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Re-Branding: Implication, Benefits and Effects on Buying Decision Using Selected FMCG in Lagos State, Nigeria

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Abstract

This study investigates re-branding: implication, benefits and effects on buying decision using selected FMCG in Lagos state. Consumers of selected FMCG companies in Lagos state were the selected respondents in Lagos state. Interest in the study was to determine rebranding activity and strategy on product repositioning only with less consideration of other branding elements, product physical appearance with less concern for consumer acceptability, product image and physical appearance with no commensurate effort on salesmen activity and operations and of market share and customer retention. Survey design was adopted in this for this study, stratified and simple random sampling was adopted in selecting 216 respondents used for this study. The questionnaire used was structured questionnaire to collect date used for this study. The result from the analysis indicated that there's a relationship between Rebranding activity and product strategic positioning. (Rebranding and improvement and product physical appearance R= 319, R2=0.102, Adjusted R2=0.098 F-statistics= 24.475, p-value= 0.000) and (Rebranding activity and strategy and product image and physical appearance with no commensurate effort on salesmen activity and operations). The result shows that there is a relationship between rebranding activity and strategy and organization performance in terms of market share and customer retention.

Key words

Branding strategy, buying decision, marketing, products repositioning strategy, re-branding

JEL Codes: M3, M30, M31, M37

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1. Introduction

According to Aaker (2009), giving a product or service an identity to differentiate the product in the market as well as in the mind of the stakeholders is referred to as branding. Rebranding on the other hand is redefining the already exist product or organization to make it more appealing and relevant to the eyes of the customers and the stakeholders. The main aim of rebranding is to define the company's beliefs and core values (Aaker, 2009). Branding gives the companies the opportunity to communicate and inform their customers of the benefits and values offered by their product or services which forms the companies brand heritage and corporate identify. The desire for customers to patronize a particular company for its product or services shows that the company has achieved some level of success in its rebranding efforts (Fill, 2009). Companies adopting new business names are often reported in the business press due to the continuously changing business environment. For example, mergers and acquisitions and ownership changes are usual. However, changing a corporate brand name suggests the loss of all the values that the old name signifies in an extremely short course of time; it may nullify years of effort and can seriously damage or even destroy the equity of the brand (Zhang and Sood, 2012). Despite the growing interest by practitioners, the phenomenon has as yet received little academic attention. So far, only a handful of academic studies seem to have concentrated on it by referring to it as corporate re-branding (Ahonen, 2008).

Branding is the ability of a business concern to create new brand identity while rebranding is a process whereby business adopt new name, identity, slogans or visuals in the case of mergers and acquisitions or change of corporate or business strategy. Getty and Thompson (2014) opined that rebranding is a continuum from changing brand name or revitalizing that involves alterations in brand values and promises.

1.1. Problem statement

Rebranding strategy might be attractive in solving company's problems, but is not without risk. Rebranding exercise if not properly done has the potential to provoke customers and employees and can cause loss of goodwill and confusion leading to losses and the eventual dissolution of a company (Muzellec and Lambkin, 2006). Furthermore, rebranding is equally an expensive time consuming and risky activity that should be undertaken with a clear marking and financial case in its favor and a strong marketing plan in place to support its implementation. However caution should be made in area of changing the company name since it's the main means through which the company communicates; changing the company's name should be done with caution. This is why many fast moving consumers goods company has not come to the realization and importance of rebranding strategy and its effect on buying decision of customers. Thus, this study seeks to examine re-branding: implication, benefits and effects on buying decision using selected FMCG in Lagos state. In view of this, the questions to be addressed in this study are:

I. Does rebranding activity and strategy in FMCG only addresses product repositioning only with less consideration of other branding elements?

II. Does rebranding strategy only focuses on improvement of product physical appearance with less concern for consumer acceptability?

III. To what extent has rebranding activity and strategy only concerns product image and physical appearance with no commensurate effort on salesmen activity and operations?

IV. Does rebranding activity and strategy affect organization performance in terms of market share and customer retention?

In view of this, the hypotheses to be addressed in this study are:

Ho: rebranding activity and strategy in FMCG does not address product repositioning and branding elements

Ho: There is no relationship between rebranding strategy and improvement of product physical appearance with less concern for consumer acceptability

Ho: Rebranding activity and strategy does not concern product image and physical appearance with no commensurate effort on salesmen activity and operations.

Ho: Rebranding activity and strategy does not affect organization performance in terms of market share and customer.

2. Literature review

2.1. The Resource Based View

The assumptions of resource based view states that the resources possessed by firms can be considered as the main determinant of the company's performance and may also contribute to sustained business competitive advantage (Hoffer and Schendel, 1978; Wenerfelt, 1984). This means that before an organization can look at the external environment of their business for opportunity they need to know the internal capacity of the resources of their organization. Barney (1991) opined that resources includes all forms of capabilities, assets, organizational processes, firm attributes, knowledge, information, etc. controlled by the firm which enables the firm to conceive and implement strategies that improves its efficiency and effectiveness (Daft, 1983; Barney, 1991). The early stage of the Resource Based View was concerned with identifying the characteristics of resources that are not subject to imitation by competitors. If the resources possessed by a firm can be easily replicated by competitors, the advantage may not last long even though the resources are the source of competitive advantage of the firm.

2.2. Dynamic Capabilities Theory

A professor at a company in Berkeley, California propounded the dynamic capabilities theory. Teece *et al*. (1997) define dynamic capabilities as the ability of a firm to build, reconfigure and integrate internal and external competencies to address rapidly changing environments. The theory was propounded to explain how firms can fulfill two seemingly contradictory imperatives; that is, being stable enough to deliver value continuously in their own distinctive way and also adaptive and resilient to change position whenever the need arises.

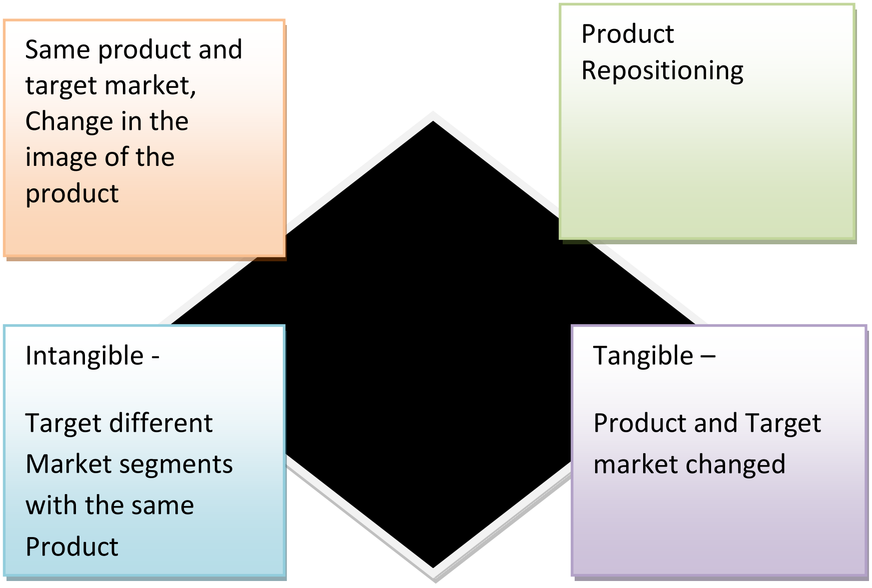
2.3. Contingency theory

Contingency theory can also be referred to as behavioral theory. The theory claims that there is no single best way for designing of organizational structures. It can further be traced to the work of Ross (1973) on the economic theory of agency that states the best way of organizing a company is based upon the external and internal situation of the firm. The approach to organizational design tailors the design of the firm to the sources of environmental uncertainties that may be faced by the organization. The major aim is to design an organizational structure that can handle environmental uncertainties effectively and efficiently (Murage, 2011).

2.4. Rebranding and Products Repositioning

Effective positioning of a company's product ties the product to a particular segment of the market. Products are usually created to appeal to a particular segment of consumers while such product may not appeal to other segment of consumers.

A product strongly positioned will appeal to limited number of customers unless there is lack of effective competition because it will have the benefits that the target market requires in an exaggerated form, while other benefits would hardly be provided (Tom and Peter, 2007).



Source: Products Repositioning Strategy, Temporal, (2002)

Figure 1. Products Repositioning Strategy

Intangible goods are defined as goods that does not have a physical nature unlike a physical good (usually object). Online digital goods or visuals such as downloaded music, mobile apps or virtual goods are all good examples of intangible goods. Intangible goods play a critical role in this modern increasingly digitized world and economy. Usually, anything that is deliverable over the internet can be referred to as intangible good. Intangible good should not be confused with a service because a good is an object while service can be referred to as an activity or labour. Haircut can be referred to as a service and not an intangible good; while physical good that can be touched are referred to as tangible goods.

3. Methodology of research

This study was carried out to critically examine re-branding: implication, benefits and effects on buying decision using selected FMCG in Lagos state

In analyzing and assessing re-branding: implication, benefits and effects on buying decision, the study made use of regression model for the study. Regression model will be adequate in providing answers to the research problems this study intends to undertake. The significance level achieved is 0.05 while p-value is lesser than the significance level, the null hypothesis was rejected to accept its alternative, but if otherwise vice-versa

4. Data Analysis

4.1. Hypothesis I

Null hypothesis (H_0 rebranding activity and strategy in FMCG does not address product repositioning and branding elements

Model specification

$PR = f(R), PR = b_o + b_i R + U_i$ (1)

Where:

PR = Product repositioning and branding elements, R = Rebranding; b_o = constant term, U_i = Stochastic error term.

Result of Regression Analysis showing the significance between Rebranding and product repositioning and branding elements.

Table 1. Summary of Model

Model 1	R	R Square	Adjusted R Square	Std. Error Estimate
1	.207a	.043	.039	.782

Predictor: (Constant), Rebranding

Table 2. ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.947	1	5.947	9.718	.002[b]
	Residual	132.186	216	.612		
	Total	138.133	217			

a. Dependent Variable: Product repositioning
b. Predictors: (Constant), Rebranding

Table 3. Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.562	.117		13.392	.000
	Rebranding	.143	.046	.207	3.117	.002

a. Dependent Variable: Product repositioning

4.2. Hypothesis II

The H_0 which states that there is no relationship between rebranding strategy and improvement of product physical appearance with less concern for consumer acceptability

Model specification

$$IPP = f(R),\ IPP = b_o + b_i R + U_i \quad (2)$$

Where:

IPP = Improvement in product physical appearance, R = Rebranding, b_o = constant term, U_i = Stochastic error term.

Result of Regression Analysis showing the significance between Rebranding and improvement and product physical appearance.

Table 4. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.319[a]	.102	.098	1.309

a. Predictors: (Constant), Rebranding

Table 5. ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	41.961	1	41.961	24.475	.000[b]
	Residual	370.314	216	1.714		
	Total	412.275	217			

a. Dependent Variable: Improvement of product physical appearance
b. Predictors: (Constant), Rebranding

Table 6. Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.608	.195		8.238	.000
	Rebranding	.380	.077	.319	4.947	.000

a. Dependent Variable: Improvement of product physical appearance.

4.3. Hypothesis III

Rebranding activity and strategy does not concern product image and physical appearance with no commensurate effort on salesmen activity and operations.

Model specification

IPP = f (RAS), IPP = $b_o + b_i$ RAS + U_i (3)

Where: PIPA = product image and physical appearance with no commensurate effort on salesmen activity and operations

RAS = Rebranding activity and strategy, b_o = constant term, U_i = Stochastic error term.

Result of Regression Analysis showing the significance between Rebranding activity and strategy and product image and physical appearance with no commensurate effort on salesmen activity and operations.

Table 7. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.251[a]	.063	.059	1.590

a. Predictors: (Constant), Rebranding activity and strategy

Table 8. ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36.874	1	36.874	14.583	.000[b]
	Residual	546.158	216	2.529		
	Total	583.032	217			

a. Dependent Variable: product image and physical appearance on salesmen activity and operations
b. Predictors: (Constant), Rebranding activity and strategy

Table 9. Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.923	.237		8.114	.000
	Rebranding activity and strategy	.357	.093	.251	3.819	.000

a. Dependent Variable: product image and physical appearance on salesmen activity and operations

4.4. Hypothesis IV

Rebranding activity and strategy does not affect organization performance in terms of market share and customer retention.

Model specification

OPMS = f (RAS), OPMS = $b_o + b_i$ RAS + U_i (4)

Where: OPMS = organization performance in terms of market share and customer retention, RAS = Rebranding activity and strategy, b_o = constant term, U_i = Stochastic error term.

Result of Regression Analysis showing the significance between rebranding activity and strategy and organization performance in terms of market share and customer retention.

Table 10. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.239[a]	.057	.053	1.492

a. Predictors: (Constant), Rebranding activity and strategy

Table 11. ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29.034	1	29.034	13.043	.000[b]
	Residual	480.824	216	2.226		
	Total	509.858	217			

a. Dependent Variable: organization performance and market share and customer retention
b. Predictors: (Constant), Rebranding activity and strategy

Table 12. Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.674	.222		7.530	.000
	Rebranding activity and strategy	.316	.088	.239	3.612	.000

a. Dependent Variable: organization performance and market share and customer retention

5. Results

5.1. Hypothesis I

$PR = 1.562 + 0.143\,R + U_i$, $R^2 = .043$, $R = .207$, $R^2 = .039$, $t = (13.392)\ (3.117)$

The value of the constant in the estimated regression is 1.562. It shows that if rebranding is held constant, product repositioning value will be 0.143, this shows that rebranding makes 14% in the increase level product repositioning and branding elements as indicated by regression coefficient (.143). The outcome also shows that the t-statistic for the estimates of product repositioning and branding elements is stated as ($t=3.117$, $P<0.05$). This shows that rebranding has a significant impact on products repositioning and branding elements.

The coefficient indicated with (R^2) is .043 which shows that rebranding is responsible for 4% of variation in product repositioning and branding elements. 96% shows variations in other variable that are not specified in the summary model of regression which can be found in the stochastic error. Also the R value of the model (.207) indicates that there is significant relationship between rebranding and product repositioning and branding elements.

Hypothesis II

$IPP = 1.608 + 0.380R + U_i$, $R^2 = .102$, $R = .319$, $R^2 = .098$, $t = (8.238)\ (4.947)$

The constant term shown in the estimated regression line is 1.608. It shows that if rebranding is held constant and product physical appearance with less concern for consumer acceptability is estimated at 0.380. This shows rebranding accounts for about 38% level of the product physical appearance with less concern for consumer acceptability experienced by the organization which is indicated by the coefficient of (.380). The result also shows the estimated parameter for product physical appearance with less concern for consumer acceptability is ($t=4.947$, $P<0.05$). Therefore, rebranding has a significant impact on product physical appearance with less concern for consumer acceptability.

The analysis indicated that (R^2) is .102, which shows that rebranding only accounts for 4% of the variation of product physical appearance with less concern for consumer acceptability while the remaining 90% shows variations in other variable that are not specified in the summary model of regression which can be found in the stochastic error. Also the R value of the model (.319) indicates that there is significant relationship between rebranding and improvement in product physical appearance with less concern for consumer acceptability.

Hypothesis III

$PIPA = 1.923 + 0.357RAS + U_i$, $R^2 = .063$, $R = .251$, $R^2 = .059$, $t = (8.114)\ (3.819)$

The constant term in the regression analysis is 1.923. It shows that if rebranding activity and strategy is held constant, the value of product image and physical appearance with no commensurate effort on salesmen activity and operations will be about 0.357, this means that rebranding activity and strategy accounts for about 36% increase in the level of the product image and physical appearance with no commensurate effort on salesmen activity and operations experienced by the organization as shown in the by the coefficient of rebranding activity and strategy as (.357). The shows that the estimate of the product image and physical appearance with no commensurate effort on salesmen activity and operations. Therefore, rebranding activity and strategy has a significant impact on product image and physical appearance with no commensurate effort on salesmen activity and operations.

The (R^2) is .063, this shows that rebranding activity and strategy can be accounted for by 6% variation in the product image and physical appearance with no commensurate effort on salesmen activity and operations while the remaining 96% unexplained variation are otherwise stated in the stochastic error term. Also the R value of the model (.251) indicates that there is significant relationship between rebranding activity and strategy and product image and physical appearance with no commensurate effort on salesmen activity and operations.

Hypothesis IV

$\overline{OPMS}$ = 1.674 + 0.316RAS +U_i, R^2 = .057, R = .239, $\bar{R}^2$ = .053, t = (7.530) (3.612)

The constant term in the regression model is 1.674. This shows that if rebranding activity and strategy is held constant, the value of organization performance in terms of market share and customer retention will be about 0.316, this means that rebranding activity and strategy indicated for 31% of organization performance in terms of market share and customer retention experienced by the organization as shown by the coefficient of rebranding activity and strategy (.316). The parameter estimates of the organization performance in terms of market share and customer retention is (3.612). Therefore, rebranding activity and strategy has a significant impact on organization performance in terms of market share and customer retention. The (R^2) is .057; this shows that rebranding activity and strategy can be accounted for by 6% variation in organization performance in terms of market share and customer retention. While the remaining 95% unexplained variation are otherwise stated in the stochastic error term. Also the R value of the model (.239) indicates that there is significant relationship between organization performance in terms of market share and customer retention.

6. Conclusions

It is clear from the findings that rebranding has had a profound effect on the consumers of FMCG products. Rebranding has contributed to the FMCG company implementation of long term goals and has enhanced the image of the organization at large. Through rebranding, FMCG companies have managed to place itself strategically within the market, enhance efficiency and effectiveness of the organization and attain an advantage over its competitors thereby achieving the organization's goal of profitability. The study found that rebranding has improved organization performance through creating company and product awareness, pushing up sales, enhancing customer satisfaction and seeking to create a unique position for its product and services. This has contributed towards ensuring that both product and organization create value beyond that of their competitors and customer satisfaction is ensure.

This study also established that rebranding as a strategy is a continuous process which has to be well thought out before its implementation commences. It however requires some degree of flexibility to ensure that the strategy remains relevant and adapts to the dynamic environment in which it is being implemented. If this is adhered to, then an organization can most certainly reap the benefits of rebranding, key among them being improved performance. On the effect of corporate rebranding on product quality, the study established that there being a better understanding of brand strategy in FMCG companies, branding was highly significant factor. This finding agrees with Taylor (2014) who studied the influence of cross-cultural values on the positioning of international products brands. The most significant result of this study suggested that a standardized or adapted branding strategy could be adapted in Asian markets. This study provides a better understanding of brand strategy in FMCG Company in order to avoid the danger of adopting product based branding strategy. Branding is powerful in providing competitive advantages.

The study findings also revealed that rebranding management and strategy contains a significant element of brand equity to be highly significant to this study. This also concurs with Bryson and Rusten (2010) who conducted a research on business practices and rebranding management found out that it contain elements of brand equity. Aaker (2011) developed a framework suggesting that brand equity creates value for both customers and business. As the value for customers of the firm increases, the value for the business also increases simultaneously. Through brand equity, business can differentiate their products in order to gain competitive advantage against other firms in that sector or segment which will increase cash flow to the firm. Therefore, positive brand equity affects the firm positively in the short and long-term. Keller (2011), opined that when customers perceive a brand to have strong brand equity, it leads to loyalty of customers towards such brand and product giving the brand better market share and less vulnerability to the dictates of the market and competition. This is also capable of creating an inelastic market for the firm's products leading to improved trading, increases effectiveness of marketing effort, global support and tremendous opportunities for business.

The study findings on the effect of rebranding on the image of the organization established that environmental scanning is the monitoring, assessing and distributing of information from the external and internal environment. This finding is in agreement with Keller (2012) which found out that it is essential to appraise brand performance and organization should ensure a monitoring system that takes cognizance of brand performance. Keller (2012) further opined that the financial impact of brand marketing and brand value chain must be well understood by the firm for effective rebranding strategy.

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