Original Article

Rebranding mergers: How attitudes influence consumer choices?

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ABSTRACT In the context of a merger or an acquisition, the management of corporate identity – in particular of corporate brand names and logos – assumes a critical role. The purpose of this article is to provide a better understanding of the corporate brand redeployment decision, considering the reactions of one important stakeholder group – consumers. This study develops a typology of the various corporate identity structures that could be assumed in the context of a brand merger, and analyses how consumers' attitudes towards the corporate brands influences their preferences regarding the different branding strategies. Results suggest that the preference for a monolithic redeployment strategy, suggested in previous studies, is only clearly supported when one of the partners in the merger is a weak partner. When the merger involves two familiar brands, there is a tendency among consumers

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to combine elements of both brands' identity. Finally, it is concluded that the affective and behavioural dimension of attitude towards the brand has a significant influence on consumers' preferences.

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Keywords: brand; brand identity signs; brand attitude; mergers and acquisitions; corporate brand name; logo changes

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INTRODUCTION

The creation of a strong corporate identity is crucial for companies to encourage positive attitudes in their different target markets (Van Riel and Balmer, 1997), and may provide an important competitive advantage (Simões *et al*, 2005; Melewar *et al*, 2006). Name and logo are the main components of corporate identity as they are the most pervasive elements in corporate and brand communications, and they play a crucial role in the communication of the organization's characteristics (Henderson and Cote, 1998; Van Riel and Van den Ban, 2001; Melewar and Jenkins, 2002). Taking a semiotic approach to the brand, they are the first two elements of the brand identity anatomy (Lencastre and Côrte-Real, 2010).

The reasons why a corporate brand name or logo might change are numerous but the merger of two or more companies is one of the major ones (Stuart and Muzzelec, 2004; Muzellec and Lambkin, 2006). The building of a strong and clear corporate visual identity is critical for the successful implementation of a merger (Balmer and Dinnie, 1999; Melewar, 2001). However, there is a lack of empirical research addressing this important topic from the perspective of individual consumers. This article seeks to address this research gap, by developing a model of consumers' brand identity preferences in the context of a brand merger.

LITERATURE REVIEW AND RESEARCH PROPOSITIONS

Brand identity signs

Name and logo are generally considered to be the main components of corporate or brand identity (Henderson *et al*, 2003; Van den Bosch and de Jong, 2005; Pittard *et al*, 2007). Theorists agree that corporate name and logo should be recognizable, evoke positive affect and allow the transmission of a set of shared associations (Henderson and Cote, 1998, Henderson *et al*, 2003; Janiszewski and Meyvis, 2001; Kohli *et al*, 2002; Klink, 2001, 2003). The development of a strong brand name and logo is particularly relevant for services organizations (Berry, 2000; de Chernatony and Segal-Horn, 2003; Devlin and McKechnie, 2008).

Brand attitude

Previous research on brand alliances has found that consumers' attitudes towards brands influence their response towards the brand alliance (Simonin and Ruth, 1998; Rodrigue and Biswas, 2004) and are also likely to influence their response towards a corporate brand's merger.

According to Chisnal (1995) and Engel *et al* (1995), the traditional view of brand attitude as being made up of three different dimensions (cognitive, affective and behavioural) has been rejected in contemporary attitude research. Recently, brand attitude tends to be regarded as a

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