**LECTURE-41**

**Brand Transfer**

Brand Transfer is the "borrowing" of another organization's brand to better convey – or even amplify – your own. Consider the following examples:

- How differently is your organization perceived when everyone uses a sleek Macbook compared to a clunky no-name clone laptop?
- What do prospects and clients think about the quality of your work, if you are an IBM "partner" versus if you are not?
- What type of image do you portray if you have your annual conference at the Travelodge… or at the JW Marriott?

Each of these large companies has invested millions building their brands. And the brands – what the companies represent – are broadly known in the market. While it is easy to think of Brand Transfer almost like an unauthorized theft of their reputation, nothing could be further than the truth. Brand Transfer is similar to a rental transaction: You pay JW Marriott for their conference center and hotel rooms, and they encourage you to use their name. In fact, they employ a sophisticated sales team precisely to make sure that you choose their facility – their brand – over others. And since their brand has more value than Travelodge, it costs more. It has value, and you're willing to pay.

**REASONS FOR BRAND TRANSFERS -**

What are the aims behind the numerous brand changes that we are witnessing? The reasons are numerous:

- Many local brands are bought with the intention of transferring their activities to the buyer's international own brand. In this way, the latter becomes truly global. This is what Electrolux is currently doing.
- The creation of worldwide companies leads to the same results. Ciba-Geigy and Sandoz merged under the new name Novartis. Alcatel was born out of the joint venture between CGE and ITT. In a few years all the company brands of both companies and even a few product brands (such as their telephones) were given the Alcatel name.
- Firms decide to transfer brands when they decide to stop some of their activities. So when General Electric wanted to withdraw from the small domestic appliances market, Black & Decker took over with the agreement that they could only use the GE name for a limited period. No

brand would want part of its image to be controlled by another company. It was the same for Philips and Whirlpool: the takeover of the former's 'white goods' activities by the latter included the agreement that the Philips name could only be used for a limited period. Looking to concentrate only on its 'brown' products and small domestic appliances, Philips only conceded its name to Whirlpool temporarily. Whirlpool bought the white activities for the European market share it immediately gave them, as well as the chance to be the world's number one domestic appliances manufacturer.

- The search for the critical size also provides an explanation for brand transfers. The Mars group abandoned its European brands Treets and Bonitos to merge them into the global brand M&Ms. To compete against McDonald's, the European Quick bought Free Time and changed its trade name.
- Brand transition is a common tactic used when trying to access a foreign market. It is basically the same ploy as the 'Trojan Horse'. The local industries in a country are often highly protected using all kinds of domestic regulations to prevent foreign product invasions. The electrical equipment market is a typical example. Desperate to grow internationally, Merlin- Gerin bought the famous Yorkshire Switchgear company as a way to penetrate the British market. The transfer was carried out progressively. Yorkshire Switchgear received the endorsement of Merlin-Gerin, then the names were switched round before finally being replaced uniquely with Merlin-Gerin UK, now Schneider Electric.
- The fact that international markets are now more homogeneous than ever before is also an explication for the number of brand transfers. Companies that favour global brands are replacing all their local brands with global ones. This is why Raider in continental Europe became Twix, Pal changed to Pedigree, and why the paint brand Valentine will be transferred to Dulux, the worldwide brand of ICI. In order to make sure European motorists can spot their products in all European countries, Shell gave their lubricant a unique name, Helix, and where possible used the same colour codes.
- With time, the name attached to a brand can become a burden to the brand's development, for example when wanting to access new activities, international markets or simply when wanting to rejuvenate a brand. Corporate names that attract bad will have to change: Philip Morris became Altria Group, Vivendi became Veolia. BSN became Danone in order to instantly gain international recognition, which would have been lengthy if not impossible with an acronym.

- Brand transfers can also be the result of lost court cases. For example, Yves Saint Laurent had to abandon the name of its brand of perfume Champagne in several countries, turning it into Yvresse. The sportswear brand Best Montana lost its case against the luxury brand Montana and had to become Best Mountain.

Moving local names to a single one, such as an US name, allows the organisation to delocalize plants easily under this foreign name. This also has fiscal reasons. The foreign name can receive royalties from the subsidiaries, reducing local tax liabilities.