Corporate Rebranding: Learning from Experience

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Abstract

The arena of corporate re-branding has seen considerable activity in recent years, with many organisations treating a change of name as a prerequisite to transforming their image. So the Post Office is re-named Consignia, and the Spastics Society is reborn as Scope. Past constraints are relieved by a new name. But, although much has been spent on this process, there is little in the public domain to enable us to benefit from the experiences of these companies.

This qualitative study examines seven UK-based organisations which have re-branded in the past five years. The sectors are diverse, ranging from energy to charity. Depth interviews were conducted with key decision makers in each organisation, with the aim of capturing their experiences of re-branding. The aim was to understand better the complex and infrequent process of re-naming, and to identify key issue areas which those undertaking a re-branding process need to manage. Ultimately, this will contribute to the development of a best practice model so that other companies might benefit from their experience.

We identify key issue areas for managers when re-branding their organisations, and offer an integrating conceptual model of the re-branding process as an aspect of, or activity within, corporate renewal.

Corporate Rebranding: Learning from Experience

1. Introduction

The phenomenon of corporate name changes reflects the dynamic nature of markets today. Firms need to change, often radically, to address the expectations of customers and other stakeholders. For instance, those at the cutting edge of technology may find themselves outdated, and the boundaries of the existing business may become restrictive: Scottish Telecom became Thus in recognition of the fact that it was neither exclusively Scottish nor confined to the telecommunications industry. Organisations may merge, creating a combined business for which neither of the previous corporate brands are appropriate (eg Grand Met and Guinness became Diageo). De-merger may also provide a trigger, with the new companies needing to assert their own identity: this was the case with Carillion emerging out of Tarmac and British Gas splitting into BG and Centrica.

2. Literature Review

The role of the brand has been much debated (de Chernatony and Dall'Olmo Riley, 1998; Hankinson and Cowking, 1995) and does not need revisiting here. However, corporate brands where the company is synonymous with the brand are a special case. Increasing diversity of contact (King, 1989) increases the diversity of communication methods required, while still requiring a coherent and consistent message. But while this image must be consistent, it is the reception of the message which is paramount (Ind, 1992). An audience develops an image of an organisation through the accumulation of received messages. Some of these may be unintentional since organisations are continually communicating with their targets.

The role of internal marketing is stressed by several authors as a means of providing effective competitor differentiation (for instance, Macrae 2001; Olins 1978; Redhouse 1999). Staff play a significant role in communicating the corporate brand, particularly in service industries. Boundary spanners are the first line of contact with external stakeholders, and play a vital part in creating and managing the corporate image.

Dowling's (1995) finding that there is a widespread assumption among design consultants and CEOs, that changing a company's identity will automatically enhance the company's image is somewhat worrying. Whilst a change of name or logo may have a revitalising effect on the company, this will only translate into consumer perception where there has also been a concurrent shift in strategy and/or products and services. As Macrae (2001) points out, the test of a brand is not what it says, it's what it does: appropriate communication to all stakeholder groups is required. Re-branding is itself a message, and should be the outward manifestation of some real change.

While the literature recognises the importance of the brand, how it is communicated and received, and how it must represent something real, there is relatively little written on how to manage the change of a brand name. Hankinson and Cowking (1993) recommend a four-stage process for building corporate identity. Table 1 summarises their approach.

This staged process approach is very general, and assumes a centralised planning process for brand management. It provides a useful background for the current study, which seeks to understand better the process which firms actually undergo in changing their brand name.

Table 1: Four Stages of Building Corporate Identity (Hankinson and Cowking, 1993)	
Stage	**Content**
Research and recommendations	Identity, design, communications and behaviour audits conducted Perceptions of the brand, its business and its behaviour established Nature and extent of communications articulated
Creation of a new identity	Consulting agency fulfils a brief for a new 'visual' identity Development of communications strategy to introduce identity and change behaviour
Developing the detail	Development of credible, distinctive and coherent identity Consistent approach to communications throughout the organisation developed
Launch and implementation	Choices made about scale and timing of change Training of staff

3. Research Objectives

Our concern was to gain from the experiences of organisations who had been through the re-branding process to aid those who are proposing to go down the same route. Our research probed:

- drivers for re-branding
- research on original brand
- objectives
- stakeholder involvement
- unexpected learning.

4. Research Design

Depth interviews were carried out with representatives of six of the seven companies who agreed to participate in the research. The remaining organisation (Scope, formerly the Spastics Society) supplied a comprehensive case study which answered the questions contained in the semi-structured outline. [The outline is available from the correspondence author.] Five interviews were carried out face-to-face, the remaining one by telephone (Thus, formerly Scottish Telecom). Five of the interviews were recorded and transcribed, with HSBC refusing permission.

A wide range of industries and company sizes is represented, as indicated in Table 2.

Table 2: Sample Characteristics					
New Corporate Brand	**Previous Corporate Brand**	**Nature of Business**	**Geographic Presence**	**Turnover (£m)**	**No of Staff**
Carillion	Tarmac	Construction, building services and facilities management	UK, Europe Caribbean	1609	14000
BG	British Gas	Gas and oil exploration and	UK, Europe	4787	18900
Centrica	British Gas	Gas supplier	UK	7134	19600
Citrus Publishing	BLA	Publishing agency	UK, Europe	11	60
HSBC	Midland Bank	Banking and financial services	Global	23674	144500
Thus	Scottish Telecom	Telecom and internet services	UK	166	2088
Sodexho	Gardner	Catering and support services	Global	5925	232586
Scope	The Spastics Society	Charitable support for cerebral palsy sufferers and their families	UK	90	4000

5. Findings

The findings are discussed below in the same order as the research objectives.

5.1 Drivers for Re-branding

Most companies had re-branded in response to external factors. Two over-arching drivers emerged: corporate structural change, and concern over external perceptions of the organisation and its activities. In the group affected by corporate change, British Gas and Tarmac had both demerged, Midland Bank was bought by HSBC, and BLA was sold to the William Reed Group. The group addressing external perceptions, namely Gardner Merchant, Scottish Telecom and the Spastics Society, all organisations felt that there were sufficient negative image connotations with their existing brands to necessitate a name change. Gardner Merchant's concern was with its restriction to catering, Scottish Telecom with the location- and industry-specific nature of its name, and the Spastics Society with the stigmatising image of spasticity. BLA also wanted to take the opportunity offered by its sale to address associations of its name with staidness and tradition.

5.2 Research on Original Brand

In the cases of Tarmac, Scottish Telecom and Gardner Merchant, research confirmed that stakeholder image was not congruent with the desired image of the company and its associated operational activities. For example, Scottish Telecom did not want the sector and geographic restrictions that its name implies; they operate across the UK, not just Scotland, and offer internet services, as well as telecommunications. The brand, Gardner Merchant, is strongly associated with catering and has high recall, but the company's activities were not exclusively limited to catering; they offered other support services as well. The proposed new brand name of Sodexho had very weak recall, but it offered the advantage of no limiting associations, giving the company flexibility in the direction of brand extension.

As already noted, the change of name at British Gas was the result of de-merger, forced by legislation. Both new divisions recognised the strength of the British Gas brand from previous research and wanted to retain rights to it. This desire translated into both divisions eventually having rights to the original name: while Centrica is the name of the company responsible for energy retail, it continues to trade under the name of British Gas in the UK. On the distribution side, the trading name of British Gas is used by BG in overseas markets.

The Spastics Society was the organisation with the least previous brand research. It carried out extensive research with its thirteen stakeholder groups. The word 'spastic' emerged with negative associations for virtually all groups. People with cerebral palsy did not like it; parents (particularly younger ones) found the label stigmatising; donors both corporate and individual expressed dislike; even staff had reservations about the use of the word. The name Spastics Society was preventing access to the very people the organisation was trying to help. The only stakeholders unaffected were older established groups who had been affiliated to the Spastics Society for longer, and did not suffer from the same negative connotations.

Uniquely in our study, BLA relied on internal perceptions of the company in relation to its competitors. This informal and internally focused approach may well have produced a biased result. Perhaps BLA's perception of themselves as 'stuffy', 'well-respected', 'experts' and 'trusted' would not be replicated in a more objective research study. It is also moot whether the need to re-brand really was so imperative, given the number of positives allegedly associated with the existing brand name.

Midland/HSBC did no local research on the existing brand, since HSBC was rolling out a programme of re-branding of its acquired subsidiaries around the world. In the face of this homogenising programme, local research on the old brand was not deemed relevant.

5.3 Re-branding Objectives

The disparate drivers for re-branding were reflected in a diversity of objectives.

The most common objective was to develop a new image. Scottish Telecom wanted a more flexible name which allowed them to develop a young and dynamic persona. Similarly, BLA wanted its change to Citrus to be a catalyst and spark off a new spirit of innovation in the company. Tarmac's transformation into Carillion was made to emphasise its progression into a construction-to-services company, with the Tarmac name retained for the more traditional materials business.

The Spastic Society's focus was on repositioning and on the desire for greater involvement of people with cerebral palsy within the organisation on a day-to-day basis, and within the constitutional framework. Gardner Merchant's move to Sodexho reflected a desire to break the confines of the catering industry. Despite the research showing poor recall of the new name, Sodexho was set the ambitious target of reaching the same level of awareness as Gardner Merchant within twelve months.

A recurring theme was that of marketing decisions made with one eye on the City. Scottish Telecom's new name was intended to play an important role in the flotation of the company. Similarly Carillion's new image was intended to encourage the share price on its flotation. British Gas' demerger into two holding companies, while driven by legislation, had the City as a primary audience.

Gardner Merchant's increasingly global client base provided it with a further objective, namely the development of its operations to be a global partner. The name Sodexho, with its lack of local resonance, suggests just such a global organisation.

In a similar way, HSBC's mission was to have one global brand. Its organic and acquisitional growth in the 80s and 90s had left it with eight local brands and a huge array of sub-brands. The HSBC brand was not being delivered consistently and the potential benefits of a global brand were not being exploited. The re-branding programme, which included the UK, saw all of this empire re-branded as HSBC throughout the world.

5.4 Stakeholder Involvement

5.4.1 Project Leadership

In each company, it was clear where project leadership lay. At Tarmac, the re-branding exercise was led by the main Board of Directors who engaged an agency to help develop the new brand. The same applied at British Gas, where the Director of Marketing took the lead role but without the use of agencies. The re-branding of Scottish Telecom was driven by the entire senior management team. At HSBC, it was managed from the corporate centre. BLA's name change was handled by the Managing Director. Gardner Merchant created a small but broadly based project team with representatives from sales, marketing, staff, and a consultancy.

5.4.2 Involvement of Staff

The selection of a new name, underlying values, and a new look were each the subject of varying levels of involvement. Unsurprisingly, given the significance of the decision, all companies involved senior managers in the process, but the involvement of staff at lower levels ranged from all (BLA) through some (Gardner Merchant, Tarmac) to none (HSBC, Scottish Telecom, British Gas).

BLA involved all their staff, which was relatively easy since the company had only 60 employees. Focus groups were held and staff brainstormed descriptors to represent brand values, brand personality, emotional attributes and rational benefits of the brand. Staff were involved at each stage and decisions made by majority voting. Tarmac, a larger organisation, consulted a mixed sample of staff on similar issues in one day workshops.

Gardner Merchant's mixed project team ensured that staff views on values and operational issues were adopted. This was felt to be particularly important given that some 3,500 on-site managers would be responsible for communicating the brand directly to clients.

HSBC were somewhat more elitist, soliciting the views only of senior managers at each stage, although they spent time on cascading internal communication.

Confidentiality was a concern for some organisations, with Scottish Telecom and British Gas maintaining secrecy due to the sensitivity of the issue and the possible impact on share price. In both cases, the change of name was announced at company conferences.

5.4.3 Customer Involvement

Most organisations did not formally solicit the views of their customers. Where customers were consulted, it tended to be in an informal, discreet, secretive and sometimes casual manner. Gardner Merchant provides the exception here and amended a number of their decisions significantly as a result. HSBC consulted widely, but only with their commercial and institutional clients, not the retail customer base.

Both Tarmac and BLA felt that their customers did not care too much about the name. As Carillion put it,

> “what quite a few of them were saying was that, quite frankly we don’t care what you call yourselves so long as we are dealing with the same people…”

5.4.4 Agency Involvement

Most companies used an agency at some stage, to help with communications, advertising, media buying and/or new brand development. The exceptions were British Gas on the grounds that agencies added to bureaucracy, and the Spastics Society for financial reasons.

5.5 Unexpected Learning

The re-branding exercises took between five months (Scottish Telecom to Thus) and fourteen months (Midland to HSBC, BLA to Citrus Publishing). The shorter time scales tended to be driven by the City. Most respondents found the process far more complex and time consuming than they had anticipated, thus in particular they felt that the scale of the task should not be underestimated.

The importance of people to the process was specifically cited. HSBC did not appreciate the impact of the softer ‘people’ issues, and with hindsight would have recruited consultants to help them handle the internal communication process. Citrus Publishing found the involvement of all staff useful and motivating. Sodexho cited detailed planning through a steering committee, and the use of local co-ordinators to assist in effective internal communication. Scope felt their thorough involvement of stakeholder groups was very successful.

5.6 Critical Success Factors

While responses varied to some extent from company to company, clear patterns emerged from this exploratory research. The following actions or stages were felt to be critical by almost all respondents.

- Establish key stakeholders, both external and internal

- Use external help to support change and to monitor and evaluate progress.

- Include staff in the development process, to ensure commitment to the change

- Communications must be continuous, consistent, sustained, and multi-lateral

- Tailor communications to the needs of the different targets

- Plan thoroughly; evaluate capacity and have contingency plans for potential crises

- Equip and prepare people properly

- Monitor and evaluate at all stages.

6. Discussion

The research reveals the varied origins and directions taken by re-branding activities. In most cases, the approach to the re-branding process was congruent with the initial drivers of the change. At one extreme, a new corporate parent imposing a name on a subsidiary required no local research, but resulted in an underestimate of the internal marketing requirements of the process. At another, a fundamental philosophical re-alignment of a charity, initiated by the charity itself, resulted in in-depth consultation with stakeholders, and a thorough and well-documented process of change. Organisations considering re-branding should beware the myopia created by their context.

Hankinson and Cowking's (1993) process approach seems to assume a top-down process. Yet many of these firms engaged in intensive consultation internally and externally which shaped the development of the new brand. Those which engaged in this way (Scope, Citrus, Sodexho) also valued the process particularly highly. It enabled them to develop their new image in a robust and meaningful manner.

The complexity and therefore the resource-intensity of the process (particularly but not uniquely the communication process) deserves highlighting. The complexity may require additional resources, such as external consultants. As already noted, corporate re-branding is an infrequent process, so the knowledge of experts, their dispassionate observation, and the extra hands they may be able to supply, should be considered.

This complexity also demands a careful planning process. The importance of integrating operational thinking into the decision making process is highlighted. In particular in a multi-site service environment like banking or contract catering, designing and rolling out the communications elements within a tight schedule may be difficult. A realistic approach to project planning is needed.

The difficulty of controlling the process, when powerful stakeholders are at work, is also highlighted. In particular while The City is cited as a key marketing target of the change of name, its short time horizons may interfere with the implementation process. The difficulty of working to these truncated time-scales is exacerbated by the complexity already noted.

It is interesting to note how many corporates chose to re-brand themselves with names which have no existing meanings, eg Centrica, Accenture, Consignia, Sodexho, Carillion. As Kapferer noted, brands with abstract meanings offer the most potential in terms of both brand extension since their very ambiguity offers flexibility and lack of constraint. Tarmac, for example, is tied to concrete product attributes limiting it to the construction industry, and even more narrowly to materials within it. Its successor, Carillion, has no such limitations and allows the brand to operate successfully in diverse sectors. Even those brands with meanings tend to be the more abstract ones, for example, Thus and Scope. Similarly a name with no meaning or linguistic origin may obscure the origin of the company, or more simply undo the link to a parent country in a globalising industry.

Finally, throughout the interviews, all the managers were clear that the process of change itself had been valuable. Even when extensive consultation was not undertaken, a corporate learning process had been engaged. Tacit knowledge of the organisation had been made explicit. In particular, a better understanding of the brand, its underlying values, and the means which were used to express it, were developed.

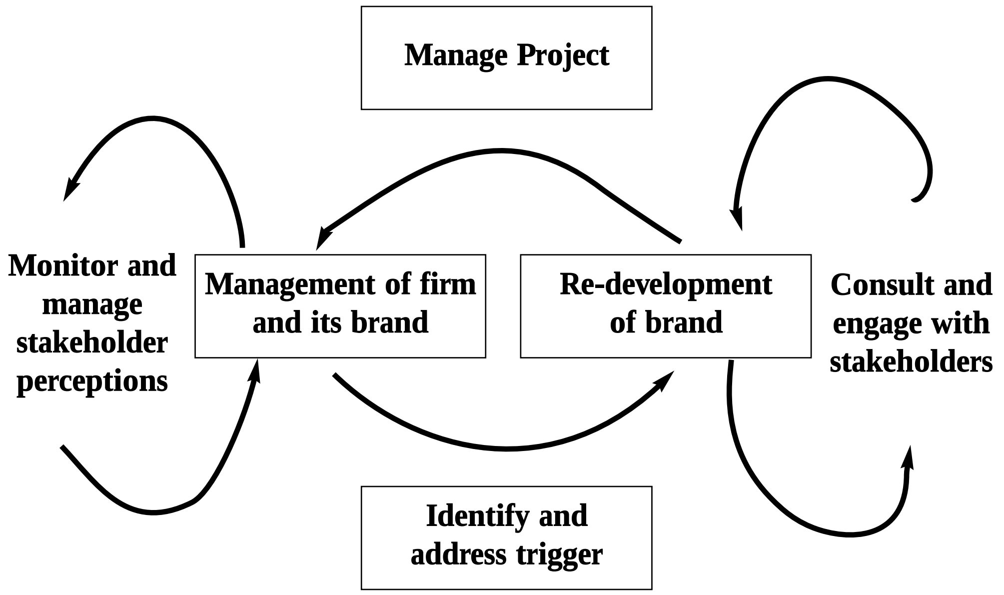
7. Conclusions

The research suggests a process based approach to re-branding organisations which addresses the more varied circumstances of organisations than Hankinson and Cowking's (1993) approach acknowledged. This approach defines key issue areas (Table 3) of concern to managers in the re-branding process.

These issue areas can be built into an integrating conceptual model of the re-branding process as an aspect of, or activity within, corporate renewal. It suggests that re-branding though indeed infrequent, might be seen as part of a cyclical model of organisational management and renewal (Figure 1).

Table 3: Issue Areas for Managers Engaged in Corporate Re-Branding	
Issue Area	**Action**
Trigger	Monitor stakeholder perceptions and needs Identify need to change Recognise limitations created by decision making process
New Brand Development	Audit perceptions of existing brand Establish mission and values through consultation Select a name, through appropriate consultation Develop the look and communications systems Involve, train and develop staff appropriately
Project Management	Recognise size and complexity of project Evaluate capacity in terms of volume and specialist skills Allow plenty of time; plan for contingencies Integrate implementation into decision making process
Follow-through	Evaluate specific objectives Monitor stakeholder responses and change

Figure 1:
Integrating Conceptual Model of the Re-Branding Process



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