Migrating to one brand

Introduction

Making the case to migrate to one global brand can be tough. It's likely to cost a significant amount of money that will most probably not deliver an immediate payback, and few consumers will ever endorse the move in market research.

Take the case of rebranding the Midland Bank in the UK to HSBC between 2000 and 2003. Whilst HSBC was a large, respected bank in its Asian heartland, its top-of-mind awareness and image was relatively low among British customers – whereas the Midland Bank was both well-known and highly respected.

In situations like this, making the business case for change can be hard to justify. To make the 'HSBC' brand as strong as 'Midland Bank' in the UK, with all of its top of mind awareness, brand strength and rich imagery, would undoubtedly take considerable money, resources and time, for no immediate or tangible reward. Similarly customers will be mystified as to why a strong brand such as the Midland Bank would even think of getting rid of its name to replace it with one that they've never heard of.

But yet the need for more global synergies, the increase in M&A activity and the growth in brand asset value is making more C-suites seriously consider the move than ever before.

So why should a company consider moving to one global brand?

In this world of increasing globalisation, companies appear to be using brands to create growth in one of two ways – by being very locally tailored to meet distinct local needs or by being globally aligned to maximise global synergies.

Model 1: Increasing local tailorisation

Some companies create growth by retaining a portfolio of bespoke local brands that resonate strongly with local customers – brands that are counter to the globalisation trend by being truly flexible to local needs.

Take Royal Sun Alliance or RBS, their global brand portfolios are mostly made up of many locally based brands. For example, Royal Sun Alliance uses its RSA brand in some parts of the world, but also uses well-known local brands such as Codan, Trygg Hansa and Balta in Scandinavia and Eastern Europe, as well as more niche direct brands such as More Than and Aktsam to maximise local resonance.

A portfolio of local brands generates value in five ways

1. Retains well-known local brands that people love
2. Uses locally resonant advertising to create cut-through
3. Uses segment specific brands to build credibility where the parent brand is weak
4. Attracts and retains people who want to work in a more autonomous, entrepreneurial way
5. Enables brands to be dialled up or down in line with market trends

Typically, companies should consider staying 'locally focused' if they have a broad portfolio of local brands all of which stand for something different, and have multiple brands in each major market that they can dial up or down. For example, RBS targets the UK insurance market with a number of different brands – Privilege, Churchill, Direct Line – targeted at different customer segments with local advertising making it hard for global brands to penetrate this market.

Model 2: Increasing global alignment

Some companies create growth by moving to one brand worldwide that shares the same name, brand positioning, customer target and innovation across countries.

Take HSBC, UBS or Aviva for example – they have migrated their major incumbent brands to one brand worldwide, resulting in all markets occupying a similar brand positioning to attract a similar set of customers with a similar product set.

Moving to one global brand generates value in five ways, particularly when combined with back office synergies

1. All marketing support focused on one global brand with one global positioning
2. All innovation resources focused on developing breakthrough products for one global brand positioning
3. Creates synergies through greater best practice sharing and a more consistent customer experience
4. Attracts people who want to work for a great global brand
5. Uses the global brand to convey a more single-minded company vision and act as a synergy signal to the City

Companies that migrate to one global brand typically have local brands in different geographies that attract a similar set of customers with a similar set of products at a similar price point. For example, Norwich Union in the UK targeted similar customers with similar products as its sister company Hibernian in Ireland and Aviva in 23 other International markets, making the move to one global brand possible.

How to assess whether moving to one global brand makes sense?

At times there are show-stoppers that make it unattractive for a company to migrate to one brand worldwide. Thus, before making the move it's important that companies evaluate whether moving to one global brand will add real value by assessing

- Whether their brands attract similar customer segments with similar needs
- Whether there is a high risk of customer or employee defection due to brands having incompatible images; for example, many Biactol boys defected when the brand was merged into the more female Clearsasil brand
- The likely incremental value of moving to one global brand, either through lower costs such as marketing synergies, or increased revenue from greater best practice sharing or shared innovation
- The ability of the company to do a brand migration well by being able to invest adequate spend and resources

Six brand migration golden rules

1. The customer experience is seamless prior to migrating, so that customers recognise their brand and enjoy good customer service in any branch or call centre
2. The incremental communication spend is used to not only re-brand but to also launch new products and services that encourage people to buy
3. Adequate time is taken to on-board each stakeholder group (e.g., employees, customers) with a series of phased communications to outline what's in it for them
4. Customer confusion is minimised by taking adequate time and spend to build awareness of the new brand
5. Any name change and service disruption is avoided during key sales periods
6. Major business issues are fixed pre-migration so that bad news is managed under the old brand and issues are 'fixed' before spending money 'frivolously' on a name change

So if you're moving to one brand how do you migrate successfully?

Brand migrations tend to either be a huge success or failure depending on how well they are executed. In strong cases, brand migrations create growth – as companies use the high spend used to rebrand the company as a way to encourage people to reappraise the brand, by offering something new to the marketplace. Conversely, poor brand migrations tend to haemorrhage sales mostly due to customer confusion, poor customer service during the migration, a weak product offer versus competitors, or a lack of brand credibility in new categories that the brand is stretching into.

Successful brand migrations take the time and money to ensure that the parent brand is in no way compromised, by ensuring that employees don't lose focus, momentum or even motivation during the name change, customers are not confused or disenfranchised due to the move, and partners recommend the new brand as much as the old one. To do this, they adhere to six brand migration golden rules.

So how can I assess what's right for my company?

To understand whether it's right for your company to migrate to one brand, it's critical to assess where your future growth is most likely to come from. For example, can you create more growth by being more locally tailored, or could moving to one global brand create internal efficiencies and synergies that will outweigh the shorter-term migration costs?

The cost and business risk of migrating brands make this a decision not to be taken lightly. Galleon Blue's unique combination of branding and commercial expertise, backed up with our in-depth brand migration experience, and our ability to work with senior cross-functional teams, makes us the perfect partner to help guide any organisation to the optimal branding decisions as well as build the business case for change.

Additionally, if the decision is taken to migrate to one brand, we can help companies choose which brand name to use (an existing one, a hybrid of the merged brands or a completely new one), create a compelling global brand positioning that will not only work across multiple markets but will also stand out versus competitors, as well as build the right brand governance model with the optimal balance of global and local input and control.

This coupled with our hands-on experience in implementing brand migrations helps ensure that any strategy is truly feasible and set up for success.

Ruth Saunders is a joint founder and leading partner of Galleon Blue – a new type of consultancy that merges commercial thinking with branding to help companies maximise the value and return of their brands. With over 20 years of experience in marketing and brand strategy (including time at McKinsey, Prophet, Procter & Gamble and Saatchi & Saatchi) Ruth has helped companies across a range of industries and geographies develop and implement more customer-focused and business-driven brand strategies.

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