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Consumer reaction to service rebranding

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ABSTRACT

The aim of this research is to understand consumers' reactions to brand name changes in the service sector. To this end, a quantitative study was conducted of 320 customers and eight cases of service rebranding. The results show that three variables explain the change in attitudes toward the service after its rebranding: (1) proximity between the new brand name and the service, (2) difference in image between the old and the new brand names, and (3) attachment to the service place. These results help us to identify the key factors for successful brand name substitution in services.

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1. Introduction

Product rebranding, i.e. changing product brand names, has become increasingly common over the last twenty years (Kaikati and Kaikati, 2003; Kumar, 2003). This marketing practice consists in removing one brand name for a product and replacing it by another (Collange, 2008). But while once this phenomenon primarily concerned consumer goods, there has been an explosion in service brand name changes throughout Europe over the last decade: in the United Kingdom the "Midland Bank" has become "HSBC", in Germany the mobile provider "Mannesmann" has been renamed "Vodafone", and in France the insurance company "AGF" is now "Allianz".

These service brand name changes are often driven by four main motives (Keller, 2003; Muzellec and Lambkin, 2006). The first is a change in ownership structure (mergers and acquisitions, spin offs, etc.). For example, after their acquisition by "HSBC", "Midland bank" in the UK and "CCF" in France took on the brand name of their new owner. Or, after their cession by "Fnac", the toy stores "Fnac Eveil et jeux" became "Oxybul Eveil et jeux" in France. The second reason is a change in corporate strategy (refocus, internationalization, etc.). For instance, after the launch of many new services, each one with its own brand name, France Telecom decided to reduce its portfolio to focus on a single, global brand. The company grouped all of its various services – "Wanadoo" (internet), "maligne TV" (VOD), and "Equant" (BtoB) – under the brand name "Orange". In the same way, the Carrefour group unified its hypermarkets, supermarkets, and neighborhood stores under the same "Carrefour" brand name but added the term "Planet", "Market", "City", or "Contact" to distinguish them. The third reason is a change in competitive position (outdated image, reputational problems, etc.). For example, in France, following either a scandal or repeated failures in service delivery, the "Credit Lyonnais" became "LCL", "Vivendi" was renamed "Veolia", and the "EuroDisney" theme park is now "Disneyland Paris". Finally, the driver may be a change in the external environment (legal obligation, major crisis, or catastrophe). In the US, "ValuJet" renamed itself "Tran Airlines" after a fatal accident (Berry, 2000).

However, despite the opportunities that rebranding may offer, the risk involved is high, as illustrated by the failures of the rebranding of the UK's "Royal Mail" into "Consignia" (Muzellec and Lambkin, 2006), of "Payless Drug Store" into "Rite Aid Corporation" in the US (Haig, 2011), or of "British Airways" into "BA" (Cornelissen, 2011). Indeed, the brand name is the "cornerstone" of brand identity (Aaker and Joachimsthaler, 2000). Therefore, existing consumers may fear that the service characteristics (place atmosphere, contact employees, etc.) they formerly enjoyed will no longer be the same (Kapferer, 2008). This may lead to a sharp downturn in business, which may not necessarily be offset by the recruitment of new consumers. In addition, such a brand name change may also damage the reputation of the company, not only among consumers but also among employees and financial analysts (Fombrun and Van Riel, 2004; Cornelissen, 2011).

Although rebranding has thrived in recent years, there has been very little academic research on the topic (but see Aimé-Garnier and Roux, 2006; Jaju et al., 2006; Muzellec and Lambkin, 2006;

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Collange, 2008; Kapferer, 2008; Collin-Lachaud et al., 2012). The few studies that have been made focus on the implementation strategy (i.e. process) rather than on the branding strategy (i.e. choice of the new brand name). However, both strategies need to be right if the rebranding is to be successful (Keller, 2003). Only two studies (Jaju et al., 2006; Collange, 2008) have investigated how the characteristics of the two brand names involved impact the evaluation of the product/company. So, no model has been developed in the context of services and the topic is in need of investigation (Ailawadi and Keller, 2004). Aside from their intuition, marketing managers in the service sector do not really understand why consumers readily accept some brand name changes but not others, independently of the way they are implemented (communication, speed of change, etc.).

The objective of this research is to address two important questions: how do consumer attitudes toward a service change after its rebranding? And what are the variables that can explain the change? To achieve this objective, we first present different types of brand name changes in the service sector. Second, we review literature on product rebranding and on service place characteristics to identify variables that might explain the change in evaluation of a service that has undergone rebranding. Then, we present the before-and-after study we conducted among 320 consumers with eight hypothetical cases of service rebranding to test the research hypotheses. The findings have several notable implications; thus, we close with a discussion, some limitations, and areas for further research.

2. Typology of brand name changes in services

As with consumer goods, there are many different forms of service rebranding. However, it is possible to construct a typology of the most frequent cases. To this end, we will look at the criteria proposed by Collange (2008) for consumer goods and see whether they are applicable to services. The first criterion is awareness of the new brand. The new brand may be familiar or unfamiliar to consumers at the time of rebranding. This criterion also seems to be appropriate in the case of services. For example, when the internet provider “Wanadoo” became “Orange” in France, the Orange brand name was already familiar to French consumers because it was already the brand name of a mobile provider. Conversely, when “Mannesmann” was re-baptized “Vodafone” in Germany, this name was unfamiliar to German consumers because at that time it was present on foreign markets only.

The second criterion proposed for consumer goods is the extent of the change. The change may involve just the brand name of the product or it may also affect the recipe/formula, packaging, price, communication, etc. Here again, the distinction seems relevant to services too. The company may modify the brand name of the service alone or it may also change its offer, contact employees, design, etc. For instance, when “Champion” supermarkets became “Carrefour Market” in France, the changes in stores were kept to a minimum: same offer (except for more own-brand labels), same blue and red decor, same employees, etc. On the contrary, when “Atac” supermarkets were renamed “Simply Market”, the range of the offer on the shelves was much reduced, the decor was changed (yellow and red instead of red and white) and in-store promotions were replaced by an everyday low-price strategy.

The third criterion proposed by Collange (2008) is the number of brands for the product. Consumer goods may be signed by a single brand (a product brand name) or by two brands (a product and a parent brand name). This practice is less common with services (Turley and Moore, 1995) although some retail services, especially in the hotel industry, do use double branding (Courtyard of Marriott, Wingate by Wyndham, etc.). However, in terms of brand hierarchy, a distinction can be made between business unit rebranding and corporate rebranding (Muzellec and Lambkin, 2006). Indeed, in the case of diversified service companies, which rely on a portfolio of “multi-corporate brands” (Devlin, 2003), rebranding may impact the name of a sub-division of the company (business unit) rather than the name of the company itself. For example, in Europe, the Accor Group is currently changing the name of all its “Etap hotels” to “Ibis”. All of these elements have been used to build the typology of brand name changes in the service sector presented in Table 1.

3. Conceptual framework and hypotheses development

Most research in the field has established that the role of the brand is fundamentally the same for services as it is for goods. As with consumer goods, a strong brand in the service industry increases customers' trust in the purchase, enables them to visualize and understand the offer, and reduces the perceived monetary, social, or safety risk in buying (Berry, 2000). This finding can be explained by the existence of a continuum between goods and services (De Chernatony and Dall'Olmo Riley, 1999). The characteristics of goods and services vary as a matter of degree, not in their kind. Therefore, it can be expected that the variables identified by Jaju et al. (2006) and Collange (2008) will prove suitable for services, and they shall be used in the present study. However, as the same research on service brand names has also highlighted that the application of the branding principles may differ in certain operational aspects, with the crucial role of customer experience (Berry, 2000), this study also includes variables relating to the characteristics of the service place. The research model is presented in Fig. 1.

3.1. Change in service evaluation

There is strong support for the idea that the replacement of one brand name by another for a product or a firm has a negative impact on consumer evaluation (Aimé-Garnier and Roux, 2006; Muzellec and Lambkin, 2006; Collange, 2008). For example, Jaju et al. (2006) found that the equity of the firm, measured by attitudes, leadership beliefs, and intention to buy, declined in most situations they studied. This loss can be explained by the fact that

Table 1
Typology of brand name changes in services.

	Typology	Examples
Awareness of the new brand	Familiar	Wanadoo-Orange (F), Midland-HSBC (GB)
	Unfamiliar	Mannesmann-Vodafone (D), Norwich Union-Aviva (GB), AGF-Allianz (F), Dexia-Belfius (B)
Extent of change	Name only	Champion-Carrefour Market (F), Fnac Eveil et Jeux-Oxybul Eveil et Jeux (F), CCF-HSBC (F)
	Name and other elements	Atac-Simply Market (F), Planet Saturn-Boulanger (F)
Brand hierarchy	Name of a business unit	Etap Hotel-Ibis by Accor (F), Lunéa-Intercités and Téoz-Intercités by SNCF (F)
	Corporate name	Royal Mail-Consignia (GB)

Fig. 1. Proposed model.

rebranding is a destabilizing event: consumers are disoriented and forced to make an extra effort to adapt (Collange, 2008). On the strength of the above, the evaluation of a service can be expected to decline after its rebranding.

H1. Evaluation of the service will be lower after its rebranding.

If H1 holds, marketing managers would certainly want to know which variables are liable to accentuate or alleviate the decline. Therefore, we consider the change in evaluation of the service as the dependent variable for the research model. This change is the difference (Δ) before and after the service rebranding.

3.2. Variables linked to the brands

The literature on rebranding has identified three variables that may be relevant in the context of service rebranding: (1) proximity between the new brand and the service, (2) difference in equity between the two brands, and (3) attachment to the initial brand.

First, Collange (2008) examined the effects that proximity (perceived fit) between the substitution brand and the product had on the change in consumer evaluation and intention to buy. The results showed that the closer the new brand name was to the product, the smaller the decline in product evaluation and intention to buy, i.e. the more positive the change. Similarly, Jaju et al. (2006) found that consumers' evaluation of a merged firm decreased less when the two firms were perceived as being similar. Consequently, we can expect close proximity between the new brand name and the service to have positive effects on the change in the evaluation of the service.

H2. The greater the proximity between the new brand and the service, the more positive the change in service evaluation will be.

Then, given that rebranding implies the replacement of one brand by another, one would expect consumers to compare their respective equity to shape their attitudes towards the product, service, or firm undergoing the change. In fact, referring to the widely recognized approach adopted by Keller (1993), Collange (2008) showed that the greater the familiarity with the new brand compared to the initial brand, and the stronger the image, the less product evaluation and intention to buy decline. And Jaju et al. (2006) established that consumer evaluation of a merged firm decreases less when the two firms are similarly quoted. Likewise, we can expect strong equity (familiarity and image) of the new brand compared to the initial brand to produce positive effects on change in service evaluation.

H3. The greater the familiarity with the new brand name compared to the initial brand name, the more positive the change in service evaluation will be.

H4. The stronger the image of the new brand name compared to the initial brand name, the more positive the change in service evaluation will be.

Finally, Collange (2008) examined the influence of attachment to the initial brand. Brand attachment is defined as a psychological variable that reflects a sustained and inalterable emotional relationship (separation is painful) with the brand and expresses a relationship of psychological closeness to it (Lacoeuilhe, 2000). The results show that the greater the attachment to the initial brand, the more the product evaluation and intention to buy decline after its rebranding. Contrary to the variables mentioned above, attachment seems to reduce consumers' acceptance of the rebranding. This may be because consumers who are emotionally connected to the initial brand resent its disappearance, regardless of the qualities of the new brand. Likewise, we can anticipate that attachment to the initial brand will have a negative impact on change in service evaluation.

H5. The greater the consumer's attachment to the initial brand, the less positive the change in service evaluation will be.

3.3. Variables linked to the service place

The service place, that is, the place where the customer experiences the service, plays a decisive role in service evaluation (Berry, 2000). Like Bitner (1992), we will define the service place as the "factory" of the service, i.e. the place where the service is produced, given that a service is generally produced and consumed simultaneously. This place includes spaces, facilities, and contact employees. But the nature and characteristics of services make consumption very different from one service to another. Therefore, some service places are places of purchase (shops, malls, etc.), others places of use (restaurants, bars, etc.), still others places of delivery (travel agencies, banks, etc.). Given the importance of the service place, we have chosen to include some of its characteristics in our study. And, as consumers are both emotional and rational, we have opted to include an affective and a cognitive variable in the model: (1) attachment to the service place, and (2) convenience of the service place.

The affective variable selected is attachment to the service place. It appears that people can develop an emotional connection with one place, as shown by research in environmental psychology (Hidalgo and Hernandez, 2001; Knez, 2005), geography (Brown and Raymond, 2007), and leisure (Kyle et al., 2003; Williams and Vaske, 2003). As in Debenedetti (2006), attachment to the service place will be defined as a positive long-term emotional relationship between a customer and a service place. Having different dimensions, attachment to the service place may be a physical attachment (linked to the lay out, decor, etc.), a social attachment (linked to the other people in the place), or a more personal attachment (linked to the activities experienced in the place, the symbols that are attached to it, etc.). Although the measures of brand attachment and place attachment are expected to converge, they are also expected to exhibit discriminant validity, because of the place's own specific characteristics. For example, customers may not feel attached to McDonald's because they do not share its values, but still feel attached to the McDonald's of their neighborhood because the employees there are friendly. However, contrary to brand attachment, we will suppose that place attachment facilitates customer's acceptance of rebranding. Indeed, we can expect people who like the decor, employees, activities, etc. of the

place to continue to appreciate it despite the brand name change. This leads us to formulate the following hypothesis:

H6. The stronger the consumer's attachment to the service place, the more positive the change in service evaluation will be.

The cognitive variable we chose to retain is convenience of the service place. This choice is motivated by the prominent role of this variable in the literature on services. Indeed, the distance and the time customers must travel to get to the location of a service place are important criteria in their choice decisions (Ailawadi and Keller, 2004; Grewal et al., 2009). They have been the subject of many studies (Huff, 1964; Achabal et al., 1982; Craig et al., 1984; Durvasula et al., 1992; Bell et al., 1998; Gonzalez-Benito, 2002). Here, we will define convenience of the service place as the consumer-perceived convenience of the service place (Swoboda et al., 2013). Like place attachment, we expect the convenience of the service place to facilitate customer's acceptance of rebranding, with high convenience encouraging customer to continue to value the place, and we hypothesize that

H7. The higher the convenience of the service place, the more positive the change in service evaluation will be.

4. Research methodology

We conducted a before-and-after study in France, one of the countries with the greatest number of brand name changes (Kaikati and Kaikati, 2003), in order to test the hypotheses presented above. To this end, eight hypothetical brand name changes in the service sector were constructed. They are presented in Table 2.

4.1. Brand name changes

Given the exploratory nature of our research, we tried to represent a variety of cases. We therefore chose varied service sectors for the eight cases (food retailing or specialized retailing, hotels, restaurants, banks). However, we included only "low contact" services, that is, services that involve little physical contact between consumers and providers (this is also true for banks except for large loans). This kind of service does not require great expertise from contact employees but for the customers it implies prolonged contact with the physical components of the service (Lovelock et al., 2007). This choice was prompted by the fact that this is the most risky situation for service rebranding.

Considering the typology presented in Table 1, we also tried to represent a variety of situations. Therefore, we built four cases where the new brand name was familiar to consumers (well-known brands in France, but in another service category) and four where it was unfamiliar (present in foreign countries or made up for the study). The familiar brands (Carrefour, Printemps, Auchan, and Hotel F1) are in the top five of their respective categories in France, with a large number of service places nationwide (LSA, 2013). Regarding the unfamiliar brands (Tesco, Oxylane, Eurobank, and Freetime), a post-hoc analysis confirmed that consumers did not know them very well, with average scores of familiarity rating from 1.6 for Oxylane to 2.2 for Eurobank on a 7-point Likert scale. These scores are low, but not at the minimum (1 on a Likert scale) for two reasons. First, consumers may have heard of a foreign brand because of the wide dissemination of information (internet, communication networks, etc.). Second, even a made-up brand may seem familiar to consumers if it sounds like an existing name (Eurobank probably evokes the European Central Bank).

We specify that it is possible to include unfamiliar brands in the study given that previous research on brand names has established that a new brand is not a "blank page" on which anything can be written: it conveys an image because of its semantic and/or phonetic characteristics (Keller et al., 1998; Klink, 2000; Yorkston and Menon, 2004). However, in order to concentrate on customer's reactions to rebranding itself, regardless of any other effects, we examined cases where the extent of the change was limited to the brand name. And we chose to focus on situations where the initial brands were corporate ones (except for Formule 1-Hotel F1).

Table 2
The eight brand name changes in the study.

Substitution	Service category	Awareness of the new brand
Carrefour → Tesco	Hypermarkets	Unfamiliar
Castorama → Carrefour Brico Jardin	DIY stores	Familiar
Décathlon → Oxylane	Sport stores	Unfamiliar
Fnac → Printemps Culture & Loisirs	Cultural leisure stores	Familiar
BNP-Paribas → Eurobank	Bank	Unfamiliar
Flunch → Auchan Cafétéria	Cafeteria restaurant	Familiar
Quick → Freetime	Fastfood restaurant	Unfamiliar
Formule 1 → Hotel F1	Budget hotel	Familiar

4.2. Measuring the variables

We chose to use 7-point Likert scales exclusively in order to make the questionnaire more uniform overall and facilitate the task of respondents. These scales are presented in Table 3, while Table 4 shows the means, standard deviations, and confidence intervals of the variables, and Table 5 describes the difference scores used in the study.

For the dependent variables and the independent variable linked to the brands, we adopted the measures used by Collange (2008). Their reliability and validity have already been established by many studies (Martin and Brown, 1991; Keller and Aaker, 1992; Broniarczyk and Alba, 1994; Lacoeuilhe, 2000). We added a second item (a synonym) in the scale measuring familiarity to make it more reliable: "X is a brand I know very well". In addition, the wording of some items had to be modified slightly to make it relevant for services instead of goods. For example, for brand attachment, "I find some comfort in buying X" becomes "I find some comfort in going to X".

Regarding the independent variables linked to the service place, we chose items from the scale developed by Debenedetti (2006) to measure attachment to place, given that it exhibits good convergent and discriminant validity. This scale includes three dimensions: social attachment, physical attachment and personal attachment to the service place. Then, to measure the convenience of the service place, we opted for the scale developed in French by Rolland (2005), which shows good psychometric properties.

4.3. Organization of the study

The study was run throughout France among a convenience sample of 320 customers (40 per brand name change studied) from the access panel of a research institute. The survey took place in October 2010. All respondents were customers of the initial brand name they were questioned about (filter question). The socio-demographic characteristics of the sample are presented in Table 6. Analyses of variance confirmed that the respondents' socio-demographic characteristics did not systematically influence their answers.

The study was conducted using self-administrated questionnaires on the internet. The order of the topics was (1) the initial brand (evaluation, familiarity, image, and attachment), (2) the new brand (proximity, familiarity, and image), (3) the service place (attachment, convenience), (4) the announcement of the brand name change, and (5) the service with the new brand name

Table 3
Measuring the variables.

Variables (source)	Items
Response variable	
Service evaluation (×2)	A/B is a (service) that I like a lot
(Collange, 2008)	A/B is a very good (service)
Explanatory variables	
Proximity between the new brand and the service	A and B are very similar brands
(Keller and Aaker, 1992; Broniarczyk and Alba, 1994; Collange, 2008)	B is a brand that works well for (service)
	B is a brand that suits (service)
Brand familiarity (×2)	A/B is a brand I am familiar with
(Brucks, 1985; Collange, 2008)	A/B is a brand that I know very well
Brand image (×2)	I have a good opinion of A/B
(Martin and Brown, 1991; Collange, 2008)	I have more positive than negative ideas about A/B
Attachment to the initial brand	I have a great deal of affection for A
(Lacoeuilhe, 2000; Collange, 2008)	Going to A gives me a great deal of pleasure
	I feel good about going to A
	I have close ties to A
	I am very attracted by A
Attachment to the service place	
(Debenedetti, 2006)	
Social attachment	I feel I form a family with the people attending or working at A
	People attending or working at A are like friends to me
Physical attachment	How A is designed and decorated suits me
	I really like the design and decor of A
Personal attachment	What I live at A says in part who I am
	The moments I spend at A make me really feel at ease
Convenience of the service place	Given my means of transport, access to A is easy
(Rolland, 2005)	I appreciate the proximity of A
	A is convenient

A: initial brand, B: new brand.
Note: Loose translation by author.

Table 4
Means, standard deviations, and confidence intervals of the variables.

	Mean	Standard deviation	95% confidence interval
Service evaluation before rebranding	5.21	1.39	[5.05; 5.36]
Service evaluation after rebranding	3.96	1.67	[3.78; 4.15]
Proximity between the new brand and the service	3.90	1.39	[3.75; 4.05]
Familiarity with brand A	5.34	1.42	[5.19; 5.50]
Familiarity with brand B	2.52	1.72	[2.33; 2.71]
Image of brand A	5.23	1.40	[5.08; 5.39]
Image of brand B	3.44	1.45	[3.29; 3.60]
Attachment to the initial brand	4.26	1.49	[4.09; 4.42]
Social attachment to the service place	2.70	1.54	[2.53; 2.87]
Physical attachment to the service place	4.12	1.52	[3.95; 4.29]
Personal attachment to the service place	3.35	1.57	[3.18; 3.52]
Convenience of the service place	5.09	1.45	[4.93; 5.25]

A: initial brand, B: new brand.

Table 5
Difference scores.

Variables	Score calculation
Change in service evaluation	Δ=(Evaluation of the service with the brand B − evaluation of the service with the brand A)
Difference in familiarity between the two brands	Δ=(Familiarity with brand B − familiarity with brand A)
Difference in image between the two brands	Δ=(Image of brand B − image of brand A)

A: initial brand, B: new brand.

Table 6
Socio-demographic characteristics of the sample.

Number of respondents	*N*=320	%
Gender		
Women	250	78.1
Men	70	21.9
Age		
Between 18 and 34	173	54.1
Between 35 and 44	69	21.5
Between 45 and 64	72	22.5
5 and over	6	1.9
Socio-professional category		
Executive management	52	16.3
Middle management	34	10.6
White collar	105	32.8
Blue collar	54	16.9
Retired	29	9.1
Others	46	14.3
Region UDA		
Paris	82	25.6
Northwest	75	23.4
Northeast	76	23.8
Southwest	25	7.8
Southeast	62	19.4

Note: UDA=Union des annonceurs (French association of advertisers).

(evaluation). The announcement of the brand name change was made with a catch line and a photo. The catch line of the ad (e.g. "Continue enjoying the choice offered by your sport store Décathlon under the Oxylane brand name" was taken from real cases (e.g. rebranding of the yogurt "Bio by Danone" as "Activia by

Danone"). The promise after "Continue enjoying…" was the one of the initial brand. The photo that presented the service place with the new brand name was a photomontage. At the bottom of the ad, a sentence explained that only the name of the service would change and that everything else (decor, place, employees, offer, etc.) would remain the same.

5. Research results

5.1. Testing the measurement model

The measurement model was tested using covariance-based structural equation modeling (Brown, 2006; Kline, 2010). For this, we used the Mplus software and we estimated the parameters with the maximum likelihood method, by working on the matrix of covariances between all the indicators.

We carried out a confirmatory factor analysis (CFA) in order to evaluate the construct validity of the measurement instruments, following the recommendations of Hair et al. (2010). The reliability and validity of measurement scales are presented in Table 7.

All scales presented high reliability and good convergent validity. And all scales presented discriminant validity (Fornell and Larcker, 1981), except for one case. Indeed, the two variables "service evaluation" and "brand equity" did not discriminate for the initial brand (brand A), leading to a non-positive definite covariance matrix. But this is not really a surprise given that the service equals the brand at the starting point of the study. And this is not a problem because these two variables are used in difference scores and the two variables "service evaluation" and "brand equity" do have discriminant validity for the new brand (brand B). The measurement model presents satisfactory levels of goodness-of-fit (χ^2=498.88, DF=269, $p<.001$, CFI=.962, RMSEA=.052).

5.2. Testing the hypotheses

First, to test H1, we conducted a test with a matched sample between scores obtained by the service with the initial brand name and the new brand name. The results of the test are presented in Table 8. As hypothesized, the brand name change results in a significant decline in the evaluation of the service after its rebranding. H1 is therefore validated.

Next, to test H2–H7, we carried out partial least squares structural equation modeling (PLS-SEM) analysis. For this, we used SmartPLS software and we estimated the parameters with the OLS (ordinary least squares) method. This choice was motivated by the exploratory nature of the research, as there is little prior knowledge on the topic (Hair et al., 2014). In addition, PLS-SEM can easily handle single-item constructs such as difference scores. Indeed, given that we use three difference scores in the model (difference in familiarity, difference in image, evolution of evaluation), we proceeded in two steps. First, we calculated the difference scores on the factorial scores of the variables, and not directly on the item measures, in order to eliminate measurement errors and to obtain a better measure. Then, we included those scores as single-item constructs in the model. Besides, given that PLS-SEM cannot handle second-order variables, and that the three dimensions of place attachment are closely correlated, we included place attachment as a first-order variable in the model. We checked that reliability and validity of the scale were satisfactory.

The path coefficients of the variables are presented in Fig. 2 and in Table 9. We ran the bootstrapping procedure with 5000 subsamples (Hair et al., 2014). The results show that path coefficients are significant at a risk level $\leq 5\%$ for three variables only: proximity between the new brand and the service, difference in image between the two brands, and attachment to the service place. They are not significant for difference in familiarity between the two brands, attachment to the initial brand, and convenience of the service place. As expected, the greater the proximity between the new brand and the service, the stronger the image of the new brand name compared to the initial brand name, and the stronger the attachment to the service place, the more positive the change in service evaluation will be: hypotheses H2, H4 and H6 are therefore validated. But, contrary to expectations, difference in familiarity between the two brands, attachment to the initial brand, and convenience of the service place do not influence

Table 7
Reliability and validity of measurement scales.

	Squared correlation coefficient											
	Reliability	EVA	Eva-B	Proximity	Fam-A	Fam-B	Img-A	Img-B	Att	Soc	Phy	Per
Eva-B	.90	.82										
Proximity	.86	.68	.37									
Fam-A	.88	.78	.16	.08								
Fam-B	.93	.86	.20	.28	.01							
Img-A	.89	.80	.20	.07	.73	.01						
Img-B	.86	.76	.38	.70	.06	.56	.07					
Att	.94	.77	.26	.10	.60	.07	.75	.11				
Soc	.92	.86	.15	.09	.02	.21	.05	.16	.27			
Phy	.88	.79	.19	.10	.26	.05	.33	.11	.46	.39		
Per	.88	.79	.26	.14	.11	.17	.17	.16	.46	.76	.65	
Conv	.89	.74	.10	.02	.39	.00	.34	.03	.29	.04	.26	.13

EVA: average variance extracted, Eva-B: evaluation of the service with the new brand, Fam-A: familiarity with the initial brand, Fam-B: familiarity with the new brand, Img-A: image of the initial brand, Img-B: image of the new brand, Att: attachment to the initial brand, Soc: social attachment to the service place, Phy: physical attachment to the service place, Per: personal attachment to the service place, Conv: convenience of the service place.

Table 8
Evaluation of the service before and after rebranding.

	Initial brand		**New brand**		***t*-Value**	**Probability**
	Average	Standard deviation	Average	Standard deviation		
Evaluation	5.21	1.391	3.96	1.671	13.319	.000

the change in service evaluation: hypotheses H3, H5, and H7 are then rejected.

In addition to examining the significance of relationships, we assessed the level of predictive accuracy and of predictive relevance of the model with the R^2 value and Stone–Geisser's Q^2 value, respectively. As recommended by Hair et al. (2014), we ran a blindfolding procedure with an omission distance $D=7$ and we used the cross-validity redundancy value to obtain Q^2. The R^2 and the Q^2 values of the model are .287 and .286, respectively. We also assessed the relevance of the significant variables as it is important for interpreting the results and drawing conclusions (Hair et al., 2014). Therefore, we calculated the f^2 and the q^2 size effect for each of the significant variables. The f^2 values for proximity between the new brand and the service, difference in image between the two brands, and attachment to the service place are respectively .026, .034, and .026. Hence, the size effect for each of the three variables is small, but not trivial (Cohen, 1992). The q^2 values for proximity between the new brand and the service, difference in image between the two brands, and attachment to the service place are respectively of .025, .032, and .01. Hence, the size effect is small for two of the three variables and slight for one of them (Cohen, 1992). Taken globally, those modest effects can, however, be considered correct, given the exploratory nature of the research, with little prior knowledge on the topic, the use of difference scores, and the intrinsic difficulty in modeling as complex a phenomenon as change.

Fig. 2. Path coefficient in the structural model. Significance level: $^{*}p<.10$, $^{**}p<.05$, $^{***}p<.01$. $R^2=.287$. Key: A: initial brand, B: new brand.

6. Discussion and conclusions

The main purpose of the research was to get a better understanding of customers' reactions to service rebranding. The first result of a study conducted among 320 customers for eight cases shows that the evaluation of a service declined significantly after the brand name change. This is in line with the observations already made by previous research (Aimé-Garnier and Roux, 2006; Jaju et al., 2006; Collange, 2008; Muzellec and Lambkin, 2006). The second result of the study shows that (1) proximity between the new brand and the service, (2) superiority of the new brand name vs. the initial brand name in terms of image, and (3) consumer attachment to the service place lead to a smaller decline in the evaluation of the re-branded service. However, a surprising and counter-intuitive result is that the perceived convenience of the service place has no impact. One explanation for this may be that this variable (actual performance vs. expectations) fails to integrate competitors' performances. But competition is particularly strong in the service sectors chosen for the empirical study, with many alternatives available at the same time and in the same area for consumers. Therefore, what probably matters is not the perceived convenience per se, but rather whether this convenience is above or below that of the competitors in the same area. And, even if surprising, this result is consistent with the conclusions of Ailawadi and Keller (2004) about the declining role of location in the choice of a retailer.

The study makes significant theoretical and managerial contributions. From a theoretical point of view, this is the first time that consumer reaction to service rebranding has been modeled. Prior research on rebranding has modeled consumer attitudes to product rebranding (Collange, 2008) or corporate rebranding (Jaju et al., 2006), or it has analyzed the rebranding process (Muzellec and Lambkin, 2006; Kapferer, 2008; Collin-Lachaud et al., 2012). This is therefore the first time that a comprehensive model of consumer reaction to service rebranding has been proposed and tested. This study also extends the work of Collange (2008) by including two additional variables in the model, which are specific to the service industry (attachment to the service place and perceived convenience of the service place). It is interesting to note that the results observed for services are somewhat different

Table 9
Test results for hypotheses about change in service evaluation.

Independent variables	Path coefficients	*t* Values	Significance	*p* Values	95% Confidence interval
Proximity between the new brand and the service	0.180	2.844	***	0.005	[0.06; .30]
Difference in familiarity between the two brands	0.002	0.024	NS	0.981	[−0.16; .17]
Difference in image between the two brands	0.342	3.350	***	0.001	[0.14; .54]
Attachment to the initial brand	−0.150	1.134	NS	0.258	[−0.41; .11]
Attachment to the service place	0.180	2.280	**	0.023	[0.03; .34]
Convenience of the service place	0.011	0.127	NS	0.899	[−0.16; .19]
$R^2=28.7$					

Note: NS = not significant.
** $p<05$.
*** $p<01$.

from those obtained for consumer goods. First, while both the difference in familiarity and the difference in image had a significant impact for consumer goods, only the difference in image plays a role for services. This disproportionate effect of brand image compared to brand familiarity was anticipated by Berry (2000). The author attributes this to the brand image being primarily shaped by experience while brand familiarity is achieved through the company's controlled communication (advertising, service facilities, and the appearance of service providers). As experience-based beliefs are much more powerful than communication-based beliefs, the effect of brand image is stronger than the effect of brand familiarity. Second, while attachment to the initial brand plays a significant role for consumer goods, it does not for services. Instead, place attachment makes a significant impact. Here again, this phenomenon is probably due to the powerful effect of experience-based beliefs compared to communication-based beliefs, as attachment to the service place is primarily generated by personal experience while brand attachment is mainly created through brand communication. Taken altogether, these findings confirm that, while the role of a brand is very similar for services and for goods (to increase consumer trust, reduce risk in buying, etc.), the application of the branding principles may differ in certain operational aspects (De Chernatony and Dall'Olmo Riley, 1999; Berry, 2000; Kapferer, 2008).

A third significant contribution is that our research is the first to test brand name attachment and place attachment in a model simultaneously. One of the main findings of the study is that consumers may develop a different emotional link with the brand name in general and a service place in particular: discriminant validity between brand attachment and place attachment is validated, despite a strong correlation (.71). In addition, it appears that the two variables have opposing impacts on customer reactions to rebranding, with a positive effect of place attachment and a negative influence of brand attachment (even if this impact is not significant). This finding clearly demonstrates the importance of an emotional link to the service place in building customer loyalty (Debenedetti, 2006).

Managerially, several implications emerge from the study. The first is that service rebranding is a risky operation that needs to be carefully managed. Indeed, it appeared that the evaluation of the service declined significantly after rebranding. Even if this finding is difficult to generalize because it depends on the cases included in the experimental studies, it is a clear indication that, contrary to a popular belief among managers, service rebranding is not always well accepted by consumers because of the importance of the place of service. It really depends on the cases submitted to consumers' judgement. A second implication is that the research provides guidelines for service companies implementing a brand name change. In particular, it identifies three conditions that contribute to better acceptance of the rebranded service by consumers: (1) the new brand must be justified for the service; (2) the new brand must be, actually or potentially, more attractive than the initial brand; and (3) customers must feel attached to the service place. Accordingly, the key factors for successful service rebranding appear to be a judicious choice of new brand name by the brand managers and a high emotional involvement of customers in the place. These elements in turn help explain previous service rebranding successes and failures. For example, the replacement of CFC by HSBC in France was well accepted because the HSBC brand was well justified for a bank; the brand had a good image as an upper-class, international company; and customers felt attached to their local service place, where they received special attention from employees. By contrast, replacing United Airlines with Allegis failed, largely because of the poor image linked to the name Allegis, which sounds like “allergies” – which is neither a suitable nor an attractive image for an airline. Our research gives service companies an analytical tool that is easy to use, whether they want to choose the best substitution brand among existing options or whether they aim to estimate the degree to which customers will accept or resist the brand name change to define an appropriate changeover strategy.

7. Limitations and future research

This study identifies the key factors for successfully rebranding services but it also has a number of limitations. First, it focused exclusively on certain categories of services (low contact). This choice does not allow us to generalize the results to all types of services. Next, the study was based on the strong and unlikely hypothesis that all the characteristics of the service place except the brand name (decor, employees, offer, etc.) would be maintained. However, the decor of the service place frequently changes upon rebranding, which can result in a change in environmental factors. Finally, our research focused on customer reactions alone, while brand name change also impacts other stakeholders of the company: employees, creditors, investors, job-seekers, etc. (Fombrun and Van Riel, 2004; Cornelissen, 2011). Three avenues for research seem therefore particularly interesting. Firstly, it would be worth broadening the scope of the research to other types of services (high contact, B to B, etc.). Secondly, it would be useful to supplement the research with a study taking into account the changes in environmental factors. Thirdly, it would be interesting to study the impact of brand name change on corporate reputation, especially for those two important categories of stakeholders – employees and financial analysts.

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