INFLUENCE OF REBRANDING ON CUSTOMER PERCEPTIONS: A CASE OF NATIONAL BANK OF KENYA

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DECLARATION

I declare that this is my original work and has not been presented for a degree in any other university or institution.

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This Research Project has been submitted for examination with my approval as Student's University Supervisor

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DEDICATION

I would like to dedicate this project to my parents Mr. and Mrs. Gikonyo for their effortless support both financially, emotionally and financially. It is through their efforts that I have managed to see my studies to this level.

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ABSTRACT

Rebranding means the change of the originally formulated brand to a new brand. It can therefore be a major and deep-seated change or it can be a minimal modification of the brand. The current study sought to establish the rationale, process and consequences of rebranding National Bank of Kenya (NBK). The study also assessed the influence of rebranding on customer perception. This study was based on three theories. These are Kotter's 8-steps model, Lewin's change model and the contingency theory. This study was carried out using a case study approach. This study utilized primary data which was collected using an interview guide administered to the Director, Marketing and Corporate Communications and fifteen relationship managers of NBK from fifteen branches in Nairobi. Data analysis was through content analysis. The results also established that in the rebranding, NBK changed it corporate colours, logo, systems, organizational culture and the corporate identity. Moreover, the study established that the rebranding process involved seven key practices including developing the vision and plan for the rebranding, involving all key stakeholders, effective communication, training of employees, provision of resources and monitoring and evaluation of the implementation process. NBK received various benefits from the rebranding including increase in operating profits, revenues and customer numbers. Successful culture change had enabled the bank to appeal to new customer segments including the youth and businesses. The study also established that rebranding at NBK had positively affected customer perception. The bank received positive reviews from customers, the public and international firms. The positive reviews mostly came due to the new culture of customer centricity, technology adoption and focusing on diverse segments of the commercial banking market. The bank was hence able to shed the previous old-fashioned and bureaucratic tag that it had been long associated with. The study makes the following recommendations. First, rebranding should ensure that the new brand identity is aligned to the needs and aspirations of customers. Secondly, the company should maintain control of the rebranding process. This would ensure that there are enough resources to guide the process to the end effectively. Third, in rebranding, the customer should always be in the mind of the company. The customer experiences the brand and makes the decision whether the rebranding is successful or not. Lastly, management should only consider rebranding when the value of existing brand is dwindling or there are key changes in the environment that demands rebranding. In conclusion the study established that NBK rebranded due to continued poor performance, poor corporate culture, to implement its regional strategy and to shed the government association. The bank aimed at improving the turnover through repositioning itself as an all rounded bank serving diverse segments of the market.

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ACRONYMS AND ABBREVIATIONS

NBK	National Bank of Kenya
SME	Small-and-Medium Enterprise
SACCO	Savings and Credit Co-operative

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Rebranding is described by Merrilees and Miller (2008) as the replacement of the corporate brand that was initially formulated with a brand. This definition of rebranding encompasses various changes to the brand including brand makeover, brand repositioning, reinvention refreshment and renewal. The major outcomes of rebranding according to Shetty (2011) are enhancing brand equity and improving operational efficiency. Muzellec and Lambkin (2006) further notes that the range of company rebranding can be extensive involving a radical change or it can take the form of a minor or cosmetic change. Firms rebrand following various triggers which can be internal or external (Muzellec & Lambkin, 2006). Rebranding is aimed at appealing to customer perception. Customer perception is the degree of consciousness or awareness that customers have of the product offerings by the company. There are different channels that can affect customer perception such as social media, reviews, advertising, personal experiences, public relations, and many others.

Most of the studies and literature on rebranding seeks to establish the factors that drive firms to rebrand. There was a dearth of studies that investigated the theoretical basis of rebranding. There are two types of studies that have a theoretical basis. The first class are the studies that uses various theories to explain, examine and analyze the rationale or rebranding mechanisms that companies apply. The second classification is the studies that apply theories of corporate rebranding. The theories applied in this study includes the Kotter's 8-steps Model (Kotter, 1999), Lewin's Change Model (Todnem, 2005) and contingency theory (Lawrence & Lorsch, 1967). These theories explain how rebranding is expected to influence customer perception.

National Bank of Kenya (NBK) implemented a rebranding exercise in 2013 which was aimed at changing the bank from a mid-tier bank to a top-tier bank by 2017. The rebranding exercise was a part of the strategy that provided the vision of the transformed bank from 2012 -2017. Other objectives of the bank in the strategy included growing the revenues of the bank from KES 8 billion to KES 31 billion for the five year period between 2012 and 2017. The bank also aimed at becoming diversified and balanced with a focus on both retail and corporate banking business. This was a change from the past positioning of the bank as a solely retail bank with institutional customers being only government institutions. The bank through the rebranding sought to reposition itself as a corporate bank with a diversified focus on the Small-and-Medium Enterprise (SME), institutional and corporate sectors (NBK, 2013). At the time of this study, three years had passed since the rebranding. It was therefore critical to establish how the rebranding had positioned the bank in the banking sector and also assess the benefits and challenges emanating from the rebranding.

1.1.1 The Concept of Re-Branding

A brand as noted by Muzellec and Lambkin (2006) is the symbol, name, design, term or a mixture of these that organizations use in order to differentiate their product or service offerings from those of their competitors in the market. The company uses branding to ensure that customers in the market can be able to identify the products of the company.

Moreover, Kaikati and Kaikati (2003) noted that branding reinforces the input of the organization in enabling the market to identify its products and also in ensuring that its products are easily differentiated with those of its competitors. This is achieved by use of a name, logo or any visual identity device such as logo or colour. Rebranding thus entails altering the new brand and creating a new name, logo, symbol or terms that the firms uses to replace the old one. This is done to communicate a change in the company offering which is expected to provide enhanced benefits to the customers. Rebranding is therefore aimed at creating a new impression in the minds of competitors, customers and internal stakeholders of the new organizational position.

Rebranding is a process with various parts or activities. The first part according to Merrilees and Miller (2008) is the change the marketing appearances or activities. The organization must therefore decide on what to change and what extent of change is required. The extent of the changes thus determines the extent of rebranding. This can range from a radical change such as the change of name or a minor change such as adjustment to the slogan or logo. The second part of the rebranding exercise entails making a decision on whether to change the market positioning of the brand or whether it should remain the same. When the rebranding is necessitated by an external factor such as a new regulation or policy, this does not necessitate the change in market position. In such a situation, the company's rebranding is only implemented to effort may be simply to re-create the brand. However, as noted by Le, Cheng, Kuntjara and Lin (2014), in many rebranding initiatives, repositioning is considered a critical element since most of the changes made to the existing brand are done with purpose of changing the image of the brand.

1.1.2 Customer Perception

Customer perception as noted by Shanmugam, Wang, Bugshan and Hajli, 2015) is the process through which the customer chooses, categorizes, and infers information inputs to generate an eloquent picture of the product or the brand. Customer perception is therefore a process that involves three stages where the customer is able to use raw data to turn it to information that can be used in decision making. Customer perception is diverse as customers interpret information or stimulus they receive in their own unique ways. The stages involved in the process of customer perception are exposure, attention and interpretation (Wiedmann, Behrens, Klarmann & Hennigs, 2014). An organization that understands the perceptions of its customers will tailor its offering, communication, image and branding to influence customer perception towards the organization.

Knowledge of customer perception in regard to how they see the organization helps the organization to build a marketing strategy that delivers results (Gazzoli, Hancer & Kim, 2013). In seeking to appeal to customers, an organization seeks to appeal to their value propositions. The organization seeks to improve its strategic positioning with customers and accurately diagnoses its competitive business environment. The organization also seeks to create more value to win, keep and expand customer bases. One of the ways that organization seeks to influence customer perception is through branding, marketing communications, expert reviews, provision of high quality and advertising. This creates an image in the minds of customers that portrays the organization in good light (Andreassen & Olsen, 2008).

1.1.3 The Banking Industry in Kenya

The Kenyan commercial banking sector (a service industry subsector) has experienced growing rivalry among the players in recent years. Mokaya and Kipyegon (2014) argue that this has been due to the banking institutions competing to attract new customers and engage emerging new markets. The technological advances in the banking sector such as mobile banking and the increasing number and size of the banks has fueled competition in the sector. The Kenyan banking sector comprised of 43 commercial banks where all of them had their headquarters in Nairobi. Central Bank of Kenya (2015) has categorized the banks into tiers according to their size. Tier I comprises the large banks, Tier II the medium banks and Tier III are the small banks. Commercial banks play the crucial role of providing a financial market where savers and borrowers meet. This enhances economic growth in the country by enhancing financial deepening. Furthermore, commercial banks also provide financial products such as money transfer, foreign exchange, provision of investments services, and facilitation of international trade.

1.1.4 The National Bank of Kenya

National Bank of Kenya (NBK) was formed on June 19th 1968 and started operations on 14th November of 1968. The main objective of the formation of NBK was to improve financial inclusion of the locals which was poor immediately after independence. The government wholly owned the bank up to 1994 when it reduced its shareholding by 40 million shares (32%). This was done by offering the shares to the public (NBK, 2014). The government further reduced its shareholding in May 1996 by disposing off a further 40 million shares to investing members of the public. NBK offers financial services to corporates, members of the public and also government agencies. The portfolio of the bank consists of banking products including retail banking, institutional and corporate banking. The ban offers different channels where customers can access their services including through mobile banking, internet banking, bank branches and automated teller machine services (NBK, 2014).

This study focused on the rebranding of NBK which was conducted in May 2012. The main goal of the rebranding was to transform the bank from tier II (medium banks) to tier I (large banks). The rebranding involved unveiling of a new logo, changing the corporate colours and culture and establishing a new slogan "bank on better" (NBK, 2014). The rebranding was informed by the erosion of the bank's glory and the rebranding was aimed at reinvigorating the brand to steer it to growth in profitability, revenues and efficiency. Through the rebranding, the bank also sought to streamline its balance sheet, manage its risks better and streamline its operations for better coordination and efficiency (NBK, 2014). Prior to the rebranding, NBK relied mainly on business from government agencies and retail customers. The rebranding sought to position the bank as diversified in catering not only for its traditional customer segments but also for business customers (both the large corporates and the small and medium enterprises). The rebranding also aimed at providing the bank with a base for regional expansion into the east African region. Markets that were targeted by the bank were Uganda, Somalia, South Sudan and Tanzania (NBK, 2014).

1.2 Research Problem

Rebranding in an organization entails transforming the existing brand with the aim of constructing a new brand that seeks to provide a different perception in the minds of competitors, customers and the market (Le et al., 2014). Rebranding can take the form of a radical or major change, modification of the existing brand or just minor reforms top the company's slogan, logo, colours or marketing aesthetics (Merrilees & Miller, 2008). Corporate rebranding is a costly exercise but can also lead to beneficial transformation of a firm's market position and brand value. However, rebranding runs the risk of wiping out the meanings and attributes connected to the original brand which endanger corporate image and reputation (Muzellec and Lambkin, 2006). It is therefore advisable to consider expected customer reaction to rebranding before making the decision to rebrand.

NBK rebranded in 2013 with the aim of repositioning itself as a major player in the banking sector in Kenya. Its specific targets were to grow turnover and diversify its operations from just being a bank for governmental institutions but also be a bank for SMEs and private sector firms. The Kenyan banking sector has 43 operational commercial banks where the largest six commercial banks have 52.59 percent of the market share (Central Bank of Kenya, 2015). This indicates that for NBK to improve its market share it requires effective marketing and operational strategies to reposition itself in the Kenyan banking market.

Several studies on rebranding in Kenya have been conducted in different industries. Cherutich (2009) studied re-branding and its contribution to the company's competitiveness with a focus on Zain Kenya. The study established that the company experienced problems when it re-branded its operations with the most notable ones being the process of re-branding taking a long time, the process consuming a lot of resources and customers feeling alienated. Makena (2014) studied rebranding and performance of savings and credit co-operatives in Meru County, Kenya. The study established that rebranding had been applied successfully by savings and credit cooperatives (SACCOs) in the region to improve their image and market share. Nyambane and Ezekiel (2015) studied the relationship between rebranding and customer loyalty at Kenya Power and established that service quality had improved since rebranding. The study further established that rebranding had moderately improved the company image. These studies indicate that some local rebranding exercises have been successful while others have failed.

The current study sought to establish the rationale, process and consequences of rebranding NBK by answering the question: what is the rationale process and consequences of rebranding by National Bank of Kenya?

1.3 Objectives of the Study

Objectives of the study were to;

i) Determine the rebranding process, the fundamental reasons behind the rebranding and the benefits and challenges emanating from the rebranding at NBK

ii) Assess the influence of rebranding on customer perception

1.4 Value of the Study

The findings from this study will be of value to NBK and other banks in Kenya as they would provide the rationale, process and consequences of rebranding both in the short and long run. The study will enable NBK to have an insight into its rebranding process, the benefits that were experienced and the challenges that were encountered in the process. This would enable the company to have refinements and learn from the process so as to inform future changes.

The study will also be of value as it will contribute to literature on marketing in general and rebranding in specific. The study will do this by contributing to the theoretical and empirical literature in the field of rebranding. Moreover, the study will contribute to Kotter's 8-steps model, Lewin's change model and Contingency theory by testing their applicability in the rebranding of NBK.

The study also might be of value to academicians. The suggestions for further research and limitations in the study could provide researchers and academicians with areas that they could research on in the future. The study results can also inform policy, theory and scholarship as it can inform students and other academicians on the best practices, benefits and challenges emanating from rebranding in the banking sector.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature review. Presented herein is the theoretical review and empirical review. Theoretical review presents the three theories that the study was anchored on while the empirical review presents previous studies that had been conducted in the subject area of rebranding.

2.2 Theoretical Review

This study was based on three theories. These are Kotter's 8-steps model, Lewin's change model and the contingency theory. These three theories are discussed in this section where their application in the study is explained. The weaknesses of these three theories are also provided.

2.2.1 Kotter's 8-steps model

Kotter's 8-steps model provides a process with eight steps which can be used to implement any change in an organization (Kotter, 1999). In the model, the first step is for the organization top leadership to 'Create Urgency'. This step acts as a motivator for the organization members to welcome the changes adopted and also to see the rationale for the change efforts. The second step in the model is to develop a leadership coalition that will guide the change efforts. Effective leadership in any change initiative is critical to ensure that the implemented changes are a success. The third step is to create a vision for the change. This provides a direction for the whole organization and charts the way from the current position to the desired position. A clear vision also enables the organization to effectively motivate employees and also simplify decision making even when the changes being implemented are hard (Kotter & Cohen, 2002). Clarity in the vision also assists the organization to coordinate and organize the change efforts effectively.

The fourth step in the 8-steps model is communicating the vision to organization stakeholders to enable buy-in. In this step, the organization leadership is expected communicate the change vision effectively to all organization stakeholders. This includes those who are affected by the changes and also those who will implement the changes. In the fifth step, entails removing obstacles and empowering people. Eradicating obstacles within the working environment enables the employees to perform effectively and execute the change vision. The sixth step involves having short-term wins. These short-terms wins should be celebrated to motivate and enhance confidence of employees to successfully implement the current and any future changes (Kotter & Cohen, 2002).

The seventh step entails ensuring that there is resilience in implementing the changes and that there is no let up or laxity in the change process. The organization should ensure that any incidences of resistance to the change efforts are effectively handled and managed. Mostly, employees may resent the consequences that may go along with the change. Slowing down or letting-up only generates problems which can drive down the motivation for the change. This thus calls for the organization to amalgamate gains and create more change. The eighth step involves making the changes stick and enabling them to be a part of the dominant organization culture. Changing the culture of the organization is among the most challenging tasks as every organizational member subconsciously subscribes to the organization culture. This therefore calls for the organization to devise new strategies to make the changes to stick as the new organization culture (Kotter, 2010). These eight steps of the Kotter model were applied in this study to inform the best practices that need to be incorporated in any change effort.

This model is applicable in many top-down change processes (Todnem, 2005). The model has strengths as it focuses on all the activities in the change process in the organization and offers prescription on how the challenges in any step should be handled (Kotter, 1999). However, despite the strengths in this model, it has some weaknesses. First, the model only seeks urgency in the change but does not concentrate on the need for change. The failure by the model to focus on purpose for change is serious as ant successful change effort requires urgency as well as purpose. Secondly, the successful implementation of this model requires experienced leaders and support from the various stakeholders that implement and are affected by the change. If this is not the case, execution of the model could lead to frustration among the implementers and mostly employees (Lawler & Worley, 2012). This happens when the resistances to change or concerns that the employees have are not well handled.

2.2.2 Lewin's change model

The Kurt Lewin model prescribes three stages to any change effort. These include unfreeze, change and refreeze (Todnem, 2005). In the 'Unfreeze' stage, the organization sees the need to change. The need to change is due to either internal or external forces. When the need to change is determined, the organization moves forward and creates conducive environment for the changes to take place. In the case of corporate rebranding, the triggers for change can be changes in the economic, political, legal, social, technological or internal environment of the organization.

The second stage in the Lewin model is ‘Change’. This stage entails designing and implementing the desires changes. The designed changes are aimed at setting the pace and direction of what is required towards achieving the desired state. Leadership of the institution leads the change efforts and provides the required resources to ensure that the changes are implemented effectively. This stage also entails communicating to stakeholders about the changes, the desired outcomes and the expected costs and benefits. This stage is the hardest and requires the organization to create buy-in and also effectively deal with instances of resistance (Axelrod, 2012). The last stage of the model is ‘Refreeze’. This phase incorporates bringing back the stability after the changes have been implemented and also institutionalizing the changes. This also entails cementing the changes as part of the new corporate culture that employees and other stakeholder should relate to.

To begin the change management process, an organization must start by creating awareness and understanding why the change is relevant. Building awareness for change enhances the need for change to come to the surface (Lewicki et al., 1992). To unfreeze an organization, a provocative issue needs to be presented to people for them to identify the need for change and to look for new solutions. This problem builds pressure for change of attitude and thinking in order to welcome change. During unfreezing stage most staff and management are willing to change and those who are unwilling to change need something useful to provoke them to change their attitude (Burnes, 2004).

During transition stage, organizations aim to alter the behavior of the employees, managers, departments and entire organization where changes take place (Lawler & Worley, 2012). At this stage people look for new and better ways to do things. Once people start to see the benefits of change to those around them they begin to take ownership in the change and drive it. To effectively achieve change, organizations need to communicate, involve and immediately address any barriers to change from people, processes and procedures (Todnem, (2005). The Lewin's model has different strengths which include its simplicity and ease of understanding. The second stage deals with dealing with resistance to change which is depicted as one of the major obstacles in the change process (Lawler & Worley, 2012). The weaknesses of the model include failure to concentrate on each change aspect as they are considered in the Kotter’s change model (Burnes, 2004).

2.2.3 Contingency Theory

Contingency theory postulates that there is single best way that an entity, firm, organization or a unit can implement decisions. This theory on the other hand advocates that the best course of action in any given situation is dependent on the external as well as internal situation of the organization in its environment. Lawrence and Lorsch (1967) were the first to coin this term. In a rebranding process, the contingency theory can be applied to inform the best practices that the organization should adopt. These would be dependent on the changes being instituted, the environment of the organization and the resources available to the organization.

This theory challenges the premises that there are certain best practices that apply to all organization regardless of the context and circumstances of the organization in the environment. The theory also challenges the conservative perception of classical economists that the structure of the organization structure does not influence performance of the organization. Axelrod (2012) observed that in contemporary organizations, studies have indicated that the form or structure of the organization determines its performance. The contingency theory also posits that most of the challenges encountered in change initiatives are context and organization based and hence can be dealt with effectively by understand the organization and its environment. Moreover, Todnem (2005) postulates that the success of the organization is dependent on how the organization monitors and adapts to its environment. The implication of this observation is that when an organization is executing a change program, it should take into account the characteristics of the organization and also the specific features of the environment.

The major weakness of the contingency theory, despite its various strengths is its failure to explain why some practices and programs fail in some contexts but not others (Lawler & Worley, 2012). Moreover, the theory is criticized that it does not offer prescription to managers in change programs as other theories do. Furthermore, contingency theory falls short in explaining the course of action in regard to particular change initiative or circumstances in the organization.

2.3 Rebranding and Customer Perception

This section provides a review of empirical studies that have been conducted in relation to rebranding. The section covers rationale of rebranding, rebranding process implementation, challenges encountered in rebranding and benefits from rebranding.

2.3.1 Fundamental Reasons of Rebranding

Corporate rebranding is a strategic course of action where an organization provides alterations its corporate logo, design, colour, term or name. According to Muzellec and Lambkin (2006), the purpose of such rebranding is to present itself with a new brand identity in the eyes of its stakeholders, competitors and customers. Corporate rebranding thus entails reformulating the already constructed brand while corporate branding entails creating of an initial brand. Hence rebranding and branding should not be mistaken since the former entails change of the latter. The major aim of rebranding is market positioning of the firm in congruence with the environment. The repositioning can be necessitated because of negative associations, brand erosion and changes in the environment. Rebranding is also imperative when the company seeks to enter new markets or start offering new products that it was not earlier involved in. According to Merrilees and Miller (2008), an effective structure for corporate rebranding should incorporate a clear focus to the magnitude of changes that need to be incorporated in the present brand. Other factors that should be considered in the rebranding initiative include an exhaustive cost – benefit analysis of the rebranding, stakeholder involvement and an effective change programme.

The triggers for rebranding mostly emanate from structural changes, such as, mergers and acquisitions, changes in the external environment or internal changes that are necessitated to align the organization with its external environment. These are changes that require for a new identity and a change in the firm's core strategy. Rebranding therefore is applied to signal to stakeholders and the market of the discontinuity in the existing brand and an adoption of a different image. Majority of rebranding cases emanate from industries which have encountered major disturbances such as financial services and telecommunications. Moreover, there have been numerous rebranding cases in public utilities, state parastatals, steel, energy and cigarettes industries which have been as a result of the regulatory, economic and social changes that have been encountered in the near past. Plewa, Lu and Veale (2011) observed that while rebranding may be motivated principally by corporate strategy or economic reasons, its implementation is mainly a marketing function that entails the elements of renaming, redesigning, repositioning and relaunching.

Rebranding can also be motivated by loss of brand value which can be signaled by outdated image, erosion in market position, and reputation problems (Le et al., 2014). It is due to these factors that Merrilees and Miller (2008) argue that the rationale for rebranding for an established firm is to cope with competitive pressures.

2.3.2 Rebranding Process Implementation

Any rebranding initiative must incorporate an element of repositioning and this requires the change in the organization's brand market positioning (Muzellec & Lambkin, 2006).

Similarly, the firm should create a new brand position by changing the existing and ineffective brand position (Merrilees & Miller, 2008). The new brand position should then be communicated to the public, market and stakeholders (Muzellec & Lambkin, 2007). When the rebranding is successful, it revitalizes the value of the firm in the market and enables the firm to remain relevant and congruent with the changing market conditions. This further positions the firm in a position to meet the existing and future customers needs effectively (Merrilees & Miller, 2008). When the repositioning and rebranding is timely and well thought out, this can yield more advantageous brand relationship to current consumer and market needs (Muzellec & Lambkin, 2006). Moreover, Grimm (2005) insinuates that the new brand image will attract consumers and enable the firm to recapture, improved, and enhance its market competitiveness.

The success of the rebranding depends on the ability of the firm to communicate to stakeholders about the rebranding exercise. This enables the stakeholders to place a high premium on the rebranding and also indicate the importance that the firm places on them. In a study by Plewa, Lu and Veale (2011), awareness by club members about the rebranding exercise enabled the members to support, participate and be more satisfied on the rebranding of the club. The implications from these findings are that communicating to stakeholders and employees enables them to feel valued and this in return enables them to reciprocate. As a consequence, Yang and Peterson (2004) observed that such reciprocity is expected to enhance the brand equity and value.

A rebranding exercise is a change initiative that requires the firm to identify and maximize the perceived and actual fit between the organization and its external environment. To have such a fit, market research should be conducted. The rebranding that should be carried out should then be commensurate with the changes required in the existing brand to fit to the new position targeted. As such the rebranding can be a minor change such as a small modification on the slogan or a radical change such as renaming. In rebranding, changing corporate brand names is critical as the existing brand has some associated promises and values. This therefore makes it critical for the firm to make stakeholders and more so customers to understand the need for the change. The company should thus communicate to customers why they should select the brand among the many choices they have. Rebranding if it is planned and executed properly has been indicated to relate with customers and thus improving company performance while at the same time there are many reported cases of re-branding failure (Plewa, Lu & Veale, 2011).

2.3.3 Challenges Encountered in Rebranding

Corporate rebranding is costly and consumes much time and energy. Moreover, there are fewer successes than failures that have been recorded. Despite this, the number of case of corporate rebranding is on the rise due to the various legal, economic, legal and political changes happening in the external environment. However, the key motivation behind rebranding for various organizations is the need to send a clear signal to the marketplace that the organization has been revitalized and transformed for the better. The major factors which contribute to failure of corporate rebranding include, stakeholder myopia, emphasis on form over substance, disconnecting with the core, and multiple identities challenge (Petburikul, (2009).

To counter the challenges of rebranding, organization need to draw tighter precincts around its stated scope. This aims at controlling the costs as well as the risks when some things do not go as per plan (Merrilees & Miller, 2008). The company should also seek to have a more generalized positioning to provide itself with more opportunities. This calls for an overall change in corporate identity not just the change in marketing aesthetics such as colour, logo or slogan (Muzellec and Lambkin, 2006) a rebranding should thus depict a complete overhaul of how the organization conducts its business with customer as the focus.

Another hindrance to the rebranding may come when the rebranding leads to an adverse impact on consumer preference. A case in point is of the rebranding of Swiss airline carrier, Swissair, which led to the company disassociating itself from its respective roots and heritage by adopting the new name of "SAirGroup". This led to customers feeling of alienation and the company was eventually forced to revert to its original name (Kaikati & Kaikati, 2003). This study indicates that a rebranding strategy can backfire if its leads to existing customers feeling dissociated with the new brand.

2.3.4 Benefits from Rebranding

An organization can enhance its brand value after a successful rebranding exercise and enable it to attract new customers as well as retain the existing customer base (Chhabra &

Sharma, 2014). Moreover, a successful rebranding can enable the company to attract and retained competent and skilled and competent employees who can be the catalysts for its continued high performance in the future. However, though there have been various rebranding exercises aimed at enabling firms to reinvigorate their eroding brands, various rebranding exercises are in vain. Petburikul (2009) conducted a study which aimed at establishing the effect of corporate rebranding on brand equity and performance of the firm. This study noted that rebranding was necessary when the brand is on a downfall and the economic fortunes of the company are dwindling. In such a situation, rebranding is seen to intensify the brand value and reinvigorate declining companies.

Another study by Muzellec, Doogan and Lambkin (2013) observed that rebranding is equated to giving birth where the rebranded firm can be able to position itself in the market and start life afresh. Rebranding introduces a new life for the firm as it can attract new customers, offer new products or target new markets. Instances where rebranding is essential are when an organization is deprived in the marketplace by new entrants, new product range by competitors or when there are new laws and regulation in place. Rebranding is also obliged after an episode of image erosion or after a corporate scandal. However, care should be takes since rebranding is not a clear-cut way for reenergizing and rebirth. It requires total reform of the practices and process in the firm.

Failure of rebranding can emanate when customers still hold sentimental value to the existing brand. The name of a corporate brand, which signifies a number of qualities connected with purposeful, passionate, and figurative values/benefits (Anisimova, 2013), provides the corporate brand certain connotations or character traits such as responsive, adoring, and imaginative (Keller & Richey, 2016). When the connotations or character personas of an original brand name still arouse enjoyable or desirable consumer attitude, using an evolutionary rebranding approach which preserves the original name can shape on the power of the proven brand name (Melewar et al., 2015). This can excite brand inclination (Lowrey & Shrum, 2007). Based on the legacy and psychological connotations the brand gathers over time, the use of the existing brand name can induce passionate relations with the new brand. This also can provide a great sense of connection to the original brand and recall to consumers its previous brand benefits (Lowrey & Shrum, 2007).

Intended repositioning under evolutionary renewal is thus more definitely and meritoriously observed and born in consumers' minds. Ultimately, associating the new brand with the old brand in such a case leads to progress the repositioned brand (Merrilees & Miller, 2008). The effect of evolutionary rebranding on consumer preference is accordingly strengthened. In contrast, employing a revolutionary rebranding strategy that uses a new brand name may damage consumer psychological and emotional connection with the favourable original name, thus alienating the firm's original customer base (Ettenson & Knowles, 2006).

Makasi, Govender and Madzorera (2014) conducted a study on re-branding and its effects on consumer perceptions on a Zimbabwean Bank. The study findings reflected respondents' strong positive impression of the bank after it rebranded. Based on these and other results, the study therefore established that rebranding had positive effects on consumers' perceptions and can be used as a marketing tool in order gain competitive advantage and has an impact on the financial performance of an organization.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This third chapter of the research project presents the methodology that was applied in conducting the study. The chapter outlines the research design that was adopted and justifies the selection of the research design, presents the population of study, outlines the data collection techniques and also presents the methods that were applied in analyzing the collected data. Lastly, the chapter presents the techniques applied in presentation of findings.

3.2 Research Design

This study applied a case study design. A case study design according to Babbie (2011) is in-depth inquiry of a phenomenon, unit, entity or organization to have a deep insight into the entity. This design is applicable when the study seeks to narrow down a wide area of study to a single or a few entities. Narrowing down to a few or a single entity enables a study to have an in-depth elaboration of the phenomenon under study, enables testing of hypothesis or creation of theory. This type of design enables the researcher to establish whether models or theories are actually applicable in the real world. The focus of this study was on the National Bank of Kenya. The study was on the reasons that led to rebranding of NBK, the process of rebranding, and how the rebranding influenced customer perception. The case study design was thus a good fit with what the study sought to achieve.

3.3 Data Collection

This study utilized primary data. Primary data was collected using an interview guide administered to the Director, Marketing and Corporate Communications and fifteen relationship managers from fifteen branches in Nairobi. The interview guide was designed to enable collection of data that could assist in attaining the research objectives. It had questions that sought to establish the reasons of the NBK rebranding, determine the rebranding implementation process at NBK and assess the effect of rebranding on customer perception at NBK.

The interview guide had open-ended questions. The interviews were conducted by the researcher at the work stations of the Director and the fifteen branches in Nairobi.

3.4 Data Analysis

Data analysis was through content analysis. Content analysis is a qualitative data analysis technique that is used to analyze and get meaning from text data (Creswell, 2009). The content analysis method involved six phases. The first phase was familiarization with the data. This phase involved reading and re-reading the interview transcripts to familiarize with the content. The next phase was coding. This involved identifying key words that might have been relevant in answering the research questions.

The third phase was searching for themes. This phase involved examining the key words to identify significant broader patterns of meaning (Coolican, 2004). The fourth phase entailed reviewing themes where themes were refined, which sometimes involved them being split, combined, or discarded. This was followed by developing a detailed analysis of each theme. The last phase was writing up and providing detailed explanations. The results of the analysis were presented in narrative form with headings for the key themes (Kothari, 2004).

CHAPTER FOUR

FINDINGS AND DISCUSSIONS

4.1 Introduction

The purpose of the study was to establish the influence of rebranding on customer perception in NBK. The study utilized qualitative data which was corrected from face to face interviews with four senior employees at NBK. These included the Director, Marketing and Corporate Communications (Director) and fifteen relationship managers from fifteen branches in Nairobi. These included Kenyatta Avenue, Times Tower, Harambee Avenue, Eastleigh Amanah, Westlands, Hill Plaza, Wilson Airport, Sameer Business Park, Lunga Lunga, Mountain Mall, Ngong Road, Moi Avenue, South C, Hospital Branch and Upper Hill. The relationship managers were coded from one to 15 for analysis. Data collected from the interviews was analyzed using content analysis which enabled extraction of themes.

Analysis of qualitative data usually starts during data collection. When interviewing respondents, the interviewer had a standardized way of taking notes which guided by the interview schedule. The interview transcripts were the basis of all subsequent analysis. After completing each interview, the interviewer conducted a daily interpretive analysis. This was aimed at interpreting and assembling all the collected information and providing a summative analysis and the key points of each interview. This enabled the interviewer to remember the key themes from an interview which could become challenging after lapse of time.

The daily interpretive analysis was also important for providing insights for successive interviews. Both the transcripts and the daily interpretative analyzes were applied in content analysis to provide a clear view of the process of rebranding, the fundamental reasons behind the rebranding and the benefits and challenges emanating from the rebranding at NBK. Moreover, the interviews provided information that enabled assessment of the influence of rebranding on customer perception.

The content analysis methods utilized in the study included several stages. The method began with organizing and preparing the data for analysis. This was followed by conceptualization, classification, categorization and identification of themes from the daily interpretive analyses and also from the interviews notes. Then, the analysis entailed a description of the data through codes. Correspondingly, the researcher connected and inter-related the data. Lastly, the researcher interpreted, and created explanatory accounts of the codes and themes. This provided meaning to the collected data and enabled the study to provide answers to the research questions and also attain the study objectives.

4.2 General Information

Information sought from the respondents involved their roles in NBK and the interviewees had been employees at NBK. Regarding their roles at NBK, the results are presented in Table 4.1.

Table 4.1: Responsibilities in the Bank

Respondent's Responsibility	Number of Mentions (n)	Percentage (%)
Directing Marketing and Corporate Communications	11	13
Branch marketing and relationship management	71	87
Total	**82**	**100**

In the analysis of the results from the interviews, the Director is mentioned 11 times while the 15 marketing and relationship managers in the branches are mentioned a total of 82 times. The director indicated that her role was to establishing long range as well as short-term should that require to be addressed to ensure marketing effectiveness at NBK. The director also indicated that she had been given the role of obtaining NBK market share by developing marketing plans and programs for each product and service that NBK provided. Her role was also in maintaining customer relations by developing and organizing effective customer relations programs. Moreover, the director indicated that her role entailed providing short- and long-term market forecasts and reports. This entailed conducting market research and interpreting the resultant data to ensure that right strategies and decisions are arrived at. Similarly, the director indicated that they are responsible for maintaining research database, achieving financial objectives, maintaining the right staffing in the marketing department, and developing the marketing employees to ensure that they are effective in their duties.

On the other hand, the other interviewed relationship managers in the branches had similar roles. Manager X indicated that that their role was to build the client portfolio which was supported by manager XV and VI. Manager II indicated that the roles included developing and maintaining relationships with retail and corporate banking customers. Manager XII on the other hand added that roles of relationship managers included prospecting for new business from both corporate and retail clients and also ensuring that current customers are retained. Manager IV indicated that managing loan portfolios, approving loan limits, and ensuring that the bank relates well with all customers was other roles. Manager IX also indicated that providing financial advice to customers, collecting customer information and ensuring that marketing plans are implemented in the branches were other critical roles for relationship managers.

Another question posed to the interviewees was the length of time they had served at NBK. The results are presented in Table 4.2.

Table 4.2: Number of years at NBK

Number of years	**Number (n)**	**Percentage (%)**
Upto 2 years	1	6
3 – 5 years	3	19
6-10 years	7	44
Over 10 years	5	31
Total	**16**	**100**

The results in Table 4.2 indicate that most (44%) of the interviewees had worked at NBK for six to ten years. Those who had worked at NBK for over ten years were 31%. The director indicated that she had worked in the bank for two years (6%). This was indicated to be a period where NBK restructured its top management to spearhead its rebranding and new positioning in the industry.

4.3 Fundamental Reasons behind Rebranding

The interviewees were asked to provide the fundamental reasons that informed the decision to rebrand NBK. The results are presented in Table 4.3. Results in Table 4.3 indicated that the major reason behind the rebranding was poor performance by the NBK which was mentioned by all the interviewees (25%). Other major reasons included market positioning (22%), corporate image (18%), corporate culture (17%) and internal operations improvement (10%).

Table 4.3: Fundamentals reasons for Rebranding NBK

Reason	Number of mentions (n)	Percentage (%)
Poor Performance	16	25
Market Positioning	14	22
Corporate culture	11	17
Corporate image	12	18
Geographical Expansion	5	8
Improvement of internal operations	7	10
Total	**65**	**100**

Analysis of the responses indicated that the director indicated that rebranding was due to continued poor performance of the bank. The director also added that NBK had been largely associated with government and was seen by many potential and existing customers as a bank for the government and government agencies. Contributing to this question, Manager II noted that the rebranding was informed by continued poor performance of the bank and the stagnation of the bank its growth path. This was supported by Manager XVI who indicated that NBK customer base, total deposits and loan book had stagnated for over five years. Moreover, the banks' non-performing loans were increasing. Manager VIII indicated that the primary message in the rebranding was ‘bank for better’ which was aimed at communicating a change for the better for the new brand.

Manager VII responded to this question by indicating that the fundamental reason of rebranding NBK was to transform the bank into the top tier from the middle tier. Manager I supported this by indicating that the rebranding were aimed at improving the turnover of NBK from Ksh 8 billion in 2012 to Ksh 30 billion by the end of the strategic planning period in 2017. Responding to the same question, Manager V indicated that the rebranding was aimed at communicating to the market that its focus had changed. Similarly, Manager X intimated that NBK’s rebranding was focused on sending a message that it was no longer focused on business from government agencies and retail customers. Top management according to Manager VI was the one who were the champions of the rebranding.

Apart for seeking to grow its size, the director also added that the rebranding was aimed at transforming the corporate culture and image of the bank. The ‘public image’ which had been associated with the bank as depicted by the director was not enabling the bank to grow. The bank was hence forced to shed off the public tag son as to enter competitively into business as well as retail banking. This was supported by Manager III who indicated that most of the bank’s processes and employees were not customer centric. Manager II indicated that the rebranding was aimed at instituting a transformation of the inside not only of the outside. This view was supported by Manager XIII who indicated that NBK was widely perceived as old-fashioned, inefficient, quasi-governmental and bureaucratic. To grow, it needed to shed this perception and hence this informed its rebranding.

Lastly, another theme that emanated from the interviews was regional growth. Economic integration in the region was reported to be a key driver of the rebranding. The director indicated that NBK rebranded so as to take advantage of the regional integration and expand into the neighboring countries. Manager XIV also indicated that NBK had sights on the regional market with plans to invest in Tanzania, Somalia, Uganda and South Sudan. The need to go regional also informed the rebranding decision.

4.4 Rebranding Focus

The study sought to assess the major focus areas in the rebranding process. The results in Table 4.4 indicate that the major focus of the rebranding was vision and value statement, (15%), the bank's logo (15%), corporate colours (15%), product range (15%), and corporate culture (14%) among others.

Table 4.4: Rebranding Focus

Major Focus	Number of mentions	Percentage
Vision and value statement	16	15
Logo	16	15
Corporate Colors	16	15
Product Range	16	15
Geographical reach	7	6
Corporate culture	15	14
Customer Focus	11	10
Information systems	4	4
Internal operations	5	5
Banking halls aesthetics	4	5
Total	**110**	**100**

When asked about the key areas that the bank changed in the rebranding, the director indicated that the bank changed its logo, corporate culture, corporate colours and product offering. Manager IX indicated that the rebranding involved change in corporate colours. Manager I indicated that NBK adopted brown and yellow as its new corporate colours on top of changing its logo. Responding to this question, Manager XII indicated that the bank did not only change its look but it also changed the way it did business. This was illustrated by how it changed its culture across the organization and instilling a culture of customer focus and delivering quality service. Manager VII also added that NBK revamped its retail outlets' feel and look.

Asked whether the rebranding was just a minor change or it was a radical change, respondents had a variety but similar responses. The director indicated that the rebranding was radical change that did not only involve the change in aesthetics but also in the systems, culture and the way the bank operated. Manager III intimated that the most observable change was in the colours and logo but the most radical change was in human resources. This view was supported by Manager IX who observed that the rebranding was a key organization wide process that was aimed at transforming not only the look and feel of the bank but also its heart (employees). Manager VII indicated that the rebranding was major and it sought to diversify the product offering by introducing new products including banc assurance and Islamic banking. Moreover, Manager VIII noted that the rebranding exercise sought to change the target market of the bank by engaging in corporate and small and medium enterprises (SME) banking.

Another question posed to the interviewees was the deliverables for the brand identity. The director indicated that the new brand identity sought to improve the turnover of NBK from Ksh 8 billion in 2012 to Ksh 30 billion in 2017. Manager XV indicated that the new brand sought to improve the bank's market presence by opening 30 new branches, 40 new ATMs and 2000 agency banking agents by 2017. Manager XII posited that the rebranding was aimed at delivering improved market presence and positioning of the bank as a competitive retail as well as corporate bank. Manager VI added to this by indicating that rebranding was aimed at delivering a changed corporate culture with reduced bureaucracy, increased customer focus and improved customer relationships.

When asked about the ideal customer that informed the rebranding, the interviewees provided various responses. The director noted that the bank sought to appeal to business and retail customers who sought a responsive bank. Manager I observed that since customers are evolving due to the technological changes, the bank saw it right to rebrand. Manager II contributed to this question by indicating that the current customers require convenience, impeccable customer service and accessibility to banking services. Manager XII also indicated that these were the values that informed the rebranding so as to appeal to the new customers that were seen to be technologically savvy. Manager V, on the other hand, indicated that both business and individual customers seek products that are related to technology, pricing, convenience.

Another question posed to the interviewees was whether the bank had done any market research about their ideal clients or their products that informed the rebranding. The response from the director was that NBK contracted the services of McKinsey & Company who are renowned management consultants globally. The consultants did a market survey which informed the rebranding and the changes that came with the rebranding. Manager XV noted that the decision of rebranding NBK was informed by an intensive market survey which indicated the need to reenergize the bank's brand to better position itself in the competitive commercial banking sector in Kenya. Manager III responded to this query by indicating that NBK changes its logo, corporate colours, company culture and product offering to appeal to the competitive and dynamic clientele both in the retail and corporate banking sector.

4.5 Rebranding Process

A question was posed to the interviewees regarding how the rebranding process was implemented. This focused on the major processes and activities in the rebranding process. The results are presented in Table 4.5. The results indicated that the rebranding process at NBK mostly focused on communication to stakeholders (18%), planning of the process (18%), advertising (18%), preparation of employees (16%) and focusing on the various stages in the rebranding (14%).

Table 4.5: Implementation of Rebranding Process

Process	Number of mentions	Percentage (%)
Communication to stakeholders	16	18
Preparation of employees	15	16
Engagement of consultants	8	9
Planning of the process	16	18
Stages in rebranding	13	14
Advertising	16	18
Monitoring and evaluation	7	8
Total	**91**	**100**

More results revealed that Manager XIV indicated that the rebranding process involved seven key practices. These included developing the vision and plan for the rebranding, involving al key personnel and engaging all the vital stakeholders. The key stakeholders according to the Manager VII included employees, customers and shareholders. Other practices in the rebranding process included effective communication, training of employees, provision of resources and monitoring and evaluation of the implementation process. Manager XII supported this by indicating that the bank created a vision and deliverables for the rebranding process. These were aimed at measuring progress and also managing the challenges that could arise along the way. Manager IX also intimated that the bank drafted a clear plan for the rebranding process which was communicated to all stakeholders.

The rebranding process also involved senior management involvement according to Manager XIII. This was supported by Manager I who indicated that top management employees were involved in the rebranding and their major role was to provide leadership required in the implementation of the rebranding plans. The Director supported this by indicating that top managers communicated any plans and fine-tunings to ensure that the rebranding process was successful. Manager VIII also indicated that senior managers made changes to the plans where necessary and helped in solving problems that arose along the way.

The rebranding process according to Manager XV involved engaging stakeholders to ensure that they remained abreast of the happenings. The bank according to Manager IV involved in communication and negotiation with key stakeholders. The key stakeholders that the bank focused on included employees, shareholders and customers. This view was supported by the director who indicated that communication and engagement of key stakeholders was aimed at keeping key stakeholders informed along the way. For the success of the rebranding process, Manager VI indicated that key shareholders engaged included government and other shareholders who were expected to provide the resources required for the rebranding process.

Contributing to the question regarding the rebranding process, Manager IX intimated that engaging government, public agencies, and corporate shareholders was basically through planned forums. Manager VII indicated that the bank engaged employees through suggestion schemes, focus groups discussions and simulations. However, the manager noted that engaging employees was not conducted successfully. This was because most of the plans and activities came as directions from top management. Manager II indicated that the bank also engaged customers in the process. This was done in the initial stages of the rebranding where the views of customers were randomly sought to inform the process. The manager further affirmed that customer engagement was mostly through use of social media (twitter and Facebook). Mnagaer XIV indicated that information was provided to customers through advertisements on print and electronic media. Media used included television, radio, and electronic means including the bank's website.

Interviewees were also asked to explain the communication practices that were adopted in the rebranding process. The director intimated that communication was always focused to ensure that there was effective coordination in the rebranding process. Manager II noted that since the rebranding involved change, communication to employees was focused on countering resistance to change and enabling employees to accept the rebranding. Manager XI also intimated that communication was key in the rebranding process to ensure that the transformation from the previous to the current brand was seamless. To ensure this, the Manager IV indicated that lateral communication across departments was effected and streamlined to ensure that all the small changes were coordinated in the whole organization. The director further reiterated that communication to employees was the most critical as it largely facilitated culture change.

Other practices in the rebranding process as indicated by the director included provision of adequate resources for the rebranding plans, contracting of an experience consultant, training of employees. Manager XV also indicated that the bank sought to provide resources for the rebranding exercise through disposal of assets that fetched Ksh 1.2 billion. This was able to finance most of the rebranding activities. Manager XIII also indicated that the bank sought to have a rights issue.

Lastly, monitoring and evaluation was indicated to be another important practice in the rebranding process as indicated by Manager XV. The manager indicated that NBK was regularly involved in monitoring and reviewing progress along the whole rebranding process activities. Moreover, Manager II indicated that continuous capacity building was the key in this phase to ensure that employees had the capacity to implementing the rebranding plan effectively.

4.6 Benefits Emanating from Rebranding

Interviewees were asked to expound on any benefits that the bank received as a result of the rebranding. This was in relation to market share, financial performance or image. The results are presented in Table 4.6. The results revealed that benefits were mostly realized in improved customer numbers (22%), deposits (20%), profitability (18%), revenues (16%) and efficiency (12%). Benefits of customer focus (5%) and positive customer ratings (7%) received few mentions.

Table 4.6: Benefits the bank has received as a result of Rebranding

Benefits	**Number of mentions**	**Percentage (%)**
Improved profitability	13	18
Improved customer numbers	16	22
Increase in deposits	15	20
Improvement in revenues	12	16
Improved efficiency	9	12
Positive customer ratings	5	7
Customer focus	4	5
Total	**74**	**100**

Further analysis was conducted on the responses. The director intimated that the rebranding of NBK was perceived as a success. The director noted that operating profits of NBK grew from Ksh 1.15 billion in 2012 during the start of the transformation process to Ksh 2.43 billion in 2014 after just two years after the rebranding. Moreover, Manager X indicated that the rebranding exercise was successful and it enabled the bank to increase its customer base, deposits and profitability.

Manager XI intimated that the increase in revenues and customer numbers was credited to culture change and introduction of new products and services under the new brand.

Manager VI indicated that Islamic banking, mobile and internet banking and agency banking were able to bring huge benefits as the new brand became more successful in these fronts. The director also observed that the bank had recorded improvement in customer deposits as well. This was due to the new positioning of the bank to provide services to new customer segments through Islamic banking, SME banking and diaspora banking. Manager XIV supported this by indicating that the successful culture change had enabled the bank to able to appeal to new customer segments including the youth and businesses. After rebranding, the director indicated that the Islamic banking segment had recorded enormous growth in loan book and revenues.

As noted by Manager VII, another benefit that accrued to NBK due to rebranding was in improvement in efficiency. The brand had rebranded as a leaner, less bureaucratic and efficient bank and it was able to achieve this through voluntary retirement programme and programmes that were aimed at improving worker productivity. Manager IV also noted that the bank had been more efficient as it was serving more customers with fewer staff. The increased efficiency as noted by the manager was also due to increased adoption of technology by the bank. This had enabled the bank to be able to serve its customer efficiently and conveniently.

4.7 Challenges Emanating from Rebranding

The study also assessed the challenges experienced in the rebranding process. Results are presented in Table 4.7. The major challenges included inadequate resources (37%) major restructuring of top management.

Table 4.7: Challenges encountered by the Bank before and after Rebranding

Challenge	Number of mentions	Percentage (%)
Inadequate resources	15	37
Major changes in top management	14	34
Competition	4	10
Employee resistance	8	19
Total	**41**	**100**

When asked about the challenges faced as a consequence of the rebranding, the director observed that the most notable challenge was raising resources for successful rebranding and inward transformation. Manager XII supported this by indicating that though there was a clear vision, plan and deliverables for the rebranding, the process was marred by limited financial resources which impeded expansion plans, roll out of new products and training and development of staff.

Another challenge that was noted to affect the rebranding was the restructuring in the top management team which impeded the progress of the rebranding. The director indicated that in 2014 when the rebranding was in its final stages, there was massive restructuring of top management. This threw the process off course. Manager IX reiterated that the bank seemed to be out of track towards the deliverables that had been envisaged by 2017.

Responding to the question of challenges in the rebranding, Manager III indicated that competition from other established banks was instrumental. This made it challenging to realize the expected benefits. In response to the question regarding responses to cope with the challenges, the director indicated that the bank fine-tuned some of the rebranding plans to fit the new circumstances and also engaged the stakeholders through negotiations. Manager V also indicated that NBK coped with the challenges through creating new structures in the organization hierarchy, training and enhancing communication in the bank. These measures were perceived to be effective in dealing with the challenges. This was demonstrated by the assertion of Manager IX that the bank was then on track to achieve the fruits of rebranding.

4.8 Influence of Rebranding on Customer Perception

The study aimed to establish how rebranding at NBK had affected customer perception. To achieve this objective, a question was posed to the respondents to establish whether rebranding had affected customer perception and in which way. All of the respondents indicated that rebranding was successful and had positively influenced customer perception. On the specific ways that rebranding had affected customer perception, results are presented in Table 4.8. The major effects were explained by ability of the bank to gain new corporate as well as retail customers (21%), enjoying a brand renewal (19%), getting a rebranding award (18%), positive customer reviews (14%) and improved focus on customers by employees (14%).

Table 4.8: Rebranding effects on Customer Perception

Influence of rebranding	Number of mentions	Percentage (%)
Positive reviews from customers	11	14
New customers (corporate and retail)	16	21
Rebranding award	14	18
Brand renewal	15	19
Enabled market positioning as corporate bank	10	13
Employee customer focus	11	14
Total	**66**	**100**

Specifically, the director indicated that the rebranding had influenced customer perception in a positive way. This, the director explained, was illustrated by the positive reviews the bank received from customers, media, the public and new customers. In support, Manager XIII indicated that the positive reviews mostly emanated on the new culture of customer centricity, technology adoption and focusing on diverse segments of the commercial banking market. Manager VI also indicated that rebranding had positively shaped customer perception towards the bank. The manager indicated that the bank had been able to shed the previous old-fashioned and bureaucratic tag that it had been long associated with. Manager IV also supported this by indicating that though the transformation was gradual and not an event, the benefits were evident.

Manager II noted that customer and mostly corporate customers had long associated the bank as a government bank which provided financing to government connected politicians. Through the rebranding, customers are continually being able to perceive the bank as one among the competitive and modern banks. Manager XIV noted that the rebranding was a success in forging a new brand identity in the eyes of the customers. This, the manager noted, led to the award of the 2014 Rebrand Award. This award was provided to NBK after wide consultations on how well the rebranding exercise had enabled the bank to reposition itself in the competitive commercial banking market.

Manager I responded to the query on rebranding and customer perception by indicating that the rebranding exercise enabled NBK to invigorate its brand and place itself in a position that is able to offer competition to its peers. Manager IX also indicated that the rebranding had placed the bank in a position to be able to effectively serve its customers in the complex and dynamic banking market. Asked whether the rebranding was a success, the manager noted that the rebranding could be termed as a success. This notion was supported by all the interviewees.

4.9 Discussion

This section provides a discussion of the findings from the study. The discussion is done in relation to the theories that the study was based on and also in relation to other studies that had been reviewed.

The study established that the rationale behind NBK rebranding was continued poor performance of the bank. Moreover, NBK sought to shed the tag of 'government bank' as it had been largely associated with government and was seen by many as a bank for the government and government agencies. Furthermore, NBK customer base, total deposits and loan book had stagnated for over five years. This coupled with increase in non-performing loans informed the rebranding decision. The rebranding of NBK fit in the middle of the continuum as illustrated by Merrilees and Miller (2008) who argued that change of name is on one end whereas change in aesthetics is on the other continuum. Since NBK changes its aesthetics, systems, colours and culture, its rebranding can be placed at the middle. Moreover, Merrilees and Miller (2008) noted that rebranding is implemented to position the company better in the markets which was the case of NBK.

Another factor that led to rebranding was the need to increase competitiveness of the bank and to transform the bank into the top tier from the middle tier. The bank aimed at improving the turnover. The rebranding was also aimed at communicating to the market that its focus had changed. This was focused on repositioning the bank as a bank for retail as well as corporate banking. The rebranding of NBK was also aimed at transforming the corporate culture and image of the bank. The ‘public image’ which had been associated with the bank was not enabling the bank to grow. The bank was hence forced to shed off the public tag so as to enter competitively into business as well as retail banking. Moreover, most of the bank’s processes and employees had not been customer centric prior to the rebranding. The rebranding was aimed at instituting a transformation the tag of being perceived as old-fashioned, inefficient, quasi-governmental and bureaucratic. NBK was also rebranded to pave way for its strategy to expand regionally. Economic integration in the region was reported to be a key driver of the rebranding. NBK rebranded so as to take advantage of the regional integration and expand into the neighboring countries of Uganda, Tanzania, Somalia and South Sudan. These results agree with findings by Le et al. (2014) that loss of brand value can be signified by competitive changes such as attrition of the market share, reputation problems or even an old-fashioned image which calls for rebranding. These were noted to be the main drivers of rebranding by NBK.

The key areas that bank changed in the rebranding included change in logo, corporate culture, corporate colours and product offering. NBK adopted brown and yellow as its new corporate colours on top of changing its logo. The bank did not only change its look but it also changed the way it did business. This was illustrated by how it changed its culture across the organization and instilling a culture of customer focus and delivering quality service. Moreover, NBK revamped its retail outlets’ feel and look. The rebranding was not a minor change but radical which involved the change in aesthetics, systems, culture and the way the bank operated. These results agreed with the observation of Shetty (2011) that rebranding can incorporate a radical change or just be a minor and modest change. Though the most observable change was in the colours and logo, the most radical change was in human resources. Similarly, the rebranding sought to diversify the product offering by introducing new products including banc assurance, Islamic banking, agency banking and diaspora banking. Correspondingly, the rebranding exercise sought to change the target market of the bank by engaging in corporate and small and medium enterprises (SME) banking.

The deliverables for the brand identity included improvement in profitability, revenues, efficiency and reach. The new brand identity sought to improve the turnover of NBK from Ksh 8 billion in 2012 to Ksh 30 billion in 2017. Moreover, the new brand sought to improve the bank's market presence by opening 30 new branches, 40 new ATMs and 2000 agency banking agents by 2017. The rebranding was aimed at delivering improved market presence and positioning the bank as a competitive retail as well as corporate bank. Similarly, rebranding was aimed at delivering a changed corporate culture with reduced bureaucracy, increased customer focus and improved customer relationships. These results agree with results by Muzellec et al. (2013) that rebranding can reinvigorate the organization and enable it to have the capacity and energy to attract new customers and enter into new markets.

The study also sought about the rebranding process at NBK. The rebranding process involved seven key practices. These included developing the vision and plan for the rebranding, involving all key personnel and engaging all the vital stakeholders. Other practices in the rebranding process included effective communication, training of employees, provision of resources and monitoring and evaluation of the implementation process. NBK contracted the services of McKinsey & Company to spearhead the rebranding process.

The consultants did a market survey which informed the rebranding and the changes that came with the rebranding. The rebranding process was also led by senior management. Other processes involved in the rebranding process included engaging stakeholders, adopting effective communication practices, provision of adequate resources for the rebranding plans and training of employees. Lastly, monitoring and evaluation was indicated to be another important practice in the rebranding process. These practices fit into the Kotter's 8-steps model that indicates the logical steps that need to be followed in any change process. NBK first created urgency, drafted a vision and strategy, and communicated the vision, engaged stakeholder and engaged in continuous monitoring and evaluation. These were steps that had been indicated as critical in the 8-steps model. The study also agrees with the findings from a study by Plewa et al. (2011) that when stakeholders are aware about the rebranding effort of the company, they feel valued by the company and hence supporting the rebranding efforts and initiatives. This ensures that the outcomes expected from the rebranding are achieved.

Benefits that accrued to the bank due to the rebranding included increase in operating profits, revenues and customer numbers. Operating profits of NBK grew from Ksh 1.15

billion in 2012 during the start of the transformation process to Ksh 2.43 billion in 2014 after just two years after the rebranding. The rebranding exercise was successful and it enabled the bank to increase its customer base, deposits and profitability. Increase in revenues and customer numbers was credited to culture change and introduction of new products and services under the new brand. For instance, Islamic banking, mobile and internet banking and agency banking were able to bring huge benefits as the new brand became more successful in these fronts. The bank had recorded improvement in customer deposits as well. This was due to the new positioning of the bank to provide services to new customer segments through Islamic banking, SME banking and diaspora banking. Successful culture change had enabled the bank to able to appeal to new customer segments including the youth and businesses. Another benefit that accrued to NBK due to rebranding was in improvement in efficiency. The bank had rebranded as a leaner, less bureaucratic and efficient bank and it was able to achieve this through voluntary retirement programme and programmes that were aimed at improving worker productivity. These results concurred with results by Shetty (2011) that organizations regularly rebrand to enhance their brand equity and operational efficiency.

Challenges that the bank faced included raising resources for successful rebranding and inward transformation and resistance to change. Though there was a clear vision, plan and deliverables for the rebranding, the process was marred by limited financial resources which impeded expansion plans, roll out of new products and training and development of staff. Another challenge that was noted to affect the rebranding was the restructuring in the top management team which impeded the progress of the rebranding. When the rebranding was in its final stages, there was massive restructuring of top management. This threw the process off course. Competition from other established banks was another key challenge. The bank coped successfully with these by fine-tuning some of the rebranding plans, negotiating with stakeholders, creating new structures in the organization hierarchy, training and enhancing communication in the bank. These were similar challenges faced by rebranding of a bank in Zimbabwe where resources, difficulty in shedding government tag and competition for established banks were the key challenges (Makasi et al., 2014).

The study established that rebranding at NBK had positively affected customer perception. This was illustrated by the positive reviews the bank received from customers, the public and international firms. The bank was also able to improve awareness of its brand in the banking sector. NBK hence seemed to be successful as Muzellec and Lambkin (2006) argued that rebranding is aimed at appealing to customer perception. This according to Muzellec and Lambkin incorporates a customer's responsiveness, impression and awareness regarding the organization and its product offerings. The positive reviews mostly came due to the new culture of customer centricity, technology adoption and focusing on diverse segments of the commercial banking market. The bank had been able to shed the previous old-fashioned and bureaucratic tag that it had been long associated with. Moreover, the bank was awarded the 2014 Rebrand Award. This award was provided to NBK after wide consultations on how well the rebranding exercise had enabled the bank to reposition itself in the competitive commercial banking market. NBK was hence able to reinvigorate its brand

and place itself in a position that is able to offer competition to its peers. The rebranding exercise was hence labeled as a success. These findings disagree with findings by Anisimova (2013) that rebranding can fail when customers are too much attached to the previous brand. The findings however, agree with those from a study by Makasi et al. (2014) that customers had that rebranding enabled customers to have a robust positive impression of the bank.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This study sought to establish the rationale, process and consequences of rebranding NBK. The study objectives were to determine the rebranding process, the fundamental reasons behind the rebranding and the benefits and challenges emanating from the rebranding at NBK. The study also aimed at assessing the influence of rebranding on customer perception. Presented in this chapter are the summary of the study results, the conclusion and the recommendations. Lastly, the study provides the suggestions for further research.

5.2 Summary

The study established that the reasons behind NBK rebranding were largely due to continued poor performance of the bank. Moreover, NBK sought to shed the tag of 'government bank' as it had been largely associated with government and was seen by many as a bank for the government and government agencies. Furthermore, NBK customer base, total deposits and loan book had stagnated for over five years. This coupled with increase in non-performing loans informed the rebranding decision.

Another factor that led to rebranding was the need to increase competitiveness of the bank and to transform the bank into the top tier from the middle tier. The bank aimed at improving the turnover from Ksh 8 billion in 2012 to Ksh 30 billion in 2017. The rebranding was aimed at communication to the market that its focus had changed. This was focused on repositioning the bank as a bank for retail as well as corporate banking.

The rebranding of NBK was also aimed at transforming the corporate culture and image of the bank. The 'public image' which had been associated with the bank was not enabling the bank to grow. The bank was hence forced to shed off the public tag so as to enter competitively into business as well as retail banking. Moreover, most of the bank's processes and employees had not been customer centric prior to the rebranding. The rebranding was aimed at instituting a transformation the tag of being perceived as old-fashioned, inefficient, quasi-governmental and bureaucratic.

Lastly, NBK was rebranded to pave way for its strategy to expand regionally. Economic integration in the region was reported to be a key driver of the rebranding. NBK rebranded so as to take advantage of the regional integration and expand into the neighboring countries of Uganda, Tanzania, Somalia and South Sudan.

The key areas that bank changed in the rebranding included change in logo, corporate culture, corporate colours and product offering. NBK adopted brown and yellow as its new corporate colours on top of changing its logo. The did not only change its look but it also changed the way it did business. This was illustrated by how it changed its culture across the organization and instilling a culture of customer focus and delivering quality service. Moreover, NBK revamped its retail outlets' feel and look. The rebranding was not a minor change but radical which involved the change in aesthetics, systems, culture and the way the bank operated. Though the most observable change was in the colours and logo, the most radical change was in human resources. Similarly, the rebranding sought to diversify the product offering by introducing new products including banc assurance, Islamic banking, agency banking and diaspora banking. Correspondingly, the rebranding exercise sought to change the target market of the bank by engaging in corporate and small and medium enterprises (SME) banking.

The deliverables for the brand identity included improvement in profitability, revebues, efficiency and reach. The new brand identity sought to improve the turnover of NBK from Ksh 8 billion in 2012 to Ksh 30 billion in 2017. Moreover, the new brand sought to improve the bank's market presence by opening 30 new branches, 40 new ATMs and 2000 agency banking agents by 2017. The rebranding was aimed at delivering improved market presence and positioning the bank as a competitive retail as well as corporate bank. Similarly, rebranding was aimed at delivering a changed corporate culture with reduced bureaucracy, increased customer focus and improved customer relationships.

The study also sought about the rebranding process at NBK. The rebranding process involved seven key practices. These included developing the vision and plan for the rebranding, involving all key personnel and engaging all the vital stakeholders. Other practices in the rebranding process included effective communication, training of employees, provision of resources and monitoring and evaluation of the implementation process. NBK contracted the services of McKinsey & Company to spearhead the rebranding process. The consultants did a market survey which informed the rebranding and the changes that came with the rebranding. The rebranding process was also led by senior management. Other processes involved in the rebranding process included engaging stakeholders, adopting effective communication practices, provision of adequate resources for the rebranding plans and training of employees. Lastly, monitoring and evaluation was indicated to be another important practice in the rebranding process.

Benefits that accrued to the bank due to the rebranding included increase in operating profits, revenues and customer numbers. Operating profits of NBK grew from Ksh 1.15 billion in 2012 during the start of the transformation process to Ksh 2.43 billion in 2014 after just two years after the rebranding. The rebranding exercise was successful and it enabled the bank to increase its customer base, deposits and profitability. Increase in revenues and customer numbers was credited to culture change and introduction of new products and services under the new brand. For instance, Islamic banking, mobile and internet banking and agency banking were able to bring huge benefits as the new brand became more successful in these fronts.

The bank had recorded improvement in customer deposits as well. This was due to the new positioning of the bank to provide services to new customer segments through Islamic banking, SME banking and diaspora banking. Successful culture change had enabled the bank to able to appeal to new customer segments including the youth and businesses.

Another benefit that accrued to NBK due to rebranding was in improvement in efficiency. The bank rebranded as a leaner, less bureaucratic and efficient bank and it was able to achieve this through voluntary retirement programme and programmes that were aimed at improving worker productivity.

Challenges that the bank faced included raising resources for successful rebranding and inward transformation and resistance to change. Though there was a clear vision, plan and deliverables for the rebranding, the process was marred by limited financial resources which impeded expansion plans, roll out of new products and training and development of staff. Another challenge that was noted to affect the rebranding was the restructuring in the top management team which impeded the progress of the rebranding. When the rebranding was in its final stages, there was massive restructuring of top management. This threw the process off course. Competition from other established banks was another key challenge. The bank coped successfully with these by fine-tuning some of the rebranding plans, negotiating with stakeholders, creating new structures in the organization hierarchy, training and enhancing communication in the bank.

The study established that rebranding at NBK had positively affected customer perception. This was illustrated by the positive reviews the bank received from customers, the public and international firms. The positive reviews mostly came due to the new culture of customer centricity, technology adoption and focusing on diverse segments of the commercial banking market. The bank had been able to shed the previous old-fashioned and bureaucratic tag that it had been long associated with.

Moreover, the bank was awarded the 2014 Rebrand Award. This award was provided to NBK after wide consultations on how well the rebranding exercise had enabled the bank to reposition itself in the competitive commercial banking market. NBK was hence able to reinvigorate its brand and place itself in a position that is able to offer competition to its peers. The rebranding exercise was hence labeled as a success.

5.3 Conclusions

The study makes the following conclusions. First, NBK rebranded due to continued poor performance, poor corporate culture, to implement its regional strategy and to shed the government association. The bank aimed at improving the turnover through repositioning itself as an all rounded bank serving diverse segments of the market. Moreover, most of the bank's processes and employees had not been customer centric prior to the rebranding and hence sought a change of employee attitude towards customers. The bank also sought to enter into the regional market through the rebranding. The target countries included Uganda, Tanzania, Somalia and South Sudan.

Secondly, the study concludes that NBK in the rebranding process changed it corporate colours, logo, systems, organizational culture and the corporate identity. NBK adopted brown and yellow colours in pace of the green that it had been previously associated with. The ban also changed the customer focus for its employees. Moreover, NBK revamped the look and feel of its retail outlets. The rebranding was hence radical one which involved changing the aesthetics, systems, culture and the way the bank operated.

Third, the study concludes that the rebranding process involved seven key practices. These included developing the vision and plan for the rebranding, involving all key personnel and engaging all the vital stakeholders. Other practices in the rebranding process included effective communication, training of employees, provision of resources and monitoring and evaluation of the implementation process. NBK contracted the services of McKinsey & Company to spearhead the rebranding process. The consultants did a market survey which informed the rebranding and the changes that came with the rebranding. The rebranding process was also led by senior management. The senior management were at the forefront of engaging stakeholders, ensuring that capacity of employees were developed and ensuring that monitoring and evaluation was effectively conducted.

Fourth, the study established that NBK received various benefits from the rebranding. These included increase in operating profits, revenues and customer numbers. The rebranding exercise was successful and it enabled the bank to increase its customer base, deposits and profitability. Increase in revenues and customer numbers was credited to culture change and introduction of new products and services under the new brand. For instance, Islamic banking, mobile and internet banking and agency banking were able to bring huge benefits as the new brand became more successful in these fronts. The bank had recorded improvement in customer deposits as well. This was due to the new positioning of the bank to provide services to new customer segments through Islamic banking, SME banking and diaspora banking. Successful culture change had enabled the bank to able to appeal to new customer segments including the youth and businesses.

Another benefit that accrued to NBK due to rebranding was in improvement in efficiency. Challenges that the bank faced included raising resources for successful rebranding, resistance to change and competition from other banks.

Lastly, the study concludes that rebranding at NBK had positively affected customer perception. The bank received positive reviews from customers, the public and international firms. The positive reviews mostly came due to the new culture of customer centricity, technology adoption and focusing on diverse segments of the commercial banking market. The bank was hence able to shed the previous old-fashioned and bureaucratic tag that it had been long associated with. Moreover, the bank was awarded the 2014 Rebrand Award due to its ability to reposition itself in the competitive commercial banking market.

5.4 Recommendations

This section provides the recommendations that were made in the study. First, any firm like NBK planning a rebranding should understand that a brand is not just corporate colours and a logo. A brand is the totality of the experiences, relationships, messages and interactions between the company and the customers. Rebranding hence should ensure that the new brand identity is aligned to the needs and aspirations of customers.

Secondly, the company should maintain control of the rebranding process. This would ensure that there are enough resources to guide the process to the end effectively. To rebrand effectively, the firm should set clear strategic objectives and plan and ensure that there are enough resources to effectively implement the rebranding successfully.

Third, in rebranding, the customer should always be in the mind of the company. The customer experiences the brand and makes the decision whether the rebranding is successful or not. The customers should hence be involved in defining the new brand.

Lastly, the study recommends that management should consider rebranding carefully and should only be undertaken when the value of existing brand is dwindling or there are key changes in the environment that demands rebranding. This is because changing the brand is major risk as failure would become expensive and disruptive.

5.6 Suggestions for Further Research

The following areas are recommended for further research. First, this study was conducted at NBK but the true evaluation of whether the rebranding was a success was after the lapse of the strategic planning period in 2017. The study hence suggests that another study should be carried out in 2017 to conclusively establish whether the targets set for the rebranding in 2017 would have been achieved,.

Secondly, the study recommends a similar study to be conducted in other companies that have recently rebranded such as Kenya Power and Sidian Bank. This would inform the factors that led to the rebranding and assess whether the rebranding has enabled the companies to position themselves effectively in their respective markets. Such studies would inform policy and practice in rebranding.

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APPENDICES

Appendix I: Letter of Introduction

Christine Gikonyo,
University of Nairobi
Nairobi

Dear Respondent,

RE: ACADEMIC RESEARCH

I am undertaking an MBA degree at University of Nairobi. As part of the degree requirements, I am required to do a research project. My proposed research is on 'Influence of Rebranding on Customer Perception: A Case of National Bank of Kenya'.

You have been selected to participate in the study. You are requested to participate in an interview which will have questions regarding rebranding in NBK and how it has influenced customer perception. Your response will be treated with utmost confidence.

Thanking you in advance for your contribution.

Yours truly,

Christine Gikonyo

Appendix II: Interview Guide for NBK Marketing Managers

My name is Christine Gikonyo I am pursuing an MBA degree Programme in The University of Nairobi. As part of my degree Programme requirements, I am required to conduct a study titled, '**INFLUENCE OF REBRANDING ON CUSTOMER PERCEPTIONCASE OF NATIONAL BANK OF KENYA**'.

You as a manager has been selected to participate in the interview because of your knowledge and experience in the operations of the Bank.

Thank you for your consent to participate in the Interview:

1. What are your responsibilities in this bank (branch)
2. How long you have been an employee at NBK? Current position?
3. What are the fundamental reasons that informed the decision to rebrand NBK
4. What key areas did the bank want to change in the rebranding
5. Was the rebranding just a minor change or it was a radical change
6. What are the deliverables for the brand identity
7. In the rebranding, what were the major focus?, what really changed?
8. Describe your ideal customer that informed the rebranding?
9. Had you done any market research about your ideal client or your product/business that informed the rebranding?
10. How was the rebranding process implemented (communication to stakeholders, preparation of employees, engagement of consultants, planning of the process, stages in the rebranding, advertising, monitoring and evaluation).
11. What was the primary message NBK wanted to convey to your customers?
12. Who were the decision makers on the rebranding process
13. What was the turnaround time for making the rebranding decision?

14. What was the purpose behind the rebranding exercise? Why at the time?
15. What benefits has the bank received as a result of the rebranding? (market, performance, image)
16. What challenges has the bank encountered in rebranding and after rebranding as a consequence of the rebranding process
17. Was the bank able to effectively deal with the challenges mentioned above?
18. How has the rebranding affected customer perception? And in which way?
19. Can you term the rebranding as a success?
20. In view of the changing customer needs, do you think the new brand provides the solutions customers need?
21. What is your view for the future brand identity at NBK?

Thank you for your valuable input