Strategies for brand revival

INTRODUCTION

The world, it seems, is disappearing beneath a deluge of logos. In the past decade, corporations looking to navigate an ever more competitive marketplace have embraced the gospel of branding with newfound fervour. The brand value of companies like Coca-Cola and IBM is routinely calculated at tens of billions of dollars, and brands have come to be seen as the ultimate long-term asset – economic engines capable of withstanding turbulence and generating profits for decades. So companies spend billions on brand campaigns and try to indelibly mark everything in sight, from the ING New York City Marathon to the Diamond Nuts cup holders at SBC Park. Marketers may consider the explosion of new brands to be evidence of branding's importance, but in fact the opposite is true. It would be a waste of money to launch a clever logo into a world of durable brands and loyal customers. But because consumers are more promiscuous and fickle than ever, established brands are vulnerable, and new ones have a real chance of succeeding – for at least a little while. The obsession with brands, paradoxically, demonstrates their weakness. Therefore, sometimes in business, a good brand dies. Everyone knows and respects the brand, but there's a gap between people's knowledge and their desire to actually buy the product. When the company can't close that gap, the brand slowly but surely finds its way to the dustbin of history (Mannie Jackson, 2001). Therefore, the biggest question that a company can face is the decision whether to revive the brand or let it die. And if revive, how? But before we go further on to answer this question, its critical to understand why brands fail or die?

Is it lack of consumer interest? Or introduction of new brands? Or is it something as simple as ignorance to the changing market dynamics? Let’s look at an article from Business line which gives us a view point on the same:

Why must brands die at all? And why do they die? 1 The answer is a simple one! Brands never die. There is just no organic death in the life cycle of brands. In fact, there is just no life cycle at all! Let’s bury this brand-ism once and for all! Brands are meant to live on forever. Brands don’t die. Instead, they are murdered by Brand Managers. The over-zealous and the lazy ones alike! Most of the time done to death by stubborn brand-folks who just don’t see the future unraveling! One common thread that is seen in brands that actually die on the cushy laps of their emotional brand owners is their inability to embrace change. The lack of flexibility to adapt and adjust to a changing market scenario that is as unpredictable as ever! Brands traverse the trajectory of slow death as soon as rigidity in their management styles step in. And there are many styles equally guilty of forcing their brands onto the track of death … near or distant! Brand Management is as dynamic a subject as any. It is as dynamic in its changes, as is society itself. Brands need to change and adapt to their customers and consumers. They need to be in sync with the psyche of their target segment. Rigid brand managers are the biggest liability to the brand. The solution: Keep changing them every 18 months for a start! The second brand sin is perpetuated by the jumpy brand manager who wants to prove a point. The guy knows for sure he is a short-tenure resource on the brand. He is young and raring to go. He has read enough of the brand’s mystique. He now wants to leave his indelible mark on the brand he is slated to handle.

The intelligent brand manager of the future is the guy who sits between these two points of action and inaction. He is one who knows his strengths and his gaps alike. He is therefore the sutradhaar who knits the purpose of the brand and its longevity together by bringing to the brand party every resource that he deems necessary. Bring in that sociologist who will give you a quick perspective of how society is morphing, bring in that practicing psychologist who will psycho-analyze your consumer of today and hopefully tomorrow! Bring in the holistic market researcher who will look beyond the tools that are quantitative, qualitative and eventually a cusp of the two! Bring in the dentist and the tailor if necessary! Brands die due to neglect. Due to a lack of accepting change. Due to stubborn, age-old thoughts, Managing brands is an art, a science … and a philosophy as well! Practice each of these with perfection and humility! As we can see the article clearly talks about how brands die due to people's choice between in-action and action. But what happens when a company intentionally kills its flagship brand? Let's have a look at an article that talks about how Ford beheaded it's once flagship brand – The Ford Taurus. There are some important pointers to be learnt from this article. How to Kill your Brand 2 The Ford Taurus was a brand success of the 1990s. Its jellybean shape helped pioneer aerodynamic and dramatic styling when it was introduced in 1985, a time when most Japanese and American vehicles were little more than square boxes with round wheels. It had a powerful but fuel-efficient V6 engine. The moderately priced car made middle-class buyers feel like they were standing out without sticking out. The Taurus revived a Ford that was on the financial ropes. Ford sold 263, 000 units the first year. In 1986, Motor Trend magazine named the Taurus " Car of the Year." A year later it was Ford's best-selling car. By 1992, it had surpassed the Honda Accord as the best-selling passenger car in the US. It kept that title for five straight years, outselling both the Accord and the Toyota Camry. Eventually, Ford sold about 7 million Tauruses and 2 million Mercury Sables (essentially the same car). But at the end of 2006, the last Ford Taurus rolled off the line at an assembly plant in an Atlanta suburb. Says Peter DeLorenzo, publisher of auto-extremist. com, an automotive website: “ Ford is the only auto manufacturer in history to take a number-one-selling car and systematically destroy the franchise through a fatal combination of ineptness, incompetence and flat-out neglect.” 8

The death of the Taurus is a contributing reason why Ford reported a $5. 8 billion loss last October, the worst in 14 years, announced the closing of 14 plants (including the plant that produced the Taurus), and now wants to borrow $18 billion to help revive the company. How did this king of automotive brands get beheaded? Ford provides a textbook case in how to destroy a brand. Key lessons include:

- Ignore your target customer segment: The Taurus was most popular among 50+ consumers, the group with the most disposable income. But Ford was entranced by the 18-35 group, and redesigned the car twice to appeal to this segment. The redesigns turned off the Taurus’ customer base while failing to turn on younger buyers. Listen to the customers who actually buy your product, not the ones you want to buy your product.
- Stop promotion: Unbelievably, Ford stopped advertising one of its best-selling cars for two years. That’s one reason Taurus sales dropped from a high of 410, 000 in 1992 to 145, 000 in 2006. Remember that

advertising and promotion is not just for new products. It is also for established products.

- Undercut the value: When sales started declining, Ford took the quick and easy route of expanding sales to rental companies as well as taxi and corporate fleets. It also substantially boosted dealer and other discounts. While these have the temporary effect of juicing sales, they also harm profits for companies and resale value for customers. Never do anything that hurts your brand among existing customers.
- Focus on new, and not loyal, customers: Remember the Contour, Windstar, Escort, Galaxy and many other Ford brands? Automotive companies are infamous for spending millions to develop and promote brands, then inexplicably orphaning them years later to devote resources to newer models. Abandon a product only when it is truly at the end of its life-cycle, not because something sexier comes out of product development.
- Cannibalize your product unnecessarily: Fixed costs are high in the automotive industry, which means that profitability depends on volume. Ford cannibalized sales of Taurus by introducing the slightly bigger Five Hundred, and the slightly smaller Fusion. The Fusion, which came out in late 2004, has been a hit, but sales of the Five Hundred have not met expectations. Would Ford have been better off devoting the resources dedicated to Fusion and Five Hundred to the revitalization of Taurus? Who knows? However, while it is important to be receptive to new segments, gains must be measured against the losses to established products.

The articles also states examples of other iconic brands like Wonder Bread and Twinkies that have been immortalized by Andy Warhol. Yet the manufacturer of those brands, the $3. 5 billion Interstate Bakeries, filed for bankruptcy last September. Mistakes made by Interstate include focusing on low-profit, mass-produced products like Wonder Bread at a time when customers were turning to tastier alternatives like fresh-baked supermarket offerings. They rested on their Twinkies' laurels at a time when mothers everywhere were worried about childhood obesity. There are other brands that are on their road to failure. Two strong candidates are Gap and Time magazine. Quick excerpt on GAP (details in next article) – At one time, Gap set the fashion benchmark for both boomers and yuppies. Who hasn't owned a pair of Gap khakis? In UK, Gap's share of the clothing market has dropped by 25% over the past three years. Its recent advertising featuring Audry Hepburn has done little but make ' worst ad'- lists. What happened? Gap committed the ultimate branding sins – a lack of focus and knowledge of what its customers valued. Robert Buchanan, a retail analyst at the stockbroker AG Edwards, says: " In their heyday, they were really good at taking care of the baby boomer …. They stopped targeting them and started aiming for the children of the boomers – but not having done much research, they blew it. Then they took a democratic approach and tried to be all things to all men. If there's one thing that doesn't work in retailing, it's a lack of focus."

The articles opinion on Time Magazine – If there is a better example of trying to be all things to all people; it's Time's recent choice for ' Person of the Year.'- For more than 70 years, Time has selected a person who has had the most impact – for good or bad – on world events. Agree or disagree, Time's choice always made you think. But this year, they put a cheesy reflective Mylar strip on the cover and said, ' The Person of the Year is… You!'- If you believe that a brand must drive its stake into the ground and say proudly, ' this is what we stand for, and these are the customers we want'- then Time's ' we-love-everybody'- pandering is a reason to cringe. This 10

follows other missteps, like putting radical Ann Coulter, who advocates terrorism against American institutions and believes that all Muslims ought to be forcibly converted to Christianity, on the cover, and recently adding Bill Kristol, who forcefully advocated the invasion of Iraq to bring peace and democracy to the Middle East, as one of its star columnists. (Full disclosure: I used to work for Time-Life.) Talk about alienating middle class customers, the bread-and-butter of a mass-circulation magazine. A lot has been written about how to build a brand. But valuable lessons can also be learned from dead and dying brands. Undoubtedly, the most important lesson is not to let a disconnect grow between you and customer. When was the last time you talked to customers about what they valued, and how well you were doing to deliver that value? Now let us look at an article that goes into the details of the story of the GAP decline: American retailing: Fashion victim 3 Gap, a fashion retailer that was once one of corporate America's shining success stories used to get everything right. Its affordable, trendy clothes epitomized casual cool. But not anymore. The company's production cycles are too slow to keep pace with rivals, prices have risen and the brand has lost its shine. In 29 of the past 31 months Gap reported flat or declining same-store sales. Senior executives are quitting in droves. Profit margins, at 6. 5%, are about half the industry's average. In December, traditionally the busiest month for shopping, same-store sales were 8% lower than in December 2005. Gap is now said to have hired Goldman Sachs, an investment bank, to evaluate its options. This is not the first crisis at Gap. Analysts think a change at the top is the most likely outcome of the review.

Another possibility would be for Gap's ageing founders, who still own 37% of the group, to sell out. Dana Cohen, an analyst at Bank of America, thinks private-equity firms would be the most likely buyers, as few companies in the trade could swallow Gap. Alternatively, one of the group's three major brands could be sold. The trouble is that both Gap and Old Navy would sell at a 11

discount because of their troubles, and the Fishers (the founders) are unlikely to want to divest Banana Republic, their only healthy brand. Brands can also die due to lack of company focus or initiative. As the article states they can die of natural causes – it is inevitable due to various actions taken by the company or the people. Autopsy on Olds: Death by neglect, stagnation4 Oldsmobile once was among the strongest car brands, anchored by such vehicles as the Cutlass, infused with the heritage of " Rocket" engines and benefiting from a competent dealer network. Yet the 107-year-old brand was officially buried this spring. Was the death inevitable? Might better communications around the brand have helped effect a cure? Many myths come into play when once-great brands such as Oldsmobile expire. Among the most durable:

Strong brands die of natural causes In fact, brands die of neglect and abuse. It takes effort and many bad decisions to kill a strong brand. Oldsmobile died because General Motors designed vehicles in the 1980s and early 1990s that didn't live up to the brand's legacy: They were unattractive, uncomfortable and of low quality, and they handled poorly. At the same time, the dealer network atrophied and consolidated with other brands, losing its focus on Oldsmobile. Customers who were dissatisfied with Olds vehicles, sales and service lost their emotional connection to the brand. By the time GM finally came out with a somewhat decent vehicle for Oldsmobile – the Alero in the late 1990s – it was too late.

Changing consumer tastes kill brands.

What really kills a brand is its failure to respond to changing tastes.

Let us look at an example of how a brands responded to changing tastes from the same article and today is the symbol of how brands can evolve and become part of people's lives and personality – Harley Davidson and Cadillac (a glimpse):

LITERATURE

" Sometimes in business, a good brand dies" Everyone knows and respects the brand, but there's a gap between people's knowledge and their desire to actually buy the product. When the company can't close that gap, the brand slowly but surely finds its way to the dustbin of history (Mannie Jackson, 2001).

The question is: To leave it there or bring it back to life? An even bigger question is, how to re-create the magic?

PROBLEM DEFINITION

The purpose of this study is to analyze different strategies adopted by target companies during the process of brand revival. The study will involve analyzing case studies of a sample of companies who have been engaged in brand revival.

This study will also serve to address strategies that can be adopted by companies who are in the need to revitalize their brands and the reasons for their death.

For example companies have used several strategies to successfully revive their brands. These actions are prominent as is evident in the case of Harlem Globetrotters who survived by reinventing their product. (Mannie Jackson, 2001).

RESEARCH METHODOLOGY

To get a deeper understanding of the chosen topic, various case-studies will be analyzed so as to investigate the various strategies used by firms and use the findings to establish a set of tactics and success factors. These case-studies will primarily be sourced from secondary data like the 4 various books on brands, newspapers, historical data of companies, journals, business magazines, internet etc.

JUSTIFICATION FOR RESEARCH PROPOSAL

In today's dynamic environment, companies often have to face circumstances where their brands are in danger of falling out of customer's buying radars. In today's highly competitive environment, it is not only products that need to be upgraded but brands also need a new lease of life. No longer is it taken for granted that upgraded products will keep a brand running, but brands itself need to be revived to be in tune to customers' desires. This research explores the strategies followed for a successful brand revival.

SCOPE Since this study deals with an analysis of case-studies, its scope is wide and the analysis paradigm is not limited to one country or industry. This is an empirical study that has a wide scope and applicability across industries and geographies.