CHAPTER 12

Revitalising Flagging Brands

The mood of the discussion so far has been up-beat, showing the way in which a brand can help differentiate a company to the point where people will accept no substitute. However, life is never so simple and brands live in a changing world where they may be threatened or may need to adjust to take account of different circumstances.

We have talked about brands as is they were people. Reference has been made to their personality. And, just like people, brands can die if they are not nurtured and maintained. However, unlike the passing of time which eventually sees humans off, age can work to the advantage of a brand. Some of the strongest brands in the High Street have been around for years and the fact they are old does not make them old fashioned. Our grandparents would recognise the names of Kit-Kat, OXO, Persil, Shell and Alka-Seltzer and yet all are strong brands with high levels of awareness and a modern image. Time can work to the advantage of a brand if it is cared for and cultivated. Brands do not begin to flag because they are getting old, brands begin to wane if they are not backed adequately, if tastes change or if they are under threat from competition.

There are occasions where no matter how much resuscitation is given to the brand, it faces death and has to be buried. However, fortunately, brands which are flagging can often be retrieved. Indeed, because there are likely to be some residual values left in the minds of customers and potential customers, the cost of revitalising a brand can be less than that of building a new one.

Factors stopping a company responding to threats

Sacred cows

One of the biggest problems facing companies whose brands are under attack is getting rid of the internal sacred cows. Sacred cows can be:

- a commitment to making a product in a certain way
- a commitment to making a product in a certain place (with implications for costs of manufacture)
- a commitment to featuring certain selling points about the brand
- a commitment to selling the brand through specific channels.

It can be difficult for the managers of an established business to recognise the significance of an attack which is being made on their brand. In the first instance the attack is likely to be a small dot on the radar screen. It may not even be seen as a threat. And even assuming that the offensive can be spotted, there will be some uncertainty as to whether it will succeed. The managers of the besieged brand may react by attack or defence. Both may be appropriate, depending on the circumstances.

Size and speed

Size is very often a handicap which prevents a company from reacting to competitive pressures. In theory large companies are in a position to stamp out competitive threats but that assumes that they can recognise them, given that they may come from different directions in very small doses in the first instance. Large companies may believe that their size protects them. Small companies may not have the fire power of their larger rivals but they may be able to act quicker and take more risks.

The world is littered with examples of companies that were slow to adjust to their competitive environment. The mighty Dunlop Rubber Company has been reduced to a supplier of sports equipment and a specialist tyre supplier by its inability to recognise the threat of the competition. British Steel, once a mighty supplier within Europe, failed to react to the competition and was eventually subsumed by the smaller Dutch company, Hoogovens, to form Corus.

Very often, defensive strategies are to find new markets for products or to try to develop innovative products to replace those which are dated. Most times, companies with their backs to the wall have not got the time or the money to seek out new markets and retrenchment may be the only option. Unfortunately retrenchment could result in job losses, the divestment of part of the business, a lowering of morale on the part of employees and most probably a loss of confidence in the market place. It is at times like these that brands need as much help as possible to revitalise them and to win back some positive values.

Brands which flag because they are not supported by promotion

We have seen how some brands, brands which have been well promoted, can live on in the memory for a long time. Unless disaster strikes and causes an over night change of attitude, the effect of previous advertising campaigns will have given the brand some `capital' which lingers on. When times get hard and budgets are squeezed, advertising is one of the first things to suffer because management know that there is a bank stock of awareness and goodwill retained by the company which will survive for some time. Advertising may stop completely but sales will continue to come in.

Assume that a brand has sales of £2 million, it would need some brand support on a continuous basis and some would argue that 2% would be a reasonable figure. In other words, a brand with this level of sales would require an annual promotional budget of around £40,000. And this is the point. If a company is running 10 brands (or sub-brands) each would require a promotional budget of around 2% of sales, otherwise the brand will atrophy. Too often, industrial and business to business companies launch brands hoping in some vain way that they will look after themselves on fresh air alone.

An established brand could live for a number of years without the support of promotion. The problem is that once the promotional budget is cut, it may become difficult for marketing managers to justify returning it to its higher level. Companies managed by cost cutters may find it hard to find new sums of money for brand support whose effect cannot be financially measured. If building a brand is partially an act of faith it is understandable that managers who do not believe will not make the investment in the brand. When sales do not fall off a cliff after the promotional budget has been slashed there could be a feeling that they will not jump through the roof when it is raised - so why spend the money?

Branding is a long term process and even then it is difficult to quantify its financial contribution. Because there could be a long delay between the effects of promotion and the impact on sales, branding could be weakened by the pernicious neglect of advertising investment.

It hardly needs saying; the remedy for the lack of advertising is to turn the tap back on. However, this stop-start policy could itself have an adverse impact on the brand. When there is a decline in promotional activity the lower levels of advertising are not noticed by customers. The resurgence in advertising almost certainly <u>will</u> be noticed but its very reappearance could be a reminder that it had stopped. This could create a feeling amongst customers and potential customers that the company is not serious or committed to a market. It could also suggest that the company is in trouble and is making a last ditch attempt to try to promote itself out of a crisis.

These negative thoughts could be counter productive to the promotion which is trying to revitalise the brand.

A brand would not suffer in this way in the first place if the promotional spend was adequate, continuous, and consistent. However, the practicalities of business are such that industrial brands are frequently starved of promotion. So what to do? Certainly, a return to a promotional investment is required but it should not necessarily be more of a same. If things are different now then maybe the advertising should reflect this. A fresh campaign, with a new message may head off the problems which could occur from simply reactivating the old stories. A change from one form of promotion to another may be effective such as (by way of example) using online advertising instead of media advertising or sponsorship and PR instead of exhibitions. Getting the promotional mix right is almost as important as fighting for a realistic sized budget in the first place.

Brands which flag because they get stuck in a time warp

Sometimes industrial brands can be forgotten or ignored. The branding which began with the company may have been just right for it during those earlier years but times change. What sort of an image is conjured up by the title `Isle Of Man Steam Packet Company'? Is this really a name for a large ferry company wanting to give customers confidence in its ability to transport them quickly and reliably across the Irish Sea?

The title, Manchester Ship Canal Company is self descriptive. At least it was when the company had a prosperous ship canal to manage at the turn of the century but it lost its relevance when railways and motorways removed the competitive advantage of the waterways. The market was in terminal decline and with it the company. However, the company owned vast tracts of valuable land on the sides of the canal and these have become its raison d'être. The company name, and its brand, has endured but it is a misnomer, its real business having outlived its appropriateness. Today the company is part of Peel Holdings who manage the land and operate the Ship Canal as a separate entity.

A fussy logo may have been acceptable at the turn of the century but today it carries connotations of being old fashioned. Dunlop's ‘flying D’ was thrusting and forward looking in the 1950s but it is beginning to look tired in the twenty first century.

Companies need courage to make changes to their brands and associated typestyles, names and logos. If the name of a company is truly not in harmony with its market, it must change and we have seen examples of this in Chapter 8. Sometimes the change is a natural consequence of how customers refer to it with long names being converted to initials or abbreviated to `nick-names'. At other times more drastic changes are required and a new name has to be adopted.

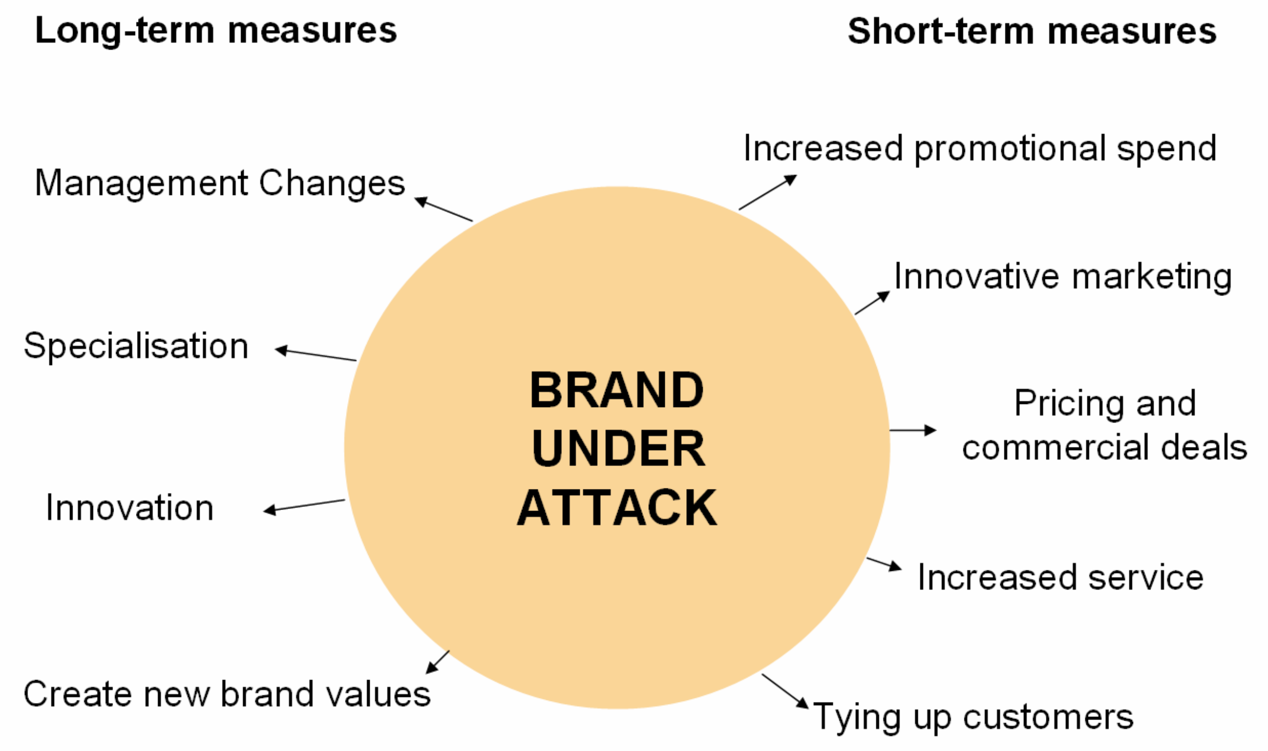
Companies which understand the importance of branding keep their logos and typestyles up-to-date through constant modernisation. Each time they take place, the changes may be small and imperceptible but looked at over time it is clear how far they have moved. A close examination of Shell's pecten over the years would show how it has changed from the original scallop shell through to the simplified red and yellow graphic used today. Such was the subtlety with which these changes took place, it has always seemed in tune with the times and the market place.

Mawdsley Brooks, a medium sized, privately owned pharmaceutical wholesaler, supplies chemists who phone through their orders and expect deliveries within just a few hours. The company has a fleet of vans which makes their rounds a couple of times a day and sometimes with just a few items in each delivery. Chemists use two, sometimes three wholesalers so that there is always a back-up if the first choice supplier is out of stock. It is not a market where suppliers are axed at a whim as strong relationships are created through the many transactions which are carried out each day and every week. However, chemists can vary their allegiance to one supplier rather than another and it is easy in such a competitive environment for shares to slip.

A survey showed that customers had a high level of loyalty to Mawdsley Brooks, valued its independent position and recognised its commitment to customer service. However, because it was a long established firm, it was positioned as rather old fashioned compared to some of the newer wholesalers who were showing rapid growth through acquisition. The survey also showed that the company name style, which was used on all the letterheads and by the telephone team who took the orders, was not the name used by customers. To customers it was simply *Mawdsleys*, a shortened but intimate rendition; just like a nick-name. Building on its strengths and working to rectify its weaknesses, the company redesigned its logo and adopted the name by which it was commonly known. Mawdsleys was relaunched with a fresh, vibrant image, especially evident through its high profile delivery fleet whose van sides acted as poster sites.

Brands which flag because they come under competitive threat

Every company suffers competition and this is often in the form of a head on attack in the market place. In fragmented markets this can be hard to monitor as the large number of companies and the high level of activity, means it is not clear who is winning and losing. What is more, a company may watch its sales fall over a number of months not knowing if this is the result of a down turn in the market or the loss of market share. And it is important to know since the course of action should be different depending on the nature of the adverse change. A loss of sales resulting from a competitive attack would need a different approach to one which was caused by a fall in market demand and where it may be a question of getting out or riding out the storm. So the first question is to find out if the fall in sales is the result of the brand being under attack. If this is the case there are short and long term tactics which can be adopted to defend the besieged company (see Figure 12.1 overleaf).



Short term defensive measures

Increased promotional spend. Spending money on a new advertising campaign and putting more resource into

the sales machine are obvious ways to defend a brand under attack - assuming that the resources are available. Out-gunning the competition with a larger marketing purse has to be carried out with care for, as we have indicated, if it looks like desperation, and it is desperation, it could become counter productive.

Innovative marketing. Being smarter in the use of the marketing budget may be a more effective retaliatory tactic than simply spending more. Direct marketing approaches such as mail shots and telemarketing need not be expensive and they tend to be hidden from competitive view in contrast to media advertising which stares out from the page.

Pricing and commercial deals. In some industrial markets buyers will react to price cuts and so a brand under attack could always consider discounts or special deals. Of course, there is a penalty in giving away money to keep the custom and price cuts should be a last rather than first resort. It may be judged wise, however, to stop the loss of sales in this way. Otherwise they may never return. Price cutting discounts can often be built into imaginative schemes such as those which gave retrospective discounts or loyalty bonuses.

Increased service. Higher levels of service could help protect a brand under threat. Quicker deliveries, just-in-time delivery, or a technical help line may be all appropriate. Company employees understand the need to fight off the opposition and if it is explained that they are under siege, it will make the smile and the extra mile seem all the more important.

Tying up customers. The threat suffered by a brand could be reduced by securing the business of large customers, perhaps by encouraging them to sign an annual contract. Large customers could be given their own supply of stock on their premises from which they can call off products when they require. Perhaps there is scope for an on-line offer in which customers can interrogate stock levels and prices and down-load their orders straight into the system.

Long term defensive measures

Management changes. Sometimes the problem is not the brand but the management of the company. If this is the case, the only solution is a management shake up. This could vary from re-training the team and setting targets for change through to a last resort of changing the team.

Specialisation. Tempered Spring is an old established manufacturer of steel springs based in Sheffield. It operated in a market where there was active internal competition from the dozens of spring manufacturers around the UK but additional competitive pressures came from the general decline in spring consumption as solid state electronics replaced many items of mechanical equipment. Tempered Spring's management looked to its strengths and decided that the only way to defend its position in the market and to retrieve its flagging sales was to specialise. It focused on the automotive industry where dozens of springs are used varying from those which are highly technical and used for cylinder valves and suspensions, through to more simple springs for boot and door closures, windscreen wipers and the like. Through this specialisation Tempered Spring was able to build a brand which had a new and special reputation, so much so it has become a world leader in automotive spring technology throughout the world.

Innovation. Innovation is the key to long term survival for most companies and it is an effective means of counteracting a brand under threat. However, finding, developing and launching new products involves high levels of risk - many fail. It also can take years for new products, especially in industrial markets, to become established.

Build new brand values. In the 1960s and '70s, Rank Xerox had the UK copier market to itself and its monopolistic position allowed it to dictate terms making it difficult for customers to buy machines outright and coercing them into rental agreements they would have preferred to avoid. Japanese suppliers of copiers moved into the UK, first attacking outlying regions and later rolling through the heartland of Rank Xerox's business, taking share with their reliable copiers which could be acquired outright or on any terms to suit the customer. This loss of market share by Rank Xerox was in effect their customers voting with their purses and saying that the brand was over valued compared to others. The way out for Rank Xerox was to become more customer orientated and to beat the Japanese in the quality of its machines. Reward systems encouraged the achievement of excellence in quality and customer satisfaction and through this means the value of the Rank Xerox brand was restored with a commensurate improvement in market share.

Impossible problems

A flagging brand may be the result of a bad product or service which no amount of image restoration can rectify. If things are very bad, any attempt to rectify the situation may be viewed and fail miserably. In the late 1970s the Romanian truck manufacturer, ROMAN, attempted to sell its trucks in the UK. For a year or so it enjoyed buoyant sales as the low priced vehicles quickly stole share. However, its success was short lived as the lack of reliability of the trucks soon became apparent. Bitten by a failure on the most important requirement of all, the brand very quickly fell into disrepute and had to withdraw from the market. It would be difficult for this brand to re-enter the market whatever it promised.

Summary of chapter 12

There are three causes of flagging brands; neglecting to promote the brand, competitive threats and a change in structural demand. The only way forward in the latter case is to innovate or move into new markets. Innovation is something that all companies should be doing in order to stay healthy and, since this strategy needs time and money, it is better as a preventative measure than a cure for a brand which starts to flag in a changing market.

Short term measures which can be used to defend a flagging brand include more and different promotions. Spending on promotions is an obvious way to revitalise flagging brands although it will not do much for a company in terminal decline because its products are no longer required. It is not just the size of the promotional spend which matters, the messages and the media can also make a difference. If needs must, price deals and discounts may be required but this is too often the first line of defence whereas it should be the last. If there is time, brands can be defended against competitors by innovation, or finding new markets.

It is not always apparent that a brand is under threat as a fall in sales could be the result of seasonal or economic factors. However, when the threat does occur, the response time can be slowed by the size of a company which makes it slow to react or the sacred cows which interfere with the decision making process.