One of the most important concepts in marketing is branding. We, as consumers, do not buy products and services, we buy brands and we shop at stores we know and respect. We shop at Publix or Macy’s. We don’t buy toothpaste we buy Colgate, we don’t buy a car, and we buy a Chevy. We don’t go to school. We go to Nova. Some of us are so impressed with brands we pay premium prices for products like Apple. As a result, organizations spend a lot of resources on building their brands. Brand building takes time, sometimes many years, much money is spent on building brand identity and firm’s employ branding experts just to give focus on brand development. There are even specialized agencies that would value your brand. An example is Interbrand, who put the value in 2012 of the world’s two top brands, Coca-Cola at $77.8 billion, and Apple at $76.9 billion. Thus brands are one of the most valuable assets of an organization.

So why then do we have a company like Maroone rebranding to AutoNation? Is there no brand equity in the Maroone name? This is not the first or only time organizations have rebranded. I am sure that you can think of many. The airline industry has also lost some big brands recently. Continental is now United Airlines, Northwest is now Delta and the most recent is US Airways becoming American Airlines. As there is great value in brands, and we as consumers love brands, why do companies rebrand?

There are generally speaking four reasons for organizations wanting to rebrand. First, there could be a change of ownership structure, usually as a result of mergers or acquisitions. This was certainly the case in the airline industry. Second, there could be a change in corporate strategy. For example, the company wants to have one name nationally and internationally. This could be the reason in the AutoNation example. Third, there could be a change in the competitive position. A company could have reputation problems or an outdated image. Last, there could be a change in the external environment, for example a legal obligation. This happens when government owned companies become publicly owned ones.

A rebranding exercise is costly, risky and time consuming. Just think of all the logos and signs that have to change, all the advertising and promotion that needs to be done in order to create the new image. It is also risky. Will the staff “buy” into the new name. Will they identify with the new brand? How will consumers react?
So what do you think? Is it good for a well-known and respected brand name to change its name even for one of the reasons stated above? Will they lose or gain business?

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