

Marketing Management: To Rebrand or Not?

If a successful business is acquired, do you rebrand it or not?

The first question you ask is whether you should do anything at all. Given what we know about change management, it is quite a feat to replace a brand (for example, it cost a lot of time and money for Santander to rebrand Abbey National in the UK). Wisdom suggests do nothing, simply give the acquired company the resources that allow them to keep doing what they have been doing successfully, which is why they have been acquired in the first place. Change may be your biggest enemy.

If the question persists then:

You conduct a Positioning Comparative Analysis comparing the two brands. Generally, if both occupy the same sector then the weaker brand is eliminated. For example, Microsoft tends to absorb companies that compete with it directly.

If both occupy differing sectors then:

You conduct an Awareness Analysis – how difficult / costly will it be to replace the awareness levels of the brand that is eliminated?

You conduct a Positioning Analysis - how difficult / costly will it be to replace the positioning levels of the brand that is eliminated?

Generally, if both are successful in their own sector, then the acquired brand is kept. For example, Microsoft tends to leave acquired, indirect competitors alone.

Other factors to consider include structure and competencies. If there will be a structural merging (the acquired company CEO will now report to a new boss etc; departments will be integrated etc; there will be redundancies etc), then a Competency Analysis is required: do we really have the required competencies or do we simply think we do? How difficult / costly will it be to acquire or incorporate the relevant competencies? The wrong answers may lead to a deterioration of the acquired firm and the quick replacement of the acquiring firm CEO.

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