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THE IMPACT OF DIFFERENT REBRANDING STRATEGIES ON
CONSUMER LOYALTY: THE MEDIATING ROLE OF
PERCEIVED QUALITY

Dissertation presented to Universidade Católica
Portuguesa to obtain a Master's Degree in Psychology in
Business and Economics

By

Daniela dos Santos Morgado

Faculty of Human Sciences

September 2024



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Abstract

In today's marketplace, consumers are getting increasingly demanding, and brands must stay up with current trends to differentiate themselves from competitors selling the same product or service. One method is to use rebranding, which can result in a completely new identity or a minor improvement. This thesis examines the influence of different rebranding strategies on consumer loyalty, with perceived quality acting as mediator. A mixed experimental design is used with 151 participants to evaluate three rebranding tactics (visual, intermediate, and full), with three brands randomly assigned to them (Coca-Cola, Fanta, and Red Bull). The findings revealed that going from a visual rebranding to a full rebranding has a positive influence on consumer loyalty via perceived quality, however, the same effect is not observed when switching from a visual rebranding to an intermediate rebranding. These results demonstrate that changes resulting from a full rebranding, including aesthetic changes as well as new repositioning, have a direct impact on perceived quality, which influences the consumer's ability to remain loyal to the brand or not. This research contributes to the gap that currently exists in the literature regarding the topic, as well as providing new information to brands and businesses to avoid pitfalls when selecting what type of improvements to apply to boost consumer loyalty or to keep it intact.

Keywords: Rebranding, Consumer loyalty, Perceived quality

Resumo

No mercado atual, os consumidores estão cada vez mais exigentes e as marcas têm de acompanhar as tendências atuais para se diferenciarem dos concorrentes que vendem o mesmo produto ou serviço. Um dos métodos para tal consiste em utilizar o rebranding, que pode resultar numa identidade completamente nova ou numa pequena melhoria. Esta tese examina a influência de diferentes estratégias de rebranding na lealdade do consumidor, com a qualidade percebida a atuar como mediador. Utiliza-se um modelo experimental misto com 151 participantes a avaliarem três táticas de rebranding (visual, intermédia e completa), com três marcas aleatoriamente atribuídas entre eles (Coca-Cola, Fanta e Red Bull). Os resultados revelaram que a passagem de um rebranding visual para um rebranding completo tem uma influência positiva na lealdade do consumidor através da qualidade percebida, no entanto, o mesmo efeito não é observado quando se passa de um rebranding visual para um rebranding intermédio. Estes resultados demonstram que as mudanças resultantes de um rebranding completo, que incluem mudanças estéticas e um novo reposicionamento, têm um impacto direto na qualidade percebida, que influencia a capacidade do consumidor de permanecer ou não fiel à marca. Esta investigação contribui para a lacuna que existe atualmente na literatura sobre o tema, bem como fornecer novas informações às marcas e às empresas para evitarem armadilhas quando selecionam o tipo de melhorias a aplicar para aumentar a lealdade do consumidor ou para a manter intacta.

Palavras-chave: Rebranding, Lealdade do consumidor, Qualidade percebida

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List of Abbreviations

VR: Visual rebranding

IR: Intermediate rebranding

FR: Full rebranding

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Chapter 1: Introduction

The market nowadays is constantly moving. Brands need to keep up quickly with new trends and consumer needs when competing at the same level with similar competitors and when trying to stand out among them, giving the best result to customers.

Consumers are becoming more selective and demanding every day, so knowing what they want is crucial for any brand (Isanovic & Rotkirch, 2018). This is especially true in today's world, where consumers must be able to differentiate between products from different brands because there are so many identical products on the market (Kootenaie & Kootenaie, 2021).

Customers nowadays are increasingly aware of the decisions that go into their purchases and want to be involved in the process that led to the final product and the brand (Durmaz & Özkan, 2021). For instance, young consumers nowadays are increasingly concerned with a brand's sustainability initiatives; that is, they check to determine if the company produces its products using permitted techniques (Tobing et al., 2023).

A brand is a name, representation, phrase, layout, or any other characteristic that distinguishes a company's particular product from those of its competitors and assures consumers that the product will always be delivered consistently (Assali, 2017; Supiyandi et al., 2022; Thanh, 2012; Tobing et al., 2023). A brand's primary objective is to increase the value and profitability of a particular good or service while simultaneously fostering consumer loyalty, awareness, and perceptions of quality (Thanh, 2012).

Any brand's primary goal, and the secret to succeeding has always been customer loyalty (Kootenaie & Kootenaie, 2021; Moisecus, 2014; Vilkaite-Vaitone & Skackauskiene, 2020). This is because a small improvement in current customer retention has the potential to significantly increase a brand's profit (Kootenaie & Kootenaie, 2021), encouraging repeated purchases (Batara & Susilo, 2022; Garrido-Morgado et al., 2016; Rowley, 2005).

Customers are generally devoted to companies that provide excellent service; in these cases, a single favourable impression is sufficient to build a strong bond. However, the opposite is also true; a single unfavourable experience is all it takes for a customer to lose interest and sever ties with the brand (Rane et al., 2023).

However, as perceived quality is a personal belief that is influenced by a variety of things, including prior experiences, different people will perceive it in various ways (Hannelius & Pettersson 2021; Marques, 2020; Solin & Curry, 2022). Because of this, companies today must develop distinctive brand experiences that set them apart from the

competition and foster enduring relationships with consumers that will ultimately result in favourable behavioural reactions (Akoglu & Özbek, 2021). This is where rebranding may assist shift the brand's place in the marketplace. Rebranding includes more than just external aesthetic changes to the logo, typeface, colour scheme, and other visual elements; it can also involve repositioning the company, changing its strategy, or a mix of all three (Azizo, 2019; Miller et al., 2013; Muzellec et al., 2003; Muzellec & Lambkin, 2006; Prayoga & Suseno, 2020; Williams et al., 2021).

This study aims to fill a gap in the literature by providing data on the impact of different rebranding strategies on consumer loyalty, which will aid in answering the research question, "Is there a difference between different rebranding strategies on consumer loyalty?". This issue is extremely important to investigate because it may reveal fresh information about the impact and efficacy of various rebranding tactics, allowing firms to forecast customer reactions and make advantageous choices than can increase consumer loyalty.

Previously, few studies focused on the dynamics between rebranding and customer loyalty via perceived quality, this dissertation will also attempt to understand this dynamic in order to avoid the dangers associated with rebranding. With this approach, it would be feasible to respond to the question, "Is there a relationship between consumer loyalty and rebranding with a mediating effect of perceived quality?".

Overall, this dissertation advances new information in the literature by merging numerous constructs into a unified model and relating academic ideas to real-world business examples. These insights can also inspire firms to focus on quality improvements that create loyalty and design successful rebranding plans to connect with customers.

With that in mind, the following chapters will go over the preceding information in greater detail. Beginning with the current Chapter 1, where the topic is introduced, I will proceed to Chapter 2, where the aims and hypotheses will be provided, followed by a literature review that delves deeper into each construct. Following Chapter 3, the approach adopted and employed in this research will be detailed in further detail. The statistical data are then presented in Chapter 4, followed by a discussion of those results and the rejection of the null hypothesis in Chapter 5. Finally, Chapter 6 would be the study's conclusion, including some implications, limitations, and recommendations for further research.

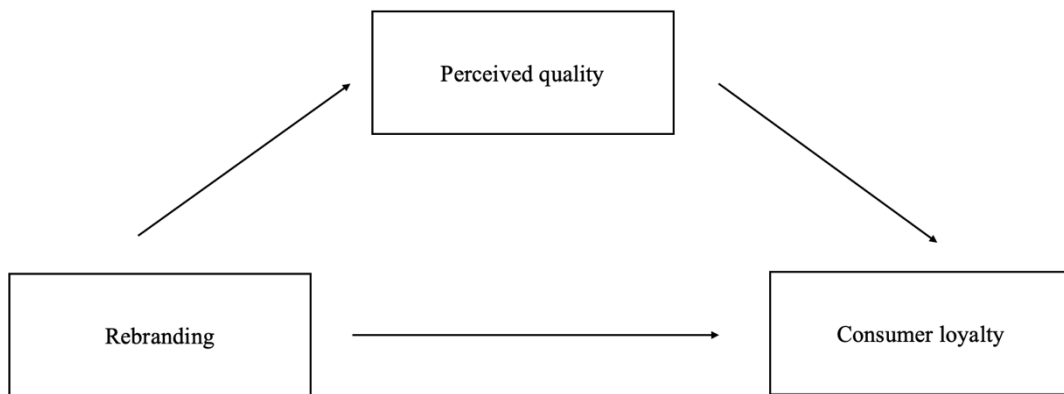
Chapter 2: Literature Review

2.1. Conceptual framework

This research examines the impact of different rebranding strategies on consumer loyalty with a mediating effect of perceived quality. The conceptual framework (figure 1) posits that rebranding strategies, such as visual (logo changes, colour schemes, and overall design), intermediate (updates to the brand messaging and adjustments to the product or service), and full (repositioning the brand on the market), directly influence consumer loyalty by enhancing perceptions of quality.

Figure 1.

The Conceptual Framework of the Study



2.2. Consumer loyalty

Consumer loyalty is an emotional bond towards a brand that leads to several advantages like repeated purchases (Batara & Susilo, 2022; Garrido-Morgado et al., 2016; Kim, 2019; Naini et al., 2022; Omoregie et al., 2019; Rowley, 2005; Supiyandi et al., 2022; Watson et al., 2015), frequency of purchase (Rowley, 2005), favourable and positive attitudes towards the brand (Kim, 2019; Watson et al., 2015) lack of interest on competitors that sell the same product (Batara & Susilo, 2022), interest of experimenting different products from the same brand (Omoregie et al., 2019), long-term commitment to the brand (Prayoga & Suseno, 2020), willingness to buy at different prices (Garrido-Morgado et al.,

2016; Naini et al., 2022), and even provide feedback to the brand about the experience with a product or service (Naini et al., 2022; Omoregie et al., 2019).

It is worth emphasising that customer loyalty, besides being a customer-focused aim, is a vital advertising tool, a measure of the company's performance (Moisecus, 2014; Vilkaite-Vaitone & Skackauskiene, 2020), and an indicator of success over time (Moisecus, 2014). As a result, ensuring loyalty is the most valuable resource and it is essential for any company from the start (Vilkaite-Vaitone & Skackauskiene, 2020).

However, the concept of customer loyalty has developed throughout time, with past research stating that loyalty was just an outcome based on consumer behaviour, which centered around constant purchasing habits, the type and length of the shopping, and the likelihood of the client returning for future purchases (Colorado & Mesías, 2021; Prasadh, 2018). Later, with additional studies and increasing markets, loyalty was judged a more complicated construct, including characteristics such as attitudinal, cognitive, emotional, advocacy, choice, and conduct (Colorado & Mesías, 2021; Prasadh, 2018; Watson et al., 2015).

Batara and Susilo (2022) identified four aspects of customer loyalty: (1) recurring purchases: a person is only considered loyal if they have demonstrated a preference for a particular good or service; (2) appeal: compared to rivals, loyal customers are more likely to purchase other products or services from the same brand after the first purchase; (3) tendency to recommend goods or services to others; (4) desire to spend more: if a product's price coincides with its quality, loyal customers are willing to pay more as long as it still satisfies their needs and desires.

In line with Brown (1952, as cited in Moisecus, 2014), there are four sorts of customers: (1) "hard-core loyalty", who purchase from the same brand repeatedly; (2) "split loyalty", who buy from multiple brands; (3) "shifting loyalty", who are committed to a particular brand for a while and then switch to a different one; (4) "non-loyalty", those who fail to demonstrate any indication of loyalty to any specific brand.

In accordance with this framework, the authors Dick and Basu (1994) argued that loyalty is established by the strength of the connection between by how strong is the relationship between relative attitude and recurring support, and presented four categories of loyalty: (1) customers who are not loyal, rarely shop at the same brand twice – this form of loyalty has been linked to low attitude and little recite support; (2) false loyal customers, which is by the desire to purchase elsewhere as opposed of the selected brand, but still buying from the selected brand – this type of loyalty is additionally referred to as

erroneous loyalty and is symbolized by low attitude but high reprise support; (3) latent loyalty customers, relating to specific instances where customers must select whether or not to acquire a product or service – this loyalty is linked with a high attitude, but weak support; (4) loyal customers are those who enjoy the products or services and do not purchase them anywhere else – this form of loyalty is an ideal blend of attitude and ongoing relationships of repeated purchases.

According to Rowley (2005), loyal clients might fall into four categories, each with a particular amount of loyalty to the brand: captive, pleased, convenience-seekers, and dedicated. Customers with a captive perspective are indifferent concerning the brand but continue to buy from it. This behaviour can be explained by an absence of choices or changing expenses (Rowley, 2005). Typically, these clients change their purchasing habits when new brands or items reach the market, or when their financial status improves, allowing them to buy from other brands (Rowley, 2005). The convenience-seekers clients are moved by convenience criteria such as easy access and location; there is not a strong liking for the brand because the decision to purchase is purely based on convenience factors (Rowley, 2005). These clients are particularly sensitive to other brands' marketing, and if, for example, a new store opens closer to them, they will quickly start shopping there (Rowley, 2005). Customers with a pleased loyalty orientation have a positive view of the brand and express high feedback when asked (Rowley, 2005). However, they are not involved in extensive spending habits by purchasing extra products besides the ones they already buy, and they are rapidly drawn to other competitors' discounts or if they are unhappy with the brand (Rowley, 2005). Finally, devoted loyal customers demonstrate high loyalty in both purchase behaviour and favourable attitude; they regularly speak positively about the brand to others and provide value to the business by giving their feedback (Rowley, 2005). To lead this customer to drift to another brand, an ongoing or major malfunction of a service or product must occur, or an opponent must introduce a new product that provides plenty of advantages to that client (Rowley, 2005). For example, if the customer is enthusiastic about skincare and a competitor brand launches a new moisturizer that the initial brand does not have with those specific ingredients the client was looking for.

To the extent of Dick and Basu's (1994) study, authors Bandyopadhyay and Martell (2007) introduced a new segment of non-users and proposed that true loyalty is defined by repeated purchases and a good opinion towards the brand. Customers are classified into three types of purchase behaviour: "single users", who buy from a particular brand once

when they encounter a purchase opportunity; “multiple users”, who buy a particular product or service from the same brand repeatedly; and “non-users”, who rarely buy from the same brand. Aside from how frequently consumers purchase, these authors argue that in order to establish a client’s level of loyalty, it is also necessary to consider their attitude, which refers to their overall impression of the brand and how favourable they feel towards the company.

On the other side, Aaker (1991, as cited in Moisecus, 2014) identifies five levels of loyalty: (1) non-loyal buyers, these individuals are not loyal to any brand, implying that the only thing considered when buying a product or service is the cost; (2) pleased buyers, these type of clients often continue to buy from a specific brand if there is not any form of discontent linked, especially if shifting to other requires more effort than continuing with the initial one; (3) happy buyers with considered shifting costs, they are comparable to the previous pair of buyers, the only difference is that they account for numerous factors (income, wasted benefits, and wasted effort) that could cause them to change to other brand; (4) brand likers, who have an emotional attachment to the brand and a high perceived quality of their products or services; (5) dedicated clients, for this type of buyer, embracing a specific brand is a manifestation of their personality, and they are the type of customers who help brands develop new items or improve existing ones based on their feedback.

After the numerous research studies on the various types and dimensions of loyalty is considered, it is possible to conclude that loyalty has a few positive antecedents: perceived quality (Alhaddad, 2015), commitment, trust, satisfaction, and loyalty incentives (Watson et al., 2015). Perceived quality is a consumer’s opinion of their overall experience with a brand’s product or service (Alhaddad, 2015; Salim & Rodhiah, 2022). Commitment is defined as the urge to continue having an important connection with a brand; trust is the conviction in a brand’s dependability and authenticity; and satisfaction is contrast of previous expectations regarding an item or service to its actual efficacy (Watson et al., 2015). Loyalty incentives, on the other hand, are external signals that serve as incentives that motivate more frequent purchases or as a reward for buying back an item or service (Watson et al., 2015).

Additional concepts that support the development of loyalty include the following: attitude plays a crucial role in fostering loyalty and has a beneficial impact on it (Kainde & Mandagi, 2023; Sivarajah, 2014); brand identification has also been shown to positively correlate with consumer loyalty, contingent on the consumer’s self-perception and their

assessment of the identity of the brand (Alnaways & Altarifi, 2015; Ekinci et al., 2013; Kuenzel & Halliday, 2008); consumption preferences and principles have also shown to positively correlate with loyalty (Andleeb, 2016); familiarity with a particular product has been identified as a crucial component of the buying process and a precursor of product loyalty (Sun et al., 2013); and lastly, consumers who view a brand to be sustainable and concerned about their health are more inclined to remain loyal to it (Javed et al., 2024).

2.3. Perceived quality

Perceived quality is viewed as a precursor of customer loyalty (Alhaddad, 2015), and the greater the perceived quality, the more favourable the consumer's relationship with the brand (Marques et al., 2020; Martínez, 2015). Situational impact and promoting efforts may affect how buyers engage with a brand (Naini et al., 2022), particularly how loyal clients perceive the quality of a product or service. This indicates that buyers will overcompensate for greater costs if they believe the product or service to be of good quality (Hannelius & Pettersson 2021; Martínez, 2015) and prefer it over other brands (Marques et al., 2020).

In general, quality is an expression that characterizes the attributes and efficacy of products and services, and it is regarded as a distinguishing aspect of excellence when compared to similar things (Aaako & Niinimäki, 2021). Quality is classified into objective and subjective quality, the latter being known as perceived quality (Aaako & Niinimäki, 2021). Objective quality refers to product features that can be confirmed and assessed using established quality protocols (Aaako & Niinimäki, 2021; Solin & Curry, 2022). Depending on the product and the company, different brands may use multiple quality processes. In general, quality control is a method that makes sure consumers obtain physical products that are reliable and have comparable functioning (Akundi & Reyna, 2021). An effective technology used for quality control is the machine vision system, which performs the same tasks as a human assessment but at a lower cost and with the ability to work with a variety of objects (Akundi & Reyna, 2021). If the product is a software, on the other hand, a quality protocol would be software quality assurance that guarantees the software's performance while also guaranteeing its quality (Sowunmi et al., 2016). According to Sowunmi and colleagues (2016), software quality assurance is a continuous process that aligns with software development intervals and project management.

A variety of criteria can be used to define perceived quality, including the consumer's assessment of the general quality of an item or service (Setiani et al., 2018), the enhanced value of the item being sold when compared to similar products (Hannelius & Petterson, 2021; Supiyandi et al., 2022), a cognitive assessment of the brand's products (Arbi & Aminah, 2023), and a subjective estimate of the quality of an item that is contextually dependent (Aaako & Niinimäki, 2021; Solin & Curry, 2022). According to alternative perspectives, such as engineering, a customer's perception of a product's quality arises from their interaction with it and their use of its sensory qualities, which interacts with previous experiences. This means that a customer's perception of a product's quality is always limited by their prior experiences with similar products (Stylidis et al., 2019). Furthermore, this quality assessment significantly influences purchase decisions (Supiyandi et al., 2022).

As specified by Aaako and Niinimäki (2021), quality cues and quality traits are part of the process of evaluating the quality of a product or service. Quality cues, which can be further separated into intrinsic and extrinsic categories, are pertinent indicators of the product's quality that occur before contact (Aaako & Niinimäki, 2021). These physical properties of the product can be known as material and performance qualities (Aaako & Niinimäki, 2021; Garrido-Morgado et al., 2016; Solin & Curry, 2022; Swinker & Hines, 2006), and are more closely associated with affective loyalty (Garrido-Morgado et al., 2016). Extrinsic cues are external features that are more definite, objective, and product-related, such as origin and cost (Aaako & Niinimäki, 2021; Garrido-Morgado et al., 2016; Solin & Curry, 2022; Swinker & Hines, 2006), and they are more associated with cognitive loyalty (Garrido-Morgado et al., 2016). On the other hand, quality traits are linked to a product's psychological and operational features, which implies that certain aspects are influenced by each customer's experience with it (Aaako & Niinimäki, 2021).

Since perceived quality is a multifaced concept, there are a few approaches that have been developed to better understand it: (1) The "transcendent approach" is the one that adopts a highly subjective stance, arguing that each customer has a unique perception of quality and that the primary factors that people take into account are the product's emotional and visual appearance (Solin & Curry, 2022); (2) The "product-based approach" argues that customers evaluate a product's quality based on its whole and the precision of each function, meaning that perceived quality is highly objective and quantifiable (Solin & Curry, 2022); (3) The "manufacturing-based approach" supports the notion that norms are used to define quality, implying that every product must adhere to predetermined

requirements and be free from flaws (Solin & Curry, 2022; Stylidis et al., 2019); (4) The “value-based approach” mentions that a high quality product needs to provide optimal functionality at a reasonable cost (Solin & Curry, 2022); (5) The “user-based approach” is the most popular method for classifying perceived quality. It is centered on the consumer’s perception and experience, meaning that quality is determined by the user’s satisfaction with the product, leading to a variety of expectations and perceptions (Pogson, 2019; Solin & Curry, 2022); (6) The “goods and services approach” states how something is perceived as high or low depends on whether it is a physical product or a service. Typically, physical products are judged based on their appearance, functionality, and resilience, while services are judged based on how well they meet expectations as opposed to how they perform (Solin & Curry, 2022); (7) The “information asymmetry approach”, in which consumers choose products from famous brands over lesser-known ones because they lack sufficient knowledge about a particular product and instead rely on signals like brand popularity, cost, and other reviews to determine its quality (Garrido-Morgado et al., 2016; Solin & Curry, 2022).

As previously stated in the prior approach, sometimes consumers do not have enough knowledge to properly evaluate a product, which might be due to time restrictions (Garrido-Morgado et al., 2016), signalling that a customer needs to make a rapid decision about which product to buy. Clients who find themselves in this situation often resort to using cognitive shortcuts, or heuristics, to aid in decision-making without the need to consider other characteristics (Garrido-Morgado et al., 2016). Accordingly, under these kinds of circumstances, buyers usually focus on the distinctive qualities of the product that make it stand out and aid in their decision to purchase (Garrido-Morgado et al., 2016). For example, attractive packaging or crucial information disclosed on the package might draw the consumer’s attention and influence their decision.

Additionally, organizations must strive to meet customer expectations about quality when a particular product is delivered to the market. Customer expectations are developed before engaging with a product or service and are defined as an expected behaviour of what consumers will perceive as desirable (Colorado & Mesías, 2021). The customer’s expectations are the following: (1) aesthetic desires: customers often anticipate high-quality products in terms of appearance and design, thus if a product bears a high-quality label, it must live up to the expectation (Swinker & Hines, 2006); (2) financial expectations: clients often assume that a more costly product would live longer than a less expensive one, saving them more money overall (Swinker & Hines, 2006); (3)

physiological standards: this one has to do with the idea that a thing must fit well or provide the desired effects if it is advertised as being of a high calibre. For instance, if it's clothing, it needs to fit better than similar items of worse quality (Swinker & Hines, 2006). Similarly, if it's a skincare product, the buyer's face needs to feel more moisturized more quickly than that of similar products from the inferior competition; (4) social or psychological expectations: user of high-quality products typically has favourable views and feel good about themselves (Swinker & Hines, 2006).

According to research, perceived quality – even if it's a consumer's assessment of a product's overall quality rather than its actual quality – can contribute to brand value in several ways (Marques, 2020; Setiani et al., 2018). When a high-quality product is delivered, businesses have the chance to stand out from the competition and gain devoted customers who will repeatedly purchase a product or service, and eventually, will even be willing to pay more for the product, allowing businesses to charge greater prices. Additionally, holding such a position on the market allows brands to grow by launching new lines of products or services, which are more likely to be tested by the loyal consumers they previously acquired (Alhaddad, 2015; Setiani et al., 2018).

Overall, the best approach that matches the predictions of this study would be the “user-based approach”. This method focuses on what the consumer thinks as well as what they experience (Pogson, 2019; Solin & Curry, 2022), which are critical in determining the impact of rebranding on consumer loyalty. The “user-based approach” accounts for a variety of consumer desires and views, documenting how different rebranding methods affect different consumers (Solin & Curry, 2022). Given that perceived quality is a predictor of consumer loyalty (Alhaddad, 2015), this method provides a complete framework for understanding how brand modifications impact and motivate consumer loyalty. Although other approaches, such as the “transcendent” or “product-based” approaches contribute useful insights, the “user-based approach” emphasizes on consumer pleasure and perception, which ideally corresponds with the goals of this study.

2.4. Rebranding

Impressions are rarely static, and it is sometimes required to modify consumer impressions using effective tactics such as rebranding. According to Batara and Susilo (2022), rebranding is a rejuvenation approach for brands that gives them a fresh concept, appearance, or reputation. This may be used for shifting positions, updating strategy,

renewing, redefining company principles, and attracting new customers (Arbi & Aminah, 2023; Muzellec et al., 2003; Prayoga & Suseno, 2020; Williams et al., 2021; Zhao et al., 2018). The phrases “re” and “brand” are combined to form the neologism “rebranding”, and the prefix “re” signifies “again”, implying that the activity is carried out twice (Gotsi & Andriopolous, 2007; Muzellec et al., 2003; Muzellec & Lambkin, 2006).

A company can undergo rebranding at three separate levels: “the corporate, business unit, and product levels” (Muzellec et al., 2003). Rebranding a company entails renaming the entire company, which needs repositioning or adjustment to the used approach (Muzellec et al., 2003). Rebranding of business units is the process by which a branch of a bigger organization decides to adopt a new name, logo, tagline, and overall brand image to establish its own unique identity (Muzellec et al., 2003). Rebranding of individual items refers to changing the components for a particular product or product range (Muzellec et al., 2003).

A rebranding balance mixture consists of four primary aspects, according to the literature: (1) brand shifting, a continuous process based on the notion of always keeping up with client demands, and what competitors are doing at the moment (Assali, 2017; Muzellec et al., 2003), or even poor sales outcomes (Assali, 2017); (2) brand renaming, which focuses entirely on altering consumer’s impressions of the brand image and has its primary objective creating a new identity and image (Assali, 2017; Muzellec et al., 2003); (3) brand redesign: this refers to a company changing the name, logo, tagline, or message of a particular product that is currently on the market to create a new final product that will serve as a vehicle for the brand’s new image (Assali, 2017; Muzellec et al., 2003); (4) relaunch: this is the process of redesigning a brand’s product entirely from what the brand has done in the past and announcing it to consumers (Muzellec et al., 2003). It is crucial to evaluate the customer response so that any necessary adjustments can be made promptly (Assali, 2017).

However, brands must ensure that the decision to rebrand is worthwhile and has a good purpose before moving further. A few justifications for the need for rebranding are as follows: business growth is necessary, and it starts with enhancing a product or service (Krutikov, 2019; Muzellec et al., 2003; Petburikul, 2009; Prayoga & Suseno, 2020; Williams et al., 2021); merging of the brand with a different one (Krutikov, 2019); a new target audience (Krutikov, 2019); improvement of the brand’s image (Krutikov, 2019; Petburikul, 2009; Williams et al., 2021); a decline on the brand’s economic condition (Krutikov, 2019); with the high level of technological advancement, the products could

look outdated (Krutikov, 2019; Petburikul, 2009; Williams et al., 2021); inadequate performance (Prayoga & Suseno, 2020; Williams et al., 2021); to assist in the brand's globalization if it is not a well-known brand worldwide (Muzellec et al., 2003); customer's views and ideas are changing, leading them to the need of other strategies (Krutikov, 2019; Petburikul, 2009); to boost consumer retention (Krutikov, 2019; Petburikul, 2009); if a team comes up with an original and creative idea that could be implemented (Krutikov, 2019; Petburikul, 2009); consumers believe that the brand has lost its distinctiveness (Krutikov, 2019); changing its organizational framework (Prayoga & Suseno, 2020; Williams et al., 2021); finally, because the market is growing faster than the demand, there is more competition in every product category, making it critical to maintain the brand as is (Krutikov, 2019; Petburikul, 2009).

In line with Muzellec and colleagues (2003), they support four rebranding drivers: (1) alteration in ownership arrangement: the most common and persuasive cause to rebrand, which denotes a shift in the company's board and necessitates the usage of rebranding to align with the new corporate principles and plans; (2) a shift in business strategy, which occurs when an organization decides to take a different strategic course or modifies its aims. An example of this would be a brand's ambition to expand into new markets or client categories; (3) a shift in the competitive landscape, this one is solely based on the actions of the rivals, indicating a modification in the tactics used or the emergence of a new need in the market that has to be satisfied; (4) an alteration in the external setting, which has to do with bigger contexts like economic shifts or societal changes like new customer needs.

Rebranding is considered a sequence consisting of three primary categories, according to Daly and Moloney (2004): "minor changes, intermediate changes, and complete changes". Smaller alterations are also referred to as visual rebranding, indicating that this type of rebranding is centered solely on the brand's appearance. The emphasis here is on improving the brand's look, which could be updated. This suggests that the brand has either been around for a while or needs to change because of competitors' strategies, while also remaining relevant among them. Most intermediate modifications centered on repositioning the brand, which entails changing communication and marketing strategies to favourably reposition the brand name on the market, ultimately providing the target audience with a new identity. Complete changes, also referred to as full rebranding, involve changing almost all aspects of the brand's identity, such as its name, message,

logo, messaging, and marketing communications. This rebranding continuity was also endorsed by writers such as Miller and colleagues (2013).

Muzellec & Lambkin (2006) state that there are two forms of rebranding: revolutionary and evolutionary, depending on the brand positioning and appearance. The term “evolutionary rebranding” refers to aesthetic alterations that are very comparable to little adjustments such as the model that was previously introduced. To get the desired outcome without causing too much disruption, all businesses usually undergo this rebranding by gradually making little changes that are not noticeable to consumers. Similar to the significant modifications previously discussed in the literature, revolutionary rebranding is centered on altering the brand’s external appearance and positioning, and the primary indicator of this rebranding is the name change for the company.

Research results on rebranding’s effects are conflicting, presenting both good and negative consequences. Positive outcomes, such as more revenue, show a rise in company profitability linked to the brand’s efficiency and competitive edge (Miller et al., 2013). Additionally, several businesses have achieved their rebranding objectives, and parties like the press and consumers have given the rebrand good feedback (Miller et al., 2013).

Rebranding can, however, come with certain drawbacks, such as negative perceptions such as feeling that the change is unstable and disturbing (Collange & Bonache, 2015) and unexpectedness because consumers do not know why the item was rebranded, which can ultimately result in resentment and sorrow toward the brand for making such a change (Hannelius & Pettersson, 2021). Many customers referred to rebranding as a disruptive habit because they were concerned that it would be more difficult for them to spot the brand on the shelves and they would have to actively search for it, which would be an unneeded task and generate uneasiness (Collange & Bonache, 2015). Rebranding is a big shift that breaks the link between the old and new identities of the company. This makes once-loyal consumers feel cut off from the brand since they do not think the new identity reflects the original principles they came to believe in (Gotsi & Andriopolous, 2007). Diverse stakeholder groups may occasionally hold opposing opinions on the rebranding, which can cause misunderstanding, opposition, or discontent among those groups. (Gotsi & Andriopolous, 2007). Rebranding typically places a lot of emphasis on brand names, symbols, or slogans; however, these are not the only components that make up the brand identity, and giving them too much attention at the expense of other components could hurt staff participation and workplace culture, which

results in a shortage of excitement and encouragement from within the company (Gotsi & Andriopolous, 2007).

2.5. Research Objectives and Hypotheses

Before anything else, it was crucial to comprehend the several rebranding techniques that will be applied in this research. Daly and Moloney's (2004) categorization of three categories – minor changes, intermediate changes, and complete changes – was used for that purpose. However, the names were changed to visual, intermediate, and full rebranding for this study.

The most identifiable components of every brand's visual identity are its name and logo (Bolhuis et al., 2015), which have an impact on the attitudes and purchasing intentions of its most devoted customers (Agha et al., 2016). However, consumers are often more accepting of minor adjustments when they are distinctly visible (Diktas & Akgun, 2021; Pimentel & Heckler, 2003), and typically they are the ones with lower danger (Assali, 2017). Conversely, a new brand repositioning and visual modifications, when combined, have a significant effect on customers, leading to misunderstandings and a decline in goodwill (Muzellec et al., 2003). It is claimed, nonetheless, that when done correctly, can positively impact their loyalty to the brand (Mensah & Brew, 2023).

As a result, the hypothesis was proposed:

H1: *“The visual rebranding is predicted to have the least significant impact on consumer loyalty when compared with the other two rebranding conditions”.*

As was previously noted in passing, a few studies have discovered statistical evidence supporting the notion that rebranding significantly and favorably affects customer loyalty (Arbi & Aminah, 2023; Batara & Susilo, 2022; Prayoga & Suseno, 2020). When a new brand idea is introduced, the items usually perform better and are perceived of higher quality, which elicits favourable feedback from customers and increases their loyalty (Arbi & Aminah, 2023).

The hypothesis is set up in support of this:

H2: *“The rebranding strategy has a significant relationship with consumer loyalty”.*

The literature also suggests a link between rebranding and perceived quality. According to research by Setiani and colleagues (2018), perceived quality is highly

connected with offering them a new, fully rebuilt identity. According to several authors (Collange & Bonache, 2015; Isanovic & Rotkirch, 2018; Lee et al., 2011; Pishdar et al., 2014), rebranding affects how consumers perceive quality. Additionally, some consumers worry that the original product or service may alter because of the rebranding (Collange & Bonache, 2015).

Thus, it is proposed that:

H3: “*The rebranding strategy has a significant impact on perceived quality*”.

The research mentions perceived quality as a critical factor in establishing and preserving consumer loyalty (Garrido-Morgado et al., 2016). Results showed that in a variety of marketplaces, customer loyalty is influenced by perceived quality (Arbi & Aminah, 2023; Akoglu & Özbek, 2021; Alhaddad, 2015; Aquinia et al., 2020; Hannelius & Pettersson, 2021; Prasad, 2018; Salim & Rodhiah, 2022; Tuan & Rajagopal, 2017).

Next, the following hypothesis might be put forth:

H4: “*Perceived quality has a significant relationship with consumer loyalty*”.

Lastly, the development of customer loyalty is contingent upon the perception of the quality of an experience or product interaction; hence, perceived quality is seen as a critical precondition for consumer loyalty (Akoglu & Özbek, 2021). Although there is a dearth of empirical evidence linking rebranding to customer loyalty through perceived quality, brand experience research offers a strong theoretical foundation that allows for forecasting and prediction-making. According to the research, a brand’s experience is generated for a customer when they interact with its identity, layout, communication, and package (Rahmat & Kurniawati, 2022). Furthermore, rebranding is an intervention that modifies previously given stimuli to elicit new impressions, much like brand experiences do. Accordingly, it is hypothesized that rebranding acts as a significant brand experience.

It is intended to learn more about how rebranding strategies may successfully increase customer loyalty through perceived quality by testing this hypothesis:

H5: “*Perceived quality mediates the relationship between rebranding and consumer loyalty*”.

Overall, the main goal of this thesis is to better understand how rebranding influences consumer loyalty by investigating the interaction of these variables, as well as the mediating role of perceived quality in the relationship between rebranding and

consumer loyalty. By performing so, this study aspires to add to the existing literature and provide insights for future research and applications.

Chapter 3: Methodology

To test the previous hypotheses and provide answers to the research questions, this chapter describes the methodological approach used in this dissertation. This is accomplished by outlining the research method, selected, and implemented design, participants, tools, and statistical analyses.

3.1. Research approach and method

This dissertation followed a mixed experimental design and a quantitative approach for analysing the respective data. The main goal of this approach was to test the impact of various rebranding strategies on consumer loyalty and the role that perceived quality played as a mediator.

3.2. Participants

The sample criteria were not limited to a specific population, having only the following criteria: every participant must be over 18 years old and use social media (since the survey was distributed online on different social media platforms).

There was a total of 151 participants, of whom 118 (78.1%) were female, 32 (21.2%) were male, and 1 (0.7%) preferred not to disclose their gender. The participants' mean age was 25.64 (SD = 6.33), with the minimum age being 18 and the maximum being 61 years.

There was a mix of nationalities, with Portuguese being the most predominant with 119 (78.8%) participants. Other countries were also counted, which were Brazil with 8 (5.3%) participants, Colombia with 1 (0.7%) participant, Germany with 4 (2.6%) participants, Ireland with 1 (0.7%) participant, Luxembourg with 1 (0.7%) participant, Panama with 16 (10.6%) participants, and Sri Lanka with 1 (0.7%) participant.

Concerning their current occupation, 86 (57%) were employed full-time, 3 (2.0%) were employed part-time, 8 (5.3%) were unemployed, 52 (34.4%) were students, and 2 (1.3%) selected other.

Regarding the highest level of education that the participants have completed, 23 (15.2%) answered high school or less, 20 (13.2%) answered some college or technical

school, 60 (39.7%) answered bachelor's degree, 45 (29.8%) answered master's degree, and 3 (2%) answered doctorate or professional degree.

3.3. Design

The current research employed a mixed (within-subjects and between-subjects) experimental design and was conducted on the software Qualtrics. Rebranding conditions were used as the within-subjects factor (visual vs. intermediate vs. full), with the order of the conditions randomly assigned; the brand was used as a between-subjects factor (Coca-Cola vs. Fanta. vs. Red Bull) randomly assigned. In other words, all participants were exposed to all rebranding conditions and their associated items but were randomized by brand, preventing participants from being cofounded by brand-specific biases. A total of 49 participants were randomly assigned to Coca-Cola, 53 participants to Fanta, and 49 participants to Red Bull.

The criteria for selecting these brands were: 1) they all had to be in the same selling industry, in this case, the beverage sector; 2) all the brands had to be known worldwide because the survey was sent to different nationalities; 3) all of the brands had to have similar characteristics, for example, in this case, they sell products that are considered unhealthy.

To ensure that the three rebranding conditions were as identical as possible for each brand, hypothetical designs were created from scratch for the three brands and each rebranding condition (Appendix A). For visual rebranding, all brands made a minimal update to their logos, using the same colours as previously and adding the simplest font feasible. The intermediate rebranding involved repositioning each brand to take a new, healthier approach, as evident by a change in the current slogan. Lastly, for the full rebranding, although preserving the previous repositioning of a new healthy brand, the packaging, and colours were also changed to go along with it, and on the packaging itself, the brand name suffered a bit of change by being accompanied by the words "the healthier choice". By designing these rebranding strategies uniformly across Coca-Cola, Fanta, and Red Bull, it was aimed to maintain consistency in the rebranding conditions, allowing for a more accurate comparison of participant responses.

3.4. Instruments

3.4.1. Consumer loyalty

Consumer loyalty was employed to acquire data on how participants would behave after the brand went through various rebranding strategies. This variable was tested using Wilson and colleagues's (2021) customer loyalty scale. The scale developed by these authors is an adaptation of Verlotsou (2015). The current version consists of five items that were slightly modified to fit this study (e.g.: "*I'll encourage anyone who seeks my advice to buy this product by this brand*"). The authors used a Likert scale ranging from 1 (strong disagreement) to 7 (strong agreement); however, in the current dissertation, it was used a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) while retaining the substantive meaning of each item. The adjusted scale version had a good Cronbach Alpha ($\alpha = 0.94$) (see Appendix B).

3.4.2. Rebranding strategy

As previously said, in order to determine whether the rebranding method (visual rebranding, intermediate rebranding, and full rebranding) is more effective and has a greater impact, it is necessary to first examine how participants regarded each rebranding strategy prior to and following its implementation. The Ramaditya (2019) scale, which was developed from Andrews and Kim's (2007) study, was employed. The adapted and used version contains nine items (e.g.: "*This brand has a stronger image than it did before*"). The instrument employed a Likert scale with a range of 1 (strongly disagree) to 5 (strongly agree), with a good Cronbach Alpha ($\alpha = 0.95$) (see Appendix C).

3.4.3. Perceived quality

Perceived quality, the study's postulated mediator, was evaluated to better understand participants' perceptions of the brand's increased quality following the rebranding. The Shanahan and colleagues (2019) scale, which was derived from Yoo and Donthu (2001), was used to measure this. The adapted scale is made of 5 items (e.g.: "*This brand is of high quality*"); however, for this study, one item was eliminated ("*The likelihood that this brand would be functional is very high*") due to the inherent characteristics of the brands chosen, specifically because they are widely known and well-established, which means that the functional aspect of these brands is not in question, and including this item could cause potentially biased and skewed responses that do not contribute to meaningful data. Keeping this in mind, the measure was used with four items

and a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The original version used a Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree), but it was modified for this study for the same reason that the customer loyalty scale was adapted: to adjust it to this specific context. The adjusted version yielded a good Cronbach Alpha ($\alpha = 0.93$) (see Appendix D).

3.4.4. Control variables

It was also critical to take into consideration variables that could affect the results to increase the validity of this study, aid in reducing bias, and clarify correlations between the variables. To do that, the brand-related variables of attitude, identity and self-concept, behavioral consumption, product familiarity, and health perception were assessed (Appendix E).

The goal of evaluating attitude variables is to determine how each participant feels about a brand; this evaluation might be positive, negative, or neutral. Assessing identity and self-concept variables helps to determine whether participants believe the brand matches their beliefs and identity. Checking their behavioural consumption is important for determining how frequently people purchase something from a specific brand. Similarly, it is crucial to quantify their product familiarity, which allows them to assess each participant's understanding of the brand. Finally, because health has become a hot subject in recent years, assessing participant's health perceptions can help determine how healthy or useful the brand is to them.

3.4.5. Sociodemographic variables

Sociodemographic questions asked about the participant's characteristics to provide a more accurate description of the entire sample. The data gathered mostly concerned nationality, occupation, age, education level, and gender.

3.5. Procedure

3.5.1. Data Collection

Through social media (Instagram, WhatsApp, and LinkedIn) and intimate connections a convenience non-probability sample, was used to contact the potential participants.

As previously mentioned, the survey was conducted in Qualtrics and started with a consent form informing participants that the brand designs they would be answering about

were stimulated designs made specifically for this study and that their task was to assess and comment on those designs. It also noted that the purpose of the warning was to allow for the exploration of many viewpoints on the designs displayed, even though the survey might appear repetitive or similar.

Following that, the survey started, and the participants were initially randomly assigned to one of the three brands (Coca-Cola vs. Fanta vs. Red Bull). Next, they were asked to assess the three rebranding strategies of the brand (Visual vs. Intermediate vs. Full Rebranding), where the order of the three rebranding strategies was randomly assigned. After each strategy, participants had to answer several items: elements from the consumer loyalty scale, perception of the rebranding, and the perceived quality scales, with each component focusing on a separate rebranding. The survey's final two sections included control and demographic variables to better describe the sample.

3.5.2. Data Analysis

To test the hypotheses and answer the research questions, the survey data were exported and analysed using SPSS Statistics 28.

First, a reliability analysis was performed to determine the internal consistency of each scale; according to Cronbach's alpha, all of them were highly reliable. The sample was then characterized using some descriptive analyses.

To test the hypotheses, repeated measures ANOVA was used for the first hypothesis, followed by some Pearson's correlations to determine the strength of the relationship between variables, and finally a MEMORE analysis (Montoya and Hayes, 2017) is conducted to examine the mediation analysis of a within-subject design.

Lastly, it was tested with multiple regression analysis to test the robustness of the effects and one-way ANOVA as an additional analysis.

Chapter 4: Results

This chapter will present all the results of the analysis and findings achieved to answer all the hypotheses.

4.1. Control Variables Analysis

Concerning the control variables and to better characterize the preferences of the participants, some frequency distributions were analysed (table 1). The control variables

were the brand-related variables of attitude, identity and self-concept, behavioral consumption, product familiarity, and health perception.

Table 1

Frequency Distribution of Attitude, Identity, Consumption, Familiarity, and Health Perception towards the Three Brands

Control items		<i>N</i>	<i>%</i>
Attitude towards brand	Liked a great deal	31	20.5%
	Liked somewhat	51	33.8%
	Neither liked nor disliked	33	21.9%
	Disliked somewhat	18	11.9%
	Disliked a great deal	18	11.9%
Identity and self-concept	Very closely	12	7.9%
	Somewhat closely	20	13.2%
	Neutral	60	39.7%
	Not very closely	25	16.6%
	Not at all closely	34	22.5%
Behavioural consumption	Daily	4	2.6%
	Weekly	12	7.9%
	Monthly	28	18.5%
	Rarely	60	39.7%
	Never	47	31.1%
Product familiarity	1 product	55	36.4%
	2-3 products	73	48.3%
	4-5 products	13	8.6%
	More than 5 products	10	6.6%
Health perception	Very healthy	1	0.7%
	Healthy	2	1.3%

Neutral	20	13.2%
Unhealthy	74	49%
Very unhealthy	54	35.8%

A multiple regression analysis was conducted to evaluate the effects of rebranding on consumer loyalty, controlling for brand-related variables of attitude, identity and self-concept, behavioral consumption, product familiarity, and health perception as covariates. The overall model was significant, $F(6, 144) = 31.62, p < .001$, and explained 56.8% variance in consumer loyalty ($R^2 = 0.568$ Adjusted $R^2 = 0.551$). Only rebranding ($b = 0.69, p < .001$) was a significant predictor of consumer loyalty. The covariate attitude ($b = 0.06, p = .28$), identity ($b = 0.10, p = .09$), consumption ($b = -0.11, p = .08$), familiarity ($b = 0.02, p = .81$), and health perception ($b = 0.05, p = .46$) were not significant predictors. Multicollinearity diagnostics ($VIF < 10$ and tolerance close to 1) indicated no issues, and residuals were normally distributed and showed no signs of heteroscedasticity.

4.2. Hypotheses Testing

4.2.1. H1: *The visual rebranding is predicted to have the least significant impact on consumer loyalty when compared with the other two rebranding conditions*

A repeated-measures ANOVA was performed to evaluate the effect of different rebranding conditions on consumer loyalty.

Results indicated significant mean differences in consumer loyalty across the three rebranding conditions, $F(2, 300) = 7.33, p < .001, \eta^2 = 0.05$. The findings, as shown in table 2, revealed higher levels of consumer loyalty after the implementation of intermediate rebranding, subsequently decreased levels after visual rebranding, followed by lower levels after full rebranding. The pairwise comparisons indicated that there were significant mean differences across scores between visual rebranding and intermediate rebranding ($p = .01$) and between intermediate rebranding and full rebranding ($p = .002$). However, it was shown that there were not significant mean differences across scores between visual rebranding and full rebranding ($p = .98$).

Table 2

Descriptive Statistics of Consumer Loyalty of each Rebranding Condition

Consumer loyalty	<i>M</i>	<i>SD</i>
Visual rebranding	2.91	1.02
Intermediate rebranding	3.15	1.02
Full rebranding	2.83	1.04

4.2.2. H2: The rebranding strategy has a significant relationship with consumer loyalty

A Pearson correlation coefficient was computed to assess the linear relationship between rebranding strategy and consumer loyalty.

There was a significant, moderate, and positive relationship between rebranding strategy and consumer loyalty, $r(151) = 0.66, p < .001$.

4.2.3. H3: The rebranding strategy has a significant impact on perceived quality

A repeated-measures ANOVA was performed to evaluate the effect of different rebranding conditions on perceived quality.

Results indicated significant mean differences in perceived quality across the three rebranding conditions, $F(2, 300) = 5.68, p = .004, \eta^2 = 0.04$. The findings, as shown in table 3, revealed higher levels of perceived quality after the implementation of intermediate rebranding, subsequently decreased levels after visual rebranding, followed by lower levels after full rebranding. The pairwise comparisons indicated that there were significant mean differences across scores between visual rebranding and full rebranding ($p = .05$) and between intermediate rebranding and full rebranding ($p = .005$). However, it was shown that there were not significant mean differences across scores between visual rebranding and intermediate rebranding ($p = 1.00$).

Table 3

Descriptive Statistics of Perceived quality of each Rebranding Condition

Perceived quality	<i>M</i>	<i>SD</i>
Visual rebranding	3.19	1.06
Intermediate rebranding	3.24	1.01
Full rebranding	2.95	1.09

A Pearson correlation coefficient was computed to assess the linear relationship between rebranding strategy and perceived quality.

There was a significant, moderate, and positive relationship between rebranding strategy and perceived quality, $r(151) = 0.66, p < .001$.

4.2.4. H4: Perceived quality has a significant relationship with consumer loyalty

A Pearson correlation coefficient was computed to assess the linear relationship between perceived quality and consumer loyalty.

There was a significant, strong, and positive relationship between perceived quality and consumer loyalty, $r(151) = 0.80, p < .001$.

4.2.5. H5: Perceived quality mediates the relationship between rebranding and consumer loyalty

A mediation analysis was carried out using MEMORE, a macro analysis developed by Montoya and Hayes (2017) that is used to analyse the within-subject mediation. Visual rebranding served as the baseline condition in the following models.

The results showed that switching from a visual rebranding to an intermediate rebranding did not predict perceived quality ($b = -0.05, SE = 0.08, p = .53$). In turn, perceived quality had a positive effect on consumer loyalty ($b = 0.59, SE = 0.06, p < .001$). The indirect effect of switching from a visual rebranding to an intermediate rebranding on consumer loyalty through perceived quality was not significant ($b = -0.03, 95\% CI [-0.14, 0.06]$). Also, switching from a visual rebranding to an intermediate rebranding had a significant direct effect on consumer loyalty with the mediator in the model ($b = -0.20, SE = 0.06, p = .001$).

The results then showed that switching from a visual rebranding to a full rebranding positively predicted perceived quality ($b = 0.23, SE = 0.10, p = .02$). In turn, perceived quality had a positive effect on consumer loyalty ($b = 0.64, SE = 0.05, p < .001$). The indirect effect of switching from a visual rebranding to a full rebranding on consumer loyalty through perceived quality was also significant ($b = 0.15, 95\% CI [0.03, 0.28]$). Also, switching from a visual rebranding to a full rebranding did not have a significant direct effect on consumer loyalty with the mediator in the model ($b = -0.06, SE = 0.06, p = .31$).

4.3. Additional analysis: Brand Differences

A one-way ANOVA was performed to evaluate the effect of the general index of rebranding, consumer loyalty, and perceived quality on the three brands (Red Bull, Coca-Cola, and Fanta).

Results indicated significant mean differences in how participants perceived rebranding across the three brands, $F(2, 148) = 5.10, p = .007$. However, there were not significant mean differences in perceived quality across the three brands, $F(2, 148) = 0.84, p = .44$; neither in consumer loyalty across the three brands, $F(2, 148) = 0.18, p = .85$. The findings, as shown in table 4, revealed higher levels of rebranding perception, perceived quality, and consumer loyalty on the brand Red Bull. A post hoc Tukey HSD test indicated that there were significant mean differences across scores between Red Bull and Coca-Cola on rebranding ($p = .006$). However, it was shown that there were not significant mean differences across scores between Red Bull and Coca-Cola on perceived quality ($p = .40$), Red Bull and Fanta on perceived quality ($p = .82$), Red Bull and Coca-Cola on consumer loyalty ($p = .94$), Red Bull and Fanta on consumer loyalty ($p = .83$), and Red Bull and Fanta on rebranding ($p = .69$).

Table 4

Descriptive Statistics for Rebranding, Consumer Loyalty, and Perceived Quality by Brand

General Index		<i>M</i>	<i>SD</i>
Rebranding	Red Bull	2.76	0.88
	Coca-Cola	2.27	0.76
	Fanta	2.61	0.70
Consumer loyalty	Red Bull	3.01	0.85
	Coca-Cola	2.96	0.95
	Fanta	2.92	0.69
Perceived quality	Red Bull	3.23	0.86
	Coca-Cola	3.01	0.89
	Fanta	3.13	0.76

Chapter 5: Discussion

The results of this thesis where participants evaluated three rebranding techniques, revealed several key insights into how rebranding impacts consumer loyalty, and how is mediated by perceived quality. First, the previous analyses indicated that intermediate rebranding was the one that showed higher scores of consumer loyalty when compared with the other two rebranding strategies. Additionally, rebranding showed an effect and a positive relationship with perceived quality. And perceived quality has a positive relationship with consumer loyalty. These results are consistent with the literature that describes the relationship behind these constructs and contribute to a deeper understanding of this topic in consumer behaviour and brand literature.

Any brand that is currently on the market or intends to enter it, must have a quickly identifiable logo. Logos are an efficient way for consumers to recognize brands and distinguish them (Tendwa, 2016). Pimentel and Heckler (2003) found that customers are more tolerant of minor visual changes, such as logo and colour scheme modifications than they are of other brand changes.

The study's findings indicate that while visual rebranding and full rebranding have similar effects, intermediate rebranding is the most successful tactic in terms of influencing customer loyalty. This hypothesis was partially supported by the fact that intermediate rebranding presented higher scores, on the other hand, visual rebranding's effect on customer loyalty was not appreciably different from that of full rebranding. This result would suggest that minor aesthetic alterations are insufficient to greatly impact customer loyalty, but a complete redesign is not always an indication of improved loyalty either. This is consistent with Tendwa (2016), which shows how repositioning that considers a slogan change (a form of intermediate rebranding) can improve brand perception and encourage customers to support the fresh changes. Choosing an appealing slogan can boost performance (Tendwa, 2016), and if it is well applied, it can promote loyalty by remaining consistent with the company's identity. Essentially, a well-crafted phrase can increase customer loyalty (Obafemi et al., 2023) and generate performance gains (Tendwa, 2016).

Rebranding is an uncertain and severe method (Rluca-Dania, 2014) that can have two possible outcomes (Arbi & Aminah, 2023): either the products perform better after the rebranding, which creates a favourable perception on consumers and strengthens their loyalty to that particular brand, or it creates a negative perception, meaning that customers act adversely to the changes made to the brand and this can seriously decrease their loyalty (Nyambane & Makori, 2013). Additionally, research demonstrates that consumers will

generally tolerate new modifications to a brand as long as they do not significantly alter their previous perception of the brand, a phenomenon referred to as the familiarity effect (Pimentel & Heckler, 2003). Rebranding significantly affects customer loyalty, according to a few studies conducted in various markets (Arbi & Aminah, 2023; Batara & Susilo, 2022; Nova, 2022; Nyambane & Makori, 2013; Prayoga & Suseno, 2020). This supports the second hypothesis tested by showing a positive correlation between the rebranding strategy and customer loyalty. However, it is crucial to recognize research that indicates rebranding did not significantly directly impact customer (Bamfo et al., 2018; Chaniago, 2016). Several causes may clarify these disparities. First, both studies employed a simple cross-sectional design, which meant that they studied multiple individuals at the same time. The current dissertation employed a mixed experimental design, including within-subjects factors, where the same participants were tested in different settings, and between-subjects factors, which meant that the participants were divided into different conditions. Furthermore, the sampling parameters and demography differed significantly from this study, which had few requirements and an internationally distributed sample, whereas the other studies focused on specific regions and populations. Bamfo and colleagues (2018) concentrated on the local population (Ashanti region of Ghana) who had been their bank customers for at least six years, whereas Chaniago (2016) concentrated on a particular company sector in a specific region (Jakarta and surrounding areas) with marketing executives and members of the company. Future research with a similar methodological approach as the one in the current dissertation is still needed to study this relationship in more depth.

Brands must proceed carefully when making any changes to their identity or image that are deemed as rebranding since this can have a detrimental impact on the overall customer evaluation of the quality of the brand (Isanovic & Rotkirch, 2018). This occurs because consumers are concerned that the previously known product or service may undergo changes that affect the overall quality of the product, with which they were delighted before rebranding (Isanovic & Rotkirch, 2018). This suggests that there is a substantial association between rebranding and perceived quality, indicating that a better “rebranding” in the eyes of the consumers leads to a better assessment of the quality of the product or service (Lee et al., 2011; Pishdar et al., 2014; Setiani et al., 2018). These findings are consistent with the outcomes of this study, which found a positive and significant correlation between perceived quality and the rebranding strategy.

A brand's value tends to rise over time when consumers choose it over competitors because they tend to prefer high-quality brands over lower-quality ones (Arbi & Aminah, 2023). This is because consumers find a higher-quality product or service to be worth more and be more appealing. Thus, brands need to guarantee and provide high-quality products, since this provides a lower chance of customers migrating to competitors (Obafemi et al., 2023). Consumer loyalty, or the willingness of customers to stick with a brand even if it means paying more for their goods or services, can develop over time as a result of consistently high perceived quality (Arbi & Aminah, 2023; Souki & Filho, 2008). This notion is supported by numerous authors (Arbi & Aminah 2023; Akoglu & Özbek, 2021; Alhaddad, 2015; Aquinia et al., 2020; Garrido-Morgado et al., 2016; Hannelius & Pettersson, 2021; Prasad, 2018; Salim & Rodhiah, 2022; Tuan & Rajagopal, 2017). The results of this study demonstrated a positive correlation between perceived quality and customer loyalty, which was consistent with earlier findings, supporting the fourth hypothesis. However, in contrast to the literature and the findings of the current dissertation, a study by Morgan and Govender (2017) revealed that there was not a significant relationship between perceived quality and customer loyalty. This disparity can be attributed to sampling criteria and method. Morgan and Govender (2017) conducted a study on a specific industry (South African mobile telecommunications), resulting in a more concentrated population of post-paid customers. This dissertation used a convenience sample with broad criteria. Despite the extensive body of research supporting the relationship between consumer loyalty and perceived quality, the presence of one study with inconsistent results highlights the importance of continuing to study and verify the relationship in order to guarantee an exhaustive and precise analysis not neglecting the topic's level of complexity.

Until the present moment, it has been demonstrated that customers build loyalty to a specific brand depending on its perceived quality (Akoglu & Özbek, 2021). The process that occurs before the evaluation of a product or service was previously overlooked. The first engagement a consumer has with a product or service is often known as an experience. The process of experiencing can begin as soon as a customer begins seeking, when a person begins to actively engage with a product, or when is exposed to the brand marketing (Brakus et al., 2009). Regardless of when a person begins their engagement with a brand, they all share the exposure to specific brand-related triggers, such as brand-identifying colours, slogans, forms, design components, fonts, and other physical characteristics (Brakus et al., 2009). These signals usually appear in the brand's layout and identity,

presentation, and advertisements (Brakus et al., 2009), which is essentially how a brand places itself in the market, and rebranding involves changing these characteristics, which can range from minor changes to a completely new identity.

When rebranding is considered to create a new brand experience for customers, it is quickly realized that rebranding, once completed, acts as an overdue experience that consumers must redevelop; this is followed by an individual's perception of the quality of the product or service, and it concludes with the attitude of remaining loyal to the brand or no longer trusting it and leaving for another brand. According to the literature, there is a link between brand experience and consumer loyalty that is moderated by perceived quality (Akoglu & Özbek, 2021; Rahmat & Kurniawati, 2022). This indicates that after interacting with a brand, a consumer develops a perspective about the quality of a product or service, which influences that person's loyalty to the brand (Akoglu & Özbek, 2021). This remark implies that rebranding can serve as a significant brand experience, and when compared to the results from this study, it was discovered that perceived quality does play an important mediating role in the relationship between rebranding and consumer loyalty. As stated in the preceding section, visual rebranding served as the baseline for comparison. Full rebranding increased perceived quality, which greatly boosted customer loyalty, but intermediate rebranding had no effect on perceived quality and directly decreased it. This demonstrated that the impact of rebranding on perceived quality is a major factor in retaining customers. Thus, to comprehend how rebranding affects customer loyalty, it is imperative to consider the mediator effect of perceived quality. While intermediate rebranding directly harms customer loyalty without changing perceived quality, full rebranding (when compared to visual rebranding) increases consumer loyalty through better-perceived quality. As a result, the last hypothesis is partially accepted. It emphasises how crucial is to take the type of rebranding strategy into account when analysing how it affects customer loyalty through perceived quality. The existing body of research frequently concentrates on a more general understanding of rebranding outcomes, failing to differentiate between various rebranding tactics and comprehend how affect concepts such as perceived quality and customer loyalty. Future research on this subject is greatly needed because it can help businesses and brands make well-informed decisions about their rebranding initiatives. The incorporation of the appropriate elements from the most efficient rebranding approach, prevents potential hazards such as loss of trust and ultimately brand collapse, as rebranding can be an expensive activity and time-consuming exercise (Olaore & Kuye, 2019). Furthermore, with the right rebranding strategy, brands

can potentially improve their performance by increasing sales and customer satisfaction (Olaore & Kuye, 2019; Vithya & Swaaminath, 2023), raising brand awareness and perception, which leads to increased customer loyalty, and, finally, increased employee engagement and productivity (Vithya & Swaaminath, 2023).

Despite the useful insights gathered from the current dissertation, there is a certain limitation that must be addressed. First, the sample size of this study was not large enough or diverse to generalize the results across various groups, implying that even if perceptions from different nationalities were gathered, most of the sample was based in Portugal, which is understandable given the convenient sample procedure. Furthermore, this study relied on specific measurements of the examined variables, which may not have captured all the dimensions of the constructs. Finally, because this study was conducted at a single point in time, longitudinal studies would be useful for assessing the long-term effects of various rebranding techniques on perceived quality and consumer loyalty.

In summary, this thesis adds to the understanding of the association between rebranding, consumer loyalty, and perceived quality, while also emphasizing the importance of understanding and researching the impact of different rebranding strategies on the concepts mentioned, as well as other potential mediators and moderators that are associated with the same topic.

Chapter 6: Conclusion

This dissertation aimed to explore the impact of different rebranding strategies (visual, intermediate, and full) on consumer loyalty, as mediated by perceived quality. The relationship between the key constructs was explored in addition to analysing and comparing the three rebranding strategies.

The research immediately indicated a significant association between the analysed variables (rebranding, consumer loyalty, and perceived quality). However, a significant gap in the literature was discovered on the comparison between different rebranding strategies (visual, intermediate, and full), implying that research to date has focused on the broader aspect of rebranding outcomes and their impact on brands and businesses. By focusing on the broad aspects of rebranding, little is known about different rebranding tactics, which are required by brands to guarantee that they make the appropriate judgments before changing anything linked to the brand's identity. Furthermore, until now, there were not many studies that supported the key research topic, which is an aspect that future studies could focus on.

The thesis findings highlighted linkages that were validated by the literature: rebranding had a substantial association with consumer loyalty and perceived quality, as did perceived quality and consumer loyalty. Furthermore, the results provided valuable insights into the differentiation between rebranding techniques: intermediate rebranding was shown to have a higher impact solely on customer loyalty when compared with the other strategies, but when viewed holistically, full rebranding (vs. visual rebranding) was the technique that increased consumer loyalty through perceived quality, whereas intermediate rebranding impacted consumer loyalty without changing perceived quality. This demonstrates how important it is for companies to be informed about how to enhance their brand understanding. Lastly, the impact of rebranding on perceived quality is a crucial element in customer retention over time.

As the market progresses, it will be essential to perform cross-industry evaluations to determine whether these findings hold significance in various market settings; investigate the ongoing effects of various rebranding strategies on consumer loyalty in order to ascertain whether consumer loyalty endures over time; replicate these findings in a variety of demographics and using varying methodologies in order to assess the robustness of the results; and investigate the role of additional mediators and moderators that might affect the relationship under discussion.

Overall, brands could benefit from the knowledge presented in this thesis by implementing the appropriate parts of the most effective rebranding based on their needs and making the right decision, which could help brands and businesses improve their image and maintain consumer loyalty in an increasingly competitive market. This can be accomplished by gaining a greater understanding of how consumer loyalty interacts with concepts like rebranding and perceived quality. This means that brands can avoid potential pitfalls like consumers leaving the brand because they do not feel connected to the brand's new identity.

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Appendix A

Rebranding strategies for each randomized brand (Coca-Cola, Fanta, and Red Bull) were designed exclusively for this thesis.

1. Visual rebranding

1.1. Coca-Cola

The original Coca-Cola logo, featuring the brand name in its iconic red script font.

Before

The rebranded Coca-Cola logo, featuring the brand name in a clean, red, sans-serif font.

After

1.2. Fanta



Before



After

1.3. Red Bull



Before



After

2. Intermediate rebranding

For each brand, it is introduced a new slogan that shows the effort of a new repositioning of the brand into healthier lifestyles.

2.1. Coca-Cola

Old slogan: Taste the feeling.

New slogan: Smart sipping: Coca-Cola, the Healthier Choice.

2.2. Fanta

Old slogan: More Fanta, less serious.

New slogan: Smart sipping: Fanta, the Healthier Choice.

2.3. Red Bull

Old slogan: Red Bull gives you wings.

New slogan: Smart sipping: Red Bull, the Healthier Choice.

3. Full rebranding

3.1. Coca-Cola



Before



After

3.2. Fanta



Before



After

3.3. Red Bull



Before



After

Appendix B

Items for the consumer loyalty scale

1. I'll definitely re-buy this product by this brand in the future.
2. I'll recommend my colleagues to buy this product by this brand in the future.
3. I'll recommend that my family buy this product by this brand in the future.
4. I'll say positive things about this product by this brand to other people.
5. I'll encourage anyone who seeks my advice to buy this product by this brand.

Appendix C

Items for the rebranding scale

1. I would be prouder to own a product of this brand than I would have before.
2. This brand has a stronger brand image than it did before.
3. The image of this brand is improved over time.
4. I feel that the brand is improve than before.
5. I would be more likely to try this brand today than I would have a few years ago.
6. My overall opinion of the brand is now more favorable than it used to be.
7. This brand offers more personality to me than it did before.
8. This brand is more interesting than it used to be.
9. I now admire the corporation that makes this brand more than before.

Appendix D

Items for the perceived quality scale

1. This brand is of high quality.
2. The likely quality of this brand is extremely high.
3. The likelihood this brand is reliable is very high.
4. This brand must be of very good quality.

Appendix E

Control items

1. On a scale from 1 to 5, how much do you like or dislike this brand?
2. How closely do you identify with this brand?
3. How often do you consume this brand's products?
4. How many products from this brand are you familiar with?
5. On a scale of 1 to 5, how healthy do you perceive this brand to be?