

New Life for Tired Brands

For further information:

Nikhil Bahadur, Cleveland: nikhil.bahadur@booz.com

John Jullens, Cleveland: john.jullens@booz.com

Booz & Company

from **strategy+business** issue 50, Spring 2008

reprint number 08101

New Life for Tired Brands

How to discover the dormant vitality in an old product line.

by Nikhil Bahadur and John Jullens

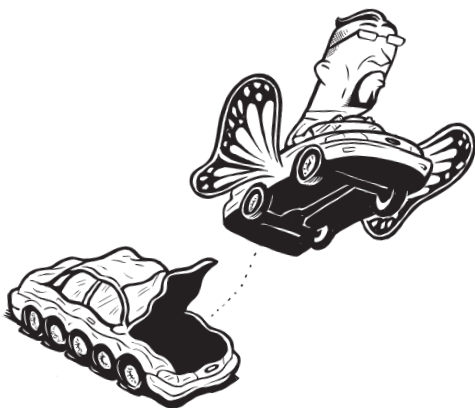
When the last Ford Taurus rolled off the production line in October 2006, it seemed to mark the end of one of the automotive industry's truly iconic brands. The sedan, which 20 years earlier had revolutionized car design by embracing a more aerodynamic, jellybean form, had been the top-selling car in the U.S. throughout the early 1990s, beating even such formidable overseas competitors as Toyota's Camry and Honda's Accord.

But starting in 1996, the market dominance of the Taurus (which was also sold under the Mercury marque as the Sable) had fallen prey to a number of adverse circumstances — including a more competitive marketplace, a badly received new design, and some pricing missteps — that eroded the brand seemingly beyond repair. During its peak U.S. sales year of 1992, the Taurus had sold almost 410,000 units; by the time that last car was produced 14 years later, its sales had dropped to just under 175,000, with virtually all of those

cars designated for rental fleets. Ironically, the concentration on rental fleet sales was the last vestige of a strategy that Ford Motor Company had embarked on years earlier to secure the Taurus's number one position. That strategy turned out to be the beginning of a death spiral of ever-increasing fleet sales and the inevitable erosion of the Taurus brand. Ford had also starved the Taurus's core market by cutting back on ad spending.

Given all Ford's missteps, it might not be surprising that the car-maker decided to scuttle the brand and replace it with a new vehicle, the Five Hundred. But it soon became clear that launching a new vehicle that improved on the Taurus's performance was not the solution. The Five Hundred's sales were disastrous. At the peak of its brief life, in 2006, it sold a mere 100,000 units, less than 60 percent of what the Taurus had sold in its worst year.

So, in February 2007, just a few months after Ford had stopped making the Taurus, the automaker announced it would rebrand the Five Hundred sedan as the Taurus. In explaining the decision to resurrect the brand, Ford CEO Alan



Mulally told *USA Today* that Taurus had “80 percent instant name recognition; only 40 percent, even after all the work we’ve done to date, recognize Five Hundred.” After all the time, effort, and expense that went into killing one brand and launching a new one, Ford came to the conclusion it would have been better off revitalizing the Taurus in the first place, updating the product and the image to suit the changing marketplace. It was an expensive mistake: Advertising costs alone to promote the new Five Hundred brand name had totaled more than US\$150 million, according to figures from TNS Media Intelligence.

More and more often, we see tired brands being put out to pasture and replaced by new, and presumably better, ones. Yet although weakened brands like the 2004-era Taurus may have lost their currency, there is often life left in them in the form of embedded equity and a

agers will eventually have to make the decision either to stay the course or to abandon ship. And as tempting as starting anew is, it carries its own risks — as Ford’s experience with the Five Hundred shows. But the price of sticking with a faltering brand can be just as disastrous. The problem is that such a decision has always relied on instinct and an appetite for risk. But what if Ford had had a set of tools that could have saved it from its Taurus flip-flop? What principles would have guided the company to decide to revitalize the dormant brand rather than to kill it?

We have developed a tool kit that provides data-driven analytics for making this tough decision. Called the Brand Vitality Assessment (BVA), it examines every aspect of a brand, including its communications strategy, its pricing, and the state of its competitors, to reveal how much life is left in the name. But the process isn’t aimed

Nikhil Bahadur

(nikhil.bahadur@booz.com) is a principal with Booz & Company in Cleveland. He advises large consumer-focused organizations on growth and brand strategies, organizational design, and the development of marketing capabilities.

John Jullens

(john.jullens@booz.com) is a principal with Booz & Company in Cleveland. He specializes in demand-side transformation issues, including revenue growth strategies, brand management, customer retention, and retail channel effectiveness.

P&G retained the core of the Old Spice brand, historically associated with older men, but repositioned it among teens.

remaining core of loyal consumers. Indeed, many brands have been successfully revitalized, such as Abercrombie & Fitch, Johnnie Walker, Olay, and Ford’s own Mustang. In the last case, the once-popular model was saved from a planned shutdown by a write-in campaign organized by Mustang owners, and a return to the brand’s “muscle car” roots has once again made it a hit.

Given the natural ebb and flow of a product’s life, most brand man-

at just returning brands to their former strength; more often, it’s focused on retaining the core of the brand while finding new opportunities. One such example is Old Spice, a men’s personal care brand that has historically been associated with older men. Owned by Procter & Gamble since 1990, the brand was successfully repositioned among teen males, who had some level of awareness of Old Spice, but were new to the category. That reposi-

tioning made its Red Zone antiperspirants and deodorants number one among teenage boys and young men and its other products top sellers in their categories.

Indeed, some companies are focusing on capitalizing on the resonance that tired brands still have with consumers. The Pinnacle Foods Corporation, of Mountain Lakes, N.J., purchased Vlasic Pickles, Lender's Bagels, and Swanson TV dinners and is updating them in an effort to attract new consumers. To tap into the market of health-conscious consumers, for instance, Lender's Bagels now offers a whole-wheat variety, and Pinnacle is adding grilled entrees to Swanson's Hungry Man line. We can't say for certain whether the former owners of these brands should have hung on to them or, for that matter, whether Pinnacle's gamble will pay off. But the BVA can take much of the guesswork out of decisions like these by helping companies identify latent value — or the lack thereof — in their product portfolios before deciding what to do.

The BVA Process

Brands that go through a Brand Vitality Assessment should have several residual strengths: the ability to evoke specific associations among consumers, the potential for meaningful differentiation on at least one purchase driver, and a basic distribution infrastructure that will help support revitalization.

The BVA consists of four related evaluations that incorporate consumer research to create a holistic and data-driven view of how the brand is currently performing in the marketplace. This, in turn, helps determine the brand's revitalization potential.

1. Purchase Funnel Assessment. The Purchase Funnel Assessment (PFA) is the first step in evaluating the strength of a brand, examining every step in the purchase funnel model of consumer decision making from awareness to the decision to buy, to reveal how effectively the brand translates awareness into purchases and retention.

by the mid-1990s crept higher than that of its competitors, but the cars tended to sell for less.

2. Brand Equity Review. The objective of the Brand Equity Review (BER) is to find out whether the brand has any equity left with its target customer segment and how loyal those customers are to the brand. In addition, it can

Revitalization may sometimes be a matter of going back to the brand's roots, as Ford did with the Mustang.

The PFA should expose leaks in the purchase funnel and suggest fixes. Those that occur in the upper part of the funnel, which narrows from "awareness," to "familiarity," to "opinion," to "consideration," point to marketing-related issues such as brand messaging and media planning. Leaks that occur in the lower part of the funnel, which narrows from "intention," to "shopping," to "purchase," point to a different set of issues, such as the retail environment, competitive conditions, and pricing. This approach can also uncover what it might take to match the purchase funnel of the brand to that of its best-in-class competitor. Then the question is, Would matching that funnel be worth the investment?

The PFA should also answer the question, Does the brand suffer from poor awareness or from poor opinion? The Taurus had high awareness, but consumer opinion of the brand had slowly eroded. The fleet sales were one culprit. Another was that the manufacturer's suggested retail price for the Taurus had

help identify the brand's attributes and zero in on which of those attributes have eroded or been rendered irrelevant by competitors.

In our experience, the core attributes of the brand may not be embodied in the current generation of products, but they are often still attainable. In such cases, revitalization may simply be a matter of going back to the brand's roots, as Ford did with the Mustang. By the 1990s, the Mustang had lost its cachet as the premier muscle car on the road. But once Ford introduced a retro design that combined the traditional styling and brand values with updated technology, the Mustang easily recaptured its old glory.

Would a similar strategy work for the Taurus? When the brand was launched, it was considered modern and daring. It represented the future and demonstrated that Detroit could, in fact, build great cars. By the time it gave way to the Five Hundred, the Taurus was viewed as dull and conservative. In that case, the BER would see whether its orig-

inal brand values were still attainable, or whether the ho-hum image had overtaken the brand.

3. Competitive Dynamics Assessment. The PFA has already told us whether the problems lie in the marketing-focused upper funnel or the sales-focused lower funnel. The Competitive Dynamics Assessment (CDA) looks at which competitors are taking away market share, why, and how easily the problems could be rectified.

A CDA on the Taurus would show that by the mid-1990s it had lost its position atop the field of family sedans to the Toyota Camry and the Honda Accord, among other competitors. The aerodynamic design that Ford had pioneered was now commonplace, and the carmaker had let both Japanese competitors beat it to the punch with new versions of their cars well before Ford introduced its revamped Taurus. The high price of the vehicle only confirmed the suspicion that Ford had failed to recognize how much more crowded and competitive the market had become in the 10 years since it had introduced the Taurus.

Another brand that could benefit from a CDA is CSC Brands' V8 Splash, which has suffered since its 1996 introduction. A fruit juice spin-off of the classic vegetable juice, it is most popular among children and their parents, in large part because it launched with a strategy to "reach kids through moms." It later abandoned that approach, making itself more vulnerable to competition from other beverages aimed at both targets. In the kids' market it competes against Welch's juices, Ocean Spray 100% Juice, and Tropicana Twister, and those brands are responsible for

more than half of V8 Splash's recent sales decline. In the adult market, it competes against SoBe, Snapple, and Mystic, which have also stolen share. The brand is overpriced, too: A 64-ounce bottle of Tropicana Twister costs 42 cents less than V8 Splash; Welch's is 77 cents cheaper.

A CDA could help V8 Splash plot its comeback. It would probably suggest that it pick one target — either adults, among whom it scores high on wellness attributes, or kids, whom it had attracted successfully with its previous strategy. The direction it chooses would in turn suggest a pricing strategy. If it targets kids, the price would have to drop.

"cooler," even if the functional attributes of the two brands are similar. Marketers view the benefits higher in the hierarchy as more powerful, more sustainable, and harder for competitors to erode.

To study the value proposition, companies have to look at three different perspectives on the brand: consumer, competitor, and internal. The first looks at whether the brand can deliver to consumers tangible benefits that positively influence key purchase drivers. The second looks at how the brand is differentiated from its competitors in the minds of the target customer and whether it is difficult to imitate,

V8 Splash should pick one target — either adults, for its wellness attributes, or kids, whom it attracted before.

If it targets adults as a health beverage, it could retain at least some of its premium pricing.

4. Value Proposition Check. By analyzing the brand's benefits thoroughly, including its marketing communications and pricing, companies can determine why the target consumer should purchase the brand instead of one of its competitors. A good value proposition offers a variety of benefits at the right price. These benefits can be categorized into a three-level hierarchy, with functional benefits being the most basic, emotional benefits occupying the middle level, and self-expressive benefits being the most advanced. Consumers, for instance, might buy Apple's iPod rather than Microsoft's Zune because they believe the iPod is perceived as

even in the long run. And the last looks at whether the company can actually deliver on the value proposition. It reflects the brand's core competencies and whether they are easily understood, both internally and externally.

This may be a sobering exercise, but it is absolutely necessary if a company is to make a correct decision about whether to revitalize or abandon the brand. In the case of the Taurus, it's clear that the value proposition diminished over time. At the end of its first life cycle, it was difficult for consumers to justify buying the higher-priced Taurus when competitors' cars had matched, or surpassed, the brand's core features. The new Taurus brand, which replaced the Five Hundred, may still have to work on

providing a more compelling value proposition if it is to be a true competitor in the family sedan marketplace. Current advertising pushes the message that the Taurus is “rated the safest full-size family car in America.” Although safety is an important attribute to many car buyers — and a common claim among carmakers — it is not what turned the old Taurus into an icon, and it will do little to add vitality to the brand or differentiate it from the competition.

Brand Vitality Potential

A brand can take many paths toward revitalization. Although there certainly is room for qualitative judgments, this final evaluation is where the cold hard facts, as uncovered by the previous four analyses, come into play.

We often find that a simple “back to roots” strategy would work fine, as it did with the Mustang. This is typically the case after a failed growth strategy. The parent company, usually under pressure from investors, demands ever-greater sales results and growth targets until the brand grows beyond its niche and loses the attributes that made it unique. Sales subsequently drop dramatically because the brand never appealed to new customers and has lost its appeal with its original customer base. At this point the brand team must decide whether to retrench or replace.

Alternatively, we may find that the entire product category has reached the end of its natural life cycle, and should be phased out and replaced with something else. If this is the case, can the brand attributes of the old category be extended into a new category? Brand extension potential is a function of four

factors: perception of the brand’s quality, whether the new product complements the old one, whether consumers believe the brand’s old attributes can be transferred to the new product, and whether the new product category can be substituted for the old one.

This was the question facing Kodak, which lost its market dominance when its core film business gave way to digital photography. Suddenly, Kodak went from being the number one brand in photography to competing fiercely with Canon, Nikon, Microsoft, and Hewlett-Packard, all of which have some piece of the digital photography business. Kodak has been able to transfer some of its brand equity to such products as digital cameras, printers, and its online Kodak Gallery. However, it has been unable to recapture the market supremacy it had when the film business was analog.

The Brand Vitality Assessment is not a panacea for tired brands. Brands get tired for a host of reasons, and it may be impossible to revitalize them after years of negative associations and sluggish performance. What the BVA offers is a rigorous, data-driven approach to deciding a brand’s future. Companies that do choose to revitalize old brands should realize that the decision to go forward is only the beginning. The decision to revive a brand should include a commitment to its continued nourishment, to making the necessary investments, and to building the capabilities to make the brand’s new life robust. +

Reprint No. 08101

strategy+business magazine
is published by Booz & Company Inc.
To subscribe, visit www.strategy-business.com
or call 1-877-829-9108.

For more information about Booz & Company,
visit www.booz.com

Originally published as “New Life for Tired Brands,”
by Nikhil Bahadur and John Jullens

booz&co.

© 2008 Booz & Company Inc.