

# **Employee's Perceptions of Rebranding Process: Case Study of Rebranding of an Australian Supermarket Chain**

Shenae Beus and Dr Margaret J. Matanda  
Department of Marketing, Monash University

## **Abstract**

*In highly competitive retailing environments, retailers need to ensure that their brands are relevant to customers. Thus, long-term brand management requires rebranding to stop brands vanishing from the marketplace. Rebranding is often the most viable solution of revitalising tired and underperforming brands. Rebranding requires that leadership sells the new brand vision to both internal and external stakeholders. Lack of support from employees can result in failure of the rebranding strategy. This internal branding is crucial for success of rebranding strategies. This study examines employees' perceptions of rebranding of an Australian supermarket chain. Semi-structured interviews were conducted with employees of a recently rebranded Australian grocery chain. Within-case and cross-case analyses were used to identify themes among the data transcripts. The results indicated that internal branding is a vital tool in promoting rebranding strategies to employees, as when employees associate with the brand, they are more committed to advocate the brand to customers. These results have implications to marketing managers.*

## **Introduction**

In volatile business environments, ensuring a sustainable brand is vital in enhancing customer loyalty and ensuring a sustainable competitive advantage of retailers (Petburikul, 2009). In most developed countries the supermarket retailing industry has reached maturing, with overcapacity of homogenous stores, and differentiation is not easy to attain (Morschett, *et al*, 2006). As a result the retailers are continuously searching for ways to create sustainable competitive advantage and brand building is one of the tools used enhance competitiveness. A brand is one of the most important business assets and to ensure brand success, brands need to be robust and flexible to adapt to changes within the market (Kaikati & Kaikati, 2003). Long-term brand management requires an ongoing renewal and positioning of a brand to ensure continued relevance in the face of changing environments (Feder 1998; Knox & Macklan, 1998). During the rebranding process, there is need for internal and external branding to communicate the new brand vision to external and internal stakeholders. In retailing, employees' role in is to balance the expectations of management, whilst delivering the new brand promise to customers (Arnold, *et el*, 2009; Punajaisri & Wilson, 2007). Whilst the role of employees in rebranding has been identified in prior research, the role of internal branding in the rebranding process has received limited attention (Thomas & de Chernatony, 1999). Thus, this paper addresses this gap in literature and investigates the employees' perceptions of the rebranding process. The paper focuses on employees' understanding and evaluation of the rebranding process. The paper also investigates brand identification, commitment and loyalty with the new brand vision. This paper begins with a literature review, followed by the methodology. The discussion and results are then presented. To conclude the limitations and areas for future research are outlined.

## **Literature Review**

Organisations create brands to encourage positive customer associations and employees are directly engaged delivering the brand promise to customers (Punajaisri, *et al*, 2009). To effectively deliver a revitalised brand to employees and customers, organisations need to ensure that appropriate recruitment, training and motivation is in place (Zeithaml *et al.*, 2006). Internal branding is vital in promoting the new brand to employees within an organisation so as to establish greater congruence between internal and external brand messages (Mitchell, 2002).

## **Internal Branding**

Internal branding requires implementation of an internal communications programme to encourage and inspire employees to support the new vision (Malmelin & Hakala, 2009). Internal branding is about creating an emotional connection between employees and organisation that transcends their personal experience, to create a brand vision in employees' mind that mobilises support for the brand in every decision they make (Mitchell, 2002). Thus, internal branding aligns the employees' brand experience with the desired customer brand experience (Moosley, 2007). Organisations use internal branding to ensure employees are part and parcel of the rebranding process, which facilitates how successful they represent the brand's qualities to customers (Keller, 1993). The more employees are informed about brand changes, the more comfortable they are in communicating the brand values to customers. Thus, internal promotion of the brand not only allows employees to understand the brand, but encourages employees to take ownership of the brand through their organisational responsibilities (Devasagayam, *et al*, 2010). According to Schiffenbauer (2001), without internal branding the brand message is not supported by unified employee behaviour and the message loses credibility. Organisations need to take time during the rebranding process to ensure employees internalise and commit to the new brand values (Kaikati, 2001).

Employees can make or break an organisation's brand, thus overlooking internal branding can significantly reduce the potential impact of the organisations' external brand experienced by customers (Sartain, 2005). Brand performance depends on the how employees perform their roles in delivering the brand promise based on the brand standards (Punjaisri, *et al*, 2009). The stronger employees' identification, commitment and loyalty to the brand, the more successful the rebranding strategy will be as the more probable that managers and employees will act in accordance with the corporate brand values (Harris & de Chernatony, 2001). Gotsi and Andriopoulos (2007:351) indicate that one major pitfall of corporate rebranding, is that employees are often on the receiving end of the rebranding process as they often receive information after the strategy is initiated, which is 'a dangerous practice since staff are then unable to substantiate the corporate brand promise in their customer encounters, and are left vulnerable to negative reactions'. Internal branding influences employee's brand identification, brand commitment and brand loyalty, which can determine the overall performance of the brand (Punjaisri, and Wilson, 2007).

## **Outcomes of Internal Branding**

*Brand identification* is crucial in promoting brand citizenship behaviour. Brand identification gives employee's sense of belonging to the brand and a perception of being involved with its success or failure (Punjaisri, *et al*, 2009). Devasagayam *et al* (2010) found a positive association between the identification an employee has with a brand and their support for the brand, as well as employees' satisfaction. Employees act as a promotional representative for the organisation in every interaction they have with the customer, thus they also have a reputation to uphold (Malmelin & Hakala, 2009). Therefore, the more employees identify with the brand the more confident the organisation can be that they will positively portray the company to customers. A misalignment in corporate cultures associated with rebranding, can weaken employees' acceptance of the newer brand and create identity ambiguity (Gioia *et al.*, 2000). Burmann and Zeplin (2005) advocate that brand-centred human resource management, brand communication and leadership are important in enhancing cultural fit between employees and the organisation results in the brand having a continuous and consistent identity to that enhances brand trust.

*Brand Commitment* is the level of psychological attachment of employees to the brand that can influence their willingness to exert extra effort towards reaching the brand goals (Burmann & Zeplin, 2005). Meyer and Allen (1997) identified a positive relationship between an employees' job satisfaction and their level of commitment. To encourage greater employee commitment to the revitalised brand, management needs to lead by example. Vallaster and de Chernatony (2005) suggest an organisations' leadership facilitates internal brand building through initiating and facilitating

behavioural changes consistent with the desired brand identity. Organisational leadership in the rebranding process develops stronger commitment by employees by encouraging employees to 'live' the vision of the brand in all aspects of their organisation role (Mitchell, 2002).

*Employee Brand loyalty* is the willingness of employees to stay with the present brand (Punjaisri, *et al*, 2009). During rebranding organisations can have difficulties gaining employees acceptance of a revitalised brand. Employees' loyalty to the brand is vital as it allows the organisation to respond effectively to customer requirements and drives down costs through reduced recruitment and training expenses (Punjaisri, *et al*, 2009). The greater the employees' loyalty to the brand, the more engaged employees' are not only to the brand but their workplace as well. Thus, Gonring (2008) suggests a significant link between employee engagement and customer loyalty. Employee loyalty results in employees being brand advocates in delivering a unified customer experience and without loyalty present there is a quantifiable impact on the customers' experience, brand equity and shareholder value (Heaton & Guzzo, 2000).

This paper specifically examines employees' perceptions of the performance of a recently rebranded Australian supermarket chain. The supermarket that will be known as Grocery Co, announced a rebranding strategy for its Victorian stores in the later part of 2008, to combat the increased competition in the market from major supermarket retailers. The rebranding strategy involved aligning the Victorian stores with the same brand name of other stores used nationally, to retain Grocery Co's leadership position in an extremely competitive. The rebranding strategy also involved a change in the company logo design, store layout, product lines and commitment to customer service. Whilst, the rebranding strategy aimed to be financially advantageous, it was important to gauge success from employees' operational perspectives.

## **Methodology**

To gauge employees' identification, commitment and loyalty to Grocery Co's current rebranding strategy, a qualitative research design was adopted. Data was collected through the use of in-depth audio taped semi structured interviews with employees of a newly rebranded grocery chain in Australia. In-depth interviews involved using a set of probing questions posed to gain an idea of what the subject thinks or how they behave in a particular way (Burns & Bush, 2006). The interviews utilised a protocol of standardised open ended questions, where each respondent was asked the same pre-planned questions to highlight differences in responses, yet retaining the flexibility to probe further into respondent's answers (Patton, 1990). The questions were based around experiences and perceptions of the rebranding process and sensory questions focusing on how respondents' felt about the changes. Fifteen Grocery Co front line employees and managers over the age of eighteen, from a range of ten recently rebranded stores in Victoria were interviewed. Participants for this study were purposive sampled and only participated if they had worked for Grocery Co for a period greater than twelve months. Thus, this study included primarily part time and full time employees from different operational roles to ensure participants had been exposed to the rebranding changes. Respondents were intercepted by the researcher at their places of work. Interviews were then conducted at a central location to allow the researcher and interviewee to have a personal one-on-one conversation. To analyse the interview data collected, grounded theory was applied to identify patterns in the data that can contribute to developing theory (Gephart, 2003). This technique involved within case analysis to identify key components or words highlighted in the data and then using these to form a codes that produced common themes. Cross case analysis was then utilised to compare similarities and differences in participants' response patterns and themes.

## **Data Analysis and Results**

### ***Initiation of the Rebranding Process***

A recurrent notion articulated by all interviewees indicated that the changes that occurred have only been *'very minor'*. Most participants indicated the company had not really changed in any way. The rebranding process has been very slow, as Interviewee 1 articulated that *'the name hasn't changed yet, but other changes started about six months ago'*. Small changes were made apparent, prior to any big changes being made to the store and signage. Most employees were first aware of internal rebranding by the introduction of Grocery Co store branded product ranges. Employees also noticed changes in merchandising of Grocery Co branded products as Interviewee 2 indicated; *'all products are placed about eye level and are usually the same price or lower than other products on special'*. Whilst the launch of the new store branded products increased; *'promotion wise it has stayed pretty much the same'*. Grocery Co continued to use traditional forms of media such television, radio and newspaper advertising to convey specials. Employees' stores that were further along in the rebranding process indicated that refurbishment involved a changed layout, fresh paint, introduction of self service checkouts and branded signage. Interviewee 3 noted that rebranding modernised the appearance of the stores and improve customers' shopping experience; *'it makes the front of the shop look more open and bigger cause people aren't waiting in lines'*.

### ***Communication of the Rebranding Process***

Grocery Co did not adopt a unified communication strategy in notifying employees from all stores of the rebranding changes. Some employees were told in store meetings by the store managers, whilst others received notice of the rebranding strategy via a memo in their payslip. Interviewee 4 stated that the memo outlined the changes taking place and; *'Just went through little bits and pieces just to let staff know that was happening, that we are now [Grocery Co], that it was across the board'*. The participants indicated that managements role in the rebranding process was to ensure *'despite all the changes employees remained focused on the job at hand'* (Interviewee 5). Grocery Co did not undertake internal branding and involve employees in the rebranding process or provide clarified reasons for rebranding. However, over three quarters of employees interviewed indicated that the rebranding strategy was communicated effectively to them as changes were not major changes that were gradually implemented. Others felt the communication was inadequate, due to the fact they were not kept up to date with the refurbishment process, therefore were unable to answer customer queries. Interviewee 1 believed management *'...assumed that there isn't any care and they only tell us what they really want us to do, other than that I don't think much else will happen'*. In addition, employees noticed the disparity in how the new brand was communicated to customers. Some suggested that *'customers can just see the differences for themselves'*. In addition, Interviewee 4, alluded that staff could see the changes first hand as it happens within their store but not to the public; *'I don't think they put too much of an emphasis on it [communicating rebranding to customers], it was just to unify the company, that's about it'*.

### ***Drivers of the Rebranding Process***

The underlying premise behind all drivers of rebranding noted by employees is increased competition. Some interviewees thought that rebranding had been more about organisational structure rather than customers. Interviewee 6 noted; *'All stores are competing for profits with other supermarkets in their area'*. This occurs in the fast moving consumer goods industry as customers move frequently from one store to another, given the low switching costs. In order to compete against other dominant players in the industry, Grocery Co need to differentiate stores in a unique way to encourage greater customer patronage and thus returned financial benefits. The most mentioned driver of rebranding by employees was the term unification of the stores. Over half of the employees interviewed proposed that by renaming Victorian stores to Grocery Co, the company presented a unified front across Australia as it makes the organisation *'look like one company, which it is, but so it's the same nationwide'* (Interviewee 5). In general unification of the store brands was viewed positively as it reduced confusion of both customers and employees who work at multiple locations. Further, employees also identified the theme of familiarisations. Employees indicated that by having a standardised layout of Grocery Co stores, customers become familiar and more comfortable with the layout. Interviewee 7 articulated that

familiarisation of the store *'makes it less confusing for customers'* as they can walk into the same store nationwide and recognise the layout.

### ***Success of the Rebranding Process***

Most employees had a personally neutral response to the changes taking place as it did not directly impact upon them; *'It doesn't worry me, I still do the same thing'* and *'I'm not really fussed by them, I just go in and do my job and that's it'* (Interviewee 8). A motive for the stable level of employee satisfaction may be related to their lack of encounters of problems associated with rebranding. However, employees indicated that overall they were satisfied with the changes, as long as Grocery Co remains *'consistent'* in their approach across all stores and maintain a gradual approach. In contrast, Interviewee 4 queried whether rebranding was even necessary or beneficial at all, given that *'If your going to do it make a big deal of it, give it a reason, but I don't think they did'*. Given the considerable expenses associated with implementing the rebranding strategy, the changes were considered not drastic enough to reap significant benefits. Interviewee 9 indicated; *'I think it would cost a lot of money and time to implement all the changes to Victorian stores, but I can't see the benefit in it'*. Interviewee 10 also articulated that whilst rebranding of their store made it easier for customers to recognise the store and layout, the majority of customers would still call the organisation by its previous name as they *'don't think it has changed enough for customers to notice a difference'*.

### **Discussion and Interpretation**

The findings suggest that Grocery Co's rebranding was poorly communicated and promoted internally and externally. Therefore, employees do not identify with the brand and at times not aware of the intended changes. As a result, the brand fails to resonate with employees, which reduces the brand's vision being passed on to customers. Merrilees and Miller (2008) indicate that revitalising brand image requires designing an appropriate brand vision for the corporate rebrand that can continue to satisfy the core ideology of the corporate brand. This vision needs to be instilled and accepted among employees, to drive the rebranding process to further success. Further, the lack of employee identification with the new Grocery Co brand appeared to diminish employees' commitment to the brand. Employees of Grocery Co believed that as long as the changes did not affect their position they would remain satisfied, however demonstrated no motivation in advocating or selling the new brand to customers. This may be apparent due to the evident lack of leadership from middle and senior employees. Bass (1990) indicates that superior leadership is needed in creating awareness and acceptance of the purpose and mission of organisational initiatives and to encourage employees to act in the best interest of the organisation. Grocery Co employees' demonstrated varying degrees of loyalty, with some employees being committed to the organisation for greater than fifteen years. However, younger employees indicated that rebranding was poorly communicated to lower level staff and they presumed that they were not involved as the company assumed these employees did not care as they often leave relatively quickly. This indicated that both the old and new internal brand may not have had an effect on some employees' at all, as they are driven to work for other motivations. Repositioning the Grocery Co brand into the market may have been viable if the position was pre-emptive, defensible, and difficult to attack (Keller, et al, 2002). However, without substantial internal and external promotion of the rebranding strategy, Grocery Co employees did not feel that rebranding created a sustainable competitive position and thus the company. Therefore, employees' generally perceived the new brand's performance was costly given the changes so far were not significant enough to encourage greater customer patronage.

### **Limitations and Areas for Future Research**

Whilst the research endeavoured to encapsulate employee perceptions of rebranding, limitations to the study are apparent. Given that the research only involves the single case of Grocery Co, the paper lacks generalisability to other industries or nations. Further the study may have been conducted too early in

the rebranding process, thus would need to be revised once the rebranding of all stores was completed. Further research could examine the effects of rebranding on employees on a wider sample of participants or alternative industry to gauge a broader understanding of the role of internal branding in implementing rebranding strategies. In addition, future studies could investigate customer perceptions of rebranding to determine attributes that contribute to creating a successful rebranding campaign.

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**Appendix A: Participant Profile**

<b>Respondent</b>	<b>Sex</b>	<b>Age Group</b>	<b>Employment Contract</b>	<b>Job Description</b>
1.	Female	26-35	Part Time	Checkout Operator
2.	Female	46-55	Full Time	Produce Department
3.	Male	26-35	Part Time	Storemen
4.	Male	18-25	Part Time	Storemen
5.	Female	46-55	Full Time	Service Assistant
6.	Female	46-55	Full Time	Duty Manager
7.	Female	36-45	Full Time	Service Assistant
8.	Female	18-25	Part Time	Produce Department
9.	Male	26-35	Full Time	Service Assistant
10.	Male	46-55	Full Time	2IC