Why brand fail?

Proper branding can result in higher sales of not only one product, but on other products associated with that brand. For example, if a customer loves Pillsbury biscuits and trusts the brand, he or she is more likely to try other products offered by the company such as chocolate chip cookies. Brand is the personality that identifies a product, service or company like name, term, sign, symbol, or design, or combination of them and how it relates to key constituencies: customers, staff, partners, investors etc.

Some people distinguish the psychological aspect, brand associations like thoughts, feelings, perceptions, images, experiences, beliefs, attitudes, and so on that become linked to the brand, of a brand from the experiential aspect. The experiential aspect consists of the sum of all points of contact with the brand and is known as the brand experience. The brand experience is a brand's action perceived by a person. The psychological aspect, sometimes referred to as the brand image, is a symbolic construct created within the minds of people, consisting of all the information and expectations associated with a product, service or the companies providing them.

Careful brand management seeks to make the product or services relevant to the target audience. Brands should be seen as more than the difference between the actual cost of a product and its selling price - they represent the sum of all valuable qualities of a product to the consumer.
Your brand strategy is how, what, where, when and to whom you plan on communicating and delivering on your brand messages. Where you advertise is part of your brand strategy. Your distribution channels are also part of your brand strategy. And what you communicate visually and verbally are part of your brand strategy, too.

We are living in a world where water is sold with a name, clothes are being marketed with signature signs and food items are being promoted with

trademarks. The concept of branding has completely shaped the way people consume commodities. Customers in this day and age prefer status symbols over necessity. This shows the importance of branding and its influence on businesses.
Scott Bed bury, Starbucks' former vice-president of marketing, controversially admitted that 'consumers don't truly believe there's a huge difference between products,' which means brands have to establish 'emotional ties' with their customers.

However, emotions aren't to be messed with. Once a brand has created that necessary bond, it has to handle it with care. One step out of line and the customer may not be willing to forgive.
This is ultimately why all brands fail. Something happens to break the bond between the customer and the brand. This is not always the fault of the company, as some things really are beyond their immediate control (global recession, technological advances, international disasters etc). However, more often than not, when brands struggle or fail it is usually down to a distorted perception of the brand, the competition or the market.
It takes years to erect a successful brand identity, but only an instant to destroy it. All the famous brands and corporations have risen to their current status after a lot of painstaking effort. Failure is common for small businesses and start-ups, but have we ever wondered how famous brands falter? So, here uncover some of the most common reasons why renowned brands fall by illustrating the cases of some famous brands.

<u>Brand amnesia</u> – For old brands, as for old people, memory becomes an increasing issue. When a brand forgets what it is supposed to stand for, it runs into trouble. The most obvious case of brand amnesia occurs when a venerable, long-standing brand tries to create a radical new identity, such as when Coca-Cola tried to replace its original formula with New Coke. The results were disastrous.

<u>Brand ego</u> – Brands sometimes develop a tendency for over-estimating their own importance, and their own capability. This is evident when a brand believes it can

support a market single-handedly, as Polaroid did with the instant photography market. It is also apparent when a brand enters a new market for which it is clearly ill-suited, such as Harley Davidson trying to sell perfume.

Short-Term Approach - For a successful brand, the short-term approach is always hazardous as it restricts the domain and vision of the company. While it is an inherent truth that all companies are there in the market to make money, one cannot keep such a short-term and narrow-minded mindset if it wants to win customers for a longer period of time. A recent case in point was British Petroleum that didn't accurately forecast the repercussions of its business on the environment and ended up becoming the bad company in the eyes of the general public.

Brand megalomania – Egotism can lead to megalomania. When this happens, brands want to take over the world by expanding into every product category imaginable. Some, such as Virgin, get away with it. Lesser brands, however, do not.

Brand deception – 'Human kind cannot bear very much reality,' wrote T S Eliot. Neither can brands. Indeed, some brands see the whole marketing process as an act of covering up the reality of their product. In extreme cases, the trend towards brand fiction can lead to downright lies. For example, in an attempt to promote the film A Knight's Tale one Sony marketing executive invented a critic, and a suitable quote, to put onto the promotional poster. In an age where markets are increasingly connected, via the Internet and other technologies, consumers can no longer be deceived.

Too Slow to Change - In this day and age, companies cannot afford to lag behind in technology and advancement. Those who were too slow to adapt to the changing environment lost the race in the long run. I remember a 64-Bit Commodore system lying in my attic that was once used by our grandparents for computing and entertainment purposes. The company was too slow to update their systems and lost the race to giants like IBM, Compaq and Apple.

Going Against the Image - Honda, Toyota, Ford and Ferrari – all of these brands have built an image of being reputable car manufacturers. This brand image is attached to the company and affects their future operations as well. If one of these car manufacturers decide to enter a totally diverse field, let's say, perfumes, would it be appropriate? Most certainly not! A similar case happened in 1999, when the famous women's magazine, Cosmopolitan, introduced its own line of low-fat yogurt. The brand failed badly since the customers were reluctant to accept a yogurt linked to a female magazine.

Brand paranoia – This is the opposite of brand ego and is most likely to occur when a brand faces increased competition. Typical symptoms include: a tendency to file lawsuits against rival companies, a willingness to reinvent the brand every six months, and a longing to imitate competitors.

Brand recall drops – Here actually the marketing department is to be blamed. A company has to put in efforts to ensure that it has high brand recall value and that the brand is repeatedly bombarded to the customer to increase brand recall. The positioning of the brand needs to be up to mark as well. However, when brand recall drops, customers slowly move to another brand. This may cause brand failure as the recall is too low for the brand to continue.

Too much expansion with few resources – Some companies aim to expand very fast as compared to the resources they have or their brands potential to carry so many products. If you look at Samsung as a company, their mobile phones, refrigerators and televisions are in demand but their cameras and air conditioners have failed. Thus, expanding too fast or too much will leave with few resources to maintain your brand equity across the segments.

False marketing – A brand is a promise. And if that promise breaks, you don't have a brand. For example, when Harley Davidson introduced perfumes, the brand was severely affected. Because Harley Davidson's promise to its followers is for the ride that they are going to get on their bikes. However, when Harley came with a commercial product like a perfume, it was received negatively by the HOG group because Harley broke its promise.

Over marketing – Over marketing causes the brand to become too common and thereby the brand might lose value because of Brand fatigue. Too much exposure makes the brand become undesirable.

Irrelevancy – The brand might become irrelevant because of many reasons. One of the most common reasons is technology. For example – Nokia as a brand lost its market share because it did not give the latest technology to its customers. Android was the craze at that point of time and Nokia tied up with Microsoft instead of Android which caused redundancy in the brand as the software did not develop as fast as that of competition. Thus Nokia was redundant and Apple and Samsung were the new players in the game.

Increase in competition – Increasing competition has caused the brands value to be diluted. For example – In soaps and shampoos, there are a lot of brands which came and went or couldn't conquer. This is because already there is such high competition that a brand is not able to stick and even brands which slow down in their pace, risk being thrown out of the market. Similar is the case in the Cola market where Gold spot bombed because it was not able to keep up with the competition.

Service is not up to mark – Bad service was one of the reasons that Air India dropped as a brand. If your service is not up to mark, then the users post sales experience is very bad which eventually affects the brand and might cause a brand to fail.

HERE ARE SOME OF BRAND WHICH FAILS IN MARKET

BT Cellnet to O2

Undoing the brand In September 2001, UK mobile phone operator BT Cellnet announced it was getting rid of its brand name in favor of a new international identity.

The decision followed a continuing drop in its market share of call revenues. Furthermore, BT Cellnet's arch-rival Orange (often admired for its brand name) increased its revenues and knocked BT Cellnet into third place, behind both Orange and Vodafone. Cellnet's first parent company, British Telecom, had sold off its mobile operation and the new owners felt no reason to stick with the struggling identity.

When the announcement to scrap the brand name was made, analysts agreed it might be the right move. BT Cellnet's strategy, similar to many mobile operators, had been to grow a customer base as quickly as possible, but brand loyalty would be the key to increasing average revenues from that user base.

The new brand name was O2, the chemical symbol for Oxygen. ‘We have chosen a name that is modern and universal,’ said Peter Erskine, chief executive of the mobile business. The new name spelt the end for the variety of brands carried by the BT Wireless Group. These included Cellnet in the UK, VIAG Interkom in Germany, Telfort in the Netherlands and Digifone in the Republic of Ireland. The Genie mobile Internet portal was also to be relabeled.

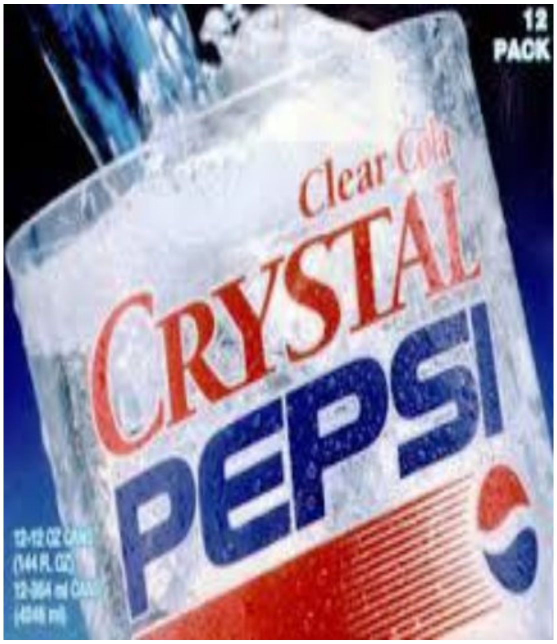
The branding exercise was viewed as all-important, both inside and outside the company. ‘Brands are now being measured in a way they haven’t been measured before,’ one analyst told the Telegraph. ‘They’re not seen as a nice accessory, they’re seen as a valued part of the business.’ BT Cellnet was a confusing brand, complicated by BT’s other UK mobile brand identity, Genie.

According to a poll conducted by Continental Research for their summer 2002 Mobile Report, almost eight in ten BT Cellnet subscribers did not realize the service had been renamed O2. ‘The decision of the new owner to abandon the brand has left customers – many of whom are older executives, who were the first to buy mobiles – unimpressed,’ reported the Guardian. ‘This does suggest there has been some difficulty communicating the change of name to current users of the O2 network,’ agreed Colin Shaddick the director of Continental Research.

Lessons from BT Cellnet

- Don’t overlap brand identities. When BT set up different mobile businesses with different names, such as Cellnet and Genie, it created consumer confusion.
- Realize that brand names can’t be ‘undone’ overnight. Despite investing millions into the name change, O2 remains unfamiliar to many mobile users.

Pepsi-In pursuit of purity



In 1992 Pepsi spotted what it considered to be a gap in the market. So after months of tests and experiments the company arrived at its new, clear formula and decided to call it Crystal Pepsi. They also produced a diet version – Diet Crystal Pepsi. Both products, Pepsi believed, answered the 'new consumer demand for purity.' After all, this was a time when consumers were starting to opt for a bottle of Evian or Perrier just as often as they were picking up a bottle of Coke or Pepsi.

The only problem was that a product with the word 'Pepsi' in its name was expected to taste like, well, Pepsi. But it didn't. In fact, nobody seemed to know what it tasted of.

Anyway, after a little more than a year, Pepsi halted the production of Crystal Pepsi and started work on a new clear formula. In 1994, the reworked product appeared on the shelves, branded simply as Crystal, and available only in regular. However, the negative associations persisted and Crystal mark two did even worse than its unpopular predecessor. Pepsi eventually admitted

In addition to Crystal, there have been other, more general marketing problems for Pepsi over the years. In particular, it has had trouble differentiating its brand identity from Coca-Cola. As it wasn't the first to market the cola category, Pepsi was never going to be the generic name. People rarely say, 'I'm going to have a Pepsi'. Even when they have a Pepsi bottle in their fridge they would be more likely to say, 'I'm going to have a Coke.'

Pepsi-Cola made a poor choice. It picked red and blue as the brand's colours. Red to symbolize cola and blue to differentiate the brand from Coca-Cola. For years Pepsi has struggled with a less-than-ideal response to Coke's colour strategy.

Recently, though, Pepsi has sacrificed red for mainly blue to create a stronger distinction between the two leading brands. Now Coca-Cola equals red and Pepsi equals blue.

Lessons from Pepsi

- Don't assume that gaps should always be filled. If you spot a hole in the market, it doesn't mean that you should fill it. Just because clear cola didn't exist, it didn't mean it had to be invented. However, the previous success the company had with its Diet Pepsi product (the first cola of its kind) had convinced Pepsi that there were more gaps to fill.
- Don't relaunch a failed product. Crystal failed once, but Pepsi still believed the world was crying out for a clear cola. The second version fared even worse than the first.
- Differentiate yourself from your main competitor. For years Pepsi's visual identity was diluted through its red and blue branding