Ten easy ways to wreck your brand

Submitted by: Pirate Communications
Friday, 12 March 2004

Narrowly applied brand values will lead to ‘brand tarnish’, or even from
Coca Cola to Sidcup tap water

European branding consultancy Henrion Ludlow Schmidt today launched its list of easy ways to wreck a company's brand. This follows in the wake of Coca Cola’s current attempt to do this through the revelation that it is selling filtered tap water from a London suburb, Sidcup, at a mark up of several thousand per cent. This is not the only way to tarnish a brand, there are many tried and trusted methods that have been used by some of the most recognised brands around, as a result of which, some don’t even exist anymore.

Branding is a much-misunderstood concept. For many it simply means a logo or corporate identity. However, it is not as simple as that. Brands extend far beyond the obvious activities of companies and encompass every activity that an organisation is involved with. If a senior person is involved in a scandal or a company's employees are vocally unhappy then it doesn't matter how much has been spent on an identity or corporate responsibility campaign, that image or brand will take on the values attributed to it by these unfortunate circumstances.

Chris Ludlow, co-founder of Henrion Ludlow Schmidt, said: "Many companies try to create a brand with certain values and then isolate all this work rather than applying it in a holistic manner so that it is focused only on the obvious areas of customer contact.

"For example, British Airways recently went through a damaging industrial relations dispute, which clearly showed that its brand values of customer service, strong communication and good relationships with customers had never been applied to its human resources activities. The result was a strike, with the media carrying messages of little or no consultation with its people who consequently chose to act in such a way that the airline's treatment of its customers became the very opposite of its intended brand values. It will take some time to recover a truly shining image but could have been avoided if those carefully developed values had been applied holistically."

There are so many other examples of how brands can be devalued in unexpected ways and Henrion Ludlow Schmidt’s top ten are as follows:

1. Ignore your customers’ common sense: Coca Cola’s clean-cut image and vibrant brand has now been compared by the UK media to that of Del-boy, the dodgy-dealing central character from Only Fools And Horses, who sold bottled London tap water at a huge premium. Coca Cola has responded by saying that selling tap water in this way offers customers ‘a choice’.

2. Don't honour commitments made to customers: Hoover. The competition for air tickets for the US was vastly oversubscribed and led to much negative media coverage of a company that seemed unable to cope with a fairly basic issue that had nothing to do with its fundamental business.

3. Loose-lipped senior people who don't live a company's values: Barclays recently suffered much media attention when chief executive Matt Barrett said that he discouraged his own children from having credit cards. Gerald Ratner not only wrecked his brand, he wrecked his company virtually overnight when he described his merchandise as 'crap'.

4. Allowing a culture where scandals can develop: Tyco International, a US organisation with a range of products including fire prevention, healthcare and electronics. Former CEO Dennis Kozlowski was charged with taking 0 million out of the company, allegedly to fund a lavish lifestyle. Among other things, he allegedly spent million on a party that featured an ice sculpture of Michelangelo's David which urinated vodka. While Tyco lives on under a new management board its brand is a byword for scandal.

5. Badly thought-through identity and name changes: Post Office (Consignia). Identity changes provide excellent fodder for the media and anybody frustrated with a particular organisation. Unless there are cast-iron reasons to do this, expect to gain the reputation of a management team with nothing better to do which is liable to spend profligately.

6. Not applying desired brand values across all aspects of a business: BA. Positive brand values conveyed to the airline’s audiences seemed not to include some of its own people who embarked on a strike that very publicly damaged the airline’s reputation for looking after its customers, as well as its staff.

7. Directors who allow themselves to be perceived as greedy: MG Rover is suffering from revelations of a £13m trust fund set up to provide pensions and other long-term benefits for directors when the workers’ pension scheme is £73m in deficit and car sales are falling.

8. Acquire a company in a market where all operators have low brand perception and give it the same name as your other companies: Virgin and railways. No matter how futuristic Mr Branson’s trains look, they still run over a very poor rail network. The Virgin name is now tainted with railway brand values of lateness, lack of information, dodgy sandwiches and politicians who are very vociferous about fare rises and being stranded on the way to party conferences.

9. Cloak your premium products with the attributes of your lower range products and see if customers notice: Porsche. The new Porsche 911 was launched with the same headlights as the Porsche ‘entry’ model, the Boxster. Quickly spotted by Porsche enthusiasts who had not expected this ‘cost-cutting’ from one of the greatest automotive brands.

10. Disappear through a merger: one of the best-known British engineering companies, BTR, merged with Siebe and formed Invensys, a brand that is now struggling for recognition in a market where BTR was well known and valued.

There are many other ways to wreck a brand. However, this can be avoided by adopting an ‘holistic-branding’ approach. This means recognising the branding issues across an organisation’s entire operation including factors such as manufacturing, new product development, human resources, social responsibility, PR and even personal behaviour, amongst others, and how they can impact on a brand. A number of companies are beginning to recognise this and will avoid disasters because their values are woven into everything they do, not just obvious customer contact.

-ENDS-

About Henrion Ludlow Schmidt

Henrion Ludlow Schmidt is a leading European brand consultancy with offices in London and Hamburg. Founded in 1981, Henrion Ludlow Schmidt advises companies on holistic branding, which recognises branding issues across organisations' entire operations. Henrion Ludlow Schmidt has worked with a variety of organisations including Mercedes-Benz, Deutsche Bank, Transport for London, Miele and KLM.

Henrion Ludlow Schmidt's founders Klaus Schmidt and Chris Ludlow recently authored 'Inclusive Branding' (Palgrave MacMillan, 2003), which investigates the holistic approach to brands featuring case studies ranging from Virgin to Manchester United.

For more information please go to www.henrion.com

For further information please contact:
David Pincott / Ged Carroll / Alex Crawshaw
Tel: 020 7760 7050
david@piratecomms.com / ged@piratecomms.com / alex@piratecomms.com