

CHAPTER 5 : CONCLUSION AND RECOMMENDATIONS

Chapter 5 provides the conclusion and recommendations of this study. It looks into 3 sections where the theoretical conclusion, managerial implication, limitations of this study and suggestions for future research will be presented.

5.1 Theoretical conclusion

This study examines the impact of corporate rebranding exercise, through change of corporate logo on the company's market value during the period 2001 to 2010. The event study methodology established in finance was utilized to determine whether a change in corporate logo gives abnormal returns.

The results presented in this study are consistent with previous studies (Howe, 1982, Bosch and Hirsche, 1989) which do not find evidence of a positive impact on company's value resulting from corporate rebranding decision. Evidence from the days after the event showed negative cumulative average abnormal returns which says that corporate rebranding strategies, through change of corporate logo seem to be unfavourably viewed by investors. However, this conclusion is not substantial enough to be the determining factor in viewing the reason behind this result. There could be other reasons as to why this result was obtained. Firstly, it is possible that the information of the change is frequently leaked to the market well before the official announcement, which means that the impact on stock price may occur prior to day -5. For example, companies who have asked employees to design the new logo would have already known about the change that the company would like to do. Secondly, the result of a rebranding exercise may not be seen immediately compared to other events

like the announcement of a stock split or dividends declared. Corporate rebranding exercise takes a long time and the event window chosen may not have been suitable.

5.2 Managerial Implications

This study can give several conclusions to the management with regards to corporate rebranding. It is known that undertaking a rebranding exercise is a very costly exercise as well as carrying a high level of reputation risk. A rebranding exercise not done right may lead to detrimental results which may lead to drop in sales and satisfaction of the brand. Therefore, much care and concern must be undertaken by the management when deciding to perform the exercise.

Once a decision to rebrand has been made, the implementation of the rebranding exercise must be done correctly through integrated marketing channels (IMCs) like advertisements, word of mouth and the Internet. It is crucial that companies utilize every member to be the ambassadors to communicate the brand promise. Before deciding on the change of corporate logo as a form of rebranding, marketing managers should begin with research on the company's image or the direction the company is moving (Philips, 1978). It is important to identify the goals of the logo, taking into account the budget and other constraints that the company has like the type of logo the company aims to change to. There are times when companies may seem to underestimate the power of the corporate logo but the logo is one of the elements that allow stakeholders to make their own meanings in the context of their own lives. A powerful corporate brand delivers on its promise to be an experience with a certain attitude and style, just as what has been mentioned in the earlier chapter. Whilst corporate rebranding may seem necessary in times of change, the time when the rebranding exercise is

undertaken may be important. It is best that companies conduct a proper research on the rebranding exercise before implementation.

From this thesis, it seems that investors perceive rebranding on trading/services and finance industry to be more positive compared to the other industries. One of the reasons is that the corporate structure of the companies has been changing over time (merging and bought over) and the logos may be inappropriate. However, too much change over time may lead to confusion amongst investors as to the actual information that the company aims to communicate.

It may seem that rebranding of Malaysian companies will continue to increase in the coming years due to increase of competition and importance of being relevant to the market. With many cases where brand promises were not delivered to the stakeholders, trust, transparency and reputation are increasingly important components of a brand. To be more competitive, Malaysian brands need to deliver value and trust in regional and global arena to seek more opportunities both at home and in high-potential overseas markets which most companies selected in this study aim to do. It must be understood by the management that the corporate logos can work very well on a global scale if the change of logo works universally and to be translated as a rich symbol. The management would want to avoid symbols that are poor in representing its actual meaning of the corporate brand and failure to capitalize on that element.

There must be a balance when corporate rebranding takes place. The complex and changing environment faced by the companies include economic, legal, political, cultural and competitive situations. There could be external forces that may not be so easy to break through. The companies must present an appealing risk-reward profile for the rebranding

exercise as many may deem rebranding as a high risk activity. The challenge to the management is to find the right balance between the return of the exercise, the growth of the company and the risk it can afford to take.

5.3 Limitation of the Study

The limitation of the study is that only 23 events were identified. An increase of the number of events would have been appropriate to give a more conclusive result. In the analysis of the results, there are no exact models to follow and thus the analysis may miss or lack some important facts.

As for the case studies, the limitations are the lack of accuracy in the data collection and analysis (Eriksson and Koistinen, 2005). Errors during the interview can occur due to both the interviewer and the interviewee (Hirsjärvi and Hurme, 2000 p. 35). The interviewee can give answers that are socially acceptable or that the interviewee thinks are the ones that the researcher wants to hear.

5.4 Suggestions for Future Research

The research area of this study is limited and therefore there are plenty of opportunities for future studies. Firstly, the adoption of event study methodology in marketing area is limited and more studies can be adopted to use this to study events that are relevant in the marketing and finance area.

This study can be expanded to include other types of corporate rebranding event like change of name and other brand aesthetics. Whilst there has been various studies conducted in other countries for change of name, one could adopt it in the Malaysian context and see if it gives a similar result.

This thesis can be expanded to include different countries and to make a comparison with the results obtained in the Malaysian context. Different kinds of special case studies could be studied within the framework. An example would be the different growth stage that the company may be going through and how this affects the corporate brand building for the company.

It would also be interesting to carry out interviews in multiple other companies to see if any new information would arise with regards to corporate rebranding.