The Effects of Repositioning as a process of Rebranding in terms of Brand Equity, Corporate Identity, and Brand Image
A case study on Lidl

Bachelor’s thesis within Business Administration
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Abstract

Background: Brands are associated with certain elements, including name, logo and slogan. Being understood as major parts of all brands, changing these would be considered as a vital event. The term ‘rebranding’ is an umbrella term for describing the three following processes; changing name, changing the aesthetics of the brand, and/or repositioning. Although rebranding often results in success, the process of rebranding is challenging and risky, and it is important for firms to understand the main opportunities as well as the main barriers in order for the rebranding process to be as well-organised and effective as possible. With this in mind after a significant change, companies need to enforce the brand images previously perceived by consumers, in order to capture and transfer brand equity, as well as making sure that the rebranding process responds to the desired corporate identity of the firm.

Purpose: The purpose of this thesis is to understand corporate rebranding, focusing on repositioning, and what consequences arise from it, in terms of brand equity, corporate identity, and brand image, by using the case of Lidl in order to illustrate this.

Method: A single-case study has been conducted illustrating Lidl in accordance with the purpose of this thesis. Primary data have been collected through a qualitative method, and secondary data has been gathered to further support purpose and gain understanding about Lidl. Theoretical insights have been collected through a literature review.

Conclusion: Derived from the research the authors can conclude that repositioning, as a process of rebranding, is a difficult and long-term process. The research and findings show that repositioning although difficult is possible proven by examining positive effects from the rebranding process of Lidl on brand equity, corporate identity and brand image.
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I Introduction

This chapter provides the reader with an introduction to the subject of this bachelor thesis. The information provided in the background aims at introducing the reader to the problem discussion along with the purpose and a set of research questions, which are intended to be fulfilled throughout the research.

1.1 Background

The every day complexity for firms in an international environment is that marketers struggle with branding and the establishment of brands. Various questions are raised within this area, as to; How to build brands in the most effective way? and; How does one measure the strength of a brand? (Keller, 2003).

Brands are associated with certain elements, including name, logo and slogan. Being understood as major parts of all brands, changing these would be considered as a vital event (Alshebil, 2007). Muzellec, Doogan and Lambkin (2003) states that the term ‘rebranding’ is an umbrella term for describing the three following processes; changing name, changing the aesthetics of the brand (such as logo or colour), and/or repositioning. Although rebranding often results in success, the process of rebranding is challenging and risky (Amujo and Otubanjo, 2012; Phang, 2012; Muzellec and Lambkin, 2006), and it is important for firms to understand the main opportunities as well as the main barriers in order for the rebranding process to be as well-organised and effective as possible. With this in mind after a significant change, firms need to enforce the brand images previously perceived by consumers, in order to capture and transfer brand equity (Alshebil, 2007), as well as making sure that the rebranding process responds to the desired corporate identity of the firm (Riel and Balmer, 1997).

1.2 Problem Discussion

As stated by several authors, corporate rebranding is an unrepresented phenomenon within academic studies, in which there is limited research (Merrilees and Miller, 2008; Muzellec and Lambkin, 2006; Muzellec et al., 2003; Collange, 2015). Among the academic studies found, corporate rebranding is presented in several different ways with spread diversity. Tevi and Otubanjo (2013) are discussing the causes of rebranding, while Miller, Merrilees and Yakimova (2014) are putting their emphasis in understanding the
process of corporate rebranding, and in line with the purpose of this thesis, Ing (2012) present a study on the effects on consumers’ attitude as a consequence of rebranding.

Rebranding is a strategy firms use in order to create a new identity, and thus obtain a new and differentiated position in consumer’s mind. It involves activities such as establishing a new name, slogan or tagline, changing the design of the aesthetics, or position the brand towards new segments. Rebranding is an increasingly common practice among firms, and the importance of the topic lies in line with the rapidly trend of expanding internationally among firms. As mentioned, repositioning is a strategy within the process of rebranding and considered the key element of rebranding (Muzellec and Lambkin, 2006), and refers to the task of changing the image of the brand in order to obtain a more valuable position in consumer’s perception (Zahid and Raja, 2014). As the world is getting increasingly global, the trend of internationalisation among firms comes with difficulties in how to capture and transfer brand equity through repositioning, which also questions the effect this might have on brand image (Muzellec and Lambkin, 2006).

When having established a certain brand, this then shows that a specific segment is entered and the certain brand has created associations as to what it in very specific terms stands for. As one then can imagine, if a certain firm if displeased by this segment entered in terms of branding and corporate identity, a major change is then needed. Revitalising and repositioning a certain brand through gradual, incremental changes in terms of the specific brand positioning is considered vital in terms of brand management in response to changing market conditions (Aaker, 1991; Kapferer, 1998).

The reason why firms rebrand, and what strategy is used, differs depending on the desired outcome and is triggered by several internal and external factors (Zahid and Raja, 2014; Tevi and Otubanjo, 2013; Miller et al., 2014). One firm that recently has been executing a rebranding activity through the process of repositioning is Lidl. This has been done due to the fact that consumers had unfavourable brand associations and perceptions of Lidl (communication manager, personal communication, 2015-04-21). Lidl is a grocer that offers “top quality products at the lowest possible prices to all consumers across Europe” (Lidl, 2015). Lidl has over 10 000 stores across Europe and their repositioning process will be investigated in, and used as a case in order to illustrate how rebranding focusing on repositioning might affect brand equity, corporate identity, and brand image.

Therefore, this research will focus on repositioning as a process of rebranding, and how firms, when affected by the identified factors, execute this process. Also, since the rebranding process is affecting the firm and changing how people perceive the brand (Zahid and Raja, 2014), the authors will identify what consequences arise from rebranding in terms of brand equity, corporate identity and brand image.
1.3 Purpose

The purpose of this thesis is to understand corporate rebranding, focusing on repositioning, and what consequences arise from it, in terms of brand equity, corporate identity and brand image by using the case of Lidl in order to illustrate this.

1.4 Research Questions

In the following paper, the researchers will be examining firstly how rebranding affects corporate brand equity, and secondly, the authors will discuss how corporate rebranding, focusing on repositioning, affects corporate identity and brand image.

As Lidl recently began a rebranding process through repositioning, the researchers will use the case of Lidl in order to investigate the outcomes of this transformation and to illustrate the effects of repositioning in terms of brand equity, corporate identity and brand image.

RQ 1: How does corporate rebranding affect corporate brand equity?

RQ 2: How is corporate repositioning affecting firms’ corporate identity and brand image?
2 Theoretical Framework

This chapter provides the reader with relevant literature covering rebranding and repositioning, the processes and strategies of them both, along with the effects from these in terms of brand equity, corporate identity, and brand image.

2.1 Rebranding

Derived from the revised articles, several interpretations of the term “rebranding” were found. “Corporate rebranding refers to the disjunction or change between an initially formulated corporate brand and a new formulation” (Merrilees and Miller, 2008, p.538; Miller et al., 2014, p.266). In the article written by Muzellec and Lambkin (2006, p.804), the term rebranding is defined as “a neologism, which is made up of two well-defined terms: re and brand. Re is the prefix to ordinary verbs of action sometimes meaning “again” or “anew”, implying that the action is done a second time”. “Hence, rebranding can be seen as a corporate marketing transformation, i.e. a very strong formal signal to stakeholders that something about the corporation has changed” (Muzellec and Lambkin, 2006, p.807).

Muzellec et al. (2003) states that the term ‘rebranding’ is an umbrella term for describing the three following processes; changing name, changing the aesthetics of the brand (such as logo or colour), and/or repositioning.

![Figure 2.1. The Authors’ Own Model of the Different Processes of Rebranding.](image-url)
2.1.1 Processes of Rebranding

In order to understand why firms rebrand, one has to examine the drivers of rebranding. Tevi and Otubanjo (2013) divides the causes of rebranding into two main groups: internal and external drivers. Within the factors of internal drivers, structures of the business organisation are discussed. These refer to the need and desire for a firm to change its image and upgrade the perception in the stakeholders’ mind, with a focus on consumers. Muzellec et al. (2003) refers to the internal perception of a brand as the identity, which answers the question “How do we see ourselves?”. External drivers are described as more concrete factors, such as competitiveness, shifts in marketplace and economic slowdown (Tevi and Otubanjo, 2013). Muzellec et al. (2003) define external perceptions as the brand image. Tevi and Otubanjo (2013) also argue; “all causes of corporate rebranding come from the environment in which a brand operates” (Tevi and Otubanjo, 2013, p.90). Furthermore, Tevi and Otubanjo (2013) interpret corporate rebranding as a continuing process with reoccurring attempts to respond to the business environment in order to survive and thrive, with either minor or radical changes.

According to Muzellec et al. (2003), the main drivers of rebranding are events or processes causing a change in a company’s structure. They present a scheme (figure 2.2) to illustrate their four identified main drivers; change in ownership structure, change in competitive position, change in corporate strategy, and change in the external environment.

![Figure 2.2. The Four Drivers of Rebranding](Muzellec et al., 2003, p. 34)
According to a study executed by Miller et al. (2014), the process of rebranding is triggered by two dimensions, namely; proactive vs. reactive, and urgent vs. non-urgent. Proactive refers to identifying opportunities that act as the driving force to rebrand in order to enhance the brand, whereas reactive rebranding is driven by negative factors. Furthermore, Miller et al. (2014) define urgent cases as cases where deadlines appear, in contrast to non-urgent cases where such cases does not have any deadlines and can span numerous years.

Furthermore, Muzellec et al. (2003) presents a suggestion that rebranding is occurring at three different levels in an organisation; at a corporate level, at a business unit level, or at product levels. They refer to corporate rebranding as changes that affects the whole corporate body, such as major strategic changes or repositioning. Rebranding of business units is referred to when subsidiaries or divisions of a larger corporation is given a distinct identity different from the parent. Rebranding at a product level refers to the process of changing the name of separately products, often occurring in connection with branding globally.

Depending on the desired outcome of the rebranding, and depending on the drivers, the strategies and processes of rebranding vary. Muzellec et al. (2003) present the four-staged rebranding mix; repositioning, renaming, redesigning and launching, where each step must be carefully undertaken by the organisation. The first step, repositioning, is referring to the decisions taken by the company in order to try to create a new position in the mind of consumers. Repositioning is an incremental process and therefore important to adjust because of shifts in the market, and pressures from competitors. The second phase, renaming, refers to the process of changing the name of the brand, which represents the identity and image of the company. When changing such an important element as the name, the firm cannot ignore that the name holds a key position in the relationship between the corporate and the stakeholders. The third phase, redesigning, refers to the process of changing important brand elements (name, logo and slogan) in the contexts where the desired position of the company appears, such as brochures and stationery. The fourth and final phase, launching, refers to the reaction from the stakeholders of the whole rebranding process and the new brand (Muzellec et al., 2003).

Furthermore, Muzellec and Lambkin (2006), presents a model (figure 2.3) that describes the two major dimensions of rebranding: change in positioning and change in marketing aesthetics, and the relationship between the degree of change within them both. In this model, the degree of change can either be characterised as evolutionary or revolutionary.
Evolutionary rebranding is referred to as minor changes in both positioning and marketing aesthetics, which are barely noticeable to stakeholders. Revolutionary rebranding, on the other hand, is referred to as major changes within the positioning and the marketing aesthetics, such as a name change, which leads to a new identity of the company (Muzellec and Lambkin, 2006).

According to Muzellec and Lambkin (2006), repositioning can be considered the key element of the process of rebranding. Since Lidl has used repositioning as their process of rebranding, this thesis will continue by digging deeper into, and thoroughly discuss repositioning as a process of rebranding.

2.2 Repositioning

Repositioning is identified as a process of rebranding (Muzellec and Lambkin, 2006). Firstly, positioning can be derived from the STP process, consisting of segmentation, targeting and positioning (Kotler and Armstrong, 2009). This process is primarily used as a tool to identify market strategies in terms of changing market conditions. Positioning is the effective decision and objective to create and maintain a specific place in the market for either the company or certain products. Successful positioning can be perceived as
clear connotations communicated to, and associated in the mind of the consumer (Jobber, 2007).

Once establishing a certain brand and positioning within the market, certain specific circumstances can occur that causes companies to reposition itself. This can include changing consumer tastes, poor sales performance or due to an unfavourable brand image among consumers (Jobber, 2007). Another way of portraying repositioning as defined by Zahid and Raja (2014), is the task of changing the image of the brand in order to obtain a more valuable position in consumer’s perception.

2.2.1 Repositioning Strategies

Within repositioning there are various types of strategies, including important frameworks in order to pinpoint the correct strategy. Distinguishing between what is changed in the actual evolving process is valuable and the two chosen changes is identified from Jobber’s (2007) renowned model (figure 2.4): target market and product with various combinations. The first combination is image repositioning, which is a result of not changing product or target market, but to alter the image of the products perceived by consumers. In markets where the product markets itself, a faulty image may decrease profitability and therefore firms look to alter this (Kahn, 2013).

The next combination, Jobber (2007) adds product repositioning, defined as a different product but same target market. This is used in the case of firms changing their line of business; e.g. IBM who has mastered this strategy when moving away from creating computers to only manufacturing software and essentially keeping the same customers (Jobber, 2007).

When changing target market but not altering products this is called intangible repositioning. This is done when new potential customers can be found in another/or a segment that is more profitable; e.g. the Scottish drink Lucozade. Their initial target segment was sick children, since the drink generates energy. They then realised that mothers started to consume Lucozade as well, changing their target market (Jobber, 2007).

The last strategy explained by Jobber (2007) is tangible repositioning, which means altering both target market and product. This can be done in various ways, meaning that the firm moves up or down the market, producing in different price segments completing their brand portfolio; e.g. Samsung, which initially produced cheap TV’s and
microwaves, but now produces high-tech smartphones and spectacular flat-screen televisions (Jobber, 2007).

Figure 2.4. Repositioning Strategies (Jobber, 2007, p.310)

### 2.2.2 Key Tasks In Positioning

In the process of deciding where to position the brand, there are several steps derived from the *STP process*. The process identifies three steps, firstly including market segmentation. This is the actual process of deciding which market segment to penetrate, and in terms of repositioning, this is the new wished segment to enter. Further in the process is target market. This is the task of firms deciding where to compete in the market, and by doing this, the brand have completed a part of the positioning already. But in order to compete successfully in a market, the brand needs to provide the existing consumers in the segment with a differential advantage. This meaning that the firm presents products that are better than the given alternatives in your niche. This product differentiation can be reached in many ways, such as by promotions or added features compared to competitors. Value-adding schemes are often important because they give the firm an advantage compared to competitors, as this creates value perceived by consumers. Another way of achieving this is also price-differentiation, which can give the firm superior value for money by the method of lowering prices (Kotler and Armstrong, 2009).
2.2.3 **Keys to Successful Positioning**

Successful positioning is often associated with products or services, which give consumers clear connotations in terms of brands image. This is especially important if a firm wishes to reposition itself, as they then need to reassess and tamper with the connotations previously created among consumers. There are many favourable examples of this, including BMW manufacturing high quality cars and Apple producing high-tech cell phones. In order to successful position products, firms must follow a clear framework. First step in creating successful positioning is *clarity*. This means that the positioning idea must be clear in terms of target market and the differential advantage chosen in order to differentiate from competitors. A complicated positioning statement is usually difficult to memorise, leading to confusion among consumers. Therefore catchy statements are favourable (Nieto, 2009).

The next step concerns *consistency*. Consumers are targeted with vast amounts of messages daily, meaning that this noise needs to be broken through. Consistent messages leads to slight reminders rather than introducing the entire statement again. In terms of repositioning, building on from previous statements and messages can be key, outlining positive attributes and using these as a foundation for future success. The recall rate is high as messages in marketing are consistent (Nieto, 2009). Kahn (2013) mentions that various studies suggest that there is a basic drive to maintain consistency in order to alter attitude change towards products. As this consistency is strived for, it makes the process difficult to change consumers’ attitudes’ for products once they have experienced negative brand images (Kahn, 2013).

When positioning brands, the *credibility* among the communicated messages is incredibly important, as the differential advantage must persuade the consumers to purchase their products. If a firm positions itself as a luxury brand, quality and price need to follow as well. If this is not the case, the consumers will fail to trust the brand, leading to a negative perception among potential buyers (Nieto, 2009).

Also when positioning, the brand’s *competitiveness* needs to be present. The existing differential advantage needs to compete with other firms in the market. It should offer value that others fail to supply the market with, leading to consumer demand (Nieto, 2009).

2.3 **Effects of Repositioning as an activity of Rebranding**

Although rebranding often results in success, the process of rebranding is challenging and risky. Significant investments are often required, while there is no guarantee of successful results (Amujo and Otubanjo, 2012; Phang, 2012; Muzellec and Lambkin, 2006). Miller
et al. (2014) points out the importance of understanding the main opportunities and barriers in order for the rebranding process to be as well-organised and effective as possible. As well as the phenomenon rebranding is underrepresented in academic studies; there is lack of research made on the effects of rebranding (Phang, 2012). As stated in the research questions, the authors will investigate how repositioning as a process of rebranding is affecting corporate brand equity, corporate identity, and brand image.

2.3.1 Brand Equity

Within brand equity, it is important to distinguish between two separate concepts of brand equity; brand equity and consumer-based brand equity. Brand equity, or the “added value” a brand endows a product, refers to the perspective and perceptions about the brand, and the knowledge consumers have about the brand (Farquhar, 1989; Keller, 1993; Bendixen, Bukasa & Abratt, 2003). Furthermore, brand equity is built up from two different key components, being the level of awareness and brand associations (Aaker, 1991). Consumer-based brand equity, on the other hand, refers to customers’ reactions and response to the marketing of the brand, and how this affects consumers’ brand knowledge (Keller, 1993).

When discussing consumer-based brand equity, it is important to understand the content and structure of brand knowledge in order for firms to gain insight about consumers perceptions about the brand and the major influences (Keller, 1993). There are two dimensions distinguishing brand knowledge; brand awareness and brand image. Brand awareness refers to the ability of consumers to identify the brand under distinctive conditions, and serves to answer the question “How well do the brand identities serve their function?” Furthermore, brand awareness involves brand recognition and brand recall, where brand recognition relates to the ability of consumers to correctly distinguish the brand after seeing or hearing it. Brand recall refers to the ability of consumers to correctly reflect the brand from their memory. Brand awareness plays an essential role in the consumer decision-making process, which Keller (1993) argues from three different aspects. The first aspect; why brand awareness is important in the decision making process due to that every brand strives to be the top-of-mind thought when consumers think about the product category. The second reason is because brand awareness can have an influence on the decision in the stage where the consumer is considering the alternatives. Lastly, the third reason is because brand awareness affects the decision-making by influencing the creation and strength of the brand associations in the brand image.

The second dimension that distinguishes brand knowledge besides brand awareness is brand image, which refers to the reflections of the brand associations each consumer holds in mind, which results in individual perceptions about the brand (Keller, 1993). The brand
associations are portrayed in several different forms, but Keller (1993) distinguishes these by dividing them into three main categories: attributes, benefits, and attitudes.

Building strong brands with great equity is a difficult process, and according to Keller (2001) companies have to start from the basics in order to understand what makes a brand strong and how the process is executed. Keller (2001) developed the Consumer Based Brand Equity (CBBE) model (figure 2.5) in order to illustrate this process:

![Figure 2.5. Consumer Based Brand Equity Model (Keller, 2001, p. 17)](image)

The model represents the four steps firms have to follow in order to build a strong brand. Each step has to be successfully achieved in order for the firm to be able to continue with process. The first step, *brand identity*, is to identify the brand and create awareness in order for the brand to be differentiated from other brands. In order to achieve this the company has to ask itself and answer the question; “Who are you?” The following step, *brand meaning*, is to identify and communicate what the brand means and stands for in order to answer the question “What are you?” Next, *brand responses* is focusing on the consumer’s responses to the brand, which answers the question “What about you?” The final step, and often the most difficult, *brand relationships*, is to create a relationship with the consumer in order to build a deep physical bond between the brand and the consumer. This aims to answer the question “What about you and me?” (Keller, 2001).

Furthermore, the consumer based brand equity model (CBBE) is divided into six brand-building blocks. The first block is *brand salience* and relates to the aspects of the brand awareness, which in turn refers to consumers’ ability to recall and recognise the brand. The second level consists of *brand performance* and *brand imagery*. Brand performance
concerns the fact how well the brand meet consumers’ functional needs, and brand imagery deals with how well the brand meet consumers’ psychological or social needs. The third level considers consumer judgement and consumer feelings. Brand judgement focuses on the personal opinions consumers’ have about the brand, while brand feelings handles consumers’ emotional reactions related to the brand. The fourth and final level consists of consumer-brand resonance, which focuses on what level of identification and relationship the consumer has with the brand (Keller, 2001).

Having brands with high equity brings several competitive advantages. A key advantages includes better protection to marketing actions made by competitors when rebranding and repositioning (Bendixen et al., 2003). Also, another important competitive advantage high equity results in, is guiding in the creating and establishing process of marketing strategies (Keller, 1993).

According to Muzellec and Lambkin (2006), the impact on brand equity from a rebranding process is very complex. It aims at developing, regaining, shifting, and/or reconstructing the brand equity of a company. The rebranding process of changing marketing aesthetics, such as name, can damage or even destroy the brand equity. E.g. changing the brand name will cost brand equity previously gained by marketing efforts (Muzellec and Lambkin, 2006).

The impacts on corporate brand equity as an affect from the rebranding process of Lidl will further be discussed later on in this thesis.

2.3.2 Corporate Identity

Corporate identity is a “strategic manifestation of corporate-level vision and mission, underpinned by strategies which a corporation employs in its operations or production” (Melewar and Karaozemanoglu, 2006 pp.847). This suggests that firms strategically choose how they wish to be portrayed, and how they are seen by both themselves and other stakeholders. Derived from the article by Riel and Balmer (1997), corporate identity reflects the personality of the brand in terms of behaviour, communications, and symbols. When not satisfied and pleased with the current personality, the corporation might have to execute changes in order to improve the brand personality. When establishing the desired identity and personality, the corporation has to undergo a repositioning process. The entire firm then changes one or several factors, which results in a differentiated and new corporate personality (Riel and Balmer, 1997). Within the umbrella concept of corporate identity there are various sub-perspectives explained by He and Balmer (2007):
Firstly explaining visual identity, which refers to various properties part of the corporate communications strategy. This includes brand name, logo, slogan, colour and any properties that can be characterised as brand aesthetics (Abratt and Kleyn, 2010; Muzellec et al., 2003). Continuing, corporate identity is a fairly broad topic, He and Balmer (2007) categorises corporate identity as six separate types, as this area is dominated by multiple identity organisations. These are:

- Actual Identity
- Communication Identity
- Conceived Identity
- Ideal Identity
- Desired Identity
- Corporate Brand Identity

An organisation’s identity is defining individual and specific characteristics of an organisation (He and Balmer, 2007). These are seen as the perceptions of the organisation understood by stakeholders and the specific identity of the organisation. Further, organisational identity is explained as the identity of the various individual parts of the organisation. Hatch and Schultz (1997) mentions that organisational identity is in vague terms what members perceive, believe, feel and think about the organisation they are a part of. They explain that the organisation is assumed to be a collective, where all members commonly share and understand the core values and characteristics of the organisation as a whole.

Abratt and Kleyn (2010) created a partial model shown in Figure 2.6.
The first branch in the model explains the various strategic choices by an organisation and the corporate expression, which are both at the core of building a corporate identity. Strategic choices are built on the organisation’s identity, which consists of strategy, values, culture, mission and vision (He and Balmer, 2007). Values are explained through various subcultures, which lie at the heart of the organisation, and this then later underpins the identity formation process of an organisation (Abratt, 1989; Balmer and Gray, 2003; Aaker, 2004). Core values are one of the main building blocks of corporate identity, which makes creates the backbone of the organisation. Core values must be aligned with the firm’s specific brand’s promises (Urde, 2009). Strategy formulation, intent and implementation are aligned with Melewar & Karaosmanoglu’s (2006) definition of corporate identity, where corporate identity reflects the strategic manifestations portrayed by an organisation.

The second branch in Figure 2.6 consists of corporate expression, consisting of decisions regarding visual identity, brand promise, brand personality, and brand communication. Visual identity as defined previously, includes various properties from the corporate communication strategy. More precisely including brand name, logo, slogan, colour and any property that can be characterised as brand aesthetics (Abratt and Kleyn, 2010; Muzellec et al., 2003). Furthermore, brand promise includes a promise to stakeholders, and this promise must be in line with delivered value (Balmer and Greyser, 2006). In a corporate
brand, culture and business processes must also be aligned with brand promise, as developing a positive brand image will surely only occur if the expected brand promise is delivered to stakeholder (Abratt and Kleyn, 2010). Brand Personality is defined as the specific set of human characteristics and personality associated with a particular brand (Aaker, 1997). The corporate brand personality reflects the values, words and actions that the employees of the organisation has. This personality provides an intangible asset of difference between nations, depending on culture and origin of employees (Keller and Richey, 2006). The final component exists of brand communication, which explains the various ways the particular organisation communicates with its stakeholders (Melewar and Karaosmanoglu, 2006). Van Riel (1995) divides corporate communication into three separate types: marketing communication, organisational communication and management communication. Marketing communication is used as a support to the sales department of various products and services. Organisational communication is the various forms in which the organisation chooses to communicate with its stakeholders, and management communication is how managers communicate with the particular organisation (Abratt and Kleyn, 2010).

The impacts on corporate identity within the repositioning process of Lidl will further be discussed later on in this thesis.

### 2.3.3 Brand Image

Although brand image has been an important concept within the studies of consumer behaviour since the 1950’s, the meaning of brand image has been hard to define (Dobni and Zinkhan, 1990; Keller, 1993). Although, Dobni and Zinkhan (1990) found several interpretations of brand image, where they argue that brand image is the perceptions and interpretations of the brand the consumer gets from emotional experiences and apprehensions. Furthermore, Dobni and Zinkhan (1990) argue that brand image is not formed by the physical or technical attributes, rather by activities done by the brand where the characteristics of the perceiver influences and determines the result. This indicates that the perception of reality is more important than the actual reality. Also, Keller (1993) defines brand image as; “perceptions about a brand as reflected by the brand association held in consumer memory” (Keller, 1993, p.4). Moreover, Faircloth, Capella and Alford (2001) defines brand image as the overall image consumers has about the brand in mind, and the uniqueness this creates in contrast to competitors.

Brand image, together with brand personality, brand association, and brand attitude are the components of the second step in the Consumer Based Brand Equity (CBBE) model, brand meanings, developed by Keller (2001). As mentioned earlier, brand meanings serves to answer the question; “what are you?” (Keller, 2001), and works as an important
link between brand experiences and consumer-brand relationships (Chang and Chieng, 2006). Furthermore, described in the Brand Power Model (figure 2.7) developed by Na, Marshall and Keller (1999), brand image is built upon the concepts of *brand attitudes* and *brand associations*.

![Brand Power Model](image)

*Figure 2.7. Brand Power Model (Na et al., 1999, p. 171)*

Brand attitudes refer to the overall (both positive and negative) perceptions about the brand, while brand associations refers all elements connecting the individual consumer to the brand. Hence, in order for the brand to contain positive brand images and if needed, improving brand image, brand marketers should focus on creating positive brand attitudes together with improving strength, favourability and uniqueness of the associations (Keller, 1993, 1998; Na et al, 1999).
Davis, Oliver and Brodie (2000) indicated that brand image is built upon two components; the associations that individual consumers assign the brand, and the personality of the brand. Respectively, Plummer (1985; 2000) argued that brand image is built upon three components, namely; attributes connected to the product, benefits for the consumer, and brand personality.

Since brand image consists of how consumers perceive the firm itself, as well as products and services, the created connotations among consumers are the key in order to develop profitable relationships with potential buyers (Jobber, 2007). Being a brand with favourable brand images is an important competitive advantage (Hsieh and Li, 2008). Brand images can make or break firms, and in many cases a faulty image can cause much harm, and firms work tirelessly to minimise harm (Jobber, 2007). Thus, the decision how to rebrand must carefully be considered and slowly applied in order to avoid destroying the perceived image (Nelson, 2002).

The impacts on corporate brand image as an affect from the repositioning process of Lidl will further be discussed later on in this thesis.

2.4 Barriers of Rebranding

Although the different rebranding activities often result in success, the processes of rebranding, including repositioning, are challenging and risky. Significant investments are often required, while there is no guarantee of successful results (Amujo and Otubanjo, 2012; Phang, 2012; Muzellec and Lambkin, 2006). Kahn (2013) argues that repositioning can be nearly impossible, and that the minor, long-term activities are crucial in order to keep the brand fresh and modern.

Through research conducted by Miller et al. (2014), they identified five major barriers to corporate rebranding, being Autocratic rebranding approach, Stakeholder tensions, Narrow brand re-vision, Inadequate research, and Inadequate customer consideration. Moreover, they divided corporate rebranding into three phases, where each of these barriers occurs accordingly. The first four barriers are multi-phase, which means that they occur and affects two or three of the rebranding phases. The fifth barrier, on the other hand, is most often only occurring during phase two (Miller et al., 2014). The first barrier, autocratic rebranding approach, occurs when leaders present the modified brand to stakeholders, and the reaction to the modification is not positive, rather negative with little engagement. The second barrier, stakeholder tensions, explains the situation when there is dissonance between stakeholders, which could lead to unwillingness to support the rebranding strategy. The third barrier, narrow brand re-vision, refers to cases when
corporate brand is too narrow in scope, which limits the possibility to achieve a distinguished value offer. The fourth barrier, *inadequate research*, refers to the lack of research made by the corporation before executing the rebranding, which may lead to unprofitable results from the rebranding process. The fifth barrier, *inadequate customer consideration*, refers to situations when corporations did not focus on and prioritise customer preferences, which could lead to unfavourable perceptions of the brand, such as lack of credibility (Miller et al., 2014). Moreover, Miller et al. (2014) points out the importance in understanding the main opportunities as well as the main barriers in order for the repositioning process to be as well-organised and effective as possible.
3 Method and Data

This chapter provides the reader with a presentation of the authors’ choice of process when gathering data, gained knowledge, and the overall approach for this research. Firstly the methodology is presented, continuing to the method where the case study is presented.

3.1 Methodology

3.1.1 Research Philosophy

Methodology is related to the set of fundamental principles that subsequently will influence which choice of methods used for the research (Svenning, 2003). There are two main directions that can be chosen for the research; being interpretivism and positivism (Richie and Lewis, 2003). When applying the interpretive approach, research is conducted among people rather than objects (Saunders, Lewis and Thornhill, 2007), and when collecting data using this approach, theory is frequently developed (Taylor, Wilkie and Baser, 2006). On the contrary, when using a positivistic approach, the main concern is to produce credible data through testing hypothesis (Saunders et al., 2007), and the theory is only developed according to the predetermined hypotheses (Taylor et al., 2006). When comparing these two directions it becomes rather clear that the authors are applying an interpretive philosophy for the research. This is mainly due to that the authors are continuously developing theory throughout the research, respectively not approaching the research with predetermined hypotheses.

3.1.2 Research Approach

When having decided upon which philosophy to guide the research, the approach that is most appropriate to acquire knowledge through must be considered. There are two main approaches that can be used; being induction and deduction (Saunders et al., 2007). Induction suggests that the researcher approaches the study in a manner to study patterns that has emerged from empirical data with few preconceived notions (Richie and Lewis, 2003). In contrast, when applying a deductive approach data is used to test a theoretically based hypothesis (O’Reilly, 2009). While the inductive approach is focusing on discovering, and the deductive rather on proving, there is a way to combine these two approaches, namely abduction. This approach allows the researcher to form hypotheses from empirical data, and then test these hypotheses on new empirical objects (Patel and Davidson, 2003). Due to that this thesis contains two rather diversified research questions,
to the sense that they are mainly to be answered through different means. Although both of them are mainly focusing on discovering, an exclusion that influences from deduction do exist cannot be made. This is to the extent that despite that the authors have not formally formulated hypothesises; there still is a notion to also derive at credible conclusions. Thus, an abductive approach will be used through out this research.

3.1.3 Empirical Data Collection

There are two main methods by which empirical material for the research can be collected, namely qualitative and quantitative (Saunders et al., 2007). The major distinction between the two is that a qualitative method intends to draw less generalised conclusions from sample studies (Svenning, 2003), while a quantitative method aims to quantify data and measure a phenomenon through statistical evidence (Richie and Lewis, 2003). For this research a qualitative method will be used, not only due to the above mentioned characteristics, but also since it is superior when trying to answer question such as “how” and “what” (Yin, 2009), which is in accordance with the research questions of this thesis.

3.2 Method

After deciding upon which research approach to apply, an appropriate method for the research design developed. According to Svenning (2003), it is of utmost importance to adopt a suitable method in order to answer the research questions. As noticed in figure 3.1 presented below, the progress of this research was not linear, to the extent that the process moved back and forth from empirical findings and theoretical insights.

The research began with a literature search, taking shape in to a literature review where the authors gained superior knowledge about rebranding and its various aspects, which lead to a formulation of research questions being possible. Next, the authors developed guidelines for the empirical material, being interviews and focus groups.

Figure 3.1. Authors Own Flow Chart on the Chosen Methodology
After these had been conducted, the transcription and coding followed. Continuing, the authors articulated the empirical findings and theoretical insights presented in chapter 4, which were analysed in accordance with an appropriate model, which also had an influence on the analysis in chapter 5 (the model is further explain in section 3.3).

3.2.1 Data Collection

The data collected in relation to the subject was done through the Jönköping University Library and electronic sources such as peer-reviewed databases. As the authors came to notice, the field of rebranding is not yet vastly examined, especially taking the entire subordinate aspects into consideration. This ultimately led to a greater extent of databases being used: Scopus, Primo and Wiley mentioning a few. Diverse sources of data provided different perspectives for the research questions. The combination of theoretical insights and empirical findings were of utmost importance to gain sufficient knowledge.

The literature review was structured in such manner that the topic of rebranding served as a starting point. After soon discovering that rebranding rather can be seen as an ‘umbrella term’, meaning that several processes and effects can be identified. After researching these processes and effects, the authors constructed the research questions. Rebranding serves as an ‘umbrella term’, covering all of the following theory in the research context, while repositioning is presented as a process of rebranding. Further, effects such as brand equity, corporate identity and brand image serves as effects of rebranding and repositioning, as well as barriers that may appear while engaging in theories. As these effects served as search words, they were searched in correlation to rebranding or repositioning, and before being used as theoretical insights efforts were made to find the most suited ones for the purpose of this thesis.

The collection of primary sources was derived from the research questions. This was because the authors formulated the research questions in such a manner that both firm information and customer insights were necessary. For the corporate image, interviews were conducted with Lidl. The brand image and brand equity were found to be the most interesting when investigating the consumer perspective, therefore focus groups were conducted. Furthermore, the effects of brand equity, corporate identity and brand image were researched through both these empirical conduction methods.

3.2.2 Case Study

The case of Lidl is designed as a single-case study, with the purpose to gain in-depth understanding and practical examples about corporate rebranding. Furthermore, it is stated that a single-case study is appropriate for understanding a phenomenon in its context (Xiao, 2010), which is most relatable for this research. The context in this case is a
company who has carried out activities concerning the field of rebranding, which is found in the case of Lidl.

When using an inductive research approach, a certain level of adaptability and flexibility is required (Saunders et al., 2007), which is in accordance with the construction of this case study, even though an abductive approach applies to the entire research. Further, applying qualitative methods follows the interpretive philosophical standpoint of this study. Since the interpretive approach allows several possible interpretations of the same data (Eriksson and Kovalainen, 2008), more than spoken words may be investigated. Methods appropriate for a qualitative study may be focus groups, interviews or observations (Saunders et al., 2007).

A case study is favourable when the research questions intend to answer “how” and “why”, and puts effort on investigating contemporary events (Yin, 2009). The process of a case study can be seen as a collection of relevant materials about a specific case, with the purpose to present a justified picture of the phenomenon under investigation (Svenning, 2003). As a qualitative approach is appropriate to investigate “how” and “what”, and a case study is appropriate to answer “how” and “why” (Yin, 2009), the interpretive nature and semi-structured interview guidelines will result in a great freedom when treating the empirical findings, making it possible to further analyse the findings in accordance with the topics of investigation.

3.2.2.1 Interviews

The empirical data consisting of interviews were gathered through two separate sessions, one being a face-to-face interview, and one conducted by using e-mail. The one conducted face-to-face represents two store managers from a local Lidl store, while the latter represents the communication manager of Lidl’s national office in Sweden. Since activities such as marketing are carried out as a centralised activity, the authors found it appropriate to interview the both mentioned parties to allow for a deeper understanding concerning of the questions asked (see Appendix I). Also, since one party only was able to answer through email, the face-to-face session became of utmost importance to permit for further interpretation of the data, since this session can be analysed beyond spoken words.

As already mentioned, the collection of this data will be done according to qualitative manner due to the nature of its characteristics. However, the interview can be further categorised in an unstructured or semi-structured design. An unstructured interview would be similar to a conversation where the participant may elaborate freely from one single question provided, and possibly being followed up on interesting points. A semi-
structured interview in structured according to certain themes or guidelines, in which the participants experiences a great freedom to articulate their own personal opinions and answers (Bryman, 2008). The interview guideline for the interviews followed a semi-structured design, consisting of eight questions.

### 3.2.2 Focus Groups

A series of focus groups were conducted. The two groups were participated by students from Jönköping University, originating from the School of Health Sciences, the School of Education and Communication, and the International Business School. Each focus group consisted of six people, and met on two occasions each. In the first session, an introduction to the topic as well as the case study was presented, and in the second session a certain interview guideline was followed. Efforts were made in order to collect participants with diversity. This is not only being the origin from schools, but also concerning a certain age-span, as well as equality among genders. This diversity was the main reason to have a first session to introduce the purpose of the focus group, so each individual participant would have time to reflect and prepare for the next, somewhat more demanding session.

The interview guideline did also concern the qualitative collection method, as well as following a semi-structured design, due to the previous discussed favourable implications. However, this guideline followed a more flexible process while collecting the data, resulting in additional questions being asked within the second session of the first group, adding these questions to the guideline for the following group as well. Originally, the guideline consisted of eight questions, but by allowing more flexibility the guideline finally consisted of ten questions (see Appendix 1).

### 3.2.3 Rebranding and Brand Equity

As the case study's main effort was to contribute to the findings and analysis of the repositioning effects on corporate identity and brand image, the effect of rebranding on brand equity will ultimately be answered through a majority of theoretical insights. The process of gathering this data has already been explained in section 3.2.1, which further is expressed in the theoretical framework. However, the interview guidelines have also touched upon the topic of brand equity, which will allow synthesising of empirical findings and theoretical insights.
3.3  Analysis

According to Yin (2009), the analysis of a case study is one of the most difficult and underdeveloped aspects. The main reason for this difficulty is that many authors fail to understand how to analyse the evidence derived from the case study. Beginners often fail or forget to take the analytical approach into account from the start of the case study.

Before the empirical findings and analysis were conducted, a transcription of the recordings, meaning converting the recordings into writing (Saunders et al., 2007). Since the majority of our session were done by collecting empirical material through using recording equipment, this became rather time consuming. Not only due to the several hours of recordings, but also since the session were held in Swedish. These efforts had then to be translated and captured in context of what was said, and not only word-by-word.

Once the transcription had been done, derived from the interviews and focus groups, the process of coding was initiated. This involved finding categories within the study, and possible links among them. In order to code the data, a three-step technique was followed presented by Williamson (2002): (1) reduce and simplify the existing data, (2) display the data to find links and draw conclusions, and (3) verify the data through a logical chain of the collected evidence. This resulted in that the transcription of each session when collecting empirical material was coded separately according to these steps. Then finding common themes of answers, quotes and interesting opinions and so forth. After each session had been coded, the empirical findings were presented as followed in chapter 4.

3.4  Trustworthiness

The research field of how to measure the quality of a qualitative study has been vastly examined. Meyrick (2006) contributed with a framework to assure quality when performing a qualitative research. The model is based on two key concepts, being transparency and systematicity. Transparency deals with issues such as sampling and objectivity, and systematicity concerns issues such as triangulation and coding processes (Meyrick, 2006). To ensure transparency, efforts have been made to show every step in the process of this research, from introducing the subject to the analysis of the data. This can also be shown through the empirical findings where sometimes-unfavourable perceptions are presented, not only for Lidl but also for the entire research. Systematicity was ensured through the systematic coding of the data, as well as the effort of establishing a clear connection between the title, purpose and conclusions of this thesis.
4 Empirical Data

This chapter provides the reader with main findings derived from the conducted interviews and focus groups. Moreover, these have been divided into two separate sections, where the interviews are presented in the first section and provide the reader with a short presentation of the case of Lidl, the repositioning process of Lidl, the barriers, and the outcomes. The focus groups are presented in the second section and provide the reader with perceptions, target group, and the repositioning of Lidl.

4.1 The Lidl Story

4.1.1 Lidl History

Lidl is an international grocer that opened in the 1970’s in Germany and has grown dramatically since. Lidl themselves points out that they are for the smart customer, offering high quality food products to lowest possible price. Lidl has close to 10,000 stores in staggering 25 countries. They are owned by a foundation, similar to IKEA, and they entered the Swedish market in 2003 having close to 160 stores to date (Lidl, 2015).

4.1.2 Business Model

Lidl’s business model is built on cutting out unnecessary costs such as interior design and other similar expenditures, where they strive to be cost-effective and cost-conscious. As they simply put it, Lidl’s key to success is simplicity; selling products of highest quality to lowest price possible. In order to succeed there are various factors that need to be mentioned (Lidl, 2015). Firstly, Lidl (2015) clearly explains that a variety of product choices are not necessary. Using too many suppliers only increases costs, therefore eliminating the wide range of products decreases price. Ketchup is used as an example, where only market leaders products are purchased. Heinz, Felix and their own brand Kania are primarily supplied in stores. Fewer suppliers and bigger volumes increase the possibility to negotiate price (Lidl, 2015).

Lidl (2015) mention that customers tend to agree upon the fact that the stores are very unappealing, but they argue that they are smart. Cosy lighting, trendy shelves and spectacular technology costs money. This is something that customers indirectly pay for, and therefore Lidl have chosen to neglect this trend.

In order to stay cost-effective, Lidl run smart logistics. This meaning that most products sold are transported through their two central logistic centres in Sweden out to designated
stores. Lidl’s goal is when transporting products to always fill trucks to maximum, in order to decrease the amount of trips needed (Lidl, 2015).

The environment in Lidl’s stores is supplied with rigorous floors and wide alleys in order to be able to transport pallets into the stores. Adding to this, shelves are low improving ergonomic working conditions for their employees. Smart ventilation systems, heat recycling, energy efficient lighting and lids on freezers are some actions executed in order to decrease energy used by the international grocer (Lidl, 2015).

Lidl believes that different markets are best at producing different products. Meaning that sausages are best made in Germany, and are then supplied in Sweden. Parma ham in best made in Italy, and is then sold in Sweden. This philosophy does, according to Lidl, not affect price but increases quality among products. This is done in large quantities, creating buying power (Lidl, 2015).

Due to Lidl’s negative public image among Swedish consumers they have in recent years executed a repositioning, which will be further presented in an interview gathering.

4.2 Lidl Interviews

The authors’ organised two interviews, with the first being conducted with the two store managers at Lidl Ekhagen in Jönköping, referred to as store manager 1 and store manager 2 (personal communication, 2015-04-20), and the second interview being conducted with Lidl’s communication manager in Sweden, referred to as communication manager (personal communication, 2015-04-21). Both interviews were based on questions regarding Lidl’s repositioning strategies, their current position in the Swedish market, and central communication decisions and strategies. The major findings will be discussed as followed; Lidl in the Swedish Market, Target group, Repositioning, and Outcomes of repositioning.

4.2.1 Lidl in the Swedish Market

Both store managers mentioned that they have worked at Lidl since Lidl entered the Swedish market in 2003 (personal communication, 2015-04-20). They continued by telling us that Lidl established themselves in the Swedish, Norwegian, Finish and Danish market simultaneously, attracting media attention for their low prices. Lidl is a concept chain they mentioned, claiming that Lidl focuses on low prices but not at the cost of quality. As product decisions are centralised internationally, Lidl entered the Swedish market selling German products, which was met by plenty of critique. Lidl, for instance, sold German milk in Swedish stores, which was not appreciated by the public (store manager 1 and 2,
communication, 2015-04-20). As store manager 1 mentioned, “This was not very successful, but quickly after this Lidl listened to their customers and started to sell Swedish milk” (personal communication, 2015-04-20). Lidl’s entry into the Swedish market was partly seen as a success according to store manager 1, and Lidl responded quickly to customers’ demands of Swedish fresh products (personal communication, 2015-04-20). The foreign products sold in Lidl stores were actually tested, store manager 2 continued, and were proven having better quality than other Swedish competitors, although these products being foreign, but this was not communicated to customers. Therefore the unfamiliar brands were seen as having lesser quality than those of Swedish origin (personal communication, 2015-04-20).

4.2.2 Target Group

Store managers 1 and 2 mentioned that although Lidl does not have a main target group, families and retired elderly are among those who most frequently associate themselves with Lidl. Moreover, they are currently experiencing an increase of students as customers, although the underlying reason for this is not specified (personal communication, 2015-04-20).

4.2.3 Repositioning

During Lidl’s first seven years in Sweden, they had a zero tolerance for communication towards press. But when Werner Evertsen became CEO in 2010 he initiated various changes. This was the starting point for Lidl’s repositioning (Bränström, 2010). In 2013, Conor Boyle succeeded Evertsen as CEO and continued this process, where the goal with this repositioning process was to change the view of the public that “Lidl is cheap and poor quality” (store managers 1 and 2, personal communication, 2015-04-20). Store managers 1 and 2 continued with explaining that various rumours were started during Lidl’s first few years in Sweden. News spread among consumers that for instance customers were not allowed to use toilets and that employees were treated unfairly (personal communication, 2015-04-20). Store managers 1 and 2 further explained that families identify themselves with supermarkets and grocers, and that these traditions are passed on through generations, and that this was a challenge when Lidl entered the Swedish market. This repositioning process was done in order to initiate this process of attracting more customers (personal communication, 2015-04-20).

Lidl’s motives for repositioning was to try something new, stand out from the crowd of grocers in Sweden and gain publicity for being trustworthy, the communication manager pointed out (personal communication, 2015-04-21). Lidl wanted to show that their low prices did not mean lesser quality, rather the exact opposite. The communication manager also emphasised on the fact that Lidl wanted to create a dialogue with their customers, and what better way than through social media (personal communication, 2015-04-21).
Previously Lidl had only used traditional marketing such as through post and current prices in TV commercials, but they decided to try something different (communication manager, personal communication, 2015-04-21). Store managers 1 and 2 continued by describing that a recurring Swedish commercial over the past few years has been ‘Von Lidl’, an upper-class family, that for instance when being asked where the meat was purchased, the answer was that the butcher was called “Von Lidl”. Emphasising the fact that customers perhaps associate shopping at Lidl as a bit shameful, but that the actual quality is fantastic (store managers 1 & 2, personal communication, 2015-04-20). Another popular commercial was the ‘Lidl John’, advertising the Swedish Christmas dinner. This showing that all products needed for a typical Swedish Christmas dinner could be found at Lidl. Both commercials show plenty of humour, creating positive associations to Lidl (store managers 1 & 2, personal communication, 2015-04-20).

“Restaurant Dill took the entire Swedish market by storm”
- Communication manager, personal communication, 2015-04-21

Moving along, the communication manager mentioned that Lidl decided to evolve the marketing communication one step further. During the summer of 2014, a restaurant with well-known Michelin star awarded chefs was launched in Stockholm, named ‘Dill’. The restaurant was primarily opened for three weeks, in which it was fully booked for all this time. This was a huge success and received an overwhelming amount of positive feedback. The catch was that all food served was made with Lidl products. This surprised and shocked Sweden as to how the cheap and poor quality food assumed found at Lidl could produce such fantastic feedback. “Restaurant Dill took the entire Swedish market by storm” (communication manager, personal communication, 2015-04-21). Lidl’s communication manager continued that Lidl created a transparent concept that in practice proved that good grocery does not need to be pricier than Lidl. The restaurant truly showed this, and created a social concept that created a dialogue with customers in social media (communication manager, personal communication, 2015-04-21).

“We started to listen to what the customers actually wanted, and this concept of trustworthiness lead us to launch Dill”
- Communication manager, personal communication, 2015-04-21

The communication manager claimed that Lidl currently are active on social media countering rumours and assumed facts about Lidl. They answer daily Facebook posts, tweets and phone calls in order to prove consumers that the rumour is faulty. “As of now we have proved them all wrong” (communication manager, personal communication, 2015-04-21). Store managers 1 and 2 continued by concluding that Lidl also strives to increase communication with consumers, this in order to easily adjust strategies and react to wants of the public. Consumers in Sweden demand, expect and react positively to clean and organised grocery stores, therefore Lidl had to adjust (store managers 1 & 2, personal communication, 2015-04-20). Lidl introduced a better fruit and vegetable department,
where fresh products are transported from supplier every day. Since Lidl entered the Swedish market they have had various weekly themes that are extremely popular. These drives are very special, and the goal is to get rid of the products as quickly as possible (store managers 1 & 2, personal communication, 2015-04-20).

“As of now we have proved them all wrong”
- Communication manager, personal communication, 2015-04-21

The goal of the repositioning is to get rid of the negative associations of Lidl, and create new and fresh brand images. As most negative associations are assumptions on incorrect statements, proving these criticisers is vital (communication manager, personal communication, 2015-04-21).

“We have continued with our adjusted concepts within our Swedish market, we now look to alter the publics perception of Lidl”
- Store manager 2, personal communication, 2015-04-20

In order to strengthen the brand equity of Lidl, they initiated their marketing and advertising in order to expose the highly qualitative assortment for both existing and potential customers of Lidl (communication manager, personal communication, 2015-04-21). Furthermore, the communication manager explained that external partners have been hired in order to examine customer wants and expectations, also previous brand associations have been identified and strategies have been implemented in order to alter these (personal communication, 2015-04-21). Findings from these investigations were the importance of first impressions, and last sight when leaving. Also clean environment were found as some improvements. Moreover, store managers 1 and 2 explained that including this, Lidl’s shelf system was criticised, as pallets are placed in the aisle of the grocery giant and sold. This is concluded to save costs, and therefore they choose not to change this (Personal communication, 2015-04-20).

From entering the Swedish market, the assortment of Lidl has been altered from foreign products to mainly Swedish, with for instance fish, vegetables, fruit, dairy products and meat. This has increased brand equity although this unfortunately not has reached all potential customers (store managers 1 & 2, personal communication, 2015-04-20). This was done through listening to customers and executed in order to increase brand equity. Through their advertising and marketing campaigns, Lidl has strived to create a dialogue with customers, as just informing them of their new assortments will not be seen as trustworthy. Previously ‘normal’ advertisement was frequent, but moving away from this was key for Lidl (Communication manager, personal communication, 2015-04-21).
4.2.4 Outcomes of Repositioning

“This is an important statement that Lidl is in the Swedish market to stay”
- Store manager 2, personal communication, 2015-04-20.

Outcomes from the repositioning process of Lidl have been truly remarkable. In 2012, Mediekompaniet composed a survey among consumers, giving Lidl the title as Sweden's most unattractive grocer (Werner, 2012). Although post this, a change occurred. Lidl’s communication manager mentioned that the amount of consumers willing to shop at Lidl has increased by 38% since the repositioning process was initiated (personal communication, 2015-04-21). Fresh numbers from 2013 and 2014 showed that Lidl was by far attracting the largest amount of new households to purchase groceries, stealing customers away from more traditional Swedish grocers. The increase of 95,000 households is by far the largest in Sweden (Lindberg, 2015). This, deriving to 2014, being Lidl’s first year of earnings above 0 SEK since they entered the Swedish market. Rather than moving earnings to the German foundation Lidl reinvested in employees through training, and renovations of stores. Store manager 2 stated, “this is an important statement that Lidl is in the Swedish market to stay” (store manager 2, personal communication, 2015-04-20).

Lidl’s communication manager claimed that the ‘Dill’ campaign resulted in earned media, where many sceptics altered their previous negative associations to Lidl. The brand associations and attitudes have clearly changed as seen through various studies. As found, many new customers now both are willing to and are purchasing groceries from Lidl (communication manager, personal communication, 2015-04-21). Customers frequently give positive feedback about the excellent assortment. The various advertisement campaigns have only been given positive feedback, and it attracts many interested consumers. Confirming this, Lidl won best fruit and vegetable department in Sweden in 2014, again assisting in making consumers understand the faulty perception many have of Lidl (communication manager, personal communication, 2015-04-21). Lidl’s communication manager also claimed that changing the publics perception of the brand is difficult, and that it takes time, but added that it is manageable, and hoped to increase the amount of both paying customers and consumers willing to shop at Lidl the next coming years (communication manager, personal communication, 2015-04-21).

“Lidl Ekhagen is very popular, customers from other cities travel far in order to shop here. I have heard they appreciate the service and pleasant environment” (store manager 1, personal communication, 2015-04-20). The location of the store is on the outskirts of the city, but is according to store manager 2 perfect, “In the city centre there would be a difficulty to park, here we have requested more space as we have so many customers. In the city the store would have to be smaller as well, and we are looking to expand further” (store manager 2, personal communication, 2015-04-20).
4.3 Focus Groups

For this research, the authors chose to conduct two focus groups, with the main purpose to get consumer perceptions of the repositioning process of Lidl. Although, the focus groups contained heterogeneity in terms of age, sex, and academic background, rather homogenous findings were collected. However, one individual will be referred to as participant X due to significant contributions. The major findings will be discussed as followed; Perceptions, Target group, and Repositioning.

4.3.1 Perceptions of Lidl

“The shop feels messy, feels that their focus is put on everything besides food”
- Focus group, personal communication, 2015-04-14

One of the main reasons why the authors chose to conduct these focus groups was to get consumers’ perceptions about Lidl from a general perspective. Therefore, the sessions begun with basic questions regarding personal experiences and insights among our participants. The overall perceptions expressed regarding Lidl in a general aspect were strongly connected to price orientation, to the extent that the assortment is inexpensive. This was further reflected when being asked to describe Lidl in one word, the respondents, with a confident and direct tone of voice, answered “cheap” and “budget”. Despite the most agreed perceptions already mentioned, the group further articulated that they do not perceive Lidl as a typical Swedish grocery store, rather as a foreign, particularly German, grocery store. When discussing the assortment the participants explained that very few brand were recognised, and furthermore, the respondents described Lidl’s stores as messy and confusing. This ultimately resulted in a feeling of unfamiliarity, not only whenever visiting the stores, but also regarding Lidl as a brand (focus groups, personal communication, 2015-04-13; 2015-04-14).

4.3.2 Target Group

“Lidl, that is the place where Ove Sundberg shops, right?”
- Focus groups, personal communication, 2015-04-13

In order to put the previous presented perceptions in context regarding the groups’ involvement in Lidl, the following questions concerning Lidl’s target group. The most distinct mentioned target group were people with limited financial resources. This target group was further specified as immigrants, social welfare recipients, refugees or more generalised as low-income earners (focus groups, personal communication, 2015-04-13; 2015-04-14).
As the discussion evolved, a further target group was identified, being people with a strong economical orientation. From this particular group the example of Ove Sundberg surfaced, which is a character in the Swedish renowned series Solsidan. When asked to elaborate on Ove, the group explained him as an extremely economical oriented person, to the extent that he even can be seen as cheap. They also recalled that he has mentioned Lidl in several occasions in the series, as well as being seen carrying a Lidl’s grocery bag. However, as much as the group enjoyed discussing this particular character they further expressed their perceptions of Lidl’s target group as people who plan their shopping. This could for example be large families, and people interested in buying big packs. The implication of possessing a car was also identified as a necessity for this target group (focus groups, personal communication, 2015-04-13; 2015-04-14).

The topic was completed by the question if the participants considered themselves as a part of Lidl’s target group. The general answer to this was no, and had its origin in a number of personal reasons. The main reason explained was that the location of the stores were unfavourable, and the general need of a car lead to a very few visits to the store, even to the extent that it was non-existent. The few purchases that had been made was related to special offers (e.g. drawing material), unusual assortment (e.g. candies only available abroad) and cheap alternatives to their regular products (e.g. big pack of ‘Snickers’ substitute). It was further elaborated that a possible reason for this was that the participants’ parents had not done their common grocery shopping at Lidl, but rather through regular visits to other typical Swedish grocers (e.g. Ica and Coop). Thus, when the participants carry out their grocery shopping, they ultimately chose the same store as their parents would have chosen. However, it was also mentioned that Swedish grocery retailer Willys, who they considered a decade ago as a unattractive choice as a grocery store, now had become significantly better and even was a possible choice for them as well as for their parents (focus groups, personal communication, 2015-04-13; 2015-04-14).

4.3.3 Lidl’s Repositioning

As the topic of the discussion was about to approach Lidl’s repositioning, the first question asked concerned the participants’ general opinions of Lidl’s marketing efforts in order to understand the group’s basic mind-set. A rather amused conversation elaborated discussing a number of campaigns that has been broadcasted on television. Examples such as ‘Lidl John’, the restaurant ‘Dill’ and ‘Von Lidl’ were discussed. The group found the commercial ‘Lidl John’ good to the extent that Lidl apparently had put an effort on broadening their assortment to include typical Swedish products that to be included in this particular holiday. The most mentioned and appreciated example was the restaurant ‘Dill’. Not only did the group find the commercial very well produced, but it had also, as a result, created more trust among the assortment and the quality of products such as
dairy, meat, and vegetables (focus groups, personal communication, 2015-04-13; 2015-04-14).

When discussing the example of ‘Von Lidl’, which the group recalls as a wealthy man being asked whom his butcher is, on which he replies ‘Von Lidl’, a sense of exaggeration was presented. Participant X elaborated and mentioned that the commercial in itself is exaggerated to the extent that as wealthy people as presented in the commercial will not shop at Lidl, but through this exaggeration Lidl might reach half the way, attracting the middle class in Sweden. It was further concluded that Lidl is fully aware about prejudices concerning the quality of their assortment, but confront these through the well produced, convincing and somewhat exaggerated commercials (focus groups, personal communication, 2015-04-13; 2015-04-14).

After having established the groups’ thoughts about Lidl’s marketing efforts, the next question concerned if the participants had noticed any difference in these efforts over time, since this difference is utmost connected to their repositioning. However, the answers deriving from this question were quite diverse, some stating that they had noticed a positive difference, while some had the same, or negative perceptions. The ones that had noticed a positive difference were those who remembered the TV and flyer commercials from an early stage of Lidl’s entry to the Swedish market. They had appreciated the efforts of such commercials previous discussed, which ultimately had lead to a better perception of Lidl since its initial establishment (focus groups, personal communication, 2015-04-13; 2015-04-14).

The ones that had not noticed any difference accounted for a majority of the participants. This majority differed between those who had no perception at all concerning this question, meaning that they were unfamiliar to Lidl’s marketing efforts, and those who had a general negative perception. The latter mentioned group were those who were familiar with initial marketing efforts made by Lidl, which had lead to negative perceptions, and no other significant encounters had been made since (focus groups, personal communication, 2015-04-13; 2015-04-14).

“Lidl could be compared to a hairdresser who failed your hair completely; there is no reason to give him/her a new chance”
- Participant X, personal communication, 2015-04-14

As a continuation on the previous topic discussed, the following discussion aimed at focusing on the difference between formerly and today, in terms of the respondents’ connection to Lidl. Although the previous discussions did not generate a positive overall feeling regarding Lidl, the majority of the respondents began this discussion implying that the connection to Lidl today generally felt stronger than previously. Both groups
mentioned that they find the standard better today in terms of quality. Moreover, some of the respondents argued that Lidl are more established today, implying that the majority of the participants could possibly go visit Lidl. This as a consequence of their increased interest in Lidl from the amusing marketing, together with this discussion, but argued that Lidl’s unfavourable placement of their stores. Furthermore, the marketing of Lidl’s argued high quality assortment has increased the interest in Lidl, which was discussed and claimed as a further reason for visiting Lidl (focus groups, personal communication, 2015-04-13; 2015-04-14).

Besides from the arguments presented above, participant X did not agree, and argued that “Lidl could be compared to a hairdresser who failed your hair completely; there is no reason to give him/her a new chance” (personal communication, 2015-04-14).

“Swedes have a lot of knowledge and can afford to be fastidious”
- Focus group, personal communication, 2015-04-13

After discussing general perceptions and thoughts about Lidl, it became obvious that the solid majority associate Lidl with negative associations earlier mentioned, such as “budget”, “ashamedness”, and “messy”. This laid foundation to the general opinion of our focus groups that the repositioning process of Lidl has not been perceived as a success in Sweden, and this is due to several reasons. The participants argued that Sweden is a society built on luxury, where there is a lot of middle-class as well as upper class, and that Lidl is not associated with luxury but rather the opposite. Moreover, they claimed that Swedes have a lot of knowledge, as well as capital, which they argued would mean that Swedes can afford to be fastidious. Also, both groups discussed the cultural impact and concluded that culture and background has a large impact, which brings extra emotionality when speaking about food. Participant X claimed that and was supported by fellow focus group members that Swedes love Sweden and Swedish, and that Swedes are limited in terms of being open minded when it comes to foreign grocers (personal communication, 2015-04-14). These arguments brought forward by the groups, were argued to be the main motives for why they think Lidl’s repositioning has not yet succeeded in Sweden.

When being asked what the participants’ perceptions and thoughts about repositioning are, the answers inclined towards the same direction. The general perceptions were that repositioning is a tough and exacting process where the company goes from being associated with one type of associations, to being associated with other types of associations. In other words, a “redo, do right” process in order to reach the associations the company wants to be associated with.
In order to understand what Lidl’s customers want and to know where there is a gap between Lidl’s repositioning and their customers’ expectations of their repositioning, our participants got the question what they think Lidl has to improve in order to reach their Swedish customers better. Firstly, the participants of the focus groups suggested that Lidl should include a larger amount of Swedish products, with the focus put on local production in order to communicate a more environmental thinking. Secondly, when the focus groups discussed Lidl’s marketing, they concluded that Lidl has to be more reachable with their marketing activities in order to reach a larger group of potential customers, since the majority of the both groups felt that Lidl’s marketing was not aimed towards them. Furthermore, both groups came to the conclusion that in order for them to actually perceive any change, or take the repositioning process to reach a higher segment seriously, Lidl has to change their logo. They argued that the logo of Lidl is far too simple and does not support the repositioning process of reaching a higher segment. This would, according to the groups, appear as contra-dictionary, which ruins, rather than supports the repositioning process. Also, the participants brought up their identified problem with the location of the stores, which they argued has to be a lot better in order to increase the chance for people to pay more attention to Lidl and to increase the chances for people to actually visit Lidl (Focus groups, personal communication, 2015-04-13; 2015-04-14).

In order to clarify, the authors hereby provide the reader with two charts. Chart 4.1 presenting the main findings derived from the conducted interviews with Lidl, and chart 4.2 presenting the main findings derived from the conducted focus groups.
### 4.2.1 Lidl in the Swedish Market
- **Goal**: change the view: “Lidl is cheap & bad quality” & get rid of negative associations
- **Challenge**: compete with traditional Swedish grocers
- **Motives**: - Try something new, stand out & be trustworthy - Initiate communication in order to understand customer wants (active on social media) - New & updated marketing strategy (Von Lidl, Lidl John, Christmas table & Dill)

### 4.2.2 Target Group
- No main target group
- Most frequent customers: families & retired elderly
- Increase in students

### 4.2.3 Repositioning
- **Marketing & advertising to strengthen brand equity**
- **Customer surveys in order to understand customer wants**
  - Clean environment
  - Better shelf systems
  - Importance of first impressions
  - Last sight
- **Strived to create dialogue with customers, as just informing will not be trustworthy**

### 4.2.4 Brand Equity
- **2012**: Sweden’s most unattractive grocer
- **2013 & 2014**: attracted most new households, stealing almost 95,000 households from competitors
- 38% increase in amount of consumers willing to shop at Lidl
- **2014**: first year since entrance with a positive financial result
- Dill campaign altered many negative perceptions of Lidl
- **2014**: Lidl won best fruit & vegetable department in Sweden

### 4.2.5 Outcomes of repositioning
- 38% increase in amount of consumers willing to shop at Lidl
- Dill campaign altered many negative perceptions of Lidl
- **2014**: Lidl won best fruit & vegetable department in Sweden

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### Chart 1. Interviews with Lidl

- Low prices, but not at the cost of quality
- Entered the Swedish market selling German products à met by critique
- Lidl reacted quickly & began selling Swedish products à not communicated effectively

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### Chart 2. Focus Groups

<table>
<thead>
<tr>
<th>4.3.1 Perceptions of Lidl</th>
<th>4.3.2 Target Group</th>
<th>4.3.3 Lidl’s repositioning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheap &amp; budget</td>
<td>People with limited financial resources (e.g. social welfare recipients)</td>
<td>Broadened their assortment (including more Swedish products)</td>
</tr>
<tr>
<td>Not a typical Swedish grocery store</td>
<td>People with strong economical orientation (e.g. large families)</td>
<td>More trust in the assortment and the quality of products such as dairy, meet &amp; vegetables</td>
</tr>
<tr>
<td>Unrecognizable assortment</td>
<td></td>
<td>Exaggerated commercials exposing upper class citizens resulting in attracting middle class citizens</td>
</tr>
<tr>
<td>Messy &amp; confusing stores</td>
<td></td>
<td>Difficult to change an already negative perceptions</td>
</tr>
<tr>
<td>Unfamiliarity</td>
<td></td>
<td>Stronger connection to Lidl today</td>
</tr>
<tr>
<td>People with limited financial resources (e.g. social welfare recipients)</td>
<td></td>
<td>Better standard &amp; quality</td>
</tr>
<tr>
<td>People with strong economical orientation (e.g. large families)</td>
<td></td>
<td>Lidl has not yet succeeded due to societal and cultural issues</td>
</tr>
</tbody>
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5 Analysis

This chapter provides the reader with an analysis based on the chosen theories applied to the empirical data derived from interviews with Lidl and focus groups. The analysis has been divided into two parts. The first part handles corporate rebranding and brand equity, and serves to answer the first research question; How does corporate rebranding affect corporate brand equity? The second part handles corporate repositioning, corporate identity and brand image, and serves to answer the second research question; How is corporate repositioning affecting firms’ corporate identity and brand image?

5.1 Corporate Rebranding

Rebranding takes several forms and could imply choosing between the different processes, or undergo several of them. As Muzellec et al. (2003) stated, there are three processes to choose from when planning and executing a rebranding, namely; changing the name of the brand, changing the aesthetics of the brand, or reposition the brand. Also, firms could choose to implement all of them, combined, through the four-staged rebranding mix; repositioning, renaming, redesigning, and launching (Muzellec et al., 2003). When interviewing the store managers at Lidl Ekhagen and Lidl’s communication manager, the authors found that Lidl has been rebranding through a repositioning process since 2010 when Lidl’s former CEO Werner Evertsen entered upon his duties and initiated various changes (Bränström, 2010). Three years later, in 2013, Conor Boyle succeeded him and continued the repositioning process. The main goal was to change the view of the public that “Lidl is cheap and poor quality” (store managers 1 and 2, personal communication, 2015-04-20).

The drivers of rebranding vary, depending on the desired outcome, but common for all rebranding processes is that the corporate marketing transformation signals stakeholders that the corporation has changed (Muzellec and Lambkin, 2006). More specifically, the decision to reposition a brand is undertaken in order to try to position itself different in the mind of the consumer (Muzellec et al., 2003). Lidl’s motives for repositioning was to try something new, stand out from the crowd of grocers in Sweden, and gain publicity for being trustworthy (communication manager, personal communication, 2015-04-21). This further shows that the drivers for the repositioning process of Lidl was mainly internal factors, where Lidl realised that they had to change their image and upgrade the perceptions in stakeholders’ mind in order to attract more customers (Tevi and Otubanjo, 2013; store managers 1 and 2, personal communication, 2015-04-20; communication manager, personal communication, 2015-04-21). Hence, although the main drivers for the repositioning process of Lidl were identified as internal, it does not exclude the external and
more concrete drivers, such as competitiveness. According to Lindberg (2015), Lidl attracted by far the largest amount of new households during 2013 and 2014, stealing customers from the more traditional Swedish grocers. Continuing with the internal drivers, which intends to change the structure of the business, Muzellec et al. (2003) suggests that rebranding could occur at three different levels in an organisation: at corporate level, at a business unit level, or at product level. Due to the fact that Lidl has undergone a repositioning process with changes that affects the whole corporate body, Lidl’s repositioning process could be explained as a rebranding process on a corporate level. Moreover, Muzellec et al. (2003) presents four main drivers affecting company structure: change in ownership structure, change in corporate strategy, change in competitive position, and change in external environment. Derived from the interviews with Lidl and the focus groups, the authors perceived that Lidl has and are undergoing a change in their competitive position, due to the fact that changing competitive position is a long-term, ongoing process, where the business is changing its identity (Muzellec et al., 2003; store managers 1 & 2, personal communication, 2015-04-20; communication manager, personal communication, 2015-04-21). Derived from the focus groups the authors could see that this long-term process has led to a slow, gradual apprehension and understanding of this ongoing repositioning process perceived by consumers. There were spread diversity between the answers whether the participants have perceived any differences over time, in terms of Lidl and their positioning. The majority of the participants argued that they had not perceived any difference, implying that they were unfamiliar to Lidl’s marketing efforts. The rest either had genuine, unmodified negative perceptions, despite Lidl’s marketing efforts. Some of the participants argued that they had seen and perceived an alteration of Lidl’s positioning and marketing efforts. The main reason for why these who had unmodified negative perceptions about Lidl and did not feel influenced by Lidl’s repositioning process, was based on personal reasons. They argued that Lidl had not been a part of their adolescence and that they therefore never have had reasons for changing their innate view and perceptions of Lidl. Participant X argued that “Lidl could be compared to a hairdresser who failed your hair completely; there is no reason to give him/her a new chance” (participant X, personal communication, 2015-04-13; 2015-04-14). Other participants, on the other hand, who had perceived a change of the positioning of Lidl and argued that their perceptions of Lidl had shifted towards more positive, were those who remembered the TV and flyer commercials from the beginning when Lidl entered the Swedish market in 2003. They argued that they could see a clear improvement in terms of marketing activities, and claimed that there is a possibility that they might visit and shop at Lidl (Focus groups, personal communication, 2015-04-13; 2015-04-14; store manager 1 and 2, personal communication, 2015-04-20).

As claimed in both interviews with Lidl, they are fully aware of the negative associations and perceptions brought up by the participants of the focus groups, and that is the main driving force for the repositioning process of Lidl (Focus groups, personal communication, 2015-04-13; 2015-04-14; store manager 1 and 2, personal communication, 2015-04-
This also substantiate the theory of Miller et al. (2014) where they argue that rebranding is triggered by two dimensions, namely; proactive vs. reactive and urgent vs. non-urgent. In the case of Lidl, there was the unfavourable position in consumers’ minds that was the driver of the repositioning, which implies that Lidl’s repositioning process was triggered by the reactive dimension, as it is driven by negatively factors. Also, non-urgent dimensions drove the repositioning process of Lidl, where no deadline appear and the process can span numerous years (Miller et al., 2014). This theory was strengthened by the interviews with Lidl, where both store managers and the communication manager claimed that Lidl’s repositioning process has up to now spanned five years, and described the process of changing people’s perceptions of a brand difficult and time-consuming (store managers 1 and 2, personal communication, 2015-04-20; communication manager, personal communication, 2015-04-21). This was further argued by Kahn (2013) who claimed that repositioning could be nearly impossible, and that the minor, long-term activities are the most crucial in order to keep the brand fresh and modern.

Apart from the two dimensions developed by Miller et al. (2014) which trigger rebranding (proactive vs. reactive and urgent vs. non-urgent), Muzellec and Lambkin (2006) presented their contribution to the dimensions of rebranding; change in positioning and change in marketing aesthetics, and the relationship between the degree of change within them both. When putting Lidl in this context, with support from the interviews conducted with Lidl, the authors found that Lidl is executing a change in positioning with neither minor or major changes, but sufficiently minor, since the authors would argue that Lidl’s repositioning falls within the scope of an evolutionary rebranding. This statement is based upon the information derived from our interviews, where Lidl’s communication manager claimed that improvements have been done, but slowly, because of the difficulty of rapidly changing consumer perceptions, and at the same time stay trustworthy (personal communication, 2015-04-21). At the same time, Lidl’s communication manager also expressed prospects of increasing the amount of both paying customers and consumers willing to shop at Lidl the next coming years, which the authors interpret as a possibility for Lidl’s repositioning process to fall within the scope of revolutionary rebranding with major changes if Lidl continues developing their repositioning.

As earlier mentioned, the repositioning process could be nearly impossible (Kahn, 2013), and although rebranding activities often result in success, the process of rebranding is a long-term, risky and challenging process. Significant investments are often required, while there is no guarantee of successful results (Amujo & Otubanjo, 2012; Phang, 2012; Muzellec & Lambkin, 2006). The five barriers of rebranding identified by Miller et al. explain five different scenarios when the rebranding process has not turned out as planned. The first barrier, autocratic rebranding approach, occurs when leaders present the modified brand to stakeholders, and the reaction to the modification is not positive, rather negative with little engagement. The second barrier, stakeholder tensions, explains
the situation when there is dissonance between stakeholders, which could lead to unwillingness to support the rebranding strategy. The third barrier, narrow brand re-vision, refers to cases when corporate brand is too narrow in scope, which limits the possibility to achieve a distinguished value offer. The fourth barrier, inadequate research, refers to the lack of research made by the corporation before executing the rebranding, which may lead to unprofitable results from the rebranding process. The fifth barrier, inadequate customer consideration, refers to situations when corporations do not focus on and prioritise customer preferences, which might lead to unfavourable perceptions of the brand, such as lack of credibility (Miller et al., 2014).

Putting these barriers in the context of our case of Lidl, comparing the perspective of Lidl themselves from the interviews and the perspective of the participants from the focus groups, the authors found that none of these barriers perfectly fit. Although, the authors can clearly see that there is a gap between the actual results from the repositioning process of Lidl, and the perceptions of their consumers derived from the focus groups. The interviews with Lidl showed that according to Lidl, their repositioning process has been truly remarkable, resulting in a 38% increase in customers since the repositioning process was initiated (store manager 2, personal communication, 2015-04-20). Both 2013 and 2014, Lidl by far attracted most new households to purchase grocers, stealing customers from more traditional Swedish grocers. The increase on 95 000 households resulted in 2014 being the first year after entering the Swedish market of earnings above 0 SEK. The earnings were reinvested in employees and renovation of stores, and this was an important statement for Lidl to show that they were in the Swedish market to stay (store managers 1 & 2, personal communication, 2015-04-20). Moreover, Lidl’s efforts on their marketing strategy have led to earned media and increase in certain group of customers, such as students (communication manager, personal communication, 2015-04-21; store managers 1 & 2, personal communication, 2015-04-21).

When comparing this information from Lidl with the information from the focus groups, the authors could see that there was correspondence as well as divergence. Since the focus groups only consisted of students, the authors can only compare from the perspective of students as consumers. To begin with, the students did not find themselves within their perceptions of the target group of Lidl, rather argued that large families and social welfare recipients fall within the scope of Lidl’s target group. Although they did not find themselves within the target group of Lidl, the majority of the participants in the focus groups felt stronger connection to Lidl today in comparison with previous times, before Lidl’s repositioning process began. Also, the majority of the students claimed that the standard in terms of quality is a lot better today, implying that they could possibly go visit Lidl as they find Lidl more established today. This was after the authors introduced them to the repositioning process of Lidl. When the students first got the question about their perceptions of Lidl, the authors mostly got negative associations, and none of the students were
frequently shopping at Lidl (focus groups, personal communication, 2015-04-13; 2015-04-14).

Derived from this information, the authors can clearly see that there is a gap in where Lidl is a concept chain that focuses on low prices, but not at cost of quality, but at the same time not reaching students, whom fall within the scope of Lidl’s own perceived target group. Thus, the authors believe that the barrier of Lidl is time, as Lidl currently are in the end of the beginning of their repositioning process and not yet fully managed to reach out to all of their customers and altered their negative perceptions of Lidl.

5.1.1 Effects on Brand Equity

When analysing brand equity as a value adding activity of a brand, it will be done in accordance with the concept of consumer-based brand equity. According to Keller (1993) this particular concept refers to customers’ reactions and responses to the marketing of a brand and how this affects consumers’ brand knowledge. The structure of the brand knowledge is further elaborated into two dimensions, being brand awareness and brand image (Keller, 1993).

The dimension of brand awareness serves to answer the question “How well does the brand identities serve their function?”, and does so by addressing brand recognition and brand recall, where brand recognition relates to the consumers ability to correctly distinguish the brand after seeing or hearing it, and brand recall relates to the consumers ability to correctly reflect the brand from their memory (Keller, 1993). As understood from the focus groups, the participants did not have any problem to distinguish Lidl from any of the other grocers’ in Sweden. This can be concluded since when the participants were discussing for example marketing campaigns such as ‘Von Lidl’ and ‘Dill’, or being asked about their perceptions about a specific matter, they could immediately identify Lidl as the origin without any confusion or clarification needed (focus groups, personal communication, 2015-04-13; 2015-04-14). Continuing, we can also conclude that the participants managed to recall the brand. This is because when discussing the previous mentioned examples, the majority of the participants managed to recall the subjects from their memory, without assistance from the authors (focus groups, personal communication, 2015-04-13; 2015-04-14). However, despite both the recognition and recall being favourable for Lidl, it becomes rather contra-dictionary on how well the brands identities serve their function. Since Lidl aims at selling products of highest quality to the lowest possible price (Lidl, 2015), their main identity could be described as appealing to the majority with the function of being cost-effective. However, the focus groups’ would rather identify Lidl as appealing to those with limited financial resources, with the function of delivering lower-quality goods (focus groups, personal communication, 2015-04-13; 2015-04-14).
To conclude, the brand recognition and brand recall of Lidl is favourable, but how well aligned the companies and the consumers perception of how well the brand identities serve their function is less clear. The second dimension of brand image will be discussed in 5.2.2, but commented on in the end of this section.

The consumer-based brand equity model presented by Keller (2001) consists of four different steps concerning brand identity, brand meaning, brand response and brand relationships, which only can be attained in their chronological order. Brand identity addresses the identification of the brand and to create awareness in order to differentiate and create recognisability. As already mentioned, Lidl identifies themselves as appealing to the majority through their value proposition (Lidl 2015; store managers 1 and 2, personal communication, 2015-04-20), and awareness is created through their commercial activities presenting the assortment and its low prices (store managers 1 and 2, personal communication, 2015-04-20). The differentiation that is created through this is a cost-effective concept, selling high-quality groceries at the lowest possible price, as well as special drives and foreign products (Lidl, 2015; store managers 1 and 2, personal communication, 2015-04-20), which ultimately leads to the already mentioned recognition (focus groups, personal communication, 2015-04-13; 2015-04-14). Continuing to the second step, brand meaning, which is to communicate what the brand means and stands for. When discussing this particular matter with store manager 1, it was mentioned that the identity was never fully articulated when entering the Swedish market. Despite the products being proven better quality than competitors, this was never presented. This leads to consumers’ making their own conclusions about the assortment and brand, which resulted in Lidl being perceived as unfamiliar and thus lower in quality concerning their products (store manager 1, personal communication, 2015-04-20). The third step, brand response, simply focuses on the consumers’ response to the brand. The consumers’ response has already been mentioned as a result due to the lack of a fully articulated brand meaning (store manager 1, personal communication, 2015-04-20), however, this response was further confirmed by the focus groups. This response was the general perception of Lidl being unfamiliar and selling products of low quality, also with the main description of being ‘cheap’, ‘budget’ and for those with limited financial resources (focus groups, personal communication, 2015-04-13; 2015-04-14). The last step concerns relationships with the purpose to build a deep physical bond between the brand and the consumer. Since the focus groups perceived Lidl according to rather unfavourable associations considering Lidl’s general appealing brand identity, none of the participants had entered the stage of relationships and thus no physiological bond was established beyond the already mentioned perceptions. However, as store manager 1 and 2 mentioned, they have managed to locate common segment groups in the store, being families and elderly retired (store managers 1 and 2, personal communication, 2015-04-20). It can then be concluded that some people have managed to see beyond the misinterpreted brand meaning and thus have followed through with the rest of the steps.
These four steps are further correlated to a pyramid consisting of six blocks. The first layer, salience, represents brand recognition and brand recall, which has already been described as strong for Lidl (focus groups, personal communication, 2015-04-13; 2015-04-14). The second layer consists of brand performance and brand imagery, where brand performance concerns how well brands meet consumers’ functional needs, and brand imagery deals with how well the brand meets consumers’ psychological and social needs. The brand serving its own functional needs has already been presented as rather unclear, but how it serves the consumers’ functional needs to be clearer. No matter if the consumers were to be represented from the target group presented by store manager 1 and 2 or from our focus groups, it can be concluded that if they now were to shop at Lidl, it would most likely be because of price sensitivity (focus groups, personal communication, 2015-04-13; 2015-04-14), and since Lidl aims to deliver groceries at the lowest possible price, thus the brand would meet the consumers’ functional needs. Layer number three consists of consumer judgement and consumer feelings where judgement focuses on consumers’ personal opinions about the brand, and feelings handles the consumers’ emotional reactions towards the brand. As already discussed, there is a wide range of consumers’ opinions regarding Lidl (focus groups, personal communication, 2015-04-13; 2015-04-14), and as found during the interview with store managers 1 and 2, Lidl works with external partners to investigate these opinions to further develop the company and stores (store managers 1 and 2, personal communication, 2015-04-20). Furthermore, Lidl has started to engage in consumer relationships with a higher transparency, daily dealing with consumer’s questions and reactions towards the firm (communication manager, personal communication, 2015-04-21). The top of the pyramid concerns consumer-brand resonance, which focuses on what level of identification the consumer has with the brand, which reflects what kind of relationship the consumer holds towards the brand. Since this layer is correlated with the fourth step, the authors cannot analyse this layer due to a lack of empirical findings. However, as stated that some people have completed the fourth step, it can be assumed that consumers also engage in this layer, but what kind of relationship cannot be concluded.

To summarise, the first dimension of consumer-based brand equity is favourable for Lidl in terms of brand recognition and brand recall, but how well the brand identities serves their function is less clear. According to the authors, it is believed to be due to a misinterpreted brand meaning, originating from different consumer perceptions and corporate identity. As presented in 5.2.2, the brand image of Lidl has gained strength from their recent repositioning activities. When following the consumer-based brand equity model, Lidl follows through on the first three steps and correlating layers but the last step is not as clear. However, the authors would like to emphasis that repositioning activities carried out by Lidl are still recent in time, so it is most likely that consumers will eventually manage to have a stronger and clearer connection to Lidl, and thus follow through on the last step to a greater extent.
As stated by Muzellec and Lambkin (2006), the effects on brand equity from a rebranding process aims at developing, regaining, shifting, and/or restructuring the brand equity. When applying this theory to Lidl their rebranding process has contributed to a development in brand equity to the extent that Lidl, since the start of their rebranding process, has strengthened their position in the Swedish market, becoming more appealing to a broader audience. In terms of regaining, this is not of their concern, since the aim of their rebranding process is to obtain a more valuable position in consumers mind (store managers 1 and 2, personal communication, 2015-04-20). Regarding the shifting aspect, Lidl has shifted towards positive associations where they are heading towards associations as ‘better standards’ and ‘more established’ (focus groups, personal communication, 2015-04-13; 2015-04-14). Lastly, the structure of the brand equity of Lidl has changed to the extent that consumers’ opinions have been attended to, resulting in an assortment being more familiar (store managers 1 and 2, personal communication, 2015-04-20; communication manager, personal communication, 2015-04-21).

5.2 Corporate Repositioning

Derived from Jobber’s (2007) repositioning model, image repositioning is relevant and crucial if a specific segment has identified and developed faulty brand images of a brand, and the firms at stake decides to alter these. Image repositioning is when the firm does not alter either target market or product as the model suggests, but rather the brand images associated to a specific product or firm. As Kahn (2013) mentions, a faulty image may decrease profitability and therefore firms aim to alter this faulty perception. In the case of Lidl, when Lidl entered the Swedish market they received plenty of media attention for their incredibly low prices (store managers 1 and 2, personal communication, 2015-04-20). The entrance into the Swedish market was partly seen as a success store manager 1 added, but as German products were sold rather than Swedish, this lead customers to believe that the unfamiliar brand were of lesser quality. Although these products were tested and proven of greater quality than the existing Swedish products, this was never communicated to consumers. This alteration was executed rather quickly post entry after consultation with existing customers, but the lack of communication lead to brand images that were associated with ‘cheap’ and ‘poor quality’ (store managers 1 and 2, personal communication, 2015-04-20). Understood from the focus groups, the participants agreed upon the fact that Lidl is strongly price oriented, and that the assortment is heavily inexpensive. When being asked as to what words they associate with Lidl, ‘cheap’ and ‘budget’ were the most frequent. They also described Lidl as an untypical Swedish grocery store, with strong influences from Germany. They continued by emphasising on the unrecognisable assortment, and the messy and confusing stores. Another word raised was ‘unfamiliarity’, both towards visiting the store and the brand as a whole (focus groups, personal communication, 2015-04-13; 2015-04-14). This is the apparent brand image and assumptions Lidl wishes to alter through image repositioning. Store managers 1 and 2
explained that many rumours were started during the entry into the Swedish market, and as families identify themselves with supermarkets and grocers, this was a challenge. They argue that the repositioning was done in order to attract more customers (store managers 1 and 2, personal communication, 2015-04-20). As understood, the authors believe that even though Lidl reacted quickly with changes, the lack of communication lead to consumers continuing to believe the various rumours were true. This image repositioning was done rather late; as it was initiated close to seven years post entry and the beginning of the false accusations.

Lidl’s motives were to try something new, stand out from the crowd of grocers in Sweden and gain publicity in Sweden for being trustworthy (store manager 1, personal communication, 2015-04-20). What they priory to this repositioning process failed to communicate was the fact that Lidl’s low prices did not mean lesser quality, rather the opposite store manager 1 pointed out. In order to fulfil the image repositioning, Lidl wanted to initiate a dialogue with consumers in order to understand various wants and needs. Various marketing efforts were initiated; among them were ‘Von Lidl’. This commercial emphasised on the fact that Lidl was for everyone, even upper-class families. Another thought that can be derived from the commercial is that consumers perhaps find shopping at Lidl a tad bit shameful, something Lidl attempted to alter through the repositioning process.

The most renowned marketing effort in order to alter brand images associated to Lidl was the restaurant concept ‘Dill’. Derived from frequent communication with consumers, the concept of trustworthiness lead to launching ‘Dill’. As consumers were unaware of the fact that Lidl products were used as ingredients in the newly opened and heavily praised restaurant, the ‘cheap’ and ‘poor quality’ brand associations slowly began taking turn. Found in the focus group discussion, they admitted that their wrongful previous perceptions of Lidl were questioned. The trust had increased among products such as dairy, meat and vegetables (focus groups, personal communication, 2015-04-13; 2015-04-14).

Another type of repositioning apparent is intangible repositioning, being when an individual firm changes its specific target market, or simply adds another one, being derived from Jobber’s (2007) repositioning model. This is done when firms identify another more profitable segment or one that can be seen as better. Applying to this to the case of Lidl, they explain themselves that they have no main target group, meaning that Lidl is for everyone. Therefore intangible repositioning is apparent as Lidl wishes to attract consumers from other segments as well. As Lidl has generally been identified as ‘cheap’ and ‘poor quality’, a various group identified by the focus group as consumers with limited financial resources usually shop here. Store managers 1 and 2 mentioned that among those who are frequent shoppers at Lidl, elderly and families are among these. They also mentioned that students are an increasing customer segment (focus groups, personal communication, 2015-04-13; 2015-04-14; store managers 1 and 2, personal communication,
As understood from the focus groups, students themselves were not associated as being a part of Lidl’s target group, even though Lidl mentions that they are for everyone. Many various reasons can identify the reasons behind this, including inconvenient location of stores meaning that a vehicle of some sort is needed, often inexistent among students. This is unfortunate due to that students in general are on a tight budget (focus groups, personal communication, 2015-04-13; 2015-04-14; store managers 1 and 2, personal communication, 2015-04-20).

In order to attract consumers with high buying power the marketing efforts were initiated with ‘Von Lidl’ and ‘Dill’. This lead to during 2013 and 2014 attracting nearly 95 000 new homes to shop at Lidl, being the largest increase among all grocers in Sweden (Lindberg, 2015).

Repositioning is the task of changing the image of the brand in order to obtain a more valuable position in the consumers’ perception (Zahid & Raja, 2014). Understanding the effects from both intangible and image repositioning, Lidl have obtained a more valuable positioning the market. As Kahn (2013) mentions, that faulty images may lead to less profitability, the repositioning process lead to the fact that Lidl in 2014 made its first year of profit nearly eleven years after market entry (store manager 2, personal communication, 2015-04-20).

### 5.2.1 Process of Repositioning

Derived from the STP model, the authors can apply this to Lidl. Segmentation is the decision process of what particular market segment to enter. In terms of repositioning, this is the newly wanted segment to enter (Kotler and Armstrong, 2009). Applied to the Lidl case, when entering Sweden Lidl unconsciously was segmented among low-income earners, due to the fact that they both entered the market with German products, but also failed to communicate when they changed this. They also failed to communicate their business model, as this allows them to sell premium products at lower prices (focus groups, personal communication, 2015-04-13; 2015-04-14; store manager 2, personal communication, 2015-04-20; Lidl, 2015). Through the repositioning process, Lidl hoped to enter a new segment, or to attract new customers to their already apparent segment. This has been done through communication and the marketing of ‘Von Lidl’ and ‘Dill’.

The next process in STP is targeting. This is simply where in the market the firm wishes to compete compared to its already apparent competitors (Kotler and Armstrong, 2009). When discussing Lidl, it is quite apparent that Lidl wished to compete in the same market and to the same principles. They wished to attract consumers to their low price market by
emphasising and marketing that it is not at the cost of quality they offer lower prices as the communication manager explained (personal communication, 2015-04-21).

Further, positioning is identified as the final component of the STP model. In order to compete successfully in a market, firms need to create a differential advantage and to create a certain niche (Kotler and Armstrong, 2009). In the case of Lidl, they have done so, but perhaps not so successfully. Positioning is the effective decision and objective to create and maintain a specific place in the market for either the firm or certain products. Successful positioning can be perceived as clear connotations communicated to, and associated in the mind of the consumer (Jobber, 2007). As Lidl wished to reconstruct their position in the market, repositioning is apparent. The position that Lidl strives to attain is competing by price differentiation with the same quality as their competitors (store manager 2, personal communication, 2015-04-20; Lidl, 2015).

Successful positioning is identified as clear connotations in terms of brand image. Repositioning then leads to tampering and altering these connotations perceived by consumers. A successful framework has been created in order to enable firms to position themselves in the market in a successful way. Firstly, the framework suggests clarity is key. This is due to the fact that a clear target market and differential advantage is needed in order to differentiate from competitors. Positioning statements communicated to consumers need to be simple and easy to memorise, or this might lead to confusion (Nieto, 2009). Lidl has positioned themselves in the market as focusing on low prices but not at the cost of quality. Previously, they have failed to communicate this to consumers effectively, leading to confusion and being unprofitable (store manager 1 and 2, personal communication, 2015-04-20; Lidl, 2015). Although now when clarity have been adjusted, focusing on communicating offering products with high quality at low prices. Although as found in the focus groups, the clarity in the repositioning process has not reached everyone. While their marketing efforts are major, some individuals still assumed that Lidl was selling majorly German products (focus groups, personal communication, 2015-04-13; 2015-04-14). As 38 % more consumers are willing to shop at Lidl this is seen as a success according to Lidl’s communication manager (personal communication, 2015-04-21).

Following the framework, consistency is the next step. As consumers are constantly targeted with various types of media, this noise needs to be broken through. Constant messages lead to reminders rather than new concepts. In terms of repositioning, building on previous statements and messages is key for success, as this outlines the positive attributes that the firms aim to establish themselves as (Nieto, 2009). Consistency is key in order to alter consumer attitudes towards brands. As negative brand images have been experienced, these are extremely difficult to alter, but consistency aids the transformation process (Kahn, 2013). Relating to marketing and communication efforts executed by Lidl, various waves of consistency and themes have been apparent. Firstly beginning with ‘Von
Lidl’, this was a theme that had various commercials during a period of time. During this time consumers could build on previous experiences when relating to and perceiving the commercial. This created an emotional bond to the brand and kick-started the repositioning. Due to the high recall rate all participants of the focus group identified the main commercials and themes apparent over the past few years (focus groups, personal communication, 2015-04-13; 2015-04-14; store manager 2, personal communication, 2015-04-20; Lidl, 2015). This identifies the transformation success in consistency among brand recall and associations.

Next, credibility among the communicated messages is incredibly important, as this differential advantage must persuade the consumers to purchase their products and perceive the brand (Nieto, 2009). As Lidl previously has been perceived as ‘cheap’ and ‘poor quality’, the credibility and trustfulness for Lidl’s products is extremely important when convincing customers that low price does not affect quality (store manager 2, personal communication, 2015-04-20). The marketing campaign of ‘Dill’, post launch reveals that Lidl’s products were used, increased credibility among products and trustfulness in order to increase consumer perception of Lidl as a brand. Rewards and praise increased credibility as well, for instance winning best fruit and vegetable department 2014 gained consumer interest (store manager 2, personal communication, 2015-04-20).

Lastly, the framework suggests brand competitiveness needs to be present, in order to compete with a firm’s differential advantage to competitors. A firm should offer value that others in the market fail to, leading to consumer demand (Nieto, 2009). Lidl has offered better and lower prices than competitors in the market, making sacrifices as mentioned in Lidl’s business model. Lidl’s apparent lack of communication of quality has lead to loss of demand and market share, but as this has increased Lidl’s results have followed (store managers 1 and 2, personal communication, 2015-04-20).

### 5.2.2 Effects on Corporate Identity

Corporate identity is explained as the “strategic manifestation of corporate-level vision and mission, underpinned by strategies which a corporation employs in its operations or production” (Melewar & Karaosmanoglu, 2009, p.847). Riel and Balmer (1997) explain that corporate identity reflects the personality for the brand in terms of behaviour, communications and symbols. This is derived to the fact that companies strategically choose how they wish to be portrayed between both themselves and stakeholders. Within corporate identity there are various concepts, consisting of visual identity, corporate identity, organisation’s identity and organisational identity (Balmer & He, 2007). Lidl has established themselves in their identity as explained, as a firm that offers low prices but not at the cost of quality (store manager 2, personal communication, 2015-04-20). This is what
they have communicated to themselves, but unfortunately the behaviour and communication has not been clear towards stakeholders, leading to an unsuccessful and unclear corporate identity. Therefore a repositioning was initiated, in order to clearly communicate their corporate identity effectively.

Visual identity is then characterised as anything being identified as brand aesthetics (Abratt and Kleyn, 2010; Muzellec et al., 2003). Analysing Lidl’s repositioning process the authors can conclude that no change has been executed relating to visual identity. As these are all components of corporate identity, this could be an unsuccessful factor of repositioning.

An organisation’s identity is defined individual and specific characteristics of an organisation (He and Balmer, 2007). Organisational identity is explained as the identity of various members of the organisation, include how they perceive, believe, feel and think about the organisation. These together were clearly explained by store managers 1 and 2, as they have worked for Lidl since the beginning, that the organisation has not changed. Values and other visions have remained the same, but it is rather how the consumers perceive the brand that has been altered (store managers 1 and 2, personal communication, 2015-04-20).

The corporate identity can be explained by Balmer & He (2007) consisting of several other components, being actual identity, communication identity, conceived identity, ideal identity, desired identity and corporate brand identity. As understanding the repositioning process of Lidl, the alteration of the corporate brand has lead to massive changes in perceptions among consumers. The actual identity compared to corporate brand identity, communicated identity and desired identity between both Lidl and consumers are now aligned, compared to previous times. Although in the focus groups the repositioning process was understood and praised, although the understood identity was still unmatched with the desired identity of Lidl. Compared to numbers from Lidl that an increase of 38% of consumers now willing shop at Lidl is astonishing. Altering the publics’ perception is difficult, and takes time, but store manager 1 emphasised that it is manageable. As 95 000 more household are now willing to shop at Lidl and 2014 was Lidl’s first year of positive earnings, the correction in brand perception and corporate identity is apparent (focus groups, personal communication; 2015-04-13; 2015-04-13; store managers 1 and 2, personal communication, 2015-04-20; communication manager, personal communication, 2015-04-21).

Abratt and Kleyn (2010) created a model stating that corporate identity is created from two variables, strategic choices and corporate expression. The strategic choices that are built on the organisation’s identity are strategic intent, values, culture, mission and vision (He and Balmer, 2007). All these, as explained previously have not been changed in Lidl’s
repositioning process. But as Urde (2009) explains, these build a backbone for the existing organisation, and must be aligned with brand promises. Lidl has previously been delivering according to brand promises, although communication failures has led to confusion as to what they actually promise. As quality and price are two main focuses for Lidl as the communication manager emphasises, consumers have unfortunately been unaware of this. The strategy of delivering quality products has been interrupted by assumptions and has now altered the publics’ perception of Lidl. The strategies of advertising and marketing have up to date been very successful, leading to trustfulness and desires to purchase products, which have been a strategic key for Lidl (communication manager, personal communication, 2015-04-21; store manager 2, personal communication, 2015-04-20).

The second branch of the model created by Abratt and Kleyn (2010) is corporate expression. This consists of the visual identity, brand promise, brand personality, and brand communication. As previously explained visual identity is the brand aesthetics (Abratt and Kleyn, 2010; Muzellec et al., 2003). In the repositioning process of Lidl, this was left unaltered. Moving on, brand promise is identified as the promise that the brand delivers to stakeholders, and this promise must be delivered in line with expected value (Balmer and Greyser, 2006). In the case of Lidl’s repositioning, the actual value of products was of higher quality than what was perceived and expected. The brand promise and associations were different to those of actuality, and was what Lidl wanted to prove different with marketing (store manager 2, personal communication, 2015-04-20). Next is brand communication, which explains how the organisation or firm communicates with its stakeholders (Melewar and Karaosmanoglu, 2006). Van Riel (1995) divides corporate communication into three main components, where marketing communication is the most apparent for Lidl’s repositioning. Lidl has with various marketing efforts transformed the brand communication and associations. This has been done by various commercials, most famously ‘Dill’. As the brand delivered to the consumers was inverted, delivering product before brand, the trust and credibility of the brand was created. This is what the product of the repositioning has created, an effective marketing communication directed at consumers, changing brand communication and corporate expression as a whole. Leading to a more sought out corporate identity (communication manager, personal communication, 2015-04-21; store manager 2, personal communication, 2015-04-20).

5.2.3 Effects on Brand Image

Brand image, as argued by Dobni and Zinkhan (1990), serves to describe the perceptions and interpretations of a brand delivered by consumers, affected by emotional experiences and apprehensions. Furthermore, Dobni and Zinkhan (1990) describes brand image as formed by the individual consumer’s characteristics, which indicates that the perceptions of reality made by the individual is the most important influence in comparison to the actual reality. This further indicates that the physical and technical attributes about the
brand do not have any impact on brand image, since brand image is formed by the individual’s perceived result of the activities done by the brand (Dobni & Zinkhan, 1990). This overall image consumers hold about the brand in mind, creates uniqueness to the brand and relates to the comparative advantage or disadvantage (Faircloth et al., 2001). Keller (2001) presents brand image as part of the important four-step process of building brand equity (CBBE model), where brand image is included in the second step and contributes to the brand meaning of a brand. Furthermore, Na et al. (1999) argues that brand image is built upon the concepts of brand attitudes and brand associations (associations earlier referred to as perception and will be used interchangeably through this section).

Brand attitudes refers to the overall, both negative and positive thoughts about the brand linked to the communication strategies made by the brand. Linking this to the empirical data derived from the focus groups (2015-04-13; 2015-04-14), the participants held an overall indifferent and somewhat positive attitude towards Lidl’s communication strategies. The communication strategies discussed (‘Dill’, ‘Von Lidl’, and ‘Lidl John’) were explained to be amusing, very well produced, and has resulted in more trust Lidl, as they have put an effort on broadening their assortment to include more Swedish products (focus groups, personal communication, 2015-04-13; 2015-04-14).

Brand associations, on the other hand, refer to everything that connects the consumer to the brand. Linking this to the empirical data derived from the focus groups (2015-04-13; 2015-04-14), the participants had overall negative associations towards Lidl. Words as ‘budget’, ‘cheap’, and ‘ashamedness’ concludes the general associations of Lidl. Also, words as ‘foreign’, ‘unfamiliar’, ‘unrecognisable’, ‘messy’, and ‘confusing’ were brought up when being asked about their general perceptions (focus groups, personal communication, 2015-04-13; 2015-04-14).

These attitudes and associations Lidl are fully aware of, and started their repositioning process with the goal to change the view of the public that “Lidl is cheap and poor quality” (store managers 1 and 2, personal communication, 2015-04-20). When they entered the Swedish market they mostly sold German products, as milk for example, but when being met with plenty of critique, Lidl listened to their customers and started to sell Swedish milk together with other fresh Swedish products (store managers 1 and 2, personal communication, 2015-04-20; communication manager, personal communication, 2015-04-21). Regarding the brand attitudes derived from consumers’ thoughts about the brand in terms of communication strategies, Lidl have made several efforts in order to arrive at these positive attitudes. The commercial ‘Von Lidl’ was perceived as a bit exaggerated because of the excellent quality the products Lidl was communicated to have (focus groups, personal communication, 2015-04-13; 2015-04-14). The commercial was intended to emphasising the fact that customers associate shopping at Lidl shameful, but that they should not because of the fantastic quality (store managers 1 and 2, personal
communication, 2015-04-20). Although the commercial was perceived as exaggerated, the focus groups claimed that it might not have reached all the way to the wealthy upper class, as the focus groups explained the commercial was aiming for, but that it might reached half way and attracted the Swedish middle-class (focus groups, personal communication, 2015-04-13; 2015-04-14). Further more, Lidl developed restaurant ‘Dill’, a transparent concept in order to increase the trustworthiness of Lidl, which “took the entire Swedish market by storm” (communication manager, personal communication, 2015-04-21). Also, Lidl’s communication manager explained that Lidl are active on social media counteracting rumours and assumptions of Lidl by daily answering posts and phone calls in order to prove consumers that the rumours are faulty (personal communication, 2015-04-21). In order to respond to the negative associations in terms of Lidl’s assortment and messy stores, Lidl have adjusted and introduced a better fruit and vegetable department, and are now exporting fresh products from suppliers every day (store managers 1 and 2, personal communication, 2015-04-20).

In terms of affects on consumers’ brand image as a response to Lidl’s repositioning, the authors can see that the efforts made by Lidl have mainly resulted in a stronger brand image. Derived from the focus groups, the majority argued that they feel a stronger connection to Lidl today, and this is due to Lidl’s efforts in creating amusing commercials, which have increased the trustworthiness in the quality of Lidl’s products. Although the focus groups felt stronger connection today because of Lidl’s marketing efforts, they argued for the aspects of culture and background as their main concerns for Lidl’s continuous repositioning. They argued that Swedes loves Swedish products when buying food and not foreign products, and that that they associate Lidl with too much budget, which is rather the opposite to the grocery stores that Swedes are familiar with (focus groups 1 and 2, personal communication, 2015-04-13; 2015-04-14). Lidl’s communication manager mentioned that most negative associations are assumptions based on incorrect statements (personal communication, 2015-04-21). These, the authors believe, were born from the very beginning, when shopping grocers with their parents. Since Lidl entered the Swedish market in 2003, it is understandable that Lidl might not have been a part of the participants’ childhood (aged 20-25). Therefore, it is not very unexpected, that now when shopping grocers alone, Lidl has not been the obvious first choice of the participants.
6 Conclusion

This chapter provides the reader with a conclusion regarding how well the purpose of this study was fulfilled as well as the answers to the two identified research questions.

In relation to the purpose of this thesis, this paper contributes to the authors’ understanding in corporate repositioning as a process of rebranding, and the effects in terms of brand equity, corporate identity and brand image. Through this purpose, the authors generated two specific research questions that have guided this study. The research consisted of the case of Lidl, which has during recent years begun a repositioning process, and the authors have found major changes in brand equity, corporate identity, and brand image. Findings included interviews with Lidl’s communication manager and two stores managers at Lidl Ekhagen, two focus groups together with secondary data about Lidl.

Derived from this research, the authors can conclude that repositioning, as a process of rebranding, is a difficult and long-term process. The research and findings shows that repositioning, although difficult, is possible proven by examining positive effects from the rebranding process of Lidl on brand equity, corporate identity and brand image.

Based on the analysis given, regarding corporate rebranding and its effects on brand equity, using the case of Lidl as an illustration, the authors are able to conclude that rebranding could destroy brand equity, or as in the case of Lidl, rather result in strengthening brand equity. The effects on brand equity from a rebranding process aims at developing, regaining, shifting, and/or restructuring the brand equity. In the case of Lidl, the rebranding process has resulted in developing brand equity to the extent that Lidl, since the start of their rebranding process, has strengthened their position in the Swedish market, becoming more appealing to a broader audience. In terms of regaining, this is not of Lidl’s concern, since the aim of their rebranding process was to obtain a more valuable position in consumers mind. Regarding the shifting aspect, Lidl has shifted towards better associations where they are heading towards associations as ‘better standards’ and ‘more established’. Lastly, the structure of the brand equity of Lidl has changed to the extent that consumers’ opinions have been attended to, resulting in an assortment being more familiar.

Regarding corporate repositioning and its effects on corporate identity and brand image, using the case of Lidl as an illustration, the authors are able to conclude that the process of repositioning is challenging and risky, and applied to Lidl, their main barrier is time. Furthermore, the authors argue that repositioning can be nearly impossible, and that the
minor, long-term activities are the most crucial in order to keep the brand fresh and modern.

Within corporate identity, strategic choices and corporate expression are the two main building blocks, which by a repositioning will be affected. As concluded previously, major changes in strategic choices were few, but these are the backbone for the existing organisation, and must be aligned with brand promises. Lidl has been delivering according to brand promises, but failures in communication have led to their brand promise being unclear. Relating to corporate expression, Lidl has with various efforts transformed brand communications and associations, executed by various marketing and advertising. The repositioning process has affected corporate identity as the effective marketing communication strategy has been altered, as trust and credibility were seen as a priority. Therefore the repositioning process has strengthened the corporate identity due to that brand promise and the marketing communication strategy has been developed due to communication changes derived from the repositioning process.

Branching off to brand image, brand attitudes and brand associations are the two main concepts, which by a repositioning will be affected. In the case of Lidl, their repositioning process has led to stronger brand image, i.e. more positive perceptions and interpretations of Lidl as a brand. Derived from the focus groups, the participants held an overall positive attitude towards the brand with an increased trust in the assortment, and this because of the new and developed marketing communication strategies by Lidl. The associations about Lidl, on the other hand, have not been particularly influenced to the extent that some of the participants still associate Lidl as ‘budget’, ‘ashamedness’, ‘unfamiliar’, and ‘messy’ but these opinions are under transformation heading towards more favourable associations. This, the authors believe, is due to that Lidl is in the end of the beginning of their long-term repositioning process. When the authors asked the participants what they thought Lidl had to do in order for their repositioning process to succeed, they suggested actions that Lidl already has been executed. Thus, the authors believe that the associations held towards Lidl will appear as more positive and appealing if given more time.

“Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning”
- Winston Churchill, Former Prime Minister of the United Kingdom, 1874-1965
7 Discussion

This chapter provides the reader with a discussion about the contributions, limitations, and further research regarding this thesis.

7.1 Contributions

Firms when performing a rebranding process lack the precise information on possible effects on corporate identity, brand equity and brand image. Therefore this thesis assists firms in understanding effects based on the case study performed, and can by this help and assist to some extent firms in similar situations. As firms strive to alter their portrayed being in some ways, this thesis can act as a helping hand.

7.2 Limitations

The primary research of this thesis consists of one single case study, which makes it difficult to make a fair assumption of rebranding and its effects on brand equity, corporate identity, and brand image in general. Also, the focus groups consisted of students, aged 20-25, who are currently living and studying in Jönköping. This implies that this study possess demographical limitations, which makes it hard to draw a general conclusion regarding the opinion of Lidl’s customers. However, this research aims at providing a basic understanding of repositioning as a process of rebranding, and its effects on brand equity, corporate identity, and brand image. Even though this thesis provides useful insights and understanding in the rebranding process and its effects, the findings cannot be generalised, therefore future studies are recommended on a larger scale to uncover general effects from a rebranding process.

7.3 Further Research

This study made the authors discover factors involving brand equity, corporate identity and brand image and how they are affected in the event of rebranding. Further research could include a case study applied to a company within another sector with a more extensive empirical data using various demographical groups. Another factor would be to analyse a company, which has finished or in a later stage of their rebranding process, making it possible to fully understand and provide a final conclusion on the entire rebranding process. This is done including all effects on brand equity, corporate identity and brand image. Moreover, in order to be able to arrive at a general perspective of rebranding and its effects on brand equity, corporate identity, and brand image, a more extensive and geographically empirical study is suggested.
8 List of references


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Appendix

9 Appendix I

Interview guidelines (Lidl’s store managers and communication manager)

1. Which strategy was used when entering the Swedish market?
2. Was this seen as a success?
3. What is your main target group?
4. What were done in order to strengthening your brand equity among costumers and potential customers?
5. What where the driving force that initiated the repositioning?
6. Which strategy was used during this repositioning?
7. What is the purpose with this repositioning?
8. What is the result of this repositioning?

Interview guidelines (Focus groups)

1. What is Lidl for you? How do you perceive Lidl?
2. What is the first thing you think of when you think of Lidl?
3. Have you ever felt that you are in the target group of Lidl?
4. If no, what is their target group, according to you, of Lidl?
5. Is there a perceived difference between Lidl before and Lidl today, in terms of marketing? What are the main differences?
6. What are your thoughts about Lidl’s marketing?
7. Do you feel a stronger connection to Lidl today in comparison to when you first heard about Lidl?
8. What is repositioning according to you? And how would you identify a successful repositioning?
9. What is the reason to Lidl’s unsuccessful repositioning in Sweden?
10. What do you believe is necessary for Lidl to do in order to succeed in this repositioning effort?