Cross-Border Acquisition and Its Impact on Purchase Intentions: The Weak Acquires the Strong.

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ABSTRACT

A cross-border acquisition scenario where the acquiring firm is unknown or less popular than the acquired brand/firm usually has a negative impact on consumer purchase intentions of the acquired brand. Drawing on the theories of mergers and acquisition and other literature, this research investigates how post-acquisition strategies (partnering/integration strategies) mitigate the negative influences of such cross-border acquisitions, and how the acquisition strategy interacts with the country-of-origin image and brand familiarity to produce moderating effects on purchase intentions. Two individual experiments were conducted in the US to test four hypotheses using personal computers and cars as brand stimuli respectively. The results showed that compared with an integration strategy, a partnering strategy is more likely to benefit the acquiring company by mitigating the negative effect of the cross-border acquisition on consumer purchase intentions of the acquired brand. An integration strategy was also shown to be a feasible approach when the acquiring firm has a favorable country-of-origin (COO) image and when consumers are familiar with both the acquiring and acquired brands. These results provide meaningful insights into cross-border acquisition and the choice of post-acquisition strategy in the case of "The Weak Acquires the Strong" (CBWAS) scenario.

Keywords: Cross-border merger and acquisition, purchase intentions, partnering and integration strategy, COO image, brand familiarity.

INTRODUCTION

The Indian company Tata Motors Limited acquired Jaguar Cars Limited and Land Rover in 2008, and the Geely Holding Group, a private Chinese automaker, acquired Sweden's Volvo marque from Ford in 2010. In these cross-border merger and acquisition (M&A) examples, Jaguar, Land Rover, and Volvo had for decades been established, strong brands in the industry, while the acquiring brands were relatively new and less well-known. We refer to this phenomenon as cross-border "The Weak Acquires the Strong" (CBWAS) M&A. There has been a steady increase in these types of cross-border M&A cases (Deng & Yang, 2015; Popli & Sinha, 2014; Ranju & Mallikarjunappa, 2018; Williamson & Raman, 2011). The acquisition of a strong brand may benefit the acquiring company in many ways (Cheng & Yang 2017; Wiles, Morgan, & Rego, 2012), but the acquired brand may also suffer negative consequences as a result of the acquisition (Chang & Zhang, 2011; Thorbjørnsen & Dahlén, 2011).

Most notably, consumer attitudes toward the acquired brand may become negative after the ownership of the brand has been transferred, and this negative attitude may reduce the consumer-level brand equity (Thorbjørnsen & Dahlén, 2011). Ahammad et al. (2017), show that because of this, many British firms were motivated to make a partial acquisition rather than acquire the target completely. Global marketers are thus concerned about the effect of CBWAS practice on consumer attitudes toward acquired brands and resulting brand performance (i.e., sales and brand equity). However, very little research focusing on the negative effects of CBWAS strategy on the performance of the acquired brand exists in the marketing literature, particularly on consumer attitudes toward the acquired brand. There is also little investigation into how the marketing activities of the acquiring and acquired brands (Homburg & Bucerius, 2005; Zhu & Zhu, 2016) can be integrated and managed, or the effectiveness of post-acquisition strategies in coping with the challenges immediately after the acquisition is completed (Buono & Bowditch, 1989; Kale, Singh, & Raman, 2009; Shrivastava, 1986). Globally, as firms in developing countries become stronger, the number of CBWAS cases is increasing dramatically, demanding further empirical research into how their post-acquisition strategies may help alleviate the negative effects of CBWAS on the image of the acquired brand (Muralidharan, Wei, & Liu, 2017)

This study aims to fill this gap by focusing on the effects of integration and partnering strategies from the perspective of consumers. The structure of this paper is as follows. First a review of the literature regarding cross-border M&A strategies is presented, which provides the background for this research. Individual experiments designed to test the hypotheses are presented next. Finally, some important managerial implications are discussed, followed by a discussion of the limitations of this research and possible future research directions.

LITERATURE REVIEW

M&A refers to the transferring of ownership of a brand or a company to another brand. The Federal Trade Commission identifies three categories of M&A: horizontal, vertical, and conglomerate (Stacey, 1966). This classification has also been applied to cross-border M&A (UNCTAD, 2000). This study considers only horizontal M&A, which concerns two companies in the same industry with similar products or brands.

A cross-border "The Weak Acquires the Strong" (CBWAS) strategy usually enables acquiring companies to obtain advanced technologies, branded products, established distribution channels, and more desirable market positions (Schweizer, 2005), thus creating value for them (Swaminathan, Murshed, & Hulland, 2008). Using this strategy, weak brands from developing countries can increase their market share (Nguyen & Kleiner, 2003), improve their image (Lee, Lee, & Wu, 2011; Rao, Mahajan, & Varaiya, 1991), increase innovation (Prabhu, Chandy, & Ellis, 2005), enter a new market (Mukherji et al., 2011), and improve stock prices (Wiles, Morgan, & Rego, 2012).

The acquired brands, particularly strong brands from developed countries, may suffer negative consequences through CBWAS, if the acquiring company does not use effective strategies to limit the influence of CBWAS on consumer attitudes toward the acquired brands. Previous research suggests that when a weaker brand acquires a stronger one, the change of ownership may lead existing consumers to be uncertain about the future performance of the acquired brand (e.g., price, quality of products and services) (Homburg & Bucerius, 2005; Thorbjørnsen & Dahlén, 2011). Increasing consumer uncertainty is a critical factor, and can decrease consumers' faith in a strong brand when it is acquired by a smaller brand, leading to decreased equity of the brand (Jaju, Joiner, & Reddy, 2006; Lee, Lee, & Wu, 2011).

The power of a brand lies in the minds of consumers, the effect of what they have experienced and learned about the brand, and their responses to the brand over time (Keller, 2000). Brands add value to consumer goods by supplying meaning, and consumer preferences are based on the meanings they attach to brands (Erdem & Swait, 1998). Customer-based brand equity occurs when consumers are familiar with the brand and hold "favorable, strong, and unique" brand associations in their memories (Keller & Lehmann, 2001). Brand equity originates from the greater confidence consumers place in a particular brand, rather than in its competitors and this confidence translates into customer loyalty, and a willingness to pay a premium price for the brand. Brand synthesis theory suggests that in addition to the brand itself, secondary sources, such as country image and distribution channels, affect consumer attitude toward the brand (Hoeffler & Keller, 2002), and marketers should link their brands to other entities such as people, places, things, or other brands, as a means of improving brand equity (Keller, 2003; Popli, Ladkani, & Gaur, 2017).

HYPOTHESES

Effects of Acquisition Strategy

This study tests the mitigation effect of acquisition strategy on purchase intentions of an acquired brand in a CBWAS setting. The topic of post-merger integration (PMI) is of increasing interest to researchers and practitioners (e.g., Bodner & Capron, 2018; Capron, Dussauge, & Mitchell, 1998; Datta, 1991; Shrivastava, 1986). There is a growing recognition that "all value creation takes place after the acquisition" (Haspeslagh & Jemison 1991), and that post-M&A integration is vital for success (Haspeslagh & Jemison, 1991; Kearney, 1988). Previous research indicates that successful M&A requires a strategic synergy of the acquiring and acquired brands (Larsson & Finkelstein, 1999). Many previous M&A have failed because the acquirers did not carry out the acquisition management correctly (Christensen et al., 2011) and when the consumer doubts that a strong brand can maintain its product attributes, intangible assets, and consumer benefits, their willingness to purchase the product will be reduced (Lee, Lee, & Wu, 2011). Therefore, in CBWAS, the first and most important action the acquiring company must take is to reduce the negative effect of the acquisition on the acquired brand (Jaju, Joiner, & Reddy, 2006;

Thorbjørnsen & Dahlén, 2011; Papavasileiou, 2009). To manage the integration and ensure that customers remain loyal to the acquired brand, the acquiring company must use an appropriate acquisition strategy (Ettenson & Knowles, 2006; Kumar & Blomqvist, 2004).

Kale, Singh, and Raman (2009) suggested two types of acquisition strategies (integration and partnering) involving five aspects of the firms: organization structure (absorbing the structure or keeping it separate), business activities (complete integration or selective coordination), top management (maintaining or changing leadership), operational autonomy (no autonomy or near-total autonomy), and speed of integration (rapidly or gradually). The authors suggested that a partnering approach is a better choice in M&A strategy, mainly as it can create value for the acquired brand if the acquirer is from a developing country.

Based on the literature, we contend that a partnering strategy can mitigate the negative effect of CBWAS for two major reasons. First, with the partnering approach, consumers are given the impression that the acquired brand is still managed by the company that created and/or owned it for many years; thus, the acquired brand will maintain its product attributes, quality, and service levels. Second, the partnering approach can help consumers maintain their self-identity, which motivated them to purchase the brand in the first place. Research shows that consumers rely on particular brands to build their personal identity and communicate with their personal or social groups (Chernev, Hamilton, & Gal, 2011; Fournier, 1998). Thus, compared with the integration approach, a partnering strategy should dilute the negative effect of CBWAS on consumer attitudes toward the brand, leading to increased purchase intentions. Thus, we hypothesize:

H_1: Consumers are more willing to purchase a strong brand acquired by a weak brand under a partnering strategy condition than under an integration strategy condition.

Country-of-origin (COO) Image

In terms of the COO effect on consumer evaluation of brands, the literature shows that when a brand is perceived to be manufactured, or designed in a foreign country with a less reputable image than that of its COO, consumer evaluation of the brand's functional attributes may be significantly lowered (Essoussi & Merunka, 2007). Generally, U.S. consumers have positive attitudes toward domestic brands but negative attitudes toward foreign brands (Klein 2002; Tsai, Lee, & Song 2013; Tsai, Yoo, & Lee 2013; Yoo & Donthu, 2005). Research into M&A has found that if a U.S. brand is acquired by and absorbed into a foreign brand, consumer attitudes toward the brand will change (Balabanis & Diamantopoulos, 2008). When processing information, the COO image of the foreign company will be used by consumers to evaluate the effect of the acquisition on the brand, and the risks related to the use of the brand.

Based on the literature, the following hypotheses is developed. If the acquiring firm has a favorable COO image, consumer purchase intentions of the acquired brand will increase, but if the COO image is less favorable, their purchase intentions will decrease, due to increased concern over brand quality and after-sales services after the takeover. Thus,

H_2: Consumers are more willing to purchase a strong brand acquired by a weak brand with a favorable COO image than with a less favorable COO image.

The mitigating effect of a partnering strategy on the purchase intentions of U.S. consumers will be more pronounced under a less favorable COO image condition than under a favorable condition. Specifically, under an integration strategy, U.S. consumers might believe that a previously iconic U.S. brand is being taken over by a foreign company with a negative COO image; thus, after the CBWAS event, the brand will lose its glamour and attractiveness. In contrast, under a partnering strategy, U.S. consumers might believe the brand to continue to be in the hands of the original U.S. firm, and will thus maintain the same quality and services. Based on this, we hypothesize that in CBWAS:

H$_3$: The COO image of the acquiring brand interacts with the acquisition strategy to produce moderating effects on purchase intentions of the acquired brand, and consumer purchase intentions will be higher in a situation with a partnering strategy than in a situation with an integration strategy.

Effects of Brand Familiarity

Familiarity refers to the consumer's knowledge about a brand or product (Park & Lessig, 1981; Kent & Allen, 1994). It reflects a consumer's capability to recognize a particular brand and to relate it to a particular product category that they have direct or indirect experience of (Matthiesen, 2005; Kent & Allen, 1994). Previous research shows that familiarity is related to consumer evaluation of a product or a brand (Johnson & Russo, 1984; Moorman et al., 2004; Rao & Kent, 1988) and advertising effectiveness (Campbell et al., 2003). Familiarity can increase consumer confidence in the brand and company (Laroche, Kim, & Zhou, 1996). A familiar brand is more likely to invite positive attitudes from a consumer than a new brand. Consumers may consider buying a familiar brand, but not an unfamiliar foreign brand (Keller, 1993).

In order to examine the effects of brand familiarity, this study investigates a CBWAS situation where both the acquiring firm and the acquired brand are from foreign countries but have comparable COO images. Specifically, we contend that consumers purchase intention of the acquired brand will be highest when they are highly familiar with both the acquiring firm and the acquired brand (high-high situation), but will be lowest when the consumer is neither familiar with the acquiring firm nor the acquired brand (low-low situation). A high level of familiarity, which indicates more brand knowledge or experience, can help minimize the perceived risk related to the acquired brand, leading to higher purchase intentions. In contrast, a low level of brand familiarity indicates a high level of risk related to the brand purchase, reducing purchase intentions of the acquired brand. Also, the moderating effects on purchase intentions would not be significant under a partnering strategy. Therefore, the following hypothesis is proposed:

H$_4$: Brand familiarity moderates the influence of CBWAS on purchase intentions of the acquired brand: consumers are more willing to purchase a strong brand acquired by a weak brand when they are highly familiar with both brands than when they are less familiar with the brands under an integration strategy, but the moderating effect on purchase intentions is not significant under a partnering strategy.

METHODOLOGY

Two individual experiments were conducted to test the hypotheses. The first experiment was conducted to test the first two hypotheses regarding acquisition strategy and COO effect. The second experiment was conducted to test the last two hypotheses regarding acquisition strategy and brand familiarity.

Experiment 1

The first experiment was a 2-acquisition strategy (integration strategy vs. partnering strategy) ×2 COO (favorable vs. less favorable) between-subjects experiment. The independent variables were the acquisition strategy and the COO image of the acquiring firms. In the experiment, Dell was hypothetically acquired by Onkyo, a Japanese company and Tongfang, a Chinese company. Onkyo enjoyed a more favorable COO image than Tongfang, as Japan is a more favorable COO than China. To manipulate the acquisition strategy, we created a fake news story concerning the acquisition, and placed it at the beginning of the questionnaire. Under the integration strategy condition, the title of the acquisition strategy article is "*Onkyo has acquired Dell, and CEO announced he will implement an integration as soon as possible.*" In contrast, under the partnering strategy condition, the title of acquisition strategy article is "*Onkyo has acquired the Dell and CEO announced that Dell will operate autonomously.*" Participants were asked to read the news before they answered the questions.

Japan and China were chosen for the study based on the Country Brand Index 2014-2015 of FutureBrand.com (2014). According to the COO image (Made In) rankings of the Country Brand Index, Japan enjoyed a more favorable COO image (#1) than China (#28). The computer industry was selected for the study, due to significant differences in the COO images of Japan (#1) and China (#5) regarding computer brands. There were eight U.S. computer companies listed: Dell, Hewlett-Packard, Apple, Falcon Northwest, Mainger, Origin PC, Razer System76, and Vizio. Five Japanese computer manufacturers/ brands appeared on the list: Fujitsu, NEC, Onkyo, Panasonic, and Sharp, and five Chinese brands: Tongfang, Lomote, Hasee, Founder, and Lenovo. A pre-test was conducted to select the brands from the list. A group of 36 students participated in the study and evaluated the 18 computer brands. Participants used (1= least famous and 5= most famous) to rank each one. The results show that Apple (with a score of 4.5, SD=1) and Dell (with a score of 3.7, SD=1.009) were strong brands, whereas the other U.S. brands scored below the average (2.5). As the strongest brand in the computer industry, Apple may not be credible as an M&A subject in the manipulation, so Dell was selected to be the acquired brand. Tongfang (from China) (with a score of 1.89, SD=.854) and Onkyo (from Japan) (with a score of 2.0, SD=.828) were selected as the hypothetical acquiring brands.

Data Collection and Analysis

Data were collected from a major university in the southeast U.S. Ninety-three students participated in the research and gained extra class credit. They were randomly assigned to the four experimental conditions. Eight questionnaires were considered unusable because of missing information, and 85 usable questionnaires were analyzed.

The measure of purchase intention was a four-item 7-point Likert scale with "1" for "*strongly disagree*" and "7" for "*strongly agree*" adapted from that of Dodds, Monroe, and Grewal (1991). The four items were "*If I were going to purchase a computer, I would consider buying this brand,*" "*If I were shopping for a computer, the likelihood I would purchase this* *brand is high,*" "*My willingness to buy this brand would be high if I were shopping for a computer,*" and "*The probability I would consider buying this computer is high.*" The average of the four items formed an index of purchase intention ($\alpha = .89$).

Manipulation checks of acquisition strategy were found significant. The mean of the acquisition strategy index was significantly higher for the partnering strategy condition than for the integration strategy condition ($F_{(1,83)}$=3.44, $p < .05$, $M_{partnering}$=4.59 vs. $M_{integration}$=4.15).

The independent t-test analysis shows that purchase intentions of Dell is significantly higher in the partnering condition than in the integration condition ($M_{partnering}$=4.19 vs. $M_{Integration}$=3.48, $p < .05$). Therefore, H_1 was accepted.

To test H_2, an independent t-test was run to compare the difference of purchase intentions of Dell acquired by the Japanese company and Chinese company. The results show that purchase intentions in the case of favorable COO condition are higher than that less favorable COO condition but the difference between the two conditions (M_{China}=3.59 vs. M_{Japan}=4.10, $p > .05$) was not significant. Further analysis showed that the interaction effect of the COO and the acquisition strategy on purchase intentions is not significant ($F_{(3, 84)}$ =.28, p>.05), leading to the rejection of H_2.

Discussion

The results suggested that a partnering strategy is more effective than an integration approach in mitigating the negative effects of CBWAS on consumer attitudes toward an acquired brand, leading to higher purchase intentions. The result confirms the arguments of Kale, Singh, and Raman (2009): a partnering approach is a better option than an integration approach in cross-border acquisitions.

One reason that H_2 is rejected might be attributed to the fact that in recent years the quality of computers made in China is closer to the similar products made in Japan so that the COO image of the acquiring firm failed to produce moderating effects on US consumer attitude toward the acquired computer (Dell). Another reason might be that US consumers are familiar with Dell, but may not be familiar with the Chinese and Japanese brands, which did not produce expected moderating effect on their purchase intentions of Dell. If they had been familiar with the acquiring brands, they would have considered the COO image of the Japanese and Chinese acquirers when evaluating the acquiring firms, which would have impacted their purchase intentions of Dell.

Experiment 2

This experiment was designed to test the moderating effect of brand familiarity on consumer purchase intention of a strong brand acquired by a weak brand when COO information is controlled.

A pre-test was conducted to choose two foreign brands for the research. 29 students were recruited to evaluate a list of 44 automobiles from the *U.S. News.* The list included both domestic and international car brands. The students reported their familiarity with each of the 44 brands and the perceived brand strength on a 10-point scale (1=not familiar at all/weakest, and 10=most familiar/strongest). The mean score of Lexus's brand strength was 6.6 (SD=2.53), well above the average (5.9); but that of Volkswagen's was 5.04 (SD=2.30), below the average. This suggests that Lexus was a stronger brand than Volkswagen. The mean familiarity score of Lexus was 6.3

(SD=2.64) above the average (5.7), and the mean familiarity score of Volkswagen was 4.54 (SD=2.20) below the average. Based on the results, Lexus and Volkswagen were selected as brand stimuli, as the COO images of Japan and Germany were comparable (Japan as #1 and Germany as #2 according to the Country Brand Index 2014-2015 of FutureBrand.com). Thus, the COO image of the two countries was controlled in the experiment.

Data were collected from graduate students from the same university as those in Experiment 1. The participants were recruited by the researcher from three classes on campus. In return for their participation, they were entered for a draw to win 15 gift cards (each worth $5) after they finished the survey. To manipulate the acquisition strategy, we created a fake news story concerning the acquisition, and placed it at the beginning of the questionnaire. Under the integration strategy condition, the title of the acquisition strategy article is "*Volkswagen has acquired Lexus, and CEO announced he will implement an integration as soon as possible.*" In contrast, under the partnering strategy condition, the title of acquisition strategy article is "*Volkswagen has acquired Lexus, and the Volkswagen CEO announced that Lexus will operate autonomously.*" Participants were asked to read the news before they answered the questions. The scales used measured purchase intentions

Of the 111 questionnaires received, three were considered unusable because of missing information, resulting in 108 usable questionnaires. The average age of the sample was 25.12 years, and 52.3% were women.

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Data Analysis and Results

Manipulation checks of acquisition strategy were found significant. The mean of the acquisition strategy index was significantly higher for the partnering strategy condition than for the integration strategy condition ($F_{(1,106)}$=.401, p < .01, $M_{\text{partnering}}$=4.52 vs. $M_{\text{integration}}$=3.64).

To test H_4, the sample was first split into high-high and low-low familiarity groups using the mean scores of familiarity of Lexus and Volkswagen, within the partnering and integration conditions. The ANOVA results showed that the interaction between familiarity and partnering/integration condition was significant (f (88) =3.048, p< .05), and purchase intentions of Lexus were significantly different among the four conditions. Specifically, the moderating effect of familiarity was only significant under the integration condition: consumers who are familiar with both brands are more willing to buy Lexus than those who are less familiar with both brands ($M_{\text{high-high}}$=4.03 vs $M_{\text{low-low}}$=3.08, p<.05). But the moderating effect was not significant under the partnering condition ($M_{\text{high-high}}$=3.82 vs $M_{\text{low-low}}$=3.18, p>.05). Thus, H_4 is supported.

The results of H_4 indicate that when the COO image is controlled, CBWAS had a significant influence on consumers who are familiar with both the acquired brand and the acquiring firm than those who are not familiar with the brand under the integration condition. Under the partnering condition, CBWAS' influence on consumers' purchase intention is not significant, which is consistent with the results of Experiment 1. For those who are familiar with the acquired brand and acquiring firm, integration and partnering approach matters. However, for those consumers who are unfamiliar with the brands, they may not be interested in the brands at all, thus they do not care whether the integration or partnering approach is adopted in the acquisition. As a result, the negative effect on purchase intentions disappears among those who are not familiar with the acquired brand.

OVERALL DISCUSSION

This study is the first of its kind, and investigates the influence of CBWAS on consumer purchase intention of the acquired brand, the mitigating effects of integration and partnering strategies, and the moderating effects of COO and brand familiarity on the dependent variable. The results confirm that CBWAS does negatively affect consumer purchase intentions of the acquired brand. In this situation, a partnering strategy has a significant mitigating effect on the negative influence of CBWAS. Thus, it is safe to conclude that CBWAS can discourage purchase intentions; a partnering approach can mitigate the negative influence whereas an integration approach can enhance the negative effect.

The results of experiment 2 suggest that when both the acquired and acquiring brands have comparable COO images, brand familiarity has a significant impact on consumer purchase intentions. Further, brand familiarity interacts with partnering strategy to product a significant mitigating effect on consumer purchase intentions. Thus, brand familiarity should be included in CBWAS-related research as an important control/moderating variable.

This research has several limitations and suggests several directions for future research. First, the focus was on the negative effect of CBWAS on the acquired brand, but the negative consequence to the acquirer and the acquiring brand has not been investigated. Future research might explore the negative influence of CBWAS on the acquiring brand and company. Second, we did not examine other factors of the acquiring company, which may also help mitigate the negative influence of CBWAS on consumer attitude toward the acquired brand. For example, the pricing or warranty policies of the acquiring firm may be effective in mitigating the negative impact of CBWAS. Finally, our studies were conducted exclusively in the U.S. Future research may extend this to other countries or economies, to confirm our results or identify other important moderating or mediating variables, which may lead to different effects and results.

Implications

The findings of this research provide both theoretical and managerial implications for global marketers. Theoretically, this study extends the current research of cross-border M&A by investigating the phenomenon of “The Weak Acquires the Strong” in cross-cultural contexts. As an emerging type of M&A, CBWAS poses tremendous challenges to the acquiring companies, but there is little research concerning the effect of CBWAS on consumer attitudes toward acquired brands. This research tested how partnering/integration strategies mitigate the negative effects of CBWAS, and the influences of COO image and brand familiarity on purchase intentions of the acquired brand. International marketing practitioners and researchers can benefit from these findings when planning a CBWAS or conducting CBWAS-related research.

These findings also provide managerial implications for practitioners in the following three ways. First, the success of a CBWAS strategy depends on the acceptance of the acquired brand by the target market. Thus, the key to the success of the post-acquisition stage is how to control and mitigate any negative effect on the attitude of consumers. Global firms should investigate consumer perceptions before making acquisition decisions and should actively utilize a partnering strategy as a diluting mechanism when expanding to developing countries. The adoption of a partnering strategy is essential to the success of a CBWAS because a partnering strategy is less threatening to local residents and governments, and is thus more desirable, reducing the resentment of local people toward the acquiring foreign brands. To gain trust and confidence from consumers, marketers from emerging economies should proactively use a partnering strategy when acquiring a well-known brand that originates from a developed country.

Second, acquiring companies should be aware of the importance of brand familiarity to the success of a CBWAS strategy. They should know how to increase brand familiarity among the target market through various marketing campaigns and how to boost consumer purchase intentions of the promoted brands. For example, corporate social responsibility behavior or social marketing activities can be used to assure consumers that the acquiring firm is a good corporate citizen and its acquisition of the strong brand will increase brand equity and make it stronger. Improving the brand image of the acquiring firm and increasing brand familiarity will encourage local consumers to have more positive attitudes toward the CBWAS and the acquired brand.

In conclusion, the findings of this article indicate that CBWAS is a risky investment strategy from a consumer perspective. Compared with an integration strategy, a partnering strategy is more likely to benefit the acquiring company by mitigating the negative effect of CBWAS on consumer attitude and the negative effects of the COO image of the acquiring company on consumers and improving purchase intentions. An integration approach seems to be a feasible strategy when the acquiring firm has a favorable COO image and when consumers are familiar with both the acquiring and acquired brands.

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