Corporate rebranding: destroying, transferring or creating brand equity?

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Abstract

Purpose – Companies changing their brand names are frequently reported in the business press but this phenomenon has as yet received little academic attention. This paper sets out to understand the drivers of the corporate rebranding phenomenon and to analyse the impact of such strategies on corporate brand equity.

Design/methodology/approach – A cross-sectional sample of 166 rebranded companies provides descriptive data on the context in which rebranding occurs. Two case studies provide further detail on how the process of rebranding is managed.

Findings – The data show that a decision to rebrand is most often provoked by structural changes, particularly mergers and acquisitions, which have a fundamental effect on the corporation’s identity and core strategy. They also suggest that a change in marketing aesthetics affects brand equity less than other factors such as employees’ behaviour.

Research limitations/implications – The paper proposes a conceptual model to integrate various dimensions of corporate rebranding. Analysing the rebranding phenomenon by assessing the leverage of brand equity from one level of the brand hierarchy to the other constitutes an interesting route for further research.

Practical implications – Managers are reminded that corporate rebranding needs to be managed holistically and supported by all stakeholders, with particular attention given to employees’ reactions.

Originality/value – This paper is of value to anybody seeking to understand the rebranding phenomenon, including academics and business managers.

Keywords Corporate branding, Brand management, Change management

Paper type Research paper

Introduction

Companies adopting new brand names are frequently reported in the business press (Girard, 2003; Lamont, 2003; Wiggins, 2003). This phenomenon, sometimes referred to as corporate rebranding (Haig, 2003), has affected corporations as diverse as Andersen Consulting, Philip Morris Corp., Guinness UDV and Bell Atlantic, to name a few well-known examples.

This practice carries a high level of reputation risk as well as being a very costly exercise (Clavin, 1999; Dunham, 2002). The project to rebrand the UK’s Royal Mail as Consignia is a case in point. In addition to provoking a public outcry, it cost £2.5 million to become Consignia plus an additional £1 million to change the name back to Royal Mail – the brand that was cherished by the British public (Haig, 2003; Europe Intelligence Wire, 2004). It seems imperative, therefore, that such decisions be informed by strong theory and research. A comprehensive literature search indicates, however, that most of the writing on this topic so far is journalistic in nature with almost nothing...
appearing in the academic journals. This is a deficit which this paper seeks to begin to address.

The numerous cases of corporate rebranding present an interesting conceptual challenge for the marketing discipline. Revitalising and repositioning a brand through gradual, incremental modification of the brand proposition and marketing aesthetics can be considered a natural and necessary part of the task of brand management in response to changing market conditions (Aaker, 1991; Kapferer, 1998). Changing a brand’s name, however, suggests the loss of all the values that the old name signifies which challenges traditional marketing wisdom with regards to brand equity. A fundamental premise underpinning marketing education and practice is that strong brands are built through many years of sustained investment in a brand name which, if well judged, will yield a loyal consumer franchise, higher margins and a continuing stream of income for the brand owner (Aaker, 1996; Kapferer, 1998; Keller, 2002). Changing the brand name potentially nullifies those years of effort and can seriously damage or even destroy the equity of the brand.

This paper focuses on the phenomenon of rebranding as evidenced by a change of name. It sets out to understand the drivers of the corporate rebranding phenomenon and to analyse the impact of such strategies on corporate brand equity. The first part of the paper proposes a definition that highlights the differences between evolutionary and revolutionary rebranding and describes the different levels of rebranding in the context of a corporate hierarchy. The literature review then elaborates on some possible paradoxes between corporate rebranding practice and corporate branding theory.

The second part of the paper interrogates a database of rebranded companies to identify the circumstances that seem to have caused corporations to take such a radical decision and also explores the stated rationale of the corporations themselves. Two case studies of telecommunications companies are then presented to give a deeper insight into the process of rebranding and its implications, particularly in terms of brand equity.

The final section of the paper discusses the findings of both the qualitative and quantitative analysis in this study and presents the main conclusions, which are summarised in a model of corporate rebranding.

**Describing rebranding**

As pointed out already, the term “rebranding” has been widely used in the business press (Jarvis, 2001; Lentschner, 2001; Brook, 2002; Harrison, 2002; McGurk, 2002; Dickson, 2003) and scarcely at all in academic publications (Griffin, 2002; Kaikati, 2003; Stuart and Muzellec, 2004). As often happens when a new term emerges, it is well established in popular usage before the academic community takes the time to codify it. In the case of rebranding, there is by now sufficient evidence to suggest that this is a significant phenomenon that merits academic attention.

The word “rebrand” is a neologism, which is made up of two well-defined terms: re and brand. Re is the prefix to ordinary verbs of action sometimes meaning “again” or “anew”, implying that the action is done a second time. A traditional definition of a brand proposed by the American Marketing Association is “a name, term, symbol, design or a combination of them intended to identify goods or services of one seller or a group of sellers and to differentiate them from those of competitors”. This definition
focuses on the firm’s input activity of differentiating by means of name and visual identity devices (de Chernatony and Dall’Olmo Riley, 1998). Although limiting, it corresponds to the rebranding process as described in the business press. A possible characterisation of rebranding is therefore the creation of a new name, term, symbol, design or a combination of them for an established brand with the intention of developing a differentiated (new) position in the mind of stakeholders and competitors.

The first part of the description refers to changes in marketing aesthetics and the question arises as to whether all elements must be changed, or only some of them, to merit the label “rebranding”. There is indeed a continuum in rebranding from the evolutionary modification of the logos and slogan to the revolutionary creation of a new name (Stuart and Muzellec, 2004). Because changes in marketing aesthetics can be quite subtle and difficult to apprehend, the name change variable is used as an indication of rebranding. The focus of this study is therefore on rebranding involving a radical change in marketing aesthetics, i.e. a name change.

The second part of the definition relates to the positioning of the brand and whether it changes or stays the same in the course of the rebranding. Sometimes an external factor such as a change in the regulatory environment does not necessarily imply any change in the positioning of the firm. In this case, the rebranding effort may be simply to re-establish the brand. However, many name changes are invoked with the express purpose of altering the image of the existing brand and, therefore, repositioning may be considered a key element of the rebranding exercise.

A descriptive model, illustrated in Figure 1 takes into consideration the two fundamental dimensions of rebranding and allows for variation in the degree to which each change occurs. Rebranding is described according to the degree of change in the marketing aesthetics and in the brand position. In this model, rebranding can be characterised as evolutionary or revolutionary. Evolutionary rebranding describes a fairly minor development in the company’s positioning and aesthetics that is so gradual that it is hardly perceptible to outside observers. For example, Visa International recently revamped its logo to give the company a “fresher, more contemporary feel” (Visa International, n.d.). All companies go through this process
over time through a series of cumulative adjustments and innovations in a way that is not easily susceptible to study.

Revolutionary rebranding, in contrast, describes a major, identifiable change in positioning and aesthetics that fundamentally redefines the company. This change is usually symbolised by a change of name and so this variable is used as an identifier for cases of revolutionary rebranding.

Another useful way to conceptualise the topic of rebranding is according to the level in the corporate hierarchy at which it occurs. Keller (2000) identifies a brand hierarchy as being made up of a corporate brand, for instance Volkswagen Group, a family brand such as Audi, an individual brand like A4 and finally a modifier, for instance TDI. Rebranding can occur at only one level in this hierarchy, at several levels, or all levels. It is helpful to analyse rebranding in the context of a simplified three level brand hierarchy as illustrated diagrammatically in Figure 2.

The highly publicised examples such as CGNU becoming Aviva, and Compagnie Générale des Eaux (CGE) becoming Vivendi are good illustrations of corporate rebranding which does not affect any other level in the hierarchy. In other cases, the rebranding filters down from corporate to business unit level, such as Midland Bank being rebranded as HSBC UK following acquisition by HSBC, or country level such as Mannesmann Mobilfunk D2 becoming Vodafone Germany. Rebranding can also occur at product level only, such as Jif – a domestic cleaner marketed by Unilever – becoming Cif, or Immac – a hair remover – marketed by Reckitt Benckiser, becoming Veet.

When the three levels of the hierarchy are aligned, the brand architecture corresponds to a “branded house”, which is when a single master brand spans across the entire hierarchy (Aaker and Joachimsthaler, 2000). On the contrary, a “house of
brands” architecture is when distinct names for each product line are maintained and potentially irrelevant or detrimental corporate brand associations are avoided.

Corporate rebranding paradoxes
Since King’s (1991) seminal article, several elaborate conceptualisations of corporate branding have emerged (de Chernatony, 2002; Balmer and Gray, 2003; Hatch and Schultz, 2003; Knox and Bickerton, 2003), all of which have substantial variations. A good compromise is to see corporate branding as “a systematically planned and implemented process of creating and maintaining a favourable image and consequently a favourable reputation for the company as a whole by sending signals to all stakeholders and by managing behaviour, communication, and symbolism.” (Einwiller and Will, 2002, p. 101 based on van Riel, 2001).

At first sight, rebranding practice may appear to contradict the marketing and corporate reputation literature. The main inconsistency revolves around the notion of brand equity. Some additional challenges appear with regards to rebranding gestation, involvement of personnel, means of communication.

Brand equity is a set of assets (and sometimes liabilities) linked to a brand name and symbols (Aaker, 1991). Corporate brand equity is known as the differential response by the firm’s relevant constituencies, i.e. customers, employees, suppliers and other stakeholders, to the words, actions, communications, products or services provided by an identified company (Keller, 2000). Stakeholders’ images are shaped by a variety of formal and informal signals emanating from the company (Bernstein, 1984; Dowling, 2001). Hence, rebranding can be seen as a corporate marketing transformation, i.e. a very strong formal signal to stakeholders that something about the corporation has changed.

For a new name to be launched, however, the old name has to be abandoned, an action likely to nullify years of branding effort in terms of creating awareness. Since name awareness is a key component of brand equity (Aaker, 1991; Kapferer, 1995), this action is likely to further damage the equity of the brand. As the name is the anchor for brand equity, the change of name might not only damage the brand equity, it might simply destroy it. The underlying value of a brand name is its set of associations (Aaker, 1991), so a rebranding involving a change of name could theoretically wipe out the positive mental images that the brand usually stimulates.

This marketing paradox is mirrored by an accounting contradiction; the brand name is an actual asset, which is assigned a value of several millions in corporations’ balance sheets. This means that when UBS rebrands various business units such as PaineWebber or SG. Warburg into UBS Wealth Management and UBS Investment Bank, it also takes a US$770 million non-cash charge for scrapping the two well-known names off its balance sheet (Tomkins, 2002). The revolutionary rebranding approach seems at first sight to be filled with contradictions. On the one hand, more than any other corporate marketing activity, a change of name presents the opportunity to project the company’s distinctiveness through intensive use of the total corporate communication mix, i.e. advertising, press conferences and press releases (Schultz and Hatch, 2001). On the other hand, renaming is also about damaging the basis of brand equity by eradicating an established corporate name.

The actual practice of rebranding presents some additional inconsistencies with the way in which corporate branding has so far been articulated. For instance, corporate
brand gestation is perceived as medium to long term (Balmer and Gray, 2003) while corporate rebranding can apparently be performed overnight (Kaikati, 2003). All personnel should be involved in corporate branding (Bergstrom et al., 2002) while the decision to rebrand is often taken by a handful of people, generally the senior management (Brierley, 2002; Griffin, 2002). Rebranding is done through a change in the visual identification communicated through conventional corporate communications media (Stuart and Muzellec, 2004). Corporate brands are actually “visual, verbal and behavioral expression of an organisation’s unique business model” (Knox and Bickerton, 2003) which is communicated via experience and interaction with the personnel as well as by word of mouth (de Chernatony, 1999; Balmer and Gray, 2003).

The initial part of this study investigates the precipitating factors and, when available, communicated reasons for the rebranding. This investigation reveals the rationale behind rebranding and provides some initial answers regarding the rebranding paradox. The second part of the article focuses on the more specific challenges posed by the management of brand equity, brand gestation and personnel involvement by presenting two cases studies.

Exploring the rationale for rebranding
In order to understand why corporations abandon their old name, a sample of 166 companies was purposively chosen for the exploratory research. First the industry spread is investigated to see if some particular industry conditions provoke companies to rebrand. Since changing the name is a dimension of revolutionary rebranding, and names are unlikely to be changed unless something in the company environment has dramatically changed, the second focus of attention is on the factors that precipitated a name change. Finally, communicated reasons provide some additional information to understand the rationale for rebranding particularly in the context of the hierarchy of brands.

Pilot study
Using the search engine Power Search on the Financial Times web site (www.ft.com), articles can be retrieved on companies that have changed their names. A search on “name changes” from 1 January 2001 to 31 January 2003 (a 25-month period) returned 314 articles. Because of redundancies of articles and/or companies, this number was reduced to 116 when it came to identify companies. Another 50 examples of rebranded companies were found via other secondary sources (articles and/or advertisements in Business Week, Les Echos, Irish Times) and were added to reach a critical sample size.

Owing to a reliance on the Financial Times as the main source for this study, companies under scrutiny are primarily from the UK and Ireland (45 per cent). US-based companies (31 per cent) and continental Europe (15 per cent) are also well represented, while Australia, Canada and South Africa account for the remaining 9 per cent.

Research results and analysis
Industry spread. The 166 companies included in the database represent over 40 different industries. These were compressed into 12 general industry types derived from the North American Industry Classification System (NAICS) for ease of analysis. For example, education and consultancy firms were grouped into professional,
educational and technical services; banks, insurance and other financial services were grouped under Finance and Insurance and so on (see Table I).

According to this classification, no industry seemed immune from the renaming phenomenon, although services have been principally affected.

The wave of consolidation that has taken place in recent years explains the high number of rebrandings in the information technology and telecommunications industry (22.3 per cent) and in finance and insurance (16.3 per cent). The professional, educational and technical services category (8.4 per cent) comprises four of the “Big Five” that had to separate their consulting businesses from the audit/ tax parent firms. After Andersen Consulting (Accenture) and PricewaterhouseCoopers (who sold its rebranded consulting arm, once called Monday, to IBM Services), Deloitte Consulting became Braxton and KPMG became BearingPoint.

The utilities, energy and construction category has the second highest ranking at 15.1 per cent. This group combines cases resulting from mergers and industry-related image problems. For instance, the merger of PECO Energy & Unicom Corporation, the largest nuclear operators in the USA, resulted in the emergence of Exelon, which stands for “experience and excellence” (Exelon, n.d.) and does not bring automatic association with the nuclear industry.

The low incidence of rebranding by consumer products companies might be explained by the fact that they often have long and complicated product lines in unrelated markets; in other words, they typify the concept of a “house of brands”. In this situation, recognition of a common source could actively harm the brand value of individual constituents. Such companies generally choose to maintain distinct names for each product line, with consolidation occurring under a holding company structure. The companies that rebranded themselves in this sector such as Altria (ex-Philip Morris) and Diageo (ex-Guinness) have, in practice, put some distance between the corporate brand and their product brands.

Precipitating factors and drivers of rebranding. As shown in Table II, mergers and acquisitions (33 per cent) and spin-offs (20 per cent) are the most frequent reasons for companies electing to re-brand. Image related problems are the third most important factor (17.5 per cent).

<table>
<thead>
<tr>
<th>Industry</th>
<th>Frequency</th>
<th>Per cent</th>
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<tbody>
<tr>
<td>IT-telecommunications</td>
<td>37</td>
<td>22.3</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>27</td>
<td>16.3</td>
</tr>
<tr>
<td>Utilities, energy and construction</td>
<td>25</td>
<td>15.1</td>
</tr>
<tr>
<td>Healthcare and chemical products</td>
<td>14</td>
<td>8.4</td>
</tr>
<tr>
<td>Professional, scientific, and educational services</td>
<td>14</td>
<td>8.4</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>11</td>
<td>6.6</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>8</td>
<td>4.8</td>
</tr>
<tr>
<td>Arts, entertainment, and media</td>
<td>7</td>
<td>4.2</td>
</tr>
<tr>
<td>Other services</td>
<td>7</td>
<td>4.2</td>
</tr>
<tr>
<td>Consumables</td>
<td>6</td>
<td>3.6</td>
</tr>
<tr>
<td>Retail</td>
<td>5</td>
<td>3.0</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>5</td>
<td>3.0</td>
</tr>
<tr>
<td>Total</td>
<td>166</td>
<td>100</td>
</tr>
</tbody>
</table>

Table I. Industry spread of rebranded companies
This review of the data suggests that a change of name is unlikely to occur if the organisation itself has not changed. The main drivers for rebranding are, therefore, decisions, events or processes causing a change in a company’s structure, strategy or performance of sufficient magnitude to suggest the need for a fundamental redefinition of its identity. Such events can vary from a sudden, total structural transformation following from a merger or acquisition to a gradual erosion of market share or firm’s reputation due to changing demand patterns or competitive conditions.

Table III organises the drivers into four main categories, as follows: change in ownership structure, change in corporate strategy, change in competitive position, and change in the external environment.

**Communicated reasons for change.** Although the communicated reasons might not always be the actual ones, they provide an additional insight into the objectives of the rebranding. The explanations collected through press releases, postings on company web sites or company representatives’ statements made in the press can be divided in two broad categories.

In the first category, the explanations emphasise the idea that the change in the corporate brand is driven by changes that have affected the company’s structure and organisation. For example, the creation of Areva was justified by the following press release:

<table>
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<tr>
<th>Drivers</th>
<th>Frequency</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merger/acquisition</td>
<td>55</td>
<td>33.1</td>
</tr>
<tr>
<td>Spin-off</td>
<td>33</td>
<td>19.9</td>
</tr>
<tr>
<td>Brand image</td>
<td>29</td>
<td>17.5</td>
</tr>
<tr>
<td>Divestment/refocus</td>
<td>15</td>
<td>9.0</td>
</tr>
<tr>
<td>Internationalisation</td>
<td>12</td>
<td>7.2</td>
</tr>
<tr>
<td>Diversification</td>
<td>8</td>
<td>4.8</td>
</tr>
<tr>
<td>Legal obligation</td>
<td>4</td>
<td>2.4</td>
</tr>
<tr>
<td>Sponsorship</td>
<td>4</td>
<td>2.4</td>
</tr>
<tr>
<td>Bankruptcy</td>
<td>2</td>
<td>1.2</td>
</tr>
<tr>
<td>Going public</td>
<td>2</td>
<td>1.2</td>
</tr>
<tr>
<td>Localisation</td>
<td>2</td>
<td>1.2</td>
</tr>
<tr>
<td>Total</td>
<td>166</td>
<td>100</td>
</tr>
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</table>
At the Joint Shareholders Meeting of 3 September, the shareholders of CEA-Industrie adopted a series of resolutions to finalize the TOPCO project and unify the forces of CEA-Industrie, COGEMA, Framatome ANP and FCI into a single industrial group called AREVA (Areva Group, 2001).

In other words, the rebranding is presented as an administrative necessity following a corporate strategic decision of non-marketing nature.

The second stream of explanation pertains to the need to foster a new image or rationalise the brand portfolio and reveal a rebranding approach that is a strategic decision in its own right. For instance, some commentators attribute Phillip Morris's change of name to Altria to an attempt to distance itself from its reputation as the world's largest cigarette manufacturer (Edgecliffe-Johnson, 2001; Smith and Malone, 2003). Louis Camilleri, CEO of Altria put a greater emphasis on a need to rationalise the brand portfolio:

All our research showed that the name Philip Morris and Philip Morris Companies was solely associated with tobacco. And I would defy you to find anybody who knew that Kraft was part of Philip Morris. […] But they also don’t understand the structure, the actual corporate structure – that there’s a parent that has these fabulous operating companies – Philip Morris USA, Philip Morris International, Kraft Foods, and has a pretty sizeable equity stake in SAB Miller. And I think having a different name establishes that clarity. Because people are confused. Even if Kraft is part of Philip Morris, who owns Kraft? Is it Philip Morris tobacco that owns Kraft? You’d be surprised (Financial Times, 2003).

UBS's statement (Table IV) is also illustrative of a strategic rebranding. Here, the acquisition precedes the rebranding – PaineWebber was acquired in 2000 – but the

<table>
<thead>
<tr>
<th>New name</th>
<th>Reason cited by the companies for rebranding</th>
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<tbody>
<tr>
<td>Accenture</td>
<td>“The new name reinforced Accenture’s new positioning and reflected the organisation's further growth and broadened set of capabilities” (Accenture, n.d.)</td>
</tr>
<tr>
<td>bmi</td>
<td>“bmi british midland, the UK’s second largest airline, today announced a series of strategic business initiatives, including a new brand positioning, new corporate identity and ground-breaking in-flight service innovations, in readiness for its launch of transatlantic services this spring. The airline is to change its name, with immediate effect, from British Midland to bmi” (BMI, n.d.)</td>
</tr>
<tr>
<td>Danone</td>
<td>“In June 1994, it decided to drop BSN, which seemed to reflect the company’s past rather than looking ahead to the future, and adopt the name of The Groupe DANONE, symbolised by a little boy gazing up at a star. The Group thus took advantage of the resonance of its leading brand, which was famous the world over, produced in 30 countries, and accounted for about a quarter of its turnover. Danone is the Group’s standard bearer and has become the link between the various families of brands: biscuits, mineral waters and baby foods were soon being sold under the new name” (Danone Group, n.d.)</td>
</tr>
<tr>
<td>UBS</td>
<td>“UBS is announcing a further evolution of its brand strategy and portfolio. From the second half of 2003, its businesses will be represented by the single UBS brand. The firm will no longer market its services using the UBS Warburg or UBS PaineWebber brands. The move to a simpler branding accurately reflects UBS’s integrated business model and the ‘one firm’ approach UBS delivers to its clients” (UBS, 2002)</td>
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</table>

Table IV. Publicly cited reasons for change
change from UBS PaineWebber to UBS Wealth Management constitutes a brand strategy. The group is aggregating its brand assets under one global name, sending a unified message to all stakeholders across the planet. This is done not so much to reflect a change in the corporate structure but with the intention of leveraging the global dimension that the group has acquired. Some additional illustrative statements are posted in Table IV.

Rebranding in the context of a brand hierarchy. A related but separate point concerns the relation between rebranding and brand architecture (Table V). In some cases, it seems clear that the objective is to integrate diverse brands or geographic markets under a single corporate brand, equivalent to the concept of a master brand. The simplest case is when a corporation with a strong, established name changes all of its business units, often accumulated through acquisitions, to align them with the corporate brand, as in the case of Vodafone or HSBC gradually rebranding their local business units until all trade under a single name. Another case is where a new corporate brand is created and then applied to all sub-units, as in the case of eircom (ex-Telecom Eireann) and its business units, e.g., eircom PhoneWatch (ex-Telecom PhoneWatch or eircom Direct (ex-Ireland Direct). In both of these cases, the brand architecture corresponds to a “branded house”.

An alternative scenario is when a rebranding exercise is carried out in order to create a separation between the corporate brand and its constituent sub-units, such as the rebranding of Philip Morris to Altria to diminish the association with cigarettes which might have a negative transfer value for its sub brands such as Kraft Foods and Miller Beer. Another interesting case is where a corporation uses a different name in one or more geographic markets because of political sensitivities. One example is Allied Irish Bank (AIB) Group using the name First Trust Bank in Northern Ireland. These cases correspond to a move towards a “house of brands” architecture.

Analysis
The data presented by the authors revealed some significant insights on the rebranding phenomenon. First, no specific industry seems to be immune from this phenomenon even if services sectors are the most prominent category. The second inference is that the factors that trigger a rebranding range from structural to image-related. Structural factors such as mergers and acquisitions typically cause a fundamental redefinition of the company’s business and require a major change in organisation culture and identity. Emotional factors relate to a negative image, which

<table>
<thead>
<tr>
<th>Table V.</th>
<th>Rebranding strategies in a “house of brands” vs “branded house” context</th>
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<tbody>
<tr>
<td>Rebranding at all levels</td>
<td>Integration of all levels, e.g. Eircom</td>
</tr>
<tr>
<td>Rebranding at the corporate level</td>
<td>Integration of corporate level with product level, e.g. Danone (BSN Group)</td>
</tr>
<tr>
<td>Rebranding at the business unit</td>
<td>Integration of business units with corporate level, e.g. HSBC Group rebranded its subsidiary Midland Bank into HSBC UK</td>
</tr>
<tr>
<td>Towards a branded house</td>
<td>Separation of corporation from lower level, e.g. Altria (Philip Morris Corp.)</td>
</tr>
<tr>
<td>Towards a house of brands</td>
<td>Separation of business units from corporate level, e.g.: AIB Northern Ireland (Part of AIB Group) was changed to First Trust Bank</td>
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might be the result of a poor adaptation to new market conditions, such as globalisation, a change in industry structure or a degradation of industry reputation, as in the case of the tobacco industry. The communicated reasons confirmed this initial examination.

The database revealed two categories of rebranding labelled as tactical or strategic rebranding. This categorisation is based on the extent to which the branding issue is considered as a strategic variable in its own right, or whether it is merely viewed as an administrative convenience. Three out of the four categories of driving forces that provide the rationale for rebranding are not marketing related. For instance, mergers are primarily driven by strategic preoccupations i.e. the expectation of realising synergies, buying undervalued assets, achieving growth and diversification, and attempting a strategic realignment (Trautwein, 1990). As a result, managers’ attention is focused on so-called “hard” issues to do with relative values and cost. “Soft” issues such as stakeholder communication, employee morale and retention, corporate culture, as well as brand vision and values play a significant role in determining whether or not the acquisition will be successful but are seldom taken into consideration (Jacobs, 2003). The non-marketing nature of many factors precipitating a rebranding therefore qualify the marketing rationale presented.

The initial study has addressed the first objective of the paper which was to understand the drivers of the corporate rebranding phenomenon. It has not, however, addressed the issues concerned with the implementation process and brand communication.

The impact of a rebranding exercise on the brand equity is a very complex issue with both qualitative and quantitative dimensions. The best way to explore it seemed to be to look in depth at some individual case studies.

**Exploring rebranding strategies: how do companies destroy, leverage, transfer and (re)create corporate brand equity?**

Two such cases from the same industry – telecommunications – but with different starting positions and different outcomes are described in the following section.

**General comments about the case studies**

The rebranding of Telecom Éireann (now eircom) and of Eircell (now Vodafone Ireland) is believed to be typical of a large number of rebranding cases. The two companies share a number of basic factors in common – both are in the telecommunications industry and both follow a change in ownership (going public for eircom and acquisition for Vodafone Ireland) – and these factors can therefore be held constant for the purposes of our study. In contrast, however, their corporate brand equity differed substantially at the time of rebranding, which is why they are interesting to compare. In the case of eircom, the initial brand equity was weak and negative, and the rebranding was driven by a desire to erase negative images and to rationalise the brand portfolio. For Vodafone Ireland, the equity embodied in the name Eircell was considered strong and positive, and the rebranding of the local business units reflected a desire to build a global brand.

The case studies are used by way of illustration and qualitative analysis. The data come from primary and secondary sources. For both companies, primary sources included interviews with key informants such as the senior marketing manager.
directly in charge of the rebranding and the brand identity consultant of the brand agency in charge of the creative expression of the new brand values (Enterprise IG for eircom and Ogilvy for Vodafone). The semi-structured interviews were conducted in 2000 for eircom and in 2003 for Vodafone. In the case of eircom, further evidence was gathered in 2004 through conversations with ten random customers and two ex-employees. Other primary sources were internal memos and brochures, web sites, television and press advertising. Secondary sources included press articles and two Masters dissertations on the rebranding of eircom (Friel, 2000) and the rebranding of Vodafone (Moloney, 2003).

Rebranding to erase negative brand equity: the case of an ex-state monopoly in the telecom industry

The case of Telecom Eireann exemplifies attempts at rebranding by many former state monopoly companies that have image problems, and which hope to influence customer images by a radical revitalisation of their marketing aesthetics.

Background. Following a long period of stability facilitated by its monopoly status, Telecom Eireann found itself in a radically different environment by 1998. First, the telecommunications market became fully deregulated leading to the entry of many new, mostly international, competitors into the marketplace. Second, Telecom Eireann had moved from state ownership to public and employee ownership and was now subject to the judgement of the stockmarket. Third, Telecom Eireann derived an increasing proportion of its revenue from a variety of business units other than telephony. In 1984, 95 per cent of Telecom Eireann’s income came from basic telephony, it was expected that by 2005, this would represent only 30 per cent (eircom, 1999a, b).

The need to reflect all of these changes was stated as the rationale behind the name change: “Board Telecom plc changed its name to eircom plc, highlighting to the marketplace the shift that had taken place within our business, from a telephone company to a communications company” (eircom, 2000). Officially, management felt that the corporate name no longer reflected the company’s customer proposition. Additional reasons were that the old name—Telecom Eireann—did not travel easily, and was difficult to pronounce for non-Irish people.

Although one of the most recognised brand names in Ireland, Telecom Eireann had a very poor image amongst both employees and customers. Internally, employees felt very little loyalty or support for the brand. Externally, customers associated the name Telecom Eireann with a number of negative perceptions such as “bureaucratic, static, and amateur” (eircom, 1999a, p. 15). As a result of those negative associations, business units gradually moved away from the main corporate brand by developing their own brands such as Telecom PhoneWatch, Eirpage, and ITI Charge card.

Rebranding exercise. In September 1999, a major rebranding exercise commenced with the aim of rationalising and unifying the brand portfolio as well as improving the company’s general image. Following a brand audit, Enterprise IG suggested the name of eircom, which, contrary to Telecom Eireann, tested as being “flexible, lively, international and professional”. Internally, a six-month period was necessary to prepare for the actual launch of the 6 September 1999. During the first month, feedback from the brand audit was passed on to employees in order to prepare the ground for changing the name. During the month of April 1999, a series of workshops with
employees were conducted; their purpose was to introduce and win support among employees for the new brand values that envisaged eircom as “professional, progressive, friendly”. Finally, two months before the actual launch, employees were made aware of the new corporate visual identity and the proposed new brand proposition. Interviews with eircom marketing and brand agency executives revealed that the brand values and propositions were determined following the decision to rebrand, and subsequent to the choice of a new visual identity.

Externally, the rebranding was implemented through a massive national advertising campaign on all possible communications media. The redesign of the company livery, including fleet (4,100 vehicles), signage (on 1,200 eircom buildings), phone boxes (8,300), was carried out swiftly over the three months following the launch. Additionally, a new phone book arrived in each Irish home within days of the relaunch. The name and logo change signified a clear break away from the past. Continuity from a visual identity viewpoint was carried forward by retaining the blue colour that had been used previously and by the use of eir in the new name. The marketing aesthetics of business units were aligned with the corporate brand. For instance, Telecom PhoneWatch became eircom PhoneWatch, Ireland Direct became eircom Direct, and Eirtrade became eircom Business Systems, using the same symbol, colour – blue and orange – font – the lower case, italicised eircom typeface- as the rest of the group. The total cost of the rebranding exercise was estimated at 8.25 million euro (Clavin, 1999).

Rebranding results. This massive internal and external rebranding effort produced some immediate, positive results. Consumer surveys indicated 97 per cent name recognition within one week of the name change, as well as an improvement in the response to the new corporate visual identity (EnterpriseIG, 2004). This success was acknowledged by the fact that Enterprise IG received the Graphic Design Business Association’s GDBA Design Effectiveness Award for 2000. From a brand management point of view, the rebranding allowed for a rationalisation of the brand portfolio. The success of the rebranding in terms of name awareness and marketing aesthetics was an important first step.

The second most important constitutive element of brand equity is brand image and associations. Research conducted over the year following the rebranding revealed that eircom rated neutral or slightly positive on variables such as helpfulness, modernity, professionalism, efficiency, customer focus, friendliness and progressiveness (Friel, 2000). A total of 100 randomly chosen respondents were asked to rate eircom on seven key attributes and to back-up their answer with a commentary. On eircom’s intended brand values, the results were poor. On a 1 to 7 scale (highest score = 1; lowest score = 7), friendliness rated only 3.3 while professionalism and progressiveness were both at 3.0.

Customers who rated eircom as being much better since the rebranding were influenced by the marketing communication mix. One customer stated:

They have modern ads on TV, and seem to be aware of customers’ needs.

Customers whose perceptions of eircom had worsened formed their impression from non-marketing communications such as press coverage of the share floatation, the fluctuation in the share price, and personal service encounters. One customer put it in a very clear manner:
I have had several dealings with them that were less than satisfactory. Plus the advertised image of eircom does not equate with my experience of them (Friel, 2000, Appendix C).

Five years after the rebranding, anecdotal evidence continues to suggest that the intended significance of the eircom name, conveyed through an improved corporate visual identity, have faded in a continued stream of rather poor customer service. One particularly unhappy customer stated:

My phone was out of work for a week; I had to ring them several times before they fixed it, I think they are just c**p.

Mentioning the word “rebranding” can trigger some rather negative comments. On the condolence book for the passing of the Telecom Eireann logo, one internet user characterised the rebranding of eircom with the following greeting:

Let’s fool everyone into believing we’re the new dynamic, by spending millions on a new image!! We have no idea about attracting new clients, or how to nurture existing ones, but – hey, we’ve got the budget! (Logo Rest in Peace, n.d.).

Internally, feelings towards the rebranding were also sour, one former employee acknowledged:

Of course nothing had changed. One day we were Telecom Eireann, a bureaucratic company, the day after, we were eircom, a customer-oriented company, but really except for the paint on the wall, nothing had changed.

Not all comments were negative, however; the extended line of services was for instance greatly appreciated:

I think that they are modern, I mean Telecom Eireann did not provide anything, now we can have broadband internet, detailed bills, back then there was nothing.

Comments. The radical rebranding of eircom consisting of a new name, new marketing aesthetics and a massive advertisement and public relations campaign conducted over a short period of time has allowed the company to temporally break-away from past negative associations. In addition a revitalisation of the visual identity has created a new impression of modernity.

However, eircom’s current reputation, i.e. the aggregation of everyday images (Fombrun, 1996; Gray and Balmer, 1998) has little to offer over the earlier one of Telecom Eireann. The eircom rebranding is a missed opportunity where exceptional levels of acceptance and staff support for the new brand proposition were not nurtured and sustained in the long run. An improvement in the perceptions of the company for a short time did not translate in the long run into a better reputation. Worse, in some instances, the rebranding resulted in a gap between the brand proposition and customers’ brand experience. This ultimate outcome is the consequence of a corporate rebrand being managed similar to a product brand programme. What has been described as an internalisation process was in fact an acceptance process. It was necessary for employees to accept the new name but not to endorse the brand values. The brand motto of being “professional, progressive, friendly” is in truth a contrived proposition projected through a superficial communication mix. Instead corporate brand values should be substantial and shared by employees (Harris and de Chernatony, 2001). With the noteworthy exception of being perceived as more
“modern”, eircom has retained several negative brand associations that Telecom Eireann once carried.

Rebranding to transfer brand equity: the case of the local brand business unit and a global corporate holding

If a change in marketing aesthetics can be undertaken to alter customers’ negative perceptions of the company, more positive motives such as internationalisation can also trigger a rebranding exercise. The change from Eircell into Vodafone Ireland exemplifies this type of rebranding.

**Background.** Eircell, a fully own subsidiary of Telecom Eireann (now eircom) was Ireland’s market leader in mobile telephony with 1.7 million subscribers. Eircell would have been one of Telecom Eireann’s subsidiaries that drifted away from the negative perceptions of Telecom Eireann by developing its own brand identity and by proposing a range of products particularly appreciated by customers. The Eircell purple brand (as opposed to the blue of Telecom Eireann) was thought of as progressive, reliable, likeable and Irish. The young, innovative, Celtic tiger generation company had launched a pre-paid card called “Ready-to-go” which proved to be particularly popular (72 per cent of the customer base).

Vodafone, on the other hand, is a huge international brand, whose international expansion is made through acquisition. In August 2001, Vodafone fully purchased Eircell. Julian Horn-Smith, chief executive, Vodafone Europe explained:

> Vodafone is acquiring the market leader in Ireland ... in an attractive mobile market with a high proportion of young people (BBC, 2000).

Since Vodafone’s strategy is to extend its customer base in order to become reinforce its global status, the acquisition of Eircell meant securing 1.7 million new Vodafone customers. The rebranding of Eircell into Vodafone Ireland was therefore to be expected. The transition campaign started only two months following the acquisition and lasted until the official launch of Vodafone occurred in February 2002.

**Rebranding exercise.** Since Eircell had established a strong brand, the challenge of the rebranding was to transfer the equity of the Irish brand to the international brand, as well as to build on additional Vodafone associations. The management was very aware of the risk of negative perceptions following a successful Irish brand being taken over by an English company. The first challenge was to avoid the alienation of current Eircell employees and customers. The second challenge was to establish the Vodafone brand as a global brand with Irish roots.

The first challenge was met by focusing on a brand internalisation program. To that end, Vodafone’s 1,300 Irish staff were taken through a “vision and values programme” (Daly, 2002). Brian Dunnion, Eircell marketing director at the time of the rebranding explains:

> [...] a lot of presentations were made to staff to demonstrate that the Eircell proposition and values were overlapping the Vodafone values and proposition. [In addition] a letter was sent to every customer saying [...] that actually there is quite a lot of similarities between the two companies; there are benefits that Vodafone can bring to the business and the customers, like a larger R&D budget, enabling Irish customers to be part of global community etc. [...]
In order to show that Eircell was not dying, but was evolving into something that had additional advantages, an interim dual branding campaign was selected. A marketing executive from Vodafone stated that:

[...] a dual brand associates the local brand with Vodafone and that brand introduces the Vodafone brand and positions it as something that adds to the local brand (Moloney, 2003).

The brand transfer, which included all elements of the marketing communication mix, was orchestrated in two phases. The pre-launch phase used an interim dual brand, which evolved from brand A to brand AB to brand B.

Since Eircell was clearly associated with the colour purple and Vodafone with the colour red, Ogilvy used colour as the basis for the brand migration. The initial teaser displayed a red screen (or billboard) with the word “purple” on it. The second stage of the pre-launch campaign provided an explanation: “Red is the new purple; Vodafone is the new name of Eircell.” On 22 February the transition phase was over and the new Vodafone brand had to be displayed in every possible way. V-day promotions included a carnival, pub promotions, human street posters, press advertising, outdoor display such as billboards, bus posters and light projection and, of course, television advertisements. The €10 million rebranding effort was spread over a four-month period (Daly, 2002).

Rebranding results. Despite the localisation of the global brand, the rebranding campaign resulted in Irish consumers perceiving Vodafone as an English firm, when it was actually seen as international before the launch (Moloney, 2003). The use of David Beckham as a brand ambassador might have triggered such reactions. Those impressions did not last, however, and were corrected with a subsequent local branding campaign, particularly the sponsorship of Gaelic games and the use of “Conas ata tú?”, the Irish version of the “How are you?” brand anthem. Two years following the rebranding, focus groups showed that Vodafone was perceived as “young, lively, cool, fun and global” (Moloney, 2003). The rebranding of Eircell was certainly a major success. Spontaneous awareness was above 88 per cent within less than a year of the brand migration (Vodafone, 2003). The rebranding was considered so successful that the approach taken for the Irish market was used as a blueprint for other European acquisitions.

Comments. What was actually perceived as a brand migration was in fact a brand take-over. Indeed, Vodafone runs the same pan-European campaign across most of its major markets including Ireland.

However by ensuring that the legacy of Eircell brand was retained, Vodafone managed to send the appropriate signals to customers and employees. Vodafone was greatly helped by the fact that Eircell brand associations were not too far stretched from Vodafone values. The rebranding and the clever usage of the various brand ingredients (notably colours) allowed a smooth transition. Advertising, as well as other elements of the marketing communication mix (V-Day, Sponsorship) played a significant role in creating brand awareness as well as fostering brand values.

Since the old name carried some positive brand associations, a transitional interim phase allowed the organisation to retain some elements of the brand equity. Thanks to congruencies between the Vodafone and Eircell brand, the rebranding strategy was managed and presented as a transfer of equity of the local brand to the new global
brand. Synergies between the two brands raised the local customer base of Eircell and reinforced Vodafone global status.

Discussion
This paper set out to define and describe the rebranding phenomenon as well as to illustrate and challenge some established ideas in the brand and reputation literature. Rebranding can be defined and categorised in a variety of ways. First, it can be described along a continuum ranging from evolutionary to revolutionary depending on the degree of change along two dimensions: market positioning and visual aesthetics. Second, rebranding can occur at various levels of the brand hierarchy with interactions among the different levels. Third, there are four broad categories of changes that can trigger a rebranding: a change in ownership structure, in corporate strategy, in competitive conditions, or in the external environment. Fourth, the primary goal of rebranding is to reflect a change in the organisation and/or to foster a new image. Tactical rebranding is inspired by non-marketing events; strategic rebranding attempts to give a new value to the corporate brand by integrating or separating elements in the brand architecture.

The second objective of the paper was to examine the potential inconsistencies between rebranding practice and the current state of thought in the brand and reputation literature. The rebranding paradox concerned brand equity, brand gestation and communication and personnel involvement. It was proposed that rebranding exercises involving a change of name had the potential to affect brand equity adversely. Two key components of brand equity are the level of awareness and brand associations (Aaker, 1991). Thanks to a massive advertising campaign, the two rebranded companies presented in this paper managed to maintain extremely high levels of name awareness throughout the name change. In this regard, the campaigns successfully mitigated the potential negative effect of dropping a well-known brand.

The rapidity with which the new brand names were established also challenges the established view that corporate brands require a long gestation. However, it might be suggested that this is not a valid argument because the brand was already established before the name change. The rebranding campaign was simply tying a new name with a set of already established brand associations. Indeed, many of the brand associations were retained despite the name change (rather negative for eircom, and positive for Vodafone). Notwithstanding, the eircom case revealed that a strong formal signal such as a rebranding can positively influence customers’ images at least for a short period of time.

However, since stakeholders’ images are also shaped by informal signals (Bernstein, 1984), the role of employees is equally crucial in determining customers’ feelings towards the brand. The two cases confirmed that customers’ brand images are primarily formed on the basis of encounters with employees, a point already established by several authors (de Chernatony, 1999; Ind, 2003). This means that rebranding strategies must also aim at convincing internal stakeholders to behave according to the new projected brand promise. The eircom case highlighted the difference between a high degree of acceptance for a new name, and a high degree of internalisation of brand values. The first instance is a necessary but not sufficient condition for a successful rebranding. In other words, for the rebranding to be
accepted, both employees and customers must accept and understand the need for change, as seems to have been the case with Vodafone.

The main conclusions listed above may be summarised in a model of corporate rebranding shown in Figure 3. This brings together the causes or precipitating factors leading corporations to decide to rebrand, identifies the main objectives of the rebranding and highlights the importance of taking account of both internal and external stakeholders in the rebranding process.

In this model, rebranding is conceptualised as a change in an organisation’s self-identity and/or an attempt to change perceptions of the image among external stakeholders. Regardless of the precipitating factors and the initial aim of the rebranding campaign, rebranding should have an effect both internally and externally.

As seen in the case studies, this does not imply that all attempts at rebranding manage to convince internal stakeholders to behave according to the new projected brand promise. On the contrary, one case confirmed the suggestion made by Griffin (2002) that employees experience rebranding decisions as an external constraint. This can increase the gap between “actual” and “communicated identity” resulting in an inconsistent image of the company among stakeholders (Balmer and Greyser, 2002).

**Conclusion**

This paper has offered a number of insights on the rebranding phenomenon. Whether a rebranding follows from corporate strategy or constitutes the actual corporate strategy, it aims at enhancing, regaining, transferring and/or recreating the corporate brand equity. The proposed model not only describes the rebranding phenomenon but also takes into account established models of corporate brand building (Hatch and Schultz, 2003; Urde, 2003) to remind managers that both organisation culture and structure influence image and reputation.

Some elements might, however, limit the generalisability of the findings. For example, the pilot study relies heavily on a single source; although the *Financial Times* reports on all industry sectors and all types of issues, its financial nature might have amplified the importance of structural factors such as mergers as a reason for rebranding. With regards to the case studies, some conditions peculiar to the telecommunications industry might explain the relative ease with which the two

![Figure 3. A model of the rebranding process](image-url)
rebranded companies manage to overcome the brand awareness challenge. For instance, the high number of points of contact between customers and corporations can explain the rapid and widespread awareness that followed the rebranding.

An additional idea that has emerged from this study is that sources of corporate brand equity may rest in other layers of the brand hierarchy. In the case of Vodafone, the global brand extends its personality to the local business units and thereby transfers its equity to the lower levels of the brand hierarchy. In the case of eircom, the improvement in eircom’s image can be attributed to its wider offering as customers’ comments suggest. However, eircom’s offering has changed little since Telecom Eireann. What has changed is the way the corporate brand is now systematically associated with its business units (eircom dealer, eircom direct, eircom League, eircom Ennis, eircom broadband, eircom business system). Analysing the rebranding phenomenon by assessing the leverage of brand equity from one level of the brand hierarchy to the other constitutes an interesting route for further research.

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Further reading


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