Brand Mortality

Turns out brands are just like the rest of us, merely mortal. They can't live forever. This is good news and bad news for companies. Good news because it creates opportunities to launch new brands but bad news because it means having to say goodbye to some old, dependable friends.

What causes a brand's demise? It is not as if they are really living and breathing like you and me. Yet they are vulnerable to annihilation by two main causes:

1: The extinction of a category.

As a category declines, so does the value of the brands that dominate that category. In the mind of the consumer a brand is only worth what its category is worth. Because it is categories that consumers really care about not brands. Brands are just short-hand for categories in the mind. Therefore once a category dies so do the brands associated with it.

Here are some brands that have died because of the decline and extinction their categories:

Polaroid: The brand that pioneered instant photography was wiped out along with its category by the 1-hour photo-processing places.

Wang: The brand and the word-processor category were wiped out by the personal computers.

Western Union: The telegram? Yes, it used to be a big business but the category was wiped out by the fax and cheap long-distance phone calls.

Kodak: This brand is on life support as conventional photography fades away and digital photography takes over.

The problem most companies have in dealing with the realities of brand mortality is that they are so in love with themselves and their brands that they are reluctant to launch new brands. And new brands are where the real opportunities for growth and prosperity lie in business.

Instead of pulling the plug on their old brands, many companies try and move these geezers into the future. Witness the launch of Western Union telephone service in the 1980s, Kodak digital cameras in the 1990's.

It never works. Because once you have a powerful brand that stands for something in the mind, it is almost impossible to change it.

Once in a great while a brand will have a second coming. But it is very rare and only occurs when it enters a category with little or no competition. This is the case with Western Union. The brand survives today because it was the first brand to move into the money-transfer business. Using the old name really gave them no advantage, being first is the real reason for their success.

The biggest branding tragedy I see today is the decision to rebrand Cingular to AT&T. Cingular, a joint venture by SBC and BellSouth, was a focused and successful brand in the wireless world. Six years of brand building is now going down the chute.

Why did AT&T do it? Because management still thinks AT&T is a powerful brand and they want to take advantage of the dubious concept of convergence.

According to Boyd Peterson, analyst at the Yankee Group: "Services are converging and the lines between wireless and wireline are increasingly blurred. Customers want simplification. By uniting the three company names into one, AT&T has simplified its message to the marketplace."

While this logic might sound good in a press release, it has little chance of working in the marketplace. Consumers want brands that stand for something, not one company to deliver everything. Many mergers have been based on convergence thinking, very few of which were successful. For example, AOL's merger with Time-Warner.

Land-line phones and the long-distance category is dying in favor of nationwide cellular service, a category that has many focused brands like Verizon, Nextel and the former Cingular. It makes no sense to go back to the AT&T name, a brand that is headed for the nursing home.

What they should have done is so obvious, I can't believe I have to say it. Keep the Cingular name and keep the brand focused on wireless. Keep the AT&T name on long-distance and let the brand and category fade away. It is the harsh reality of life that both have a bleak future.

As a brand name, Cingular has many good things going for it. Because of their uniqueness and legal protectability, coined words have a huge advantage. Sometimes, however, they face a difficult task getting into consumers' minds because they are difficult to remember and spell.

But Cingular already cleared that hurdle with six years of hard marketing work, thousands of retail stores and hundreds of millions of dollars in advertising. Combine the recognized name with its strong orange color, its simple logo and its leadership position and you are left scratching your head. Why would anyone walk away from that?

Changing Cingular to AT&T is a move backward, not forward. The future belongs to strong brands focused on new categories, not old brands trying to put two existing categories together. AT&T is not going to relive its glory days, using Cingular would have been the better bet.

Next time: the second way to kill a brand.

Brand Mortality: Part 2

The second disease that will kill a brand is massive line extension in the face of focused competition. (Click here to read Part 1.)

A great example of a brand that has fallen victim to this disease is Chevrolet. What is a Chevrolet in the mind of a consumer?

A large, small, cheap, expensive car or truck. When you try and have your brand stand for everything, your brand ends up standing for nothing. Chevrolet is a well-known but weak and dying brand.

What is killing Chevrolet is not just line extension, but the strength of its focused competitors. Diet Coke and Bud Light are flagrant line extensions too, but the lack of any focused cola and beer competitors keeps these brands alive and well.

Chevrolet is not so lucky. It has to contend with extremely focused competition. Here are a few of Chevrolet's competitors and the concepts they own in the mind:

Toyota = reliable
Lexus = luxury
Scion = hip kid car
Volvo = safety
BMW = driving
Mini Cooper = quirky

Miller is an example of how a number-two brand is harmed more by line extension than a leader brand. It is even more important for a number two brand to stay focused than it is for the leader. Staying focused is the only chance a No. 2 has for keeping up with the leader.

Leading brands have more leeway. They can often get away with a certain amount of line extension. They still shouldn't do it, but line extension doesn't hurt a dominant brand as much as it does an also-ran.

Microsoft can line extend all it wants. With 95% of the operating-system market, does it really matter? No. However, they still do better when they launch new brands like Xbox.

Miller has paid an enormous price for its countless line extensions over the years. Miller could have been the number one brand of beer in the U.S.

Miller Lite was the first light beer in the mind. But instead of giving its new light beer a powerful new brand name, Miller Brewing chose a terrible generic name, Lite.

To compound the error, the verbal confusion between "Lite" and "light" forced the company to rebrand its new light beer Miller Lite.

Who hands a bartender their order written on a napkin? Verbally, Lite and light are indistinguishable. Tragic.

There's another problem, too. When you saddle a beer with a diet word like light, you undermine its manliness. Miller made multiple mistakes all at once and it has cost them dearly.

Miller not only messed up its Lite brand, but at the same time it line extended the heck out of its Miller brand. The brewer launched countless varieties of the brand, from Miller Genuine Draft to Miller Regular to Miller Clear to Miller Reserve. Then, of course, there's also the light versions of most of these brands.

When you compete with The King of Beers and the focused smaller brands like Corona, Samuel Adams and Heineken, you can't afford to make many mistakes.

Other beer brands have made the same mistakes as Miller in varying degrees. But like cancer, the line extension disease also takes a while to kill you.

Keep tuned. Other beer brands will pay the price Miller has paid and will face an untimely death. Heineken in particular is vulnerable to succumbing to a line extension disaster with its launch of Heineken Light. A short-term winner maybe but long-term it is likely to damage Heineken and undermine Amstel Light. That is the way line extension works. In the short term it feels great, in the long term it kills you.

The best way to keep brands healthy is limiting exposure to line extension as much as possible. A little won’t kill you, but too much and you can easily overdose and die.