CHAPTER 2

REVIEW OF LITERATURE

2.1 Overview of Rebranding

Rebranding, the term which has cropped up in the last couple of decades or so, refers to repositioning or revitalizing a brand. Kotler (1992) defines a brand as a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors. Stern (2006) defines rebranding as name changing exercise of the company or its targeting and positioning, in an attempt to attach new connotation to the corporate brand and communicate the same to the stakeholders. According to Aaker (1991) rebranding constitutes the basic for the corporate communications programme and for the consumer’s awareness and images. In support, Keller (1998) adds that consumer’s perspective of brand’s name is directly associated to psychological attributes which enable us to create meaning. Stuart and Muzellec (2004) notes that rebranding can be as a result of mergers and acquisitions, whereby the company then focuses on a new image and vision.

We may therefore define rebranding as the creation of a new name, term, design or a combination of them for a recognized brand with the intention of developing a new, distinguished position in the mind of stakeholders and competitors (Muzellec and Lambkin, 2006). Rebranding is a route to change bringing modification in the structure of the organization and its’ business strategy to suggest the need for a fundamental redefinition of its identity (ibid). Another way of defining rebranding may be the need to break with their past (Johnson, 2002). It calls for making a major shift by the organization conducting the rebranding exercise so as to make the seamless transition from the past and the future and at the same time be more transparent with clarity in policies with their patrons/customers.

In a study of small and medium sized French organizations, Delattre (2002) presented a typology of the reasons for name changes which were: an alteration of corporate image, a change of management, a change of activity and a revision of legal status and technical scenario. When company’s name gets associated with a negative event
or a tragedy and so rebranding will enhance the company to have a new image and customer will have new perceptions of the company (Johnson, 2002). In addition to the already cited situations, few external factors might also be responsible for an organization to rebrand (Boyle, 2002). Rebranding can be considered as an instrument to counter competition and earn competitive advantage. The management of the organization can have concern over external perception of the organization and its activities thereby leading to a rebranding exercise (Lomax et al, 2002). Osler (2004) addressed the reasons for name changes by posing some questions and criteria to determine the need for a new brand name. He presented the need for a name change in cases which include mergers and acquisitions, changing business categories, an outdated name, changing brand perceptions, legal necessity or for other international language considerations.

Rebranding is also reiterating the existing marketing niche. It is not similar to the initial launch. The brand equity that is developed between existing customers and clients are vital and marketers generally don’t want to lose this. Hence there can be a dual purpose to rebranding - one, to ascribe a new name to a product or service and two, it can mean to reposition and revitalize a current brand. The rebranding exercise is applicable to new products, mature products, or even unfinished products. The process of rebranding can happen deliberately through a strategy or transpire unintentionally from emergent, unplanned situations. Muzellec et al (2003) defined rebranding as “the practice of building a new a name representative of a differentiated position in the mind frame of stakeholders and a distinctive identity from the competitors.”

Keller (1999) describes rebranding strategies as parts of repositioning without destroying existing brand loyalty. It is the process of giving a product or an organization a new image, in order to make it more attractive and successful. Rebranding involves transferring the brand towards a more attractive and relevant position (Tybout and Stephen, 2005). The definition of rebranding, rebuilding, relaunching, refreshing and repositioning is similar in different studies. It has been usually referred to as repositioning, revitalizing or rejuvenating of a brand and in some case a brand being reborn. Far from just a change of visual identity, rebranding is also a part of overall branding strategy of a product / service. This may involve
radical changes to the brand’s logo, name, image, strategy of marketing and even the advertising theme. Daly and Moloney (2004) suggest rebranding can be viewed as a continuum which refers to three change categories with respective change formats – Minor Changes (Aesthetics), Intermediate Changes (Reposition) and Complete Change (Rebranding). Besides, Stuart and Muzellec, (2004) state that rebranding can be achieved with the changes of brand identity that can be categorized into three main types: Name, logo and slogan changes. In contrast, Muzellec and Lambkin (2006) believe that both changes of marketing aesthetics and repositioning can also be rebranding approaches. Andrews and Kim (2007) maintain that rebranding always involves some changes in the existing perceptions among customers and also firm’s position in the market. For example, when marketers implement rebranding for an established brand, new name, term, symbol, design or other visual identity devices may create a novel position and image to both internal organization and external market (Muzellec and Lambkin, 2006; de Chernatony and Riley, 1998).

Stuart and Muzellec (2004) endorsed that rebranding can be accomplished when one of the following changes are introduced (i) Name and logo, (ii) Name, logo and slogan (iii) Only logo (iv) Logo along with slogan (v) Only slogan. Stuart and Muzellec (2006) further reiterated that there are two degrees of rebranding-revolutionary and evolutionary rebranding. The former fully puts an end to the earlier perception of the brand and shapes a fresh entity, by changing name, logo and slogan. Evolutionary rebranding is not much severe and changes one or two of the three features, while retaining the key issues of the positioning.

However, history tells us that rebranding can be a double edged sword. Rebranding can be very risky and challenging strategy that can lead to serious damages on brand loyalty and brand equity. (Aaker 1991; Keller 1993) There were many rebranding failures. Coca Cola made an effort to introduce new line called “New Coke” in the mid1980s yet received extremely poor response from the customers. Consequently Coca Cola had to re-launch its original recipe to win back its clienteles. British Airways in mid 1990s had altered its look by ‘de-britishing itself,’ (Hatch and Schultz, 2001). This act made their loyal customers complain that the core element of “Britishness” was missing that represented the traditional British culture of the Airline. There are many similar cases of rebranding failures. It can be thus observed
that the act of alienating the brand culture and disconnecting the initial brand with the revitalized one can not only upset the current customers but also creates undesirable insights towards the changes. Moreover numerous research done on rebranding tactics have revealed the chances of arousing destructive attitudes and feedback from clients, specially the loyal ones, with the changes in the heritage brand (Walsh et al, 2006). Loyal customers find it extremely difficult to tolerate such changes as they are emotionally attached with the brand (Bloemer and Kasper, 1993). It has also been observed that in many cases, such loyal customers have a habit of equating their experiences and feelings of the original brand while evaluating the change (Hem et al, 2003).

2.2 Logos

Logos are not simply about cosmetics; it is about re-engineering the soul of a brand. With more dispensable income in the hands of modern day consumers, there are tremendous amount of change in the lifestyles and shopping pattern. In order to remain up-to-date, brands have to spruce up themselves every now and then. In a highly competitive marketplace, where services are being tangibilized with productization, a logo can be an essential brand element of a distinguishing characteristic of a brand (Aaker, 1991). Usually, companies establish visual identity systems like corporate name, symbols and/or logotypes, slogans, typography to ensure consistent application of these elements to signs, stationery, booklets, uniforms and vehicles. Corporate identity, particularly when manifest in a symbol, gives tangibility to the communication strategy adopted by a corporation (Foo & Lowe, 1999). Logos are used for all probable business communication to improve an all-inclusive recognition of the organization and as a means to shape brand equity (Kellar, 2003). Organizations invest massive amount of money in conceiving, designing and promoting a logo van Riel et al (2001) that help organizations develop brand equity through improved brand recognition and loyalty (Murphy, 1990). Logos, as a visual flag of a company, are a “catalyst” for good or bad feelings toward the firm and his products (Gobe, 2001). Since the market is cluttered with brands, and industry crowded with competitors, a strong brand presence helps a company to stand tall. Good logos, like memorable signatures help the companies to rise above the visual clutter. In the recent past, logo has become a critical area for companies; many of
them are either changing their logos or launching new ones. There have been several studies that showed the importance of having an appropriate name and logo to a brand. *Janiszewski and Meyvis (2001)* stated that meaningful stimuli through logos are expected to improve conceptual fluency that “occurs when exposure to a stimulus creates a meaning-based representation of a stimulus that facilitates encoding and processing of the stimulus when viewed at a later time.” *Hem and Iversen (2004)* found that logo representativeness and design were “important determinants of logo success.” *Stafford, Tripp and Bienstock (2004)* extended the logo beyond its evaluation to the evaluation of the organization. They investigated the relationship “between consumers’ perceptions of a logo, the organization it represents and the organization’s performance”. The rapport between the perceived image of the logo and organization perceptions was found to be positively significant. Moreover, the relationship between organization perceptions and performance perceptions was also found to be positively significant. In addition, another significant positive relationship was also found upon further analyses between logo attractiveness and recognizability and performance perceptions. However, the “relationship between logo image and performance perceptions appears to be mediated by organizational perceptions.” Similarly, *Fang and Mowen, (2005)* studied the effect of a logo design on attitude toward the firm and the perception of the firms’ modernism. Furthermore, subjects who were high in visual orientation (an individual factor) perceived the firm as more modern than those with a low visual orientation (for the building logo). On the other hand, subjects who had low visual orientation perceived the firm as more modern when the logo was abstract versus realistic.

Consumer evaluations of a new Dutch bank logo was carried out by *Van Riel, van den Ban and Heijmans (2001)* before and after the launch as compared to two competitors’ logos. More associations (graphical and referential) were generated towards a highly familiar logo than that to a new logo (without the name). “The new logo did not only evoke more cluster of meanings” but “it also evoked a wider variety of interpretations”. When the subjects were shown the name of the company with the new logo, the set of associations were further increased.

*Hem and Iversen (2004)* presented a framework for developing destination logos (related to travel and tourism) and reflected the important stakeholders involved. They
presented three partners that were involved in developing a destination logo: the logo owner (employees, stakeholders and cooperating sub-companies), the logo recipient (tourist segments, travel agencies, and tour operators), and the logo developer (consultants, designers, and printing agents). Good logos were considered those that were recognizable, meaningful and positively affective. Hem and Iversen (2004) used the Fjord Norway destination organization logo in their study. A survey gathered input from the logo recipients about their logo familiarity, design evaluation, and representativeness thought between the logo and its destination (meaning how well the logo represents and fits the travel destination). This was then followed by another study, where a number of destination logos were developed and the recipients were asked to choose the best. The choice reflected by most of the logo recipients did not seem to agree with that of the logo developers (designers). The authors later presented a flow diagram for developing a destination logo which is based on two major phases (logo assessment and logo creation). In the logo assessment phase, the vision required from the logo is assessed and the feedback from the logo owner, developer and recipient about the current logo is considered. In the second phase, a series of logos are presented and the logo recipients’ top choice is adopted. In terms of a logo change, Kohli et al (2002) provided some guidelines and stated that “if a logo is changed, the change should be made in (1) content, when it is warranted by a shift in brand strategy, or (2) style, when the need for an update is felt.” Minimal changes with the logo is always advisable. They further say that “if logos are to be changed, they should be changed for content, not for style, and the change should be incremental”.

Pimentel and Heckler (2000) were perhaps the first to study consumer’s perceptions of a logo change. Through a number of studies, they found that consumers “preferred” no change to a logo but small changes were well “accepted.” They stated that “changes will be tolerated by consumers as long as the changes are small enough so that the new logo design falls within the consumers’ latitude of acceptance”. They concluded that social judgment theory helps explain consumer’s preference to such logo changes rather than discrepancy theory. According to Haber (1958) and Hansen(1972) under discrepancy theory, when an “individual has become adapted to a stimulus, slightly altered versions of the stimulus (e.g., logo) would allow for
novelty effects and would be preferred over the current version,” *(Pimentel and Heckler, 2000)*.

*Walsh, Page and Mittal (2006)* conducted research on the attitude of consumers toward a logo restyle. They examined the consequences of different degrees of restyled logos on the shoppers’ approach towards them, with the curbing effect of brand commitment. The logos of two categories of products were used (athletic shoes and bottled water) which were adapted from angular to rounded designs. The authors found that hardcore brand loyal shoppers showed more negative attitudes toward the altered logo, with a higher negative attitude towards the brand with the higher the degree of change in the logo. The authors explained that the negative attitude toward the changed logo infers that intensely loyal shoppers have an “emotional connection” with the brand which undergoes logo changes and this produces a negative attitude. However, shoppers who were less loyal towards the brand had a more encouraging brand approach when exposed to altered logos as compared to the unaltered ones. Here, consumers are thought to perceive the change as an “innovative approach” leading to increased positive evaluation and optimistic approach towards the brand attitude. It was also found that logo evaluation partially mediated the relationship between brand commitment and brand attitude. Furthermore, participants’ cognitive responses toward the changing logos showed more negative brand thoughts for more highly brand committed consumers and more positive brand thoughts for less committed consumers, which increased with a higher degree of logo change.

### 2.2.1 Significance of Logos

One of the maiden research studies conducted by *Manville (1965)* on the importance of logo stated that two similar advertisements were tested for effectiveness through aided and unaided brand recall. The advertisements differed only in logo- one was “the usual logotype Philips, the other, a ‘dummy’ logo, T.A.G.” The advertisement of the logo with the established brand name logo was very well-received than the other which was not a known brand. The issue that arises often is whether logo adds value to a brand name. *Schecter (1993)* suggested a way of assessing the contribution of a logo through its image and recognition. Focuses were categorized into three main groups: the first revealed the brand name only in black, the next showcased the image only in color, and the third category showed both name and icon together in color.
“The difference in scores between the “Full Logo” cell and the “Name Only” cell determined the image contribution of the logo design”. Fifty five percent of the logos seemed to influence image perception whether positively or negatively, but at the same time forty five percent of the logos had a negligible effect. It was also observed that in terms of image contribution, letters and pictorials seemed to have significantly higher scores than characters, abstracts, and word-marks. On the other hand, in terms of recognition, characters and letter symbols scored better than pictorials and much better than abstracts. Giberson and Hulland(1994) found that when a product category is cued in a logo, the logo is retrieved faster from memory. Based on Henderson and Cote’s (1998) logo design dimensions, the authors manipulated two logo design characteristics, namely: the representative/abstract and angular/rounded dimensions. The dependent variables that were used are: attitude toward the logo, attitude toward the commercial, attitude toward the firm, and the perception of firms’ modernism. The results showed that the effect of roundness of the logo on the different evaluations was moderated by the product category (i.e. an angular logo was preferred for the building and a round logo was preferred for the vase). Furthermore, the effect of logo representativeness and roundness on evaluations was also moderated by visual arts orientation (an individual difference factor). In another study, Fang and Mowen (2005) investigated factors that would influence the effectiveness of a logo design.

Kohli, Suri and Thakor (2002) shared their opinions on creating effective logos. In a logo design two important components of logo are comprised- content and style where content specified the “logo elements including text and graphic illustration” and style denoted the presentation of elements.” Logos are the mirror of the “bigger portrait and guarantee steadiness over time and between different elements” of brand identity, i.e. the name, logo, and slogan.

2.3 Previous Research Studies Carried on Rebranding

With the growing interest and increasing tendency in rebranding from both corporate and the academia, research scholars have explored the tactics of rebranding, including corporate visual identities and impacts on organizational behavior. A summary of key studies carried out on rebranding has been mentioned in Table No 1.1 of Chapter One. The research gap from the table are illustrated below here.
1) There was only one study conducted on measuring customer perception towards brands after rebranding (Andrews and Kim, 2007).

2) Most of the studies carried out were qualitative in nature. Survey design was adopted by Hankinson and Lomax (2006); Alshebil (2007) and Andrews and Kim (2007) however the respondents of these studies were not the real customers but students and staff members.

3) All these research studies were done in western settings.

4) There was very limited quantitative studies emphasizing on the customers’ perception towards rebranding specifically. There were studies done on other branding strategies using quantitative techniques.

5) Another study was focused on attitudes of the staff towards rebranding (Hankinson and Lomax, 2006).

2.4 Uncertainties and Benefits of Rebranding

Strategies undertaken by companies conducting the rebranding exercise does not necessarily carry any assurance of success. According to Uggla (2006), marketers need to know their set of target customers before bringing any modifications with their brands which may cause them to lose their existing target market. For example in the year 1993, when Marlboro faced price-oriented rivals in powerful retailers, it dropped its brand’s price by 20 percent. This approach was quite risky and ended up hurting its reputation (Aaker, 1997). This unfortunate approach carried with it the risk of customers devaluing Marlboro’s brand image and losing confidence in its brand personality.

However, there were few marketers who could successfully implement rebranding strategy and bring in rise in their sales figures. Here we may quote the example of Wal-Mart. Although Wal-Mart was relishing its success, marketing campaign was its biggest challenge. Number of surveys were conducted Lake Research Partners to determine the shoppers’ attitudes towards the brand, i.e., Wal-Mart. The observations were, in general people thought that the business model of Wal-Mart resulted in a rising jobless rate within the United States, that it violated laborers legitimate benefits.
and that it was sexually discriminating (Lake, Mermin and Weifek, 2005). Therefore, Wal-Mart rebranded its corporate image by adopting a new logo and new slogan in 2008, trying to establish a fresh and healthy image (Armin, 2008). According to Wal-Mart’s official 2009 Annual Report, net profits for the company were up by seven percent and earnings per share were up by six percent following its 2008 rebranding campaign (Wal-Mart, 2010).

Learning from experience of rebranding, India Inc have also started thinking of makeovers of many of their organizations. In the recent past, several companies like UTI, Air Deccan, Air India, Airtel, Hero MotoCorp, Videocon, Zee TV, Café Coffee Day, HUL and many more have undergone the process of rebranding, each of them having their own different reasons. Rebranding exercise of Axis Bank pursued to assure the customers of the bank that except its name, there was no other changes while HUL’s new identity sought to maintain balance between the heritage of the company and the collaborations of global orientation with the corporate name of Unilever.

Rebranding exercise shall remain incomplete unless appropriately communicated with large-scale integrated marketing campaign. Few of the industry estimates of rebranding campaign places Hutch-Vodafone rebranding promotion at around Rs 100 crore (Rs 1 billion). In 2006, its income was £29.350 billion while the UTI Bank-Axis Bank rebranding costs the company Rs 50 crore (Rs 500 million). HUL had net sales revenues of Rs 121.03 billion and net profit of Rs 18.55 billion. In November 2010, Airtel went for rebranding by launching a new-fangled logo and a new signature tune with an aim towards global branding phase and gave it an international motif.

**2.5 Perception**

Perception is the method of choosing, organizing and inferring sensations into a meaningful conclusion. Earlier, the procedures of interpreting stimuli and gauging responses were limited to examining the sense organs. Today, however, this view of defining perception has changed. Though senses still play a major role in forming a perception of an event, interpretation of the same may lead sometime to a false perception. Perception is entirely subjective. An individual’s frame of reference affects the way he or she interprets sensations.
2.5.1 Consumer Perception

Perception of customers towards business as well as the logos of the corporate house play a vital role in transporting business perceptions to product or service perceptions (Janiszewski and Meyvis, 2001). The toils of marketing becomes successful when they are able to create the anticipated behavioral consequence. However, the manner in which people behave and what encourages them to act in a specific style is mainly determined by their social and cultural orientation (Mooij, 1998). These helps to determine not merely the methodology of apprehending and integrating the surrounding information, but also monitors researchers’ behavior and actions (D’Andrade, 1992). The impact of culture on behavioral intentions is further documented in cross-cultural validation of Fishbein's Intention model by Lee and Green (1991). Culture not only affects our attitudes and structures of our subjective norms, but also serves as a motivational force guiding our product choices and purchase decisions.

2.5.2 Customer Perception and Rebranding

Marketing activities are undertaken with the goal of changing or reinforcing the consumer mindset in some way. This includes thoughts, feelings, experiences, images, perceptions, beliefs and attitudes towards a brand (Aaker, 1991). It is only when the customers’ perceptions of the business, the products and the services are known one can truly know whether or not the business is going in the right direction(Solomon et al, 2006). Currently, consumerism has undergone change in a big way and shoppers today are very much well-versed about the products or services, as compared to the earlier days. As a result, market space has become highly customer centric. Understanding the importance of the shoppers, business corporations have started implementing brand restyling endeavors on a regular basis. In the recent past, along with other parts of the globe, many business houses in the country from time to carry out the rebranding exercises. Many of the recent rebranding cases have been cited in chapter one. This study discusses in detail the rebranding cases of four different business houses and how it impacts the Indian consumers’ perception and their purchase decision.
For marketers, rebranding has become a common exercise these days. By altering illustrative brand elements like logo, color used in the logo and the tagline, marketers target to craft new and innovative associations with the brand and entice shoppers’ buying intents. However, consequences differed across diverse products and services.

Some brands are successful in delivering new brand images to their customers, while others fail to impress, or be accepted by their loyal customers with such changes. Even in India, rebranding is not a firsthand activity anymore. Numerous cases of rebranding of various business houses such as Videocon, Godrej, Bank of Baroda, Indian Airlines (now Indian), Hindustan Lever Ltd (now Hindustan Unilever Ltd. etc.) have indicated that rebranding or revitalizing and creating a makeover for a brand is important for a business house. Keller, (1999) highlighted that a constructive rebranding plan can increase customer-based brand equity in form of augmented quantity purchased and frequency of consumption. A favourable approach towards rebranding can make a brand stronger. Hence favourability and uniqueness of brand associations which make up brand image and also increase customer-based brand equity (ibid).

In fact, behavioral intentions are always regarded as indicators to evaluate how customers perceive services in many previous studies (Cronin, Brady and Hult, 2000; Zeithaml, Berry and Parasuraman, 1996).

The interactions that arise between the shoppers and the business at the point of sale ultimately affect the customer’s view and image of the business. Light and Kiddon (2009) discovered shoppers of recent times are more demanding than they used to be in earlier times. Marketers need to make sure the trust on the brand retains, specially with modern day information flow in society, which affects both, patrons and the sellers (ibid.). Increased brand equity adds to a enhanced competitive edge (Kotler et al, 2010). Moreover the technological developments are instigating companies to revise the marketing plans for products and services offering for both B2C and B2B segments. It is within this rapidly changing environment that customer satisfaction and quality are compelling the attention of all business houses as customer demands have become increasingly sophisticated (Light and Kiddon, 2009).

Satisfaction may be defined as an overall evaluation of performance based on all prior experiences with a firm Skogland and Siguaw (2004). The worth of the brand, and the success of the promotional activities undertaken to touch the mindset of the shoppers about a brand, are determined by assessing the alterations in perceptual responses on
advertised qualities (Romaniuk and Nicholls, 2005). Silver and Berggren (2010) asserts that corporate branding is not an easy task to achieve, specially in service industries like banks etc mainly because the service products are intangible. However in case of manufacturing companies, products are easily imitated and launched (ibid).

Satisfaction level of employees does have an encouraging influence on employee involvement (van Wegge et al., 2007), performance of employees (Wright T., 2007), the employees’ customer satisfaction (Stock, 2009) and many other factors. Therefore, corporate image of an organization has to be very powerful, in order to make a significant impact.