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Review of mergers and acquisitions research in marketing

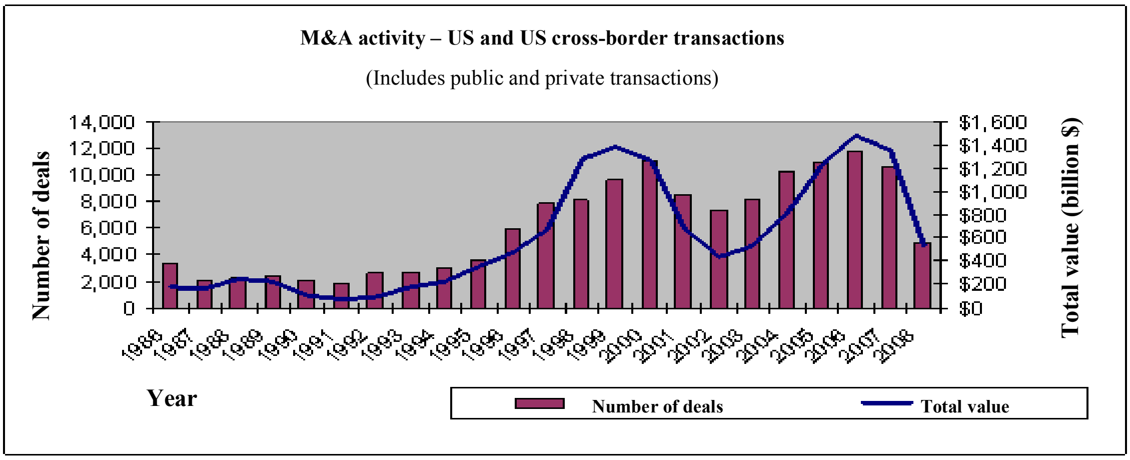
Abstract

Mergers and acquisitions (M&A) as an important business phenomenon, is not very familiar to many marketing scholars, and marketing is not the first functional area to enter managers' mind when they think of M&A deals. This paper provides a survey on M&A related research published in top marketing journals. Linkages are made on how these research relate to M&A research in other disciplines and eight crucial research questions are identified in this area for future research. This survey should help readers appreciate the views of marketing researchers in the M&A field and incorporate M&A topics in their own research.

Keywords: merger and acquisition, innovation, brands, marketing strategy.

Introduction

Mergers and acquisitions (M&A) is an important business phenomenon, as evidenced by the large and increasing volume of M&A activities over the years.As illustrated in Figure 1, the number of M&A deals in the US started picking up in the mid 1990s, together with the total deal value. The trend peaked at 2006 with 12,000 deals and over $1.4 billion in value.



Note: Includes public and private transaction.

Fig. 1. M&A activity – US and US cross-border transactions

Although growth and innovation (2008 and 2010 MSI research priorities) are often listed as motivations for M&A (Dahlhoff, 2002; Reed and Luffman, 1986; Cohen and Levinthal, 1989), this phenomenon is not very familiar to many marketing scholars, and marketing is not the first functional area to enter managers' mind when they think of M&A deals. Responding to the calls for from marketing scholars for greater research in marketing on strategic decisions that occur at the highest levels of the organization (e.g., Day and Montgomery, 1999; Varadarajan and Clark, 1994), I provide a survey on M&A related research published in top marketing journals. I also discuss how these research are related to M&A research in other disciplines and what the crutial research questions in this area are. This survey should help readers in appreciating the views of marketing researchers in the M&A field and help them incorporate M&A topics in their own research.

First, I start by defining mergers and acquisitions. The dictionary definition of M&A is quite general: "[A merger is a] fusion of two companies or, sometimes, an acquisition or a takeover of one company by the other" (Reuters, 1982): Glossary of International Economic and Financial Terms). From this definition, we can see that M&A refer to two categories of merger activity: mergers by consolidation and mergers by acquisition. Scholarly literature generally uses the term 'merger' to include both consolidation and acquisition activity, but this review uses the term M&A (mergers and acquisitions) to encompass both these activities as a single business phenomenon. This is not to omit the difference among mergers, acquisitions and takeovers. Rather, the analysis concentrates on the effect M&A, as a whole, has on the organization of economic activity.

The paper is organized as follows. Section 1 reviews M&A related research in top marketing journals. Section 2 summarizes the findings from the marketing literature and suggests future research directions. The final section concludes the paper.

1. Review of M&A research in marketing

The survey in marketing literature is conducted by first selecting ten influential journals in marketing, and then finding all the M&A relevant articles in those journals. For journal selection, I combined the rankings in Baumgartner and Pieters (2003) and Social Science Citation Index (SSCI) Article Influence Score.

Baumagartner and Pieters (2003) ranked marketing journals by the citations they received in three time periods. I used the most recent period of the three (1996-97). These authors also further classified the journals into 5 subareas (core marketing, managerial marketing, marketing applications, marketing education). For the purpose of my study, I selected journals based on their overall rankings, and did not include journals that are mainly managerially oriented (such as Harvard Business Review).

I supplement my article selection with the SSCI 2008 Journal Citation Ranking, Social Science Edition. I accessed the ranking under the subject category "Business" via the eJournal Web of Science by the Institute for Scientific Information. I used the field "Article Influence Score" for my ranking, and since the ranking contained journals from all business fields, I selected journals that are largely marketing focused.

With these two journal ranking sources, I come up with the list of ten journals included below (they are listed in alphabetical order). Although the rankings vary across the two sources, they are largely representative of the most influential journals in marketing. Journal of Consumer Research is among the top 10 influential journals in marketing; however there are no M&A related articles in it during the study period. Therefore I replace it with Advances in Consumer Research for my article search and include the resulting articles in Table 1.

Top 10 influential journals in marketing:

1. Industrial Marketing Management.
2. International Journal of Research in Marketing.
3. Journal of Advertising Research.
4. Journal of Marketing.
5. Journal of Marketing Research.
6. Journal of Product Innovation Management.
7. Journal of Retailing.
8. Management Science.
9. Marketing Letters.
10. Marketing Science.

Next, I searched these journals for articles published between January 1990 and January 2010 that contained the key words "merger" or "acquisition" in title or keyword (subject terms). I excluded the articles that use "acquisition" in the context of customer, knowledge or information acquisition. I also excluded some articles from "Management Science" that are obviously in fields of finance, operational research or human resource management. With the above criteria, I ended up with 28 articles.

Table 1. M&As in marketing journals (results of review)

Journal	No.	Article	Method	Focus of the study
Journal of Marketing	1	Anderson and Naru (1990)	Conceptual and survey	Distributor and manufacturer firms working partnerships
	2	Capron and Hulland (1999)	Case and quantitative (survey)	Redeployment of brands, sales force and general marketing management expertise following horizontal acquisitions
	3	Homburg and Bucerius (2005)	Quantitative (survey)	How marketing integration affects post-merger performance
	4	Prabhu, Chandy and Ellis (2005)	Quantitative (secondary data)	Do acquisitions increase, decrease, or have no effect on innovation?
	5	Bahadir, Bharadwaj and Srivastava (2008)	Quantitative (secondary data)	What affect the value of a target firm's brands in M&As?
Journal of Marketing Research	6	Sorescu, Chandy and Prabhu (2007)	Quantitative (secondary data)	The role of product capital in M&As
	7	Swaminathan, Murshed and Hulland (2008)	Conceptual and quantitative (secondary data)	Investigate how strategic emphases of merging firms (marketing or research and development) create value in a merger context
Management Science	8	Rao, Mahajan and Varaiya (1991)	Methodological and illustrating example (survey data)	Develop a balance model for evaluating firms for acquisition
	9	Hennart and Park (1993)	Quantitative (secondary data)	Examines the factors influencing the way Japanese firms enter US market (taking over existing local firms, or setting up new ventures)
	10	Markovitch, Steckel and Yeung (2005)	Quantitative (secondary data)	Study the role stock price variation plays in managerial decision making.
	11	Zhao (2009)	Quantitative (secondary data)	Examine whether technological innovation is a motivating factor in firms' acquisition decisions and how an acquisition (or an acquisition withdrawal) affects technological innovation in subsequent years

Table 1 (cont.). M&As in marketing journals (results of review)

Journal	No.	Article	Method	Focus of the study
Advances in Consumer Research	12	Papavasileiou, Swain and Bhattacharya (2008)	Experimental	Consumer's reactions to acquisitions of socially responsible companies
	13	Papavasileiou (2009)	Experimental	Corporate Syntheses: Consumers' Role in Mergers and Acquisitions
Marketing Science	14	Silk and Berndt (1993)	Quantitative (secondary data)	How important are economies of scope and scale in advertising agency operations?
	15	Singh and Zhu (2008)	Quantitative (secondary data)	The relationship between prices and market concentration in the auto rental industry
Journal of the Academy of Marketing Science	16	Reid (2002)	Book review	Marketing-related motives in mergers & acquisitions: the perspective of the U.S. food industry
	17	Jaju, Joiner and Reddy (2006)	Experimental	Consumer evaluations of corporate brand redeployments
Journal of Retailing	18	Kumar, Kerin and Pereira (1991)	Quantitative (secondary data)	Examines a variety of finance, marketing and corporate related variables that are the likely antecedent conditions for M&A activities in retailing.
Industrial Marketing Management	19	Weber and Dholakia (2000)	Methodological and illustration	Propose a method to include marketing synergy in acquisition analysis
	20	Anderson, Havila and Salmi (2001)	Conceptual and case	The importance of customer and supplier relationships in acquisitions
	21	Palmatier, Miao and Fang (2006)	Conceptual and case	Sales channel integration after mergers and acquisitions
	22	Richey, Kiessling, Tokman and Dalela (2007)	Conceptual and quantitative (survey data)	The importance of target firm's relationship marketing managers and the implicit agreements that have kept them with the target firm
	23	Oberg, Henneberg and Mouzas (2007)	Case	Illustrate and analyse changes in managerial sense-making and networking activities following a merger or acquisition
	24	Sanchez-Peinado and Menguzzato-Boulard (2009)	Quantitative (survey)	Adopt an integrative approach to study the determinants for entry mode choice between strategic alliance, internal development and acquisitions in corporate diversification
Journal of Advertising Research	25	Katz (1991)	Survey	How major US advertising agencies are coping with data overload
	26	Laforet and Saunders (1999)	Content analysis and interviews	Examine the rationale behind brand strategies
International Journal of Research in Marketing	27	Chen and Zeng (2003)	Quantitative (secondary data)	Verify the proposition that multinational enterprises choose acquisitions over startups to overcome reputation barriers abroad
Journal of Product Innovation Management	28	Mahajan, Rao and Srivastava (1994)	Methodological and illustrating example (survey data)	The authors present a methodology to determine the importance of brand equity in acquisition decisions

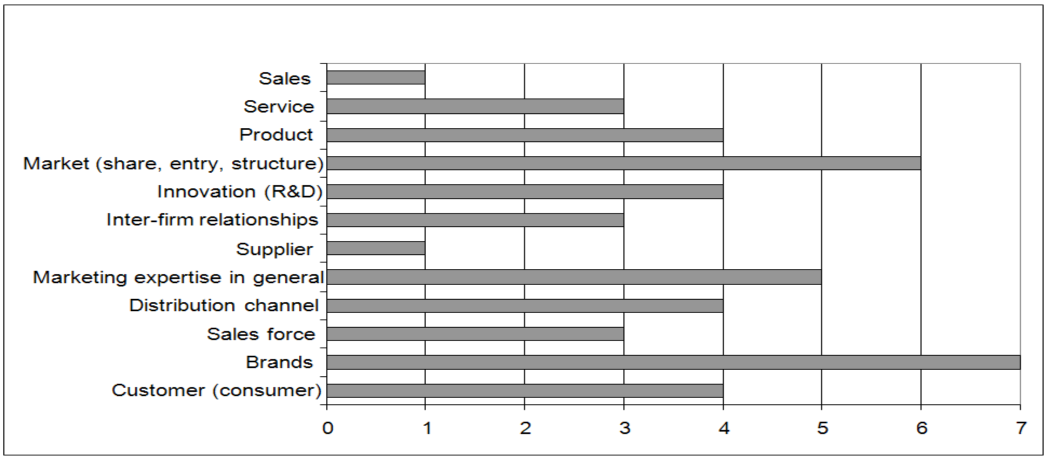


Fig. 2. Frequency of marketing topics in M&A articles

The frequency of marketing topics studied in the selected articles is listed in Figure 2.

As this summary indicates, a wide range of marketing topics, especially brands and markets, are related to M&A activities. As I will discuss later in the paper, many mergers and acquisitions are motivated by the acquiring company's desire to strengthen its market position and obtain brands of the target company. Therefore, it is not surprising to see these two topics receiving the most attention in the literature.

Rather than review the literature from the viewpoint of these marketing topics, I do so in the M&A framework.

2. Merger and acquisition process

I classify the marketing literature on M&A based on various stages of M&A activity. These stages are illustrated in the graph below. Although most papers cover only a part of the picture, an aggregation of the research gives a complete view across the entire M&A event.

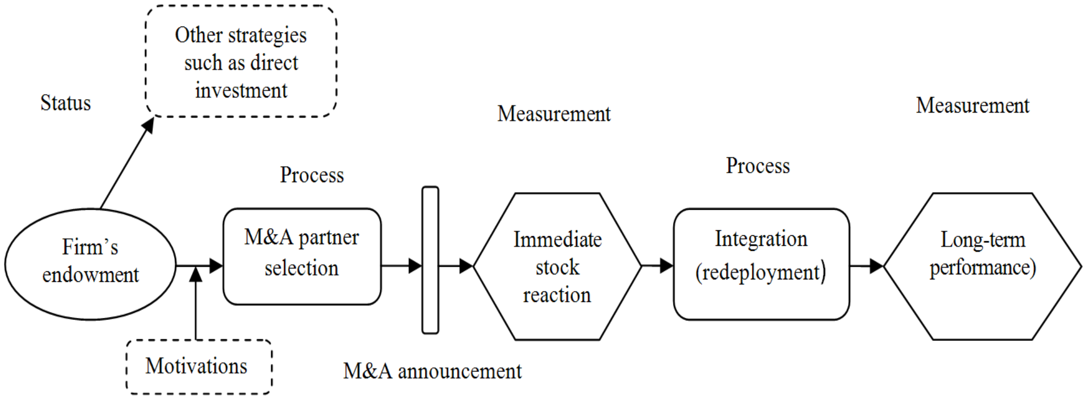


Fig. 3. M&A timeline

2.1. Endowment. Firm's endowment reflects the external or internal conditions of the firm (often the acquiring firm) before the M&A decision is made. Certain industry environments can often trigger merger activities (Silk and Berndt, 1993; Zhao, 2009; Markovitch, Stechel and Yeung, 2005). The current endowment of a firm affects its motivation to use M&A rather than other form of strategic activities to achieve its goal, whether it is entering a new market (Hennart and Park, 1993; Chen and Zeng, 2003), bumping up the innovation potential of the firm (Zhao, 2009), changing the company's social image (Papavasileious, Swain and Bhattacharya, 2008), or obtaining certain exclusive resources (such as brands, sales forces, or marketing expertise) which are locked inside other firms. Differences in the initial endowments of the acquiring firms are also used to explain any difference in performance during the integration process or the eventual performance of the newly formed firm (Prabhu, Chandy and Ellis, 2005; Bahadir, Bharadwaj and Srivastava, 2008; Swaminathan, Murshed and Hulland, 2008).

The key findings of the marketing literature on the relationship between endowment and M&A activity can be summarized into two broad categories.

2.1.1. Initial endowment influences the acquisition decision. Acquisition is used as method of international market entry when investors are of weak competitive advantage (Hennart and Park, 1993) or face high reputation barriers (Chen and Zeng, 2003). Acquisition is also used when companies diversify into unrelated business (Sanchez-Peinado and Menguzzato-Boulard, 2009). Finally, less innovative firms are more likely to enter into acquisition in order to produce immediate improvement in the firm's product portfolio (Markovitch, Steckel and Yeung, 2005; Zhao, 2009).

2.1.2. Initial endowment influences the success of an acquisition. For firms which engage in internal knowledge development, acquisition can be a tonic for innovation (Prabhu, Chandy and Ellis, 2005). On the other hand, firms with high product capital (i.e., those with greater product development and support assets) make smarter acquisition decisions and perform better on long-term financial measures (Sorescu, Chandy and Prabhu, 2007).

These findings suggest that M&A (especially acquisition) is often used as a strategic option because it is quick and requires less industry expertise (as compared to internal research or Greenfield investment). In the case of international market entry, acquiring a local firm also avoids some entry barriers. However, M&A also brings new challenges in the integration (or redeployment) process, which I will discuss later on. Prabhu, Chandy and Ellis (2005) and Sorescu, Chandy and Prabhu (2007) even suggest that the success of M&A in certain aspects largely depends on the preparation of the firms before merger. However, since the analysis of the operating environment of the merging firms usually suggests that many M&As are reactions to difficulty, it might not be fair to judge their outcome by comparing the new firm's performance to the average performance in the industry.

The opportunities for potential research in the endowment area are plentiful. The existing studies show that firms undertaking M&A are often self-selected into merger and their actions are driven by certain purpose. These findings should not be overlooked by any M&A research; otherwise there is a danger that the resulting conclusions may be biased. However, appropriate measures of endowments are not easy to come by, especially the ones beyond financial measures, such as market, personnel and innovation related measures. I will stress the importance of proper measurement in a later section.

2.2. Motivation. The motivation part of the M&A process is important in its own right and has important implications for the measurement of M&A outcomes. The most commonly cited theories for M&A in the marketing literature are resource-based view of the firm (Capron and Hulland, 1999; Homburg and Bucerius, 2005; Hennart and Park, 1993) and knowledge-based view of the firm (Prabhu, Chandy and Ellis, 2005; Zhao, 2009). In addition, some of the intuitive economic theories are also mentioned, such as economy of scale, economy of scope (Silk and Berndt, 1993), market power (Singh and Zhu, 2008), etc. The main findings of the marketing literature on M&A motivation can be summarized into two broad categories.

2.2.1. Marketing related motivations. Scale and scope economies are important for US advertising agencies, therefore small or medium firms have incentive to consolidate (Silk and Berndt, 1993). Brands and marketing factors serve as important acquisition rationale in food and retail industries (Reid and Dahlhoff, 2002; Kumar, Kerin and Pereira, 1991).

2.2.2. Strategic motivations. Improving company's innovativeness and product portfolio is an important reason for M&A, especially in innovation driven industries (Markovitch, Steckel and Yeung, 2005; Zhao, 2009; and Prabhu, Chandy and Ellis, 2005). Whether the M&A is related (synergistic) or unrelated (diversifying) serves as an important mediator for effects of resource deployment (integration) and long-term value creation (Bahadir, Bharadwaj and Srivastava, 2008; Weber and Dholakia, 2002; Swaminathan, Murshed and Hulland, 2008).

The findings on marketing related motivations (Reid and Dahlhoff, 2002) confirm the importance of marketing issues in M&A research and foreshadow the subsequent discussions on the importance of marketing resources integration and their contribution to M&A outcomes.

In spite of the emphasis given to M&A motivations in the theoretical literature, the existing empirical literature inadequately controls for motivation when studying M&A outcome. In fact very few studies differentiate the M&A outcomes by their initial motivation. One reason is that motivation is difficult to classify and measure, another is that stated motivations are often not entirely reliable, since the managers may try to justify their choice ex-post. However, given the number of empirical studies trying to classify merger motivation, I am convinced that difficulties in measurement can be overcome, and differences in motivation can be controlled for in M&A outcome studies.

2.3. Merger partner selection. Once the decision to do M&A is made, the next task is to choose a suitable target. This order of action is not strictly one way, since in some cases the acquisition decision is made after the target is identified. However, the acquirer still needs the implicit environment for M&A, and needs to decide in favor of using acquisition to achieve its strategic goals. Rao, Mahajan and Varaiya (1991) and Reid (2002) specifically listed the conditions an ideal target should satisfy and designed models to implement target selection. Kumar, Kerin and Pereira (1991) studied empirically the likely antecedent conditions for M&A activities and found marketing-related variables to be significant in predicting merger. Yu and Rao (2013a) empirically studies the drivers of target selection process with emphasis on synergy and similarity and complementarity measures of synergy.

The variables proposed as target selection criteria in these researches include: financial variables (total sales; sales growth; return on equity; debt/asset ratio; market/book ratio; insider share ownership), and marketing variables (product/market/ distribution presence). The marketing measurements are based on managers' expectations and judgments, which are detailed and comprehensive, but also suffer from subjective biases and difficulty in large scale implementation. Moreover, solid empirical tests are lacking to verify the practicality of these methods. It is not clear whether the criteria listed in the models are used in business decisions. Kumar, Kerin and Pereira (1991) led the attempts in this direction; Yu and Rao (2013a) and Yu et al. (2013b) also aim at contributing to the understanding of M&A partner selection criteria. Also worth noting is that Zhao (2009) looks at the bidding war among several potential acquirers and analyzes the factors that make the final winner stand out. It is a rare study which gives attention to the target's choice of acquirer (through market mechanism).

2.4. Announcement. Once the merger partner is decided and the deal is announced to the media, the stock market will react to the news with either positive or negative stock price movement. Swaminathan, Murshed and Hulland (2008) use event study method to gauge the investors' reaction to M&A annoucement and judge whether a deal is successful or not. The event study method is widely used in the finance literature on M&A because under the efficient market hypothesis, the stock market reaction to M&A announcement reflects the change in expected future cash flow from the merger. It is less commonly used in the marketing literature on M&A since the focus is usually on market related measures.

2.5. Integration process. Of course, expectations do not always turn into reality. The expected synergies can be delivered only if the integration process is successful. According to the resource based view of the firm, the purpose of M&A is to redeploy valuable resources (often in the form of intangibles) which are locked inside organizations and can only be acquired through merger or acquisition. Therefore, the redeployment of these resources after merger becomes essential. A number of papers in marketing discuss the issue of redeployment in detail. The findings can be summarized into two broad categories:

1. *Type and direction of redeployment.* Highly immobile resources (brands and sales force) are more likely to be redeployed than less immobile resources (general marketing expertise). Furthermore, resources tend to be redeployed from the acquirer to the target more often than in the reverse direction (Capron and Hulland, 2008).
   Impact of redeployment. Marketing resource redeployments have minimum effect on cost-
3. based synergies, but a positive impact on revenue-based synergies (Capron and Hulland, 2008). Market-related performance after M&A has a much stronger impact on financial performance than does cost savings. In addition, the extent of integration is beneficial in terms of cost savings but detrimental in terms of market-related performance (Homburg and Bucerius, 2005).

These findings overwhelmingly suggest that marketing integration matters for the realization of M&A goals and reveal the direction of resource movement between the acquirer and the target. However, these studies are based on the "acquirer" or "two firm" centric view, and do not discuss the effect of M&A on the other parties related to the merging firms. In reality, many of the "intangible assets" of the merging firms are based on certain assumptions towards the other players in the network, such as suppliers, channel partners, or customers of the two firms. For such analysis, a network based approach is better suited (Oberg, Henneberg and Mouzas, 2007) as illustrated below.

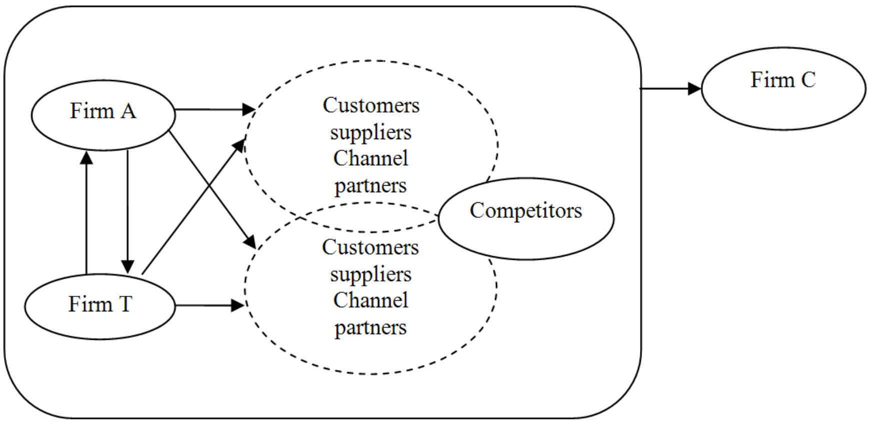


Fig. 4. M&A under resource based view of firm

This sentence is analysis of the merging firms' network includes studying the reactions of channel partners (Palmatier, Miao and Fang, 2006), suppliers (Anderson, Havila and Salmi, 2001), customers (through their reactions to firm's branding strategies) (Jaju, Joiner and Reddy, 2006; Laforet and Saunders 1999), competitors (Katz, 1991), and overall network interactions (Oberg, Henneberg and Mouzas, 2007). Richey, Kiessling, Tokman and Dalela (2007) also discuss the importance of marketing managers since they are in charge of many business connections of the firm. Papavasileiou, Swain and Bhattacharya (2008) and Papavasileiou (2009) study the consumers' reactions to M&A not through their recognition of brands, but directly towards the image of the merged firm.

The major findings on integration research can be classified into three broad categories:

1. *Impact on channels and marketing managers*. Channel integration can be improved by accounting for factors unique to the M&A context and using an approach that triangulates multiple perspectives (Palmatier, Miao and Fang, 2006). The joint activity of maintaining the implicit contracts and retaining the relationship marketing managers have a stabilizing and positive impact on the productivity of subordinate marketing employees. These employees are a key success factor that enables the target firm to function effectively after the acquisition (Richey, Kiessling, Tokmand and Dalela, 2007).

2. *Impact on consumers.* Brand equity related to corporate brands is often decreased as a result of M&A activities and individuals react differently to mergers employing different redeployment strategies (Jaju, Joiner and Reddy, 2006). The matching between two corporate images as well as the naming strategy (combined vs. separate) affect consumer's perceptions of M&As. Choosing the less favorable naming strategy may harm both consumers' attitudes and purchase intentions (Papavasileiou, 2009). The impact of acquisition on consumer-company identification for Socially Responsible Companies (SRC) is a function of three factors: the CSR profiles of the acquiring and acquired companies; consumers' attributions regarding the companies' CSR policies, and consumers' social value orientation (Papavasileiou, Swain, and Bhattacharya, 2008).
3. *Impact on suppliers.* Mergers and acquisitions have important implications, either positive or negative, for the merged companies' customer and supplier relationships. Effects of M&A vary in accordance with the connectedness that prevails between the companies before the merger. The connected mergers are more likely to be affected than unconnected ones (Anderson, Havila and Salmi, 2001).
4. *Impact on the network as a whole.* Business relationships are intangible assets that might be part of the acquisition motivation, yet the transfer of these relationships can not be taken for granted. Without careful management, acquisition can have unexpected effects on these relationships (Anderson, Havila and Salmi, 2001; Oberg, Henneberg and Mouzas, 2007).

These findings serve as a reminder that M&A is not simply a transaction between the two firms. The network relationship needs careful management; otherwise the "intangible assets" which motivate the M&A may lose their value as the network partners adjust their behavior differently from the expectations of the merged firms. These studies also demonstrate the lengthy and complex nature of the integration process, which unless managed properly can significantly affect the M&A outcome. Relatively speaking, the internal affairs of the merged firm (such as consolidating production facilities to realize cost synergies, redeploying resources between acquirer and target, keeping talent from leaving the firm, resolving personnel issues etc.) are easier to control during the integration process than its external affairs (such as consumers' and channel partners' expectations). Since marketing mainly involves nurturing firm resources that are dependent on external relationships, the network approach becomes truly important for researchers and managers alike. Moreover, as Anderson and Naru (1990) and Katz (1991) suggest, a merger between two companies in an industry may lead to a change in the overall landscape, which requires marketing managers to be aware of the larger environment and the implications of competitors' actions in real time.

Although the network approach towards M&A deserves the attention and focus of researchers, one challenge in undertaking such research is that business network interactions are difficult to model and empirically measure. So far most studies in this area have relied on surveys, interviews and case studies. It would be ideal to increase the usage of modeling and empirical analyses in this area of research

2.6. Outcomes. Lastly, I review the outcome of mergers. Although the interest of many M&A researches, M&A outcome is seldom discussed in isolation. Instead, it is analyzed in relation to the M&A variables I mentioned before, such as the environment or the endowments of the firms before merger, or the integration process. Since I have already discussed these topics in the prior sections, I will focus on the measures used for M&A outcome in this section.

The marketing literature on M&A seems to prefer the use of long-term performance measures, such as long-term financial returns (Sorescu, Chandy and Prabhu, 2007), market share and profitability (Capron and Hulland, 1999, Homburg and Bucerius, 2005), and innovation performance (Prabhu, Chandy and Ellis, 2005; Zhao, 2009) which is in contrast to the finance literature's preference for short-term performance measures such as event window stock returns. This is because marketing studies focus on the economic value of M&A as measured by the improvement in certain areas of firm performance, rather than stock market's expectations of synergies from a merger. The common shortcoming of the performance measures used in many researches is that the unit of analysis is often the acquirer firm only, which doesn't take into account the synergies and resources contributed by the target to the combined firm. If the target is large with rich resources, it will have a big impact on the acquirer. Therefore, it is better to use the combination of acquirer and target as the unit of analysis to measure the outcome of merger.

Conclusions and future research directions

Through the review of M&A theories and marketing research on M&A activity, I reach the following conclusions:

1. M&A is a topic that links marketing with many other disciplines such as economics, strategy, finance, law and human resource management. Those fields of study can provide valuable theoretical foundations for marketing studies in M&A.
2. Marketing specific reasons such as brands, products, markets and consumers are important motivations for undertaking M&A, which highlights the importance of scholarly marketing research on this topic.
3. Marketing scholars have demonstrated that redeployment of marketing resources (including brands, sales force, and general marketing expertise) have a significant impact on the outcome of M&A.
4. The "intangible resources" which acquirers aim to acquire from M&A cannot simply be transferred the same way as physical resources, since they often involve other parties such as suppliers, retailers and consumers. Inappropriate management of network of relationships with these external parties (or simply failure to expect their reactions) can negatively impact the new company's image and reduce or eliminate the expected synergies from the deal.

The gaps in the current research and suggestions for future marketing research in this area are:

1. The current research often focuses on the acquirer firm, and seldom on the target. For example, the studies on M&A partner selection take the position of acquirer, and assume that the chosen target will always agree. This is not always the case as shown through bidding wars by Zhao (2009). The acquirer centric view is also reflected in the empirical measurements used in the literature. Many studies use only the acquirer's performance measures, totally disregarding the fact that the target also contributes to the combined firm's performance.
2. The existing literature does not always control for the underlying motivation for M&A when drawing conclusions about the outcome of a deal. This is especially relevant for studies in which outcome is measured on a subset of firm performances. If the motivation of a M&A deal is to improve an area of firm performance that is not measured in the study, the study will wrongly conclude that the M&A fail to deliver results.
3. While studying the motivations of M&A, special attention is needed towards management hubris, as suggested by the financial theories of M&A. Beyond the stated incentives revealed at press release, which is often biased by the executives' incentive to justify the transaction, some objective measures should be used to classify the M&A motivation.
4. The network approach towards M&A studies is an important and valuable research paradigm. Future modeling effort and empirical analysis in this area is desirable to supplement the survey, interview and case based studies.
5. According to the endowment studies of M&A, many firms initiate M&A as a reaction to internal or external changes. If the firms involved in M&A are systematically different from their industry peers, their post-merger performances should not simply be compared to the industry average (or even its own performance a few years ago), since a decline in performance might still be better than what would happen if the merger did not happen at all. Ideally a group of firms that were facing similar conditions as the pre-merger firms should be selected to serve as the control group.
6. Besides M&A, Hennart and Park (1993) and Chen and Zeng (2003) point out other forms of strategic moves as methods to enter new markets, which links the M&A research to other marketing studies on alliances (Bucklin and Sengupta, 1993). There has been studies on the differences and relationship between M&A and alliance in other academic fields (e.g., Wang and Zajac, 2007; Yin and Shanley, 2008), while such studies are rare in marketing literature.
7. The innovation focused research in M&A (Prabhu, Chandy and Ellis, 2005; Zhao, 2009) also suggests possible linkage to the R&D and product innovation areas of research in marketing. Innovation is an important and fruitful area of research; however appropriate measurements of innovation outcomes are hard to come by. The difficulty in measurement might explain why much innovation related research focus on one or a few industries (because within an industry or similar industries, uniform measurements of innovation are easier to find). At the mean time, new measurement of innovation might lead to unprecedented findings.
8. M&A serves as a perfect topic at the intersection between marketing and finance, as a response to the call for more research across these two fields (Srivastva, Shervani and Fahey, 1998; Hanssens, Rust and Srivastava, 2009). More finance measures (both short term and long term) can be adopted to capture the impact of marketing changes due to M&A; more marketing measures (such as customer satisfaction, product return rate) can also be linked to firm's financial performance under the impact of M&A.

In summary, M&A is a promising yet under-developed area of research in marketing. It presents both opportunities and challenges as an interdisciplinary topic of research. I hope more marketing scholars would find interest in this topic and contribute to people's understanding in this area.

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