



# MERGERS & ACQUISITION NAMING

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Deciding on the Right Naming  
Strategy for Mergers & Acquisitions

BRAND<sup>®</sup>  
ESSENTIALS

When two companies come together in a merger or acquisition, one critical decision is what to name it.

Essentially, there are four alternative approaches, each with pros and cons depending on the situation. Sometimes the decision comes to be at the outset of the deal. Other times it may take years and twists and turns to get there.

**Approach #1: Use the acquirer’s name**

Often, mergers are represented to be “a merger of equals.” But while capabilities may be complementary, and the combination holds the promise of a better company, one party is often the dominant partner. This may be because of its size and breadth, financial strength, current brand equity and/or positioning for the future. Often the name will be that of the acquirer as the dominant party.

**Pros and cons of using acquirer name**

Cons	Pros
<ul style="list-style-type: none"> <li>• May not take advantage of acquired brand equity</li> <li>• May make it difficult to integrate internal cultures and operations</li> <li>• May not signal a new vision for the merged company</li> <li>• May not communicate 'a merger of equals'</li> </ul>	<ul style="list-style-type: none"> <li>• A common brand strategy when one party is clearly the acquirer</li> <li>• May ease economies of brand and portfolio unity and integration</li> <li>• May eliminate brand architecture confusion involved with future acquisitions</li> </ul>

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There are many examples of this approach, such as United Airlines’ acquisition of Continental, Pfizer’s acquisition of Warner Lambert, and Credit Suisse’s acquisition of First Boston, to name a few.

**Approach #2: Use the acquiree’s name**

Surprisingly, this approach is more common than it would seem. Often, this choice is dictated by the relative strength of the acquiree’s brand and/or its ability to better position the combined company for the future.

**Pros and cons of using acquiree name**

Cons	Pros
<ul style="list-style-type: none"> <li>• A less common strategy which may complicate and disrupt leadership, investor, cultural, organizational, and brand architecture considerations going forward</li> </ul>	<ul style="list-style-type: none"> <li>• May make sense if the acquiree has stronger brand equity or better represents the positioning and vision for the company going forward</li> <li>• May make sense if there is a reputation issue with the acquirer</li> </ul>

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There are many examples of this approach in branding assignments I've handled. One with an interesting backstory is the merger of Morgan Stanley and Dean Witter. While Dean Witter was acquirer, its brokerage business capabilities were not as promising for long-term growth as Morgan Stanley's investment banking capabilities.

Initially, to ease this "merger of equals," the adopted brand name was Morgan Stanley Dean Witter (actually the company was Morgan Stanley, Dean Witter and Discover). However, after a relatively brief migration period, the name was changed to Morgan Stanley.

Other examples are Chemical Bank's acquisition of Chase, and Medalogic's acquisition of MedScape.

### Approach #3: Use both names

This is a common approach as well. As we see in some of the above examples, this may be a migration strategy towards a singular brand. Other times, it survives as the company name.

### Pros and cons of using both names

Cons	Pros
<ul style="list-style-type: none"> <li>• May result in a less iconic corporate identity going forward</li> <li>• May retain separate loyalties within the merged entity</li> <li>• May complicate brand architecture when there are future acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>• Also a common strategy that leverages equities of both brands and their portfolios</li> <li>• Clearly signifies a 'merger of equals'</li> <li>• May ease cultural integration (may be an effective short-term migration strategy)</li> </ul>

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Price Waterhouse Coopers (since shortened to PwC) is an example. There's also, Lyondell Bassell and ConocoPhillips, to name a few

### Approach #4: Create a new name

This approach eliminates having to decide which of the above approaches will work best. By its nature, it says something new is happening as a result of the merger. However, there are branding risks and execution costs involved.

### Pros and cons of adopting a new name as the corporate name

Cons	Pros
<ul style="list-style-type: none"> <li>• Expense of creating a new brand may be expensive and not seen as financially prudent if another approach is sufficient</li> <li>• May sacrifice equities inherent in the current brands</li> </ul>	<ul style="list-style-type: none"> <li>• New name can help signal the company's vision and capabilities in shaping a new path forward</li> <li>• Can result in a new iconic corporate identity</li> <li>• Could create excitement and inclusiveness for internal audiences in both companies</li> </ul>

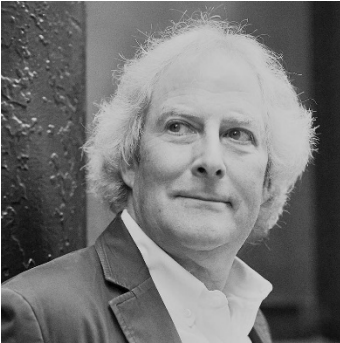
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Some notable examples that I have named are Novartis (the merger of Sandoz and CibaGeigy, Chemtura (the merger of Crompton and Great Lakes Chemicals), and Highmark BC/BS (the merger of two Pennsylvania health insurance companies).

#### In sum

There are internal and external considerations in making these decisions. Sometimes, there are cultural and organizational issues, that is, how will leadership, employees, and investors of each company feel about the decision. Other times, there are external issues, such as how will the marketplace respond to the new brand.

But as we see time and time again, these decisions can be pliable and subject to change in the future.



## AUTHOR

### JEFF LAPATINE | (NAMINGO) PRINCIPAL

#### EXPERIENCE:

Jeff is a branding pioneer whose career, specifically in naming, brand architecture, has shaped many best practices in the branding industry. Conversant across all B2B and B2C businesses, Jeff offers an uncommon blend of strategy, lexicon and design-thinking that has resulted in the creation of myriad iconic global brands.

#### KEY CLIENTS:

Novartis, Anthem Blue Cross & Blue Shield, Highmark, First USA, and Comcast XFINITY, Medtronic, Stryker, American Express, Hewlett Packard, IBM, Morgan Stanley

#### EDUCATION:

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