The Impact of Rebranding on Customer Brand Loyalty: A Case Study of Nestea to Fuse Iced Tea in Canada

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Abstract: The purpose of this case study was to evaluate how Coca-Cola's rebranding of Nestea to Fuze Iced Tea in Canada impacted consumer brand loyalty. An online survey of Canadian consumers, administered through Google Forms, yielded 95 valid responses, which were analyzed using descriptive statistics in Google Forms and Stata 18. The study was guided by Merrilees and Miller's six principles of rebranding and brand loyalty measures adapted from Keller and Zhang. Findings indicate a significant decline in overall brand loyalty following the rebranding: respondents reported reduced brand preference, lower repurchase intentions, and weaker brand advocacy for Fuze compared to its predecessor, Nestea. Participants also expressed dissatisfaction with the rebranding, citing perceived taste changes, insufficient advertising, and inconsistent brand communication as key issues affecting their loyalty to the new brand. These results underscore the need for more robust communication and promotional strategies to maintain customer loyalty during future rebranding initiatives.

1 INTRODUCTION

"Nestea" is a famous tea drink brand all across Canada. Since 1991, Nestea has been manufactured by Beverage Partners Worldwide, a joint venture between Nestlé & The Coca-Cola Company. Nestea has become the most popular tea drink across Canada in the last three decades, however, this business partnership ended in December 2024.

Coca-Cola Company announced that they will be launching their own brand, which is the "Fuze iced tea", as a rebranding process of Nestea. As the company said, "For the last 30 years, Coca-Cola has produced and owned the recipe for Canada's best-selling iced tea (Coca-Cola Canada, 2025)", for now, Fuse iced tea will "Using this exact recipe to ensure Canadians continue to enjoy that iconic iced tea flavour they grew up with (Coca-Cola Canada, 2025)". On the other hand, not all the customers were satisfied with Coca-Cola Company's decision. Many customers have announced their dissatisfaction through social media.

Rebranding is a strategic marketing decision that can significantly impact consumer perception, brand equity, and loyalty. This article aims to study on the rebranding of "Nestea" to "Fuze iced tea", such as the process of the rebranding, the outcomes of the rebranding, and the outcome of customer loyalty change by analyzing survey data collected.

2 THEORETICAL FOUNDATIONS

Rebranding is ubiquitous in branding practice. Corporate rebranding, in its many facets of brand renewal, refreshment, makeover, reinvention, renaming and repositioning (Merrilees & Miller, 2008).

During the development of the brand, there are two major research areas; "Corporate Branding" refers to the initial establishment of a company's brand, involving the systematic development and promotion of its core values, brand image, and communication strategies. However, the fundamental distinction of "Corporate Rebranding" lies in its focus on significant transformations in brand vision, rather than merely adjusting brand communication methods. Therefore, rebranding is not simply about changing a

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company's name or logo; it entails a comprehensive transformation of the brand's core values, market positioning, and communication strategy (Merrilees & Miller, 2008).

One research in 2008 points out that there's six principles which deliver the success outcome that corporate rebranding should follow (Merrilees & Miller, 2008):

Principle 1: Adjusting Brand Vision While Balancing Core Values and Contemporary Market Demands (Merrilees & Miller, 2008). A successful brand must adapt to the evolving market environment while preserving its fundamental principles to sustain long-term competitiveness.

Principle 2: Ensuring Continuity with the Original Brand (Merrilees & Miller, 2008). A complete overhaul of the brand may disrupt brand recognition. Therefore, it is crucial to retain certain core or peripheral brand elements to ensure consumer acceptance and familiarity with the rebranded identity.

Principle 3: Addressing New Market Demands Through Rebranding (Merrilees & Miller, 2008).

One of the primary objectives of corporate rebranding is to attract new market segments or consumer groups, thereby expanding the brand's overall influence and reach.

Principle 4: Internal Branding as a Key Factor for Successful Rebranding (Merrilees & Miller, 2008).

Employees must recognize and support the new brand identity. This requires comprehensive training, effective internal communication, and corporate culture development to ensure alignment with the rebranding strategy.

Principle 5: Achieving Consistency Across the Marketing Mix in Rebranding (Merrilees & Miller, 2008). All elements of the marketing mix—including product, pricing, distribution channels, and services—must align with the new brand identity to maintain consistency in brand messaging and consumer perception.

Principle 6: The Crucial Role of Brand Promotion in Rebranding (Merrilees & Miller, 2008).

Enhancing brand awareness through advertising, public relations, and social media is essential in rebranding efforts. Additionally, alternative promotional strategies, such as experiential marketing, should be considered to reinforce consumer engagement.

Brand loyalty is a complex concept that typically requires both behavioral measurement methods and psychological methods, such as commitment for definition and evaluation. Following this concept, Jacoby and Chestnut provided a classification of the various approaches to measuring brand loyalty with three broad groups (Knox & Walker, 2001).

Behavioral Measurement Approach, such as the frequency consumer purchases a particular brand.

Psychological Commitment Measurement Approach, such as the preference of consumer purchases goods of a particular brand.

Composite Indices, such as Brand Insistence.

Brand Insistence integrates the behavioral index of exclusive purchase with the out-of-stock decision, where an alternative brand would only be considered in emergency situations (Copeland, 1923).

Brand loyalty is crucial in determining a product's long-term success, as loyal customers contribute to repeat purchases, positive word-of-mouth, and overall brand equity (Rowley, 2005). However, rebranding can disrupt consumer behavior, potentially leading to customer retention issues or new market opportunities (Knox & Walker, 2001). This study examines the extent to which Nestea's brand loyalty carried over to Fuze Iced Tea and whether consumers' perceptions changed after the transition based survey questions related to the above three classes.

3 METHODOLOGY

This study employs a survey as the primary research method. The questionnaire is distributed online using Google Form as the tool for creation. Respondents complete the survey using electronic devices such as mobile phones and computers.

The questionnaire covers two key research themes:

Assessment based on the six rebranding principles, which serves as the analytical framework for evaluating this rebranding event.

Consumer loyalty before and after the rebranding event, aimed at measuring the impact of rebranding on brand loyalty.

This study adopts the snowball sampling method due to its low cost and ease of implementation. This research aims to recruit a cross-sectional sample of consumers who are familiar with or have experience with the Nestea brand.

The questionnaire design consists of four sections: Basic demographic informations, Screening questions, Core research questions, Attention questions.

Both research themes will be integrated into a single questionnaire.

To refine the questionnaire, a pilot test with 30 respondents will be conducted. Based on the feedback, necessary modifications and adjustments will be made to address potential issues such as ambiguities or unclear wording in the survey questions.

This article argues the consumer loyalty before and after the particular rebranding event, which is the rebrand of "Nestea". Research on customer loyalty of rebranding is fresh and has not yet developed a mature scale or measurement method. Keller (2001) proposed a measurement approach that includes four items from both behavioral and attitudinal perspectives to evaluate brand loyalty. Therefore, this study adopts the behavior-attitude composite measurement method as a reference. Table 1) describes the distribution of the question applied to each section.

Table 1: Items included in the questionnaire

Question Purpose	Question Number	Question	Reference
Gender information	Q1	Your prefered gender	(N/A)
Scale of Popularity	Q2 & Q3	Have you ever bought the Brand?	(N/A)
Purchase Frequency	Q4 & Q5	Was the Brand your primary choice of tea-like drinks?	(N/A)
Preference	Q6	Which Brand do you prefer?	(N/A)
Attitudinal Brand Loyalty	Q7 & Q8	I wish I can purchase the Brand in a long period.	(Kellerz, 2001) and (Zhang, 2022)
	Q9 & Q10	The Brand does not have a satisfactory replacement for me.	
	Q11 & Q12	If the Brand were discontinued, I would need to spend a significant amount of time to accept a new brand as a replacement.	
Behavioral Brand Loyalty	Q13 & Q14	I would like to repurchase the Brand if it were still available.	(Kellerz, 2001) and (Zhang, 2022)
	Q15 & Q16	I would like to recommend the Brand to others.	
	Q17 & Q18	I support the Brand	
Rebranding process and result Question	Q20 & Q21	What changes makes you feel dissatisfied and satisfied during Rebranding?	(McMullan & Gilmore, 2008) and (Leninkumar, 2017) and (Gee, Coates, & Nicholson, 2008)
	Q22	Has your purchase frequency of this drink changed after Rebranding?	
	Q23	Do you feel satisfied with this Rebranding?	
	Q24	What is the frequency you receive the new Brand's advertisement?	

4 ANALYSIS AND DISCUSSION

Based on the previous results, several conclusions can be drawn. Although "Fuze Iced Tea" was launched and officially replaced the original "Nestea" on December 31, 2024 (Coca-Cola Canada, 2025), many former "Nestea" customers remain unaware of the new brand. While 97.9% of respondents had previously purchased "Nestea", only 56.8% reported purchasing "Fuze Iced Tea". This gap may be attributed to an ineffective advertising strategy for "Fuze Iced Tea", although they have launched sales plans such as free sample tryout (Coca-Cola Canada, 2025), however, 26.1% of respondents stated they had never seen any advertisements for the brand, and 46.7% reported they only see it once or twice per week. This phenomenon suggests that special attention should be given to marketing and promotional strategies before and after rebranding to prevent potential customer loss.

In general, "Nestea" indicate high attitudinal brand loyalty, with long-term purchase intention of 49.5%, perceived lack of satisfactory replacement of 41.1%, and resistance to brand transition of 37.9, as a substantial portion of consumers are emotionally committed, view it as irreplaceable, and show reluctance to switch brands. In contrast, Fuze Iced Tea exhibits significantly lower brand loyalty, with the same three parameters dropping to 10.5%, 14.7%, and 16.8%, respectively. This decline suggests that the rebranding failed to cultivate strong emotional attachment among consumers, leading to weaker brand retention and lower consumer commitment.

Similar shifts resulted in behavioral brand loyalty. For "Nestea", 92.5% of respondents expressed a willingness to repurchase the brand if it remained available; additionally, 84% of respondents indicated they would recommend "Nestea" to others; furthermore, 84.9% of respondents stated they would actively support "Nestea" as customers. These results suggest that "Nestea" enjoys customer groups with strong behavioral loyalty, strong repeat purchase willingness, strong recommendation willingness, and continued brand advocacy.

In contrast, "Fuze Iced Tea" experienced a significant decline in behavioral loyalty. Only 44.2% of respondents expressed a willingness to repurchase, only 24.7% of respondents indicated they would recommend "Fuze Iced Tea" to others. Additionally, 28.3% of respondents stated they would support the brand as customers, while 71.7% would not. These results indicate that "Fuze Iced Tea" has failed to retain a high level of customer loyalty performance in "Nestea", as most respondents lack strong purchase alternatives and are unwilling to support the brand.

The declined customer loyalty might cause the decreasing amount of purchasement. Although Coca-Cola has not yet published the sales amount of "Fuze Iced Tea" across Canada in the first season of 2025, however, this study's result has indicated 52.6% of survey respondents report they decline their purchase frequency of this beverage, suggesting a possible correlation between declining customer loyalty and future sales performance.

Based on the previous results, it is evident that majority dissatisfaction comes from the "Taste/flavour" issue after the rebranding. However, Coca-Cola has assured consumers that the recipe remains unchanged (Coca-Cola Canada, 2025). One possible explanation for this discrepancy is that customers were not adequately informed about the recipe continuity. Many consumers may perceive the taste differently due to a strong psychological bias, associating that "Fuze Iced Tea" is an entirely new brand on the market rather than a continuation of "Nestea". This assumption is further supported by the lack of effective advertising for "Fuze Iced Tea". As highlighted in previous discussion, consumers have a relatively low level of exposure to advertisements related to rebranding is a significant proof reflected in this situation.

Lastly, the differing attitudes toward the new brand's pricing strategy, as discussed in the previous results section, may indicate that "Fuze Iced Tea" lacks strong market pricing control over its retailers. This inconsistency has led to floating costs for consumers, which might cause market confusion.

Overall, these findings highlight the challenges of rebranding a well-established product.

5 CONCLUSIONS

This study examined the impact of rebranding "Nestea" to "Fuze Iced Tea" on customer brand loyalty in Canada. The findings indicate that the rebranding effort faced significant challenges in retaining brand loyalty.

The analysis revealed that "Nestea"maintained strong brand loyalty, with a high percentage of consumers expressing long-term purchase intentions, emotional attachment, and resistance to switching brands. In contrast, "Fuze Iced Tea" struggled to generate the same level of consumer commitment, as reflected in its significantly lower repurchase intention, brand advocacy, and customer support.

Furthermore, despite Coca-Cola Canada's efforts to maintain the original recipe and introduce new flavors, dissatisfaction with marketing strategy, lack of retail pricing control and lack of advertising exposure build up to the decline in consumer acceptance.

Overall, this article examines the real-world case of Nestea's rebranding to Fuze Iced Tea in Canada and explores the complex challenges associated with rebranding a well-established product. This article states consumer perception of brand identity, advertising effectiveness, emotional attachment and efficient advertisement play a crucial role in maintaining brand loyalty. Future rebranding strategies should prioritize strong communication efforts and enhanced promotional engagement to mitigate the risks associated with brand transitions.

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