The challenges of retail (re)branding: 
Georg Jensen’s family silver and diamond dreams

Esben Karmark
Department of Intercultural Communication & Management
Copenhagen Business School
Porcelænshaven 18A
DK-2000 Frederiksberg
Ek.ikl@cbs.dk
Tel dir: (+45) 3815 3101

Suzanne C. Beckmann
Department of Marketing
Copenhagen Business School
Solbjerg Plads 3
DK-2000 Frederiksberg
Scb.marktg@cbs.dk
Tel dir: (+45) 3815 3202
Abstract

Based on an analysis of the rather turbulent years 2003-2007 of the Danish luxury goods company ‘Georg Jensen’, this case study looks into the opportunities and limitations of a corporate rebranding process with particular emphasis on the challenges involved in revitalizing brand heritage. Brand heritage is commonly seen as fundamental for corporate brands, however, brand heritage may also be the “ghost of the past”, challenging the brand’s potential to redefine the brand identity and image in the eyes of consumers and other stakeholders. It is argued that for luxury brands, corporate rebranding raises a number of specific challenges: (1) the simultaneous local and global nature of the luxury market, (2) the need for balancing a vision for a redefined market position with the expectations and associations of multiple stakeholders, and (3) the ways in which brand heritage may be a double-edged sword in the revitalization of corporate brands.

Key words:
Rebranding, brand retail, brand identity, image/reputation change, luxury industry, case study
The challenges of retail (re)branding: 
Georg Jensen’s family silver and diamond dreams

1. Introduction

While corporate rebranding often is a topic in the media, usually questioning whether costly rebranding efforts have been worthwhile (such as in the case of British Petroleum’s (BP) new green logo¹), the risks to brand equity as well as the credibility and legitimacy issues related to rebranding efforts are relatively unexplored in the academic literature (Marrilees and Miller, 2007; Muzellec and Lambkin, 2006). For brands in the luxury market, the issue of rebranding seems especially relevant, since the defining essence of the corporate brand identity and brand equity for luxury brands is strongly related to the brand’s heritage: “a dimension of a brand’s identity found in its track record, longevity, core values, use of symbols and particularly in an organizational belief that its history is important” (Urde et al., 2007, p. 4; cf. Aaker 2004). Therefore, for luxury brands, the ultimate challenge in terms of brand management seems to be somewhat paradoxical: luxury brands need to leverage their heritage and be timeless and consistent and simultaneously be modern and remain relevant to stakeholders (Csaba, 2008). In this paper, we investigate the rebranding efforts of the Danish Silver and Luxury Goods Company with the purpose of identifying the key tensions between maintaining heritage and revitalization that a luxury goods company seeks to balance in a rebranding process.

2. Literature Review: Corporate rebranding

Rebranding is characterized by “the creation of a new name, term, symbol, design or a combination of them for an established brand with the intention of developing a differentiated (new) position in the minds of stakeholders and competitors” (Muzellec and Lambkin, 2006, p. 805). When extended to corporate level, Merrilees and Miller (2008: 538) propose that rebranding refers to the “disjunction or change between an initially formulated corporate brand and a new formulation”. As the corporate brand is distinctive from the product brand by involving the entire organization i.e. its culture, strategic vision and external image (Hatch & Schultz, 2008), a corporate rebranding process will extend into including changes in the organization’s internal culture, a reformulation of the strategic brand vision as well as the relations to the brand’s key stakeholders. The literature on corporate rebranding, thereby, spans from a conceptualization of corporate rebranding in terms of a continuum in marketing aesthetics to an inclusion of all the organization’s internal and external stakeholders in the rebranding process.

Muzellec and Lambkin suggested that corporate rebranding can be understood in terms of developments in marketing aesthetics. Their proposed model contains two dimensions, of which the first refers to changes in marketing aesthetics (i.e. name, symbol, design), while the second relates to the positioning of the brand and whether it changes or stays the same in the course of the rebranding process. In this model, minor changes on both dimensions constitute evolutionary rebranding such as a company revamping its logo as British Petroleum did a few years ago. Major changes on both dimensions, on the other hand, constitute revolutionary rebranding, which fundamentally redefines the company, and which often involves a new

¹ See e.g. http://www.independent.co.uk/environment/the-groups-objecting-to-bps-rebranding-753568.html
name and logo for the company such as in the cases of Diageo (created from the merger of Guinness PLC and Grand Metropolitan PLC) and Accenture (created when Andersen Consulting separated from Andersen Worldwide). The more gradual, evolutionary, and incremental modification of a brand’s position and representation (brand revitalization) can be considered natural aspects of corporate brand management in response to ever changing environments (Aaker, 1996; Gotsi & Andreopoulos, 2007; Kapferer 2004). The more revolutionary corporate rebranding involves a redefinition of the brand identity in response to necessary changes in the company’s structure, strategy and performance. This, Muzellec and Lambkin suggested can become a risky undertaking for the company that potentially jeopardizes the corporate brand equity built over time (as was shown by British Airlines’ failed attempt to rebrand itself through a design scheme and slogan emphasizing a global rather than British corporate identity; cf. Hatch and Schultz, 2008).

Marrilees and Miller (2008) extended the conceptualization of corporate rebranding to including the role of the employees as well as top management’s vision for both the company and the brand, thus aligning managerial vision, marketing management, organizational culture and external stakeholders’ brand images. Their conceptualization involved six proposed principles for corporate rebranding:

1) Designing a suitable brand vision for the corporate rebrand should balance the need to continue to satisfy the core ideology of the corporate brand, yet progress the brand so it remains relevant to contemporary conditions.

2) Successful corporate rebranding may require retaining at least some core or peripheral brand concepts to build a bridge from the existing corporate brand to the revised corporate brand.

3) Successful corporate rebranding may require meeting the needs of new market segments relative to the segments supporting the existing brand.

4) A company applying a high level of brand orientation through communication, training and internal marketing is more likely to have effective corporate rebranding (living the brand).

5) A successful company having a high level of integration and coordination of all aspects of the marketing mix, with each brand element aligned to the corporate brand concept in its corporate rebranding strategy implementation, is more likely to have effective corporate rebranding.

6) Promotion is needed to make stakeholders aware of the revised brand, with possible additional benefits if non mass media are included in the promotion mix.

Gotsi and Andreopoulos (2007), in their conceptualization, pointed to the role of stakeholders in corporate rebranding as well as to the fact that stakeholders are likely to hold different corporate associations thereby holding different expectations for the brand. Moreover, they further included the perspective that stakeholders interact, and that this interaction also influences corporate associations. Accordingly, in their study of a leading telecommunications company, they identified four pitfalls in the process of establishing a new corporate brand in the hearts and minds of internal and external stakeholders:

1) Disconnecting with the core: The risk of alienating the company’s stakeholders by departing from the corporate heritage and identity in the rebranding process

2) Stakeholder myopia: Emphasizing external stakeholders, particularly shareholders, over internal stakeholders in the corporate rebranding process leading to lack on internal anchoring of the redefined brand identity

3) Emphasis on labels, not meanings: Placing emphasis on labels i.e. name, logo and corporate brand values, and neglecting to make the meanings clear to internal stakeholders

4) One company, one voice - the challenge of multiple identities: When different internal groupings’ (cultures) expectations for the redefined brand are not taken into considerations

In this paper, we will investigate the extent to which the perspectives on corporate rebranding presented above apply to corporate rebranding in the luxury industry or whether new perspectives and contexts emerge as influencing the rebranding process.
3. The case study

Data was collected in the form of interviews with the Georg Jensen CEO and managers at the company headquarters in Copenhagen as well as with regional managers and staff at three international locations: London, New York (3 stores) and Hong Kong (4 stores) in the time period 2005-2006. All in all 15 managers and store staff were interviewed. Furthermore data collection consisted of photo documentation of store concepts, displays, and locations, archival data on the GJ history and designs, as well as data and articles on the luxury market including published interviews with CEOs of global luxury brands (Louis Vuitton and Burberry). The data was analysed along critical incident points to establish the particular drivers and challenges in the re-branding process. Key themes that emerged from the study included brand heritage vs. brand revitalization, the critical role of brand stores including assortment and location, and cultural differences in customers’ demands vs. a global brand concept.

4. The case company: ‘Georg Jensen’

‘Georg Jensen’ traces its origins to 1904, when the company’s founder bearing the same name opened a combined store and silver workshop in Copenhagen’s fashionable Bredgade in central Copenhagen. ‘Georg Jensen’ began establishing an international retail presence at an early point in the company’s history (Berlin 1909, Paris 1918, London 1921, Barcelona 1925, Brussels and New York City 1935). The company with its silver heritage and one of the “national treasures” of Danish arts-and-crafts industry has recently undergone quite significant strategic developments with the aim of revitalizing the ‘Georg Jensen’ corporate brand. In 2003, it was decided to take the brand into the high-end luxury segment through a rebranding process designed to redefine the ‘Georg Jensen’ brand identity away from its silver associations to becoming associated with watches and jewelry in gold and precious stones. The goal of this rebranding process was, through the redefined brand identity, to build a brand image and a reputation as the “most innovative, trend-setting talked-about Scandinavian luxury goods brand in the world – second to none”.

4.1. A brief account of the rebranding strategy and the process

The re-branding strategy consisted of three related components. First, it sought to establish ‘Georg Jensen’ as a truly global brand replacing the rather dissimilar developments of the brand portfolio in different markets. Secondly, the strategy involved moving into the luxury market and giving greater priority to fine jewellery and watches. This meant moving the focus away from silver – a vital part of the company’s tradition and legacy of its eponymous founder – to higher value jewellery with gold, diamonds, and precious stones. Thirdly, GJ took a number of measures to reorganize its retail organization and to implement new store concepts in its network of 115 stores world-wide.

In summary, the rebranding implied to contemporize Georg Jensen and release the brand from the strong ties to its silver past, while at the same time maintaining a connection to its heritage.

Repositioning Georg Jensen as a global luxury brand was particularly challenging in the domestic market, where the brand is found in the majority of Danish homes and associated mainly with silverware, cutlery, and design and gift items. But other challenges and constraints existed. The owner’s (a private equity fund) goal of making the company
profitable in the short run meant that Georg Jensen was expected to build a strong global luxury brand on a tight budget. Furthermore, the cost of maintaining the company’s global network of stores in exclusive locations dictated that retailing occupied a central role in the rebranding process.

The company went through three stages in the rebranding process. The first stage consisted of a repositioning and restating of the ‘Georg Jensen’ brand identity based on the development of a formal brand strategy (which did not exist prior to 2003 – until then the company never had a brand manager, but only a marketing manager occupied with rather traditional communications means): “One of the first things I did when arriving was to try and get an overall idea of what the brand stood for. There seemed to be contrary thoughts among employees and customers both in Denmark and around the world in different markets. Also, the different product categories had very different ways of presenting themselves to the consumer. There had to be a common thread but it was not readily obvious” (Gord Ray, Brand Manager 2003-2008, in an interview with the researchers in 2006).

The second stage revolved around the brand management strategy. The challenge for ‘Georg Jensen’ was to establish a brand architecture that ensured a logical organization of various product categories, price points and design styles as well as establishing a direction for future product development across all product categories. A sub-brand strategy was pursued, segmenting the ‘Georg Jensen’ brand portfolio by consumers’ preference of design language.

The changes to the brand at this stage also involved a significant development of the product lines. Jewellery as such was not a new business for ‘Georg Jensen’, it had traditionally been present in the fine jewellery segment with price points at up to € 950. However, now ‘Georg Jensen’ was moving into precious jewellery which sold at price points between € 2,700 and 8,000 with some showpieces priced at up to € 300,000 (see Exhibit 1).

The third stage was to change the ‘Georg Jensen’ logo and the signature colours based on a new and complete corporate identity manual. Steps were taken to change every expression of the ‘Georg Jensen’ identity including packaging and all other aspects of the shop experience such as receipt holders, bags and certificates. The process of defining the brand essence of the ‘Georg Jensen’ brand continued and based on an internal and external analysis of the brand values, the redefined brand identity served as the foundation for the brand position. The brand essence of ‘Georg Jensen’ was ultimately defined as ‘purity that lives’ (see Exhibit 2). The aim was to give the ‘Georg Jensen’ global brand position more impact in terms of
communication. This redefined identity also set the guidelines for a new advertising campaign with the theme of ‘Pure Nordic Sensuality’ (run globally in 2006, see Exhibit 3).

5. Key challenges

During the period 2003 – 2008 that we studied the company, ‘Georg Jensen’ faced a number of challenges that we briefly summarize below:

- Very tight budget for marketing and branding activities
- Extensive and expensive retail network with widely varying revenues contingent upon both location and country
  - Denmark still the biggest market
  - Strong competition by, for instance, Tiffany’s and Harry Winston in New York and Asprey’s in London
  - Bulgari, with a comparable number of company-owned stores in similar locations, has a turnover that is approx. 30 times the turnover of ‘Georg Jensen’
  - To be successful in Hong Kong, presence is needed at minimum four to five shopping malls
- Heterogeneous store concept both in terms of retail lay out and products on offer
  - The diversity of the product portfolio makes it difficult to have a store lay-out that suits all four brand groups
  - Silverware most important in Denmark, Japan and US
- Diversity of the brand image internationally, depending on region and history of presence of ‘Georg Jensen’ in the market (cf. product portfolio)

Based on our analysis, we identified three key challenges for rebranding in the luxury market that will be described and explained in the following. Although closely interrelated (at least in this particular case), they nonetheless constitute separate dimensions of the challenges in a corporate rebranding process.

1) The luxury market is simultaneously global and local in nature

This distinct feature of the luxury market places significant challenges on corporate rebranding efforts. In Georg Jensen’s case, the local (=Danish) brand associations were so deeply rooted in the silver heritage where the brand was seen as something of a national treasure making it difficult to get stakeholder acceptance of a repositioning into a global jewellery and watch brand. On the international markets, however, the brand seemed more connected to specific Scandinavian design ideas and principles than to silver alone, but here
the challenges were related to establishing brand stature and equity in a market dominated by established local and international brands.

2) Corporate rebranding efforts towards becoming a luxury brand are driven by the vision for a new brand position and a change in cultural artefacts (brand icons), but at the same time highly dependent on brand associations and perceived brand stature among key stakeholders. The literature suggests that corporate rebranding is an inside-out process in which the starting point is the current organizational culture and identity, and where the (re)defined brand position is connected with a high degree of strategic autonomy at the hands of top management (Muzellec & Lambkin, 2007; Hatch & Schultz, 2008). The process at ‘Georg Jensen’, however, shows that a brand in the luxury industry is defined by external stakeholder’s images and brand associations. Furthermore, the established brand associations were firmly rooted in ‘Georg Jensen’s silver tradition which represented a significant gap between the envisioned new position and the external image – a gap that would take time to overcome as the brand needed to establish itself as an international brand based on precious jewellery.

3) Brand heritage is both the foundation for brand equity and a constraint for corporate rebranding

Luxury brand management has been described as the management of a paradox where the features timeless and modern have to be handled simultaneously (Csaba, 2008). Timelessness is based in the brand’s heritage (of having authenticity in the brand history and uncompromised quality standards thereby becoming something of an institution), and this is usually taken to be the very foundation of corporate brand equity (Aaker, 2004). In Georg Jensen’s case, the brand’s silver heritage proved to be something of a double-edged sword in the course of the corporate rebranding process. On the one hand, the silver and Danish design heritage and the authenticity of the brand’s history as well as the early internationalization process had established the foundations for making ‘Georg Jensen’ an internationally recognized brand. On the other hand, it proved to be a challenge for the ‘Georg Jensen’ brand to break free of this “ghost of the past”. Successful attempts to significantly reposition a brand such as the case of the rebranding Burberry into a credible high fashion brand (Moore & Birtwistle, 2004), were characterized by the achievement of simultaneously revitalizing brand icons and convincing stakeholders of the credible nature of the new brand position. It may be further argued, that the vision of comparing Georg Jensen to established precious jewellery brands such as Bulgari was taking the desired brand position too far from the brand’s heritage. Moreover, compared to the Burberry rebranding process, this was backed up with significant budgets for glossy advertising campaigns featuring top-models and large flagship stores at the most prestigious locations. Something that may be needed to establish credibility as a luxury brand, and something which Georg Jensen did not have the resources for.

6. Conclusion

In this paper, we suggest that the case of Georg Jensen empirically demonstrates key concerns and challenges for corporate branding processes. Along with Gotsi and Andreopoulos (2007), the case points to the role of diverse stakeholders’ perceptions, but adds to the complex nature of stakeholder-corporate brand interrelations by including the issue of cultural differences across geographic locations. We also further propose that two dualities are relevant for the corporate rebranding process: The “double-edged sword” role played by brand heritage in the rebranding process, as well as the simultaneous global and local nature of the market. Some key concerns and challenges identified in Georg Jensen case can be said to be especially
characteristic of luxury brands, namely the simultaneous global/local nature of the market and the particular role of brand heritage. However, as corporate brands are increasingly taking on a role as the most valuable assets of organizations, balancing brand heritage with brand renewal emerges as a key challenge also beyond the luxury market.
References


1 The authors wish to thank two anonymous reviewers for valuable suggestions as to how to improve this paper
2 Esben Karmark, Ph.D., Associate Professor, CBS
3 Dr. Suzanne C. Beckmann, Professor, CBS