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Rebranding the merger

Keywords: brand, brand identity, corporate identity, corporate image, mergers and acquisitions

Abstract:
In the context of a merger, the management of corporate identity, and in particular of corporate brand names and logos, assumes a critical role. The aim of this research is to provide a better understanding of the corporate brand redeployment decisions, considering the reactions of one important stakeholder group - consumers. Therefore, we developed a typology of the corporate identity structures that may be assumed in the case of a merger, and analysed how consumers' attitude towards the corporate brands influence their preferences regarding the corporate identity redeployment alternatives available.

Rebranding the merger

Introduction and Objectives

The creation of strong corporate identity, including identity signs, is crucial for companies to encourage positive attitudes in its different target publics (Dowling, 1993; Van Riel and Balmer, 1997), and may provide an important competitive advantage (Simões *et al*, 2005).

Corporate name and logo are two essential components of the corporate identity construct, since they are the most pervasive elements in corporate and brand communications (Henderson and Cote, 1998; Schechter, 1993), and play a crucial role in the communication of the desired positioning strategy (Van Riel and Van den Ban, 2001).

The development of corporate symbols assumes an even more critical role for service brands, due to the intangibility of the offering (De Chernatony, 1999; Olins, 1990). The present research should contribute to the management of the process of change in the corporate identity signs (name and logo) in the particular case of the banking sector.

The reasons for changes in the brand identity signs are numerous, nevertheless mergers are one of the main events leading to a new name and logo (Kapferer, 1997; Stuart and Muzellec, 2004). Furthermore, 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).

On the other hand, we should notice that the majority of the brands' mergers do not succeed in creating value for the companies involved (Rosson and Brooks, 2004). According to recent studies, this failure rate may be attributable to the lack of attention given to the management of corporate identity (Ettenson and Knowles, 2006; Balmer and Dinnie, 1999).

The aim of this study is therefore to give an answer to the following research questions:

1. In a merger situation, what type of behaviours can organisations assume in terms of corporate identity, in particular, in respect to the identity signs (name and logo)?
2. How do consumers' attitudes towards the corporate brands influence their preferences regarding the different corporate identity change options?

Literature Review

Brand

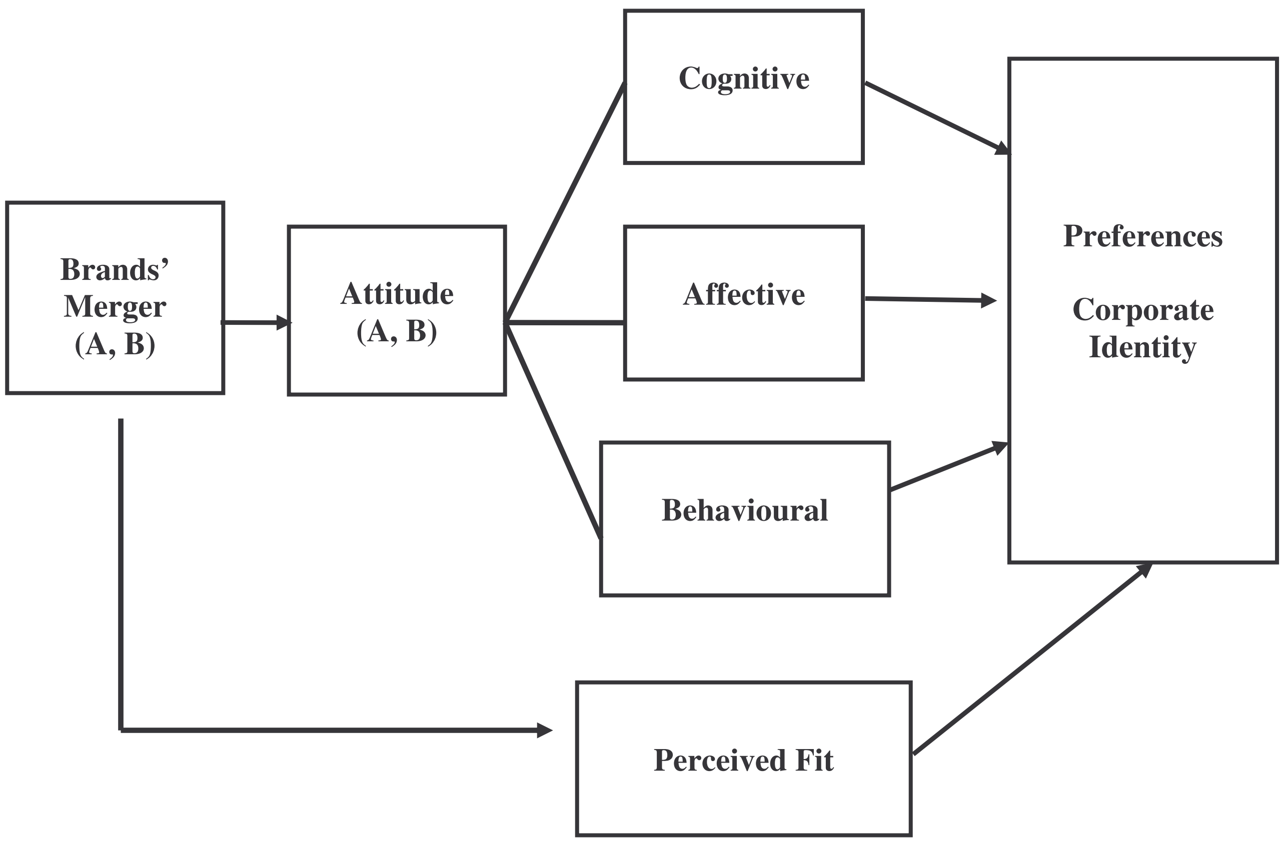
Branding is a central concept in marketing, and the particular importance of corporate branding has been highlighted by a number of writers (Keller and Richey, 2006; Merriles and

Miller, 2008). Although this increasing interest in branding, we may say that its incorporation into the conceptual structure of marketing is still not completely consolidated (Stern, 2006).

In the search of an holistic conceptualization, we assume a semiotics based conceptual model for branding, according to which the brand is founded on three fundamental pillars: the identity pillar, which includes the sign or signs that identify the brand (name, logo/symbol, ...identity mix) and the brands associated to it, thus building the corporate identity structure; the object pillar, which includes the different offers of the brand together with the organization and the marketing activities which support them; the market pillar, which includes the brand's stakeholders and their different responses to the brand at a cognitive, affective and behavioural level (Mollerup, 1997; Lencastre, 1997).

Through this research we want to understand the impact that a merger has on the corporate identity, namely on the corporate names and logos, hence it is fundamental to understand the relation between brand's identity and brand's object. On the other hand, we want to analyse how consumers' attitude towards the corporate brands influences their preferences regarding the different corporate identity redeployment alternatives available in the context of a merger. Thus the relation between the identity and the market pillars assumes a critical relevance.

Figure 1 – Conceptual Model



Brand identity

According to Simões *et al* (2005), if we assume an holistic view of corporate identity, we may consider that it includes corporate symbols, communications and behaviour (Balmer, 2001; Hatch and Schultz, 1997; Van Riel and Balmer, 1997), but also the mission, philosophy and values (Abratt, 1989; Balmer, 1994; Simões *et al*, 2005), or organisational culture (Baker and Balmer, 1997; Melewar and Jenkins, 2002; Stuart, 1998). Our focus is on one of the dimensions of the corporate identity construct, namely the main identity signs – names and logos – that the organisation uses to identify itself, to communicate its mission and values and delineate the relations with its audiences (Alessandrini, 2001; Henderson and Cote, 1998; Van Riel and Van den Ban, 2001).

Brand attitude

Attitude is a central variable in several consumer behaviour models (Kraus, 1995). Moreover, previous research on brand alliances has found that consumers' attitude towards the brands influence their attitude towards the brand alliance (Rodrigue and Biswas, 2004; Simonin and Ruth, 1998), and should presumably also influence their attitude towards a corporate brands' merger.

For some authors attitudes are considered as instances of affect (Cohen and Areni, 1991), others adopt a narrower view and define attitudes as evaluative judgments. Still other researchers propose that attitudes have two distinct dimensions: affective and cognitive (Bagozzi *et al*, 1999; Beckler and Wiggins, 1989; Eagly *et al*, 1994). On the other hand, previous research shows a direct relation between attitude and behaviour (Cohen and Reed, 2006; Eagly and Chaiken, 1993).

In this research we will measure the cognitive dimension of attitude trough recognition, recall and familiarity. The affective dimension of attitude will be measured using a multi-item scale (Grossman and Till, 1998; Henderson and Cote, 1998; Simonin and Ruth, 1998), and the behavioural dimension will be measured asking respondents if they are or are not a brand's client.

Recognition and recall can affect favourably consumers' attitude towards the brand and consumers' response to the marketing of the brand (Keller, 1990; Thornston, 1990). Furthermore, research on product and brand alliances (Levin and Levin, 2000; Simonin and Ruth, 1998) has found that brand familiarity has an important impact on consumers' evaluation of the alliance.

Brand affect is related to the emotions or feelings experienced in relation to the brand (Schiffman e Kanuk, 1991), and there is evidence that it is positively related to brand loyalty

(Chaudury and Holbrook, 2001). In addition, there is increasing support that brand evaluations are based not only on objective judgements, but also on affective responses to the brand (e.g. feelings and emotions experienced during exposure to brand communications, the aesthetic qualities of the brand's product or of its the identity signs) (Pham *et a*l, 2001; Pham and Avnet, 2004).

Since we are going to focus on service brands and service brands are relation-based, the relationship between the brand and consumer should be regarded as a critical factor affecting consumers' response to the brand (De Chernatony and Segal-Horn, 2003).

Perceived fit between brands

The concept of brand fit has been thoroughly researched in the branding literature. Previous research on brand alliances demonstrated that perceived fit is directly related to consumers' evaluation of a brand alliance (Aaker and Keller, 1990; Park *et al*, 1991; Simonin and Ruth, 1998).

Perceived fit between brands can be defined as a global and abstract judgement based on the existing links between two brands that are presented simultaneously (Kim and John, 2008). A collaborative relationship (e.g. a merger, an alliance, a joint promotion) always involves the brand images of the two partners. A poor fit in terms of brand images can trigger undesirable beliefs and judgements (Simonin and Ruth, 1998). If there is an overall perception of "fit" or "cohesiveness" between the two brands involved in an alliance (or a merger), the alliance (or merger) will be more favourably evaluated (Simonin and Ruth, 1998). Besides the similarity component, perceived fit has another key component, namely complementarity between the two brands (Aaker and Keller, 1990; Park *et al*, 1991; Simonin and Ruth, 1998 and 2003). Aaker and Keller (1990) point out that complementarity may play an important role in fit judgements, when these judgements are based on abstract attributes. This may be the case when consumers evaluate a collaborative relationship between brands.

Typology of the corporate identity structures that may be assumed in the context of a merger

Based on the literature review and on a documental analysis of recent mergers we present a typology of the corporate identity structures that organizations may assume in the context of a merger, and which may closer to a monolithic identity (one single brand) or to differentiated identity (two or more independent brands). Next we describe each one of the alternatives identified, clarifying their main advantages and disadvantages.

One of the corporate brands name and visual identity

According to the results of previous research (Ettenson and Knowles 2006; Rosson and Brooks, 2004), in the majority of the deals, the merged entity adopts immediately the name and visual identity of the lead organization. This is usual in mergers involving organizations with very a diverse dimension/power, and when the leading organization pursues a monolithic politic and wants to create a strong corporate brand. This alternative allows to communicate explicitly who will be in charge after the merger. The use of one name and one visual identity provides visibility to the brand (Olins, 1990), and enables synergies in what regards the marketing activities (Keller, 1999). Furthermore, customers may benefit from dealing with a more prestigious and larger organization. However, this alternative does not capitalize on the equity of the disappearing brand, and may generate dissatisfaction among the target organization's clients (Ettenson and Knowles, 2006).

Sometimes, the new organization adopts temporarily a hybrid solution, in which the name and visual identity of the lead brand cover the identity of the target brand. Relatively to the former alternative, this solution allows clients to adjust gradually to the new brand while maintaining their relationship to the disappearing brand. Moreover, this alternative permits the equity of the target brand to be absorbed gradually by the lead brand.

Another possibility is for the new organization to adopt the name and the visual identity of the target organization. This may be the case, when the target brand is a leading brand in its market, and has a high level of awareness and a set of strong, favourable and unique associations.

One of the two corporate brands' name and new visual identity

This solution enables the new brand to inherit the history and attributes of the original brand. Moreover, the adoption of a new visual identity can allow the signalling of a brand repositioning, of a fresh beginning.

New name and visual identity

The decision to create an entirely new identity can signal a new beginning, and help communicate the changes in the corporate structure and positioning strategy. Though, this is the most risky strategy, since the loss of equity associated with the two corporate brands is more significant (Jaju *et al*, 2006). Also, this drastic change may generate feelings of uncertainty, insurance and resistance among the different publics (Ettenson and Knowles, 2006).

Combination of the two corporate brands' names and a new visual identity

The solutions that combine elements of both identities can capitalize on the value of the two corporate brands (Keller, 1999). The option to combine the names can enable a connection to the familiar, while the creation of a new visual identity can signal a fresh start (Ettenson and Knowles, 2006). Still, these options may difficult the definition of the new brand's positioning strategy. The simple combination of the two names may not express an attractive promise, and it is fundamental to communicate the idea that the organization resulting from the merger is greater than the parts (Rao and Rukert, 1994). Furthermore, these alternatives may result in a too long name, difficult to pronounce and to memorize.

Combination of the two corporate brands' name and visual identities

The combination of the two central brand identity elements may be adequate when one of the corporate brands involved has a distinctive name and the other a symbol rich in meaning. If the symbol communicates the target brand's name visually, its name does not need to be mentioned. On the other hand, the use of a highly symbolic logo can compensate a more abstract name. Also, the inclusion of identity signs of the two brands can be interpreted as a sign of continuity, of respect for the brands' heritage (Ettenson and Knowles, 2006; Spaeth, 1999).

One of the two corporate brands covers the other with its name and visual identity

By covering with its name and identity the acquired corporate brand, the organization expects to benefit from the value of the two corporate brands. The endorsing brand provides credibility and trust to consumers, assuring that the endorsed brand is up to its standards of quality and performance. Furthermore, this alternative can increase consumers' perceptions of the endorsed brand and preferences for it (Aaker and Joachimstaler, 2000; Saunders and Guoqun, 1997). Another motivation to endorse the target brand is to provide useful associations to the endorsing brand, since a leading brand in its market segment can enhance corporate image (Kumar and Blomqvist, 2004). Though, this option can create some confusion about the meaning of the corporate brand, if it endorses several individual brands and if there is no explicit coherence between them.

Two independent corporate brands

The adoption of a differentiated identity structure enables the organization to position its brands clearly according to their specific benefits and, thus, allows for optimum market coverage (Aaker and Joachimsthaler, 2000). Moreover, the multiple brand strategy enables retaining the value associated to the target brand's name and avoids the new offers from acquiring incompatible associations. However, this strategy does not allow taking advantage of scale economies and synergies concerning brands communication. Also, this solution may be extremely costly, because to leverage the brands' equity it is necessary to support them continuously (Olins, 1990).

The seven options typified are illustrated in Table 1 through real cases of brands' merger.

Table 1 – Typology of the corporate identity structures that may be assumed in the context of a merger

Typology	Brand 1	Brand 2	Merger
1. One of the two brands' name and visual identity	vodafone	TELECEL	vodafone
2. One of the two brands' name and a new visual identity	BP	AMOCO	bp
3. New identity	GUINNESS	GRAND METROPOLITAN	DIAGEO
4. Combination of the two brands' names and a new visual identity	BNP	PARIBAS	BNP PARIBAS
5. Combination of the two brands' names and visual identities	UBS	Swiss Bank Corporation	UBS
6. One of the brands covers the other with its identity	HSBC	first direct	first direct HSBC
7. Two independent brands	P&G	Gillette	P&G · Gillette

Research propositions

Brand signs with a high level of awareness transmit confidence, and tend to be favoured by consumers who may make a brand judgment exclusively on brand familiarity (Holden and Vanjuele, 1999; Washburn *et al*, 2004). Literature on brand extensions and brand alliances suggests that brand awareness influences favourably consumers' evaluation of an extension or an alliance (Keller, 1993 and 2002; Kim and John, 2008). Thus we may assume that:

P1: There is correspondence between brand awareness and consumers' preferences regarding the corporate brand's identity signs.

Research on brand alliances (Levin and Levin, 2000; Simonin and Ruth, 1998) found that if both brands are highly familiar they contribute equally to consumers' evaluation of the alliance, whereas if one brand is better known it tends to dominate evaluations. Therefore, we expect that:

P2.1: When two high familiar brands are paired together, consumers will tend to prefer alternatives that maintain the identity signs of the two brands;

P2.2: When one brand is more familiar than its partner, consumers will tend to prefer alternatives that maintain this brand's identity signs.

Previous research suggests that affect towards individual brands has a positive impact on the evaluation of a brand alliance (Bouten *et al*, 2006; Rodrigue and Biswas, 2004; Simonin and Ruth, 1998). Also, strong affect is related to purchase loyalty and to attitudinal loyalty (Chaudury and Holbrook, 2001). Thus, we can anticipate that:

P3: There is a correspondence between the affect towards the brand and consumers' preferences regarding the brand's identity signs.

As we seen in literature review, due to the specific characteristics of the banking brands, and of the service brands in general, the relationship between the brand and the consumer should be regarded as key aspect affecting consumers' response to the brand (De Chernatony and Segal-Horn, 2003). Therefore, we can anticipate that being a brand client will have a significant impact on consumers' preferences regarding the different corporate identity redeployment alternatives. Hence, we assume as a proposition that:

P4: The brand's clients tend to prefer the alternatives that maintain this brand's identity signs.

Considering previous research in brand alliances (Park *et al*, 1996; Simonin and Ruth, 1998), when there is an overall perception of fit between the images of the two corporate brands, the alliance will be evaluated more favourably than in conditions where the two brands are incompatible or inconsistent. Therefore, we can assume that consumers' perceptions of the merger will be directly influenced by perceived fit between the two corporate brands. Assuming that there is a transfer from consumers' evaluations of the brand merger to their preferences regarding the corporate identity redeployment alternatives, we can expect that:

P5: When brand fit is high, consumers tend to prefer redeployment alternatives that maintain elements of both brands' identities.

A study by Jaju *et al* (2006) found that mergers lead to an overall decrease in brand equity (consumer-level based brand equity), and that the observed loss will be minimized for the dominant redeployment alternatives (acquirer or target-dominant). Assuming that there is a transfer from individual evaluations of the corporate brand to consumers' preferences, we assume the following proposition:

P6: Redeployment alternatives that maintain the identity signs of one of the two brands are more preferred than the alternatives that combine elements of both corporate brands' identities.

Method

This research focused on the banking sector. Thus we considered companies in which there is a considerable focus on corporate branding (e.g. Barclays, HSBC), and not on product branding (e.g. Procter & Gamble's Tide or Ivory).

For the present study we selected four Portuguese banking brands, namely Caixa Geral de Depósitos (Caixa), Millennium BCP (Millennium), Banco Espírito Santo (BES) and Banco BPI (BPI)[1], and two international brands, Barclays and Banco Popular.

In the main study, we analysed consumers' preferences concerning the different alternatives typified. Therefore, we created fictional scenarios evolving real brands. It was important to use fictional scenarios, so that the impact of external issues, related to marketing activities of the brands is minimized.

Since we wanted to give respondents the option to choose a new name and/or a new visual identity, when choosing the preferred redeployment alternative, we did a pre-test to identify a suitable solution. Therefore, we conducted an exploratory study, using names and visual identities of European banks that were unknown in Portugal, to identify a solution that reunited a high level of preferences. The results show that the name and visual identity of UniCredit Banca were preferred by the majority of the respondents, and thus we decided to use this brand's identity signs in our study.

In the main study we administrated a survey questionnaire among consumers to measure their attitude towards the corporate brands under study and their preferences regarding the different corporate identity redeployment alternatives.

Respondents were post-graduate students from a major University. The sample consisted of 467 respondents divided by 15 groups (15 possible combinations between the six brands

[1] We included in this research a big public bank (Caixa), the biggest Portuguese private bank (Millennium), a family bank that is the second largest private bank (BES) and the fourth largest private bank (BPI).

under study) of at least 30 elements. Each group of respondents evaluated one corporate brand pair.

Respondents first answered a series of questions regarding their cognitive answer towards the brands and their identities signs. First, to evaluate recall we asked respondents to indicate the first banking brand they remember, and then to mention the name of other four brands they know. We also included in this first set of questions, a question to evaluate the preferences regarding the symbols of the six brands under study and of UniCredit Banca. Next, to evaluate brand recognition we asked respondents to indicate if they recognize the names of the seven brands.

Then we asked respondents to identify with which banking banks they work and which is their main bank.

In the following part of the questionnaire respondents answered questions regarding their associations, familiarity and affect towards the two corporate brands under study. Familiarity with the brand was measured through a seven-point semantic differential scale assessing the degree to which the respondent was familiar/unfamiliar, recognized/did not recognize, and has heard/has not heard of the brand before (Simonin and Ruth, 1998). Affect was evaluated through a seven-point semantic differential scale, which allowed us to access the feelings that the brands inspire (unpleasant/pleasant; uninteresting/interesting; unfavourable/favourable; dislike/like; bad/good; negative/positive) (Henderson and Cote, 1998; Grossman and Till, 1998; Kim *et al*, 1996; Park *et al*, 1996; Milberg *et al*, 1997; Rodrigue and Biswas, 2004; Samu *et al*, 1999; Simonin and Ruth, 1998).

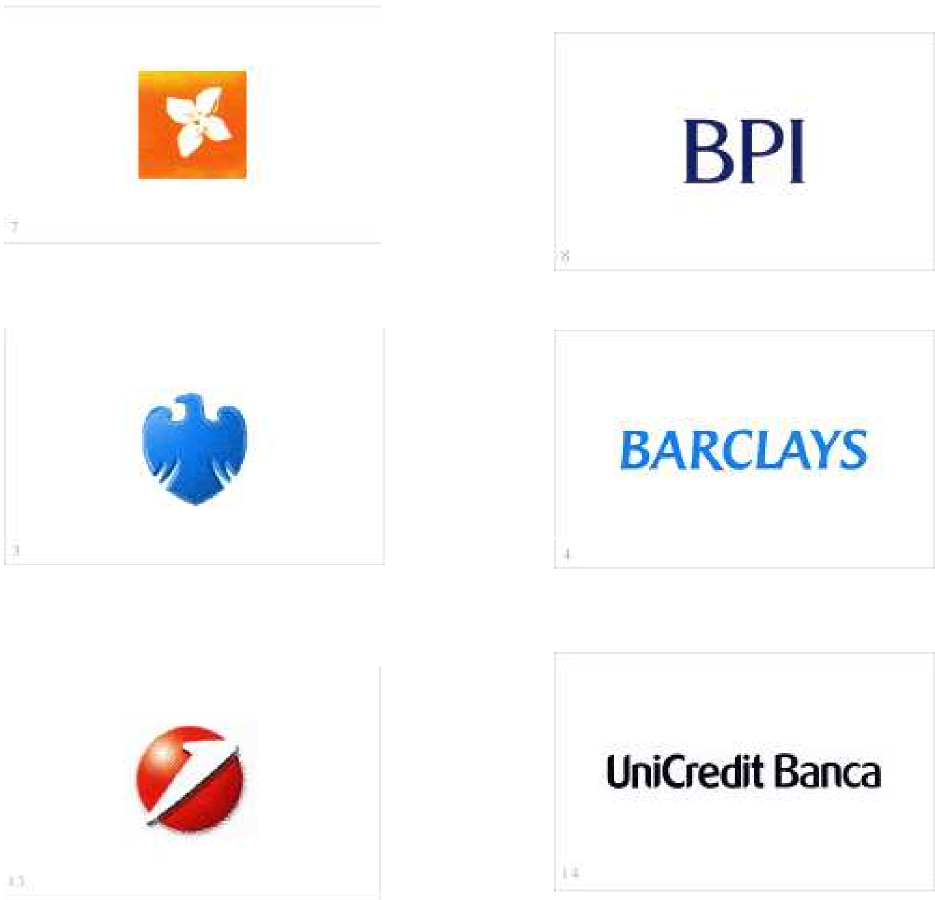
Finally, to access the degree of fit between the two corporate brands we used a seven-point Likert scale (1= totally disagree; 7= totally agree) based on Simonin and Ruth (1998), Park *et al*, (1996) and Aaker and Keller (1991). Respondents stated their level of agreement towards the following sentences: “the combination between Brand A and Brand B makes sense”; “Brand A and Brand B are consistent”; “Brand A and Brand B are complementary”. Cronbach’s alpha for the fit scale was 0,743.

Following the fit measure, respondents were presented with the target stimulus depicting the corporate brands’ merger and then answered questions concerning the corporate identity redeployment alternative that they prefer.

Participants were given 3 cards depicting the different alternatives in terms of the new brand’s name –name of Brand A, name of Brand B or a new name - and 3 cards depicting the different alternatives in terms of the new brand’s visual identity - visual identity of Brand A, of Brand B, or a new visual identity - and were asked to form on the presented booklet the

corporate identity redeployment alternative that they prefer. Respondents had to use at least one card with a name and one card with a symbol and could not use more than 4 cards. The corporate identity redeployment alternative chosen was justified through an open answer.
The final part of the questionnaire included questions that allowed the socio-demographic characterization of the respondents.

Figure 2 – Example of questionnaire cards in the merger scenario between BPI and Barclays



All factors were found to be reliable (i.e all Cronbach's alpha were above 0,70, with the exception of familiarity towards BES). Attachments 1 to 3 provide an overview of the descriptives of the variables.

Findings

Revision of the typology of identity options

The analysis of consumers' preferences led us to a revision of the typology of corporate identity redeployment alternatives previously developed, since we have found new monolithic and combined redeployment alternatives.

In respect to the monolithic alternatives, we have identified four different response typologies, instead of the three options initially typified (see Table 2). The option to choose the symbol of one of the two brands and a new name was not previewed in the literature and is not usual in the practice. This new monolithic option transforms the brand's symbol in the stability element whenever there is a rupture with the past in terms of name.

Table 2 – Monolithic redeployment options

Options appointed by the Literature Review and Documental Analysis	**Variants resulting from the Experimental Study**
1. One of the brands' name and symbol	
2.1 One of the brands' name and a new symbol	**2.2 One of the brands' symbol and a new name**
3. New identity	

In regard to the redeployment alternatives that combine elements of both brands' identities, we have found a wide range of response typologies besides the three options previously typified (see Table 3). The option to combine the two brands' symbols with a new name is a variation of the alternative to combine both brands' names with a new symbol, and contributes again to underline the importance of the symbol as the stability in a merger context. In respect to the option to choose the symbols of the two brands associated to the name of one of the brands, it can be considered as an example of an endorsement solution, and it confers the symbol the endorsement role that is typically attributed to the name.

Our results suggest that monolithic redeployment strategies are preferred by the majority of the respondents. The predominance of the monolithic redeployment strategies suggests the confirmation of P6. However, the analysis of the different monolithic response typologies shows that the creation of a new brand outperforms the preservation of the brands involved in the merger. Therefore we cannot support P6 as it was initially formulated.

Table 3 – Redeployment options that combine elements of both brands' identities

Options appointed by the Literature Review and Documental Analysis	Variants resulting from the Experimental Study
4.1 Combination of the two brands' names and a new symbol	**4.2 Combination of the two brands' symbols and a new name**
5.1 Combination of two brands' name(s) and symbol(s)	**5.2 Combination of the two brands' names and symbols**
	5.3 Combination of the two brands' names
6.1 One of the brands' covers the other with its name	**6.2 1 One of the brands' covers the other with its symbol**

Relation between the typology and the merger scenarios

In the merger scenarios that involved two corporate brands with a high level of familiarity, the majority of the respondents chose to combine elements of both brands' identities, thus indicating the confirmation of P2.1. When one of the partner in the merger was a week partner (with a low level of recall, recognition and familiarity), the redeployment strategy most often chosen was the monolithic identity, hence indicative of support of P2.2.

When perceived fit between brands is significantly higher, respondents tend to favour redeployment alternatives that combine the identity of both brands. However, even when perceived fit is low, respondents feel that in a merger involving two familiar, strong brands elements of both brands' identities should be maintained. Thus P5 can only be supported in some contexts.

Relation between attitude towards the brand and the option for the brand's identity signs

Regression analysis was used to test for each brand, the effect of the different intermediate variables in the choice of the brand's identity signs in a merger situation. Therefore we used a multinomial logistic regression to analyse the probability of choice of the brand identity signs as a function of top of mind awareness and brand recall (P1), brand familiarity (P2), preference regarding the brand's symbol and brand affect (P3) and being or not a brand's client (P4). We also included in the regression two variables regarding the socio-demographic characterization of respondents, namely gender and age.

The model explained between 21,4% and 38,6% of the variance in the choice of brand's name and symbol (Barclays - R^2 adj = 0,386; χ^2 (27; 146) = 64,713; p <0,000; BES - R^2 adj = 0,356; χ^2 (27; 152) = 60,560; p <0,000; BPI - R^2 adj = 0,214; χ^2 (27; 160) = 35,571; p <0,125; Caixa - R^2 adj = 0,258; χ^2 (27; 150) = 41,022 p <0,004; Millennium - R^2 adj = 0,336; χ^2 (27; 157) = 58,443; p <0,000).

The analysis of the preliminary results showed that familiarity with the brand had only a significant and positive effect on the choice of the brand's identity signs of BES (β = 1,029; Exp (β) = 2,797; p < 0,002), thus P2.2 was supported in this particular case. Brand recall had a significant, but negative effect on the choice of the identity signs of Millennium (β = -2,86; Exp (β) = 0,063; p < 0,013), contradicting P1[2]. These results may be explained by the associations attached to Millennium, which is perceived as very "well known" brand, but also as an "unpleasant" and "insecure" brand, "without prestige"[3].

Affect towards the brand or towards the brand's symbol[4] (e.g. Millennium - β = -0,414; Exp (β) = 0,056; p < 0,031) had a significant and positive effect on the choice of brand's identity signs for the majority of the brands under study (Barclays – β = 1,018; Exp (β) = 2,768; p < 0,009; BES - β = 0,534; Exp (β) = 1,705; p < 0,022; Caixa - β = 0,709; Exp (β) = 2,032; p < 0,002;), hence supporting P3.

[2] Brand recall was also marginally significant in the case of Caixa (β = -1,069; Exp (β) = 0,343; p < 0,082). In average, when Caixa's brand recall increases, the probability of choice of the brand's name and symbol decreases in approximately 0,7 (1 – Exp (β) = 1 – 0,343 = 0,657). These contradictory results may be related to the associations attached to this brand - Caixa is perceived as a" public" and "outdated" brand.

[3] Millennium was recently involved in a several financial scandals in Portugal.

[4] Respondents ordered the 7 symbols from 1 to 7, attributing number 1 to the preferred symbol, 2 to the second, and so on. Therefore, a decrease in the preference ranking corresponds to an increase in the preference for the brand's symbol.

Being a brand's client was marginally significant (for $p < 0,1$) in the case of BES ($\beta = 2,115$; Exp (β) = 8,289; $p < 0,078$) and of Millennium ($\beta = 3,021$; Exp (β) = 20,517; $p < 0,061$). Therefore, for this level of significance we can confirm that BES's and Millennium's clients tend to privilege their brand's identity signs in the context of a merger (P4).

Relation between the signs and the identity options

The two figurative symbols, BPI's orange flower and Barclays's eagle, are the ones most often chosen, although they don't belong to leading banks. On the contrary, Caixa's abstract symbol or Millennium's and BES's abstract monograms are considerably less chosen, even though they are the identity signs of the three biggest banks. Thus, the choice of the symbol tends to reflect consumers' evaluation of its aesthetic qualities, and in particular the distinction between abstractness and figurativeness.

In respect to the choice of the brand's name, we obtained very close results for the four biggest brands studied. Furthermore, the preference ranking for the brands' names reflects clearly the market share ranking. Therefore, we may conclude that the qualities of the different names do not have a determinant influence on consumers' preferences in a merger situation.

Discussion and implications

Overall our results confirm the proposition that monolithic redeployment strategies are favoured by consumers subsequent to a brand merger, but there is not a significant discrepancy between the monolithic redeployment alternatives and the ones that combine elements of both brands' identities.

Our preliminary findings indicate that the preference for a monolithic redeployment strategy, suggested in the study developed by Jaju *et al* (2006), is only clearly supported when one of the partners in the merger is a week partner. Whenever the corporate brands involved in a merger are two high familiar brands, there is a tendency among respondents to preserve elements of both brands' identities (combined identity).

In respect to the effect of the cognitive response towards the brand on the choice of the brand's identity signs, our findings suggest that brand recall is generally not a significant variable, and when it is significant it has a negative influence on consumers' preferences, contradicting P1. When awareness is related to a set of unfavourable associations towards the brands, an increase in brand awareness does not imply an increase in the tendency to choose the brand's identity signs. Moreover, for the majority of the brands studied we could not establish a direct relation between familiarity and the choice of the brand's identity signs, as it was anticipated in literature (P2.2). One again, we confirm that familiar brands may not induce loyalty behaviours to their identity signs in a merger context.

In regard to the affective dimension of attitude, results suggest a significant and positive relation between brand affect and the choice of the brand's identity sign in a merger situation, consistent with previous brand alliance research (P3). This means that when a brand has a high level of affect, consumers will tend to choose alternatives that maintain this brand's identity signs.

In what concerns the behavioural dimension of attitude, results suggest that the brand's client tend to prefer the redeployment alternatives that maintain this brand's identity signs (P4). However, when the behavioural dimension of attitude is not accompanied by a positive affective relationship, being a brand's client does not mean a higher loyalty to the brand's identity signs in a merger context.

Even when perceived fit between the corporate brands is low, respondents feel that in a merger involving two notorious and very familiar brands, elements of the two brands' identities should be preserved. Results suggest that fit asymmetries don't lead necessarily to the choice of a monolithic or a differentiated solution, and thus not only fit symmetries lead to the choice of an hybrid solution. This reflects a tendency among respondents to consider that in a merger "elements of both brands should be preserved".

Further Research

An interesting opportunity for further research is to analyse more thoroughly the different responses typologies within typologies that combine elements of both brands' identities (combined identities). We want to understand if familiarity, affect or a being brand's client induce respondents to highlight the brand's identity signs when choosing a combined solution.

Another interesting opportunity to look in the future is if consumers use all the factors considered in our model. It is likely that consumers use a simplified decision rule to decide whether he or she prefers to maintain Brand A, Brand B, create a new brand, or combine elements of both brands' identities. The lack of awareness or interest of consumers on banking brands in general may lead to the reduce importance of variables like brand familiarity. On another hand, in many situations consumers work with a brand, because it is their employer's bank, their university's bank, and thus the relation with the banking brand is not such an important relation. The fact that we used a post-graduate student sample may also have contributed to the reduce importance of being a brand's client. Certainly the involvement with our bank will be strengthened through life. Future research should address these gaps.

Managerial Implications

Managers should be aware that in a merger situation, the creation of an entirely new identity may be preferred by consumers. In fact, within the monolithic response typologies, the solution most often chosen was the creation of a new name and a new visual identity. This solution can send a very strong message to the market, signalising that the merger is an important corporate transformation with a new vision and direction.

Furthermore, we found evidence that the brand's symbol may play a role as important as the name (or even more important) in a brand merger, ensuring consumers that there will be a connection with the brand's past. Another interesting finding was that the choice of the symbol reflects consumers' evaluation of the brand's identity (figurativeness), and the choice of the name reflects consumers' response to the brand's object or to the market. Thus, our results suggest that when the consumer does not want to assume a monolithic behaviour, he will tend to choose a figurative symbol and the name(s) of the brand(s) that is more highly valuated by himself or by the market. Managers should be conscious of the advantages associated to a figurative brand's symbol.

Finally, we have presented a strong case for the need to create a genuine and affective relationship with the brand's clients, in order to ensure stronger loyalty behaviours towards the brand and its identity signs in a merger situation.

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Attachment 1– *Familiarity towards each brand*

Brand	Itens	Cronbach's Alpha	Mean	S.D.	Source
BPI	3	0,75	5,88	1,21	Simonin & Ruth, 1998
BES	3	0,61	6,18	0,96	
Banco Popular	3	0,88	3,65	1,87	
Barclays	3	0,77	4,41	1,37	
Caixa	3	0,74	6,24	1,02	
Millenium	3	0,76	6,05	1,14	

Attachment 2-*Affect towards each brand*

Brand	Itens	Cronbach's Alpha	Mean	S.D.	Source
BPI	6	0,96	4,97	1,25	Henderson & Cote, 1998; Grossman & Till, 1998; Kim et al, 1996; Park et al, 1996; Milberg et al, 1997; Rodrigue & Biswas, 2004; Samu et al, 1999; Simonin & Ruth, 1998
BES	6	0,95	4,75	1,17	
Banco Popular	6	0,96	3,71	1,16	
Barclays	6	0,97	4,41	1,14	
Caixa	3	0,96	4,43	1,42	
Millenium	3	0,97	4,37	1,32	

Attachment 3 – *Perceived fit between brands*

Group	N	Minimum	Maximum	Mean	S.D.
BPI vs. BES	32	1,00	5,33	3,448	1,04
BPI vs. BP	31	1,00	5,33	3,118	1,12
BPI vs. Barclays	31	1,00	5,67	3,398	1,06
BPI vs. CGD	30	1,00	5,67	2,900	1,30
BPI vs. Millennium	36	1,00	6,33	3,722	1,25
BES vs. BP	32	1,00	6,00	2,844	1,36
BES vs. Barclays	30	1,00	5,33	3,422	1,15
BES vs. CGD	29	1,00	5,00	2,759	1,16
BES vs. Millennium	30	1,00	6,67	3,533	1,31
BP vs. Barclays	30	1,00	6,00	3,122	1,18
BP vs. CGD	30	1,00	5,00	3,256	1,07
BP vs. Millennium	33	1,00	6,33	3,364	1,35
Barclays vs. CGD	32	1,00	5,67	3,146	1,16
Barclays vs. Millennium	31	1,00	7,00	3,301	1,40
CGD vs. Millennium	30	1,00	5,33	2,656	1,19