
दूरभाष : 0145-2426610
e-mail : rasoajmjournal@gmail.com

☆ प्रकाशक :
पुष्पा शर्मा
सृजन संस्थान,
द्वारा आचमन पब्लिकेशन्स,
अजमेर

☆ मुद्रक :
मैसर्स आर्य प्रिन्टर्स,
केसरगंज, अजमेर

☆ कम्प्यूटराइज्ड सेटिंग :
श्रीनिवास प्रिन्टोग्राफिक्स
132, पंचवटी कॉलोनी,
अजमेर दूरभाष : 0145-2442701

सहयोग दर

* वार्षिक सदस्यता - 500 रु. (चार अंक) संस्थाओं हेतु - 600 रु. (चार अंक)
कृपया चैक/ड्राफ्ट/मनीऑर्डर श्रीमती पुष्पा शर्मा, प्रकाशक, आचमन पब्लिकेशन्स, अजमेर- 305006 के नाम भेजें।

प्रकाशक-श्रीमती पुष्पा शर्मा, 51/1509, वेद विहार, लोहाखान, अजमेर द्वारा मैसर्स सृजन संस्थान, अजमेर की ओर से प्रकाशित एवं मुद्रक-श्रीमती उषा गर्ग द्वारा मैसर्स आर्य प्रिन्टर्स, केसरगंज, अजमेर से मुद्रित।

BRAND BUILDING THROUGH MERGER & ACQUISTION

Bhawana Jain
Lecturer (Deppartment of Education)
Hukumchand Noble Institute of Science & Technology, Ajmer

Abstract

Brand is a strategic asset that should be, managed. This is an increasingly important issue for businesses that favor or have favored acquisition based growth strategies. Along with economy growth, trends of merger and acquisition (M&A) between organizations have become an important issue in both geographical and strategic terms. This article aims at discussing the relation between M&A, and brand associations, and how they effect each other. Todays companies are more concentrating that merger & acquisition which will give better recognition to their brand. The challenges of all the assets exchanged during a merger & acquisition, the most important have to be culture & brand. Besides this many pre- merger and post- merger factors are also their which are to be consider when a company is going to merger and acquisition for developing its brand building. The paper also consists some examples for putting on light brand and M&A..

Introduction

The operational definition of brand, according to Crimmins(2000), is the ratio of the brand's price to its competitors price when both are equally desirable to consumer, minus one.

A brand is a collection of symbols, experiences and associations connected with a product, a service, a person or any other artifact or entity.

Brands have become increasingly important components of culture and the economy, now being described as "cultural accessories and personal philosophies.

Brand management is the application of marketing techniques to a specific product, product line or brand. It seeks to increase the product's perceived value to the customer and thereby increase brand franchise and brand equity. The discipline of brand management was started at Procter & Gamble PLC as a result of famous memo by Neil H. McElory (Wikipedia.org)

Building a Brand - Branding is more than just a business buzzword. It has become the crux of selling in the new economy. If the old marketing mantra was, "Nothing happens until somebody sells something", the new philosophy could be "Nothing happens until somebody brands something".

Building a brand is not a just hot cake to eat. To build a brand a company or a firm has to do many continues task, so that their product become a brand. These tasks are known as a process of building a brand.

Professor David Jobber identifies 7 main factors in building successful brands, as illustrated in the diagram below:

(1) Quality, (2) Positioning, (3) Repositioning, (4) Long-term Perspective, (5) Internal Marketing, (6) Credibility, (7) Well-blended Communications

The factor no. 3 is repositioning means when a brand tries to change its market position to reflect a change in consumer's tastes. This is often required when a brand has become tired, perhaps because its original market has matured or has gone into decline. In this situation company can do some workout to get extra market with more growth.

Merger & Acquisition: A Weapon --: Everyone knows that building your product or service into a bona fide brand is the only way to stand out in today's insanely crowded marketplace. The only question is how do you do it?[1] Al Reis & Laura Ries, "The 22 Innutable Laws of Branding (Harper Business, 1998)

M&A is one of the weapon to build their brand more promising and profitable. The recent announcement by Tata Consultancy Services of getting into conscious brand building effort starts a new chapter in Indian IT industry. The companies know that the days of labor arbitrage are gone and they need to build a clear branding strategy to position themselves and compete among the global giants. One of the strategies which has been surprisingly overlooked is leveraging the merged or acquired companies brand equity.

When we talked about M&A, we should know what its mean. The phrase M&A refers to the aspect of corporate finance and management dealing with the buying, selling and combining of different companies that can aid, finance or help a growing company in a given industry grow rapidly without having to create another business entity.

In building a brand through merger & acquisition, there is nothing re- ally black or white. But with little imagination and some brand connect; com- panies can create a long-term value for insights into boardroom thinking of merger just study the doorplates of today's global heavyweights. Outsize names such as GlaxoSmithKline, Totalfinaelf or Pricewaterwaterhouse - Coopers point to one long held belief. Mergers are about size. To be big is good, to be big- gest is best.

Such deals, according to the conventional wisdom, require no great strategic change. The only serious decision is the order of names. The aim is simple to join up with a rival and build a larger replica of both parties. Costs will inevitably fall while the sheer scale of new enterprise offers the chance to achieve critical mass and dominate the market.

Smart companies have already been investing hugely in developing brand messages that bypass the product and play directly on emotions. Teenagers everywhere know that Nike footwear represents more than just stylish trainers; on some deeper level the company's trainers stand for aspiration and a can do attitude. Challenging and engaging, 'just do it' expresses Nike's big idea: winning.

Branding can add value during M&A via:

* Good brand alignment within an organisation can act as both the catalyst and motivator to swing processes and infrastructure in line with the new business strategy facing forward toward tomorrow's customers

* The correct brand portfolio architecture can enhance customers' understanding and appreciation of the newly merged businesses & deliver enhanced incremental value

* Analysis of how service or product brands can tangibly define & deliver market potential

* Use portfolio analysis to define the role of the brand assets under your control in delivering your long term strategy

* Use the power of the combined organisation's brands as a rallying point for leadership and staff increasing the speed and effectiveness of integration

* Build new brand equity with greater customer loyalty and increased revenue flows

Successful business mergers demand successful brand mergers that create the basis for superior customer value and competitive differentiation for strategic advantage. Even though many have written about the consequences of M&A in the larger business perspective, not much is precisely known about the effects of M&A on brands, brand management and brand equity. A quick scan of business press over the years would revel one common thread of busi- ness activity mergers & acquisition (M&A). Companies for a long time have readily adopted this route to business domination and market leadership. Ex- amples of glorious and often controversial M&A are galore in the business world - Proctor & Gamble's acquisition of Gillette, Addida's merger with Reebok, Mittal steel's merger with Arcelor, HP's merger with Compaq and the list goes on. spite of such tremendous M&A activity, a recent report by McKinsey claims that In only one in every five M&A actually success. Further research has found out that the larger the target firm acquired, the greater the percentage loss in terms of market share after acquisition.

Many of us have seen the statistics covering the results of M&A. Studies of Booz Allen & Hamilton indicate that over 70 % of merger objectives go unmet. CFO magazine reports a 50% overall drop-off in productivity in the four to eight months following a deal; just 23 % earn their cost of capital.

A merger or acquisition is like buying a new future. Many companies are looking to expand or rationalize, or they face previously unencountered global forces or rapid technological change, or are experiencing eroding market share or general stagnation. It is attractive to think that one can take a giant step in growth rather than incremental steps over a longer period of time.

During the past two decades we have witnesses deal sizes grow, previously unimaginable couplings within and across industries have been con- summated. The majority of these transactions have proven that most players have knowledge and skill in the acquisition event but not in the post-merger process. In other words, most folks throw a tremendous wedding but experi- ence difficulties in marriage.

Alexandra Reed Lajoux, in "The Art of Merger & Acquisition Integration"

Says a merger is a set of promises. Coincidently, it is often said that a brand is a promise. So what happens to brands during a merger or acquisition? How much consideration should be given to the corporate and product brands before and after the transaction? What must leaders and managers consider during brand integration?

The challenges of all the assets exchanged during a merger or acquisition, the most important have to be culture and brand. Capturing the intangible value in transactions and growing that value through integration are sorely underestimated and poorly understood challenges. The result is that brand opportunities are missed entirely, not realized, or a seriously under-leveraged.

M&A is one of the most important means by which companies respond to changing conditions. Many firms have no alternative but to merge, acquire or be acquired. (2) Applied merger & acquistions by Robert F. Byuner, Joseph R. Perella A merger or acquisition represents a new opportunity to create a compelling, ambitious vision that is understood and shared to capture value not present prior to the transaction. This opportunity allows one to build a new brad and/or leverage the strengths of existing brands. These transaction attempt to capture two sources of value; the hard tangible goals established (cost reductions and revenue enhancement) and the softer tangible issues related to people, culture and brand.

The best M&A implementations use branding: A&M lo

1. To drive new direction from the top, without exception

2. Early in the due diligence process to identify and empirically measure

both product brand synergies and cultural (organizational brand) synergies. This gap analysis can both red flag possible hidden future problems as well as give useful information to the leadership team on the team they are already working with

3. As a process driver to fully align the business with the business objectives and strategy while keeping the customer at the centre of our attentions.

4. As a deep investigatory and management tool to understand the organisational brands which are underpinning the organisations

5. To mitigate risk

6. To add value

The vast majority of merged companies underestimate the behavioral changes that must take place during integration. In order for staff to get behind the change they must understand the values the merged is to represent and that they are live. Customers must understand the benefits associated with the merged brand and recognize that it solves problems for them that the previ ously individual companies could not.

Failure to focus on behavior can sink a merger or acquisition. When Compaq purchased Digital and floundered, much of the problem was attrib. uted to the unceremonious dumping of the Digital Name, which still had uity. Instead it was decided to rebrand all products and services as "Compaq". Each side had a strong culture and pride in their individual brands, so this decision led to defections of Digital's top talent.

There are four ways a corporate brand name can change during a merger or acquisition:

1. One party can keep its own name (Air India over Indian Airlines)

2. It can assumes the seller's name (Procter & Gamble kept Gillette)

3. Combine both names (Mittal Arcelor)

4. Create an entirely new name (USX, formerly US Steel)

Pre-Merger & Acquisition Factors:

1. Enhancement of Shareholder Value: This is the most important question any brand/company has to ask itself before taking the route of M&A. The value generated by M&A should also be analyzed in the long term to ensure that the increase in stock price was not a market aberration but indeed a reflection of the potential of the newly formed entity.

2. Maximize Culture, Organizational and Market Reach between two brands -: This is one of the most crucial questions that any brand must ask itself before joining hands with another brand can they at- tain synergies in terms

of their culture? Can the M&A maximize the organizational capabilities in terms of brand portfolios, market share, des financial, managerial & technological resources?

3. M&A should allow for brand compatibility :- Brand compatibility refers to the level to which the identity, personality and philosophy of brands of the two companies match or show a possibility of peaceful existence. If the main objectives any M&A activity - shareholder value enhancement and market domination - has to be achieved a very high level of brand compatibility becomes critical.

POST-MERGER & ACQUISTION FACTORS:

The first step for any company post M&A is to make a fundamental and honest assessment of the competitive position. The result may be that the acquired brand could be the stronger one, and the one that the company should invest in.

It is also important to understand the strength of the brand's target segment and if this segment is exclusive to the brand, too.

Make a merger or acquisition a step in your strategy- not the strategy itself. If there is no organic growth the enterprise will ultimately hit a wall.

Despite the obvious and much-heralded potential of both the merged organization and its brands, it is very reasonable to ask if tomorrow's merged brands will be as powerful and enduring as the pre-merger ones. Trends and recent history seem to signal otherwise. Consolidations are risky, often resulting in a lower market share than those of the pre-merger brands together. A McKinsey report (1997) claimed that only one in five attempts succeeds. Reasons why mergers and acquisitions can fail :

Buying an organization can be likened to buying a secondhand car. The seller is going to highlight the positives while concealing or downplaying vulnerable problems.

First List 2000 reports approximately 50 percent to 70 percent of merger/ acquisition (M&A) deals fail.

The good news is that the business world is finally beginning to recog- braid nize the dynamics that lead to failure:

Technology Integration.

PricewaterhouseCoopers' recently surveyed senior executives from 125 companies worldwide to determine the biggest hurdles of M&A deals and found that integrating information systems is the toughest post-deal challenge. Nearly three out of four companies reported problems integrating information systems after a merger.

Culture Shock.

Mergers are like marriages. The right 'partner must be selected after an honest and meaningful courtship. There must be communication, flexibility and mutual respect.

Organizational culture is a blend of an organization's values, traditions, beliefs and priorities. Also, it helps determine and legitimize what sort of behavior is rewarded in an organization.

The very minute that t merger rumblings are heard in an organization, the work climate begins to change. Employees become emotionally confused and anxious, similar to how one might feel when a mate makes an abrupt announcement demanding a divorce. The initial feeling is one of betrayal.

Employees begin to divert time and energy to wonder how their career. power and prestige will be impacted. Gossip within the organization competes with production and then the competition can gain a foothold.

Combining merged cultures requires a focus on one new vision and one new mission, developed by a cross-section team of representatives from both organizations. Problems typically occur when the larger or stronger of the two organizations try to significantly influence the integration.

Well, that's it for the key reasons M&A fail. It boils down to having clear channels of communication and clear direction. This is a hard business case for making sure you know and understand how you come across, as a CEO what you should do and what should not. Hire someone who can work with us to communicate in the good times and the bad.

Following are five critical success factors that C-level executives must attain to lead their companies to M&A success. -

1. Quickly Establish the Company's Vision and Values Any large corporate combination effectively creates a new organization. Underlying the new vision are new values. Values shape people's behaviors based on the ideals the company holds to be important. When employees embrace their firm's values, they embrace its goals. Their positivism spreads through the combined company, helping to spawn the broad employee buy-in so critical to attaining integration objectives.

2. Foster and Ensure Information-Sharing - The post-merger integration process is inherently based on data transfer and knowledge-sharing. New co-workers are naturally leery of each other. There are no bonds between them. These factors hinder information flows. It is the CEO's job to break the communication logjam. The CEO must actively promote the benefits and necessity of information sharing. Breaking down barriers - and building bonds

between the new co-workers - is one of the CEO's most crucial leadership challenges.

3. Be the Consummate Communicator - CEOs must get out and actively serve as the chief proponent of the integration initiative. Too often I see CEOs and the senior management team remain holed up in their offices without ever venturing out to meet their new employees! These executives feel that, just because internal memos and newsletter articles carry their by-line, they are adequately communicating with their new people. They're not. Written communications are essential, of course. But nothing replaces the power of face-to-face interaction.

4. Lead the Leaders - Leadership doesn't mean doing the job all alone. Cultivating and deploying multiple leaders is another urgent task of the CEO and his or her senior managers. Careful selection of one's leadership lieutenants is essential. Integration leaders must be adept at negotiating. These leaders must be cool-headed and flexible (the high-intensity situations that characterize the integration process often require on-the-spot shifts in tactics). These leaders must be motivators. It's the CEO's job to identify, train, empower and dispatch loyal, high-potential managers to help achieve integration objectives as swiftly as possible.

5. Actively Forge the Culture - This is the most important, overarching leadership role of the CEO. As stated, totally new organizations are formed in large-scale M&A transactions. When new organizations are formed, so too must their cultures. Initially, integration requires that dissimilar cultures be aligned.

A successful M&A programme starts with customers targets and ends with customers targets. The more comprehensive this understanding, the better senior executives can make decisions on structuring and managing merged brand portfolio.

CONCLUSION:

Corporate product or service brands are not just names or logos. Acquirers or companies merging must understand that the brand represents four components of value comprising its overall equity

* The brand's definition (what it promises);

* Its culture (how the brand's previous owner honored the brand promise);

* Its infrastructure (how the brand is supported by distribution, marketing, promotion, advertising, and sales);

* The visual aspects of the brand expressed by the name and uses of the identity.

In addition, M&A have a tremendous impact on brands. The challenge for companies is to devise a system whereby the basic objectives of the M&A are always kept in mind so that post-merger confusions challenges would not drive the new entity from the set path.

Through above discussion we easily got understand that if national or multinational companies want to build their brand more promising and valuable for the customers, they have to adopt several strategies, and merger & acquisition (M&A) is one of them most effective weapon if we apply it with keeping some of the important factors in our mind.

References :

Books and Articles

1. *Al Reis & Laura Ries, "The 22 Innutable Laws of Branding (Harper Business, 1998)*
2. *Applied merger & acquistions by Robert F. Byuner, Joseph R. Perella.*
3. *Alliance Brand: The smart way to build value and achieve Business Success by Darby mark.*
4. *Bastien, D.T., and Van de Ves, A.H. (1986) managerial and organizational dynamics of mergers & acquisitions. Discussion paper # 36, Strtegic Management Dr Research Center, University of Minnesota.*
5. *David M.Schweiger, "M&A Integration.*
6. *Larsson, R. 1989. Organizational integration of mergers & acquisition. Lund studies in Economics and Management 7, Lund University Press.*
7. *Lynn B. Upshaw, "Building Brand Identity. A Strategy success in a Hostile Marsuccess in a ket Place" (John Wiley, 1995)*
8. *"Mergers and acquisitions explained". http://www.m-and-a-explained.com. Retrieved 2009-06-30.*
9. *DePamphilis, D. Understanding Mergers, Acquisitions, and Other Corporate Restructuring Terminology*
10. *King, D. R.; Slotegraaf, R.; Kesner, I. (2008). "Performance implications of firm resource interactions in the acquisition of R&D-intensive firms". Organization Science 19 (2): 327-340. doi:10.1287/orsc. 1070.0313.*
11. *Maddigan, Ruth; Zaima, Janis (1985). "The Profitability of Vertical Integration". Managerial and Decision Economics 6 (3): 178-179. doi:10.1002/mde.4090060310.*
12. *Zax, Igor (2009). "Distressed M&A: Some Strategic and Financial Trends and Considerations". International Corporate Rescue 6 (2): 84-87.*
13. *King, D.R.; Dellon, D.R.; Dally, C.M. : Covin, J.G. (2004), "Meta-analyses of Post-acquisition Performance: Indications of Unidentified Moderators". Strategic*

Management Journal 25(2) : 187-200. dol: 10.1002/smj.371.

14. *Mergers and Acquisitions Lead to Long-Term Management Turmoil Newswise, Retrieved on July 14, 2008*
15. *M&A Agility for Global. Business Week, 10/30/95, The Case Against Mergers, P. 122-138*
16. *David Aaker, M world, Summer 2004*
17. *Jeff Swystun, 2001*
18. *Ken Fen yo, 2005*
19. *Kotler, J. 1996, Leading Change. Harvard Business School Press : Boston, Ma.*
20. *IT Sloan Management Review, Fall 2003*
21. *Martin Roll. Business & brand strategiest. Symonds, W.C. The most aggressive CEO. Business Week, May 18, PP 69-77. Chap. 8, P. 12*
22. *Sucessful Post-Merger Integration : Realizing the Synergies Nils Bohlin, Eliod Daley, and Sue Thomson. PP-3*
23. *Merging Brands : Designing the post M&A portfolio By Kunal Basu. Ivey Business Journal November/December 2002 PP.2*

Websites

1. *www.infotech.indiatimes.com*
2. *www.fowersperrin.com*
3. *www.blackwell-synergy.com*
4. *www.heidrich.com*
5. *www.brandchanel.com*
6. *www.brandarchitects.com*