

IDEAS LLYC

EXPLORE. INSPIRE.



REPORT

***REBRANDING:
WHY, WHEN, HOW
AND WHY NOT***

Madrid, April 9, 2019

INTRODUCTION

When managing a brand, the ability to identify and adapt to a rapidly changing market is paramount. To ensure a brand's survival in a volatile economy, it must remain nimble, but assessing the practical need for rebranding, and the best way to make significant changes, can be difficult. This report will offer advice on how to determine whether rebranding is necessary, as well as methodology for an efficient and successful rebranding.

When executed well, rebranding can breathe new life into a stagnant business, but a simple logo change and press release do little to affect the company, inside or out. When rebranding, we emphasize evolution of our company's structure and the creation of innovative strategies in order to maximize efficiency and potential connections with consumers. While cosmetic changes such as logo alteration can aid in this, the essential element is continued and future engagement from consumers. Only when the entirety of the user experience has been enhanced can your company say its rebranding was a success.

“Rebranding can breathe new life into a stagnant business”

But rebranding is not necessarily what every company needs. With every shift your company makes, there is always a change in public perception, which entails risk of alienating existing consumers who may not agree with the new direction the company is taking. A haphazard rebranding can result in loss of sales, diminishing margins and dilution of pricing strategies, so before considering one, ensure that the problem does in fact lie not with operations, marketing or a product, but with the brand itself. A good starting point for determining whether a significant adaptation is necessary for the continued health of your business is to ask yourself these two questions: Does your company's mission

statement no longer represent you? And has your company evolved past what it used to be?

The emotional impression left by a brand or product on consumers tends to diminish over time. This can be a result of messaging that's generic, is targeted at a specific demographic or has simply been used in the past, all in an attempt to reach more consumers. This strategy, while often effective at first, can erode a brand's competitive edge, preventing it from standing out from the crowd. Sometimes brands may even fall out of favor due to circumstances outside the company's control. In these cases in particular, it's imperative you maintain and manage your brand so as to maximize consistency of value. Even the most ailing company can be revitalized by a well-timed, well-executed rebranding.

REASONS FOR REBRANDING

Your identity is unsuitable for the current business environment:

When faced with an onslaught of information, consumers become highly sensitive and tend to either embrace or reject information surprisingly quickly. A good identity will provide a lot of information in a very short time, allowing consumers to make a clear judgment in seconds. This is how to foster connections with consumers and increase their integration into the business environment. But it's also important to consider how to manage your identity not just in terms of short-term survival, but as a means of building your brand for the future, because in the long run, identity begets authenticity.

In the current era of immediacy, products seek to activate consumers' sense memories. It's the briefest form of memory and a good first point of contact between a consumer and product. Brands strive to share sense memories associated with their product, as these remain even in absence of the stimulus. This is how brands take the next step toward medium- and long-term memory. Products rely on sensory factors, but brands are built for long-term memory—that which remains longer than mere sensory information and ultimately leads to customer loyalty and word-of-mouth recommendations.



These days, in the relentless cacophony of stimuli, consumers may not remember the successes that made your brand well known, your marketing team's stroke of genius from 10 years ago, the campaign that generated unprecedented notoriety or even that misstep that led to a reputational crisis. Most consumers will only remember the form you take in the present, which makes reinvention and constant evolution necessary like never before. However, this does not mean the present is all that matters for your brand management. Those who successfully reinvent themselves know the present is best managed when considered in terms of the past, present and future.

You need to reconnect people, business and brand:

Rebranding is not a solution to a mere drop in sales, and if your main goal is strengthening or broadening your marketing, consider other options before taking the significant step of rebranding. Rebranding without good reason will often fail to address the problem at hand and can seriously harm your business in the long run. A better alternative is to begin a full-fledged marketing campaign with its own commercial objectives, which will drive brand recognition.

What rebranding does is change the way the company positions itself for the future, and in doing so, attempts to reconnect people, business and brand. Assess whether your brand conveys the message you want to share in years to come. If your logo, tagline, messages, website, market or products no longer represent your company's message, that's the time for rebranding. Customers will undoubtedly acknowledge your brand's new direction, rewarding you with their loyalty.

All reasons for rebranding ultimately aim to improve business performance, and the core strategies are as follows:

People (employees and customers)

- Attract talent with new skills.
- Increase engagement with specific communities.
- Capture new market demographics.

Business

- Enhance your competitive positioning to maintain or increase market share.
- Extend your activity to new sectors and markets.
- Offer a new product or service that's more holistic and distinctive.

Brand

- Protect and/or consolidate brand territories and move into new ones to gain new communication networks.
- Strengthen brand equity to reinforce visibility and value.
- Increase brand desirability.

Below is a summary of reasons for rebranding from a more tactical point of view.

There's a gap between your brand and the current dominant aesthetics

Whether the problem lies in your core foundation or is a recent development, it has become apparent that your company's visual identity is failing to



AJUSTAR O CAMBIAR

steer conversations. This is a highly subjective area, so it can be difficult to ascertain where exactly the issue lies. Recovery from a significant setback of this nature can be nigh impossible, but it's easier the stronger your brand identity is.

Your brand doesn't stand out

To be successful, a brand must stand out. If it fails to do this, it will flounder in obscurity. However, this does not mean you can simply be different for the sake of being different. Any actions you take to distinguish your brand must be authentic. For this reason, any visibility activity must involve a strategic brand shift that will support it. Launch your rebranding alongside the company's anniversary, IPO or other important commercial agreement, for example

You're struggling with a new competitor or technological advances

There will always be something more advanced. If you were the owner of a hotel or booking website when Airbnb first appeared in your market, that would have been a good time to take a look at your business and brand. Then, you would have needed to make a decision about whether your brand could still compete against this new competitor. When new competitors enter the arena, delaying a rebranding can give you the advantage, as the competitor will have already shown their hand. Will you shift in their direction? Will you move in a completely different one? Will you try to work with them?

You're considering or are currently undergoing internationalization

Expanding means reflecting on important cultural issues, which may be related to your brand. Some successful brands simply do not work in other cultural environments. As part of brand development, an analysis of cultural architecture will allow you to highly diversify your portfolio.

You neglected to protect your brand

Poor management of legal protections for your brand may result in a forced rebranding or name change. It's very important to consider brand protection from the get-go, or months of work may be ruined.

You want to change or broaden your audience

A market repositioning can transform a company, allowing it to access new consumer demographics. However, you must consider how you will attract new customers while also retaining existing ones, if so desired.

You faced a reputational crisis

Once the crisis has been remedied, there's a window of opportunity to show real change in company management. Furthermore, if the company is of a certain size, any evolution will be given thorough press coverage, which will facilitate a smooth transition to a new brand. Whether it's a change in identity or a repositioning, the important

thing is that the evolution is honest, transparent and not merely a diversionary tactic.

Your company isn't attracting talent

The best talent wants to work for the best brands. If you can't hire the best professionals to aid in your business' growth, your brand may not be meeting industry standards. Having an obsolete identity only exacerbates this problem, affecting the rest of the company, product, management or career. These will all be negatively affected by an outdated image.

In-house teams don't have a clear idea of the brand

If your company's talent isn't personally able to describe the company's values, they will certainly not be able to impress those values upon customers. A strategic redefinition of your brand may provide your staff with a clearer direction, increasing their commitment and motivation.

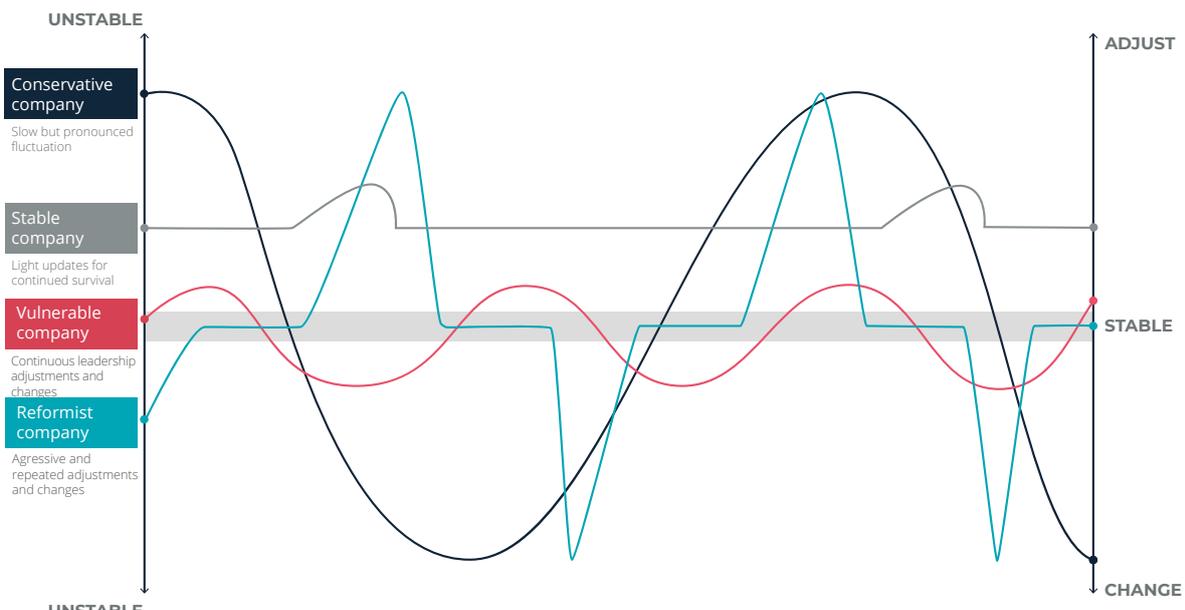
You haven't given your brand sufficient consideration (the "start-up effect")

When creating a brand, an overview of its goals and ideas is necessary, but due to tight budgets

and unforgiving timelines, many start-ups neglect to create a proper brand identity. But if you have since become successful, you cannot continue to let your brand identity fall to the wayside. This is precisely the time to use a rebranding to catapult your business into the future. If you haven't put any effort into this before, you must pause, look where you are and discuss where you want to go. Rebranding is a good opportunity to smooth any wrinkles, as you now have more information on what does and doesn't work in your business and a better understanding of your customers. All this will allow you to make informed decisions when moving toward a more structured and cohesive identity. Your customers will respond, and you will be able to effectively "relaunch" your business, taking another step toward your long-term vision.

Your business has changed or is changing significantly

This is the most important reason for a company to consider rebranding. In this case, successful brand identity is essential, because merely changing the direction of your business without proper identity management will often fail to properly communicate your goals. One of the benefits of



rebranding is that it can support your company in its new direction or correct its course.

Your name no longer evokes your vision

What seemed like an excellent name 15 years ago may no longer be in line with your current vision. Changes in language, cultural context and the market can also change the meaning of a brand's most important signifier. Names can easily wear thin in the wake of digital transformation, diversification and broadening product and services portfolios.

BRAND ADJUSTMENT VS. REBRANDING

There's no catch-all strategy to use in every rebranding, as the circumstances and parameters surrounding the change are integral to its proper management. Nonetheless, there are some shared elements that can be graphically represented to demonstrate trends in the different brand adjustment and rebranding strategies.

“An incomplete or poorly assessed image change may not be fully impactful”

REBRANDING METHODS

Planning

An incomplete or poorly assessed image change may not be fully impactful. Predicting and analyzing the potential impact of a rebranding before, during and after its launch will allow you to grasp the full scope of your results.

Diagnosis

As with operating systems and social media, we should constantly make small adjustments and updates. However, sometimes small gestures are not enough, and the market or consumers demand a larger-scale evolution. How can you identify a deficiency? Why are you rebranding? How significant should the change be? Is a minor alteration sufficient, or is a complete restructuring your best choice? How do you know how perilous your position is, with regard to losing consumer interest?

Regularly analyzing the health of your brand allows you to identify how close your desired image is to your public perception. This will also lead to a “brand truth,” which can serve as a framework for sharing your rebranding goals. Brand health analyses will also create manageable metrics and potentially offer new discoveries, allowing you to directly connect your brand to your business performance. This, in turn, will reconcile traditionally separate notions: brand and operations, short- and long-term, investments and returns.

Here's some advice for diagnosing your problems and planning your rebranding:

- Never let your business model or marketing strategy fall by the wayside.
- Ask existing and potential customers for their opinions on your brand's relevance and importance to them in the current market.

- Conduct interviews in all your company's departments.
- Perform a visual and verbal audit, both online and off.
- Take a thorough inventory of your brand's points of contact.
- Assess your customer experience among those interacting with your messaging.
- Draw a roadmap, with consideration for changes in the business environment.
- Analyze trends both within and outside your industry to get a better idea of the direction your brand should take.
- Use design-oriented techniques to refine and improve messaging, lessen brand challenges and increase internal participation throughout the rebranding process, greatly increasing efficiency.

Creation

Strategic Redefinition

With all this information laid out clearly, determining the best plan of action becomes much simpler. Will you enter into a new field? Will you try to partner with another brand? Will you shift toward a new product or service? At this stage, a redefinition of your **Brand Matrix®** is paramount to ensure your rebranding has long-term results.

Visual and Verbal Redefinition

Many strategic evolution processes fail to reach their full potential due to a lack of support from a sufficient visual evolution. Changes to visual expression are an extremely effective way to ensure a cohesive rebranding.

Implementation

There are many necessities to consider before launching your new brand and migrating your



ANTICIPAR O RETRASAR

brand's points of contact. The transition inherent to rebranding is no easy task, as it uses a significant amount of time and resources. However, precise planning, management and execution can result in a significant impact, driving brand equity and control of investment to offset costs. The transition must include a concrete plan of action that takes into account all potential interactions between customers and your brand. You must foster internal commitment, divide responsibilities among different teams and give priority to your points of contact.

Some of key points for your implementation include:

- Implementation plan, including an inventory of all points of contact, estimate of any changes to them (verifying cost vs. impact) and definition of responsible parties and chain of command.
- Creation of brand ambassadors (by department), including training staff and maximizing awareness throughout the company.
- Legal brand protections regarding patents and intellectual property.
- Creation of a support system for employees and suppliers, allowing doubts and uncertainties to be shared and resolved (something especially helpful in the first few months of implementation).
- Definition of brand guidelines, ideally kept on-site to allow professionals to look to them for inspiration, check procedural standards and confirm up-to-date brand information.
- Internal and external communication plans for all relevant groups: customers, the media and shareholders. Plan your launch to coincide with a strategic achievement, such as a change in your products/services offered, company anniversary, IPO, an important commercial agreement, etc.

- Internal and external launch:
 - Hold an event with your main stakeholders to explain the details of the rebranding. This will also allow you to share an emotional experience with employees, customers and the media.
 - Before launch, release a teaser through social media.
 - Publish information about the rebranding on websites and blogs.
 - Invest in PR or try to otherwise generate enough interest to draw media coverage.
 - Email your existing customers to explain the changes.
- Brand style guide, offering a precise, thorough and sharable set of standards for professionals to use as a reference to avoid and inconsistency in your new visual and verbal assets.

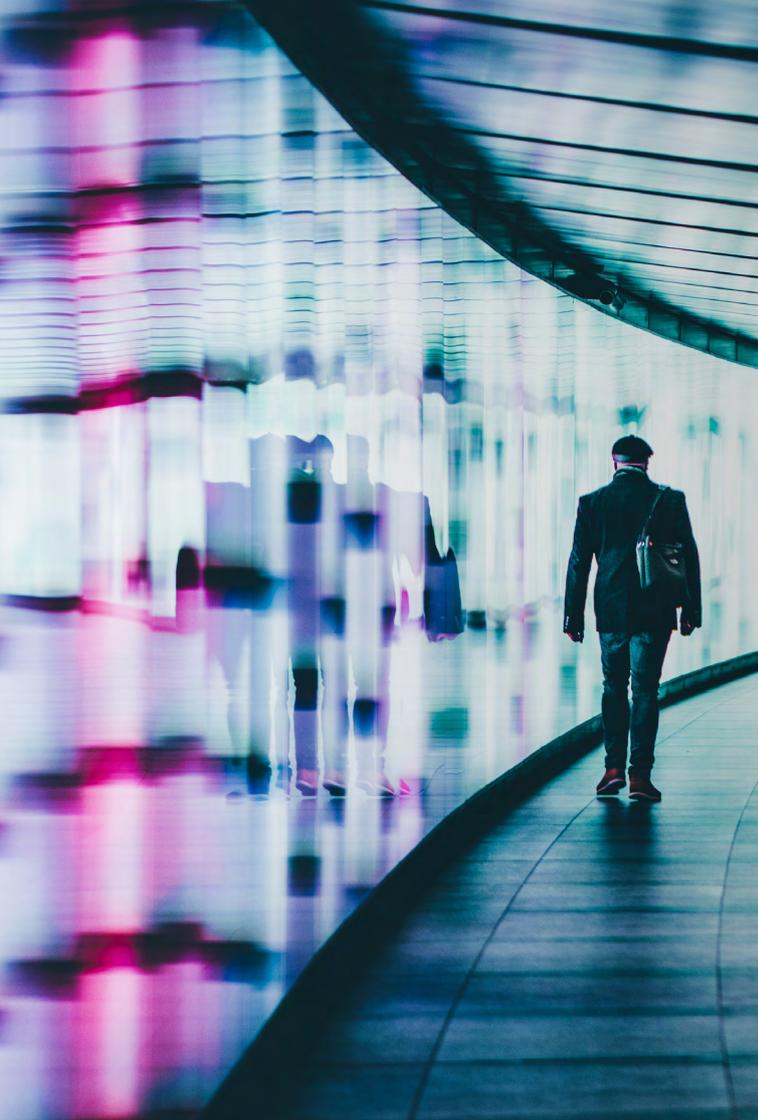
GENERAL REBRANDING ADVICE

Start from the inside out

Nobody likes change, and this human tendency is one of the main sources of internal conflict brands encounter. Never forget that exterior rebranding is only half the battle; the company's core must also feel positive about any strategic changes.

Although a company's rebranding is usually handled by its brand and marketing departments, as well as main executives, it's important to bring in other company voices. Departments such as HR, Sales and Accounting will have completely different views of the brand and will often provide new insights regarding the company's internal vision. It can also be helpful to arrange a brief meeting with a select few of the company's best customers to discuss the rebranding. The best way to find the correct direction for your rebranding

**“NOBODY LIKES
CHANGE, AND THIS
HUMAN TENDENCY
IS ONE OF THE
MAIN SOURCES
OF INTERNAL
CONFLICT BRANDS
ENCOUNTER”**



is to combine reliable feedback from internal employees with that of external customers. Other essential points include internal transparency, employee support before a public launch and ensuring all parties have the information they need to discuss your company's new direction in an informed and reliable manner.

Don't Rush Things

Rebranding isn't a catch-all easy fix. Avoid misconceptions that rebranding will automatically improve sales, prevent "brain drain" or boost your company to a top-ranking position. In the end, if your brand remains outdated, you will fail to achieve any of the benefits. You may be wondering if you should do a complete 180° or only slightly change your brand's direction. The above points will allow you to make an informed and deliberate decision on what solution is best for your brand, but this process takes time. No matter how meticulous your planning, any number of unforeseen obstacles can arise during the transition phase and set back the

launch. Be prudent and exercise great caution when announcing your launch date.

Invest Intelligently

Rebranding is expensive, time-consuming and labor-intensive. Consider how you will deal with these costs. Do the math, and don't underestimate the costs of reestablishing points of contact. But rest assured, these things need not happen overnight. The key is analyzing your brand's most important points of contact and devising a detailed plan which takes both logistical and economic issues into account. A sound transition plan centered on your points of contact is absolutely necessary to analyze two key variables: cost (ease of implementation) and impact (brand visibility). This then allows you to assign priorities.

Transition plans usually contain guidelines for inventory and sales to ensure stock is always present while keeping track of product movement. Similarly, it's important to establish synergies where you can, allowing you to save precious time and resources. Multiple departments can often work together to get large tasks done more efficiently. Coexistence between the new and old will be much smoother if plans and procedures are communicated clearly and kept away from the main points of contact. The market will respond positively.

Remain True to Your Past

Authenticity is essential for any brand. Consumers can smell facades and insincerity from a mile away, so always remain true to your brand's past. Consistently anchor your most valuable assets to create a more secure future for your brand.

The world's top-ranked companies never stop adapting and evolving. Whatever their strategies for consistent growth, diversification, disinvestment, innovation or specialization may be, their brand always supports them throughout each change, acting like headlights in the fog. The brand acts as an ideal link between company and consumer, inspiring them and guiding them toward a better future. How you change, adapt or evolve is up to you, but to stay competitive, there's no other option.

AUTOR



Carlos Magro. Director of the Branding area at LLYC. Consultant expert in branding. He previously worked at the global brands consulting firm Interbrand for 12 years, where he led brand management and creativity projects for large consumer clients and large clients in the corporate area. For eight years, he also worked as art director for global advertising agencies such as Leo Burnett and Euro RSCG. Over the course of his career, he has worked for more than 60 national and international leading clients from more than 14 different sectors. He promotes branding as a speaker and professor for universities and business schools in the area of design, fashion and marketing. He also writes pieces for specialized media.

CORPORATE MANAGEMENT

José Antonio Llorente
Founding Partner and Chairman
jallorente@llorenteycuenca.com

Alejandro Romero
Partner and CEO Americas
aromero@llorenteycuenca.com

Enrique González
Partner and CFO
egonzalez@llorenteycuenca.com

Adolfo Corujo
Partner and Chief Strategy Officer
acorujo@llorenteycuenca.com

Goyo Panadero
Partner and Chief Talent and Innovation Officer
gpanadero@llorenteycuenca.com

Carmen Gómez Menor
Corporate Director
cgomez@llorenteycuenca.com

Juan Pablo Ocaña
Legal & Compliance Director
jpocana@llorenteycuenca.com

Daniel Fernández Trejo
Global it Director
dfernandez@llorenteycuenca.com

José Luis Di Girolamo
Partner and CFO Americas
jldgirolamo@llorenteycuenca.com

Antonieta Mendoza de López
Vice President of Advocacy LatAm
amendozalopez@llorenteycuenca.com

SPAIN AND PORTUGAL

Arturo Pinedo
Partner and Regional Managing Director
apinedo@llorenteycuenca.com

Luisa García
Partner and Regional Managing Director
lgarcia@llorenteycuenca.com

Barcelona

María Cura
Partner and Managing Director
mcura@llorenteycuenca.com

Óscar Iniesta
Partner and Senior Director
oiniesta@llorenteycuenca.com

Muntaner, 240-242, 1^o-1^a
08021 Barcelona
Tel. +34 93 217 22 17

Madrid

Joan Navarro
Partner and Vice President of Public Affairs
jnavarro@llorenteycuenca.com

Amalio Moratalla
Partner and Senior Director of Sport and Business Strategy
amoratalla@llorenteycuenca.com

Iván Pino
Partner and Senior Director of Digital
ipino@llorenteycuenca.com

David G. Natal
Senior Director of the Consumer Engagement Area
dgonzalez@llorenteycuenca.com

Paco Hevia
Senior Director of the Corporate Communications Area
phevia@llorenteycuenca.com

Lagasca, 88 - planta 3
28001 Madrid
Tel. +34 91 563 77 22

Lisbon

Tiago Vidal
Partner and Managing Director
tvidal@llorenteycuenca.com

Avenida da Liberdade nº225,
5^o Esq.
1250-142 Lisboa
Tel. + 351 21 923 97 00

UNITED STATES

Erich de la Fuente
Partner and Chairman United States
edela Fuente@llorenteycuenca.com

Mike Fernandez
CEO United States
mikefernandez@llorenteycuenca.com

Miami

Claudia Gioia
SVP Americas, Business Development
cgioia@llorenteycuenca.com

600 Brickell Avenue
Suite 2020
Miami, FL 33131
Tel. +1 786 590 1000

New York City

Gerard Guiu
Director of International Business Development
gguiu@llorenteycuenca.com

277 Park Avenue,
39th Floor
New York, NY 10172
Tel. +1 212 371 5999 (ext. 309)

NORTH REGION

Javier Rosado
Partner and Regional Managing Director
jrosado@llorenteycuenca.com

Mexico City

Juan Arteaga
Managing Director
jarteaga@llorenteycuenca.com

Rogelio Blanco
Managing Director
rblanco@llorenteycuenca.com

Av. Paseo de la Reforma 412,
Piso 14 Col. Juárez, Alcaldía.
Cuauhtémoc CP 06600,
Ciudad de México
Tel. +52 55 5257 1084

Panama City

Manuel Domínguez
Managing Director
mdominguez@llorenteycuenca.com

Sortis Business Tower,
piso 9 Calle 57,
Obarrío - Panamá
Tel. +507 206 5200

Santo Domingo

Iban Campo
Managing Director
icampo@llorenteycuenca.com

Av. Abraham Lincoln 1069
Torre Ejecutiva Sonora, planta
7 Suite 702
Tel. +1 809 6161975

San Jose

Pablo Duncan - Linch
Partner and Director
CLC Comunicación | LLYC Affiliate
pduncan@clccomunicacion.com

350 meters west
of Banco General
Trijos Montealegre, Escazu,
San Jose, Costa Rica
Tel. +506 228 93240

ANDEAN REGION

Luis Miguel Peña
Partner and Regional Managing Director
Impena@llorenteycuenca.com

Bogota

María Esteve
Partner and Managing Director
mesteve@llorenteycuenca.com

Av. Calle 82 # 9-65 Piso 4
Bogotá D.C. - Colombia
Tel. +57 1 7438000

Lima

Luis Miguel Peña
Impena@llorenteycuenca.com

Av. Andrés Reyes 420, piso 7
San Isidro
Tel. +51 1 2229491

Quito

Carlos Llanos
Managing Director
cllanos@llorenteycuenca.com

Avda. 12 de Octubre N24-528 y
Cordero - Edificio World Trade
Center - Torre B - piso 11
Tel. +593 2 2565820

SOUTH REGION

Juan Carlos Gozzer
Regional Managing Director
jcgozzer@llorenteycuenca.com

São Paulo y Rio de Janeiro

Cleber Martins
Managing Director
clebermartins@llorenteycuenca.com

Rua Oscar Freire, 379, Cj 111
Cerqueira César SP - 01426-001
Tel. +55 11 3060 3390

Ladeira da Glória, 26
Estúdios 244 e 246 - Glória
Rio de Janeiro - RJ
Tel. +55 21 3797 6400

Buenos Aires

Mariano Vila
Managing Director
mvila@llorenteycuenca.com

Av. Corrientes 222, piso 8.
C1043AAP
Tel. +54 11 5556 0700

Santiago de Chile

Francisco Aylwin
Chairman
faylwin@llorenteycuenca.com

Magdalena 140, Oficina 1801,
Las Condes
Tel. +56 22 207 32 00



IDEAS LLYC

EXPLORE. INSPIRE.

IDEAS by LLYC is a hub for ideas, analysis and trends. It is a product of the changing macroeconomic and social environment we live in, in which communication keeps moving forward at a fast pace.

IDEAS LLYC is a combination of global partnerships and knowledge exchange that identifies, defines and communicates new information paradigms from an independent perspective. Developing Ideas is a constant flow of ideas, foreseeing new times for information and management.

Because reality is neither black nor white, IDEAS LLYC exists.

llorenteycuenca.com
www.uno-magazine.com



AMO is the leading global network of strategic and financial communications consultancies. Today, AMO is comprised of 11 member agencies spanning six continents and 27 countries, employing 1,200 counsellors in 50 offices around the globe.

The network brings together local market leaders with unrivalled knowledge of financial markets and crossborder transactions in the key financial centers of Europe, Asia and the Americas.

Providing sophisticated communications counsel for M&A and capital market transactions, media relations, investor relations and corporate crises, our member firms have established relationships with many S&P 500, FTSE 100, DAX 30, SMI, CAC 40 and IBEX 35 companies.

www.amo-global.com