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Consumer perceptions of the rebranding of Vodacom

By

Shavanna Prakash

Student Number: 950106424

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Supervisor: Professor Anesh Maniraj Singh

DECLARATION

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ABSTRACT:

Branding is used by organisations to differentiate themselves or their products from their rivals. Creating and establishing a strong brand that is seen to be superior to an organisations competitors can take many years and requires large financial investments. Rebranding is a process of taking a known brand and changing it to create a new identity which could include: name changes, logo changes, colour changes, slogans and even cultural and philosophical changes.

In 2011, Vodacom embarked on a rebranding exercise in order to comply with the international image of its majority shareholder Vodafone. The Vodacom colour and logo were replaced using the "sudden eradication" approach. Such an approach can have a detrimental impact on the organisation. The aim of the study was therefore to determine the impact that the brand change of Vodacom had on cell phone customers.

A quantitative study using an online questionnaire was conducted. In order to obtain a reasonable sample, non-probability snowball sampling via social networks was used. A total of 772 people viewed the questionnaire whilst 412 completed it. The salient findings of the study included: the majority of the respondents were aware of the Vodacom rebranding exercise, the most effective medium used to communicate the rebrand was television, over three quarters of the respondents felt that the rebranding had no impact on them, almost ninety percent of the respondents said they would remain with Vodacom after the rebranding whilst almost two thirds of non-Vodacom subscribers said they would switch to Vodacom. In the final analysis, just under two thirds of the respondents viewed the rebranding as a success.

One of the main recommendations was that Vodacom needs to capitalise on the willingness of subscribers to switch to Vodacom and as such Vodacom needs to embark on an effective porting strategy to facilitate the switching process. It is also recommended that Vodacom needs to reduce call costs and that they should offer cheaper and better handsets which customers are expecting as a result of the association with Vodafone. It is evident that whilst the Vodacom rebrand has been seen as a success, the use of a non-probability sample makes it difficult to generalise the responses to the broader South African mobile phone consumer

base. The short term view is that the rebrand has been a success, however, Vodacom needs to deliver on consumer expectations associated with the rebrand.

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Chapter One

Overview of the Study

1.1 Introduction

The South African cellular industry is made up of five participants, namely Vodacom, Cell C, MTN, Virgin Mobile and 8ta. Vodacom recently completed a rebranding exercise. The primary objective of this study is to measure consumer perceptions of the rebranding on cellular customers. This chapter sets out the problem statement, the motivation for the study, the objectives, and the proposed methodology for the empirical study.

1.2 Problem Statement

When Vodacom began trading in South Africa, the corporate colours were green and blue. In 2011, Vodacom changed its branding and most distinctively its colour. The decision to change the colour of Vodacom was not an overnight decision, but as a result of months of debate around the Vodacom versus Vodafone brands. Vodafone a 65% shareholder, as well as being one of the world's most recognised mobile brands, wanted the logo of Vodacom as well as the colour to be changed to red (Speckman, 2011. The brand and colour change was a bold one that needed to be carefully executed in order for the market to recognise that Vodacom had changed but that it was still operational as Vodacom. In order to effect the change, Vodacom spent millions in preparation both behind the scenes and in full view of consumers. Whilst the change has taken place, it is unclear whether it affected consumer confidence and brand loyalty in any way which raises the question: "Has the rebranding of Vodacom affected its consumers?"

1.3 Motivation for the study

South Africa has seen many brand changes in different industries. This includes banking (ABSA, Peoples Bank – Nedbank), car rental (Imperial) and cellular

(Cell-C). A brand change of an organization is a result of months of deliberation in order to make the best possible decision for the success of the organization and the new brand.

This study is needed in order to understand the impact that the brand change of Vodacom has had on customers, and their perceptions of the new branding. Vodacom is one of the biggest brands in South Africa and it is essential to determine whether it still holds the same space in the mind of the customer as it did prior to the rebranding.

1.4 Focus of the study

The study focused on cellular subscribers irrespective of which cellular network were their primary provider. .

1.5 Research Questions

In order to answer the main research question: What are cellular consumers perceptions of the Vodacom rebranding? this study will attempt to answer the following sub-questions:

- Are customers aware of the rebranding exercise?
- Has the rebranding impacted differently on different groups of consumers?
- Has the rebranding given Vodacom greater prominence in the market?
- Has the rebranding impacted on brand switching?
- Has the rebranding been effective?

1.6 Objectives

In order to answer the research question, the following objectives have been proposed:

- To determine if customers are aware of the rebranding;
- To determine if customers see value in the rebranding;

- To determine what values customers identify with a brand;
- To determine whether demographics affects consumer perceptions of the rebranding; and
- To determine the effect of the Vodacom brand change on customers in terms of: brand loyalty and switching, attracting new customers, confidence in the link with an international brand.

1.7 Proposed Methodology

This study will consist of a literature review of consumer behaviour and consumer responses to rebranding. In order to address the objectives of this study, a quantitative empirical study was conducted. The constructs which were examined are based on constructs identified from the literature review. A non-probability convenience snowball sampling technique was used in order to identify the subjects. Whilst a probability sampling technique would have been more effective by polling all mobile service provider's consumers, obtaining permission from each of the companies (especially due to competition) is impossible. A self administered electronic questionnaire was sent to the respondents which they will had to answer online, at questionpro.com. The data was analysed using some of the features of Questionpro and SPSS and will be presented in the form of graphs, tables and text. Simple statistics such as means analysis and Chi^2 tests were performed to determine relationships between variables.

1.8 Chapter Outline

The study is presented in five chapters. The outline of the study is as follows:

- Chapter one presents the overview of the research, the motivation, focus, objectives and the proposed methodology.

- Chapter two is the literature review. The literature review provides an overview of marketing, rebranding, advantages and disadvantages of rebranding, reasons and processes for rebranding.

- Chapter three presents the research methodology which will be used in the empirical study. The various types of research, advantages and disadvantages of the methods are explored. The methods that were used for the research are explained.

- Chapter four is the presentation and discussion of the research results. The results are presented in the form of graphs and tables followed by discussion.

- Chapter five is the concluding chapter of the study. It identifies the limitations of the study, answers the critical questions of the research, makes recommendations based on the results of the study as well as presents recommendations for future studies.

1.9 Summary

This chapter provided an overview of the study, creating a framework for the study. This chapter provided a broad of overview of the approach that was followed in answering the research question and meeting the objectives of the study. It is essential for a study to be informed by previous literature in order to provide a context for the current study. Thus chapter two will explore the literature which will provide the theoretical context for this study.

Chapter Two

Understanding Rebranding

2.1 Introduction

This chapter introduces background literature to this study and includes the importance of a brand and the important elements associated with brands, the process of rebranding and the advantages and disadvantages of rebranding are also discussed. This chapter sets the foundation for the empirical research.

2.2 Definition and Importance of a Brand

Marketing is defined as "the process by which companies create value for customers and build strong customer relationships in order to capture value from the customer in return" (Armstrong & Kotler 2007). The marketing department of an organisation is responsible for creating the demand for a product or service of the organisation. The marketing division of an organisation is responsible for the overall delivery of the organisations products and creation of an image in the market place.   It is only fitting, that a brand is born from the marketing division of an organisation (Plewa, Lu & Veale 2011).

A brand is a form of identification for an organisation and its products or services. A brand is a name, term, sign, symbol, design, or a combination of these, that identifies the maker or seller of a product or service (Kirby & Kent 2010). A brand creates the identity for an organisation or product. A brand is what distinguishes one product from another in the same industry, and it forms part of the image of a company (Plewa, Lu & Veale 2011). A brand is an intangible asset of a company (Kirby & Kent 2010). Strong brands add value to products and gain customer confidence as well as loyalty (Armstrong & Kotler 2007).

A strong brand serves as a silent sales person to the customer (Kirby & Kent 2010). A customer identifies quality and consistency of a product by the brand that the product is associated with (Plewa, Lu & Veale 2011). If a product does not belong to a brand that is established and recognised, the product is just a commodity (Shimp 2010). This study looks at the importance of the brand as being the primary form of identification for a company.

2.3 Advantages of a Strong Brand

A strong brand justifies selling goods at higher prices (Merrilees & Miller 2008). Customer expectation is far higher with a strong brand than a no brand product (Merrilees & Miller 2008). Characteristics of a strong brand include the ability to evoke emotions, create positive connections with customers, deliver on the organisational goals, and represent the company vision (Merrilees & Miller 2008).

Strong brands stand for the offerings of a company versus similar products in the market place (Merrilees & Miller 2008). Brands are a representation of the company values. An example of this is the Volvo Brand. Volvo as a brand is associated with safety; Crayola Crayons are associated with the creative fun that children have (Merrilees & Miller 2008).

Brands assist companies in segmenting markets (Armstrong & Kotler 2007). A company that produces more than one brand, segments its target market based on the different markets that the different brands speak to (Armstrong & Kotler 2007). In South Africa, a good example of market segmentation with brands is Lancôme and L'Oreal. Both products are owned by the same company but targets different segments in the market. Lancôme targets the premium cosmetic market while L'Oreal targets the budget market (Armstrong & Kotler 2007).

A strong brand contributes to superior brand equity (Shimp 2010). Brand Equity is achieved when a higher value of a brand assists a company to increase its market share and loyalty to the brand by the customer, charging higher prices for a premium brand (Shimp 2010). These elements contribute to an overall higher value of an organisation. A higher degree of brand awareness to a particular product is synonymous with a strong brand. Brand equity is achieved through all stake holders involved with an organisation (Muzellec &Lambkin 2006).

2.4 Cost of a Brand

Brands are intangible assets that organisations build over the years. Effective brands take years and huge amounts of money to develop (Muzellec &Lambkin 2006). "Revenue premium is defined as the revenue differential between a branded item and a corresponding private-labelled item" (Shimp 2010). Revenue premium is a strong deciding factor when a customer purchases a more expensive brand versus a cheaper private label. Brand awareness assists in increasing the cost of a brand. Brand awareness is the ability of a brand to be top of mind of the customer.   Brands don't just become top of mind brands (Simon 2010). Aggressive, sustained marketing campaigns, which can cost millions, assist with a brand becoming a leader in its category (Simon 2010).

Brand equity assists with the valuation of a brand. A true valuation of a brand is a challenge (Muzellec &Lambkin 2006). Brands are valued by customers and the perceptions of that brand to a customer. The public can increase or decrease the value of a brand (Muzellec &Lambkin 2006). The overall value of a company can be used as a bench mark for the value of a brand into different categories. Brand valuation can be the estimation of the financial value of a brand (Armstrong & Kotler 2007).

2.5 Brand Elements

A brand consists of various elements which work together to create a total image of a company or product. Brand elements include logos, colours and slogans.

2.5.1 Logo

Logos are the visual images related to a brand. Logos form an integral part of the aesthetics of a brand (Simon 2010).   A logo is used to identify different brands by customers. Organisations spend time developing a logo that will be remembered. The Nike swoosh is a logo that is recognised worldwide and is not advertised with the name Nike near the swoosh (Kinsky & Bichard 2011). Nike represents quality, achievement, fashion. Characteristics of good logos include the ability to induce positive feelings about the brand; it should be easily identified and recognised by customers and must communicate the same meaning to all segments of the target market (Kinsky & Bichard 2011). A logo needs to be original and not be confused with another logo that is in the market (Simon 2010).

A logo needs to be easily recognisable. A study by (Kinsky & Bichard 2011) revealed that ten out of ten children between the age groups of three to five recognised the McDonalds brand when presented with the McDonalds logo. Six out of ten children recognised the Coke logo but none of them recognised the Pepsi logo. Logos are sometimes the first interaction that a customer has with a company. Organisations spend millions on logos and will redesign a logo a few times over the life span of the organisation (Kinsky & Bichard 2011).

Logo design is considered important to customers (Walsh, Winterich & Mittal 2010). A round logo is considered as a natural, harmonious logo when compared to a sharp or angular logo (Walsh, Winterich & Mittal 2010). A rounded logo is considered to be trendier. An angular logo is associated with strength and energy (Walsh, Winterich & Mittal 2010).

Cell C's new logo was provisionally rejected by the Registrar of Trademarks when Cell C changed from a dotted C to a C within a circle. The Registrar claimed the logo was too similar to that of the Copyright logo. Cell C subsequently was allowed to keep their logo (Francis 2010). Vodacom South Africa changed their logo from the world symbol to that of the Vodafone speech bubble in 2011. The battle of the logos was lost by Vodacom South Africa when big brother Vodafone dictated that the logo would change to that of the Vodafone speech bubble as it was internationally recognised (Speckman 2011).

2.5.2 Colour

Colour is not meant to just make a brand look attractive; it is also required to speak different emotional and cognitive messages to customers (Shimp 2010). Different colours communicate different messages. Red, yellow and orange are colours that lift moods e.g. Coke and Vodafone (Shimp 2010). Red is important and energetic. Orange is meant to be an appetizing colour e.g. Fanta. Yellow is a happy colour associating with warm, happy feelings e.g. Kodak, MTN. Green represents calm, serenity, growth, abundance e.g. Heineken, Nedbank. The colour white represents purity and cleanliness (Shimp 2010).

2.5.3 Slogans

The use of slogans has proved to be effective in advertising (Simon 2010). An effective slogan increases the equity of a brand e.g. Nike, Just do it. Slogans provide a means of remembering a brand (Simon 2010). They assist in distinguishing one brand from another. Slogans add to a brands value proposition. Customers remember a slogan as an association with a strong brand (Simon 2010) for example "everything keeps going right Toyota"

2.5.4 Jingles

Jingles are the sound or music associated with a brand (Simon 2010). A jingle is played during a radio commercial or a television advert. Sustained use assists the organisation in creating awareness for the public that the music is associated to the organisation. A jingle is usually not longer than ten seconds as it needs to be an easily identifiable sound (Simon 2010). A very recent recognisable jingle is that of the Mazda "Zoom, Zoom".

2.5.5 Uniforms

Uniforms are silent brand adverts. A uniform represents the values of a company as well as represents the colours of the brand (Shimp 2010). Uniforms used by staff in retail outlets, promotes and improves customer service as the store staff live the brand (Herstein & Gamliel 2006). Staff wearing uniforms in stores assists the organisation with building service quality. There are various models of service quality (Herstein & Gamliel 2006). The model that is most widely accepted and used is the SERVQUAL model. One of the dimensions of quality that the SERVQUAL model boasts is that of tangibles. Tangibles are the physical appearance of the staff in store, equipment and facilities (Herstein & Gamliel 2006).

The use of uniforms and private branding has become a key strategy used by marketing divisions (Herstein & Gamliel 2006). Very often, these elements are the first point of contact that the customer has with the organisation. Uniforms assist the look and feel of a store in location A of a country to be the same as in location B e.g. all Vodacom staff use the same uniform across the country. They create a degree of uniformity and brand identity for the customer. Uniforms assist the customer in identifying the staff of the outlet rather than mistaking them with customers (Herstein & Gamliel 2006). This makes the shopping experience more pleasurable for the customer, as time is not wasted by the customer in attempting to ascertain who the store staff are (Herstein & Gamliel 2006).

Uniforms need to be maintained by the store staff in order to uphold the brand identity of the product and organisation. They need to be of a high quality and in a durable fabric (Herstein & Gamliel 2006). The simpler the uniform, the easier it is to change when the organisation wants a quick solution to an in store lift (Herstein & Gamliel 2006).

2.5.6 Store design/layouts

There is a relationship that exists between the design and layout of a retail outlet and the brand of an organisation (Kirby & Kent 2010). The relationship is that of a visual identity for the public. The design and layout of a retail outlet needs to be an extension of the corporate identity of the organisation (Kirby & Kent 2010). The location and design of the store speaks to the customer and is a reiteration of the brand of the organisation. The architecture of a building in which a store is located in are a symbol of status and good taste (Kirby & Kent 2010). Organisations host flagship stores in the most prestigious locations to gain brand equity in its relative categories (Kirby & Kent 2010). Clothing designers are famous for creating magnificent buildings in order to distinguish their brands by creating mega stores. Food retailers are evolving and following the same route to create mega stores that distinguish them from that of their respective competitors (Kirby & Kent 2010).

Brand identity is created and maintained by organisations when the organisation hosts a store in a signature building (Kirby & Kent 2010).   Signage to the outlet is another means of assisting the organisation create a positive brand identity for the public (Kirby & Kent 2010).

Store layout possesses a variety of successful elements. The store needs to have more than one characteristic that makes the outlet a positive brand (Kirby & Kent 2010). The organisation houses its outlets in more than one iconic building. This

can be across the province or town, country or world. Apple is an example of a brand that does this across the world by having its outlets in the best locations worldwide (Kirby & Kent 2010). A solitary building that is iconic to the public such as Harrods in London is an example of a brand that has a single building in Knightsbridge that is famous worldwide, making Harrods, one of the most iconic brands in the world (Kirby & Kent 2010). The stores design and architecture must be in keeping with the local heritage (Kirby & Kent 2010).

2.6 Brand Ambassadors

Companies use brand ambassadors to speak to their target markets more effectively (Armstrong & Kotler 2007). A brand ambassador is someone whom the public identifies with and relates to. Brand ambassadors assist an organisation in becoming top of mind to the customer. Brand ambassadors evolve with the organisation and change from time to time in order to meet the needs of the changing environment in which organisations exist (Armstrong & Kotler 2007). Brand ambassadors are also used when an organisation needs to communicate to the customers that it has taken over an existing brand. Companies like Gillette, have associations with key sporting figures e.g. David Beckham. Sporting figures assist with a very strong association to their sponsor companies e.g. Vodafone sponsoring soccer teams (Armstrong & Kotler 2007).

Trevor Noah, who was appointed as the brand ambassador for Cell C, was dropped in 2012. Cell C was reported to have indicated that it was becoming increasingly difficult to separate the identity of Trevor Noah from that of the organisation and that was the reason for ending the relationship. The association of the brand with a person becomes too strong and the brand gets diluted (Wilson 2012).

2.7 Rebranding

Rebranding is defined as a process where an organisation changes its identity by creating a new name, logo, symbol or design with the aim of establishing a new position for itself in the market place (Plewa, Lu & Veale 2011). It is the creation of a new direction of an organisation or it may be a simple exercise of repositioning the brand (Muzellec, & Lambkin 2006). Rebranding is a result of constant changes in the external, internal or both environments in which the organisation exists. The goal of rebranding is to portray a change in an organisation (Plewa, Lu & Veale 2011). The process of rebranding needs to occur at three levels of the organisation. These three levels include the strategic, corporate and product levels. Rebranding is a costly and time consuming process (Goi & Goi 2011).

Rebranding has some advantages which include the brand repositioning in the market place. Rebranding allows for the rebuilding of trust by the organisation with the customer (Merrilees & Miller 2008). Rebranding allows the organisation to stand out from its competitors. Employees gain confidence in the brand and increase productivity and profits increase as a result of a positive perception in the market place (Merrilees & Miller, 2008).

Like any process, with advantages, come disadvantages which include the loss of current market share. The rebrand process needs to be carefully mapped in order to reduce costs and have a clear path to follow. Unrealistic targets and time lines can cause a rebrand to fail (Gotsi & Andriopoulos, 2007). Information that is utilised that is not accurate can result in a rebrand disaster (Merrilees & Miller, 2008). An incorrect logo chosen can result in the brand not being as desirable as it was previously. The same concept of design is used for buildings and print. The different touch points of the brand need to be considered and need to have the new brand tie in with the purpose of the element (Gotsi & Andriopoulos, 2007). Impractical designs can be difficult to implement. Global brands do not implement rebrands across the globe. External stake holders are not consulted on the process of the rebrand (Merrilees & Miller, 2008).

Rebranding needs to incorporate certain principles. These include retaining some aspects of the current brand in order to maintain brand recognition. Meeting the needs of the new segments of the market is vital. A high level of training and communication needs to be undertaken in order to make the rebrand successful, and the organisation needs to undertake promotions in order to communicate the rebrand (Merrilees & Miller, 2008).

2.7.1 Reasons for rebranding

In order for a rebrand process to be successful, the organisation needs to have clear reasons for undertaking the rebranding. The following include some of the reasons for rebranding:

Reason for Rebranding	Author
Poor performance of the organisation, Keep up with the ever changing times and wants of customers	Merrilees & Miller, 2008
Globalisation, Dynamic environment or aggressive competitors, Communicate a change in organisational direction or strategy	Goi & Goi 2011
Rebranding as a result of a merger or acquisition, revitalisation of a brand. To enter an foreign market.	Merrilees & Miller, 2008
The existing brand has outlived itself and no longer fits in with the environment, Increased competitor in	Muzellec, &Lambkin, 2006

the market place, Improvement of the existing brand positioning in the market place	

Table 2.1 Reasons for rebranding

The reasons need to be carefully considered as the process of a rebrand is by no means an easy or cheap exercise (Goi & Goi 2011).

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2.7.2 Rebranding for mergers and acquisitions

Rebrands can occur as a result of mergers and acquisitions. The merged entity needs to create a name for itself in the market place and needs to communicate this to its customers (Lambkin & Muzellec 2008). The first step in this process is deciding on a name for the merged organisation. There are different options for rebranding as a result of a merger or acquisition (Lambkin & Muzellec 2008). These include:

- Creating a flexible brand for the entity by keeping both brands and using them selectively,
- Using one brand which normally is the brand of the acquiring organisation,
- A joint brand to combine the names and brands of both organisations, and
- A new brand to display a new organisation (Lambkin & Muzellec 2008).

The size and strength of the merged company, the association of products and services and the types of products and services form the key in determining which option for a rebrand needs to be adopted (Lambkin & Muzellec 2008). These factors assist merged organisations make informed decisions on the way forward (Lambkin & Muzellec 2008)

2.7.3 Process of rebranding

Before an organisation can rebrand, there needs to be a clear analysis of the brand. Part of the analysis process includes some of the following:

- Positioning of the brand: how is the organisation's brand positioned in the market in relation to that of competitors,
- Product: what is the product offering of the organisation and how does the product assist the customer,
- Mission: the principle of the product,
- Values: the values of the company need to be analysed, and
- Future vision: where does the product and organisation want to be in the future (Simon 2010).

According to Goi & Goi (2011) and Kaikati & Kaitati (2003), there are different approaches an organisation may take when rebranding. These include:

- A strategy of retro branding: an organisation would reuse a brand that they chose to phase out previously for example, VW Beetle.
- The translucent warning strategy: requires informing customers of the changes before and after the process which can be successfully done by means of in store activity and packaging of the product.
- A strategy of sudden eradication: this is an almost immediate process where an old brand is removed and a new one replaces it with no phasing in or out process, for example, the Vodacom rebrand.
- Strategy of counter-take over: this strategy is employed during a rebrand after an acquisition of a company. The acquiring company uses the brand of the acquired company. This process implies that the acquiring company knows that the acquired company has a stronger brand.
- A strategy of the phased in or phased out approach: there is an association between the new brand with the old brand for a period of time. There is a gradual "phase out" of the old brand.

- A strategy of combining branding to form one parent brand: this includes umbrella branding. A single brand is used across the world (Goi & Goi 2011), (Kaikati & Kaitati 2003).

Rebranding occurs at a product, corporate and strategic business unit level. Corporate rebranding encompasses a completely new identity for the entire organisation, strategic business unit involves rebranding of a subsidiary of a merged organisation and product rebranding is the rebranding of an existing product to market (Lambkin & Muzellec 2008).

2.7.4 Successful rebranding

In order for rebrands to be successful, they need to satisfy certain principles, which include that all stakeholders must be positively informed of the new brand (Merrilees & Miller 2008). The new brand needs to be able to meet the needs of the market in which it exists and must be aligned with all levels of the organisation. There must be communication of the new brand to all levels of the organisation and customers that the organisation services (Merrilees & Miller 2008).

The new brand needs to service the core function of the business. Retention of some existing brand principles in order to create a successful bridge between the old and new brand (Merrilees & Miller 2008). An effective marketing campaign needs to be embarked on and employees as well as customers need to be reassured of quality and service delivery throughout the rebrand (Merrilees & Miller 2008).

2.7.5 Rebranding Mistakes

There are many mistakes that can occur with a rebranding exercise. The changing times need to be adhered to, and the organisation need not hold onto the historic brand. Rebranding occurs as a result of a series of consultations

regarding the evolving organisation (Plewa, Lu & Veale 2011) . The historic issues need to be left behind but used as learning. An organisation must not embark on a rebranding exercise without a plan. A plan is key to meeting time lines and saving on costs (Plewa, Lu & Veale 2011).

The rebrand needs to communicate a believable strategy. It needs to encompass all elements of the organisation and not be a mere face lift (Plewa, Lu & Veale 2011). A rebrand needs to occur after there has been sufficient research done. Research forms the basis of case studies around any subject and can only assist with the key learning's derived from the research. The positive learning's may form the basis of the potential organisation's rebrand (Plewa, Lu & Veale 2011).

Organisations rebrand with the intention of providing a more positive experience for its customers. In order to gain the most out of a rebrand, some organisations opt for an interactive two-way process of communication (Plewa, Lu & Veale 2011).With this model; there is active communication between the customers and the organisation. This can be assisted by a walk in customer service centres around the country. Feedback and solutions need to be given to customers at the point of contact in order to increase the customers' levels of satisfaction (Plewa, Lu & Veale 2011).

Rebranding of an organisation displays the organisation's ability to keep up with the changing times and the commitment the organisation has to its customers. A rebrand displays to the customer that the organisation wants to please its customers and its commitment to customers by the money spent on a rebrand. The rebrand needs to communicate quality, value and commitment to the customer in order for the customer to welcome the rebrand. Customers need to perceive the rebrand as increased value in the product the organisation offers (Plewa, Lu & Veale 2011).

2.7.6 Costs of rebranding

The costs associated with a rebrand are not just that of a new colour or logo of the organisation. A rebrand includes every public touch point of the organisation with the customer (Plewa, Lu & Veale 2011). A rebrand includes training of internal and external stake holders, the redesign of logos, the change of colour of the organisation's brand. Matching colours and pantones for printing of elements are also part of the costs of rebranding. Changing the old visual elements of the brand in the public space to that of the new brand, e.g. visual merchandising elements. Changing of signage and redesign of stationery and promotional items constitute elements of the cost of rebranding (Plewa, Lu & Veale 2011).

2.8 Rebranding exercises in SA

South African businesses have seen numerous rebrands. Some of the most recent ones include the rebranding of Vodacom South Africa, Cell C and Europcar. These brands demonstrate a single company rebrand as well as that of a merged brand.

2.8.1 Cell C

Cell C was founded in 2001 and was the first cellular network to work off a 900 GSM and 1800 GSM network. This meant that the quality of the calls would be better for the customer as the network coverage had improved (Cell C 2011). The Cell C customer had the benefit of Cell C leasing network use from Vodacom, ensuring coverage across most of South Africa. Cell C has distribution outlets in retail, Cell C Franchise stores, informal markets, community service telephones and the independent owned dealer stores (Cell C, 2011).

Cell C undertook a rebrand in 2010, promoting the cutting edge data network that Cell C had launched (Cell C, 2011). The company had to take the rebrand to eight

million customers. Being the third cellular entrant to the market, Cell C undertook to become a market leader in data speed in order to grow market share (Cell C, 2011). In 2010, Cell C partnered with Red Bull Mobile promoting the new faster, cheaper data rates. This partnership was established to live the brand promise to be faster. The brand transformed from red to a black background with multiple colours in the logo (Cell C, 2011).

2.8.2 Europcar

Imperial car rental was established in 1979 and undertook to be a company with its focus on service delivery to its customers. This business ethic allowed Imperial, to become the second largest car rental company in South Africa. The target market of Imperial was corporate, leisure and domestic. Europcar, a global leader in the car rental market started conducting business in South Africa in 1997 (Europcar, 2011). The company focused on the in-bound leisure market. Imperial and Europcar operated independently and were both successful entities. A merger would only be for the improvement of both companies. The decision to amalgamate Imperial with Europcar was made in   May 2007 (Europcar, 2011). It was agreed that the merged entity would operate under the brand of Europcar since Europcar's global identity would assist with best international business practice. The merged entity, Europcar South Africa, is 100% owned and managed by Imperial Holdings Limited, which is one of South Africa's largest listed groups (Europcar, 2011).

The risk of the merged brand would be to take an international brand and make it a 'Proudly South African' company. The reason that the Europcar brand was chosen over the Imperial brand included the following reasons:

- Europcar was a leading brand in Europe, Australasia, Middle East & Africa and worldwide in the top three,
- The merged entity would have access to a network of 5,300 rental agencies in 160 countries, and
- Access to global partnerships and affiliate partners Europcar (2011).

The merged brand presented itself to the public by branding three Kulula aircraft, extensive airport branding and the change of the courtesy Imperial mints to Europcar mints. Europcar is constantly striving to reach customer excellence by keeping it simple (Europcar, 2011).

2.8.3 Vodacom South Africa

The South African Cellular market has five mobile operators namely Vodacom, MTN, Cell C, Virgin Mobile and 8ta also known as Telkom Mobile. Vodacom SA commenced the operation of its network in July 1994 Russell (2011). In 2011, Vodacom grew from offering voice only services to data, messaging, broadband and converged services to over 40 million valued customers. Vodacom is South Africa's leading cellular network, owning 50 % of the prepaid and post-paid market share Russell (2011). Vodacom's vast offerings are available through distribution channels including retailers, Vodacom Franchise stores, informal markets, community service telephones and independently owned dealer stores Russell (2011).

Vodacom SA listed the company on the Johannesburg Stock Exchange in 2009. The shareholding of Vodacom comprises Vodafone owning 65%, the public 21% and government 14% of the shares. Vodacom owned close onto 8 000 base stations nationally (Vodacom, 2011).

Vodacom South Africa undertook a colour change in order to rebrand in April 2011. The colour red was adopted in keeping with the majority share holder Vodafone's international colours Russell (2011). With the sale of the Telkom shares to Vodafone, came the need for Vodacom South Africa to change the brand to incorporate that of Vodafone. After months of debate on the way forward for the Vodacom South Africa Brand, it was decided that the name Vodacom South Africa would remain. The rebrand process was twofold namely using a

sudden eradication of the colour and log and a phased out approach for the name. The colours of the organisation would change from blue and green to that of the Vodafone red. The logo would change from the Vodacom world to the Vodafone bubble Russell (2011).

2.9 Summary

This chapter highlighted the core of what a brand is as well as all the elements associated with a brand. This chapter emphasized what rebranding should and should not be. It is evident that a rebrand of a company is by no means a cheap, easy or effortless exercise. It involves extensive strategizing in order to ensure a successful rebrand that is well positioned and accepted in the market. However, the effectiveness of a rebrand has to be measured after the exercise has been completed.

It is apparent that the three examples of rebranding briefly addressed have been successful from a company perspective. However, it is unclear what impact the rebranding exercise has had on their customers. This serves the basis for an examination of the rebranding of Vodacom South Africa and the impact it has had on Vodacom's customers.

Chapter Three:

Research Methodology:

3.1 Introduction

Chapter two focused on the literature review where it was found that corporate rebranding is necessary at different stages of a company's life cycle. Rebranding can affect customer's perceptions of the rebranded organisation. This chapter describes the aim, objectives and the research methodology which was used in the conducting the empirical study. It proceeds to discuss the various types of data that is required, data collection and the analysis of the data.

3.2 Aim and Objectives of the Study

South Africa has seen many brand changes in different industries within the past decade. This includes banking, car rental and cellular. A brand change of an organization is a result of months of deliberation in order to make the best possible decision for the success of the organization. Vodacom undertook a major brand change in 2011.

This study aims to understand the impact that the brand change of Vodacom has had on customers, and their perceptions of the new branding. Vodacom is one of the biggest brands in South Africa and it is essential to determine whether it still holds the same space of mind as it did prior to the rebranding.

In order to meet the aim, the following objectives have been developed:

- To determine if customers are aware of the rebranding,
- To determine if customers see value in the rebranding,

- To determine what values customers identify with a brand,

- To determine whether demographics affects consumer perceptions of the rebranding, and

- To determine the effect of the Vodacom brand change on customers in terms of: brand loyalty and switching, attracting new customers, confidence in the link with an international brand.

3.3 Participants and Location of the Study

The participants in this study were mobile phone owners located across South Africa. In terms of ethical considerations, all participants were required to be over the age of eighteen.

3.4 Sampling Strategies

A population can be defined as the total number of people or participants that provide information for the research (Wiid & Diggines 2009). The population of cellular users in South Africa is forty million (Stats SA 2011). Due to the large population, it is impossible to involve every member of the population. Further to the logistical impossibility, it is also too costly and time consuming to utilise the entire population of South Africa, therefore a sample was used.

Sampling is the process of using a limited part of the population (Sekaran & Bougie 2010). The basis of the process of sampling is to use a fractional part of the population and to apply the findings to the majority of the population. There are two types of sampling which are probability sampling and non-probability sampling (Mugo 2011:2).

3.4.1 Probability Sampling

While using probability sampling, the possibility of a person being selected is known (Sekaran & Bougie 2010). Stratified sampling, systematic sampling and random sampling include some of the methods of probability sampling.

- Stratified random sampling is the process where the population is divided into homogenous subsets (Sekaran & Bougie 2010). It is sometimes referred to as *proportional or quota* random sampling. This method assists with including a wider range of the population and includes minority groups. Provided that the strata are homogeneous, this method of sampling will have a greater statistical representation than simple random sampling (Sekaran & Bougie 2010).

- Systematic sampling is the process where every n-[th] record of the sample size is selected from the entire list of the population (Sekaran & Bougie 2010). The process includes the numbering of the units of the population from 1 to N. A sample interval needs to be chosen by the researcher. As an example ten, this means that every tenth person will be included in the sample. Due to limited access to a customer base, this approach will be used (Wiid & Diggines 2009).

- Random sampling is the process where each member of the population has a known and equal chance of being chosen (Sekaran & Bougie 2010). Cluster random sampling is the process where the population is grouped into clusters based on geographical location. These clusters are then randomly chosen. Multi stage sampling is the process where different methods are chosen and used for the research (Wiid & Diggines 2009).

3.4.2 Non- Probability Sampling

With non probability sampling random members of the population may be left out of the sample (Sekaran & Bougie 2010). Most times the participant is some one that has volunteered their time to participate in the process. Convenience sampling, snowball sampling, judgment sampling and quota sampling include some of the methods of non probability sampling (Sekaran & Bougie 2010).

Convenience sampling is very commonly used. Convenience sampling uses a segment of the population based on the availability of the participant (Wiid & Diggines 2009). The advantage of convenience sampling is that it saves time, money and is practical as the entire population can never be used. The disadvantage of convenience sampling is that the generalization may be an unfair representation of what the entire population thinks (Wiid & Diggines 2009).

Purposive Sampling is the process where the researcher selects sample with a purpose in mind (Wiid & Diggines 2009). In this process, the researcher very often is visible and physically looking for the specifics of their population. Snow ball sampling is the process whereby the participants are identified to participate based on meeting the criteria of the research (Wiid & Diggines 2009). These participants would then in turn recommend other participants based on their knowledge of these new participants meeting the criteria (Wiid & Diggines 2009).

Snow ball sampling assists in increasing the number of respondents in a shorter space of time as one person sends to another and so on. Some of the advantages associated with on line snow ball sampling include the cost of administrating the questionnaire and data are far less, ability to change the questionnaire into different languages, the collection and administration of the data is more efficient and quick than traditional questionnaires, there is no time constraint for respondents, various types of questions can be incorporated into the questionnaire (Baltar and Brunet 2011). Snow Ball sampling has disadvantages associated to it as well. Amongst these include a bias with the data collection, response and sample bias, recipients may perceive the mail to be spam, questions may be perceived to be unclear and there is no one available to clear up any confusion. (Baltar and Brunet 2011).

A non-probability convenience snowball sample was used in this research. The initial call for participation was sent to consumers known to the researcher. They in turn would forward the questionnaire to their friends and contacts. The respondents assisted by sending the questionnaire out to other potential respondents. A link was placed on the researcher's face book profile asking the researchers friends to assisted by completing the questionnaire. The researcher's

friends, in turn shared the link on their respective face book profiles which meant that friends of the researcher's friends were asked to respond. The number of responses obtained from posting a link on face book, are far higher than mailing out a questionnaire to random strangers, some people share their personal information on Facebook which encourages more people to–assist and respond (Baltar and Brunet, 2011).

3.5 Research Design

There are various types of research design that can be utilized in order to obtain information. Explanatory research, descriptive research, causal-comparative research, correlation research and explanatory research are among the different types of research design that can be utilized (Sekaran & Bougie 2010).

- Explanatory research explains the relationship amongst variables (Wiid & Diggines 2009). The process includes studying the problem, collation of data then the description of the relationship. This is a deductive, analytical process. Causal-comparative research utilises a quasi-experimental design (Sekaran & Bougie 2010). This design is used to study close, comparable groups in order to ascertain the differences and the reasons for the differences in the groups. Correlation research is the process to discover the relationship between variables by utilizing correlation statistics (Wiid & Diggines 2009).

- Exploratory research is the process of establishing new insights about an occurrence (Wiid & Diggines 2009). Exploratory research is embarked on when there is little knowledge on the subject. It is used when there is not much information on similar research subjects (Wiid & Diggines 2009). Exploratory research involves extensive ground work in order to develop a framework for the study which assists in providing a theoretical framework for a topic where some information is available (Sekaran & Bougie 2010).

- Hypothesis resting is used to describe the quality of relationships (Sekaran & Bougie 2010). It is used to ascertain the differences amongst different groups. Hypothesis testing explains the variance in the variable that is dependent (Sekaran & Bougie 2010).

- The type of research design used for this study is descriptive research. Descriptive research is defined as the type of research that describes characteristics of an existing phenomenon (Sekaran & Bougie 2010). It allows the researcher to acquire responses from a target audience and identify patterns from the responses. This type of research is very often used in organisations in order to gain knowledge about the employees of the organisation (Sekaran & Bougie 2010). Whilst this study is not going to be carried out at a specific company, the responses of the participants will be presented and discussed in a descriptive format.

3.6 Data Collection

Data collection forms the back bone of the research as it is the point where the information needed to be analyzed, is obtained. Data is collected from various sources. The process of obtaining information from different sources is called triangulation. Triangulation assists in ensuring that the data obtained is accurate as many sources have been consulted in order to arrive at conclusions. There are two types of data collection. These are primary and secondary data collection (Wiid & Diggines 2009).

3.6.1 Primary Data

One type of primary data collection is the use of a questionnaire or interview (Wiid & Diggines 2009). The primary data collected for this study was derived from questionnaires marked Appendix 1. The questionnaire which was targeted at mobile phone users was designed based on a logical flow from general to specific questions. The constructs of the questionnaire included demographics, understanding of the term brand, the effect of rebranding on Vodacom customers and the effect of the rebranding on non-Vodacom customers.

The questionnaire consisted of twenty six closed questions. Closed type questions are questions where the respondent has to choose a suitable answer from a list of possible answers presented (Sekaran & Bougie 2010). These types of questions assist the respondent with choosing an answer from a predetermined list instead of trying to think of various possibilities. Furthermore, it assists in obtaining an answer appropriate to the study and saves time (Wiid & Diggines 2009).

The questionnaire consisted of brief, clear questions and it was designed to obtain answers relevant to the objectives of the study.

3.6.2 Secondary Data

Secondary data collection is making use of electronic sources, books and articles to obtain the relevant information pertaining to the topic (Wiid & Diggines 2009). A wide range of journals were consulted for the literature review. The information from the readings was used to formulate the questions in the questionnaire.

3.7 Pilot Study

A pilot study needs to be conducted before the questionnaire is presented to the sample population (Wiid & Diggines 2009). In order to save time in the long term, a researcher needs to test the questionnaire on a pilot group as it allows the researcher to change any unsuitable questions, clear any ambiguities and make the language more appropriate for the intended audience (Wiid & Diggines 2009).

The pilot study was conducted on ten respondents who owned cellular phones. The feedback received was that the questions were clear and to the point. They understood the reasoning behind the questions and indicated that the questionnaire was quick to complete. Furthermore, the preliminary results showed that the responses were what the researcher had anticipated which ensured the validity of the research instrument.

3.8 Validity

Validity shows that the researcher is actually measuring what was intended to be measured as well as how accurate the results are (Wiid & Diggines 2009). There are four types of validity. Face validity, content validity, criterion validity and concurrent validity (Wiid & Diggines 2009).

According to Wiid and Diggines (2009) face validity can be gained by getting the sample population to comment on the balance, relevance and competence of the research instrument, this was done by conducting a pilot study. Content validity is where the researcher needs to obtain the opinions of experts in the field in order to gauge the competence of the research instrument (Wiid & Diggines 2009).

3.9 Reliability

Reliability of a research instrument is the uniformity or repeatability of the capacity of some phenomena (Sekaran & Bougie 2010). It indicates the extent that the study is error free (Wiid & Diggines 2009). The reliability is the consistency of the instrument (Wiid & Diggines 2009). Parallel forms of reliability and test-retest reliability are two of the types of reliability (Sekaran & Bougie 2010).

Parallel forms measure the similarity when administering two forms of measurements to obtain a relationship (Sekaran & Bougie 2010). Test-retest reliability is administering the same research instrument at two different points in time to the same research subjects and obtaining a correlation between the two sets of responses (Sekaran & Bougie 2010). As most of the reliability measures require repeat testing, they will not be used. By using internal consistency reliability, the questionnaire will be longer and require more time.

3.10 Administration of questionnaires

Administration of questionnaires can be done by various methods depending on the sample population that the researcher wishes to communicate with (Sekaran &

Bougie 2010). Methods of administering questionnaires include emailing the questionnaire to respondents, posting the questionnaire, physically handing the questionnaire to the respondent or telephoning the respondent and going through the questionnaire (Sekaran & Bougie 2010).

For this study, the questionnaire was uploaded to Questionpro and all questionnaires were emailed to the respondents. Seven hundred and seventy seven people viewed the questionnaire. Four hundred and twelve questionnaires were successfully completed. The anonymity of all respondents was strictly controlled in that none of the responses could be specifically attributed to a particular respondent.

3.11 Analysis of data

The data was analyzed using the analysis feature on Questionpro and SPSS. Being a descriptive study, frequencies, analysis of means and cross tabulations were conducted.

3.12 Ethical considerations

Ethical principles have to be at the fore front of any research. The respondents needed to consent to participate in the study. The responsibility of the researcher included handling the information confidentially, not misrepresent the purpose of the study, maintain the dignity of the respondents and not subject the respondent to any physical or mental harm (Sekaran & Bougie 2010). The confidentiality and anonymity of the respondents was maintained. The identity of the respondents was not asked for. The questionnaire asked the respondents to indicate the category they fell into in terms of age, gender and race. Ethical clearance for the study was obtained from the University of KwaZulu-Natal (APPENDIX-2).

3.13 Summary

The questionnaires were tested on a pilot group of 10 people in this chapter in order to fine tune the final document. The pilot respondents were subjected to the proper ethical considerations required for the main study. Based on the feedback from the pilot study, the researcher was satisfied that the instrument was valid and the questionnaire was opened to collect data for the actual study.   The results will be presented in the next chapter.

Chapter Four

Analysis and Interpretation of results

4.1 Introduction

This chapter presents and discusses the results of the empirical study. The presentation is laid out in sequence to answer the objectives. The results are displayed with the use of graphs and tables. The results are discussed for each objective.

4.2 Impact of the Vodacom rebrand on the consumer

A total of 772 people viewed the questionnaire, however, only 412 responded, the resultant response rate is 53%. Table 4.1 illustrates the demographic profile of the respondents of this study.

Table 4.1 Demographic Profile of respondents

Demographic	Percentage
Age	
20 – 29	29%
30 – 39	**35%**
40 – 49	20%
50 – 59	10%
60>	6%
Gender	
Male	42%
Female	**58%**

Race	
Indian	**40%**
Black	20%
White	29%
Colored	11%

Table 4.1 illustrates that the majority of the respondents belong to the thirty to thirty nine year age group with the lowest number of respondents belonging to the sixty year age group. This could be due to the fact that the researcher used her social networks, many of whom shared the same/similar demographics as herself.

4.1 illustrates that the majority of the respondents were female. This is in keeping with the researcher being female and having sent the questionnaire out to more woman than men at the initial stage. The race demographic once again is a mirror of the researcher and her networks.

Nielson (2011) reported that fifty two percent (52%) of cellular users were women and forty eight percent (48%) were men. Twenty nine percent (29%) fell in the age group of 25 to 30 which is a direct mirror of findings of this study. Only six percent (6%) of the respondents in the Neilson survey were Indian with fifty five percent (55%) being Black (Hutton, 2011). This is understandable since this was a national study.

Figure 4.1 illustrates that the majority (51.5%) held personal contracts and the lowest number (6.3%) held prepaid packages paid for by an employer.

Figure 4.1 Type of Cellular Package

According to Vodacom (2010), to qualify for a contract, customers must earn a monthly salary exceeding R 3500, therefore it can be safely deduced that that majority of the respondents earned more than R 3500 per month. All contract holders belonging to Vodacom would have become aware of the brand change as the logos would have changed on their monthly statement.

Figure 4.2 illustrates that the majority of the respondents subscribed to Vodacom the least subscribed to 8ta. This is in keeping with the South African cellular market share where Vodacom is the market leader with 50.4%, MTN is second with 33.8% and Cell C with 15.8% (Distility 2012).
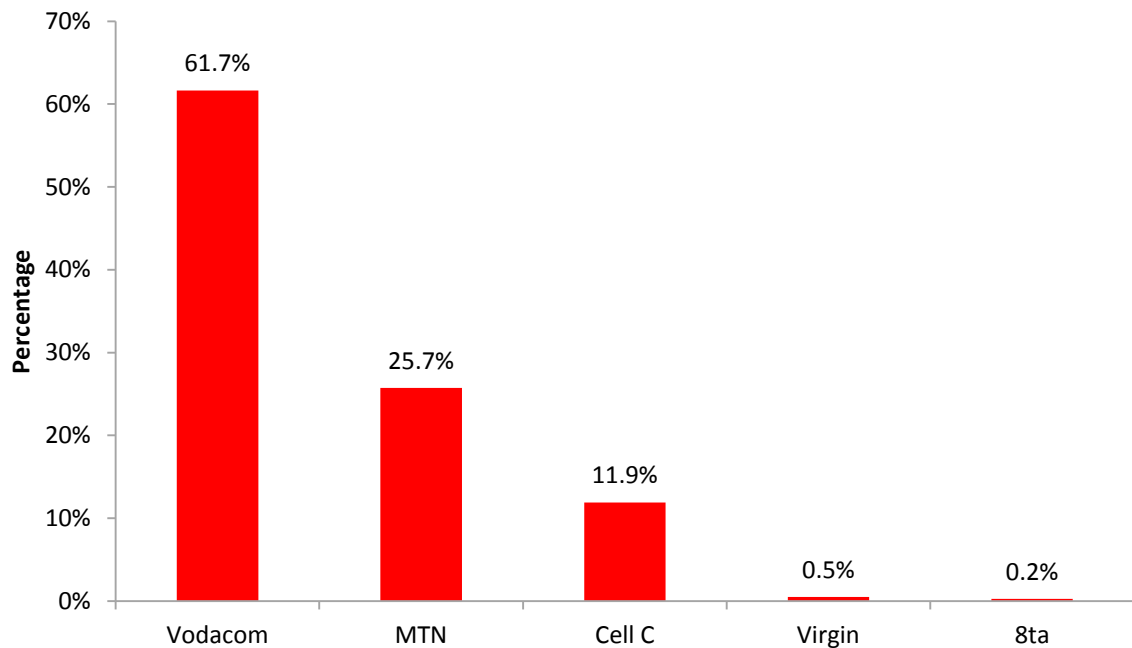

Figure 4.2 Primary cellular providers

According to the Merrilees & Miller (2008), one of the advantages of rebranding is the potential growth of the organisation. Vodacom's market share since the rebranding grew from 2010 to 2011 by about a million contract subscribers, which reflects a 1.9% growth.

It is evident from figure 4.3 that forty nine (49%) percent of the respondents viewed their cellular providers brand as their promise to their customer of their quality of products and services (Figure 4.3).
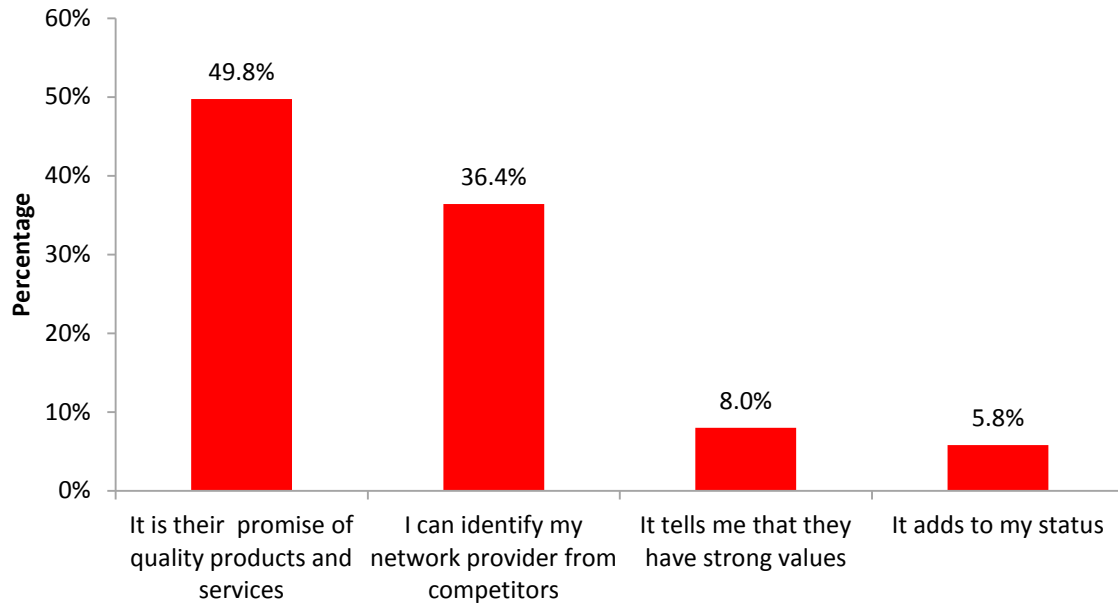

Figure 4.3 Consumer understanding of a brand

According to Kirby and Kent (2010), a brand sets ones provider apart from others in the same industry. Thirty six point four (36.4%) of the respondents supported this theory in that they believed that their networks brand was identifiable from the competitors.

Table: 4.2   Cross tabulation between primary service provider and meaning of a brand

		Primary service provider			
		Vodacom	MTN	Cell - C	**Total**
Meaning of Cellular Brand	I can identify my network provider from competitors	23	8	5	**36%**
	It is their promise of quality products and services	30	14	6	**50%**
	It tells me that they have strong values	4	3	1	**8%**
	It adds to my status	4	1	0	**6%**
	Total	**62%**	**26%**	**12%**	**100%**

n = 412   p = 0.280 x^2 = 14.336

Table 4.2 above illustrates that the majority of the respondents were Vodacom subscribers who believed that a brand is a promise of quality products and services. This was followed by the respondents believing that a brand was an identification factor for the network. A minority believed that a brand added to their status. With   p = 0.280, it shows that there is no correlation between the primary cellular network and the respondents perception of what a brand is.

Figure 4.4 shows that eighty one percent (81%) of the respondents were aware of the Vodacom brand change. A brand is an intangible asset to a company (Shimp 2010).
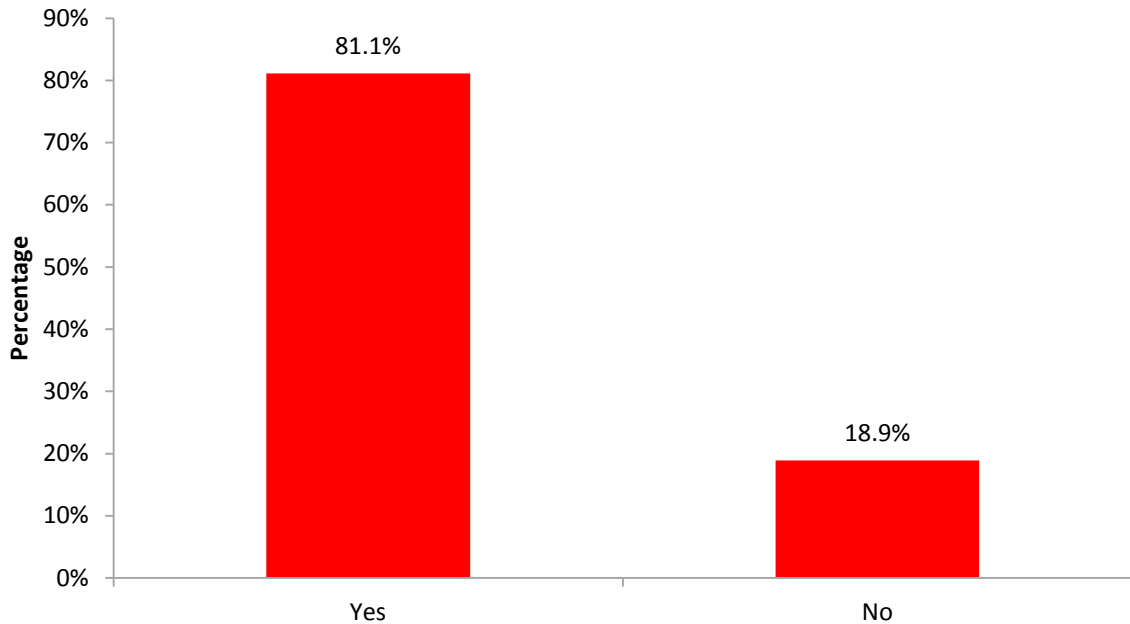

Figure 4.4 Awareness of the Vodacom brand change

A strong brand takes years to build and this costs money. Brand awareness assists in increasing the cost of a brand (Simon 2010). Brand awareness is the ability of a brand to be top of mind to the customer. Brands don't just become top of mind brands (Simon 2010). Aggressive, sustained marketing campaigns, which can cost millions, assist with a brand becoming a leader in its category (Simon 2010). It is evident that Vodacom's investment in the rebranding was money well spent since the majority of the respondents were aware of the new brand image.

The television spend on the rebrand was R 200 million rand for the rebrand just for the hardware of the project (Vodacom, 2011). Television space was over crowded with Vodacom and its rebrand. Vodacom successfully utilized old brand ambassadors to implement these campaigns. The old changed to the new and the blue changed to the red (Bizcommunity, 2012).

Table 4.3 reflects that the majority of the respondents became aware of the Vodacom rebrand through television advertising, followed by print media. It has also become evident that there is no correlation between how respondents became aware of the Vodacom rebrand and their awareness of the rebranding.

Table 4.3   Cross tabulation between awareness of the rebrand and the media that created the awareness.

		Media that made respondents aware of rebranding						
		Television advertising	Vodacom website	In store branding	Print media	Word of mouth	Social network	Total
Awareness of Vodacom rebranding	Yes	58	5	10	12	10	5	100%
	No	0	0	0	0	0	0	0
	Total	58%	5%	10%	12%	10%	5%	100%

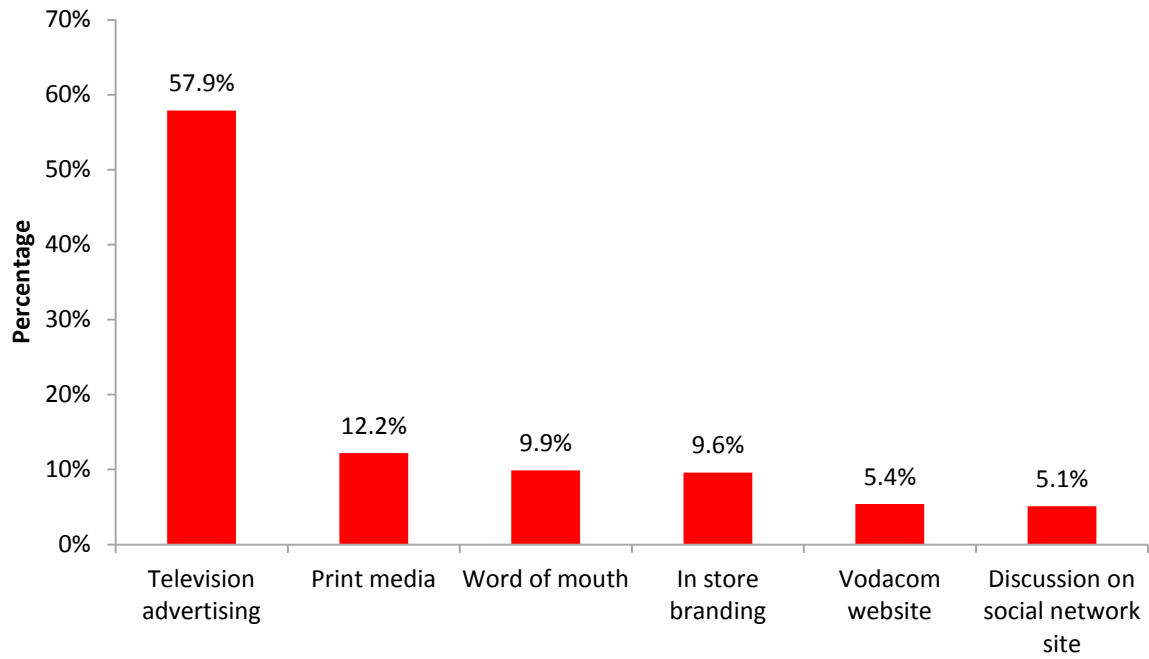n = 335 $\qquad\qquad$ p = 1 $\qquad\qquad$ $x^2 = 0.000$

Figure 4.5 Media which created rebranding awareness

Fifty seven percent (57%) of the respondents became aware of the brand change by means of television advertising (Figure 4.5).

It is evident from Figure 4.6 that the majority of the respondents (29.5%) that did not know about the Vodacom brand change were subscribers to another service provider. This was followed by poor media coverage (28.2%).
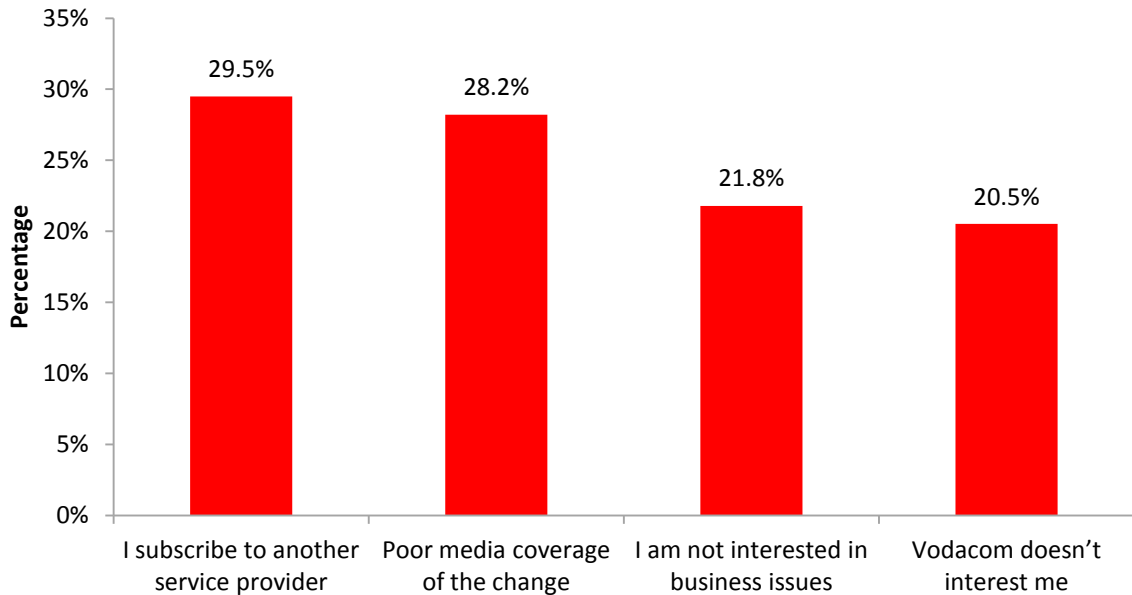

Figure 4.6 Reasons why you are not aware of the brand change

The one fifth who stated that Vodacom did not interest them were probably brand loyal to their service provider. On closer analysis there was a correlation (p = 0.00) between the primary cellular provider and why the respondents were unaware of the change. Of those who subscribed to another network stated that Vodacom did not interest them, 28% subscribed to MTN and 18% to Cell C.

Figure 4.7 illustrates that the Vodacom brand change had no impact on the majority of the respondents.
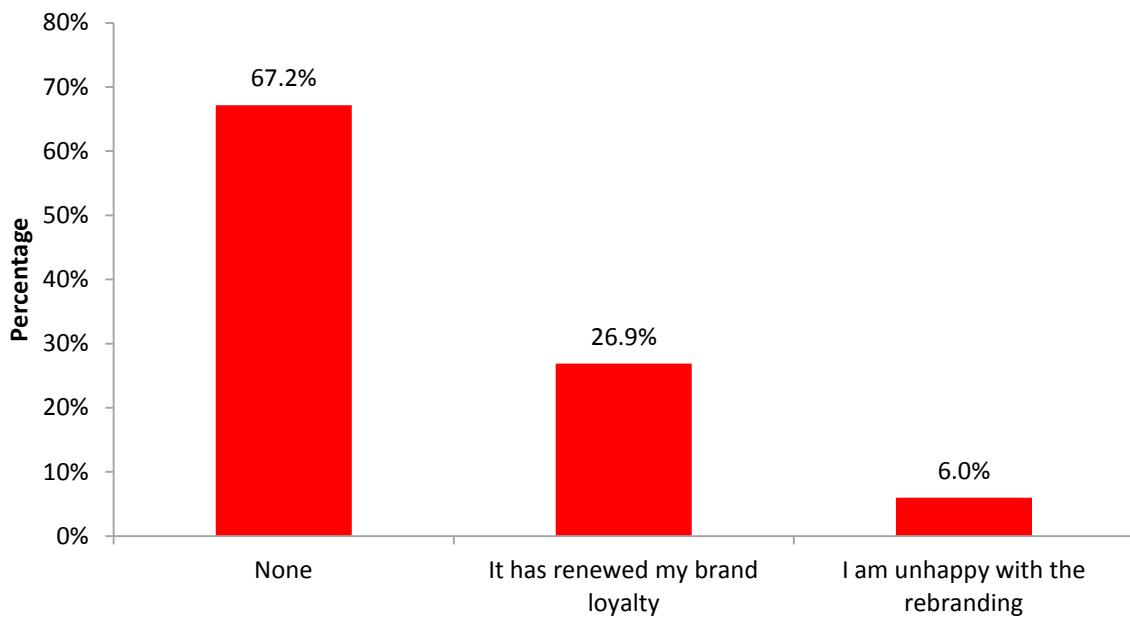

Figure 4.7 Impact of the Vodacom Brand change

Rebranding is a result of constant changes in the external, internal or both environments in which the organisation exists. The goal of rebranding is to portray a change in an organisation (Plewa, Lu & Veale 2011). According to Distility (2012), when rebranding, a company needs to ask "is this what the customer wants". It is possible that the rebranding had no impact as it is not what the customers wanted.

Vodacom had to conduct the rebrand as a result of the Vodafone purchase of majority shares in the company (Francis 2011). The rebrand was not completed to gain market share or increase the brand loyalty of a customer, it was a corporate decision to maintain uniformity of the international Vodafone brand (Francis 2011). It therefore stands to reason that the brand change had no impact on the majority of the respondents.

Table 4.4   Cross tabulation between the impact of the rebranding and why the rebranding was perceived as a waste of money

		Vodacom is not proudly South African any more	There is no personal benefit for me	There is no benefit to South African society	The investment should have been used to reduce ~~call costs~~	Total
Impact of the Rebranding	None	13	10	13	42	**78%**
	It has renewed my brand loyalty	0	0	2	0	**2%**
	I am unhappy with the rebranding	8	7	0	5	**20%**
	Total	**22%**	**17%**	**15%**	**47%**	**100%**
n = 60		p = 0.03		x^2 = 14.343		

The majority of the respondents indicated that the money should have been used to reduce call costs. The minority indicated that there was no benefit to South African society. It is evident that there is a correlation between why respondents believed the Vodacom rebrand was an unnecessary waste of money and the impact the Vodacom rebrand change had on the respondents as p = 0.03.

According to the Nielson Report (2011), it was found that 95% of the public would remain with their current service provider for a period of four years. These subscribers promoted their current network by means of word of mouth to their network of friends and family (Hutton 2011).

Figure 4.8 shows that forty seven percent (47%) of the respondents indicated that they believed that the Vodacom rebrand was a refreshing change to the image.
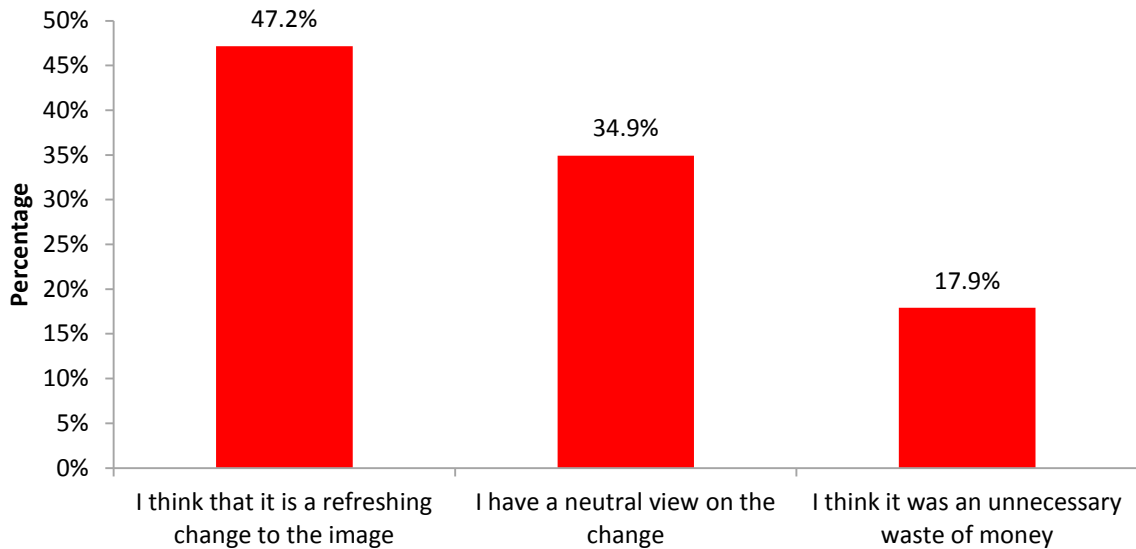

Figure 4.8 Consumer opinions of the Vodacom Brand change

Seventeen percent (17%) indicated that it was an unnecessary waste of money. Over one third34.9% had a neutral view. A rebrand is intended to increase profits as a result of a positive perception in the market place (Merrilees and Miller 2008). The public can increase or decrease the value of a brand (Armstrong & Kotler 2007). It is a positive sign that the majority responded that the brand change was refreshing.

Figure 4.9 shows that 41% of the respondents indicated that the Vodacom brand is associated with an international brand.
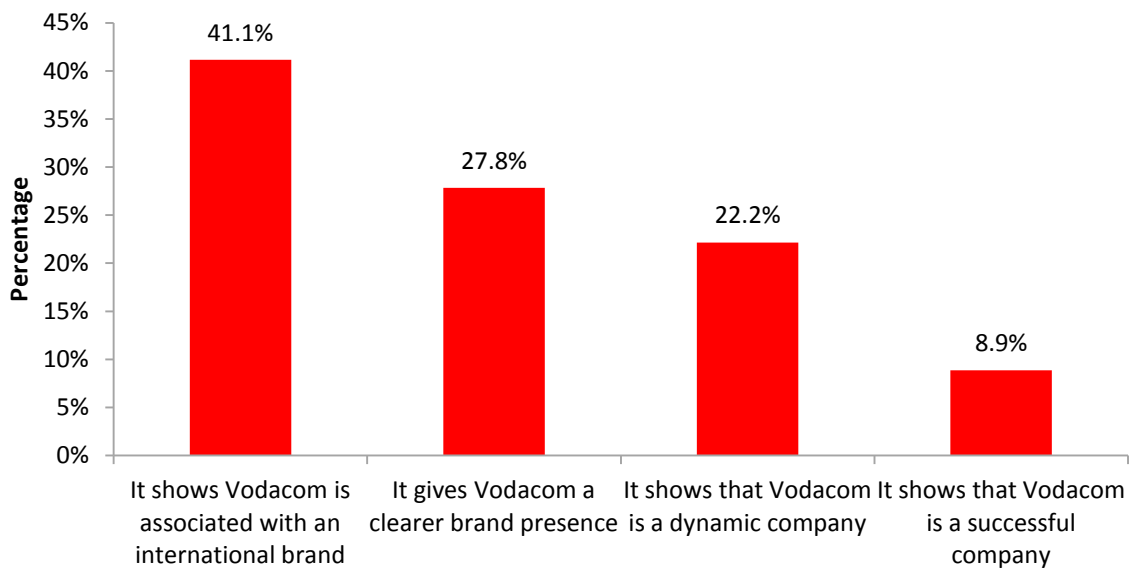

Figure 4.9 Reasons why the change was "refreshing"

Only 8.9% felt that the brand change shows that Vodacom is a successful company. This indicates that the South African public are aware of the international association with Vodafone. It is possible that over and above the local coverage, the respondents have been exposed to the Vodafone brand by watching international sporting fixtures where Vodafone is a head line sponsor e.g. Formula one racing and English football.

Figure 4.9 illustrates that of the respondents that indicated that the rebranding was an unnecessary waste of money, 46.7% indicated that the money should have been used to reduce call rates.
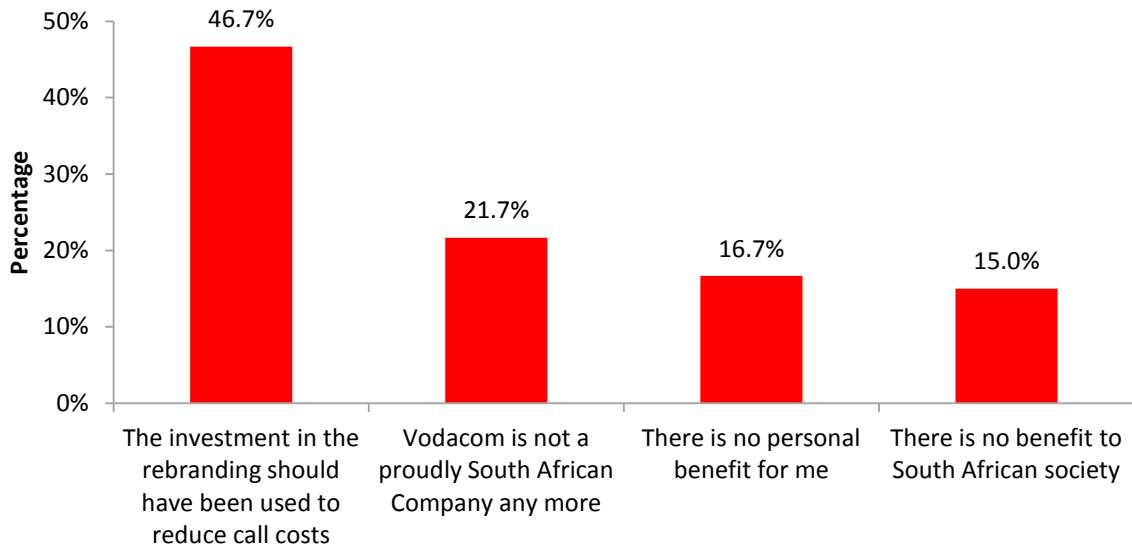

Figure 4.10 Reasons why the Vodacom Brand change was an unnecessary waste of money

According to Distility (2012), 16.7% received no personal benefit from the Vodacom rebrand.

The South African telecoms industry has been criticised for its extremely high costs of connectivity (Distility 2012). This is probably why 46.7%of the respondents felt that money spent on rebranding should have been used to reduce call costs instead.

Cell C embarked on a price war in May 2012 by reducing the cost of prepaid call rates to ninety nine cents per second. This was a much awaited relief in prices for customers. Vodacom however had to remove the call rate from the public as Vodacom did not follow the correct process of going through the regulator (Distility 2012). There seems to be some relief in sight for the South African cellular consumer. The same sort of price war can be seen in the data market where Vodacom launched the Mofaya promotion to kick of the rebrand in April 2011.

Figure 4.11 illustrates that the majority (93%) of the respondents were aware of the correct colours of the original Vodacom brand.
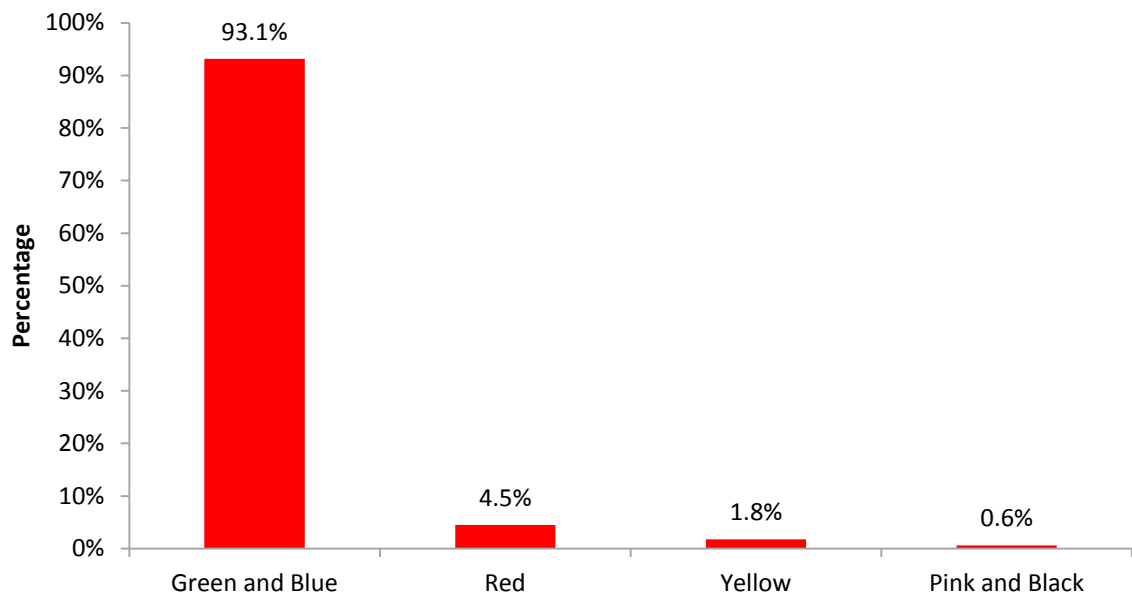

Figure 4.11 Colour of Vodacom

This can be attributed to the strong presence of Vodacom South Africa in the sporting arena where they have, has been the headline sponsor of rugby's Blue Bulls and soccer's Orlando Pirates and Kaizer Chiefs. Vodacom hosts the Vodacom July handicap. This has given Vodacom a wide audience across age, race sex and earning capacity to promote its brand to.

What is significant is that a majority by 5.4% more knew the current colour of Vodacom. This can be attributed to the primary – regency effect (Panagopoulos , 2010)

Figure 4.12 is linked to Figure 4.9 where the respondents were aware of the association of Vodacom with the international brand, Vodafone.
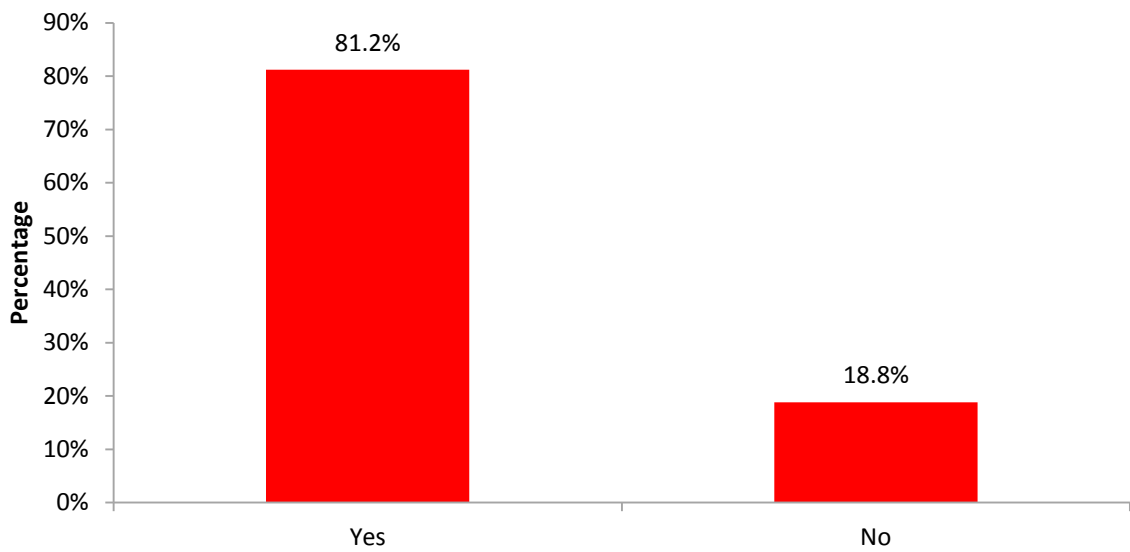

Figure 4.12 Consumer awareness of Vodacom's association with an international brand

The tear drop used for the logo belongs to Vodafone and is seen in countries across the world.
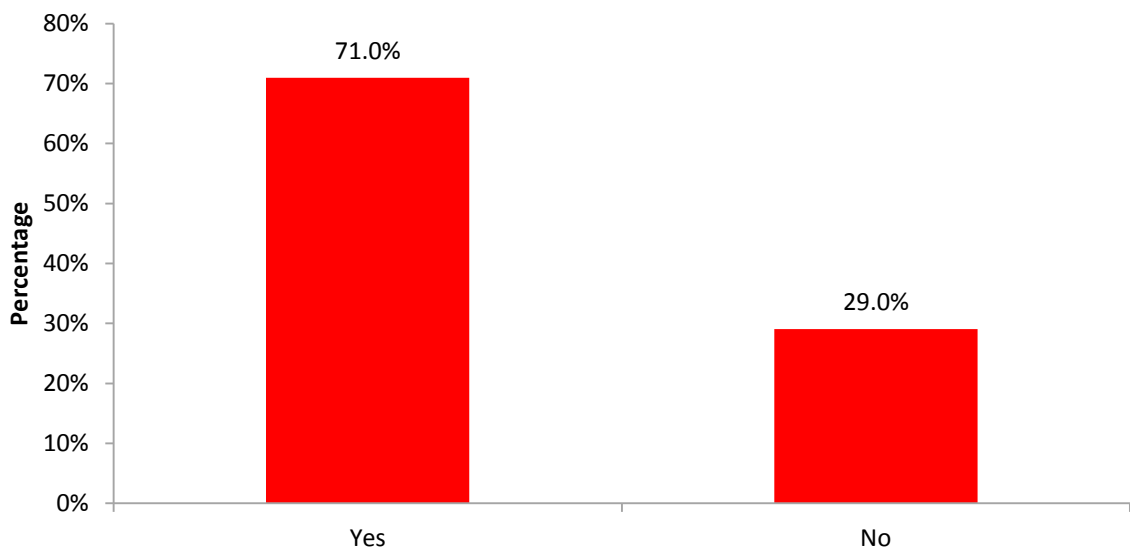

Figure 4.13 Benefits of brand association

Once again, it is clearly displayed that there is a positive perception to Vodacom being associated with an international brand.

It is clear from Figure 4.14 that thirty seven percent of the respondents believed that the association of Vodacom with Vodafone would result in better and cheaper handsets.
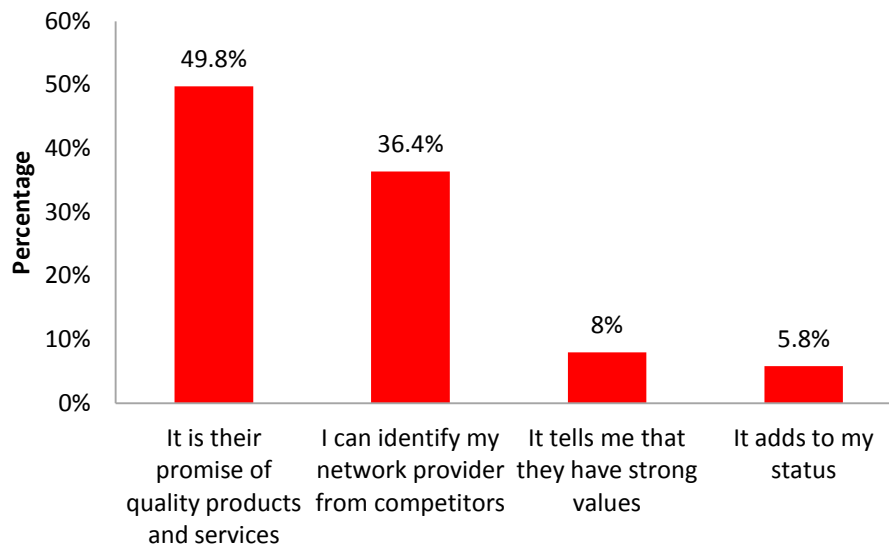

Figure 4.14 Benefits of Vodacom's association with an international brand

This works on the basic principle of sales volume. Only seven percent believed that it would improve the quality of calls.

Over a third (36.8%) believed that call prices would drop locally (11.4%) and when roaming internationally (25.4%). This notion is possible due to the fact that Vodafone calls are much cheaper. In the United Kingdom, calls cost 2 pence (30 cents) a minute on the Vodafone network (Russell, 2011). This is cheaper than the local Vodacom call cost of R 2.25 cents per minute on prepaid (Russell, 2011).

Choices in the market are greater with an international brand, as Vodafone enjoys the volume discounts from handset manufacturers across the world. It is cellular industry practice that each network selects their own range of handsets. The handset manufacturers would display all the options available in different price categories and the network would then choose based on its customer profile and vision for a six month period.
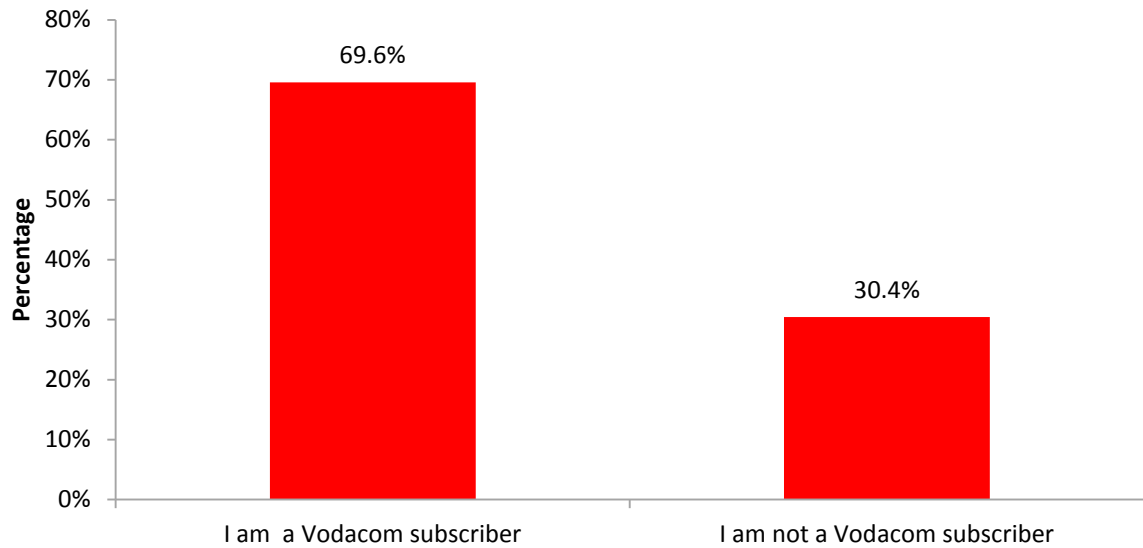
Figure 4.15 Confirmation of cellular network

Of the 335 respondents who continued with the survey to the end, 69.6% were Vodacom subscribers.
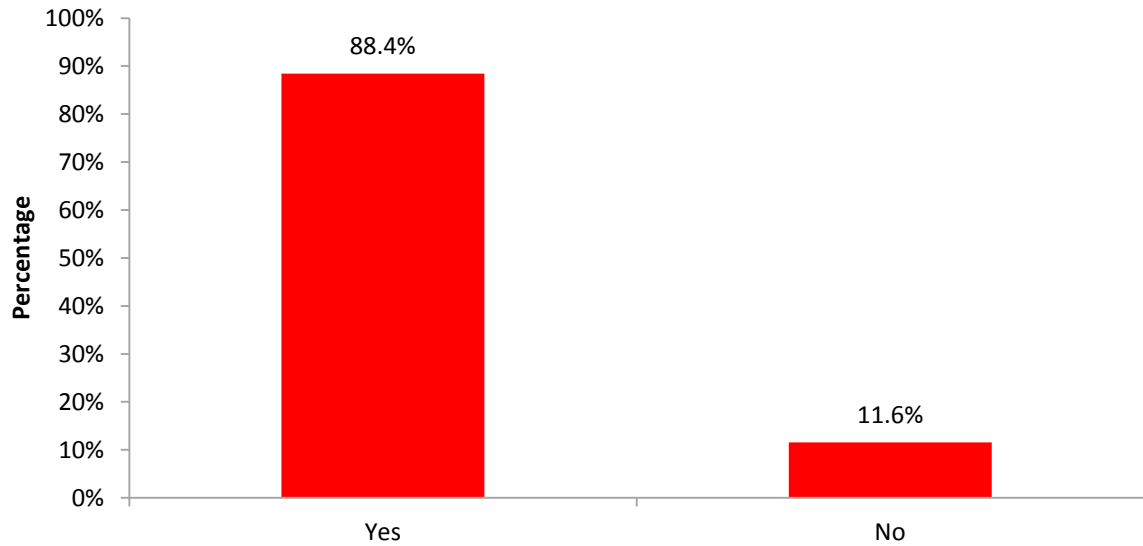
Figure 4.16 Remain with Vodacom after the rebrand

Of the 233 Vodacom subscribers, 88.4% stated that they would remain with Vodacom after the rebranding.

Over three quarters (78.16%) of the respondents indicated that they would remain with Vodacom for the positive benefits.
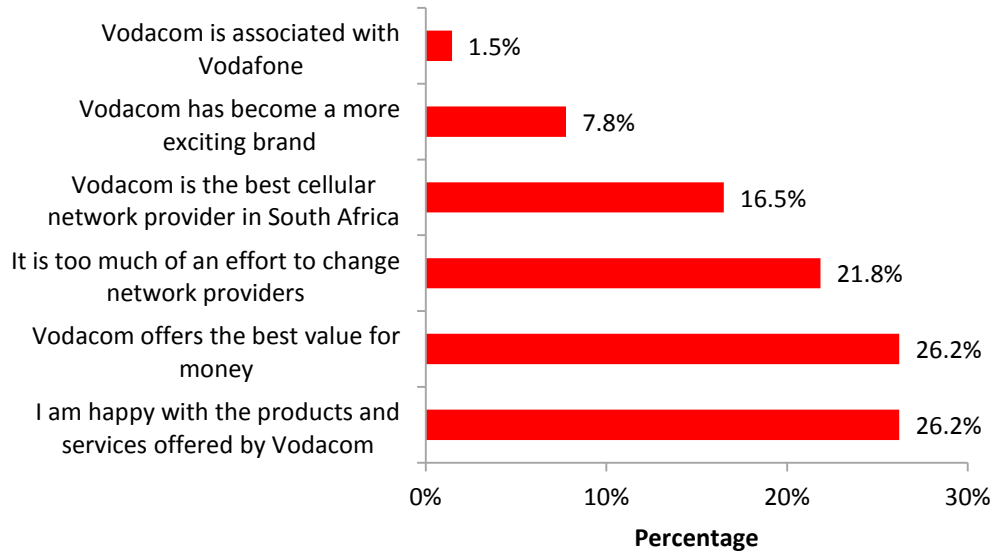
Figure 4.17 Reasons subscribers will remain with Vodacom after the rebrand

Approximately one fifth (21.8%) chose to remain because it is too much effort to change.
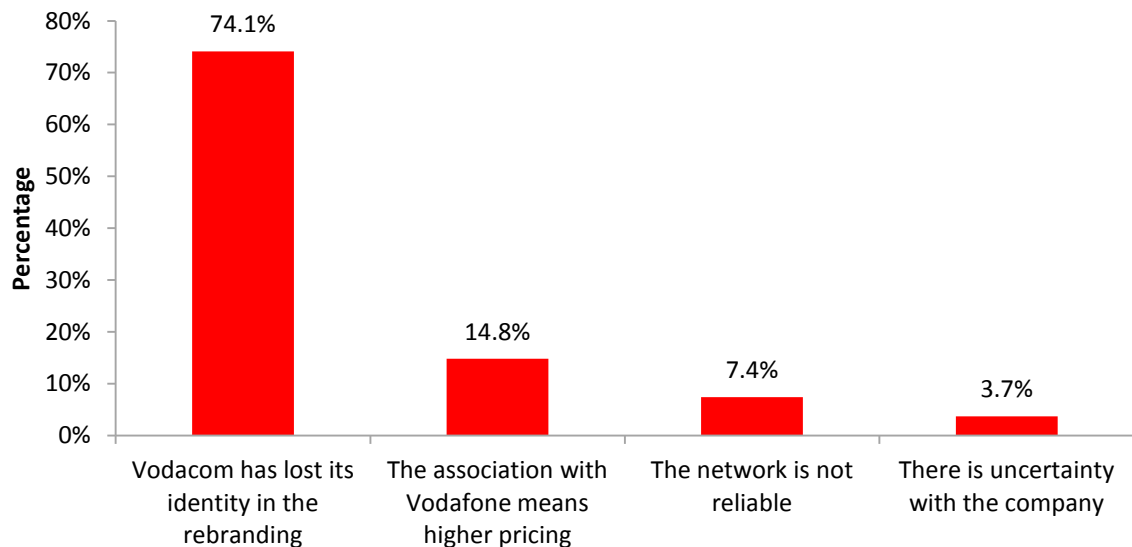
Figure 4.18 Reasons subscribers will leave Vodacom after the rebrand

Of the 27 respondents, 78% felt that Vodacom had lost its identity and that the future was uncertain. A small minority felt the rebrand would increase prices (14.8%) whilst 7.4% felt the network was unreliable.

Nielson (2011) reported that twenty seven percent (27%) of subscribers indicated that the poor quality of their current network is the reason they change network providers.

Figure 4.19 illustrates the reasons why subscribers would switch to Vodacom.


Figure 4.19 Subscriber switching to Vodacom after the rebrand

Of the 102 non – Vodacom subscribers, only 34.3% indicated that they would switch to Vodacom after the rebrand.

Table 4.5 Cross tabulation between switching to Vodacom and the reasons for switching to Vodacom

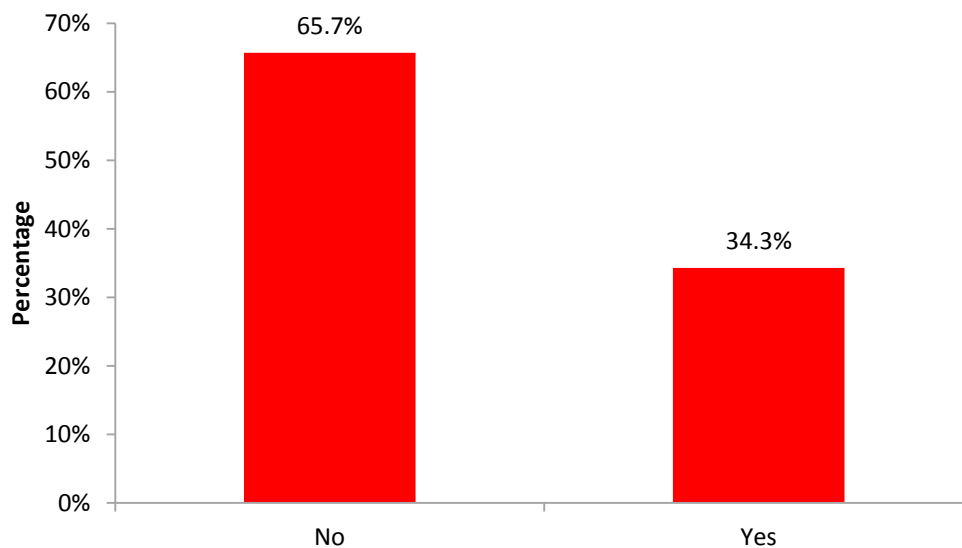|		Reasons subscribers will not switch to Vodacom							
		Satisfied with current provider	No value in changing	It is too much of an effort	Uncertain of the reliability	Negative publicity about rebranding	I don't trust merged companies	The rebranding is a cosmetic change	Total
Will switch you to Vodaocom	Yes	0	0	0	0	0	0	0	**0%**
	No	46	12	21	3	0	4	13	**100%**
	Total	**46%**	**12%**	**21%**	**3%**	**0%**	**4%**	**13%**	**100%**

n = 67   p = 1.000 $x^2 = 0.00$

Table 4.5 shows that most of the respondents were satisfied with their current service providers, followed by, it being too much of an effort to switch networks. On closer analysis, it was found that no correlation (p = 1.000) existed between whether subscribers would switch to Vodacom and their reasons for switching.
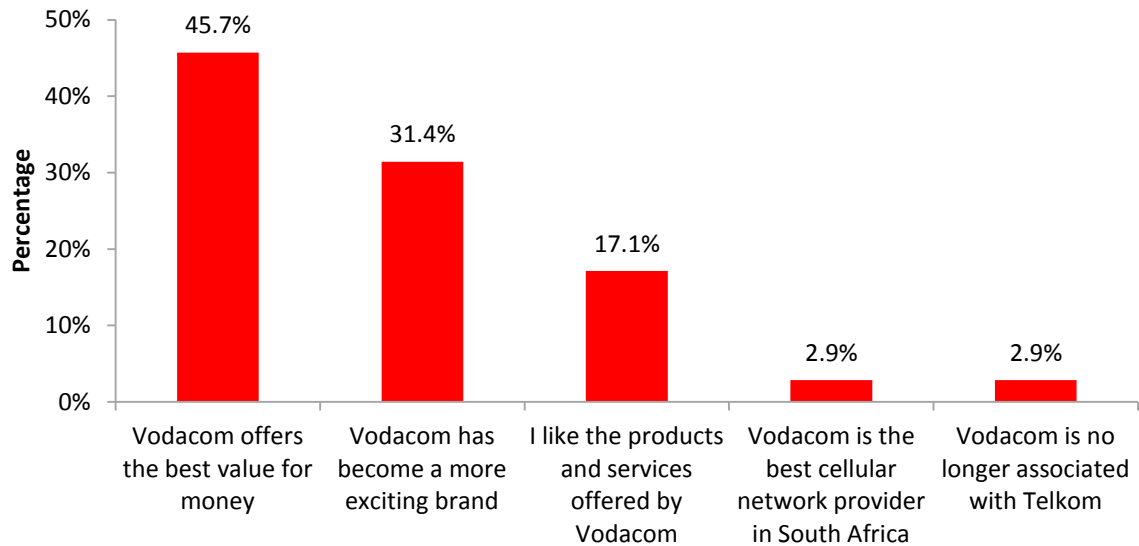
Figure 4.20 Reasons for switching to Vodacom after the rebrand

Of the 102 non – Vodacom subscribers, 67% said they would not switch to Vodacom after the rebrand. The reasons why they would not switch are illustrated in Figure 4.21.
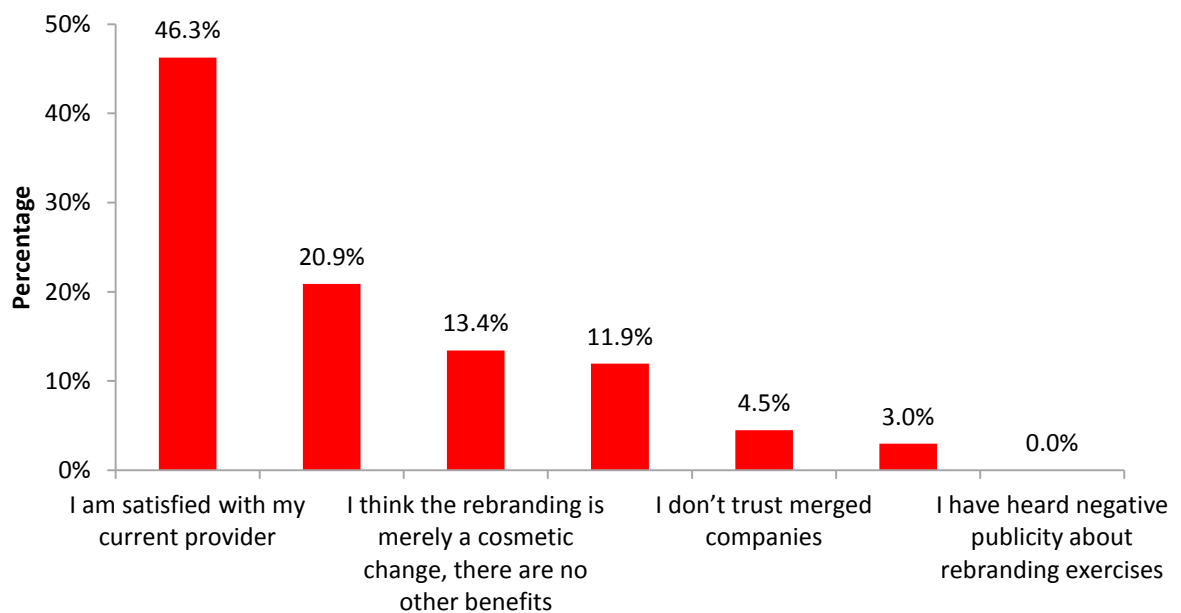

Figure 4.21 Reasons for not switching to Vodacom after the rebrand

There are various reasons that subscribers would not switch to Vodacom. Included among these reasons are that the customer is satisfied with their current

service provider. Famous saying of don't fix it if it is not broken. A rebrand does not mean that customers are attracted to the new brand Hutton (2011).
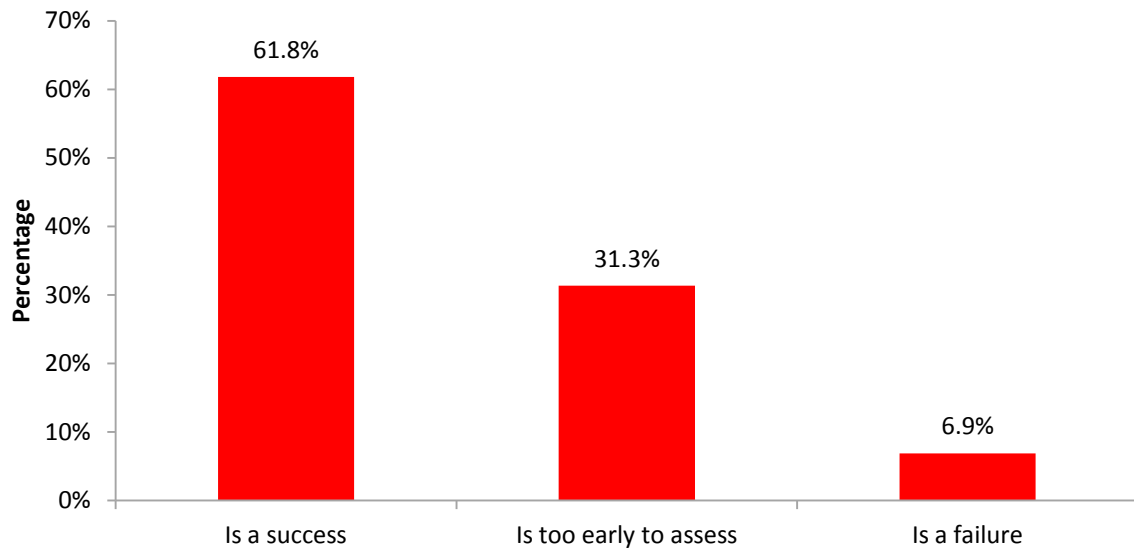
Figure 4.22 Consumer perceptions of Vodacom rebrand

There is a correlation (p = 0.00) between race and perceptions of the rebrand. Of the 207 respondents who felt the rebrand was a success, 40% were Indian, 29% White, 20% Black and 11% Coloured.

A correlation also exists (p = 0.02) between gender and perception of the rebrand. More females felt the rebrand was a success. There was no significant difference between gender in terms of it being too early to assess.   However, females outnumbered males by 3:1 in terms of viewing the rebranding as a failure. For a rebranding exercise which only took place 12 months ago, it is evident that it has impacted positively on customer perceptions.

4.3 Summary

Six of the objectives were successfully met by the research. The main findings of the research are as follows: Eighty one percent (81%) were aware of the rebrand,

those that responded to the questionnaire could distinguish and identifyy the old and new Vodacom brand. Tthe brand loyalty of the customer was tested, as well as reasons that the customer would remain with Vodacom or port to another network. The respondents were aware of the international link with Vodafone and believed that there were positive benefits as a result of the association.   The respondents who indicated that they would remain with their current providers, would do so because it was too much of an effort to change provider or that they were satisfied with their current provider.   The customers who would remain with Vodacom would do so as they felt that Vodacom offered the best value for money. The overall rebrand of Vodacom was deemed a success by the majority of the respondents.   The next chapter will summarise the findings and make recommendations for Vodacom and for future research.

Chapter Five

Conclusion

5.1 Introduction

This chapter presents the answers to the critical questions of this study. The recommendations based on the research of this study are presented and discussed in this chapter.

5.2 Answers to critical questions

5.2.1 To determine whether customers support the new branding

The results showed that sixty six percent (66%) of the non Vodacom subscriber respondents would consider switching to Vodacom after the rebrand. Forty seven percent (47%) of the respondents indicated that they considered the Vodacom brand change to be refreshing. The majority (88%) of the Vodacom subscribers indicated that they would remain with Vodacom after the rebrand. These findings imply that the respondents display support for the Vodacom rebrand.

5.2.2 To determine the effect of the Vodacom brand change

Of the respondents that were Vodacom subscribers, eighty eight percent (88%) said that they would remain with Vodacom after the brand change. Thirty four percent (34%) of the respondents that were not Vodacom subscribers said that they would switch to Vodacom after the rebrand. Forty six percent (46%) of the respondents who said they would not switch networks were satisfied with their current network. The greatest obstacle to subscribers porting to other networks was that they felt it was too much of an effort to change networks.

Of the respondents who were not Vodacom subscribers who would consider switching to Vodacom after the rebrand, forty five percent (45%) said they would switch because Vodacom offered the best value for money. As part of the rebrand, Vodacom embarked on an extensive value campaign. The first part of the

value campaign was the lowest data contract to be offered in South Africa (Vodacom, 2011).

The respondents were aware of the fact that Vodacom was now linked to an international brand. Eighty one percent (81%) of the respondents were aware of the link to Vodafone. Seventy one (71%) of the respondents said that there was a benefit to being associated with an international brand. Thirty eight percent (38%) respondents believed that there was a benefit of better and cheaper handsets as a result of the international association followed by twenty five percent (25%) believing that the international call rates would reduce. These responses could be attributed to cheaper prices with volume sales and cheaper call rates as Vodafone operates in many countries worldwide.

Eighty one percent (81%) of the respondents were aware of the Vodacom rebrand indicating that the brand change was a success.

5.3 Recommendations arising from the study

The study undertook to explore the impact of the Vodacom rebrand on the customer. The main objectives of the research were fulfilled as the results of the research presented possible areas for development. Based on the results and trends of the research, the recommendations are as follows:

- Vodacom needs to embark on an effective porting strategy as forty six percent (46%) of respondents indicated that they were satisfied with their current service provider.

- There needs to be an effective campaign informing customers about the value propositions that Vodacom offers. Vodacom offers services in the repair, data, prepaid, contract and voice range. Vodacom has current services that are of benefit to customers however the customers were not aware of these services as there was no advertising around these services e.g. Vodacom offers a Platinum service to customers who spend R 2000 a month and more on their contracts. The Platinum services include a

premium help desk, a free upgrade every twelve instead of twenty four months.

- Vodafone needs to drop the call rates on international roaming so that customers in South Africa know that it is reasonable to utilise their South African cellular number when travelling abroad especially on the Vodafone networks.

- Customer services need to be improved in order to attract and maintain the current customer base. The retention programmes need to be enhanced with exceptional customer services.

- The costs of the retail price of handsets need to drop in order to keep up with the customer perception of better and cheaper handsets provided by the association with Vodafone.

- It is evident that television was the preferred media used to communicate the rebranding. Vodacom should make more use of social media and viral campaigns as this is a growing communication medium. The use of websites and social media needs to be increased to promote the Vodacom brand.

- Vodacom needs to increase consumer awareness through the sponsorship of major South African sporting events in order to increase the perception that Vodacom is a proud South African brand. The community service phones need to be extensively advertised. These are containers situated in the rural and informal markets where call rates are half of what a consumer would pay. This forms part of the community service that Vodacom provides.

5.4 Limitations

The researcher needs to identify the limitations of the study in order to provide guidelines for future research. The limitations identified in the research were:

- Snow ball sampling was used and the challenge with this form of sampling is that it may not be representative of the entire population. Respondents were selected by other respondents that had answered the questionnaire. The researcher was dependent on the number of respondents who sent out the questionnaire to their respective network of contacts. There was no access to a proper sampling frame.

- The researcher did not have access to the Vodacom customer base as the Consumer Protection Act prevents any direct marketing or research to a customer without the prior consent of the customer. The researcher would not have been allowed to contact the customer to gain consent as the Act does not make provision for that.

- The time that the researcher had to send out the questionnaire and retrieve the answers was limited.

- The respondents were limited to those that had internet access only.

- The questionnaire was in English only limiting the responses to those that spoke and read English only.

5.5 Recommendations to overcome the limitations

In light of the above mentioned limitations to the study, the following are recommendations to overcome the limitations:

- The questionnaire needs to be in languages other than English in order to reach a wider audience.

- More time needs to be spent on the research in order to gain more responses.

- Use of hard copies of questionnaires in order to reach people that do not have internet access.

5.6 Summary

The South African cellular industry is a fast changing; dynamic one that constantly originates new technology and products. Vodacom has been rated as one of South Africa's best brands and this is evident from the results of this study. The majority of the respondents indicated that the Vodacom brand change was a success. Almost a third of the respondents were realistic and indicated that it was too early to assess whether the Vodacom rebrand was a success or not. It can be concluded tin the short term that the rebranding of Vodacom has had a positive impact on South African consumers. The challenge is for Vodacom to deliver on the expectations that the consumers have of the "new" brand.

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UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS

I, Shavanna Prakash, am a MBA student in the Graduate School of Business & Leadership, at the University of KwaZulu-Natal. You are invited to participate in a research study entitled "**Consumer perceptions of the rebranding of Vodacom**". The aim of this study is to establish the overall impact of the Vodacom rebrand to the consumer in the market.

Through your participation I hope to understand your personal experience and relate it to other trends in the market.

Your participation in this study is voluntary. You may refuse to participate or withdraw from the survey at any time with no negative consequence. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business & Leadership, UKZN. If you have any questions or concerns about participating in this study, please contact me or my supervisor at the numbers listed below.

It should take you about **10** minutes to complete the questionnaire. The questionnaire comprises **4** pages with **26** questions. I hope you will take the time to complete the questionnaire. Should you accept the conditions of this study and are willing to participate, please click the box next to "**I ACCEPT"** and then click **CONTINUE** to proceed.

Thanking you in anticipation

Shavanna Prakash

Contacts:

Researcher: Shavanna Prakash (082 9901311)

Supervisor: Professor Anesh Maniraj Singh (031-2607061)

Research Office: Ms P Ximba (031-2603587)

1. Age:
   a) 20 – 29
   b) 30 – 39
   c) 40 – 49
   d) 50 – 59
   e) 60 >

2. Race:
   a) Indian
   b) Black
   c) White
   d) Colored

3. Gender:
   a) Male
   b) Female

4. How would you describe your main cellular package:
   a) Prepaid by myself
   b) Prepaid by my employer
   c) Personal contract
   d) Employer contract

5. Which cellular network is your primary service provider:
   a) Vodacom
   b) MTN
   c) Cell C
   d) Virgin
   e) 8ta

6. What does your cellular networks brand mean to you?
   a) I can identify my network provider from competitors
   b) It is their promise of quality products and services
   c) It tells me that they have strong values
   d) It adds to my status

7. Are you aware that Vodacom has had a branding change:
   a) Yes
   b) No

8. Since you answered YES to the previous question, how did you become aware of the Vodacom brand change?
   a) Television advertising
   b) Vodacom website
   c) In store branding
   d) Print media
   e) Word of mouth
   f) Discussion on social network site

9. You said you are not aware of the Vodacom branding change, why are you unaware?
   a) I am not interested in business issues
   b) Poor media coverage of the change
   c) I subscribe to another service provider
   d) Vodacom doesn't interest me

10. What impact has the branding change had on you:
    a) None
    b) It has renewed my brand loyalty
    c) I am unhappy with the rebranding

11. What do you think of the Vodacom branding change:
    a) I think it was an unnecessary waste of money
    b) I have a neutral view on the change
    c) I think that it is a refreshing change to the image

12. Since you said the rebranding was "refreshing", what has the rebranding done?
    a) It gives Vodacom a clearer brand presence
    b) It shows Vodacom is associated with an international brand
    c) It shows that Vodacom is a dynamic company
    d) It shows that Vodacom is a successful company

13. Since you said the rebranding was "an unnecessary waste of money", why do you believe this?
    a) Vodacom is not a proudly South African Company any more
    b) There is no personal benefit for me
    c) There is no benefit to South African society
    d) The investment in the rebranding should have been used to reduce call costs

14. What was the original color of Vodacom:
    a) Red
    b) Yellow
    c) Pink and Black
    d) Green and Blue

15. What is the present color of Vodacom:
    a) Red
    b) Yellow
    c) Pink and Black
    d) Green and Blue

16. Are you aware that Vodacom is now associated with the International Brand Vodafone?
     a) Yes
     b) No

17. Since you answered YES to the previous question, do you believe that there are any benefits as a result of the association?
     a) Yes
     b) No

18. Since you answered YES to the previous question, rank what are the benefits of such an association where 1 is the most important benefit and 5 is the least important benefit.
     a) Cheaper local prices
     b) Cheaper international roaming prices
     c) Improved call quality
     d) Improved customer service
     e) Better and cheaper handsets

19. Please confirm:
     a) I am a Vodacom subscriber
     b) I am not a Vodacom subscriber

20. As a Vodacom subscriber, will you remain with Vodacom after the rebranding?
     a) Yes
     b) No

21. Since you answered YES to the previous question, why will you remain with Vodacom?
     a) I am happy with the products and services offered by Vodacom
     b) It is too much of an effort to change network providers
     c) Vodacom is the best cellular network provider in South Africa
     d) Vodacom has become a more exciting brand
     e) Vodacom offers the best value for money
     f) Vodacom is associated with Vodafone

22. Since you answered NO to the previous question, why would leave Vodacom?
     a) There is uncertainty with the company
     b) The association with Vodafone means higher pricing
     c) The network is not reliable
     d) Vodacom has lost its identity in the rebranding

23. As a non-Vodacom subscriber, since the rebranding would you consider switching to Vodacom?
     a) Yes
     b) No

24. Since you answered YES to the previous question, why would you switch to Vodacom?
   a) I like the products and services offered by Vodacom
   b) Vodacom is the best cellular network provider in South Africa
   c) Vodacom has become a more exciting brand
   d) Vodacom offers the best value for money
   e) Vodacom is no longer associated with Telkom

25. Since you answered NO to the previous question, why would you not switch to Vodacom?
   a) I am satisfied with my current provider
   b) There is no value in changing service provider
   c) It is too much of an effort to change network providers
   d) I am uncertain of the reliability of Vodacom's association with Vodafone
   e) I have heard negative publicity about rebranding exercises
   f) I don't trust merged companies
   g) I think the rebranding is merely a cosmetic change, there are no other benefits

26. I believe that Vodacom's rebranding:
   a) Is a success
   b) Is too early to assess
   c) Is a failure

End of the Questionnaire

Thank you for taking the time to complete the questionnaire.