Masters of Science in Business Administration

ZONOPTIMUS CASE STUDY:
MARKETING DECISION MAKING AFTER MERGER AND CONSUMERS' PERCEPTIONS BEFORE AND AFTER REBRANDING

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ABSTRACT

Dissertation title: ZONOPTIMUS CASE STUDY: MARKETING DECISION MAKING AFTER MERGER AND CONSUMERS´ PERCEPTIONS BEFORE AND AFTER REBRANDING.

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This dissertation focuses on decision making process of rebranding of two recently merged telecommunication brands as well as its first impact on the consumers.

Zon and Optimus were two independent brands that were operating in telecommunication market. ZON - the leader in the Television services and Optimus - the 3rd best mobile operator in the country. The trend of convergent offers made a significant impact on the telecommunication market. Companies started to fight for the market share in the packaged solution, named Quadruple play. The board directors of Optimus and ZON realized that they would need to react and found a very appealing solution that involved the merger of two companies with complementary assets. Merger was followed by rebranding that gave life to an absolutely new brand called NOS.

The main aim of this research was to analyze perceptions of the brand before and after rebranding and identify main changes. In order to accomplish the goal, this paper will introduce main facts of the process in Case Study section, it will also provide theoretical framework presenting summary of the previous studies in Literature Review chapter and finally, the methodology that helped to gain the necessary insights for the further conclusions.

The main conclusion that can be drawn from this thesis is that the first reactions of the consumers were not negative. Nonetheless, the brand was perceived worse than the old ones. This Case Study also showed that rebranding can be evaluated from different perspectives and thus, the answer about its effectiveness is subjective.

LIST OF ACRONYMS

- ANACOM - Autoridade Nacional de Comunicação (National Authority of Communication)
- FTS - Fixed mobile services
- MVNO - Mobile Virtual Network Operator
- M&As- Mergers and Acquisitions
- PT - Portugal Telecom
- RGU- Revenue Generating Units
- TV - Television Service
- VoIP - Voice Over IP

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1 INTRODUCTION

ZONOPTIMUS was a telecommunication company that appeared in August 2013 due to the merger of two firms. Two companies had complementary infrastructures: Zon was lacking mobile network and it was the strongest asset that Optimus could have given in exchange for the ZON´s leading fixed services. The merger gave a birth to a more complete operator with the stronger presence in the Portuguese market. Consequently, combination of two firms allowed the company to make a big step towards convergence and integrated services, which were considered the most important trends of that time. After the merger was officially completed, the main concern of the marketing department became the future identity of the new company. After careful consideration, the team decided that names ZON and Optimus should have stayed in the past. Consequently, a full rebranding process took place and on 16th of May of 2014 new brand was introduced to consumers.

In general terms, this study focuses on the post-merger marketing decision of ZONOPTIMUS that had led to the new brand creation and as a consequence complete rebranding process. The main goal is to evaluate the reasons and effectiveness of the decision as well as understand an immediate reaction of the consumers. Hence, the following challenge was proposed:

1.1 PROBLEM STATEMENT

“To evaluate the impact of ZONOPTIMUS rebranding in the short-run by analyzing the process, reasons leading to the decision as well as the change in consumers´ perceptions and associations with the brand.”

1.2 KEY RESEARCH QUESTIONS

RQ1: What were the reasons that lead the company to create a radically new brand?

Rebranding is a complex and quite costly activity that must be carefully evaluated in order to avoid negative outcomes. In the case of ZONOPTIMUS, its name change came as a consequence of a “marriage” between two well known telecommunication brands. Nevertheless, there is no unique rule of what should be done to the existed brands after mergers. ZONOPTIMUS marketing department had a challenge to decide the future of the “new” company and was considering few scenarios. Consequently, it is interesting to comprehend what factors had led the company to choose a radical rebranding option.

RQ2: What were the most important changes (Merger and Rebranding)?

Many marketing decisions are linked to the internal changes of the company. This paper presents a process of the company that consists of two main steps: Merger and Rebranding. It is crucial to comprehend the main adjustments of the new company in order to have a complete view of the case.

RQ3: Was there a shift in the consumers´ perception?

• Consumers’ perceptions before vs. after rebranding

The merger and rebranding processes of ZONOPTIMUS are relatively recent events. A significant advantage of this study is the period of time in which it was elaborated and therefore, possibility to measure consumers´ perceptions before and after rebranding. Having such privilege and understanding the magnitude of the comparison between consumers´ perceptions of both old and new brands, it was essential to include this issue in the set of main research questions, answer to which will provide vital insights for the further conclusions.

RQ4: Was rebranding successful in the short-run?

- **Was it well accepted by the consumers?**

Rebranding effectiveness is one of the core issues of this paper. Rebranding, where the name is totally substituted, is a drastic change that might lead to consumers´ evaluation adjustment. Even though rebranding is a measure designed to reposition or change the brand for better sometimes it might cause negative emotions. In order to answer this question it is important to identify criteria of rebrand success. In this case the positive acceptance of the consumers can be one of such criteria.

- **Was it possible to achieve the match between intended and perceived values?**

Brands´ personality and values play an important role in the consumer-brand relationship. Hence, it is interesting to understand what values/personality were chosen for the new brand creation. Having in mind that "a fit between intended and realized brand personality tends to produce successful brand" it is also essential to evaluate the consumers´ perception of brand´s personality/values and compare it with intended ones. Thus, it will give a better understanding whether the match between both was achieved. Moreover, this information will contribute to evaluation of rebranding effectiveness.

1.3 METHODOLOGY

In order to answer all research questions both, primary and secondary data were used. This study is composed of three main chapters: Literature Review, Case Study and Market research. Consequently, in order to create a summary of the previous studies in the literate review chapter, only secondary data was used, while Case Study was composed of combination of primary and secondary data. Main sources of information were: online newspapers, websites and financial reports. In terms of primary data, In-depth interview was conducted with communication manager of ZONOPTIMUS brand in order to collect more detailed information and gain all necessary insights (Appendix 1).

Market research is a chapter totally composed of primary data. Having in mind that it was necessary to measure consumers´ perceptions before and after rebranding, two almost identical surveys were created

(Appendix 2). First survey was launched before rebranding and was composed of two randomized blocks, ZON and Optimus. NOS survey was launched after rebranding. Two surveys had minor difference due to the period of time, in which they were lunched. Thus, the first one (Zon and Optimus) was testing the awareness of rebranding, while the second questionnaire had additional direct questions on reaction to rebranding. Remaining questions were identical and tested consumer's feelings about brands Marketing Campaign, Logo and Personality.

The analysis of the survey was done in SPSS. The main techniques used were: Independent sample t-test, Cross-tabulations, Frequencies and Descriptive statistics. In order to visualize the difference were created perceptual maps that you can further find in the market research section.

Main key words: Branding Strategies, Rebranding, Brand Associations, Brand Equity, Telecommunication industry, M&As.

2 LITERATURE REVIEW

This chapter aims to present a theoretical framework on the topics related to the main research questions and study purpose. The subjects were explored by using previous studies support and a summary of empirical evidence from various academic journals.

The first part of this literature review is mainly focused on mergers and acquisitions and provides some theoretical insights on the main reasons, benefits and risks associated with this procedure. These topics are followed brand relevance and branding importance. Afterwards, such matters as brand equity and brand associations will be discussed. Finally, rebranding issue will close this chapter.

2.1 MERGERS & ACQUISITIONS

Mergers and Acquisitions (M&As) are the popular processes of company re-organization. Even though Mergers and Acquisitions are frequently used and expressed as if they were identical procedures, on practice they do not imply exactly the same action. Moran (2014) highlights three types of M&As transactions: “asset purchase, stock purchase and combination of businesses involving a stock transaction to some extent.” The last action is called merger and ”occurs when two or more companies become one company, legally as well as practically, through integration” (Sik Cho and Ah La 2014). Alternatively, “When one company takes over another and clearly established itself as the new owner, the purchase is called an acquisition” (Nalwaya& Vyas 2014). Authors claim that sometimes identification of whether the occurred action was an acquisition or a merger is not straight forward and depends on “whether the purchase is friendly or hostile and how it is communicated”. The same authors add that it happens due to the fact that quite often the acquired company is allowed to announce that the purchase was a merger in order to avoid negative associations.

2.1.1 M&AS DRIVERS

Under specific circumstances, M&As is able to bring significant benefits for organizations by improving their operations, financial performance or/and market position. Apparently, there are a variety of reasons why companies decide to merge or acquire another one. For instance, M&As is considered to be strategic options for those companies that aim to “acquire new resources”

(Swaminathan, Murshed & Hulland 2008) and/or "create growth and diversity" (Pervaiz and Zafar 2014). In consistency with Nguyen, Yung and Sun (2013) about 80% of the companies have multiple motives for M&As. Among them are such drivers as, response to industry/ economic shocks, synergy and value-decreasing motives (market timing, agency or hubris). In Telecommunication market the "exploiting of complementary assets and skills" as well as the ability to "offer a bundle of products and services to an enhanced customer base" were commonly stated as the main motive for alliances (Majumdar, Yaylacicegi & Moussawi 2011).

2.1.2 SYNERGIES EFFECT

Devos, Kadapakkam & Krishnamurthy (2009) emphasize synergies effect as the main driver for mergers and divides them in two categories: operating and financial synergies. Consequently, authors define total synergies as "the sum of two components: operating synergies arising from changes in cash flow related to operations and financial synergies generated by increased interest tax shields". They also suggest that in case of operational synergies, the main gains normally come "from cutbacks in investment rather than increased operating profits."

The impact of synergies strongly depends on whether the capabilities of two companies are complementary or similar to each other. If two merging companies have complementary assets, synergies created by such combination are able to enrich novel knowledge (Hitt, King, Krishnan, Makri, Schijven, Shimizu, Zhu 2009) and facilitate new product creation (Hoberg, Phillips 2010). In case, there is similarity between two companies, especially if they come from the same industry, new entity has more chances to strength its competitive position in the market (Chatterjee 1986). According to Swaminathan, Murshed & Hulland (2008) both similarity and complementarily are able to create value. However, it is possible under different king of merger objectives, such as consolidation and diversification respectively.

In the line with the above argumentation, Wansley, Lane & Yang (1983) divide mergers in different types such as Horizontal, Vertical and Conglomerate (Unrelated business) and argue that in horizontal as well as in Vertical types of mergers synergistic benefits are quite obvious- "- economies of scale, complementary resources, and reduction of business risk" while in conglomerate mergers synergetic benefits are less apparent. Thus, "conglomerate M&As have the weakest potential for synergies" (Sik, Cho, Ah La 2014).

2.1.3 M&A CHALLENGES

M&As is a complex activity, which involves a big number of matters and affects a broad variety of stakeholders. Countless number of authors dedicated their attention to the topic of M&A by analyzing the issue from different perspectives. However, it is important to have in mind that independently of the angle from which this subject is approached, the main idea of M&A is to build “a new entity the value of which will exceed in terms of potential wealth creation, the sum of the respective value of two separate groups” (Ayadi & Pujals 2004). Nevertheless, in spite of the popularity of the measure and number of benefits that it brings, a big part of M&A fail. According to the study of (Mc&Kensey 2010) about 70% of mergers are unsuccessful. Mercer Bing and Wingrove (2012) define M&As failures as those actions that “either did not increase or/and lost shareholder value”.

Hitt, King, Krishnan, Makri, Schijvene, Shimizu & Zhu (2009) suggest that one of the main reasons for merger and acquisition failures is a wrongly selected company to merger or to acquire. In case the premium paid for the acquired company is too high the probability to fail is also high (Hitt, King, Krishnan, Makri, Schijvene, Shimizu & Zhu 2009). Wrong process of post-merger integration is another factor that might lead to poor results (KPMG). Even though these kinds of structural changes (M&As) are designed to provide favorable impact on the companies and are well calculated in terms of financial benefits, it is essential to dedicate attention to the post-merger period due to the fact that such adjustments may negatively impact some stakeholders. For example, in the situation when little attention is given to the cultural issues, the employees might experience trauma due to the different styles and vision of work, and it will radically slow down an integration period (Mercer Bing & Wingrove 2012). Therefore, “after the merger the companies have to do post-merger integration in order to eliminate any kind of differences between the two companies and their people” (Pervaiz and Zafar 2014).

One more issue that be taken in consideration in the post-merger period is a marketing strategy. The company has to make a decision about the new identity of the combined firms. Very often high premiums are paid for the brands due to “the extra profits expected and the difficulty and expense of creating similar brands from scratch.” (Kotler & Keller 14th ed.) Such acquisition of the brand it is an example of a situation when company aims to keep all benefits associated with the brand and consequently “buys brand equity” (Farquhar 1990). However, to keep the brand is not the only option that company can use. Brooks, Rosson, Gassmann 2005 hilight few possible cinereous of brand decision for the new entities after the M&As. Nevertheless, before entering in the discussion of the rebranding topic, it is important to understand what brand represents for the main stakeholders of the company.

2.2 BRAND RELEVANCE

2.2.1 IMPORTANCE OF BRANDS AND BRANDING

> *"The increasing recognition of the value of intangibles came with the continuous increase in the gap between companies´ book values and their stock market valuations, as well as a sharp increase in premium above the stock market value that were paid in mergers and acquisitions in 1980." [Interbrand]*

For a long period of time tangible assets were of a greater importance for the company compared to intangible ones. Nevertheless, nowadays-intangible assets are receiving an enormous attention of the managers and are seen as a "key to superior business process" (Doyle 2001). According to Jones (2005), brands are among the most significant intangible assets of the company. Due to the recognition of their significance "branding and brand management has clearly become an important management priority for all type of organizations" (Keller and Lehmann 2006).

Scientific literature provides a diversity of brand definitions due to the fact that there are various angles from which one can look to the brands and their purpose. The most commonly discussed are the firm, the trade, or the consumer perspectives (Farquhar 1990). For instance, from the firm´s perspective brand is defined as a "legal property that can influence consumer behavior, be bought and sold, and provide their owner the security of sustained future revenues" (Kotler p.242). Farquhar (1990) defines brand as "a name, symbol, design, or mark that enhances the value of a product beyond its functional purpose." Maryam, Hormoz, Feriod (2013) state that "Brand is a mental flow or process which is created in the mind of consumers, buyers, employees, and stockholders."

Many companies produce similar products and services. Hence, their offers must be distinguished from each other. According to Keller and Lehmann (2006) one of the brands´ functions is to "identify and differentiate a company´s offering to customers and other parties."

Erdem & Swait (1998) also categorize the brand into information source group. To be more precise authors look to the brands´ functions from the information economics perspective and suggest that consumers experience difficulty to evaluate performance of the products by having imperfect information and therefore brands can be used as signals which inform consumers about positioning, quality and attributes of the product. According to Aaker (2007) brands communicate the indirect message to the consumers by showing that the product or service has a special reason to be branded. Consequently, their natural conclusion is that brand has an advantage over the similar unbranded products and therefore the "benefit was worth branding". "Brands provide an important means to reduce uncertainties and volatilities"(Fischer, Volckner & Sattler 2010). Therefore, in the moment of indecision or doubt brands might simplify consumers´ choice (Doyle 2001) especially when "young consumers are making their initial choices in variety of new domains" (Hoeffl & Keller 2003).

"Brands are made, not born" (Keller and Lehmann 2006). Indeed, brands do not appear by themselves. Behind the brand lies an effort of marketing department that defines the best strategies for the brand with the aim to stand out from the competition and achieve a consumer preference. Naturally, a considerable financial investment branding activities is necessary to accomplish the goals. According to authors "Branding creates mental structures that help consumers organize their knowledge about products and services in a way that clarifies their decision making and, in the process, provides value to the firm" (Kotler & Keller, p.243).

As stated by Doyle (2001) despite the effectiveness of branding, managers should carefully evaluate the amount of money they allocate to such activities as many times the importance of brands is exaggerated. And that is why "often money on branding is overspent." (Keller & Lehman 2009). According to Fischer, Volckner & Sattler (2010) brand relevance varies from industry to industry. In their empirical research it was clearly seen that telecommunication business is in the list of industries with quite high brand importance and consequently, brand creation in such industries is especially important as "customers have a greater demand for brands benefits, such as reduction risk, and the brand name plays a pronoun role in the buying decision."

For the company it is vital to have branded products or services but not sufficient. The main objective is to achieve the position of a strong brand as they usually provide a set of additional benefits. For instance, strong brands "garner more attention, have more positive reactions and ultimately have greater retention of messages when communicating brand information" (Hoeffler, Keller 2003). As a result, a memory encoding and storage advantage makes marketing investment more efficient. It the empirical research of Martínez and Chernatony (2013) was proved that "Building a strong brand with positive equity positively influences firms´ performance through its effect on consumers´ responses towards brands".

2.2.2 BRAND EQUITY AND ASSOCIATIONS

Keller and Lehman (2009) suggest that with the proper management, brand might bring significant advantages to the company by boosting the firm's position and therefore function as a growth engine. According to Keller (1999) and Wood (2000) the best approach to extract potential of the brand is to manage it strategically using long-term perspective. This concept is strongly intertwined with the phenomenon of brand equity which is characterized as an "added value" (Keller& Lehman 2009). Authors highlight three main perspectives of brand equity generation: "company based, customer based and financial based." (Keller & Lehmann 2006). For instance, from the firm´s standpoint brand equity is defined as "additional cash flow achieved associating a brand with the underlying product or service" (Biel & Associates 1992). Consumer-based brand equity (CBBE) refers to the "increase in attitude strength for a product using the brand" (Farquhar 1990). Consistent with the research of Buil, Martínez and Chernatony (2013) the main advantage of brand equity is the fact that it increases preference and purchase intentions of the consumers. And it occurs in the situations when "brand is seen as distinctive in some important and positive ways in the minds of consumers" (Keller and Lehmann 2009).

Thus, it becomes clear that in the world of abundant choice the main field for the brand´s battle is not only inside of the store, supermarket or other visible location, it is also right inside of the consumers´ mind. For this reason management of the brand´s intangible characteristics has a significant place in the marketing reality. Kotler and Keller (14th ed.) affirm that some features of the product can be quite easily duplicated by the competitors while "impressions left in the minds of individuals and organizations" are hard to copy. According to Romaniuk and Nenycz-Thiel (2013) consumers´ associations with the brand follow in the category of such intangible elements and at the same time they are considered one of the key concepts of CBBE.

Brand associations/brand image can be generally defined as "perceptions about a brand as reflected by the cluster of associations that consumers connect to the brand name in memory" (Belén del Río, Vázquez & Iglesias, 2001). Keller (1999) divides brand associations in three main groups: attributes attitudes and benefits and adds that the primary goal of the marketing managers should be a creation of "strong, favorable, and unique" brand associations in the minds of consumers." For instance, credibility is a positive characteristic and as it stated by Chatterjee and Chaudhuri (2005) consumers are more willing to buy the brand in which they trust. He also adds that trust being one of the positive characteristics "enchases brand accessibility, and thus brand recall." In other words, brands with favorable associations have a better response in the marketing activities.

2.3 REBRANDING STRATEGIES

Along the years brand creates its own history. As it was already mentioned in the previous section, brand tells a story to the consumers, fights for gaining positive associations, shows its attitude and personality. Rebranding is an action that brings to the company new identity changes and in some cases full transformation. At the first sight, phenomenon of rebranding contradicts some marketing principles (Muzellec 2006) as it seems to go against the idea of brand equity and the perspective of long-term brand management. However, if one analyzes this action with more attention it becomes clear that there are different types of a brand transformation and generally, this measure is accomplished with the aim to enhance the brand and in some cases, to help it to survive. It is in the line with the following argumentation of Keller (1999) that states that "Brand equity must be actively managed over time by reinforcing the brand meaning and, if necessary, by revitalizing the brand."

There are several reasons why companies are going for the rebranding processes. According to authors, the most evident motives are M&As (Muzellec and Lambkin 2006) and divestitures (Stuart, Muzellec 2004.) Authors also mention rebranding motives, such as "shifts in the marketplace caused by competitors, new competitors and changed economic or legal conditions" (Stuart, Muzellec 2004). Luck (2012) contributes to the rebranding motives list by adding brand relevance waning and company´s strategic shifts in value proposition.

Consistent with Stuart and Muzellec (2004) there are different levels of rebranding and they distinguish two types: Evolutional and Revolutionary rebranding and classifies brand elements changes in the following combinations: name plus logo, name plus logo plus slogan, logo only, logo plus slogan, slogan only, where the alteration of only one element is called evolutional change and the modification of few elements at the same time is considered revolutionary change.

According to Daly & Moloney (2004) after mergers or acquisitions companies can implement 4 renaming strategies: Prefix, Substitution, Brand Amalgamation, Interim/Dual strategy. Among the mentioned types "substitution" is the most radical option to rename recently combined companies. Muzellec and Lambkin (2008) suggest that in M&As situations in order to eliminate a negative impact of a new name introduction and to don´t damage company´s brand equity, two companies should first integrate their operations and cultures. Only after that such measure, the name can be drastically changed. In rebranding process to change the name is not enough. Rebranding will be better accepted by the consumers if there will be a match in the name change and attitude change.

3 CASE STUDY

The year 2013/14 was a period intense changes in the Portuguese telecommunication industry. Convergence trend became one of the most important drivers. Two telecommunication companies made a big step towards convergence and it even led them to a complex rebranding process. This particular case study will focus on the merger and rebranding process of Zon and Optimus. The chapter will start by an industry overview and introduction of major competitors. Afterwards, the origins of Zon and Optimus and their identities will be presented. These topics will be followed by merger and rebranding processes and finally, new brand description will conclude the chapter.

3.1 TELECOMMUNICATION SERVICES

3.1.1 MOBILE SERVICES

According to ANACOM, Portuguese population spent more time on the phone and in the third quarter of 2013 volume of the voice traffic represented 5.8 billion minutes (Exhibit 1). The increase in the number of conversation minutes is mostly explained by the popularity "of tariffs with unlimited calls to all networks (e.g. TMN Unlimited, M4O, Vodafone Red, Optimus Smart and ZON Iris4+)". Portuguese mobile customers very often use mobile internet to be able to communicate in the social networks. However, due to the alternative ways of communications[1] and unlimited voice tariffs, volume of communication in the social network through mobile internet constantly declines. Mobile services penetration rate was 159.8 per 100 inhabitants and accumulated revenues represented 1.999 billion Euros in the end of 2013.

3.1.2 FIXED TELEPHONE SERVICE

The penetration rate of a Fixed Telephone Service (FTS) represented 43.2 accesses per each 100 residents. In the end of 2013, total volume of fixed network traffic was about 1.9 billion minutes. However, this number was significantly lower compared to the results of 2012. The reduction in traffic volume ANACOM explains by "economic juncture and/or possible substitution of FTS by other manes of communication." FTS is becoming every time less popular sort of communication and it mostly sold in bundles together with TV and internet services.

1 For Instance: WhatsAPP

3.1.3 INTERNET ACCESS SERVICES

In the 4th quarter of 2013 Penetration rate of internet access at the fixed location was reported at 24.4 per 100 households. Mobile internet access penetration rate stood at 37.2 per 1000 inhabitants and 53.5 per 100 residents in case of the fixed broadband service. In terms of mobile broadband access number there was an increase. ANACOM explains this growth by increase in the number of Smartphone users. In the end of the 4th quarter of 2013, there were 3.9 million users of mobile broadband and 2.6 million users of fixed mobile internet in Portugal. Consumers aged 15-24 and 25-35 were the main contributors for growth in the internet mobile accesses. According to the ANACOM report, which was based on Telecommunications Barometer results, average monthly price for the stand-alone internet service using fixed, modem/cards and mobile accesses were 21.5, 16.4,11.1€ respectively. Fixed broadband was purchased as a part of the multiple-play offer by 90.1% of the consumers. An average expenditure of the household on the bundled offer varied between 52.6€ and 27.9€ depending on the offer. In 2013 about 1.4041 billion Euros were earned from separated and bundled internet service.

3.1.4 TV AND BUNDLE SERVICES

In the end of the year (2013), 3.17 million of people were subscribed for TV services. 77.9% of subscribers preferred to buy TV service as a part of the bundle. Bundles as Triple, Quadruple and Quintuple-play generated the major part of the revenues from the offers that included TV service. The total revenue of 1.2779 billion Euros was caused by TV services in the end of the 4th quarter of 2013 (Exhibit 2).

	2012		2013		Annual Variation
TV only	337,8	27,3%	313,9	24,6%	-7,1%
Total revenues derived from bundles of services which include TV subscription service, including:	901,7	72,7%	964,0	75,4%	6,9%
Double-play	146,7	11,8%	141,3	11,1%	-3,7%
Triple/Quadruple/Quintuple-play	755,0	60,9%	822,7	64,4%	9,0%
Total	1239,5	100%	1277,9	100%	3,1%

Units: millions of euros; %

Note: Data on revenues of separable TV service is provisional.

Source: ANACOM

Exhibit 2 - Revenues of TV services : single service and TV service included in bundles

3.2 COMPETITIVE ANALYSIS

3.2.1 VODAFONE PORTUGAL

Vodafone Portugal is a mobile operator fully owned by Vodafone Group. Vodafone Group is one of the largest telecommunication companies in the world that offers a wide range of mobile and fixed-line services. Vodafone Group operates in nearly 40 countries and provides jobs for 90 000 people. The entry of Vodafone Group in 1992 in the Portuguese market brought a significant change in the mobile telecommunications scene. The company transformed the idea of cell phone ownership being luxury and status symbol by offering a new concept of affordable communication solutions.

Nowadays (2014) Vodafone Portugal is the second largest mobile operator in Portugal (Exhibit 3). It serves about 6.200 million mobile consumers and offers various mobile tariffs designed for different customer needs (Exhibit 4). Moreover, the company provides TV, Fixed phone, Internet services separately and in bundles. Vodafone´s Triple Play solution reaches around half of the million homes in Lisbon and Porto areas. Nevertheless, Vodafone Portugal is still far behind its main competitors in this category (Exhibit 5).

Vodafone Portugal presents itself as a strong customer oriented company with the highest level of customer satisfaction in the national market. Innovation is another key success factor of the brand. Vodafone Portugal was "the first operator in Portugal and one of the first in the world to launch a 4G-ready device". It was also the first company to introduce such communications technologies as "EFR, Dual Band, WAP, 2.5G/GPRS, HSCSD, MMS, 3G/UMTS, 3.5G/HSPA and 4G/LTE" to Portuguese market.

Currently Vodafone Portugal focuses on becoming leader in the national telecommunication market by offering the best prices, coverage and service portfolio.

3.2.2 PORTUGAL TELECOM

Portugal Telecom (PT) is the largest telecommunication company in Portugal. Its main markets are Portugal and Brazil. PT is also present in Asia and Africa, mainly in Portuguese speaking countries (Exhibit 6). The company holds assets of some international companies including Oi, Vivo and Orange. In the domestic market PT has a large portfolio of brands such as, Sapo, PT

PRO, PT Contact and PT Inovação e Sistemas. PT fully owns PT Comunicações and its main operating brands are MEO and TMN (until 2014).

3.2.3 MEO

Until 2013, one of the most popular brand´s offers was 3p service that was joining television, fixed telephone, and internet in a unique bundle. In January 2013 MEO launched M4O - a new quadruple-play offer which in addition to already existed 3p service provided mobile solutions in single bundle. In one year the service reached about 1.7 million RGUs (Exhibit 7). The overall convergent strategy resulted in the annual growth of 7.5% in the MEO customer base. In terms of Triple-Play service, there was an increase of 14.3% bringing up to 952 thousand customers.

Portugal Telecom, being the owner of two complementary brands, decided to boost a convergence and joined them together. As a result, in the beginning of 2014 MEO and TMN became a single company. Marketing team made an immediate decision to concentrate on MEO and to say good-bye to TMN. A strong rebranding campaign was developed, in which the company highlighted a new slogan "O MEO é a outra vida da TMN"[2]. This marketing campaign was able to join characters of both brands by making a humorous group "Gatos Fodourentos"[3] assume roles of TMN characters such as, the Mimo (1998) and Three Kings (2008) (Exhibit 8). The campaign was well accepted and consequently, helped to make a smooth incorporation of TMN into MEO.

Nowadays (2014), is a leading mobile operator in Portugal with the market share of 46.8% and about 7.9 million customers. It holds leading position in the Internet access and Fixed Telephone services. The company is still gaining a momentum from the recent rebranding and new convergent offers. It focuses on increasing the number of customers as well as on keeping its leadership position in the market.

3.2.4 CABOVISÃO

Cabovisão started its operation in 1993. The company has always focused on the national Portuguese market providing telecommunication services especially in the places which were not reached by the competitors. Today Cabovisão is the second major cable provider

2 "MEO is another life of TMN".

3 Smelly Cats

in Portugal. It offers internet, cable television and VoIP telephone services. The services are offered separately and in the bundles such as, Duble-play and Triple-play. Cabovisão employs about 600 people and has 19 stores. In the last seven years, Cabovisão invested 170 million euros in technology and currently it has cable accesses in 950 thousand houses. The company owns one of the largest networks of fiber optics over 14.000km and has a license for providing a service in 90% of the territory in Portugal.

3.3 BRANDS´ ORIGINS

3.3.1 ZON MULTIMEDIA

A ZON Multimedia was a Portuguese business group that provided services of cable television, internet, telecommunications and advanced entertainment for various markets. In the beginning of its way, the company was one of the divisions of Portugal Telecom, called PT Multimedia.

In 2006 Sonae[4] had an intention to acquire the company. However, the PT´s board rejected the offer and takeover failed. As a consequence, PT made a decision to give up some assets and in August 2006 it proposed a spin-off of PT Multimedia. As a result, on 13th of November 2007 PT Multimédia separated from Portugal Telecom and the company became autonomous. The CEO of PT highlighted the valuable impact of that spin-off on the telecommunications market in his message to shareholders in the annual report of 2007:

> *"With the spin-off, we have actively changed the competitive arena in Portugal and were responsible for the most important boost to competition ever witnessed in our market."*[5]

In 2008 PT Multimédia changed the name to ZON Multimédia. This action was a part of a strategic plan as the company wanted to highlight its new identity and independence from PT group. It was a favorable decision for ZON as the company was able to improve its image and attract new customers. The main ambition of ZON was to lead the telecom and media markets in Portugal. "Leading in Triple Play, delivering excellence in customer service and capturing new growth opportunities were the three main pillars of the ZON´s strategy."[6] Along the years ZON

4 Sonae Group - " Sonae is a retail company with two major partnerships in the shopping centers and telecommunications sectors."
5 Annual Report 2007 (Portugal Telecom)
6 Consolidated financial report ZON 2007

Multimédia successfully followed its objectives and transformed into a leader in the industry of paid television and cinema (Exhibit 9). It also had the largest market share in integrated services, such as Net+TV, Fixt Voice+TV and Net+Fixt Voice+TV (Exhibit 5). Besides that, ZON became the second largest internet and fixed voice provider in Portugal (Exhibit 10; 11).

By the end of the third quarter of 2013 ZON Multimédia had approximately 1 543 000 million customers in pay TV service and employed 1 600 people. Internet and fixed voice users also represented a significant number of consumers, 800 000 and 986 000 respectively. And finally ZON´s cinema network was considered the largest in Portugal which was attracting about 10 000 000 cinema-goers a year. 2013 was a year of a big change for ZON Multimédia as it was the last year when ZON Multimédia operated as a single brand. On August 27 of 2013 the company merged with Optimus Telecomunicações.

ZON´s Identity

ZON´s communication strategy was mainly oriented on families. Brand´s image was quite positive with ground values like: Stability, Security, Magnitude, Scope, Credibility and Quality (Exhibit 12). However, the brand was also perceived as Apathetic and too Conservative. During some period of time, ZON was lacking Modernity and brand´s image was penalized by a younger generation.

Due to the IRIS[7] launch, brand was able to improve its image and add two critical attributes to its position: Innovation and Technology. IRIS bundles were in the center of ZON´s communication strategy. Advertisement transmitted Simplicity, Flexibility and Competitive Price. The main slogan of IRIS ads was: “Há uma linha que separa- There is a line that separates.” ZON was recognized by the line/rainbow and there was a strong association with its colors. Brand´s logo consisted of three letters corresponding to the actual name of the band. Letters were performed in colors of line recently mentioned (Exhibit 13; 14).

ZON participated in various sponsorship programs and was present in wide-audience event related to entertainment and sports. The main objective of participation in such events was to raise awareness and to establish closer relation with the younger segment. For instance, since 2010,

7 IRIS - bundled service of ZON

ZON was sponsoring some Surf events associated with the name Garrett McNamara (Exhibit 15). The company was also one of the main sponsors of football first league- Liga ZON Sagres.

3.3.2 OPTIMUS TELECOMUNICAÇÕES

Optimus Telecomucanicações was a Portuguese telecommunications operator, founded in the end of 1997 by a group of Portuguese and International companies, including Sonae Group, EDP and France telecom. The start of the company was preceded by the innovative marketing campaign, called «Pioneiros»[8] and only in September 1998 the new brand started its operation. Due to the effort of the marketing team which elaborated the campaign, entry of Optimus into the telecommunication market was considered revolutionary and it created conditions for a fast growth in the sector. Only in the first week 100 000 people became Optimus clients and in the end of the same year (1988) the market share already represented 17.5%. Due to such success, in early 1999 Optimus received its first prize, named "GSM Marketing Success award", for become the third operator with the most market share after a year of operation.[9]

Competition in the telecommunication market had always been intense. Despite of the fast growth in the beginning, Optimus was not able to become a leader in the Portuguese telecommunications market and remained a "third operator" in terms of the overall market share. Optimus strategically focused on delivering the superior customer experience and invested a good deal of resources in development of the most innovative services. In 2005, Optimus introduced a strong mobile broadband category: Optimus Kanguru Hotspot, which was considered a big innovation of that time and as a consequence, won a "Global Telecoms Business Innovation Award". Clix RestartTV, Optimus Discos and Optimus Secret Shows were another pioneer concepts created by Optimus. Throughout the years, Optimus had been increasing its service range and in 2012 the brand was already offering full portfolio of telecommunication services. The architecture of Optimus reinforced development and growth of the company which included a wide range of telecommunications services and sub-brands. Despite the variety of services consumers strongly associated Optimus with the mobile services (Exhibit 16). According to companies´ results announcement in end of 2012, Optimus was on top of the mind of the most Portuguese consumers throughout the year reaching the top brand awareness with a recall level 70% its closest competitor (Exhibit 17).

8 «Pioneiros» - Pioneers

9 Source: Negócios Online

By the time when the first news about potential "marriage" appeared, Optimus was already a mature brand with 15 years of history, its unique values and personality.

Optimus´ Identity

Being the smallest company in this market, Optimus needed to be visible and dynamic in order to stand out from the competition. All this reflected on the overall brand´s strategy and communication. Since 2003 and through all brand´s life, Optimus was focusing on the approach that emotionally involved customer with the brand.

> *"The communication of Optimus was developed having in mind the idea of a "third operator". Nevertheless, it was contradicted by its posture and performance. The image was based on three pillars: Dynamism, Involvement, and Visibility. Due to creation of festivals and emotional advertisements, Optimus was perceived as a brand with "young attitude" and associated with universe of strong emotions. All these transmitted grandiosity and dynamism of the brand, which was something unexpected when you think of so called "third operator"".*[10]

Optimus´ image was strongly associated with music universe and young audience. The main music events were: Optimus Alive, Optimus Primavera Sound and Optimus D´Dandada. Through the entertainment, party and joy, the brand was able to establish a close relationship with its customers especially with teens and pre-adults. "Optimus was perceived differently amongst different segments. To some people, the brand was a very solid one, to others was perceived as undefined brand in a stage of loosing relevance."[11] Among positive Optimus´ attributes were recognized: Courage, Youth and Cheerfulness. From the negative side, Optimus was identified as Small, Provincial (North of Portugal) and Irresponsible. In terms of services, communication mostly highlighted mobile data and 4G offers. João Manzarra was one of the main elements of Optimus 4G communication that was adding to the brand some irreverence and good mood (Exhibit 18).

Optimus changed its logo several times. The last one was presented in 2008 reinforcing the slogan "O que nos liga é Optimus" – What brings us together is Optimus. The name of the brand

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10 Isabel Costa

11 Source: Company´s Internal Presentation

was presented on orange magma. The logo of Optimus had several variations and was able to change and adopt for every kind of situation transiting flexibility and easiness (Exhibit 19)

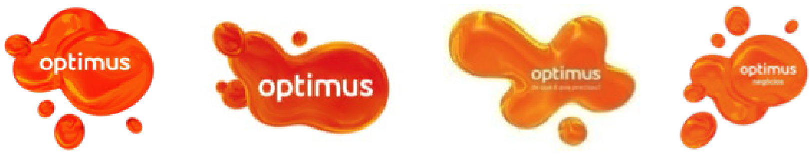

Exhibit 20 - Optimus´ Logos

3.3.3 MERGER PROCESS

The first intension to join both companies came from Sonaecom Group and Isabel dos Santos, the owner of Unitel[12] and the major shareholder of Zon holding 28.8% of the capital. The actual process started on 14th of December 2012, after the official disclosure of their agreement to promote "marriage" of Zon and Optimus. The merger was based on the incorporation of Optimus into Zon and accordingly to which all the assets and liabilities of the acquired company would have been fully transferred to Zon.

26th of December 2012, Isabel dos Santos and Sonaecom created a joint-venture, ZOPT[13]. This entity was designed in order to gain power over a major stake of the new group that would have resulted from the merger between a Zon and Optimus. ZOPT consisted of 81.8% of Optimus shares and 28.8% of shared that transferred Isabel dos Santos transferred from ZON.

General meeting of Zon´s shareholders was held on 7th of March 2013. Less than in one hour the merger was approved almost unanimously, with 99% of votes. In the same day was received an approval of Optimus´ shareholders.

On 18th of April the merger process was officially dispensed from Public Acquisition Bid. This decision was essential and significantly simplified a subsequent process. On 26th of August 2013 the most important step was completed: Competition Authority approved the merger between the companies. In order to protect the opposition parties as Vodafone, PT and Cabovisão, five conditions were imposed in order to complete the merger (Exhibit 20). On the next day companies merged officially.

12 Ex. Jodeium

13 Zopt - "is held in 'joint-venture' by Angolan businesswoman and Sonaecom, sole shareholder of Optimus".

3.3.4 ZONOPTIMUS TRANSACTION PERIOD

27th of August of 2013, "ZONOPTIMUS, SGPS, S.A." was registered as temporary new name. For marketing reasons, two corporate brand names were joined together since the company´s team required time in order to elaborate marketing campaign and to make a final decision about brand´s communication.

After the merger EBITDA of ZONOPTIMUS had a slight increase of 09% and stood at 536.6 million Euros, representing margin of 37.6%. 206.064.552 shares were issued due to the increase in the share capital. Having the face value of 0.01€ per each share, the acquiring company increased its share capital by 2.060.645,52€. This represented the overall raise in ZONOPTIMUS´ share capital from 3.090.968,28€ to 5.151.613,80€. ZOPT, "holding jointly controlled by Sonaecom and Isabel dos Santos", became a major shareholder owning 50.01% of capital.

New executive structure was announced on 1st of October of 2013. Ex-CEO of Optimus, Miguel Almeida, was approved as a new CEO of ZONOPTIMUS. New structure consisted of executives from Sonaecom, Zon Multimedia, Unitel, and was reflecting "a tight balance between controlling shareholders Sonaecom and Isabel dos Santos." The most unpleasant consequence of the new structure was the fact that ex-CEO of Zon Multemidea, Rodrigo Costa, became a non-executive member.

The combination of Zon and Optimus boosted the position of both companies in the national ranking. Company´s operational revenues reached more than 1.400 million euros. New structure created the second largest telecom operator in the country, after Portugal Telecom. ZONOPTIMUS became a company with "more than 1.5 million (48% share) Subscription TV and Fixed Voice customers ,and over 900 thousand fixed broadband customers, totaling over 7.2 million Revenue Generating Units (RGU), of which over 300 thousand are now convergence." The merger between the companies had also a favorable impact on IRIS customer base causing a net increase of 200 000 RUGs.

3.3.5 CONVERGENCE AS A KEY DRIVER

"Reduction in costs inherent to the investment of the ZON Group in the mobile segment, and of the OPTIMUS Group in the fixed segment and the Pay TV project, with the reciprocal gain in value of the core businesses of each of the groups" was one of the main advantages of the completed merger. The strategic focus of the company was based on integration and convergence. With the merger, ZONOPTIMS had a possibility to launch a fully integrated 4P-service, that was one of the first steps towards leadership in the convergence offers. Thus, ZON4i became the first fully integrated service offered by ZONOPTIMUS.

3.4 ZON4I - NEW SERVICE OF ZONOPTIMUS

Zon´s strategy was mainly based on the Triple-play service, called IRIS. It was launched in 2011 and combined three company's leading services such as, fixed telephone, fixed internet and television. Taking into consideration the last years´ trend of convergence, Zon launched its first Quadruple-Play offer- IRIS 4+ in response to MEO and Vodafone 4p

services. It was presented four month before the merger and joined already existed IRIS with unlimited mobile voice to all operators. The main disadvantage of IRIS 4+ service was the fact that the company provided mobile services under MVNO contract signed with Vodafone. Therefore, in terms of mobile offer, Zon was limited in the prices and it had negative effect on margins. The merger allowed ZONOPTIMUS to overcome this barrier and significantly enhance 4p service on the side of mobile offer. Focusing on convergence strategy, ZONOPTIMUS team decided to make a second release of 4P-service by providing a fully integrated quadruple-play service. On 22 of October the company introduced an improved version of IRISH 4+ and named it ZON4i. MVNO was no longer needed and the mobile service began to be provided by Optimus´ network.

The new quadruple-play Zon4i satellite had a monthly charge of 79.99 euros and included 116 TV channels, Internet with the speed until 100 Mbps and unlimited national and international fixed voice. Moreover, ZON4i offered 2 mobile cards with unlimited calls and SMS to all fixed and mobile operators, including 220 MB of internet.

In the first three month ZON4i showed a very positive result achieving 300 000 convergent RGUs. According to the results in the end of 2013, 85% of mobile convergent RGUs were new comers. Interpretation of the result was found in ZONOPTIMUS 2013 consolidated report:

"These results confirm that customers have been waiting for the merger to happen to be able to benefit from this strong fixed and mobile value proposition combining the best TV interface in the market, IRIS, the highest broadband speeds with the best network coverage and unlimited all-net mobile services"[14]

3.5 DEVELOPING A NEW BRAND

3.5.1 CHOOSING BRANDING STRATEGY

Isabel Costa had been working in Optimus marketing department since 2007. After the incorporation of Optimus into Zon she became a communication manager of a consumer segment in ZONOPTIMUS and one of the key elements of the global rebranding process. Isabel and ZONOPTIMUS marketing team had a challenge to decide the future of the recently merged companies. They knew that the recent merger was a great opportunity to improve brand´s perception and to make a new powerful promise to the consumers. The aim of ZONOPTIMUS was to become a brand that would be associated with ambitions, leading attitude and aligned with the convergent strategy. However, it was quite hard to choose a direction.

Marketing team started by analyzing different types of brand architectures and name categories trying to understand what could better suit ZONOPTIMUS as a new company. ZON had a structure that was in the middle of Powerbranding and Umbrella branding while Optimus was closer to Endored branding and Multiple branding models. (Exhibit 21) In general, despite of complexity of telecommunication business and diversity of their services, brands in this industry were tending to a branded houses structures and Powerbranding name categories. Such telecommunication brands as Vivo m Movistar Oi, AT&t , Virgin were perfect examples of a such structure.

After careful analysis, ZONOPTIMUS team decided that the best option for the new company would have been to implement branded house structure with Masterbrand model and consequently, to adopt a Powerbrand name category. The next step was to choose the exact name that would be in the middle of the company´s strategy. Since the beginning the team was relying on two options

14 ZONOPTIMUS consolidated report 2013 (CEO)

> *"We were considering two alternatives: ZON repositioning and creation of an absolutely new brand. It was important for us to build a brand that would join the best characteristics of ZON and Optimus and at the same time we desired to empathize that we are more than just a simple sum of two brands" [Isabel Costa]*

Both alternatives had different types of implications. Internal company´s study showed that clients of MEO and Vodafone perceived ZON as a worse brand compared to their operators. Thus, actual gap between image of ZON and its direct competitors would have been more difficult to overcome through repositioning of the actual brand. On the other hand, leaving ZON in the past could be a risky decision due to a significant investment in the brand´s name, awareness and communication.

There were pros and cons in both decisions. Nevertheless, one fact was indisputably. New name had more potential to boost company´s position. After few months of a hard work, a new brand was created and expected to be launched on 16th of November 2013.

3.5.2 DESCRIPTION OF THE NEW BRAND

NAME: New brand was presented as a brand of 21st century, aligned with new global trends of society. It was build using the concept of strength of unity and togetherness. NOS became a new name of the brand. NÓS means "We" in Portuguese. The name is aligned with overall company´s strategy and puts a great emphasis on community rather than on a single "I" as MEO does. I + I + I = WE (NÓS) is the main message transmitted by the brand. In order to be perceived more international brand, the accent over the name was not used, however the name is pronounced in the same way as if the accent were there. In general, the name reflects the idea of a merger and integrated set of services making a promise to be more than just sum of two parts.

LOGO: is made up of spokes that come together in a wheel. Company uses to colors: black and white. (Exhibit 22) Some elements of logo such as, half of a wheel/rainbow with colorful spokes are highlighted in the general communication of the brand (Exhibit 22.1).

SLOGAN: "Há mais em NOS" - "There is more in us"

MISSION: To have a lot to offer to a lot of people. For all segments, all people, all places, all equipments and all contents.

VISION: "We feel confident and expect to change the market landscape in the future. We have strong origins. Our network is the most modern. Our TV services are the most advanced and contain unique features. Our tariffs break all the barriers. We aim to deliver the best entertainment and communications services. Our goal is to be the brand associated with the leadership and success. Our ambition is to become number 1" [15]

BRAND´S LAUNCHING CAMPAIGN: The song of Queen "Don´t stop me now" was chosen as the main soundtrack of NOS launching campaign. The music was chosen with the aim to transmitting happiness and enthusiasm: "don't stop me now 'cause I'm having a good time." In foundation of this campaign lies concept of togetherness: "together with others and access to content, we're better." The video takes a viewer to journey through TV imagination bringing together different scenarios of real world and fantasy. The trip ends on Queen´s concert on the Stadium of Wembley in 1968 where the main character meets with Freddy Mercury (Exhibit 23).

3.6 CHALLENGE: EVALUATING THE REBRANDING STRATEGY

Isabel Costa was glad about the result. She was looking to the image of a new brand and thinking that tomorrow ,16 of May 2014, all Portuguese population will get to know a new brand and the names ZON and Optimus will stay in the past forever. The merger brought a high level of expectations and if consumers will not accept the new brand, it might lead to elevated degree of disappointment. Even though Isabel was confident that her team made a correct analysis and elaborated a winning strategy, there were still some doubts as sometimes it is difficult to predict consumer behavior. "Will consumers react in the positive way to the change? Will they understand values of the new brand? Will rebranding add value?"- All these questions were swirling around in her head, the answers to which she knew she won´t have received tomorrow. It was agreed that the first measures of consumer´s reactions will only have taken place in 4 month.

15 Internal Presentation (Translation)

3.7 REFERENCES FOR THE CASE STUDY

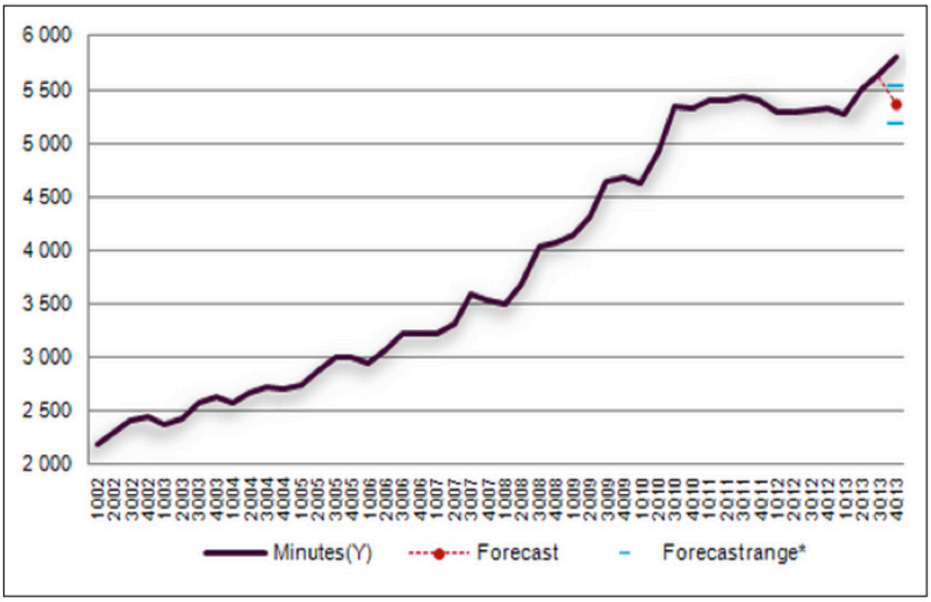

Exhibit 1 - Voice traffic progression in the 3rd quarter of 2013
Source: ANACOM

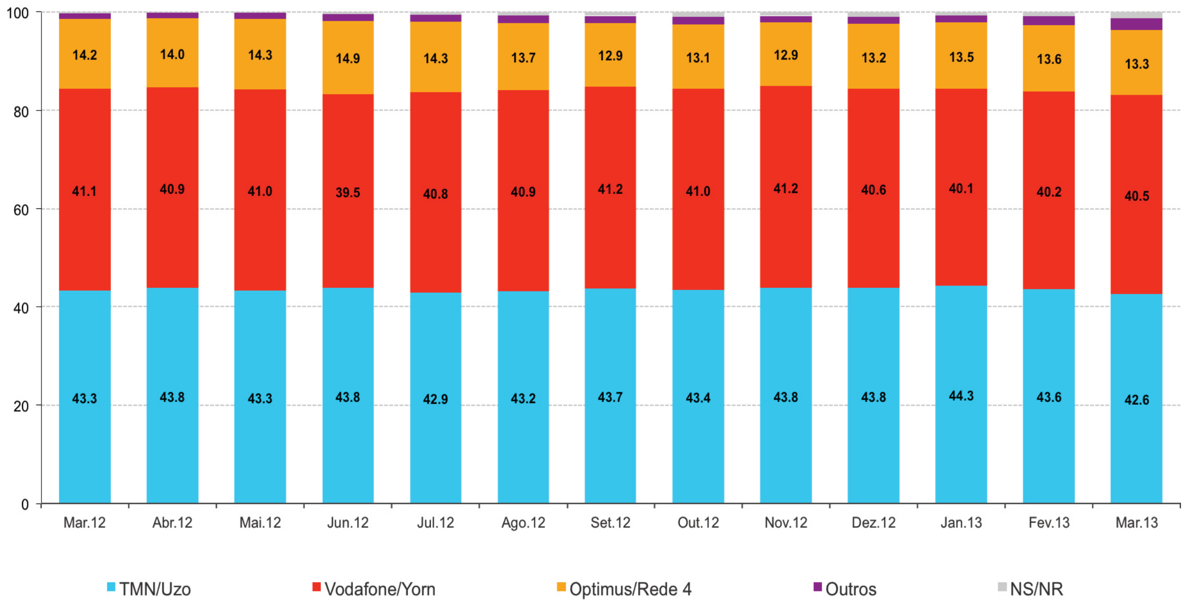

Exhibit 3 - Market share of activated mobile cards per operator.
Source: Internal ZONOPTIMUS presentation.
(Source of the company: Barómetro Telecomunicações March 2013)

RED Post-paid tariff with calls and SMS for 0 cents to all operators plus mobile internet included from €9.9	**EASY** Pre-paid tariffs without mandatory monthly charges	**EXTREME** Pre-paid tariffs with free communication with Extreme, Red and Yorn community
YORN Speak for free with Yorn community, Exteme and Red (chargers from 5€)	**DIRECTO** Pre-paid simple tariff, without commitments and extras	**INTERNET NO TELEMÓVEL** Mobile internet to surf without additional costs

Exhibit 4 - Vodafone Tariffs
Source: Vodafone Official Website

Post-paid tariff with calls and SMS for 0 cents to all operators plus mobile internet included from €9.9.
Pre-paid tariffs without mandatory monthly charges.
Pre-paid tariffs with free communication with Extreme, Red and Yorn community .
Speak for free with Yorn community, Exteme and Red (chargers from 5€).
Pre-paid simple tariff , without commitments and extras.
Mobile internet to surf without additional costs.

Quotas em cada tipo de pacote

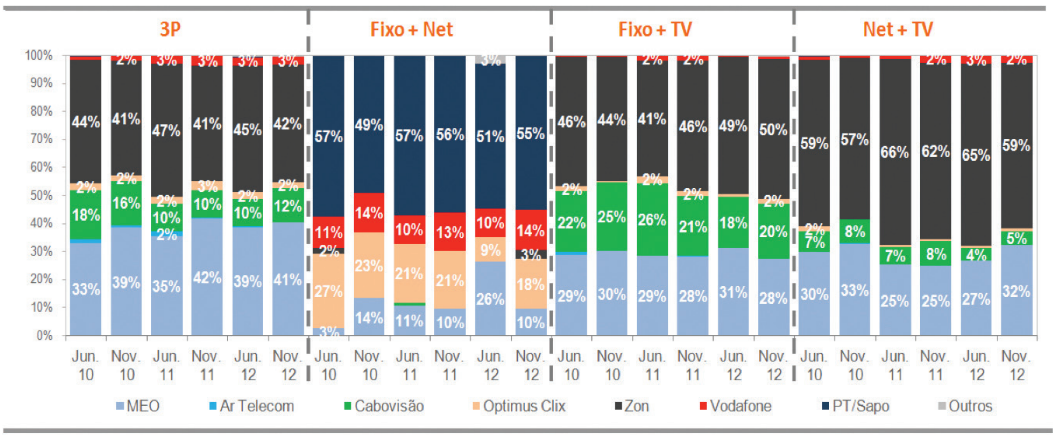

Exhibit 5 - Market share per kind of integrated package (November 2012)
Source: Internal ZONOPTIMUS presentation

Exhibit 6 - PT Geographic location

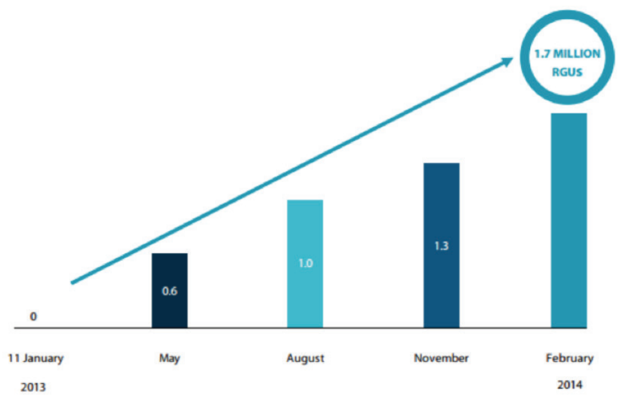

Exhibit 7 - Rise of RGUs number after launching 4MO

Exhibit 8 - MEO rebranding campaign. (Mimo and Kings)

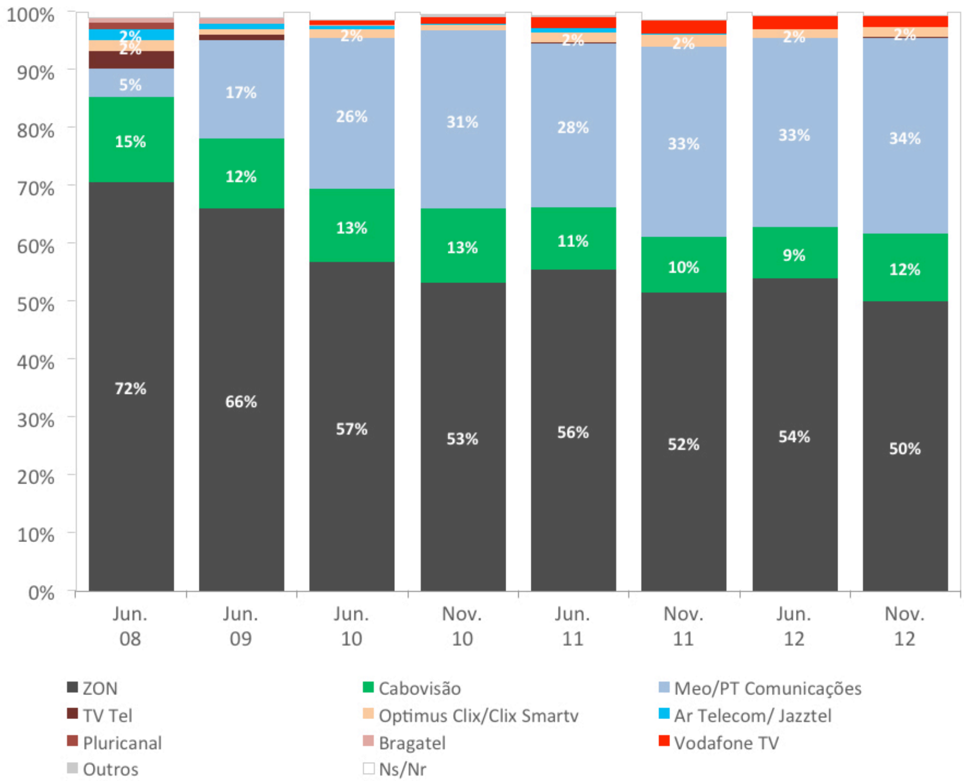

Exhibit 9 - Market share of paid television
Source: Internal ZONOPTIMUS presentation

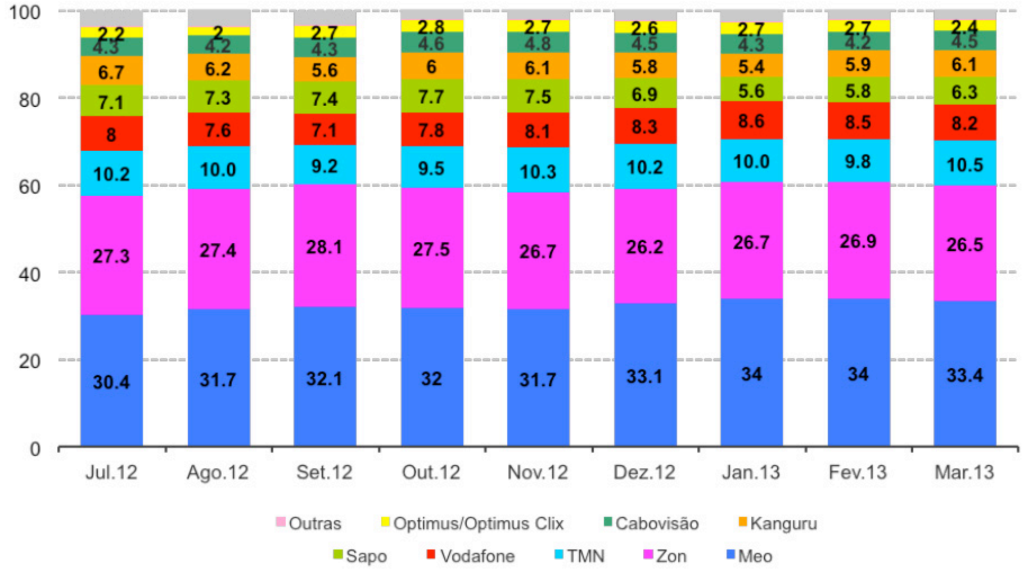

Exhibit 10 - Market share of internet service (total access)
Source: Internal ZONOPTIMUS presentation

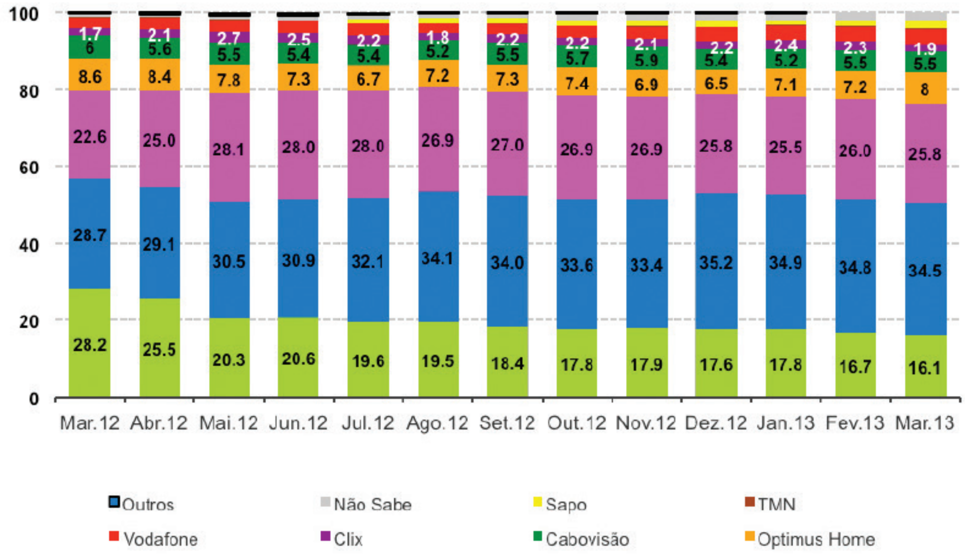

Exhibit 11 - Market share of a fixes telephone service
Source: Internal ZONOPTIMUS presentation

Exhibit 12 - ZON´s values map

Exhibit 13 - Logo of ZON

Exhibit 14 - Image from the advertisement of IRIS service "There is a line that separates"

Exhibit 15 - "ZON NORTH CANYON SHOW 2012"- ZON´s participation in the biggest Surf event of Portugal with Garret McNamara.

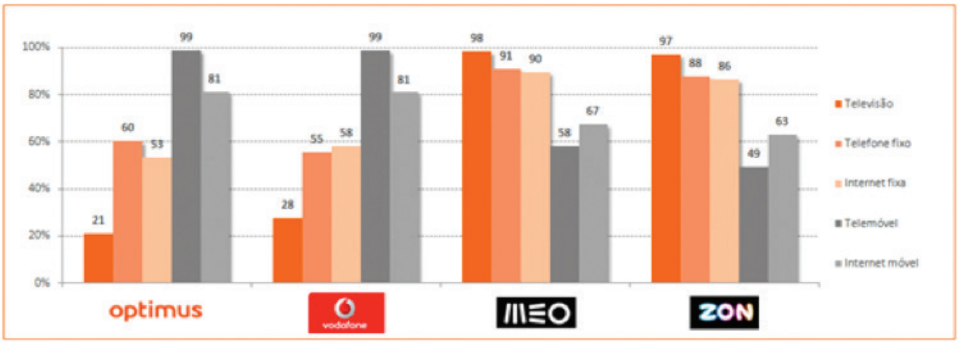

Exhibit 16 - Image: Service association with each operator
Source: Internal ZONOPTIMUS presentation
* Optimus and Vodafone tend to be associated with mobile services while ZON and MEO are associated with fixed services.

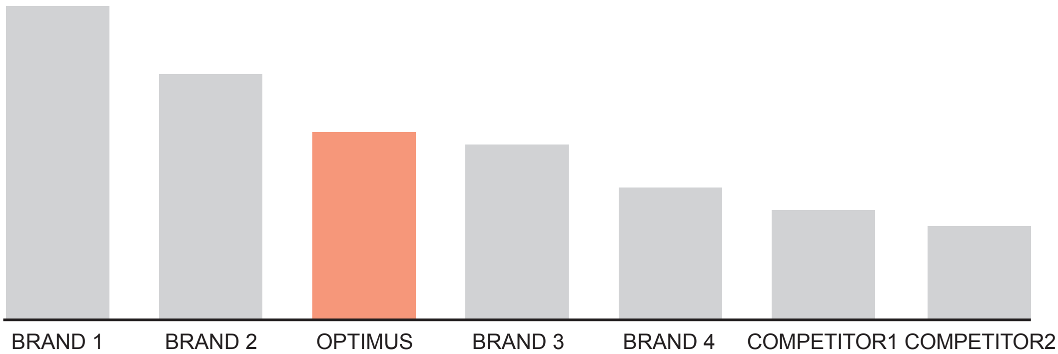

Exhibit 17 - Top spontaneous awareness in the 4th quarter of 2012

Exhibit 18 - Joã Manzarra- one of the elements of Optimus communication

Conditions in Portuguese	Conditions in English
A Optimus fica obrigada a negociar com a Vodafone a venda da sua rede de fibra óptica e que é obrigada a negociar com outros operadores a disponibilização da sua rede.	Optimus is obliged to negotiate with Vodafone a sale of its fiber optic network and it is also compelled to negotiate an availability of its network with other operators.
Também se manteve a obrigação de a Optimus alterar o seu contrato de partilha de infra-estruturas com a Vodafone, prorrogando o seu tempo de vigência e no sentido de não aplicar limitação de responsabilidade em caso de resolução do contrato.	The obligation of Optimus to change its contract of infrastructure sharing with Vodafone has to remain. Optimus has to extend its duration time in order not to apply any kind of disclaimer in case of contract termination.
Finalmente a Optimus obriga-se a não cobrar aos seus clientes "triple play" de fibra as indemnizações por desligamento do serviço no período de fidelização.	Finally, Optimus undertakes not to charge their "Triple-play" customers in case of contract shutdown even if loyalty program is implemented.

Exhibit 20 - Conditions imposed by Competition Authority in order to accomplish a merger between ZON and Optimus.

Exhibit 21 - Telecommunication brands´ structures
Source: Internal ZONOPTIMUS presentation

Exhibit 22 - NOS logo

Exhibit 22.1 - Elements of logo usage in the launching campaign (with colorful spokes)

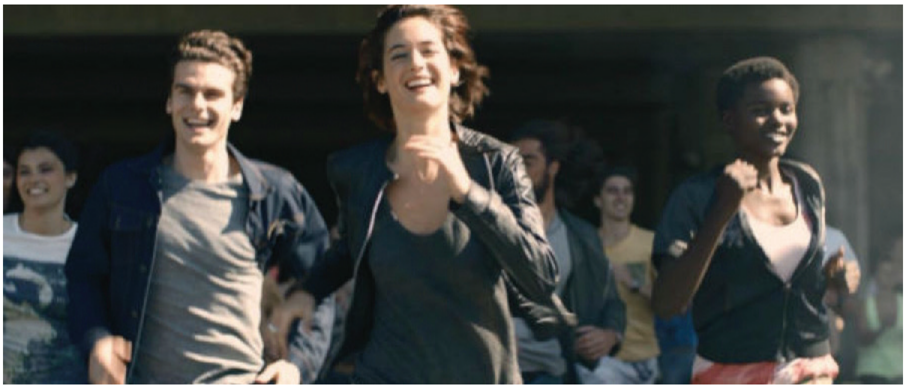

Exhibit 23 - Fragment from the launching campaign video

4 MARKET RESEARCH

This chapter presents market research that consists of in-depth interview and two online questionnaires. In-depth interview took place in the early beginning of this dissertation and provided useful information for the case study and some insights for the further surveys development. In order to understand an immediate change in consumer´s brand perceptions it was decided two implement two surveys in different periods of time, before and after rebranding. More detailed description of the methods and results will be provided in the further sub-chapters.

4.1 IN-DEPTH INTERVIEW

In-depth interview with Isabel Costa- Communication manager of ZONOPTIMUS was conducted on 11th of April (2014) at Lisbon ZONOPTIMUS´ headquarters (Appendix 1). In-depth interview was an essential part of information gathering process that provided necessary qualitative data. In-depth interview consisted of 4 main parts such as, current responsibilities description of the respondent, merger decision, rebranding process and challenges of the new brand.

The in-depth interview can be considered successful as the most necessary material was gained. Nevertheless, the issue of merger remained unattached due to the lack of facts dominance of the respondent. This in-depth interview can be seen as a pillar of this paper since it supported the elaboration of the case study, definition of main research questions and formulation of the problem statement. In addition, information provided by Isabel Costa was utilized as fundamental insights for a further Questionnaire development

4.2 ONLINE SURVEY PURPOSE

Online Survey was elaborated having in mind core research questions. The main aim was to comprehend the alteration in consumer´s associations and perceptions with the brand. In order to analyze the change, it was vital to examine how consumers perceived the brand before rebranding and after it. As a result, two almost identical surveys were developed (Appendix 2). Questions were focusing on the imagery part of the brand impaling evaluation of logo, video and other characteristics.

The first online survey was distributed 3 weeks before the big rebranding day. consisted of 2 blocks: ZON and Optimus (Appendix 2. a, b). The survey was randomized in such way that one respondent would have gotten only one of the two blocks. The elements were evenly distributed in order to get equal number of respondents for Optimus and ZON questionnaires. Right in the day of rebranding (16th of May) the survey was closed due to the possible influence that new brand could have brought. Afterwards, responses were joined together and transported into SPSS program where the rest of analysis was conducted.

In order to give an adequate amount of time to become familiar with the brand, NOS questionnaire was launched 2,5 month after its introduction. It was distributed through e-mail and social communication tools and was active during 1 month.

In order to identify possible errors and to assure that all questions were clear for the respondents pilot test was conducted before the official launch of the surveys. Both surveys were launched in Portuguese and English languages.

4.2.1 SAMPLES DESCRIPTION

4.2.1.1. ZON OPTIMUS SAMPLE

Out of 85 participants only 62 were accepted for the final analysis due to identification of unfinished answers. Females were accounted for 53,2%, while males represented 46,8% of the sample (Exhibit 1,a).

The major portion of the participants (38, 7%) was a group of people aged 15-24. It was followed by the group of respondents aged 35-44 and 25-34 corresponding to 22,6% an 19,4% respectively (Exhibit 2,a). Remanding 19,3% were distributed among the age groups of (Less than 15) ,(44-54) , (55-56), and (65 +). According to annual income level, 19,4% of the sample chose an option “refuse to say” (Exhibit 3,a). The same number of people (19.4%) indicated that their income corresponded to the value between “6.000€ and 10.000€”. The next most chosen levels were “below 6.000€” and “10.001€-15.000€” representing 16,1% of the sample in both cases.

The sample consisted of 33,9% of Optimus /ZON users (Exhibit 4,a). Remaining 66,1% represented users of the competitors. In-terms of the selection process of telecommunication provider, analysis shows that the most important dimensions were “Price”, “Efficiency of the Service” and “Customer Service with the means of 4,84; 4,82 and 4,06 respectively (Exhibit 5,a). The least important dimension s were “Loyalty to the brand” (3,50) and Brand image of (3,47).

4.2.1.2. NOS SAMPLE

The questionnaire was answered by 125 people, however only 116 answers were included into the main analysis. This sample was almost equally responded by males (50,9%) and females (49,1%) (Exhibit 1,b).

Age groups of 15-24 and 25-34 had a major weight in the sample showing the percentage rate of 36,2% and 34,5% (Exhibit 2,b). Respondents aged (35-44) represented 17,2% and remanding age groups had no significant weight in the sample.

The sample was mainly answered by the people with the annual income “Below 6.000€” and “6.001€-10 000€, jointly representing 39,7% (Exhibit 3,b). The range of “10.001€-15.000€” corresponded to 15,5% of the whole sample, while 12,1% had an income between 15.001€-20.000€. Remaining respondents distributed their answers in the ranges above 20 0001€ and 12,1% refused to answer this question.

The sample was composed by 61.2% of non-users of NOS and 38.8% of users of the brand (Exhibit 4,b). “Price”,” Efficiency of the service” and “Customer service” were considered the most valuable characteristics in the choice of telecommunication brand, with the means of 3,78; 3,83; 3,45 correspondingly (Exhibit 5,b). “Network” and “Corporate reputation had medium, importance, while he least important attributes were considered “Loyalty to the Brad” and “Brand image” with the means of 2,50 and 2,29 respectively.

4.3 PERCEPTIONS COMPARISON

To approach the issue of consumers´ change in brand perspectives, respondents of both questionnaires were asked to express their opinion about several dimensions such as, logo communication, personality and some general characteristic of the brands (Q7-Q10;Q12). The main goal was to evaluate the responses comparing the results before rebranding and after it.

4.3.1 LOGOS

Surveys included 2 questions on logo perception (Q7-Q8). In the first question participants were asked to rank logos from the most preferred to the least preferred. ZONOPTIMUS survey included 3 logos (Vodafone, MEO and OPTIMUS) in the first block of the questionnaire and 4 logos in the second one (Vodafone, MEO, ZON and Cabovisão). For the analysis simplicity, logos ZON and Optimus were treated as a unique ZONOPTIMUS logo, taking the average result of both. NOS questionnaire included 6 logos due to the fact that there were also added logos of ZON and Optimus in order to have a direct answer on whether old logos or new logo we more preferred by the participants.

In ZONOPTIMUS questionnaire MEO´s logo was placed as a logo-leader (most preferred) which was followed by the actual logos of ZON/Optimus (Exhibit 6,a). Vodafone was located on the third spot loosing 0.25 point to Zon/Optimus and 0.45 points to MEO. Cabovisão was the least preferred logo, almost constantly receiving the lowest evaluation.

In the second survey quite a low ranking was assigned to a new logo (NOS), where it took only 5th place out of 6 (Exhibit 6,b). Summarizing the results, the following ranking was assigned to the proposed logo set: 1)Vodafone; 2)MEO; 3) Optimus; 4) Zon; 5) NOS 6) Cabovisão with the means of 2,17; 2,86; 3,35; 3,38; 3,80; 5;43 respectively.

In the question of logo perception, it was merely asked to express the opinion about the logo where it was necessary to distribute the points on the scale from -100 to 100. It was possible to observe that general outcome of this examination was consistent with logo ranking results, where it was identified that NOS logo received lower evaluation than ZONOPTIMUS. More specifically, in this second question NOS logo proved to be inferior to ZONOPTIMUS on all dimensions. Moreover, NOS was not only losing a position to ZONOPTMUS but also received negative overall evolution, while the old logos had positive average outcome. The most striking example of these are such dimensions as: Borrowed/Original 42,02; -8,42, Common/Unique 36,77; -9,13 and Discouraging/ Inspiring 46,49; -2,35 (Exhibit 7). The significant difference between the means of samples was found on every dimension (Exhibit 8). It was also interesting to visualize consumers´ logo perception of two logos. For that, characteristics were divided in two groups representing two parameters: emotional and visual. The results showed a clear difference in logo evaluation, what confirms that logos of ZON/Optimus are more preferred to NOS logo (Exhibit 9).

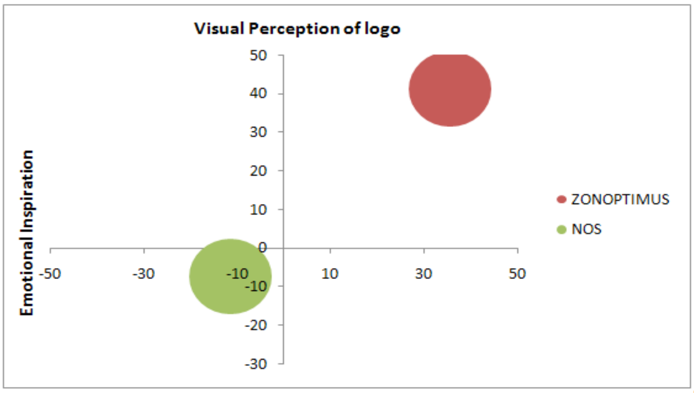

Exhibit 10 - Logo Perception on Emotional and Visual Characteristics

4.3.2 VIDEO PERCEPTION

In this part of the questionnaire respondents were asked to assist the most popular advertisement of the brand and express the feelings caused during the watching time. In the contrast with logo perceptions, there was not found statistically significant difference between responses of ZONOPTIMUS and NOS surveys (Exhibit 10). The highest means were attributed to the feelings of Fun, Joy, Optimism, Freedom and Sociability receiving the points in the range of 44, 19- 56, 90 (Exhibit 11). To the moods of Love, Peacefulness and Comfort were ascribed points from considerably lower range (30, 53-21, 63). On average, video did not cause negative emotions.

In order to be aware of what percentage of respondents mentioned that video cased positive, negative or neutral emotions the data in SPSS program was re-coded into new variables creating groups of Negative (-100- -1); Neutral (0) and Positive (1-100) evaluations. It was possible to observe that that in ZONOPTIMUS survey10 out 62 felt negative emotions during a watching process while NOS had 11 out of 116, what represents a proportion of 16,1% and 9,48% respectively (Exhibit 12).

4.3.3 PERSONALITY

In the base of personality measurement choice lays a study of Jennifer L. Aaker, where the author identified 5 main dimensions of brand personality. All of the personality characteristics included in the survey were borrowed from the full dimensions table of this article and afterwards reduced into only 5 dimensions suggested by J.L.Aaker. To be more accurate such dimensions as Down-to Earth, Honest, Wholesome, Cheerful were re-coded to Sincere; Imaginative, Up-to-date to Exiting; Reliable, Intelligent, Successful to Competent; Upper-class, Charming to Sophisticated and Tough and Rugged to Ruggedness.

The scale from 1 to 4 was appayed. This kind of range was implemented in order to avoid neutral responses. However, an option "I don´t have an opinion" was added. Before the analysis, responses of the participants without opinion were eliminated in order to avoid biases in final results.

ZONOPTIMUS respondents mostly associated the brand with Exciting, Competent and Sincere personalities having the means of 3,29; 3,02 and 2,91 correspondently (Exhibit 13). Those personalities were followed by Sophisticated and Rugged characteristics receiving on average the evaluation of 2,86 and 2,69. However, a significant difference was not found on all attributes. It means that even thought, it is possible to identify a ranking, the answers are quite close to each other.

In the second survey (NOS) the respondents also located Exiting and Competent as a leading brand personalities, however with a bit lower evaluation (3,03 and 2,80). Analysis shows that opinions on 2 out 5 personality dimensions had significant difference between two surveys (Exhibit 14). To be more precise, Excitement, Competence and Ruggedness were evaluated in a very similar way, while Sophistication and Sincerity were evaluated with more considerable distinction. This means that after rebranding the perceptions of consumers shifted on 2 dimensions and new brand was perceived as less Sincere (2,91 vs. 2,55) and less Sophisticated (2,86 vs. 2,51).

4.3.4 GENERAL BRAND CHARACTERISTICS

Question 12) was elaborated in order to measure agreement or disagreement of the respondents on complex list of characteristics and identify the shift in their responses after rebranding. In 8 out of 15 dimensions was found a significant difference (Exhibit 15). In general terms, NOS was evaluated lower than then ex-brands (Exhibit 16). In order to visualize the change, perceptual maps were created on the four most important characteristics. They were: Value for money, Quality, Admiration and Loyalty (I would miss the brand if it went away) (Exhibits 17-22). For instance, ZONOPTIMUS scored on Quality and Value for money 3,08 and 2,71, while NOS 2,87 and 2,49 (Exhibit 23). Statistical significance was also test between users and non-users of each brand. However, significant difference was not found in any dimensions except for "Value For Money", where users evaluated the brand higher than non-users (Exhibit 24).

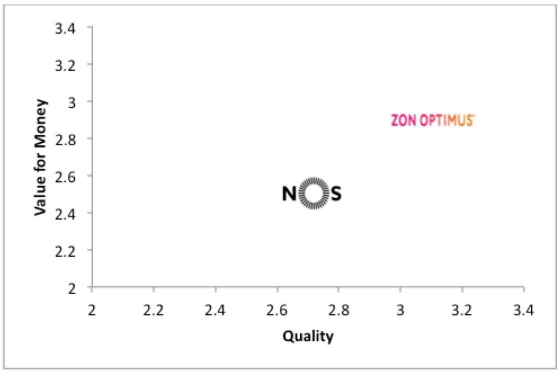

Exhibit 24 - Perceptual map on general brand characteristics; Value for money vs. Quality

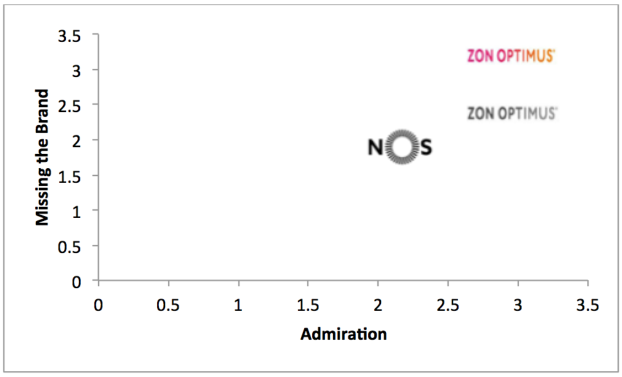

Exhibit 25 - Perceptual map on general brand characteristics; I will miss the brand if it went away vs. I admire the brand. (NOS, ZONOPITIMUS users, ZONOPTIMUS non-users)

4.3.5 OTHER INSIGHTS BEFORE VS. AFTER

As it was already mentioned, one part of two surveys differed (Q14-Q17). This tactic was implemented in order to measure awareness about the merger, rebranding as well as consumers ´opinion about upcoming change (ZONOPTIMUS survey) and compare the results to general satisfaction about rebranding (NOS questionnaire). Analysis showed that 74,2% of ZONOPTIMUS sample were aware of the merger (Exhibit 25). Almost the same number of respondents (72,6%) had no idea about future of the merged brands (Exhibit 26). Most of the participants (38,7%) indicated that they would miss the brand if it went away, 22,6% expressed their happiness about upcoming transformation due to the fact that the brand "needs a change". The remaining participants pointed out that information about upcoming rebranding did not cause any feelings and they were actually indifferent (Exhibit 27).

About 67% of ZONOPTIMUS users indicated that after rebranding they would continue the relationship with the brand and 33% were actually in doubt or replayed "NO" (Exhibit 28,a). In terms of ZONOPTIMUS non-users, 41% indicated that they would not mind to switch their operator to a new brand while 29,2% responded negatively and 25% remained in doubt (Exhibit 28,b).

In NOS questionnaire respondents were asked about the origin of NOS and majority (87,9%) of the sample indicated the correct answer whereas 5,2% had no idea about its starting point. (Exhibit 29).

Respondents that correctly indicated origin of NOS were questioned about their name preference for the new brand. ZON appeared to be the most preferred name. receiving the votes of 34,3%, second preferred name was Optimus with 27,4%, while 22,5% indicated that NOS is the ideal name for this rebranding and finally 15,6% chose an opinion “I don´t like any”(Exhibit 30).

According to the results of a direct question about rebranding satisfaction, respondents were not satisfied with that kind of action. Average evaluation had a value of -14, 5 on the scale from -100 to 100. To gain a deeper understanding of satisfaction and to identify the number of respondents that had a negative feeling vs. positive, new variables were created (-100 to -1; 0; 1-100). It was possible to gain the following conclusion: 56% of the participant had negative feeling about rebranding. It caused neutral emotions of 5% of respondents whereas 39% were actually satisfied (Exhibit 31).

More than half of the participants (62,7%) stated that their overall opinion about the company did not change, 22,6% changed their opinion for worse and 14,1% improved it (Exhibit 32).

In terms of slogan recognition it is possible to observe an increase. Before rebranding 59% of respondents were able to identify the correct slogan, while after rebranding (in the 3-monthperiod) already 80% were able to recognize the right answer. (Exhibit 33,a / 33,b).

Regarding target perception, majority of participants associated “NOS” with the brand for Young people (57%) (Exhibit 34). 41% were actually stated that the communication of the company is general, without empathizing any specific group. Adults and Families were selected by 35% in both cases. The least association of brand´s communication was with Kids and Elderly people (11 % and 4%). Responses intended “multiple choice”, so that more than one answer could have been selected.

4.4 MARKET RESEARCH EXHIBITS

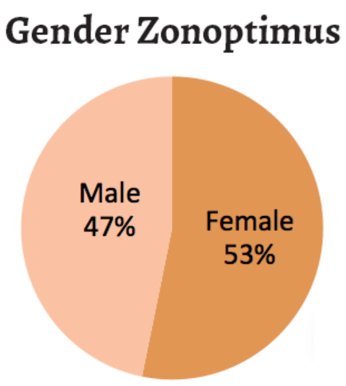

EXHIBIT 1,A - GENDER

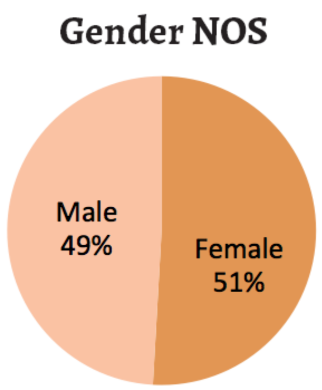

EXHIBIT 1,B - GENDER

Age ZONOPTIMUS		
	Frequency	**Percentage**
Less than 15	1	1,60%
15-24	24	38,70%
25-34	12	19,40%
35-44	14	22,60%
45-54	6	9,70%
55-65	4	6,50%
More than 65	1	1,60%
	62	**100,00%**

EXHIBIT 2,A - AGE

Age NOS		
	Frequency	**Percentage**
Less than 15	0	0%
15-24	42	36,20%
25-34	40	34,50%
35-44	20	17,20%
45-54	3	2,60%
55-65	6	5,20%
More than 65	5	4,30%
	116	**100,00%**

EXHIBIT 2,B - AGE

Below 6.000€	16,1%
6.000€-10.000€	19,4%
10.001€-15.000€	16,1%
I don´t know	19,4%
Distributed among other options	29%
Total	**100%**

EXHIBIT 3,A - INCOME ZONOPTIMUS SAMPLE

Below 6.000€	19,2%
6.000€-10.000€	20,5%
10.001€-15.000€	15,5%
I don´t know	12,1%
Distributed among other options	11,9%
Total	**100%**

EXHIBIT 3,B - INCOME NOS SAMPLE

Your Provider ZONOPTIMUS		
	Frequency	**Percent**
Others	41	66,10%
ZONOPTIMUS	21	33,90%
Total	**62**	**100,00%**

EXHIBIT 4,A - YOUR PROVIDER

Your Provider NOS		
	Frequency	**Percent**
No, i don´t use	71	61,20%
Yes, i use	45	38,80%
Total	**116**	**100,00%**

EXHIBIT 4,B - YOUR PROVIDER

Descriptive Statistics ZONOPTIMUS survey general characteristics	
	Mean
Price	4,84
Efficiency of the service	4,82
Your Loyalty to the brand	3,5
Brand Image	3,47
Network of people that use the same operator	3,92
Customer Service	4,06
Corporate Reputation	3,85

Exhibit 5,a - General Characteristics

Descriptive Statistics NOS survey general characteristics	
	Mean
Price	3,78
Efficiency of the service	3,83
Your Loyalty to the brand	2,29
Brand Image	2,5
Network of people that use the same operator	2,88
Customer Service	3,45
Corporate Reputation	2,99

Exhibit 5,b - General Characteristics

Ranking of Logos (ZONOPTIMUS survey)						
	1	2	3			Final Ranking
meo	25	26	11	62	1,77	1
vodafone	16	15	29	62	2,22	3
zon/ optimus	21	20	19	62	1,97	2

Exhibit 6,a - Logo

Ranking of Logos (NOS survey)									
	1	2	3	4	5	6			Final Ranking
meo	29	28	20	15	17	7	116	2,86	2
nos	9	15	18	32	32	10	116	3,80	5
vodafone	44	29	28	9	6	0	116	2,17	1
cabovisao	0	4	0	17	16	79	116	5,43	6
optimus	19	18	24	20	28	7	116	3,35	3
zon	15	22	26	23	17	13	116	3,38	4

Exhibit 6,b - Logo

Group Statistics		
Survey		Mean
The logo of ZonOptimus is - Borrowed/Original	Survey1_ZonOptimus	42,02
	Survey2_Nos	-8,42
The logo of ZonOptimus is - Common/Unique	Survey1_ZonOptimus	36,77
	Survey2_Nos	-9,13
The logo of ZonOptimus is - Uncreative/Innovative	Survey1_ZonOptimus	27,76
	Survey2_Nos	-16,85
The logo of ZonOptimus is - Boring/Exciting	Survey1_ZonOptimus	36,02
	Survey2_Nos	-12,50
The logo of ZonOptimus is - Enspiring/ Dicouraging	Survey1_ZonOptimus	46,29
	Survey2_Nos	-2,35

Exhibit 7 - Logo Means

Independent Samples Test				
		Levene's Test for Equality of Variances		
		F	Sig.	Sig. (2-tailed)
The logo of ZonOptimus is - Borrowed/Original	Equal variances assumed	7,889	,006	,000
	Equal variances not assumed			,000
The logo of ZonOptimus is - Common/Unique	Equal variances assumed	2,624	,107	,000
	Equal variances not assumed			,000
The logo of ZonOptimus is - Uncreative/Innovative	Equal variances assumed	8,430	,004	,000
	Equal variances not assumed			,000
The logo of ZonOptimus is - Boring/Exciting	Equal variances assumed	4,375	,038	,000
	Equal variances not assumed			,000
The logo of ZonOptimus is - Ugly/Good-Looking	Equal variances assumed	5,467	,021	,000
	Equal variances not assumed			,000

Exhibit 8 - Logo Means

Significance. Independent-t test.				
This video gives me a feeling of :		Levene's Test for Equality of Variances		
		F	Sig.	Sig. (2-tailed)
Hate/Love	Equal variances assumed	,729	,394	,614
	Equal variances not assumed			,599
Discomfort/Comfort	Equal variances assumed	1,115	,293	,907
	Equal variances not assumed			,910
Pessimism/Optimism	Equal variances assumed	,000	,989	,536
	Equal variances not assumed			,545
Constraint/Freedom	Equal variances assumed	,185	,667	,500
	Equal variances not assumed			,497
Loneliness/Sociability	Equal variances assumed	,158	,692	,390
	Equal variances not assumed			,394
Anger/Peacefulness	Equal variances assumed	,820	,366	,484
	Equal variances not assumed			,495
Displeasure/Joy	Equal variances assumed	,010	,921	,234
	Equal variances not assumed			,245
Boredom/Fun	Equal variances assumed	,815	,368	,718
	Equal variances not assumed			,730

Exhibit 10 - Video Perception

Survey		Mean
This video gives me a feeling of - Hate/Love	Survey1_ZonOptimus	27,16
	Survey2_Nos	30,13
This video gives me a feeling of - Discomfort/Comfort	Survey1_ZonOptimus	29,82
	Survey2_Nos	30,53
This video gives me a feeling of - Pessimism/Optimism	Survey1_ZonOptimus	49,66
	Survey2_Nos	45,52
This video gives me a feeling of - Constraint/Freedom	Survey1_ZonOptimus	44,74
	Survey2_Nos	49,62
This video gives me a feeling of - Loneliness/Sociability	Survey1_ZonOptimus	44,58
	Survey2_Nos	50,57
This video gives me a feeling of - Anger/Peacefulness	Survey1_ZonOptimus	25,63
	Survey2_Nos	21,63
This video gives me a feeling of - Displeasure/Joy	Survey1_ZonOptimus	44,19
	Survey2_Nos	51,97
This video gives me a feeling of - Boredom/Fun	Survey1_ZonOptimus	56,94
	Survey2_Nos	54,24

EXHIBIT 11 - VIDEO PERCEPTION

	Survey		Total
	Survey1_ZonOptimus	Survey2_Nos	
Negative	10	11	21
Positive	51	100	151
Neutral	1	5	6
Total	62	116	178

EXHIBIT 12 - VIDEO CROSS/TABS

Group Statistics			
Survey		N	Mean
Sincerity	Survey1_ZonOptimus	47	2,91
	Survey2_Nos	61	2,55
Excitement	Survey1_ZonOptimus	57	3,29
	Survey2_Nos	102	3,03
Competence	Survey1_ZonOptimus	51	3,02
	Survey2_Nos	87	2,80
Sophistication	Survey1_ZonOptimus	51	2,86
	Survey2_Nos	88	2,51
Ruggedness	Survey1_ZonOptimus	56	2,69
	Survey2_Nos	87	2,66

EXHIBIT 13 - PERSONALITY

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Sincerity	Equal variances assumed	9,765	,002	2,405	106	,018
	Equal variances not assumed			2,515	105,148	,013
Sophistication	Equal variances assumed	,131	,718	2,391	137	,018
	Equal variances not assumed			2,433	110,194	,017

Exhibit 14 - Independent Samples Test

		Levene's Test for Equality of Variances		
		F	Sig.	Sig. (2-tailed)
I admire the brand	Equal variances assumed	,786	,377	,000
	Equal variances not assumed			,000
I would really miss the brand if it went away	Equal variances assumed	5,188	,024	,000
	Equal variances not assumed			,001
The brand is special to me	Equal variances assumed	5,275	,023	,000
	Equal variances not assumed			,000
I really like to talk about the brand to others	Equal variances assumed	,508	,477	,039
	Equal variances not assumed			,041
This brand is a high quality brand	Equal variances assumed	7,786	,006	,022
	Equal variances not assumed			,018
This brand is a good value for money	Equal variances assumed	10,029	,002	,031
	Equal variances not assumed			,025
This brand is a leader in Telecommunication industry	Equal variances assumed	,053	,819	,046
	Equal variances not assumed			,047
This brand cares a lot about community and society	Equal variances assumed	,280	,598	,020
	Equal variances not assumed			,019

Exhibit 15 - Independent Samples Test

Group Statistics		
Survey		**Mean**
I admire the Brand	Survey1_ZonOptimus	2,95
	Survey2_Nos	2,16
I like people who use the Brand	Survey1_ZonOptimus	2,80
	Survey2_Nos	2,60
Thinking of the Brand brings back pleasant memories	Survey1_ZonOptimus	2,60
	Survey2_Nos	2,31
I would really miss the Brand if it went away	Survey1_ZonOptimus	2,63
	Survey2_Nos	1,92
The Brand is special to me	Survey1_ZonOptimus	2,43
	Survey2_Nos	1,77
The Brand is more than a service to me	Survey1_ZonOptimus	2,40
	Survey2_Nos	1,86
I really like to talk about the Brand to others	Survey1_ZonOptimus	2,21
	Survey2_Nos	1,84
The Brand is used by people like me	Survey1_ZonOptimus	2,47
	Survey2_Nos	2,31
This Brand is a high quality one	Survey1_ZonOptimus	3,08
	Survey2_Nos	2,71
The Brand is a stylish	Survey1_ZonOptimus	2,85
	Survey2_Nos	2,59
This Brand is a reliable one	Survey1_ZonOptimus	2,96
	Survey2_Nos	2,65
This Brand is a good value for money	Survey1_ZonOptimus	2,87
	Survey2_Nos	2,49
The Brand represents a highly ethical company	Survey1_ZonOptimus	2,64
	Survey2_Nos	2,53
The Brand is a leader in Telecommunication industry	Survey1_ZonOptimus	2,67
	Survey2_Nos	2,28
The Brand cares a lot about community and society	Survey1_ZonOptimus	2,70
	Survey2_Nos	2,24

EXHIBIT 16 - INDEPENDENT SAMPLES TEST

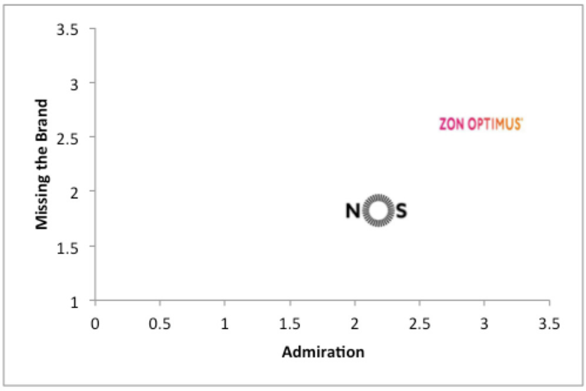

EXHIBIT 17 - PERCEPTIONS OF LOGOS "MISSING THE BRAND" VS. "ADMIRATION"

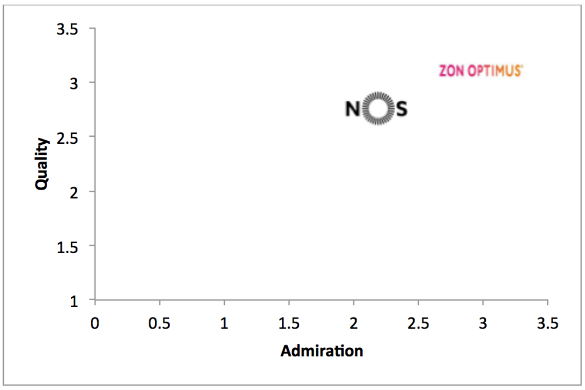

EXHIBIT 18 - PERCEPTIONS OF LOGOS "QUALITY" VS. "ADMIRATION"

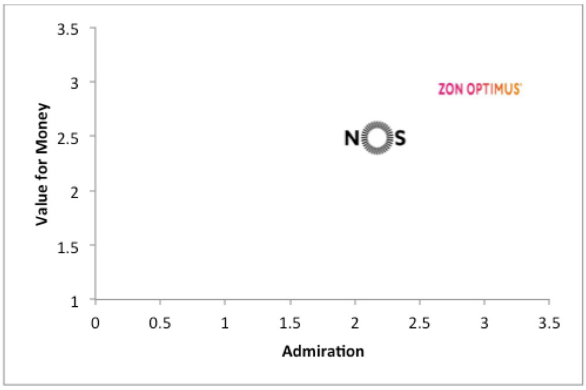

Exhibit 19 - Perceptions of logos "Vale of money" vs. "Admiration"

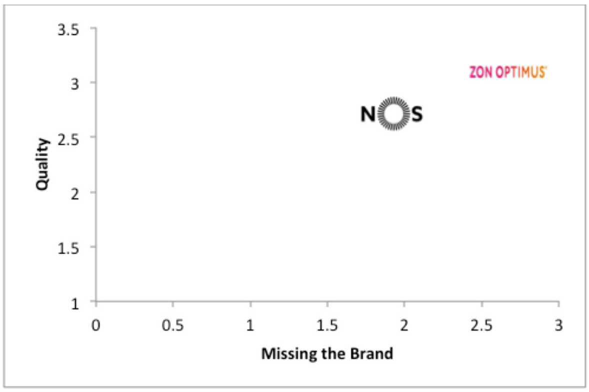

Exhibit 20 - Perceptions of logos "Quality" vs. "Missing the brand"

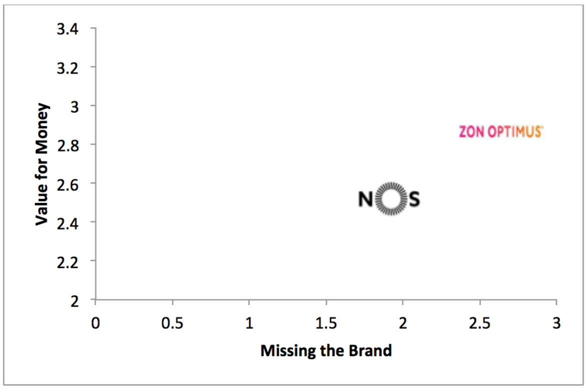

Exhibit 21 - Perceptions of logo "Value of money" vs. "Missing the Brand"

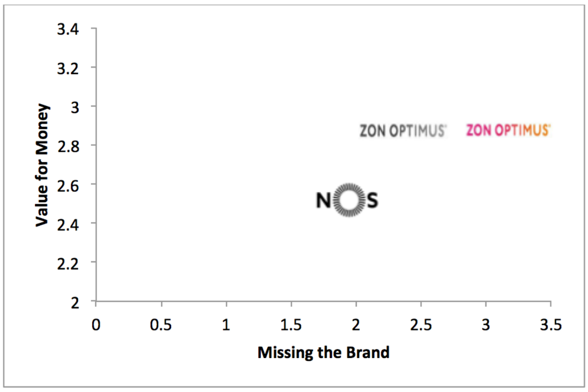

Exhibit 22 - Perceptions of logo "Value of money" vs. "Missing the Brand" (Users and non-users)

		Frequency	Percent
Valid	yes	46	74,2
	no	16	25,8
	Total	**62**	**100**

Exhibit 25 - Are you aware of the merger of Optimus and Zon?

		Frequency	Percent
Valid	yes	17	27,40%
	no	45	72,60%
	Total	**62**	**100,00%**

Exhibit 26 - Are u aware of the rebranding?

		Frequency	Percent
Valid	It is indifferent to me	24	38,70%
	It is a pity , I really liked Zon/Optimus communication and the brand itself	23	37,10%
	Zon/Optimus needs this chage, so I am happy that the rebranding will take place.	14	22,60%
	Other	1	1,60%
	Total	**62**	**100,00%**

Exhibit 27 - What do you feel when you hear about rebranding and understanding that Zon or Optimus will disappear?

		Frequency	Percent
Valid	Yes	19	67
	No	2	7
	I am in doubt	6	22
	Other	1	4
	Total	**28**	**100**

Exhibit 28,a - Will you continue the relationship with the brand? (Users)

		Frequency	Percent
Valid	Yes	17	41
	No	12	30
	I am in doubt	10	24
	Other	2	5
	Total	**41**	**100**

Exhibit 28,b - Do you think you are able to switch your current brand to a new one? (Non-users)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	NOS is an absolutely new brand	1	,9	,9	,9
	Optimus changed the name to NOS	3	2,6	2,6	3,4
	NOS appeared due to the merger of Optimus and Zon and re-branding decision of both brands	102	87,9	87,9	91,4
	Zon changed the name to NOS	4	3,4	3,4	94,8
	I don´t know	6	5,2	5,2	100,0
	Total	**116**	**100,0**	**100,0**	

Exhibit 29 - What is the origin of NOS brand?

		I use services of -NOS		Total	Percent
		No, i don´t use	Yes, i use		
Which brand's name do you	ZON	19	16	35	34,3
	NOS	11	12	23	22,5
	OPTIMUS	19	9	28	27,5
	I don't like any	11	5	16	15,7
Total		**60**	**42**	**102**	**100,0**

Exhibit 30 - Which brand's name do you prefer? * I use services of -NOS Crosstabulation

		I use services of NOS		Total	Percentage
		No, i don´t use	Yes, i use		
Satisfaction_about_rebranding	Negative opinion	34	23	57	56
	Neutral	3	2	5	5
	Positive Opinion	23	17	40	39
Total		**60**	**42**	**102**	**100**

Exhibit 31 - Satisfaction about rebranding

		I use services of NOS		Total	Percent
		No, i don´t use	Yes, i use		
Did you change your opinion about the company after the re-branding process?	No, I did not changed my opinion about the company	37	27	64	62,7
	Yes, I changed my opinion about the company for better	9	6	15	14,7
	Yes, I changed my opinion about the company for worse	14	9	23	22,6
Total		**60**	**42**	**102**	**100,0**

Exhibit 32 - Did you change your opinion about the company after the re-branding process? * I use services of -NOS Crosstabulation

		Percent
Valid	Incorerct	11,3
	Incorerct	4,8
	Correct slogon	59,7
	Incorerct	1,6
	Incorerct	1,6
	Incorerct	14,5
	Incorerct	6,5
	Total	**100,0**

Exhibit 33,a - Indicate the current slogan of Zon/Optimus ZONOPTIMUS

		Percent
Valid	Incorerct	,9
	Incorerct	,9
	Incorerct	2,6
	Incorerct	1,7
	Correct slogon	79,3
	Incorerct	14,7
	Total	**100,0**

Exhibit 33,b - Which of the following slogans is the current slogan of NOS?

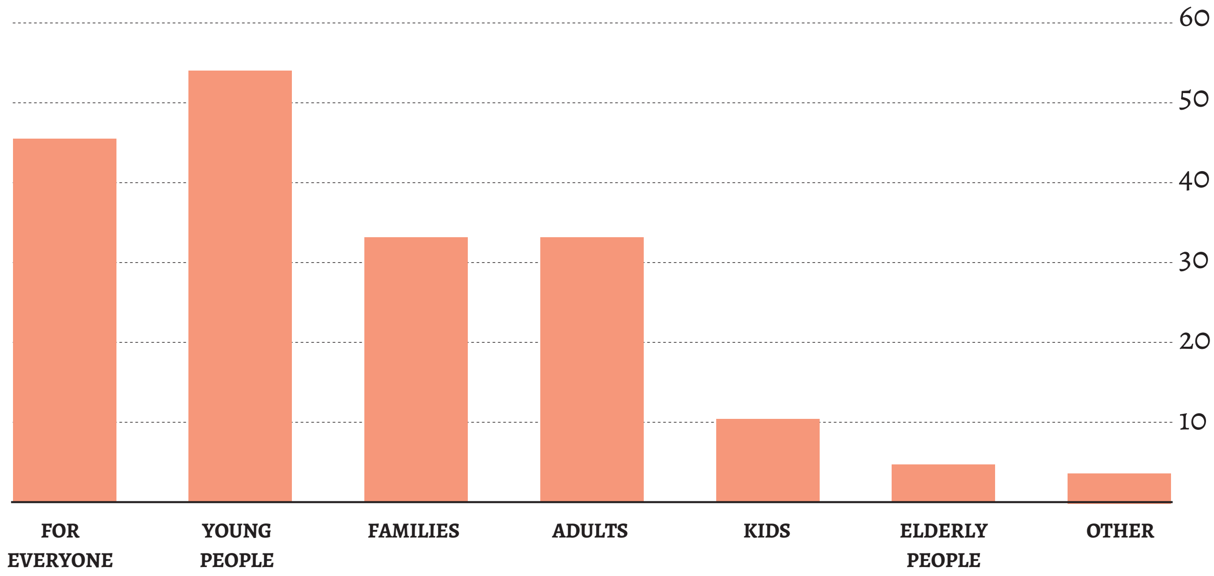

Exhibit 34 - Nos Target Perception

5 CONCLUSIONS

In the beginning of this paper a problem statement with five research questions were presented. After careful analysis, it is finally possible to provide answers on the core issues. The conclusions will be based on theoretical concepts of Literature Review, facts provided in the Case Study and primary data from the Market Research chapter. This section will be finalized by recommendations.

RQ1: What were the reasons that lead the company to create a radically new brand?

Certainly, the merger process played the major role in this decision. After the merger period, when the company changed its structure and attitude, it was essential to launch a new promise reflecting the change. According to information from the Case Study and In-depth interview with Isabel Costa, there were several reasons for choosing a revolutionary change. First of all, in such competitive market as telecommunications, it was essential to be perceived better than competitors. Both, Optimus and ZON needed to improve a lot their image in order to fight for a higher evaluation in the mind of the consumers. The gap between competitors could be easier achieved by launching an absolutely new brand. Moreover, ZONOPTIMUS being already a unique company wanted to empathize the idea of convergence and the fact that the company is even more than the sum of two. In order to have a calculation of 1+1=3, radically new brand seemed for the company the best strategy to not only boost its position in the market, but also in the mind of the consumers.

RQ2: What were the most important changes (merger and rebranding)?

Convergence was a trend of the recent years in the telecommunication market. The merger brought the union of perfectly matched capabilities that together were able to produce better solutions for their customers. Consequently, the main change that came with the merger was the opportunity to launch a stronger convergent service (ZON4i), and therefore respond to the main competitors by improving the position in the market and gaining new customers. It was indicated that in the end of 2013 company achieved 300 000 convergent RGUs, 85% of which were new comers.

Of course, when one deals with the revolutionary rebranding, everything changes (logo, name, and slogan). However, in this situation it is important to empathize, that the marketing team wanted to preserve the best values of both brands. It means that even though communication style was changed, it was still possible to recognize some characteristics of both brands, as for instance characteristic of Excitement and Fun were kept from Optimus brand and Credibility and Stability form ZON. The main change of this rebranding was a stronger promise to the consumers that stated: “There is more in us”. All new communication is designed to transmit that the company has everything for everybody. In other words, it is prepared to respond to any needs of each segment. New brand tends to transmit proximity with the consumers underlining that the brand and consumers are unite.

RQ3: Was there a shift in the consumers´ perception?

• Consumers’ perceptions before vs. after rebranding

On 16th of May of 2014 new telecommunication brand was introduced to Portuguese population. Nevertheless, the story of the brand did not start on that day, it had started long time ago as “new” brand originated from two separate brands after their decision to “marry”. Thus, consumers were not supposed to evaluate new brand from the scratch since the echoes of the old perceptions were still in the air. Consequently, the comparison of both, before and after, existed in the mind of the consumers and it is one of the main factors that differs revolutionary rebranding from launch of an absolutely new brand. Market research showed that there was a shift in overall brand perception, however not on all dimensions. In advertisement campaign perception there was not found any shift since the responses “before rebranding” and “after” had no significant difference. In terms of logo perception, there was a negative shift. NOS logo was classified as a 5th preferred logo out of 6 ones and generally was perceived as less attractive than Zon/Optimus logos. For instance, on such dimensions as Borrowed/Original, ZONOPTIMUS had a positive evaluation (42,02) while NOS had average negative answers (-8,42). Whereas ZONOPTIMUS logo was perceived as Inspiring (46.49), NOS was recognized as a logo closer to discouraging characteristic (-2,35).

Personality perception was changed only on two dimensions, showing that after rebranding consumers were preserving NOS as less Sincere (2,91 vs 2,55) and less Sophisticated (2,86 vs 2,51). However, consumers remained their opinions about such characteristics as Excitement, Competence and Ruggedness.

Taking in consideration general characteristics, NOS was evaluated lower on 8 out of 15 dimensions. The most important ones were already highlighted in the market research showing that Value for money (2,87 vs 2,49), Quality (3,8 vs 2,71), Loyalty (2,63 vs 1,92) and Admiration (2,95 vs 2,16) of the brand had almost proportionally fallen down.

RQ4: Was rebranding successful in the short-run?

• Was it possible to achieve the match between intended and perceived values?

The successfulness of rebranding can be evaluated in different ways. The company´s main criteria of successfulness was stated in In-depth interview:

> *"Successful rebranding is a simultaneous situation when occurs current customer retention and new customer acquisition and at the same time when values transmitted by the new brand are understood and positively accepted by the customers/consumers." (Isabel Costa)*

As this research was mainly focused on consumers´ perception, it was possible to provide more detailed answer to the second part of the statement. Summing up, consumers were not very satisfied with the change. Market research had clearly shown an overall negative reaction on rebranding, reflected on in the value of -14,5. Consumers also expressed that they would prefer names of ZON and Optimus to NOS.

General communication was very strong and it was reflected in the values of slogan recognition. 80% of the respondents were able correctly identify the slogan after rebranding vs. 59% of the sample before rebranding. NOS brand caused the desired feelings of Excitement and Competence. Moreover, the launching campaign was positively accepted by consumers. It was also clearly seen that NOS brand was perceived as a company with young spirit that transmits a universal message (57%), exactly how it was desired by the company.

Even though rebranding caused some disappointment, it does not mean that this opinion won´t change. This analysis was conducted right after the launch of the new brand. Additionally, analysis was based on the comparison between before and after, what means dissatisfaction could be caused due to the disappointment of the consumers loosing other two brands. It is important to remember that consumers of ZONOPTIMUS showed quite a high value on the dimension of "I will miss the brand if it went away". In short, it was possible to gain quite an intuitive conclusion, that consumers had already created some relationship with the brands (OPTIMUS and ZON), were familiar with them and thus, it is quite natural that their evaluation was higher than of the new NOS brand.

Summarizing all information, it is possible to draw a conclusion that rebranding evaluation measure is subjective. In this particular case, when the criteria of comparison is imposed, rebranding seems to be unsuccessful due to the fact that new brand has lower evaluation in comparison with old ones. It indicates that the effort could have worked for the worse. On the other hand, consumers accepted positively and understood well the values of the new brand. It was also possible to observe a match between intended and actual communication. The primary goal of the company was achieved and thus, in the short-run rebranding was successful from its point of view. The further success is expected to come in the long-term after the echoes of the old brand will wane.

5.1 RECOMMENDATIONS

After the analysis of ZONOPTIMUS case, I am able to give some recommendations that might help the company to improve its performance. Due to the fact that the brand was perceived as less Sincere, it is important to assure that brand does not overpromise in its communication. It is also essential for the company to assure a clear top to bottom communication inside of the company. It will be necessary due to the fact that the image on "Television", might not match with the actual experience of the customer with the front line officers. I would recommend implementing a teaching course/formation for the employees and explain main values of the new brand and provide a specific guideline on the customer attendance. As it was confirmed in the question "importance of general characteristics when choosing a telecom provider" consumers paid their primary attention to the Price and Customer service. It is one more reason to improve the perception of the consumers aligning the main strategy and employees´ performance.

In terms of marketing performance, I would recommend to evaluate the consumers´ perception 1 year after rebranding and identify whether there will be any major problems. At the moment it is necessary to give time to the consumers to get to know the brand better, to gain stronger associations and create the long-term relationship with them. Right now it is not recommend changing any kind of elements, because it might only confuse the consumers.

6 LIMITATIONS AND FUTURE RESEARCH

This research had suffered number of limitations. First of all, the analyzed samples were not absolutely representative and thus, the conclusions cannot be directly generalized for the whole population. The questionnaire was mainly distributed through social network what caused bases in age groups and income level.

Another limitation was a lack of company´s internal data as some of the most important documents were confidential. For instance, the study of the rebranding consumer´s expectations was not disclosed by the company.

This study was conducted 3 month after rebranding. Even thought the main purpose was to evaluate an immediate/first reaction of the consumer, it will be essential to make similar evaluation after 1 one year period in order to understand a more mature and less biased opinion. In case there will be any changes, it would be interesting to identify what would have influenced the alteration in the judgment. It would be also attractive to analyze the brand´s position versus competitor´s position for a better understanding of the actual shift of the brand.

7 TEACHING NOTES

This chapter aims to provide instructions on how this case ought to be worked in the classroom. The instructor is allowed to reformulate the questions or the style of case presentation. Nevertheless, the main topics of the case cannot be ignored. You will find the following sections in this chapter: Synopsis, What happened, Target Audience, Teaching Objectives, Teaching Plan, In-class discussion and Group Brainstorming.

7.1 SYNOPSIS

Two independent companies ZON and Optimus were operating in Portuguese telecom market until August 2013. Optimus founded in 1998, was the third best telecommunication operator according to market share, while ZON had a leading position in TV services. Both companies had already created a close relationship with its customers and were perceived as mature brands in the market. The year of 2012/2013 was a year of the shift to fully integrated telecom services, named Quadruple-play service. This package joined Mobile, Internet (broadband and wireless) and TV services under one bill. Understanding the tendency of the new trend, board directs of both companies decided to merge two entities with complementary assets.

On 27th of August 2013, two companies merged officially and adopted an intuitive but temporary name - ZONOPTIMUS. Since that moment, marketing department of a new, merged company started to develop a strategy that would correctly reflect a structural change. Their strategy resulted in a “death” of brands ZON and Optimus. Hence, on 16th of May (2014) a radically new brand was introduced.

7.2 WHAT HAPPENED

Having in mind that there is not a unique rule of how to manage brands after merger, marketing department evaluated several alternatives. One of the possibilities was to keep at least one of the brands alive. Being aware of the loss of the associations Isabel Costa- communication manager of the brand, was in some doubts whether her team should totally abandon existing brands. However, recently conducted market research was showing the figures proving that ZON and

Optimus were perceived worse than their competitors. It meant that to close the gap between ZON or OPTIMUS brands and their competitors would be much more difficult, as it would imply to erode old associations before making a new promise. To reinforce the fact that two companies merged and became stronger, new brand seemed to be the best solution. But was it?

7.3 TARGET AUDIENCE

This case can be presented in different marketing and management courses. To be more precise, ZONOPTIMUS case study was designed to be the most popular subject for discussion in such courses as, consumer behavior, marketing management, brand management, strategic management and other identical courses where marketing plays the principal role. This case study will suit both Undergraduate and Master degree students. Besides that, the case can also be used for the professional or advanced courses, where there is a specific interest on rebranding topic.

7.4 TEACHING OBJECTIVES

Analyzing the case, students are supposed to understand a step by step decision making process in a complex situation. This case study presents a story of two companies, the destinies of which were changed dramatically due to the merger. In two-year period the companies had suffered very intense structural and strategic changes, thus marketing team needed to react. Students must be able to recognize the alternatives that the company had or could potentially have. They also can learn about the possible pitfalls of each decision and provide their own suggesting. This case will prepare the students for the future by giving a deeper understanding of the real marketing management situation.

The main topics of ZONOPTIMUS case study are:

- Structural Changes (M&As)
- Repositioning Strategies
- Brand Equity Principals
- Marketing Research techniques

7.5 TEACHING PLAN

The best way to analyze this case is to split the process in two parts. First of all, students must enrich their theoretical framework on the issues that will be presented in the case study in order to have a deeper understanding of the circumstances. Second part of the case analysis is the actual in-class discussion and group assignment that will be explained in more details in the next section. It is important to mention that the case must be read by the students before the class. Nonetheless, the questions ought to be provided only in the classroom.

The following articles, taken from the literature review part, will provide a full preparation of the student for the in-class discussion:

1) Nalwaya, N.,& Vyas R. (2014). Merger and Acquisition in the Telecom Industry: An Analysis of Financial Performance of Vodafone Plc and Hutchison Essar. Journal of Marketing & Communication, 9 (3): 67-73

2) Brooks, M. R., Rosson, P. J., & Gassmann, I. H. (2005). Influences on Post-M&A Corporate Visual Identity Choices. Corporate Reputation Review, 8 (2): 136-144

3) Keller, K.L. (1993) Conceptualizing, measuring and managing customer-based brand equity. Journal of Marketing, 57 (1): 1–22.

7.5.1 IN-CLASS DISCUSSION

If instructor aims to not only discuss the case during the lecture, but also evaluate students´ preparation out of the class, it will make sense to conduct a short questionnaire on the general topics. Any topics can be selected, however avoiding very specific questions. This technique is expected to motivate students to come prepared to the class and at the same time avoid unproductive in-class discussion. Afterwards, instructor can make a brief description of the case and start discussing main issues of the case.

Q1: What lead the company to implement a revolutionary rebranding strategy? When does it make sense to abandon the initial brand?

First of all, it is important to empathize that this decision had few steps. In the beginning, when structural change occurred it was essential to make a decision of the future identity of the brand and 3 alternatives were discussed. 1) Continue to operate as independent brands by creating a portfolio of brands; 2) Abandon one the brands and privilege another. 3) New brand creation. Brooks, M. R., Rosson, P. J., and Gassmann, I. H.(2005) mentioned in their article that when Visual Corporate Identity (CVI) is privileged one over another, "there will be a sense that there is a 'winner' (and by implication, a 'loser'). The hybrid solution suggests equality; an alternative interpretation is that it reflects a compromise or lack of vision; Development of a new CVI signals a fresh beginning, but risks losing any 'equity built up in corporate identity over time." Thus, every decision had its pros and cons. It was decided that only one brand could correctly represent the merge and underline convergence. That is why an alternative of portfolio was never seriously taken by the marketing team. In addition, Isabel Milheiro da Costa had a study that at that moment ZON and Optimus were perceived worse than their competitors, so it would be more difficult to reposition the existing brand in order to close the gap. Consequently, the decision to implement full/revolutionary rebranding was taken with the hope to boost the position of the brand.

Q2: Why was Isabel Costa worried about the rebranding result? (Why can it be risky to implement a revolutionary rebranding?)

Every king of change is a risk. Sometimes, it can be very difficult to predict the reactions. Nevertheless, in this case consumers could be particularly more sensible. The reason for that is the familiarity and relationship that was created with ZON and Optimus for many years. Those brands were managed during long period of time (having a long-run perspective). It means that consumers had their own feeling and associations with them. Although, the brands were perceived worse than the competitors, they were still very strong in terms of awareness general communication.

The concept of brand equity theoretically explains this situation and preoccupation of Marketing Communication Manager. The definition of Customer-brand equity is the following: "Customer-based brand equity occurs when the consumer is familiar with the brand and holds some favorable, strong, and unique brand associations in memory." (K.L. Keller, 1993) It means that making such change can cause the loss of brand equity and naturally all association and favorable feelings towards the brand. Moreover, if the relationship with the brand was very strong, there is a probability, that new brand can be negatively accepted by very loyal customers

Q3: What were the results of rebranding? Discuss Pros and Cons.

Success of rebranding can be defined in different ways and can be subjective. In our case, the clear definition was given by Communication Manger of ZONOPTIMUS:

> *"Successful rebranding is a simultaneous situation when occurs current customer retention and new customer acquisition and at the same time when values transmitted by the new brand are understood and positively accepted by the customers/consumers."*

Note: It is essential that students concentrate on the imagery part of rebranding.

On the one hand, new brand was perceived lower (in general) than ZON and Optimus. It was possible to observe lower evaluation almost on each dimension. If one defines the criteria of comparison before and after, than it is possible to say that rebranding was unsuccessful. However, overall rebranding success cannot be evaluated only form one side. It is also important to bear in mind the objectives of the company and pay attention to time period of the market research study. First reaction of the consumers can give some insight for the future brand development. Nonetheless, it can give the overall definite answer about rebranding effectiveness. In general, the research showed positive reactions to the rebranding campaign, Personality and values were correctly understood and thus, the company achieved the goal. The fact that new brand was evaluated lower than the previous two, can mean that the first reaction to the loss of brands was stronger than the happiness of emergence of the new.

Q4: What marketing research techniques were implemented in order measure the change of the consumer's perception? Suggest other techniques that could be implemented to measure the change.

In order to collect primary data and measure the change in the perception, the questionnaire chosen as the most appropriate research technique. The main trick was in the number of those surveys. If one looks to each survey in separation, it is possible to find 3 blocks: ZON block; Optimus Block and NOS. First questionnaire was composed from 2 blocks (ZON and Optimus) and was launched few weeks before rebranding. (Each respondent would get only one block.) Second survey consisted only from one ZON element and launched approximately 2 month after rebranding. In the end, answers of 2 blocks (ZON and Optimus) were joined together and treated as ZONOPTIMUS. The last step was to compare the results.

Other technique that can be used is Focus Group before and after rebranding in order to gain more insights. Another type of questionnaires could be elaborated. For example, the survey that measures the positioning of the brand versus the competitors. Any other suggesting of the students are welcome, however they must make sense in terms of main goal.

7.5.2 GROUP BRAINSTORMING

Group assignment would include a strategy development of the brand for the next 3-6 month. Students can express their ideas of how they see the brand in the next 3-6 month. They can also give any king of recommendations. There will not be right or wrong answer. However, instructor has to assure that it is used in a logical way using correct argumentation. Students will present their ideas in the group of maxim 3 students in the end of the class.

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APPENDIX 1

INTERVIEW GUIDELINE

First of all, I would like to thank Isabel Milheiro da Costa for the given me opportunity to visit the company and to make this interview possible.

Second step: Ask for the permission to record the conversation.

Main Questions:

1. Brief description of the function in the company

- In which company did you start your career path? In ZON or in Optimus?
- How long have you been working for this company (Optimus and NOS)?
- What is your position? Wand kind of responsibilities do you have in NOS company?

2. Merger decision opinion

- (Just to clarify). Was it a Merger or a TakeOver?
- Who was the initiator of this move? (Zon or Optimus)
- What were the main steps of the merger? When did it start? When did it finish?
- What kind of structural changes were emerged in the company after the merger?
- What were the main challenges/ benefits of this action? (From both clients and company´s perspective)
- What were the main constraints?
- What kind of new services and innovations came along with this merger?

3. Rebranding process

- Why was the decision taken to launch an absolutely new brand? (Example: MEO kept its name after the merge with TMN)
- Was it an easy decision for the company? Did you consider any alternatives?
- Which agency was working with you in the rebranding process? What were the main criteria to choose this agency?
- What did you find the most difficult in this process?
- What was the internal effect? How did the employees react to the change? (Positively /

negatively)

• What do you expect to happen with the brand regarding awareness perceptual image, market share in the short, medium and long terms?

• What is for you a “successful rebranding”? (Growth of the market share? Acquisition of the new clients? Retention of the current clients? Profit increase?)

5. After Rebranding (16th of May)

• On Friday, 16th of May NOS was introduced into the market. However, there was no time enough to get to know a new brand very well. Could you please tell a little bit more about this new brand?

• Is there any connection in the personalities and image of NOS with Zon and Optimus brands? Were you able to cross the values and personalities of both Zon and Optimus brands or the brand is unique and absolutely different from the previous ones?

• What is the mission/vision of this brand?

• What is the main target of this new brand?

• What is the competitive advantage of NOS?

• What about competitors?

• What is the biggest challenge of NOS?

• What kind of message do you want to transmit to the consumers?

• Could you please briefly explain the brand’s communication strategy?

• What is the main target of this new brand?

6. As you know, there are different opinions about rebranding (Positive and Negative) Are you going to react? If yes, how?

The End

We are in the end of the interview, if you wish to add any kind of information or comments to our conversation I will appreciate.

Thank you very much for your cooperation.

APPENDIX 2

QUESTIONNAIRE 1- OPTIMUS [1]

Hello! I am a final year student of Católica Lisbon School of Business and Economics. Right now I am developing my Masters thesis about upcoming rebranding of Zon and Optimus brands. My goal is to understand your perceptions and associations with these brands. Your opinion is an essential element of this project and I would really appreciate your participation in this survey.

The survey will not last more than six/seven minutes and it is 100% confidential. There is no right or wrong answers. Just respond according to your feelings!

Thank you!

1) Select Portuguese mobile operators that you know

___ Vodafone

___ Optimus

___ Meo (Ex.TMN)

___ I don´t know any of the operators mentioned above

2) Indicate your mobile provider/s in Portugal

___ Vodafone

___ Meo (Ex.TMN)

___ Optimus

___ I don´t have a mobile operator in Portugal

3)→ (Question for those who did not select Optimus in the Q2): Right now we know that your mobile provider is not Optimus. However, please tell us if you use any other Optimus services. (Example: Kanguru hotspot, Pre-paid card, mobile internet, egg)

___ Yes

___ No

1 The presented model of the questionnaire about OPTIMUS was also implemented for the ZON brand.

4) For Optimus users: Indicate to what extent you agree with the following statements related to Optimus brand:

	1. Disagree	2. Somewhat Disagree	3. Somewhat Agree	4. Agree		I don´t have an opinion
I consider myself loyal to this brand.						
Optimus is a brand that provides a high quality service						
I would recommend Optimus to my friends						

5) (For Everyone) When you are choosing a mobile operator what kind of characteristics are important to you? Please express the level of importance of the following characteristics:

* Example: All my friends use Vodafone, that is why I also chose this operator.

** The Ethical Practices of the company

	1. Unimportant	2. Somewhat Unimportant	3. Neither important nor unimportant	4. Somewhat Important	5. Important
Price					
Efficiency of the service					
Your loyalty to the brand					
Brand Image					
Network of people that use the same operator*					
Customer Service					
Corporate Reputation**					

6) For Optimus users: How likely would it be for you to switch Optimus if an alternative brand was cheaper?

___ Very likely

___ Likely

___ Undecided

___ Unlikely

___ Very unlikely

7) If Optimus were a person, what sort of personality would it have? Indicate to what extent you believe that Optimus would have the following personalities:

	1. Disagree	2. Somewhat Disagree	3. Somewhat Agree	4. Agree		I don´t have an opinion
Down-to-earth						
Honest						
Cheerful						
Wholesome						
Brave						
Energetic						
Up-to-date						
Imaginative						
Reliable						
Intelligent						
Successful						
Upper class						
Charming						
Rugged						
Tough						

8) Please, rank the logos according to your preference using a Drag and Drop technique (1st-the most preferred; 3rd-least preferred)

9) Please express your opinion about the image of Optimus logo. Drag the line toward the characteristics that you think better describe the logo. Using the scale from 0 to 100 express to what extend you agree with the following expression.

The Optimus logo is

Original <------------------------------------> Borrowed/Copied

Unique <------------------------------------> Common

Innovative <------------------------------------> Uncreative

Exciting <------------------------------------> Boring

Good-Looking <------------------------------------> Ugly

Example in “Qualtrics” type question:

10) Watch the video “Optimus 4G Manzarra”

Express your agreement or disagreement with the following expression:

This video gives me a feeling of

*(Drag the line toward the feeling that the video gave to you and also pay attention to the scale. The scale from 0 to 100 will help you to express to what extent you agree with the statement mentioned above)

Love <------------------------------------> Hate

Comfort <------------------------------------> Discomfort

Optimism <------------------------------------> Pessimism

Freedom <------------------------------------> Constraint

Sociability <------------------------------------> Loneliness

Peacefulness <------------------------------------> Anger

Enthusiasm <------------------------------------> Apathy

Joy <------------------------------------> Displeasure

Fun <------------------------------------> Boredom

11) Witch of the following slogans is the current slogan of Opimus? (Answers will appear randomly)

___ Falar assim, é Optimus / To speak like this, is Optimus

___ Segue o que sentes/ Follow what you feel

___ Que nos liga é Optimus/ What binds us together is Optimus

___ Experimenta/ Try it, Experience it

___ De que é que precisas/ What do you need?

___ É outra vida/ It is another life

___ Power to you

___ I don´t know

12) To what extent do you agree with the following statements related to Optimus brand? Scale: (1-4) and I have no opinion about it.

___ I admire this brand

___ I like people who use this brand

___ Thinking of the brand brings back pleasant memories.

___ I would really miss this brand if it went away

___ This brand is special to me.

___ This brand is more than a service to me.

___ I really like to talk about this brand to others

___ This is a brand used by people like me.

___ Optimus is a high quality brand

___ Optimus is a stylish brand

___ Optimus is a reliable brand

___ This brand is a good value for money

___ Optimus is a highly ethical company

___ Optimus is a leader in Telecommunication industry

___ Optimus cares a lot about community and society

___ Marketing communication of Optimus is innovative

___ I admire this brand

___ I like people who use this brand

___ Thinking of the brand brings back pleasant memories.

___ I would really miss this brand if it went away

___ This brand is special to me.

___ This brand is more than a service to me.

___ I really like to talk about this brand to others

___ This is a brand used by people like me.

___ Optimus is a high quality brand

___ Optimus is a stylish brand

___ Optimus is a reliable brand

___ This brand is a good value for money

___ Optimus is a highly ethical company

___ Optimus is a leader in Telecommunication industry

___ Optimus cares a lot about community and society

___ Marketing communication of Optimus is innovative

13) What is the overall message transmitted by Optimus? Express your agreement or disagreement with the following statements:

Optimus transmits message for:

	1. Disagree	2. Somewhat Disagree	3. Somewhat Agree	4. Agree		I don´t have an opinion
Young People						
For everyone/ Universal message						
Families						
Adults						
Kids						
Elderly People						

14) Are you aware of the merger of Optimus and Zon?

___ Yes

___ Now

15) Are you aware of the fact that Zon and Optimus are going through the process of rebranding and soon an absolutely new brand will be launched?

___ Yes

___ No

16) What do you feel when you hear about rebranding and understanding that Optimus will disappear?

___ It is indifferent to me

___ It is a pity , I really liked Optimus communication and the brand itself.

___ Optimus needs this chage, so I am happy that the rebranding will take place.

___ Other____

17) For Optimus users: Will you continue the relationship with the brand? / For non-Optimus users: Do you think you are able to change your current brand to a new one?

___ Yes

___ No

___ I am in doubt

___ Other______________________

PERSONAL QUESTIONS

18) Please indicate your gender

___ Male ___ Female

19) Please indicate your Age

___ Less than 15 ___ 25-34 ___ 45-54 ___ More than 65

___ 15-24 ___ 35-44 ___ 55-64

20) Level of Education

___ Primary School ___Bachelor degree ___PHD

___High School ___Masters degree ___None ___Other______________

21) What is your annual income?

___Below 6.000 ___15.001€-20.000€ ___25.001€-30.000€

___6.000€- 10.000€ ___10.001€-15.000€ ___20.001€-25.000€ ___30.000€-40.000€

___40.001-50.000€ ___ More than 50.000€ ___I don´t know

Thank you for participation in this survey. After the rebranding, the second survey will take place. Comparison of the responds of both surveys will help me to draw the necessary conclusions for the Thesis.

Will you be able to participate in the second part of the questionnaire that will take place in the end of July? (If yes, select yes and provide your e-mail address, if you can´t, just select No) ___Yes, e-mail:__________________________ or ___No

QUESTIONNAIRE 2- NOS

Hello! I am a final year student of Católica-Lisbon School of Business and Economics. Right now I am developing my Masters thesis about the recent rebranding process in the Portuguese telecommunication market. The main purpose of this survey is to understand the impact of the rebranding as well as consumer´s perception and association with the new brand.

Your opinion an essential element of this project and I would really appreciate your participation in this survey. The survey will not last more than six/seven minutes and it is 100% confidential. There are no right or wrong answers. Just respond according to your feelings.

Thank you!

1) Do you know Portuguese telecommunications brand NOS?

___Yes

___No

2) From the following telecommunications/media brands, select the brands services of which you use.

___Vodafone

___ Meo

___Nos

___Cabovisão

___I don´t use services of the brands mentioned above.

3) Taking into consideration design of the following logos, rank them according to your preference using Drag and Drop technique (1st-the most preferred; 5th -least preferred)

4) (For Everyone) Indicate the level of importance of the following characteristics in your process of a selection of a telecommunication or media brands.

Characteristics	1. Unimportant	2. Somewhat Unimportant	3. Somewhat Important	4. Important		I don´t have an opinion
Price						
Efficiency of the service						
Your loyalty to the brand						
Brand Image						
Network of people that use the same brand*						
Customer Service						
Corporate Reputation**						

* Example: All my friends use Vodafone, that is why I also chose this operator.

** The Ethical Practices of the company

5) For NOS users: Indicate to what extent you agree with the following statements related to NOS brand:

	1. Disagree	2. Somewhat Disagree	3. Somewhat Agree	4. Agree		I don´t have an opinion
I consider myself loyal to this brand.						
NOS is a brand that provides a high quality service						
I would recommend NOS to my friends						

6) For NOS users:How likely would it be for you to switch NOS if an alternative brand was cheaper?

___Very likely

___Likely

___Undecided

___Unlikely

___Very unlikely

7) If NOS were a person indicate to what extent you believe that NOS would have the following personalities:

	1. Disagree	2. Somewhat Disagree	3. Somewhat Agree	4. Agree		I don´t have an opinion
Down-to-earth						
Honest						
Cheerful						
Wholesome						
Brave						
Energetic						
Up-to-date						
Imaginative						
Reliable						
Intelligent						
Successful						
Upper class						
Charming						
Rugged						
Tough						

8) Express your level of agreement with the following statement:

The NOS logo is:

Original <-------------------------------------> Borrowed/Copied

Unique <-------------------------------------> Common

Trendy <-------------------------------------> Timeless

Innovative <-------------------------------------> Uncreative

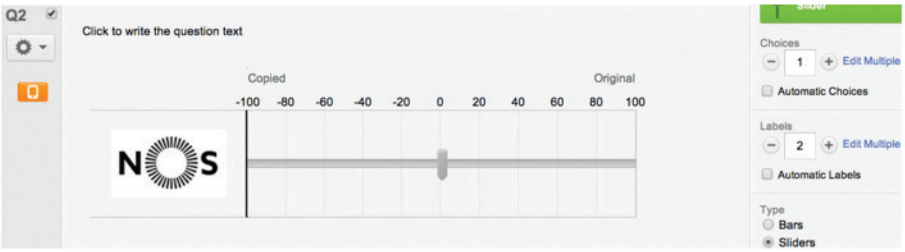
Exciting <-------------------------------------> Boring

Young <-------------------------------------> Old

Good-Looking <-------------------------------------> Ugly

*(Drag the line toward the characteristics that you think better describe the logo. The scale from 0 to 100 will help you to express to what extent you agree with the statement)

Example of Qualtrics type question:



9)Watch the video

Express your agreement or disagreement with the following expression:

This video gives me a feeling of

*(Drag the line toward the feeling that the video gave to you and also pay attention to the scale. The scale from 0 to 100 will help you to express to what extent you agree with the statement mentioned above)

Love <-------------------------------------> Hate

Comfort <-------------------------------------> Discomfort

Optimism <------------------------------------> Pessimism

Freedom <------------------------------------> Constraint

Sociability <------------------------------------> Loneliness

Peacefulness <------------------------------------> Anger

Enthusiasm <------------------------------------> Apathy

Joy <------------------------------------> Displeasure

Fun <------------------------------------> Boredom

10) Which of the following slogans is the current slogan of NOS? (Answers will appear randomly)

___Falar assim, é NOS / To speak like this, is NOS

___Segue o que sentes/ Follow what you feel

___Que nos liga é NOS/ What binds us together is NOS

___Experimenta/ Try it, Experience it

___De que é que precisas/ What do you need?

___É outra vida/ It is another life

___Há mais em NOS/ There is more in US

___Agora somos NOS

___I don´t know

___There is no correct slogan.

11) Express your level of agreement with the following statements. Scale: (1-4) and I have no opinion about it.

___I admire NOS

___I like people who use NOS

___Thinking of NOS brings back pleasant memories.

___I would really miss NOS if it went away

___NOS is special to me.

___NOS is more than a service to me.

___I really like to talk about NOS to others

___This is a brand used by people like me.

___NOS is a high quality brand

___NOS is a stylish brand

___NOS is a reliable brand

___NOS a good value for money

___NOS is a highly ethical company

___NOS is a leader in the market

___NOS cares a lot about community and society

___Marketing communication of NOS is innovative

12) Taking into consideration the overall marketing communication of NOS, indicate for which of the following segments the brand transmit its message?

	1. Disagree	2. Somewhat Disagree	3. Somewhat Agree	4. Agree		I don´t have an opinion
Young People						
For everyone/ Universal message						
Families						
Adults						
Kids						
Elderly People						

13) What is the origin of NOS brand?

___ NOS is an absolutely new brand

___Optimus changed the name to NOS

___NOS is a new brand in portfolio PT

___NOS appeared due to the merger of Optimus and Zon and rebranding decision of both brands.

___Zon changed the name to NOS

___NOS is the partner of Vodafone

___I don´t know

(Question 15, 16 and 17 is for those who answered "NOS appeared due to the merger of Optimus and Zon" in the question 14)

14) Which brand's name do you prefer?

___ZON

___Optimus

___NOS

___I don´t like any

15) What do you feel about the rebranding in general?

I am Disappointed <-------------------------> I am Satisfied

16) Did you change your opinion about the company after the rebranding process?

___ No, I didn't changed my opinion about the company.

___Yes, I changed my opinion about the company for better.

___ Yes, I changed my opinion about the company for worse

PERSONAL QUESTIONS

18) Please indicate your gender

___ Male ___ Female

19) Please indicate your Age

___ Less than 15 ___ 25-34 ___ 45-54 ___ More than 65

___ 15-24 ___ 35-44 ___ 55-64

20) Level of Education

___ Primary School ___Bachelor degree ___PHD

___High School ___Masters degree ___None ___Other_________________

21) What is your annual income?

___Below 6.000 ___15.001€-20.000€ ___25.001€-30.000€

___6.000€- 10.000€ ___10.001€-15.000€ ___20.001€-25.000€ ___30.000€-40.000€

___40.001-50.000€ ___ More than 50.000€ ___I don´t know

Thank you for participation in this survey