

# The Effect of Rebranding in Firm Performance & Consumers' Perceptions

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**Abstract**—The visual aspects of a logo are a prominent feature that plays a major role in strengthening brand perceptions and identification for. Hence, changing the logo for companies have a variety of reasons such as reorganization and adopting new strategies for a company, novelty, changing the company name, change of firm activity, or for the complexity of an old logo<sup>1</sup>.

As a result of many examples in the global market of the logo change, and the lack of researches in relation to a brand attitude in response to logo redesign. The primary goal of this research is to both selectively highlighting the impact of logo redesign on brand image, it will also investigate consumer response to logo redesign.

The methods adopted to satisfy the research objective about firms re-branded (changed their logo) was both questionnaires and interviews analyzed using the (SPSS) software.

Finally, this research aims to examine consumer attitude and firm performance towards a product brand after the re-branding.

**Keywords**— logo, brand, firm, organization, consumer behavior, re-branding

1 Please see the photos in figure 1



Figure 1: Illustrations Show Logo Change In The Global Markets (Source: The Author)

## I. INTRODUCTION

Brands have an essential role to identify a firm or brand as it is part of a brand meaning and strengthen the communication between the producer and consumers. Logos help to perceive and differentiate the products as they communicate visually, hence, companies invested time and money on a logo to create something valuable to consumers (1). Firms' logo can either show the brand name (e.g., Apple, Coca-Cola, Shell) or both the logo and the name (e.g. Adidas, Nike, Pepsi, KFC, Jaguar, Toyota) to increase recognition of the brand. Nowadays, globalization leads companies to operate in international markets and facing competition across international markets. In addition, consumer behavior has shifted businesses from producer towards customer oriented models (2). Re-branding can be in two levels minor and major scale. A major one is a structural change in the company like changing the name, while the minor scale is limited to logo redesign (3). In addition, re-branding happened in two ways, either by changing the logo completely and replace it with a new logo or slightly modifying the existing logo (4). As a result, the consequences of re-branding in its both ways may influence customers' brand equity and loyalty (5). The study of re-branding for some companies found that there is no significant change in companies' performance returns (6). Therefore, when people see a logo not changed, they think that the firm is outdated and out-of-touch with modern best practices (7).

Finally, this research begins by reviewing the literature and investigating how modifying brand logos contribute to firm performance, in addition to consumer response.

### A. Research Problem

The finding from reviewing different literature was discussing brand visual elements such as colors and shapes. However, to the best of my knowledge, there are no previous studies covering the impact of re-branding as it neglected from academic research.

### B. Research Aims and Objectives

This research aims at introducing the effect of re-branding on both firm performance and consumer attitude to achieve this aim this study will present the influence of logo redesign on the brand.

<sup>2</sup> Kim V.W. E, PERIYAYYA T., LI K. T. A. (2013), " HOW DOES LOGO DESIGN AFFECT CONSUMERS' BRAND ATTITUDES? ", International journal of Innovative Research in Management, (January 2013, issue 2 volume 1): pp: 44.

### C. Research Significance

This research will help both firms owners and advertisement companies from the information that they will get from the findings and recommendation of this research about logo design and its importance and impact towards brand attitude.

## II LITERATURE REVIEW

A brand is defined as "A name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers" <sup>2</sup> (1). After the industrial revolution and as transportation connected all the countries which as a result help to transport goods to other countries which give consumers a variety of choices between different goods from different countries (8). Therefore, in the twentieth-century branding became a necessity for companies to distinguish themselves from others. In addition, the logo can be defined as marketing communication that identifies a product from one firm to other firms which increasing stimulus towards a brand. Hence, brands are viewed as a firm's reputation intangible asset. Nowadays, brand loyalty is decreasing and distorting as the market competition increases as companies initiate new brand make consumers compare quality and prices, therefore, the main task for companies' customers is to regain their brand loyalty (8). Also, the brand can be described as, "a name, symbol, design, or some combination, which identifies the 'product', while successful brands portray an image that customers strive to achieve to attain a certain status or image (9). Therefore, firms nowadays and because of market competition start to pay substantial attention to the visual elements of a brand such as logo design, product, name, and packaging by improving its aesthetic aspects (1). Also, there is a difference between brand names and firm brand name, while firm brand name creates an image and favorable reputation of the firm as a whole, brand names differentiate products from competitors (10). In addition, separating the firm brand from its product brands has many benefits as it can reduce the effect of adverse publicity to its other products, improve brand equity for some of the firms' product, and allows a firm to increase its diversity of products by entering markets where the corporate brand is unfamiliar (11). Therefore, some firms try to build consumer loyalty through a firm brand name that applies to all of its products, other firms may choose invest in the identity of its distinct product brands. Hence, brand products do not need to spend money on advertising and promotion, as customers identify these products by some characteristics (name, color, shape) (12). Meanwhile, re-branding is a motive for the firm for a major shift future plan to update and improve its performance away from the past (4). In addition, re-branding maybe as a result of a firm aim to upgrade their situation in the market (13).

There are four strategies for re-branding undertaken by the organization: repositioning, renaming, redesigning and launching (14).

1- Repositioning is a decision by a firm to produce a new image perceived by customers resulting from pressure caused by competitors and changing consumer tastes, poor sales performance (15).

2- Renaming is changing the name of the product.

3- Redesigning is referring to changing brand elements (name, logo, and slogan).

4- Launching is to check consumer reaction of re-branding.

Re-branding is described as the invention of a new name, slogans, and logo design for an existing brand, to influence consumers and competitors (5). Nowadays consumers have an active role in brand building, and how they perceive brand personality [3]. Therefore, a gradual change in a brand is essential to respond to market change and brand management (10). On the other hand, re-branding cost a tremendous of money as it needs to hire a company to make a new design for its logo, name, business cards, pamphlets, company Web sites, and signage (6). A study of re-branding for different firms showed that the performance of firms who changed their name with other managerial decisions have more value than firms changed their names only (16). In order for a firm to carry out a successful re-branding, the market has to be analyzed in the form of current attitudes, preferences and the competitions, it is essential to get the support of the employees as employee's behavior can a good reputation of brand values towards the customers (17). As stated "Employee branding is the process by which employees internalize the desired brand image and are motivated to project the image to customers and other organizational constituents" <sup>3</sup> (18).

### A. Brand Equity

Brand equity involves brand recall and defined as a reaction, awareness, and recognition, consumers have about the brand and their ability to distinguish the brand (14). In addition, brand awareness can influence the decision in selecting between different alternatives and strengthen individual perceptions (19). Therefore, re-branding process affects brand equity gained before or even destroy the brand equity gained by marketing efforts (14).

### B. Brand Image

A brand image focuses on the brand perceived by consumers through marketing and advertisement which in turns influences purchase decisions, lower marketing costs, increase brand loyalty, and give the opportunity to attract new customers (3). Therefore, companies should make their messages as clearly as possible. Furthermore, a company activity should interact with other actors such as suppliers, shareholders, and the company's employees (20).

### C. Brand Identity

A brand identity help to satisfy a consumers ambitions and prestige in their daily life [20]. In addition, brand identity is enhanced by the company through marketing programs and advertising messages [21].

<sup>3</sup> Miles S. & Mangold G., (2008), " A conceptualization of the employee branding", Journal of relationship marketing, Vol. 3 Issue 2/3, pp: 65-87.

#### D. Logo

A logo is a graphic which includes shape, image, style and color(s) used to identify a company or a product such as Nike, Apple, Chanel, Microsoft, it is part of the sign system that communicates and interact with stakeholders. Meanwhile, a logo is a company's signature that adds value in communicating with consumers and helps them to recognize and remember the brand name (2). On the other hand, logo design should be easy for customers to memorize to reduce the risk of damaging the firm identity (22).

#### E. Re-branding

The term re-branding is made up of two terms: re as a prefix which means "again", therefore, re-branding means that consumers for a specific brand notice that something about the firm has changed (14). The process by a firm to change the brand perception of a consumer is characterized as a re-branding (17). In addition, 're-branding' includes the following processes; changing the name, changing a logo, and/or repositioning (23). Hence, the change in the firm logo should in the content rather than the style and should be incremental (6). Furthermore, re-branding have been analyzed and studied in relation to market value perspective by several researchers, including Kimberley (2012), Pham (2014), Branca and Borges (2010), Walsh & Page (2007), Aaker (1991), ALSHEBIL (2007), Keller & Lehmann (2005). Most of these studies find a nonsignificant market reaction as a consequence of re-branding. These studies conclude that a brand name change has an advantage to firms as it is a signal to the market that a firm adopted improvement procedures, which can contribute to a positive impact on shareholders' value. Therefore, if firms required improving their reputation in the market, they require a new strategy to reposition and redefine themselves. Meanwhile, consumers' attitudes toward logo redesign were analyzed and found that the change in the logo will be tolerated by less brand committed consumers, while strongly committed consumers have a negative brand attitude for a logo redesign (24), (25).

### III. RESEARCH METHODS

The scales used in this research about re-branding were drawn from a review of the relevant literature. A detailed questionnaire was designed to collect the quantitative data, an online questionnaire was used to identify consumer responses to re-branding using a sample size of eighty-five (85) and a range of sample includes different age groups. Then the data were analyzed to check how much redesign of logo effects the brand image. In addition to qualitative methods of interviewing fifteen (15) people.

### IV. RESULTS

This research has different findings:

- The results showed that out of 85 customers questioned, 48% were female and 52% were male. While age results show 51% are between 45-65 years old, 23% between 35-

44 years old, 15% are between 25-34 years old, and 11% are between 15-19 years old.

- The results about re-branding showed that some people knew about re-branding, others 'have heard' of this term in their university courses. Some respondents referred to the change of slogan, logo or name.

- The brand name was viewed most effective due to its high visibility to consumers; because logo change was seen of low risk compared to a name change. As discussed in the literature review, changing the brand name has greater risks than logo change (25).

- Some interviewer's attitude toward re-branding was good and positive with negative feelings at the same time if the change was minor. On the other hand, other interviewer's attitude gave positive comments as they saw the re-branding process as an improvement of product quality.

### V. CONCLUSION

In relation to the purpose of this research that contribute to a deep understanding of the process of re-branding, and its effects on both the market and consumers. The research found that visual symbols as the brand logo have an effective tool that affects consumers. Therefore, researchers and manager need to be more aware in case of changing the brand logo. As stated in the literature review, that a company must distinguish themselves from others (4). The research finding showed that re-branding is a possible and long-term process and it is a challenging and risky as it could destroy or strengthening brand equity. Furthermore, this research argues keeping brand modern, minor changes are required for a long-term activity developing a marketing and advertising communication strategy.

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