Brand management in Mergers and Acquisitions: Emerging market multinationals venturing into advanced economies

Abstract

Purpose: This paper focuses on emerging market firms that internationalize into advanced economies by means of acquisitions. This paper aims to describe and discuss brand management in post-acquisition integration from a multi-level perspective and identify how brand management strategy can be constructed. The paper takes into account the influences of country image, corporate brand and brand portfolio to obtain a granular view in managing brand after such acquisitions.

Design/Methodology/Approach: A multiple case study approach is adopted. By using case studies and storytelling qualitative research methods, our empirical setting consists of Chinese firms' acquisitions in Germany.

Findings: We identified three mechanisms for brand management in post-acquisition integration of emerging market firms, namely transferring, dynamically redeploying and categorizing that underpin the interconnection and combined influence of country image on the national level, corporate brand on the organizational level and brand portfolio on the product level.

Practical implications: Brand has been viewed as a strategic asset in Chinese cross-border acquisitions. Brand management is a dynamic process that involves learning and interaction between the acquirer and target. Our research offers a practical guideline for both acquirers and targets in managing brand amid emerging market firms' acquisition in advanced economies.

Originality/Value: Our findings shed important light on brand management strategy in Chinese overseas acquisitions in particular, and emerging market firms venturing into advanced economies in general. The interlinking of country, company and product levels

presents new ideas to brand literature, and the setting with Chinese firms acquiring German companies constitutes an important contribution to understand how firms from emerging economies may pursue branding strategies different to present knowledge from advanced economy firms.

Keywords: Acquisition; Brand management; China; Germany; Multi-level; Redeployment

Classification: Research paper

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Introduction

Mergers & Acquisitions (M&As) is identified as a primary market entry mode for emerging market multinationals venturing abroad (Cuervo-Cazurra, Newburry, & Park, 2016; Liu & Vrontis, 2016). It is a complex and sophisticated international management and marketing topic which involves multi-faceted challenges for managers in both emerging and advanced markets (Tarba, Cooper, Sarala, & Ahammad, 2016; Weber, Tarba, & Oberg, 2014). Brand management in M&A has been identified as one critical area that might significantly affect the M&A performance (Balmer & Dinnie, 1999; Lambkin & Muzellec, 2010; Muzellec & Lambkin, 2006). As Balmer and Dinnie (1999) point out, M&As underperforming may be explained by how corporate brands (and images) are not given adequate attention. Despite the importance of brand management (Hogan, Glynn, & Bell, 2006; Kumar & Blomqvist, 2004; Srivastava, 2012), there has been scant attention to brand management in M&A literature (Bauer, Matzler, & Wille, 2012; Rao-Nicholson & Khan, 2017; Vu, Shi, & Hanby, 2009). Scholars acknowledge the importance of post-acquisition integration in M&A (Graebner, Heimeriks, Huy, & Vaara, 2016), such as the human factors in M&A (Cartwright & Cooper, 1993; Larsson & Finkelstein, 1999), the influences of sociocultural factors (Sarala, Junni, Cooper, & Tarba, 2016), the role of customers (Öberg, 2014), negotiation process (Ahammad, Tarba, Liu, Glaister, & Cooper, 2016) and knowledge transfer (Ahammad, Tarba, Liu, & Glaister, 2016), among others, while brands, that constitute important values when deciding the price of a target (Murphy, 1990), thus is only discussed to a limited extent (Basu, 2006; D. Yang, Davis, & Robertson, 2012).

One recent study investigated the standardization or adaptation of target brand in cross-border acquisitions by Indian and Chinese firms and found out institutional factors have a strong effect on organizational brand identity (Rao-Nicholson & Khan, 2017). This study extends the field of research on adaptation versus standardization of global marketing strategies (Vrontis, Thrassou, & Lamprianou, 2009) adopted in the cross-border M&As from developed countries to emerging economies. However, this quantitative study based on 168 cross-border acquisitions by Indian and Chinese firms, yet is unable to disentangle the various influencing factors from a multi-level perspective. Therefore, we believe a nuanced understanding of brand management, in particular how brand management can be constructed in M&As, can substantially advance the body of knowledge of the post-acquisition integration in M&A.

As suggested in our present paper, brand management include multi-level factors, such as national-level (Lee, Chen, & Guy, 2014; Lee & Lee, 2011), organizational-level (Kernstock & Brexendorf, 2012; Muzellec & Lambkin, 2006) and product-level (Etteson & Knowles, 2006). Our research aim is *to describe and discuss brand management in post-acquisition integration from a multi-level perspective and identify how brand management strategy can be constructed.* Focus is on emerging market firms' cross-border acquisitions into advanced economies. The paper suggests a holistic view on brand management in post-acquisition integration of emerging market firms.

Our empirical setting is Chinese cross-border M&A in Germany. The globalization of Chinese firms draw significant attention from both scholars community and business practice (Liu & Deng, 2014; Williamson & Raman, 2011; Xing, Liu, Tarba, & Cooper, 2016). The annual growth rate from 2011 to 2015 for China's outward foreign direct investments on average was estimated by Chinese Ministry of Commerce to remain around 17 %, and the accumulative volume in these five years is expected to reach US $ 560 billion (Davies, 2013). There has been a 200 % rise in the number of Chinese M&A deals in Western Europe between 2005 and 2011. The annual deal value increased twenty-fold from 2009 to about £ 15 billion in 2011. There is a clear rising trend of Chinese overseas direct investment in the European Union (Clegg & Voss, 2012). One study shows that Chinese firms adopt an innovative post-acquisition integration approach that identifies 'keeping brand' as an important element of the light-touch integration approach (Liu & Woywode, 2013). Our study advances the received wisdom on "keeping brand" to gain a more nuanced and contextualized understanding by illuminating the multi-level influences from national, organizational and product-levels on brand management strategy in M&As.

Emerging market firms venturing into advanced economies emerges as a timely and important phenomenon that contributes to both theoretical refinement and practical implications for emerging and advanced economies firms (Meyer & Peng, 2016). Marketing practices in emerging markets challenge the assumptions of received body of knowledge from advanced economies (Sheth, 2011); the international marketing strategy of emerging market firms may pursue different strategies compared to the conventional wisdom (Vrontis, 2003; Vrontis et al., 2009). Consequently, brand management strategy may manifest peculiar characteristics with emerging market firms. The country-level image further expects to have consequences for brand strategies (cf. Lee, Chen & Guy, 2014). Beyond the "keep brand" intuitive observation, our findings elucidate the complexity and dynamics of brand management in post-acquisition integration in the context of emerging market firms venturing into advanced economies. Gaining a fine-grained understanding of brand management in Chinese cross-border M&A in particular advances theoretical development for brand management in M&A literature, since China's rise and continuously increasing overseas investment (Harrison &

Ma, 2013) needs a nuanced understanding of firm behavior and marketing practices involved. The interlink between different levels of brands produces ideas on how brand decisions are embedded.

This paper is organized as follows. First, we begin by reviewing the theoretical background of brand management in M&A, in particular the theoretical gap in conjunction with emerging market firms cross-border M&A. Second, we present our research methodology. Next, we discuss our empirical findings. We conclude by proposing a multilevel conceptual model of brand management in post-acquisition integration of emerging market firms, and outlining theoretical and managerial implications, as well as future research directions.

Theoretical background

Brand management and Mergers and Acquisitions

Brands refer to distinct characteristics that distinguish a company or product from competing ones (Kapferer, 2012). Visually it is represented as symbols, names, terms or design, while its value is represented by how customers perceive and associate the characteristics with certain features (Keller, 1993; Steenkamp, 2014). The management of brands indicates how companies make decisions on what brands to use, how to position them, and maintaining reputations connected to the different brands (cf. M'zungu, Merrilees, & Miller, 2010). In how a brand is associated with certain features, it is also contextually embedded. This means that the perception of a corporate brand may be affected by a product brand, or reverse. In a hierarchical order of brands, these can be studied on country, corporate, and product/service levels, and as we argue in the present paper: these are interlinked.

In the management of brands, attempts may be to reposition them, create new brands or extend them to related products or services. Mergers and acquisitions produce an opportunity for a company to connect with brands already present on the market (Damoiseau, Black, & Raggio, 2011) or change brands (Lambkin & Muzellec, 2008; Muzellec & Lambkin, 2006). In the goodwill valuation of a company, brands may express considerable explanation value in how they expect to be associated with future cash flows/revenues (Murphy, 1990). Brand management as part of M&A integration involves how brands should be treated and integrated. Jaju et al. (2006) suggest the following corporate brand integrations: (i) non-synergetic redeployment where an entirely new brand is created; (ii) combination of names; (iii) pure synergistic (nonconcatenated) redeployment, where the acquirer keeps the acquired party's name for relevant subsidiaries, that is a "keep brand" strategy; (iv) target-dominant redeployment, and (v) acquirer-dominant redeployment (cf. Yang et al., 2012 on backing, merging and new corporate brand strategies). The two last alternatives point to how the acquirer or acquired party's brand is transferred to the other party, where direction of such endeavors matters (Capron & Hulland, 1999). It also indicates how such transferal may be entire or partial, through pointing to what party's brand dominates, rather than what brand is chosen. Brooks et al. (2005) reflect on decisions related to corporate brands following M&A and point to factors influencing brand choices, and Capron and Hulland (1999) research redeployment patterns of brands (in addition to other marketing devices). They indicate how redeployment is more often conducted from the acquirer to the target, than reverse. Fee et al. (2012) investigate advertising spending related to brands to point to potential cost synergies.

Jaju et al. (2006) look into consumer reactions related to various corporate brand strategies following M&As. They conclude that corporate brands differ from product/service brands, and point to how joint corporate brands do not yield synergies, and how the target- or acquirer-dominant redeployment strategies outperform other corporate brand options. Strach and Everett (2006) research product brands following M&As. They conclude how brand portfolios consisting of low- and high-end brands (mass-market and luxury car brands) may lead to scale and scope synergies, but also lead to brand corrosion. Thorbjørnsen and Dahlén (2011) focus on acquirer-dominated brand redeployment and point to negative reactions among the target's customers.

In how brands are contextually embedded, Bahadir *et al.* (2008) indicate how characteristics of, for example, and acquirer impact the perception of brands overtaken by that firm. Lee et al. (2014) study the interplay between country or origin image, brand name redeployment and brand equity. Country of origin image refers to values associated with a nation and its reflection on products (or companies) from that particular country (Knight & Calantone, 2000) . It links to national culture, and political and economic factors, where influences such as perceived quality, democracy and prosperity impact customers' decisions (Parameswaran & Pisharodi, 2002; Thakor & Katsanis, 1997).

Research has foremost studied country of origin image, corporate and product brands separately (Andéhn & L'Espoir Decosta, 2016). There are however indications on how various levels of brands impact one another. Kanter and Dretler (1998) point to how perception of brands often needs to be adjusted on national levels, a different way of saying that brand perception differs on national levels, while also country association of brands does. Lee and Lee (2011) indicate how a brand from a low country-of-origin image, for instance, is affected by the country image of that country. Lopez et al. (2011) reverse this discussion through pointing to how corporate image impact country image, hence indicating a double-arrowed relation between country and corporate brands/images. Yang et al. (2012) link corporate brands to product brands through pointing to how they both need to be considered and linked in M&A integration. This also indicates that brand management needs to be framed in the hierarchical ordering of brands, where we focus on the interlink between country, corporate and product/service brands.

Research gap and analytical tool

Most studies on brands have to date concerned companies acting in advanced economies (e.g. Capron & Hulland, 1999). They have also at length focused on product brands, corporate brand, *or* country of origin images, not them combined. Related to emerging market firms, country of origin issues have captured recent interest (Lee et al., 2014), but then been treated separately or as a parallel influencer on customer perception, not being linked to corporate or product brands and brand management. With an increasing number of cross-border acquisitions from emerging to advanced markets (Tarba et al., 2016; Xing et al., 2016), the assumed influence on country or origin image in such acquisitions, and how emerging market firms may pursue strategies different to companies in advanced economies (e.g., Vrontis, 2003), it becomes relevant to investigate brand management in post-acquisition integration under these circumstances. Figure 1 outlines an analytical tool that connects country of origin image with corporate and then product brands.

Please insert Figure 1 about here

As Figure 1 suggests, country of origin image impacts corporate brand strategies (cf. Lee & Lee, 2011). This is due to how the country of origin image would affect customers' perception (Knight & Calantone, 2000). Based on differences in country of origin image, and with the potential of capitalizing on connections to differences in customers' perception, dominant redeployment, rather than continuity of separate brands would be expected (cf. Jaju et al., 2006). An acquirer would be inclined to redeploy brand to minimize negative country of origin effects, and hence, redeployment would presume to occur from advanced countries to emerging economies firms. This however contrasts the fact that most corporate brand redeployment would happen from the acquirer to the target (Capron & Hulland, 1999), while the ostensible observation in one recent study on Chinese post-acquisition integration (Liu & Woywode, 2013) indicates a "keep brand" (pure synergistic (nonconcatenated) redeployment) strategy adopted by Chinese firms venturing into advanced economies. Hence the impact of country image on corporate brands remains unclear in emerging economies firms' acquisitions into advanced economies, or suggests to be affected by other factors than country of origin concern.

As for product and corporate brands, literature does not seem to provide guidance here, while product brands would be stronger associated with consumer goods, and corporate brands potentially with business-to-business markets and services. Additionally, corporate brands may be separate or similar to product brands, and changes would expect to follow similar routes as discussed on corporate brands vis-à-vis country of origin image; a product brand from a country with 'lower' country image expects to be replaced by one from a nation with 'better' image. A largely overseen fact though, and which has predominately been discussed in relation to staff and product changes, is how any change forced on customers may decrease their likelihood to stay with the company (Öberg, 2013, 2014). Literature on integration following international acquisitions further points to how degree of integration decreases with distance. This relates to how it becomes increasingly complicated, and also: how cultural differences make it less likely to succeed. This in turn would indicate a "keep brand" strategy when Chinese firms acquire European firms, for instance, and may explain findings in Liu and Woywode (2013).

Research method

Research empirical context

As pointed to above, we focus on Chinese acquisitions in Germany. This is because like China, Germany heavily depends on manufacturing exports. Yet, while Germany mainly exports industry goods such as high-end machinery, China as the global manufacturing hub contributes to the world economy by exporting various high-tech and low-tech products worldwide (Liu & Pfoertsch, 2011; Liu & Vrontis, 2016). Chinese firms need to upgrade the technological and managerial capacities of the industry and move up the value chain, so as to capture a greater share of the value created (X. Yang & Stoltenberg, 2014). Thus, China and Germany possess industry profiles with high complementarity which may facilitate collaboration and offer ample opportunities for Chinese firms to profit from their overseas investments, and hence Chinese acquisitions in Germany are increasing in amount and constitute an important example of how emerging economies firms venture into advanced economies.

Case studies

The exploratory nature of our study determines the choice of a qualitative research method. Qualitative research is of great value for theory extension (Andriopoulos & Slater, 2013) and allows for the researcher to explore links between events, variables or circumstances. Qualitative research and methodological pluralism enable the capture of the nuances and complexity in an emerging field (Cornelissen, 2016). A growing interest among scholars and practitioners for the applicability of qualitative research methods to international and global marketing strategy research has been reflected in several publications (Andriopoulos & Slater, 2013; Birkinshaw, Brannen, & Tung, 2011; Marschan-Piekkari & Welch, 2004; Piekkari & Welch, 2006).

The empirical part of the paper is based on case study research. It consists of five cases studies of Chinese cross-border M&A in Germany from 2004 to 2012, as part of a broader research program on Chinese cross-border M&A. In addition, we use the storytelling research method that is suitable to study complex and dynamic organizations and global marketing topics (Liu, Xing, & Starik, 2012), a research technique that has been used to study cross-border M&A (Søderberg, 2006; Vaara & Tienari, 2011; Xing et al., 2016). Comparative case studies enabled us to explore the mechanisms underlying brand management strategy in the emerging field, add dimensions, while also compare and thereby draw conclusions based on repeated patterns among cases. In doing so, we explicate the nuances and mechanisms from a holistic perspective to obtain a rather complete picture of brand management in the context of Chinese cross-border M&A.

Sample and data collection

We used several sources and a two-step process to identify acquisitions by Chinese firms in Germany. First, we checked with the SDC Platinum from Thomson Financials, which is widely used by M&A scholars (Lin, Peng, Yang, & Sun, 2009). Second, we searched news, press releases, websites, and company announcements to gather the relevant information. Details about our case companies are shown in Table 1 that outlines the time of the acquisitions, industry sector, brief case descriptions, and the country, corporate and product brand strategy.

Insert Table 1 about here

The case studies in this paper belongs to a large research project whereas we collected data with companies operating in different industrial sectors, covering electronics, automotive, machine tool, textiles, food processing, and building machine. We conducted semi-structured in-depth interviews with senior managers/ managing directors from Chinese acquisition cases in Germany. The informants include both Chinese and German managers. We collect information from both viewpoints, including the acquiring and acquired companies. We conducted interviews with 30 managers at the premises of each firm and lasted for an average of 1.5 hours. We used theoretical sampling to choose the cases included in this paper. In line with our research approach, we asked each of the interviewees to describe their working perceptions and experiences amid the M&A process. The data capturing covers the M&A process consisting of three sections, namely pre-M&A, M&A transaction and post-acquisition integration. Brand management questions were embedded in the post-acquisition integration questions. With respect to brand management, we asked about the informants' perspectives on country image, corporate branding, as well as product positioning for the M&A case. For example, "We would like you to tell us about your work experience on M&A, in particular the brand management strategy that have left a deep impression and are important for you on this case," or "We want you to tell us about brand difference, practices, and change during the M&A." As the stories were being told, we wrote down important topics covered in the narration and identified points that we wanted to clarify or expand on later, such as how they perceived product differentiation and its implication on brand management, and the influence of country image on brand management. To further enrich our data, we also collected information from secondary data sources to verify findings.

Data analysis

We ensured the quality of our data by triangulating public available information, and use formalized and software-based procedures to enhance the trustworthiness of the study (Gibbert, Ruigrok, & Wicki, 2008; Pratt, 2009; Siggelkow, 2007). All interviews were recorded, transcribed and analyzed using software for qualitative data analysis (NVivo 9). We adopted the comparative coding method to analyse the narrative data. During the first, open coding stage we identified various practices related to brand management. In the second coding stage, we classified the brand management practices into three mechanisms in linking different level of analysis: (a) country image, (b) corporate brand, and (c) products to construct brand portfolios. This was done in an iterative manner, where we moved between empirical findings and previous research. We first applied this stage per case to later compare cases. Reasons for differences in brand management was traced backwards from the described strategies, so as to conclude what factors (such as related/non-related acquisitions) indicated a specific strategy. The comparative case analysis helped to capture the complexity and richness of the phenomenon of brand management in the context of post-acquisition integration and search for patterns across the cases of Chinese acquisitions in Germany. Our rich data and systematic analysis enabled us to generalize the findings into the theoretical level.

Findings

In this section, we report the empirical findings from our case studies on Chinese cross-border M&A in Germany, with a particular focus on brand management during the M&A integration. Our findings reveal three different brand management strategies, namely ***transferring, dynamically redeploying, and categorizing***, with an overarching influence of the country-level image on brand management strategies on the corporate level, in conjunction with the variations on product/service-level.

Transferring the country image

On the country-level, our analysis suggests that country image can have a strong influence on firm's strategic behavior in terms of outbound investment. All cases in our sample confirmed that Germany, as a country, is associated with good reputation, in particular product quality and engineering. This observation can be manifested by the industry sector that Chinese firms were active in the pursuit of cross-border M&A as entry mode. Firms in both related and un-related M&A transactions embrace this positive association stemming from the country image. Tom, managing director of European operation (Case II), shared:

> "I think that Chinese acquirers actively look for strategic-asset in entering European countries via M&A. One key asset in my opinion is the brand. But, I think it tends to be more general rather than a particular company or product brand. Because Chinese investors highly respect German engineering and manufacturing in my opinion, that is a good reason why German companies became acquisition targets, even though the German companies themselves might face some financial or operational difficulties before acquisitions. 'Made in Germany' means 'good quality'!"

Country image may be engaged positively by companies to incorporate "made in" cue for customers, so that country image can be perceived as an integral value offering of a product or service from the organizational perspective (Hynes, Caemmerer, Martin, & Masters, 2014). Other cases resonate with Tom's observation to a large extent.

Some of the studied Chinese companies stepped into the game of global competition by utilizing a diversification strategy to acquire non-related business operations. They tended to acquire overseas companies with a high country-level reputation. Andy, senior project manager of corporate strategy (Case V), elaborated:

> "It appears that the Chinese companies behave strategically in their overseas acquisitions. But actually, they might not act in a strategic way as annual reports described or analysts reported. They look for assets that could be leveraged in their home market. Especially, when diversifying into a new sector, they want to signal to their shareholders or stakeholders positively. Therefore, the German brand, irrespective of its relatedness of company or products, may engender a great value for Chinese companies, most probably as symbolic value."

Both Tom and Andy reinforced the assumption held by Chinese acquirers that Germany is associated with high reputation, and consequently good quality. Country-level image can significantly affect Chinese firm overseas investments. Our findings resonate with the prior research that highlighted country image matters, irrespective of whether customers are able to recall the origins of brands (Magnusson, Westjohn, & Zdravkovic, 2011). Furthermore, the narratives of managers in our study embody the importance of linguistic account in constructing and utilizing country image in strategic branding in the global market (Usunier, 2011). In line with Lee and Lee (2011), the Chinese acquirers assume that the country image affects how their brands are perceived. While the acquirers cannot affect the country image (cf. Lopez et al., 2011), they 'use' it to transfer value to corporate or product brand levels, or if companies and products are not related: to transfer values into present markets or capitalize on investments in the acquired party's home market.

Based on our analysis, one emergent brand management strategy is hence ***Transferring***, namely the transferring of the country image into firm investment behavior and corporate or product brands in the case of related acquisitions. Importantly, the country-level influence is affirmed in both our primary case studies and secondary information. As for unrelated acquisitions, country-level image is largely used as a symbolic resource for acquiring firms to leverage the ambiguity and association in linkage with the country of target firms. In contrast, for related M&A, country-level image may thus be concretely utilized in firm's brand management on both corporate and product-levels. Therefore, we argue that due to different types of M&A (related vis-à-vis unrelated M&A), country-level image might exert different influences on corporate-level, when firms design and implement the brand management strategy. Transferring adds to previous knowledge in how it captures the interlink between country image and corporate/product brands as a vertical ordering of brands.

The dynamics of redeploying corporate brands

On the corporate-level, our analysis indicates that dynamics of brand management strategy exist in Chinese post-acquisition integration. In the context of related M&A, Chinese firms attempted to leverage the brand equity of the acquired firm. One case in our sample illustrates this dynamic perspective with the initial combination of names (combination of names; Jaju et al., 2006), followed by separate brands (non-synergetic redeployment; Jaju et al., 2006). Kevin, managing director in Germany (Case I), recalled:

> "It was indeed an evolutionary journey. At the outset, Chinese investors instigated their Chinese logo, largely an assembly of initial capital letter of each word in their name in Pinyin, into our brand. So, by that time, you could see the combination of two company names, both Chinese as acquirer and us as the target collectively shown in our brand after acquisition. However, this approach did not last long. Because it sent a mixed signal to our customers, and our customers oftentimes asked our sales representatives, are you a Chinese company or a German one? Based on lessons learned, sometimes a bit frustration in interaction with customers to profile and

> reposition ourselves, we changed this combined brand into separated brand. Today, you can see we convey a clear signal by amplifying our 'Made in Germany' image".

Hereby in Case I, one essential aspect is *learning* from the target by the acquirer (Barkema, Bell, & Pennings, 1996). The combination of names confused both existing and potential customers, because there was a gap in brand value for the Chinese acquirer and the German target. The Chinese companies had honed their skills and capabilities in manufacturing and exporting goods for the rest of the world, known as "world manufacturing hub". However, the Chinese firms still lacked the knowledge and experience to manage and build sophisticated brands. Scot, the senior manager of Europe (Case III), articulated:

> "Chinese firms seem to have less experience in managing high value brand. Perhaps they did not focus their energy in the past on branding, but rather on manufacturing and production. Therefore, I think Chinese firms need to learn how to successfully build up a valuable brand in the global competition. The European acquisition by Chinese firms should offer them the opportunity to learn, or at least the exposure to the brand management practices in Europe."

Our analysis reinforced Scot's assertion about Chinese firms' lack of experience of managing brand on the corporate level and reveals that learning can play a significant role in the dynamics of brand management, especially learning from the target to the acquirer. Therefore, we argue that a brand management strategy for corporate brands of Chinese cross-border M&A is ***Dynamically redeploying***, namely to redeploy the brands of target to acquirer and doing so from an evolutionary perspective, initially based on trial and error to later accumulate knowledge. This corporate brand strategy further underlines the impact from country levels, and customers' affecting power on brand decisions and outcome (cf. Öberg, 2013; 2014).

Other companies in related M&A in our sample tended to keep brands separated. In so doing, they avoided the confusion stemmed from sending a mixed signal when the brand names were combined. This in turn connects to learning between acquisitions, own as well as other ones, and point to how learning is embedded and may or may not result in changes during the course of an acquisition based on knowledge accumulation.

Our findings suggest that in related M&A, keeping brands separated might generate good value for both acquiring company and target firm, when emerging market firms acquire companies in advanced economies. ”Keep brand”, in essence, represents the pure synergistic (nonconcatenated) redeployment in brand management literature (cf. Jaju et al., 2006). However, the question on how to leverage the synergy potential in such a cross-border M&A for Chinese firms, if the brands of acquirer and target remain separated waits further investigation.

Categorizing products while constructing a brand portfolio

On the product-level, our analysis indicated another emergent brand management strategy of Chinese cross-border M&A, ***Categorizing***, namely keep the brands of acquirer and target separated while pursuing synergy potential strategically by virtue of addressing complementary market segments in China and globally (cf. Vu et al., 2009). This approach of keeping brands separated while using synergy potentials occurred in the related M&A. Although research on related M&A tends to assert synergy realization by implementing absorption or symbiosis integration approaches (Weber & Tarba, 2013; Weber et al., 2014), our research on Chinese cross-border M&A unveils the potential benefits of light-touch integration (cf. Liu & Woywode, 2013). Explicitly, keeping brands separated underpins such a unique integration approach. In so doing, two distinct advantages might be leveraged: (1)

targeting market based on product-orientation, and (2) synergistic utilization of marketing resources, such as distribution channels (cf Capron & Hulland, 1999). Adam, CEO of Germany (Case II), shared his thoughts:

> "In my opinion, the determinant factor for our rapid growth and success after the takeover is that we figured out two markets in China through learning from our Chinese owner and colleagues. Our German product is of high quality associated with high price. However, if you order the product from China through our parent company, we are able to contribute the essential components where the other parts can be assembled in China. We call this as 'cooperative machine.' Naturally, the machine will be much cheaper, while this market segment would be huge."

The German products tended to be expensive with high-quality that targeted the high-end market. The relatively low-end market could not afford the high pricing point. Hence, this requested less expensive products tapping into the price sensitive emergent middle market segment. By keeping the German and Chinese brands separated, both market segments could be served by the same company. Importantly, the synergy potential could be realized. As Tim described:

> "Even though more and more German firms realize the importance of this middle segment, the prevalent approach by adapting existing products to increasingly important emerging markets might not work well. Our way in capturing Chinese market by Chinese acquisition opens the door and offers the opportunity to tap into this important market. Keeping brands separated profit both of us. The key lesson is that Chinese firms need to leverage German technology by seizing the emerging market potential. This will determine whether you can succeed or not in the future global market!"

This case shows the synergistic potential in capturing the both Chinese and global markets by offering both high-end and low-end, as well as ‘hybrid’ products or cooperative machines. Besides targeting at different market segments with different products and brands, marketing resources could be utilized strategically. John, project lead of group strategy (Case V) elaborated this aspect,

> “We have multiple brands targeting at different market segments. After the Chinese acquisition, we explored several opportunities in strategic partnership projects. One key project is about utilizing distribution channels and warehouses by Chinese firm. We [German firm] have worldwide distribution centers and established networks. Chinese firm can use them directly. As our project goes, we found it is much easier for middle brand products to share these resources with Chinese, while high-end brand products decided not to participate concerning the potential risk of brand distortion.”

Our analysis suggests that the combination of resources, such as technological competence and marketing resources cultivated competitive advantages in reaching new market segments and customers. Hereby, keeping brands separated while targeting different market segments, referred to as *categorizing*, enabled the achievement of strategic purpose and operational efficiency. The influence of country image and related to factual differences between target markets add to previous discussions on product brands related to M&A (e.g., Muzellec & Lambkin, 2006). Specifically it points to how focusing solely on the brand management may produce too narrow a focus, and how economies in the countries and market structures are important factors for brand strategies. Compared to previous knowledge on brands in M&A, both the corporate and product brand level indicates a stronger orientation to keeping brands than suggested (e.g., Capron & Hulland, 1999), and does so although differences in country image would suggest a reverse redeployment (target dominant redeployment, Jaju et al., 2006).

Table 2 summarizes the brand management strategies and underlying mechanisms along the multi-level perspective. Our findings illuminate brand management strategy consisting of leveraging country image, keeping corporate brand and building the brand portfolio in the context of Chinese cross-border M&A in Germany. Importantly, we identify three underlying mechanisms, namely transferring, redeploying, and categorizing corresponding to the national, organizational, and product-level.

Insert Table 2 about here

Concluding discussion

Based on factors explaining brand management strategies in Chinese cross-border M&A, we propose links between related/unrelated acquisitions and national culture, and the various levels of brand as shown in Figure 2. This multi-level framework captures the country-level, corporate-level and product-level factors to illuminate the brand management strategy in post-acquisition integration.

Please insert Figure 2 about here

On the national-level, country image provides the broader background in which acquirers, targets and their M&A activities are embedded. Country image is collectively influenced by a combination of historical, cultural, institutional, and societal factors (cf. Knight & Calantone, 2000) With respect to brand management, country image may resemble the corporate reputation and prestige on the aggregated level (Lee & Lee, 2011) while not being possible to affect either by the acquirer or target. In turn, the country image can provide the symbolic resources for the companies to draw upon in the process of constructing and building corporate brands. Hence, we suggest that country image can be leveraged and transferred to the corporate level. In the case of emerging market firms' acquisition in advanced economies, the country image of advanced economies seem to engender positive association for the acquiring firm.

On the corporate-level, keeping brand of acquired firm separated is the common practice of the studied Chinese cross-border acquisitions. Importantly, our conceptual framework extends the theoretical understandings of *how* (learning and redeploying) to keep brand. In relation to the brand management literature, "keep brand" echoes the pure synergistic (nonconcatenated) redeployment strategy (cf. Jaju et al., 2006). The cases suggest that it is not a static but rather a dynamic process to keep brand on the corporate-level. This dynamic process involves learning and mutual interaction between the acquirer and target, where learning the tacit knowledge is difficult (Easterby-Smith, Lyles, & Tsang, 2008; Van Wijk, Jansen, & Lyles, 2008). It reflects learning from the present acquisition, from previous ones, and from acquisitions conducted by others and hence indicates knowledge accumulation and embeddedness. Furthermore, knowledge transfer including brand management knowledge in cross-border M&A requires the involvement of various stakeholders and active engagement from managers as well as human resource management practices. The dynamic redeployment also indicates learning from customers' reactions (Öberg, 2014).

On the product-level, brand portfolio offers the opportunity to capture synergy realization in Chinese cross-border acquisitions. In categorizing products while maintaining the different products' market positions, marketing resources could benefit both acquirer and target after the transaction. In so doing, it also eliminates the danger of potential cannibalization among different product categories and hence reflects an advantage of acquisitions between companies belonging to very different market structures. Without sending a mixed signal to existing and potential customers, the synergy realization of Chinese cross-border M&A can be captured by maintaining a diversified brand portfolio, it is suggested.

Theoretical implications

This paper contributes to the increasing interest for brand management in M&A by (1) taking a multi-level perspective, and (2) identifying the dynamic characteristics of brand management and mechanisms in managing brand in the context of emerging market firms' acquisitions in advanced economies. Research has largely acknowledged synergy realization and value creation following M&A, but focused only to limited extent on brands (Homburg & Bucerius, 2005). There is hence an acknowledged lack of understanding of the mechanisms that underpin the brand management in the post-acquisition integration phase in M&A (cf. Kumar & Blomqvist, 2004). By pointing to the multi-level perspective and describing brand strategies as embedded, our findings show that different levels play an important role in brand management in the M&A integration process while affecting one another from the country level down to corporate and product levels. The country-level, corporate-level and product-level are jointly related to the overall brand management strategy in M&A, hereby our study underscores the importance of the multi-level perspective and linkages in affecting the brand management amid the post-acquisition integration phase. The paper provides explanations to the brand strategies through linking them to country culture, related or unrelated acquisitions, the impact of customers, variances in market structures, and present and past experienced of similar acquisitions.

The paper emphasizes the learning and dynamic perspective and its implication on brand management in M&A integration process, specifically related to corporate brands, used by emerging market firms. This finding, as well as how country image is transferred into investment and brand decisions and done so from the target to the acquirer expand present understanding of brands in M&A largely based in the Western and advanced economy contexts. Our findings hence add to the understanding of "brand management and emerging economies" conversation. The paper further makes a contribution to broader literature on emerging market firms and their global strategy by examining Chinese cross-border M&A in Germany. Prior research has identified "keep brand" characterizes the post-acquisition integration management of Chinese cross-border M&A (Liu & Woywode, 2013), while we integrate different levels and point to the dynamic characteristics of brand management of emerging economies firms.

Furthermore, our findings lend support to the idiosyncrasies of Chinese overseas acquisitions, primarily asset seeking (Liu & Deng, 2014), as well as general observations about emerging market MNCs, such as liability of foreignness and latecomer disadvantage (Luo & Tung, 2007). Contextualization adds another dimension to our findings and theory (Liu & Vrontis, 2016; Meyer, 2015). Specifically, the liability of foreignness and latecomer disadvantage are probably the reason why a transfer from the corporate brand to the acquired subsidiary has not been observed.

Managerial implications

Our findings yield important implications for mangers who are in charge of brand management in M&A or are involved in the M&A process (cf. Hogan et al., 2006). In practice, brands carry a significant potential for value creation in cross-border M&A (Tarba et al., 2016). The way to manage brands after acquisition effectively requests managers' sensitivity to cultural and institutional contexts. Our study clearly points to the macro-level (country), meso-level (corporate), and micro-level (product) factors and their influences on brand management strategy. A multi-level perspective helps to provide managers with a holistic toolkit in designing, implementing, and managing brands.

With respect to synergy realization, our study indicates a pathway for Chinese companies to gain competitive advantage in addressing the global market. Amid the rising importance of Chinese market and the shift from 'world manufacturing hub' to 'world consumption driver', Chinese market is lucrative and the market potential could be huge. The acquisition of companies in advanced economies provides knowledge and brands to target new market segments. Besides how Chinese acquirers give high autonomy to the acquired targets, the brand management strategy, especially brand portfolio approach, provides the opportunity to capture synergy potential in reaching both Chinese and global markets. We show that such an approach of brand management on product levels might tap into the global markets, while the corporate brand level is better kept separate.

Limitation and further research direction

Our study focuses on brand management strategies in Chinese cross-border M&A in Germany. Several avenues for future research can be charted. First, future research could focus on similar M&A cases in other emerging markets with firms venturing into advanced economies to determine whether our results bear the generalizability beyond the current empirical setting. Hereby, we hope future research can empirically test the theoretical generalizability of our findings. Further studies could also target different industries than the manufacturing ones covered by our cases. Different countries would be associated with different industry profiles that in turn can affect the brand management strategy. Service market settings may also produce a higher emphasis on corporate brands at the expense of product brands, and hence investigating service M&A provides an interesting avenue for further research (Xing et al., 2016), not the least based on increased servitization among manufacturing firms.

Second, we refer to learning and its implications in brand management by highlighting the corporate-level perspective. Our study on brand management is thereby closely related to knowledge transfer in M&A. However, a wide range of sociocultural factors could affect the knowledge transfer in M&A, such as organizational culture and employee retention (Junni, Sarala, Tarba, Liu, & Cooper, 2015; Sarala et al., 2016). Future research could assess the different organizational culture and its influence on brand management in M&A. Future research could also reveal a more nuanced picture of learning by detailing on tacit knowledge and how different types of knowledge may follow from learning from the present, previous or others' acquisitions or the reversed knowledge transfer from acquired subsidiary to acquiring headquarter.

Third, the recent scholarship on cognitive and affective country image points to an promising research area to examine the country image by decomposing its effect and human factors in M&A (Cooper, Liu, Sarala, & Xing, 2015). Here, we believe our conceptual multi-level framework can serve as a starting point for future research endeavors to gain a further nuanced understanding of brand management in M&A. Finally, an interesting extension could be looking at leadership and HRM practices (Xing & Liu, 2016) when emerging market firms acquire companies in advanced economies and its consequences on brand management.

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Table 1. An overview of case companies

Case study	M&A year	Industry	Related vs. Unrelated	Brief case summary	Country level	Corporate level	Product level
Case 1	2004	Machinery	Related	CN1 acquired bankrupt DE1, a manufacturer of heavy machine tools.	Transfer	Combination to later pure synergistic	Brand portfolio
Case 2	2005	Machinery	Related	CN2 acquired DE2, a manufacturer of milling machinery.	Transfer	Pure synergistic	Brand portfolio
Case 3	2011	Automotive	Unrelated	CN3 acquired bankrupt DE3, a manufacturer of automotive sealants.	Transfer symbolically	Pure synergistic	Brand portfolio
Case 4	2012	Machinery	Related	CN4 acquired DE4, a manufacturer and wholesaler of concrete pumps.	Transfer	Pure synergistic	Brand portfolio
Case 5	2012	Machinery	Related	A unit of CN5 acquired the hydraulic business of DE5.	Transfer	Pure synergistic	Brand portfolio

Table 2. Brand management strategy in Chinese cross-border M&A

Brand management	*Level of analysis*	*Mechanisms*	*Selective empirical evidence*
Country image	National-level	Transferring	I agree that Chinese acquirers actively look for strategic-asset in entering European countries via M&A. One key asset in my opinion is the brand. But, I think it tends to be more general rather than a particular company or product brand. Because Chinese investors highly respect German engineering and manufacturing in my opinion, that is a good reason why German companies became acquisition target, even though the German companies themselves might face some financial or operational difficulties. 'Made in Germany' means 'good quality'. (managing director of European operation)
			It appears that the Chinese companies behave strategically in their overseas acquisitions. But actually, they might not act in a strategic way as annual reports described or analysts reported. They look for assets that could be leveraged in their home market. Especially, when diversifying into a new sector, they want to signal to their shareholders or stakeholders positively. Therefore, the German brand, irrespective of its relatedness of company or products, may engender a great value for Chinese companies, most probably as symbolic value. (senior project manager of corporate strategy)
Corporate brand	Organizational-level	Dynamically redeploying (learning)	It was indeed an evolutionary journey. At the outset, Chinese investors instigated their Chinese logo, largely an assembly of initial capital letter of each word in their name in Pinyin, into our brand. So, by that time, you could see the combination of two company names, both Chinese as acquirer and us as the target collectively shown in our brand after acquisition. However, this approach did not last long. Because it sent a mixed signal to our customers, and our customers oftentimes asked our sales representatives, are you a Chinese company or a German one?

			Based on lessons learned, sometimes a bit frustration in interaction with customers to profile and reposition ourselves, we changed this combined brand into separated brand. Today, you can see we convey a clear signal by amplifying our 'Made in Germany' image" (managing director in Germany)
			Chinese firms seem to have less experience in managing high value brand. Perhaps they did not focus their energy in the past on branding, but rather on manufacturing and production. Therefore, I think Chinese firms need to learn how to successfully build up a valuable brand in the global competition. The European acquisition by Chinese firms should offer them the opportunity to learn, or at least the exposure to the brand management practices in Europe. (senior manager of Europe)
Brand portfolio	Product-level	Categorizing	In my opinion, the determinant factor for our rapid growth and success after the takeover is that we figured out two markets in China through learning from our Chinese owner and colleagues. Our German product is of high quality associated with high price. However, if you order the product from China through our mother company, we are able to contribute the essential components where the other parts can be assembled in China. We call this as 'cooperative machine.' Naturally, the machine will be much cheaper, while this market segment would be huge. (CEO of Germany)
			Even though more and more German firms realize the importance of this middle segment, the prevalent approach by adapting existing products to increasingly important emerging markets might not work well. Our way in capturing Chinese market by Chinese acquisition opens the door and offers the opportunity to tap into this important market. Keeping brands separated profit both of us. The key lesson is that Chinese firms need to leverage German technology by seizing the emerging market potential. This will determine whether you can succeed or not in the future global market! (Tim)

	We have multiple brands targeting at different market segments. After the Chinese acquisition, we explored several opportunities in strategic partnership projects. One key project is about utilizing distribution channels and warehouses by Chinese firm. We [German firm] have worldwide distribution centres and established networks. Chinese firm can use them directly. As our project goes, we found it is much easier for middle brand products to share these resources with Chinese, while high-end brand products decided not to participate concerning the potential risk of brand distortion. (project lead of group strategy)

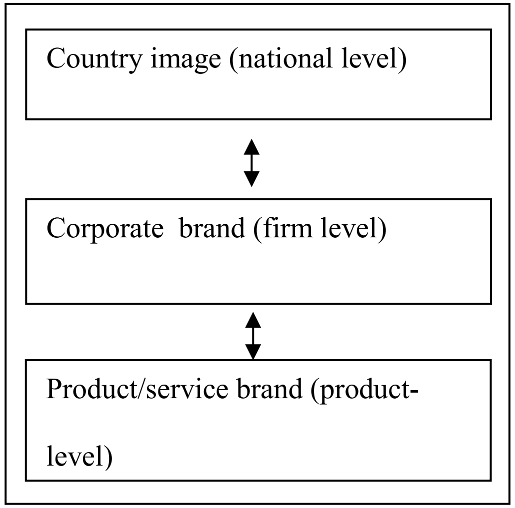

Figure 1: Brand management following M&A – An analytical tool

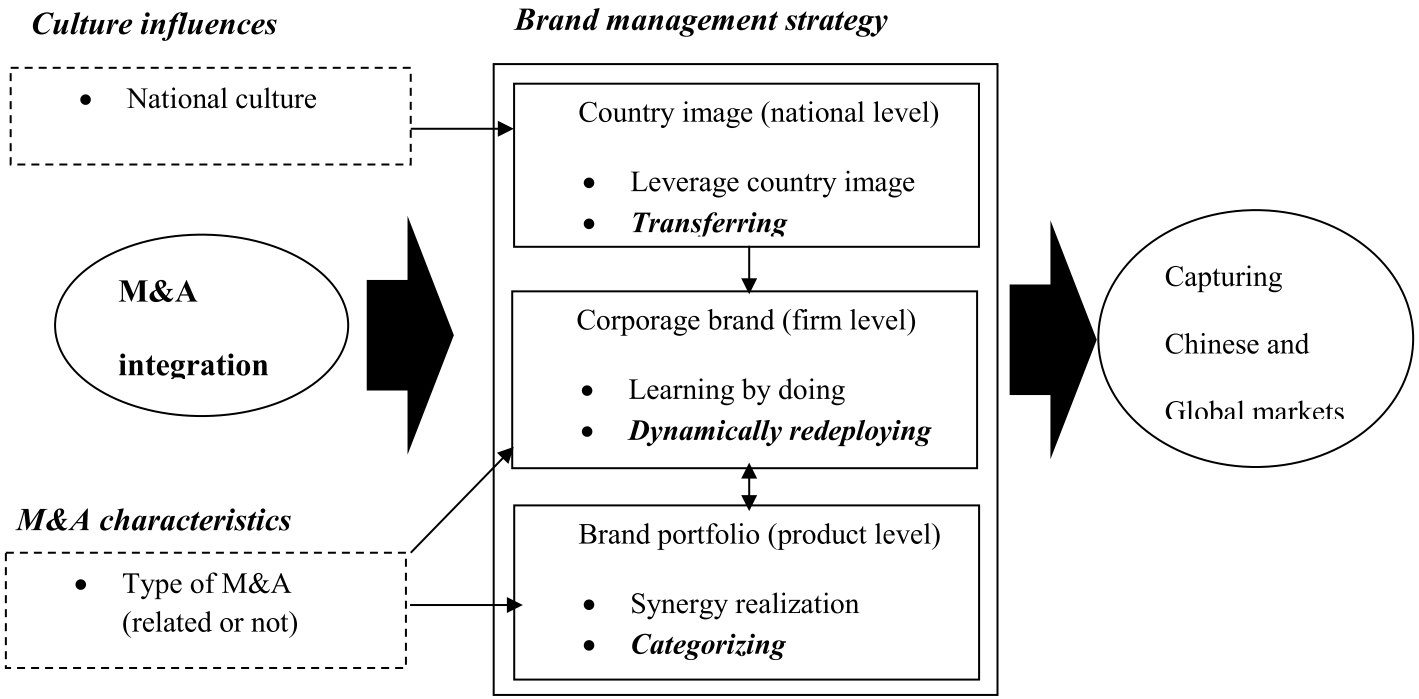

Figure 2.A conceptual framework of brand management strategy in Chinese overseas M&A