A CHANGE WILL DO YOU GOOD: PARADOXICAL EFFECTS OF HIGHER DEGREES OF LOGO CHANGE ON LOGO RECOGNITION, LOGO APPRECIATION, CORE VALUES FIT, AND BRAND ATTITUDES

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Enny Das, Centre for Language Studies, Radboud University Nijmegen, the Netherlands
Andreu van Hooft, Centre for Language Studies, Radboud University Nijmegen, the Netherlands

Corresponding author: Andreu van Hooft, Radboud University (the Netherlands), Erasmusplein 1, k. 5.21, 6525 HT, Nijmegen (the Netherlands), a.v.hooft@let.ru.nl, +31 24 3616015 or +31 24 3612045, fax nr. +31 24 3612177

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ABSTRACT

Extending previous findings regarding the effects of brand logo redesigns, a crossnational experiment tested the effects of different degrees of logo change (original, small change, substantial change) on logo recognition and appreciation, fit between logo design and core values, and brand attitudes (N= 396). Higher degrees of logo change induced lower recognition and evaluation; lower perceived core values fit; but more positive brand attitudes. Recognition mediated change effects on logo appreciation and moderated brand consciousness effects on brand attitudes for substantial degrees of change. Although logo changes may not be liked at first sight, they may positively impact brand attitudes.

INTRODUCTION

What a Good Brand Logo Can Do

Brand logos serve at least three different functions. First, logos function as an identification symbol for companies, products and organizations (Van Grinsven and Das, 2014). Second, logos as visual and verbal stimuli could generate positive brand associations among target groups and contribute to positive brand attitudes (Henderson and Cote, 1998; van Riel and van den Ban, 2001; Henderson et al., 2003). Third, logos also have a symbolic function, in which the iconical and verbal components of a logo represent a company's core values (Olins, 1990; Ind, 1997; Schultz and Hatch, 1997; van Riel and Balmer, 1997; Urde, 2003). As such, logos are "the most tangible facet of corporate identity [..] that reflect the company culture and values" (Simoes et al., 2005, p. 155). For example, the German Deutsche Bank (2011, p. 3) explains that two iconic elements of the DB logo represent three core values of this financial institution: the "slash" should symbolize "consistent growth" and "dynamic development", while the "square-shaped frame" could symbolize "security and a controlled environment" (see Figure 1).

--Figure 1--

Corporate strategies and core values are adjusted on a regular basis, and so are brand logos. For example, the traditional red and yellow color combination of the MacDonald's logo has been transformed to a deep hunter green and yellow combination to promote a more eco-friendly image in Europe (MacPherson, 2009). In doing so, the company is aiming to reinforce and disseminate a new core-value as part of their Corporate Social Responsibility policy and communication plan. But to what extent do logos actually succeed in communicating a company's core values to consumers? Thus far this issue has received little empirical attention. A first objective of the present research was therefore to make a first step towards answering this question.

A second goal of this research was to further investigate the effects of different degrees of logo change on different consumer responses. Although logo changes are a common occurrence in marketing communication practice, empirical evidence regarding their effects on consumer responses is scarce, and mixed. On the one hand, higher degrees of logo change may reduce speed of logo processing and logo recognition (Van Grinsven and Das, In press). On the other hand, higher degrees of change can also increase the strength of brand

associations and positively affect consumer attitudes (e.g., Van Riel and Van den Ban, 2001; Walsh et al., 2010). These findings suggest different processes may be at work in the recognition and evaluation of logo changes; apparently there is no one-on-one relationship between whether or not consumers consciously recognize the brand behind a changed logo and more implicit evaluation processes, such as the activation of brand associations, and brand attitudes. Interestingly, recent findings suggest different modes of processing of logo changes depending on consumer's motivation and ability. Specifically, consumers with higher levels of brand consciousness processed substantially changed logos at deeper levels of information processing, and had more positive brand attitudes than consumers with lower levels of brand consciousness, i.e., with less knowledge and interest in brands (Van Grinsven and Das, In press). However, the exact relationship between understanding (recognition) and evaluation of logo changes has not yet been tested, as previous studies focused either on one or the other. A second objective of the present research was therefore to explicitly test the effects of different degrees of logo change on measures of brand recognition, logo evaluation, core values fit, and brand attitudes, and the role of brand consciousness therein.

RESEARCH OBJECTIVES

The aim of the experiment was to answer the following research questions: (1) To what extent do brand logos communicate a company's core values? (2) What are the effects of different degrees of logo change on (the relationship between) logo recognition, appreciation, core values fit and brand attitudes, and what is the role of brand consciousness therein?

METHOD

Participants and Design
A 3x1 between-subject post-test only design with version of the logo as factor: (V1) Original version, (V2) Small, (V3) Substantial change, was used to assess the influence of version. 396 participants (Dutch: 208, Spanish: 79, English: 109) took part in an online experiment (63.30% women and 36.70% man; mean age: 31 years; range = 12–74 years; SD = 12.80). From the 888 individuals that started the experiment, 492 dropped out (non-response rate of 55.54%). Chi Square tests showed no significant relation between the experimental condition and gender, age, or language.

Procedure and Measures
Following Teddlie and Yu (2007) and Maxwell (1997), the four original existing logos used as stimuli in our study were selected based on purposive sampling according to the following six criteria: 1) All companies were active in de Dutch, Spanish and GB/USA markets, 2) neither the company nor the logo were gender marked, 3) the selected logos were on the top 41 *Interbrand* ranking list (2013) or in the top 40 in other rankings according to Ranking the Brands website (2014), 4) the logo combines a verbal element, the company name, and visual elements (shapes, lines and colours), 5) each logo has been explicitly linked to the core values of the company by the companies themselves in official and public documents, and 6) brands needed to fit different product categories. The selected logos were Coca-Cola (beverages) and Ben & Jerry's (ice cream) BMW (automobiles) and Gucci (fashion).

We distilled the brands' core values from their websites[1]. The seven Coca-Cola (2014) core values were: leadership; collaboration; integrity; accountability; passion; diversity, and quality. Ben & Jerry (2014) also distinguished seven company core values; fair trade; progressive, quality, sustainability, transparency, social, and prosperity. BMW presented five core company values (2014): growth; shaping the future; access to technologies; access to customers, and profitability. The Italian company Gucci also distinguished five core values: luxury; sophistication; heritage; modernity; client (2014). For each original logo design, a professional designer created two alternative versions, one in which a small design change was implemented and a second with a substantial redesign (see Figure 2). For the small change, the basic logo shape remained intact but the colour and distribution of visual elements was adjusted. The substantial change contained significant changes in shape and colour (cf. Van Grinsven and Das, In press). Brand names and other verbal elements were kept unchanged in all three versions. A pilot test confirmed that the different degrees of change were all perceived as significantly different.

--Figure 2--

Participants indicated for each logo if they recognized it (yes, no). Recognition scores were summed across the four brands (Range 0-4). Logo appreciation was measured using seven bipolar items on a 7-point scale, e.g., 'nice-not nice' (Cronbach =.87; partially based on MacKenzie and Lutz, 1989 and Gerritsen et al., 2010). Logo and core values fit were measured asking participants to indicate, for each logo independently; to what extent they thought that the core values of the companies fitted with the logo in 7 points Likert scale (Cronbach =.85). Brand attitudes were assessed by 4 semantic differentials (e.g., good-bad; Cronbach =.92; based on Ahluwalia et al., 2000). We also included brand consciousness scale as previous research suggests that consumer level of brand consciousness plays a role in degree of change effects (Cronbach =.85; Van Grinsven and Das, in press).

RESULTS

Data were analyzed with ANCOVAs, entering degree of change as a between subjects variable (original logo, small change, substantial change) and brand consciousness as a covariate. Because no differences between low (Coca Cola, Ben & Jerry's) and high involvement brands (BMW, Gucci) were observed, mean scores across the four different logos were entered into the analyses. Levene's test for equality of error variance is mentioned only if the test was significant.

The ANCOVA on *logo recognition* revealed only a main effect for version, F (2,399) = 145.92, p <.001, η2 = .42). Post hoc tests revealed that recognition was highest in the control condition (M=1.88, SE=0.04, p<.001), compared with small degrees of change (M=1.60, SE=0.05; p<.001) and substantial degrees of change (M=0.83, SE=0.05, p<.001).

The ANCOVA on *logo evaluation* revealed a main effect for brand consciousness, F (1,399) = 14.76, p <.001, η2 = .04, and a main effect for version, F (2,399) = 18.35, p <.001, η2 = .08). Post hoc tests revealed that logo evaluation became more negative with higher levels of

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[1] http://www.coca-colacompany.com/our-company/mission-vision-valueshttp://www.coca-colacompany.com/our-company/mission-vision-values

http://www.benjerry.com/flavors/core-tour-2014/east/core-values-and-core-flavors-catching-up-with-save

http://www.gucci.com/ch/services/articles/recruitment-and-selection

http://www.bmwgroup.com/annualreport2007/_downloads/Strategie_Number_ONE.pdf

change ($M_{control}$=4.55, SE=0.06; M_{small}=4.34, SE=0.07; p<.05; $M_{substantial}$=4.02, SE=0.06, all p's<.05).

The ANCOVA on *perceived core values fit* revealed a main effect for brand consciousness, F (1,398) = 34.72, p <.001, η2 = .08, and a main effect for version, F (2,398) = 3.54, p = .030, η2 = .02). Post hoc tests revealed that perceived fit was higher for the control condition (M=4.99, SE=0.07), than following small degrees of change (M=4.79, SE=0.07; p<.06) and the substantial change condition (M=4.73, SE=0.07, p<.05). The small and substantial change conditions did not differ significantly.

The ANCOVA on *brand attitudes* revealed a main effect for brand consciousness, F (1,379) = 101.29, p <.001, η2 = .20, and a marginally significant main effect for version, F (2,379) = 2.83, p = .06, η2 = .01). Post hoc tests revealed that brand attitudes were more positive following substantial degrees of change (M=5.03, SE=0.07), compared with small degrees of change (M=4.79, SE=0.07; p<.05) and the control condition (M=4.86, SE=0.07, p<.08

Relationship between recognition, brand consciousness, and brand attitudes

Logo recognition mediated the effects of experimental condition on logo evaluation. Entering this variable as a covariate in the ANCOVA on *logo evaluation* reduced the previously observed main effect for experimental condition to non significant (F<1, ns).

Logo recognition did not mediate the effects of experimental condition on *logo evaluation* but rather functioned as a suppressor. Entering this variable as a covariate in the ANCOVA revealed a significant contribution of the logo recognition F (1,397) = 6.73, p <.01, η2 = .02 (on top of the significant effect for brand consciousness), and a substantially increased effect of degree of change, F (1,397) = 5.77, p <.01, η2 = .03. To better understand the relationship brand consciousness, brand recognition, and brand attitudes, we conducted separate regression analyses on brand attitudes for the different experimental conditions, entering logo recognition and brand consciousness as predictors. The analyses revealed that brand consciousness predicted attitudes across all conditions (main effect; Beta's from .45 to .54, p<.001). Recognition positively predicted brand attitudes (Beta -.16, p<.05) only for substantial degrees of change. In addition, a marginal interaction between brand consciousness and recognition was observed in this condition only (Beta .14, p=.08), showing that recognition predicted attitudes only for higher levels of brand consciousness (Beta=.25, p=.065).

CONCLUSION

Brand logos should be recognized, liked, foster positive brand attitudes, and also communicate the core values that a brand stands for. Logo redesigns can trigger changes in consumer information processing (Van Grinsven and Das, 2015), and impact recognition and evaluation processes. The present research extends previous findings by examining the relationship between different consumer responses following different degrees of logo change. Findings suggest that, although higher degrees of logo change negatively impact logo recognition, logo appreciation, and perceived fit between a brand's core values and the logo, substantial changes may nevertheless lead to more positive brand evaluations. Logo recognition mediated change effects on logo appreciation, but impacted brand evaluation only when high brand conscious consumers processed substantially changed logos.

Recent findings suggest that higher degrees of logo change require deeper levels of information processing, and that motivation and ability determine whether logo changes are processed superficially or deeply (Van Grinsven and Das, In press). Overall these findings suggest that 'solving the logo riddle' may be a pleasurable experience that positively impacts brand evaluation only when the riddle is not too easy or difficult to solve and consumers are

motivated to solve it (brand conscious consumers). Interestingly, these findings are quite similar to previously observed positive effect of tropes, riddles and rhetorical figures in advertising (e.g., McQuarrie and Mick, 2003), which, much like logo changes, involve aesthetically pleasant visuals that deviate from audience expectations. This goal may be too high for less involved consumers, who do not base their judgment on elaborate cognitive processes, but it may be attainable for highly motivated, brand conscious, consumers.

A second goal of the present research was to assess to what extent logos actually successfully communicate core values. Findings suggest that across the board, perceived fit between a company's core values and a logo was moderately positive. Whereas substantial changes had the largest impact on consumer responses overall, core values fit decreased a little for small and substantial changes alike. Because the core values of many brands tend to be rather generic – focusing on overall positive attributes that most people agree to- future studies should test to what extent a brand logo specifically communicates the intended brand values, rather than generate overall positive responses to generic values.

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Figure 1. Logo Deutsche Bank

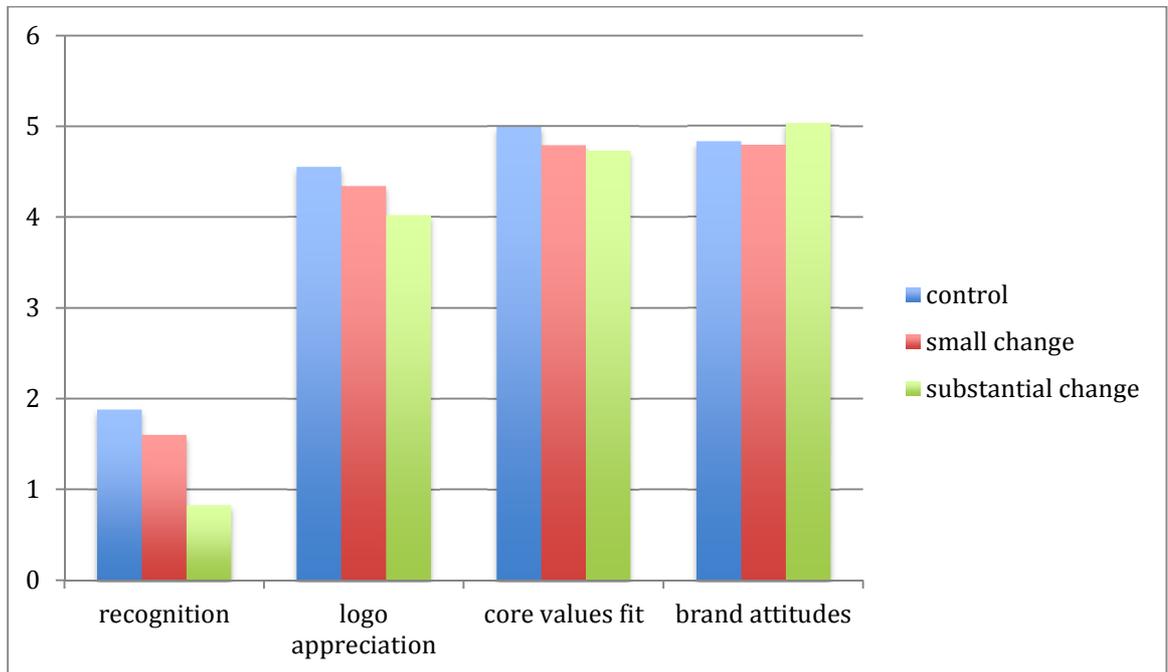Figure 2: Logo change (original, small, substantial) across brands

Figure 3: Effects of different degrees of logo change on dependent measures