BY TONY SPAETH

THE IDENTITY RECESSION

Why are companies **so cautious** about rebranding themselves?

A DOWNTURN CAN REPRESENT AN OPPORTUNE TIME TO REBRAND. In a time of turmoil, companies find themselves rethinking their customer base, their lines of business, their very identity. Some retreat to focus on their core competencies; others look to expand by snapping up troubled competitors.

You'd think more would publicize their shifts with new logos and identities, particularly when newspapers and TV stations are practically giving away ad pages and commercial slots. And indeed, some companies did launch rebrandings in 2009. Several are worth studying for their strategic interest, excellent execution, and perhaps for their courage.

But for my friends in the identity business—and also, I would argue, for a fluid and dynamic economy—the less-good news is that these brave companies are the exceptions. Nobody is keeping score, but far fewer companies appear to have rebranded in 2009 than in any of the post-2001 recession years, which themselves were sharply down from the "brand is hot" 1990s.

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To be sure, a lower level of M&A activity accounts for part of the rebranding decline, but only a small part—about a fifth. According to the Corporate Brand Matrix, which keeps track of such things, the need to express structural change (mergers, acquisitions, spinouts) drove just 22 percent of rebrandings in recent years. Fixing dysfunctional identities (misleading names, weak or dated logos) inspired another 9 percent. But fully 69 percent of rebrandings were discretionary, driven by leaders with strategic or motivational intent: to change direction, realign investors, redirect and recharge employees, or to rebalance the relationship of businesses to the parent.

It is hard to believe that these strategic purposes have receded in urgency lately. If anything, key audiences today are more open to (and indeed eager for) precisely the signs of renewal, commitment, and confidence—"leadership, at work"—that a rebranding can signal.

To quote Hayes Roth, chief marketing officer for Landor Associates: "In a downturn, there is no better way to increase share than to invest in marketing while others are retrenching, just like there's no better time to buy a house when others are selling. There's just one catch to the theory: You have to have the cash on hand. And in 2009, the bottom fell out of the capital market, so understandably, clients are cautious about spending money. This has impacted rebranding initiatives, and corporate advertising and PR as well."

Richard Wilke, who leads global business development at the Lippincott consultancy, agrees that budget availability has been the major rebranding inhibitor, compounded by the "appearances" issue: When people are without jobs, many managers fear the *appearance* of spending on non-essentials. (Wilke notes too that because of sweeping consolidation in telecommunications and financial services in particular in the last few years, there are simply fewer big companies to be rebranded. He expects the identity business to get an extra boost when they start unbundling, as they surely will.)

Wilke adds that several Lippincott clients, sensitive to appearances, have in fact refreshed and redesigned their corporate brands but done so quietly, as much for internal as for marketing purposes, stressing design quality and employee engagement—and have then launched minimally visible changes with little if any public fanfare (as did Delta Airlines in 2007). He sees more in-depth, internally directed rebrandings as a new but lasting trend.

Appearances, not reality, are the corporate branding industry's biggest challenge and always have been—only more so, when money is tight. At the root of the problem is a myth that we branding consultants have never effectively debunked: that rebrandings and design in general are cosmetic, or somehow trivial—deck chairs on the *Titanic*. This was indeed the view of a famous Harvard Business School professor of advertising, who once professed to me embarrassment that a student of his might be passionately engaged in such a smoke-and-mirrors trade. His attitude, I'm afraid, is all too common in boardrooms and, perhaps, especially so in (historically populist) America.

In fact, good design—systemwide—is just like good accounting: It both reflects and demonstrates the presence of effective management. And a rebranding can be anything but cosmetic: Well planned and timed, it can be the single most powerful agent of change at a leader's command. And certainly, it can also be the most cost-effective—in the larger scheme of things, we're talking peanuts. (The base price of implementing a non-retail institutional rebranding can be little more than the cost of a signature change.)

Will 2010 see a resurgence in corporate rebrandings? Wilke and Roth agree that there will be a gradual pickup, in pace with business conditions. "Pent-up demand for corporate branding should be a factor in the year ahead," Roth says, "but we do not expect a cascade. Everyone is too wary of where this is all going,

and we all wonder how sustainable the post-recession economy will be as global markets begin to right themselves. That said, there are always opportunities in times like these, and we are seeing movement."

Wilke's point, however, is well taken: We could well see a multiplier effect from revived M&A activity—especially from spinouts, as unwieldy roll-ups rediscover the benefits of more nimble, focused entities.

It is also worth suggesting that underneath these cyclical fluctuations, measured in mere years and decades, we are also seeing slow but steady growth of the conceptual and professional specialization called corporate identity, first formalized in the 1950s and early '60s and arguably just beginning to approach critical mass in terms of its self-awareness and societal acceptance.

HIGHLIGHTS OF 2009

There were fewer of them, to be sure, but as always there were "have to" rebrandings in 2009—mergers or acquisitions that had to be expressed in order to be effected. Here are two that show contrasting identity strategies: "transformed survivor" and "whole new ballgame."

■ **Commerzbank, the transformed survivor,** acquired Dresdner Bank and boldly redesigned itself, retaining the Commerzbank name and color (yellow) while essentially adopting the triangular Dresdner symbol, fashionably updated by transformation from stark solidity to the flowing softness of a Möbius ribbon (but still with sharp corners, if you look closely). Consultant: MetaDesign, in Berlin.

This, of course, is a retail rebranding, hugely expensive because not only signs but the look and feel of hundreds of branches must change—at all existing Commerzbank branches as well as Dresdner Bank branches. Thus the rebranding almost incidentally absorbs the Dresdner business; more fundamentally, it is a Commerzbank product upgrade—and, I understand, a timely one as well.

So was this a rebranding cost or a routine, periodic product update?

■ **Brazil's Fibria,** now the world's leader in hardwood pulp and paper production, uses the whole-new-ballgame branding strategy. As the acquisition of Aracruz Celulose by VCP (the Votorantim Celulose e Papel subsidiary of Brazil's far-reaching Votorantim conglomerate), Fibria could easily have become just another Votorantim-branded unit. Instead, its leaders opted for a potentially freestanding identity. The São Paolo office of Interbrand created the simple and brilliantly appropriate Fibria name and added a (patriotically) green symbol based on the leaf of the eucalyptus that feeds the business. Result: the mark of a leader from day one—and of one that can more readily determine its own destiny.

Next, we will look at Meredith, Apollo Tyres, and FICO—three strategic, discretionary rebrandings, any of which could have been postponed until better times but weren't.

■ **Meredith's rebranding** serves several strategic goals. The first is to break away from a magazine-dominated image, to be better appreciated as multimedia (in today's term, multiplatform). A related goal is to increase the visibility of Meredith's marketing-services businesses, as well as its broadcasting and Internet

ACQUIRED

TO BECOME

ACQUIRED

TO BECOME

TRANSFORMED ITSELF INTO

properties. Another goal is to communicate more effectively Meredith's expanded scale and visible presence and, at the same time, replace its boring, dated, and somewhat provincial corporate presence with one far more vital, creative, and energized—that of a contemporary, world-class corporation.

Lippincott provided a symbol-based design solution that elegantly achieves these goals. The symbol, essentially a monogram of red, blue, green, and orange m's, forms a globe-like shape that conveys multiplicity and diversity, yet with a sense of control. The symbol is simple but fresh, balanced nicely with a calm and confident wordmark. I can't decide whether Meredith or Apollo Tyres pulled off the best all-around rebranding of 2009.

■ **Quietly, the family-led Apollo Tyres**, No. 2 in India, set up distribution in Europe and Africa, to build from market success at home toward the goal of "global tyre brand of choice." Management knew that because tires—excuse me, *tyres*—are commodities, brand would be the key. Apollo's name was functionally strong, but its old "unending road" symbol was not up to the challenge. A credible contender for category leadership would need something fresher, more confident in its stature.

Saffron, a London- and Madrid-based identity consultancy, won Apollo's assignment and responded with an elegantly simple wordmark based on wheels, and no single symbol—instead, providing a vibrant pattern of wheel shapes in hot Indian colors. Far more than the new logo, it is the refreshing and imaginative use of these wheel patterns on corporate buildings and vehicles and in print and online media and in product marketing that will distinguish and propel this brand.

As managing director Neeraj Kanwar said in launch memos, "We want to stand out from others. After all, we are not like them. We are young, ambitious, Indian and proud of it. . . . Therefore, we decided to introduce a bit of colour, wit and fun into the representation of the Apollo identity."

■ **Who was Fair Isaac**—a nice guy working in the credit-rating business? As with Merrill Lynch, it was simply two people's names, Bill Fair and Earl Isaac, who in 1956 founded "Fair, Isaac and Co.," whence the initials FICO. Too few people properly understood the Fair Isaac identity. But most Americans know of FICO; Fair Isaac's principal product is the FICO Score, a personal creditworthiness number all too familiar to loan-seekers.

In February 2007, when Mark Greene became Fair Isaac's CEO, Freddie Mac was about to pull the plug on risky subprime mortgages—step one, in hindsight, in the financial crisis. As the year played out, Greene saw Fair Isaac and FICO Scores, the messengers of credit risk, unfairly (or just confusedly) blamed for lenders' misuse of FICO's perfectly good data. He sensed that softness in the brand itself was possibly a contributing factor, and commissioned consideration of a rebranding and actual design of a new logo. But as the crisis deepened, the project was back-burnered as being too costly and unfocused in purpose.

Laurent Pacalin came on board as chief marketing officer, bringing with him the conviction that brand clarification was critically needed. Pacalin quickly gained management and board support for brand renewal with a clear focus on FICO, and then restarted the assignment with designer Brett Wickens. "We landed on the simplest possible treatment—type, color, everything," Pacalin says. "In an industry in crisis, people have been looking for a beacon of stability and trust, and FICO, now as a name and a brand, carries that trust very well."

In a sharp departure from "best practices," Pacalin sought no additional budget for the March 2009 launch, which was "as peaceful as we could make it: a non-event, not a change but a natural conclusion, a shift of emphasis. Media advertising would not be the best use of our money."

But this low-profile rebranding had high-profile impact. After just two months, "Our stock has risen 80 percent, and analysts say the brand renewal was certainly a cause. They said that, not me; I would not make that leap," Pacalin says. But in a time of crisis, "It was very well received. It is serving its purpose as a source of energy internally as well as externally."

Finally, let's look at three parent companies, each of which has rebranded in order to establish or elevate the corporate presence in its various businesses' communications. Call the strategy "raising the umbrella."

For ConAgra, this was a Rodney Dangerfield rebranding, as in, "I don't get no respect." ConAgra is, or was, a mysterious agribusiness conglomerate, the almost-invisible presence behind scores of great old American brands, most of which it had quietly acquired in recent decades—among them Chef Boyardee, Swiss Miss, Pam, Hunt's, and (full disclosure) a couple that I product-managed years ago, Gulden's Mustard and Jiffy-Pop Popcorn.

Under CEO Gary Rodkin, since 2005 the company has transformed itself from a holding company for dozens of such brands and businesses to a more unified operating company. Rodkin's new vision statement for ConAgra Foods: "One company, growing by nourishing lives and finding a better way today . . . one bite at a time." Add the fact that in 2008, the company sold its commodity-trading, fertilizer, and ethanol businesses to focus exclusively on its branded consumer foods (and institutional and private-label foods), and you'll see the strategic purposes in this rebranding:

- A stronger corporate presence and greater awareness in the world at large;
- A more prominent role, as endorser, in its brands' marketing;
- A friendlier, more likable corporate personality;
- A one-team culture;
- A more pure-play investment, focused in consumer-branded businesses.

Rodkin assigned these critical tasks to Bailey Lauerman, an accomplished local ad agency, one relatively inexperienced in corporate identity design. ("It's great to use a local company when we can," a ConAgra spokeswoman said.) He got a playful and appealing winking bowl; it does the job.

What's significant about Kraft's rebranding is its clearly expressed strategic intent; its execution was somewhat less impressive.

In early 2009, a *Wall Street Journal* story referred to Kraft Foods as "the maker of processed cheese," a gross understatement of the corporation's scope, scale, and brand diversity. This common error in perception was nobody's fault but Kraft's, which in recent years made no distinction between its corporate identity and its cheese-category brand; it used the "racetrack" Kraft mark for both purposes, thus ensuring that even otherwise well-informed business journalists would make the same mistake. The disconnect between its institutional brand and its intentions had become intolerable, perhaps especially so for a company soon to announce that it had targeted Cadbury; chocolate would not feel comfortable in a house of cheese.

During the February launch of the new

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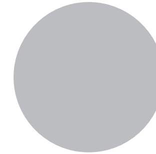
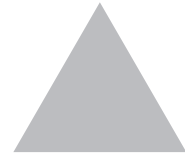
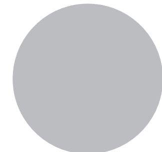
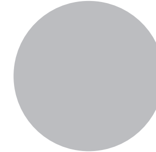
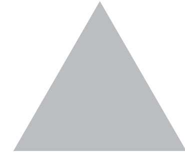





corporate brand to analysts, chairman and CEO Irene Rosenfeld said: "As the next step in our turnaround, we're adding three new ingredients to our recipe for success—a higher purpose that acts as a common call to action, values in action that guide our behavior, and a new look and feel to visually depict our renewed energy." In these few words, Rosenfeld established the institution's parental identity, linking it both to a unifying culture and to a societal benefit.

Design agency Nitro designed the first new logo, bundling lowercase type (in two weights) locked to a two-color tag line and to a swoosh, "an upward, red smile exploding into an array of seven 'flavor bursts,' each of which represents a different division of Kraft's business" (to quote *Brandweek*). Unfortunately, all this was poorly done and was quickly subjected to ridicule in design blogs, where the word *orgasmic*, I suspect, sealed its fate. Kraft retained Landor to clean it up, and a new version appeared quietly in September. (A Kraft spokesperson graciously acknowledged that, "Obviously we listen to consumers, and the design community are consumers of our brand as well as of our products.")

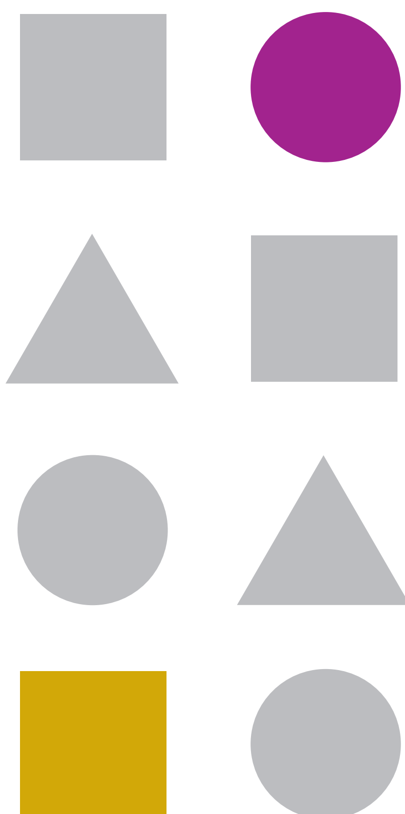
Top score to Rosenfeld, however, for strategic intent.

■ **The new management team at Hilton's corporate headquarters,** led by Christopher Nassetta, did exactly what Kraft Foods did, creating a corporate umbrella above its existing category brand—and used strikingly similar language to tie the new brand to strategic and cultural meanings.

By way of background, in April 2007 the Blackstone investment group bought Hilton Hotels Corp. (for $20 billion) and in October installed Nassetta as president and CEO. Sweeping changes followed, including HQ relocation from California to Virginia. And early in 2009, Landor was retained to develop a more clearly differentiated corporate umbrella brand for all ten category brands (including the several Hilton flavors as well as Doubletree, Homewood, Hampton Inn, and Waldorf Astoria)—in effect, an innkeeper holding company identity. A new name was considered, and a full-fledged naming exercise preceded the decision to retain "Hilton" with the simple addition of "Worldwide." Similarly, logo explorations included completely new directions, until the simple idea of rotating an old Hilton "H" symbol was seen to honor "the richness of Hilton's heritage."

In September, launching the new brand, Nassetta said, "This is an incredibly dynamic time in our company's history. On the heels of a successful move into our new global headquarters, we're excited to launch our corporate identity that better represents who we are today and our aspirations for the company going forward." The news release added: "These changes have also been mirrored by the internal launch of a refreshed company vision, mission, values and key strategic priorities. . . . With the addition of the word 'worldwide,' the new logo unites all members of the organization across all parts of the globe with one shared vision for success."

Thus we see Hilton Worldwide, Kraft Foods, and ConAgra raising the visibility



of their parental, corporate-level brand, and working to express its new relevance. I believe we are seeing in this a worldwide trend, heavily Internet-driven (as are many trends these days), and that it will accelerate. On the Web, there are no secrets; we all know, or easily can, who owns, leads, and manages a given business and thus who makes the key quality and value decisions that affect us as consumers and that have an impact on our world as well.

In fact, I would take this a step further. In this new era of transparency, the institutional corporate brand does, must, and will increasingly play a decisive role in our product-purchase decisions. It seems obvious to me that brand "GM," for example, is now a more important purchase consideration than "Cadillac" or "Chevy."

Thus the biggest corporate rebranding that didn't happen in 2009 but arguably should have is General Motors. In 2000 (I am told), with its market capitalization at an all-time high, GM engaged a leading consultancy in a corporate brand review and in due course determined to elevate the GM brand in product marketing. But early in 2002, with consultants ready to present new logo concepts, GM pulled the plug on rebranding.

But there is no escaping the issue of corporate brand relevance, and all signs indicate that today it is again hotly debated at GM's highest level. On July 8, 2009, the eve of GM's emergence from bankruptcy, the Associated Press reported that "Ed Welburn, GM's vice president of design, is leading a group that is studying name and logo changes," including "changing the background color of its corporate logo from blue to green."

Asked about the green logo in a press call two days later, then-CEO Fritz Henderson seemed to dismiss the "creative" suggestion and reaffirmed a focus on the individual car brands. Then, in support of this attitude, on August 30, GM announced it would actually remove the "GM Mark of Excellence" badge that had appeared on all Cadillac, Buick, Chevrolet, and GMC products since 2005, because "we really want to elevate the prominence of our four core brands." The spokesman promised we would see fewer GM ads, too.

But wait: Not two weeks later, GM launched a corporate ad campaign featuring none other than the chairman, Edmund Whitacre, for whom evidently the restoration of the GM image is both an institutional and a marketing priority. Then in November, in a *Wall Street Journal* interview, Whitacre made his point clear and personal; "he said Mr. Henderson's team must make progress on such issues as . . . changing perceptions about GM in the market."

(As readers with long memories may recall, Whitacre's previous career was capped with a corporate-identity masterstroke when in 2005, he solved SBC's identity problem by replacing it with a modified version of the AT&T brand he had recently acquired, along with surviving remnants of AT&T.)

Obviously, I'm with Whitacre on this one. As consumers (Googling and tweeting, too) we know full well that car brands are merely product badges, often cosmetically differentiated, and that their fundamental brand quality, value, and service promises can be made only at the corporate level. Thus we want to know that "GM" has kept its edge in engineering (Northstar and OnStar technologies were corporate, not brand) and its manufacturing management competence. And before we buy a GM product, we'd like to see the vision and commitment, credibly expressed, that lets us believe its maker will continue to be there for us.

Because the same dynamic applies in all industries—increasing relevance of the effective corporate brand, driven by transparency—I think we'll be seeing many more "raising the umbrella" brandings.

Add those weak (or furled) umbrellas to what I sense is a growing backlog of postponed rebrandings; consider, too, a pickup in M&A, a forthcoming wave of IPOs, and a new generation of brand-savvy leaders. Prospects for rapid recovery from the identity recession look very good indeed. ■