brand strategy

Dec 06

Revival of the fittest

After last month's cover story on reviving brands, Stuart Whitwell puts forward his take on which brands can be resuscitated and which should be put out to pasture

Killing a brand is not as easy as putting it out of business. The main reason that companies behind successful brands die is management and operational incompetence. While this does have a negative impact on a brand's value, what is it that enables some to rise, phoenix-like from the ashes, while others crumble into dust?

Case studies of brands that have been revived successfully, such as Harley Davidson, and brands that have not been so lucky, such as Babycham, must be analysed to identify the common threads to successful resuscitation. This provides insights into which brands could currently be revitalised, such as Rover and MFI, and how this could take place.

Successful revivals

Harley Davidson

By 1984, motorcycle brand Harley Davidson had been through turmoil. It had seen changes in ownership, management and a new wave of more modern, cheaper, quality products from Japan. Some of its models performed badly and the brand no longer had an established reputation for quality. It might have faded away but for a rather clever strategy from the company.

Harley Davidson had a unique heritage in the history of American motor transport and an incredibly loyal following – 75% of Harley customers made repeat purchases. The company established the Harley Owners Club (HOG), which now has about 500,000 members in 115 countries. This encouraged word-of-mouth activity and enabled products to be marketed directly to existing customers.

Harley streamlined and segmented its products into four distinct categories, targeted at a newly-defined demographic: married men with an income over $77,000 (£40,000) who were previous owners and about 46 years old. It rebuilt its brand largely through products which evoked Harley's strong heritage while giving them a modern twist.

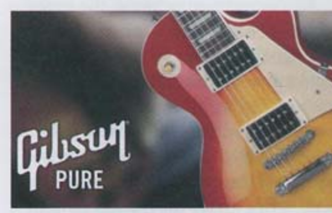
This reintroduced a reputation for quality and increased the brand's relevancy to a contemporary audience without losing sight of its heritage. It also redressed the balance between the brand's 'outlaw' image and the weekend rider. Harley Davidson now has a 48% share of the US motorcycle market, revenues of over $5bn (£2.62bn) and a profit margin of nearly 20%.

MOTOR HARLEY-DAVIDSON CYCLES

Gibson guitars

The same strategy of leveraging a brand's heritage and loyal following has been adopted by other brands which continue to enjoy a revival. Gibson guitars, for example, suffered terribly under its owner of 20 years, an Ecuadorian beer and concrete conglomerate, before Henry Juszkiewicz bought it from near bankruptcy in 1985.

There are four main common threads between these two brands: heritage, loyal customers, brand awareness and management focus. Harley Davidson has been around since motorcycles began in the early 1900s and Gibson was founded in 1894. Over this time, the brand had become engrained in society, established a loyal following and enjoyed high levels of international awareness. It was a change in management which gave each of these brands a new lease of life; Richard Teerlink and his team for Harley Davidson and Henry Juszkiewicz for Gibson.



Less successful revivals

Babycham

Not all successful brands are capable of revival, as the case of Babycham illustrates. Babycham was originally introduced in the 1940s as a sparkling perry [pear cider] in large bottles, mainly in the West Country. When it was launched nationally in the UK in 1953, the product was in its trademark 'baby' bottles at double the price and aimed at women.

The formula tapped perfectly into female emancipation and a reaction against the austere post-war period. The brand managed to latch on to aspirational luxury values as the next best thing to Champagne and, when supported by heavy media spend (it was the first beverage to be advertised on television), it became the marketing success story of the 1960s. Babycham became the must-have party drink and took the market by storm.

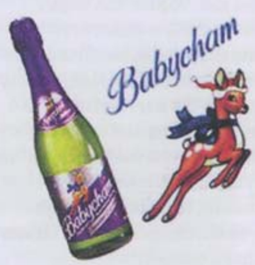
As affluence grew through the 1970s, Babycham failed to evolve with the times and the brand lost its cache and relevance for consumer attitudes and affluence. Several attempts have

brand strategy

Dec 06

been made to revive the brand to regain its former prestige but none have set the world alight. Even with the current wave of nostalgia for 1970s, with brands such as Blue Nun and Cinzano enjoying a limited resurgence, Babycham's opportunity for revival is negligible.

Babycham was a product of its time. It caught the post-war wave for indulgence but existed on a heritage borrowed from another brand, Champagne. This borrowed heritage reduces the brand's ability to be revived – it lacks authenticity. The brand also lacks a loyal following; its original audience has aged and the younger generation have evolved beyond Babycham's offer. Being the butt of jokes isn't necessarily an impediment to brand revival, as Eastern European car brand Skoda proved, but few brands have the luxury of being integrated into a supportive conglomerate such as Volkswagen.



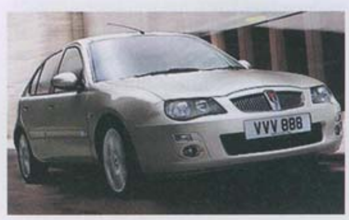
In need of a revival

Rover

Car brand Rover was once a great marque. A series of attempts to revive it by BMW, the Phoenix venture capitalist consortium and China's Nanjing Automotive Group Corp, all failed. As one half of Ford's brands Range Rover and Land Rover, the brand name itself was recently bought for protectionist reasons for about $6m (£3.2m) by Ford.

In isolation, the Rover brand in the UK would prove difficult to revive due to the huge barriers to entry but elsewhere in the world, such as Asia, the brand still has huge potential. Shanghai Automotive Industry Corp, one of China's leading car makers, was reported to have offered $21m (£11m) for the Rover brand. The company's plans would have been to attach the Rover brand to its own cars and sell them to the Chinese and Asian markets. This would undoubtedly have been a success as the Rover brand still has significant prestige in those markets, which know it for its English heritage and the quality cars it produced throughout most of the 1900s.

Rover's opportunity for revival no longer resides in its stand-alone ability. By feeding off the equity of Ford's other family of brands, Range Rover and Land Rover, it does have the ability to grow. The Rover brand could live on as a suffix, attached to a new range of prestige sedans, city hatchbacks or sports cars – The Tourer Rover, C Rover or Race Rover perhaps.



MFI

Another example of a brand that has been dogged by its image in recent years is furniture retailer MFI. Since its heyday in the 1970s and early 1980s, MFI has suffered from perceptions of low quality and more recently by supply chain and IT systems issues that have lost the retailer significant amounts of money. It reported operating losses of £49m in 2005 and was bought by Merchant Equity Partners earlier this year.

With a renewed management focus and potential investment of £136m, the brand has the opportunity to be revived. To do so, MFI must re-establish its cache and loyal following to once again compete efficiently in the kitchens and bedrooms markets against powerful competition from the likes of IKEA, B&Q and ILVA.

The MFI brand has a following in the value DIY market and if it gets the product and pricing right, it has a reasonable chance of maintaining a degree of success. However, the trends in the market are moving towards builders – rather than customers directly – sourcing kitchens through trade suppliers such as Howdens at the lower end of the market and specialist designers at the top.

If MFI is going to deliver, it will have to adapt its product offer to include home furnishings as well as improve its overall brand image to attract higher value shoppers and improve sales and margins. Does MFI as a brand have the necessary credentials? The jury is out.

Commonalities

From an analysis of these brands, the common threads necessary for an identity's revival are an authentic heritage, a level of international awareness and an existing loyal, although perhaps dormant, customer base. If a brand has these three elements then all that is needed is a fourth; resource and management focus to sustain its rejuvenation.

Other recent successful brand revivals such as Mini, the Beetle and Ovaltine all had the four elements, as does Rover. Currently, MFI does not, it seems, so I would put it in the same camp as Babycham.

Dormant or underperforming brands are attractive to buyers as acquiring and turning them round is often more cost effective than creating new brands. This has certainly been the case for companies such as Premier Foods which has acquired a stable of heritage brands, such as Smash, Ambrosia and OXO. There will always be risks attached to reviving dormant brands but if a brand ticks the four boxes that I have set out, then it is more likely to be a phoenix than a flop. ■

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www.intangiblebusiness.com