

# Changing names

## In brief

A bicycle manufacturer, which has its head office in Italy and several factories around Europe, must decide if it needs to change its corporate name and to reduce the number of brand names it uses. If they change the corporate name, should they adopt one of their current brand names as the new corporate name? Different brands are strong in the different markets, so is there really a case for reducing the names? If there is, which ones should go and which remain?

## Structure and procedure of the simulation

Introduction (optional) – 15-20 minutes

Preparation – 15-20 minutes

Simulation – 30-60 minutes

Follow-up (optional) – 15-20 minutes

### Introduction

#### Answers

For question 1, get learners to work in pairs. Their answers will vary according to where you are and what nationality your learners are.

1. *possible answers:* a. BP, Nike, Boeing, IBM, 3M, Sony; b. General Motors (Opel, Vauxhall), Proctor and Gamble (Ariel); c. Fiat (Magneti Marelli, Solex), Volkswagen (Audi), Electrolux (Zanussi), Ford (Jaguar), Mars (M & M's), Danone (Gervais, Lu).

You will soon discover that it is hard to split the companies suggested into clear-cut categories. Ford, for example, usually uses its own name on its products, but not for the products of its subsidiary, Jaguar. The aim here is to get at the reasons behind companies choosing corporate and brand names. For question 2, work together as a class.

2a. An example here of a company with too many brand names might be the Italian car maker Fiat (Lancia, Alfa Romeo, Ferrari, Autobianchi, Fiat, Iveco). Soap powder manufacturers use several names for very similar products; Philips and Electrolux, to name just two European giants, do the same. You may not find clear-cut answers to this question, but it will be interesting (and useful for the simulation that follows) to think about why some groups have so many brand names.

b. Firms may add new brand names simply because they are bringing out a new product. It may also be because they decide to go up-market or down-market with a product very similar to one they sell already, but for marketing reasons they need to differentiate the new product from the old. Changing a corporate name to a

new one is done to create or improve corporate identity, so that employees can identify with the firm and develop a sense of belonging that leads to greater motivation and increased sales. Also, the change may seem sensible when a product name is better known than the company name. For example, a big French group called Alcatel Alsthom used to be called CGE; it chose its new name because Alcatel and Alsthom were already well-known as subsidiary and brand names. Similarly another French company, BSN, changed its corporate name to Danone, a well-known brand of yoghurt they produce.

c. Advantages: workers will be proud to say they work for your corporation if it's well-known because of the product. On the sales side, you will have more chance of having a 'brand', which customers will demand and stick to. Disadvantages: if your corporation has a problem with a product, it can get a bad name. Similarly if the corporation itself gets a bad name, because of a problem (pollution, financial irregularity), sales of its product are even more likely to suffer than if they had a different brand name.

d. Advantages: if the corporation is having problems, the public, unaware of this, will not stop buying their products. Similarly, if there are problems with the products, the corporate reputation might not be affected. With a range of brand names you can cover the entire market and so keep out competitors. A good example of this whole market coverage is the way one company will produce a large number of different soap powder brands all targeted at different sectors of the market.

Disadvantages: successful products may not be connected to the corporate name. It's possibly more difficult to create a strong image and awareness of products if you have a lot of different brand names, and budgets and marketing will have to be divided among the different brands.

### Preparation

See the section 'General notes for teachers', p 2, for details on preparing learners for the simulation.

Photocopy and give out the map and fact sheet, which will show students at a glance where the factories are and which brand is manufactured in each place.

### Simulation

See the section 'General notes for teachers', p 2, for details on managing the simulation.

### Follow-up

See the section 'General notes for teachers', p 2, for details on feed back techniques and evaluation.

## Summary of story

The biggest bike manufacturer in Europe has 'Compagnia Europea di Biciclette' as its corporate name, and six brand names. Today's meeting is to decide if it would be a good idea to change the corporate name and/or drop some of the brand names. A suggestion is also made that a new corporate name might be used as a brand name.

The group has two factories in Italy, with its head office in Siena, and factories in France and England. It may prove difficult to reduce the number of names, as each factory is attached to its own and thinks that its products are superior to the others. It will be argued that with so many brand names it is difficult to increase awareness, and hence sales, of products.

The group name is not widely known. Some will say that this doesn't matter, others that awareness of the group is important for employees and that a strong image for the corporation would help sales of the products.

## Business background

The question of corporate identity, image and culture has taken on more and more importance in recent years. It goes beyond the already complex questions of the marketing and advertising of products, so much so that in some big firms, the communications manager is put in charge of this, and ranks second only to the CEO, above the marketing manager and personnel manager.

Some large groups can have a problem with corporate identity. On the positive side, if you work for Sony, you know exactly who you work for, and what the company does. Everyone has heard of the company, and knows the products. So as an employee, this is very positive, makes you proud of working for Sony, makes you want to stay and motivates you in your work.

However, this strong identity (and the distinctive work culture which certainly goes with it) may cause complications at the marketing level. Well-known makes are often up-market: their products have an image for quality and are expensive. Suppose the company wants to go down-market to increase market share. Do they then have to create a new brand name? If they do, what happens to corporate identity?

Another problem arises when a well-known group runs into financial trouble. If the brand name is the same as the group name, news of this trouble will rub off on the products, and on sales.

## Outline of roles

- A:** Managing Director: wants a new corporate name which will quickly become well-known. Doesn't mind if the brand names are changed or not.
- B:** Plant Manager, Cambridge: wants fewer brand names, but insists on keeping *Wheeler*; thinks 'Wheeler' would be good as a corporate name too.
- C:** Marketing Manager: wouldn't object to a new corporate name, but is against it being one of the current brand names. Is also against dropping any of the present brand names.
- D:** Communications Manager: likes 'Eurocycles' as a new group name. Wants to reduce the number of brand names, but thinks *Bicibolo* should definitely be kept.
- E:** Production Manager: is against any change: considers all brand names are very effective in their markets.
- F:** Personnel Manager: wants to create corporate identity by having new group name 'Eurocycles', which could also be used as a common brand name instead of the present names.
- G:** Financial Controller: looking for the cheapest solution.
- H:** Plant Manager, Evreux: defends own products' brand names – *Rose* and *Evélo*. Suggests 'Eurocycles' as the new group name.

## Possible outcome

If the full number of roles is used, 'Eurocycles' is quite likely to be chosen as the new corporate name. If only a small number of roles are used, the outcome may be more open; it depends on how persuasive the Cambridge Plant Manager and the Communications Manager are about their preferred choices.

As regards the brand names, anything can happen. It is quite likely that the number of brand names will be cut down, but which names are kept will depend on how well different participants argue their cases. However, *Bachtung* and *Rose* are the weakest and so the most likely to be dropped, while *Bicibolo* would seem to be the strongest name and therefore least likely to go.

## Vocabulary

**to adopt:** to start to use

**awareness:** how well-known the company, its products and its brand names are

**brand name:** the name on and of a company's products

**corporate identity:** the qualities that distinguish a company, that make people recognise it

**corporate name:** the name of a corporation or large group of companies

**a dealer, a retailer:** person who sells the product

**to drop:** to stop using

**group culture:** a way of working together, of behaving as a group

**lira:** the Italian currency

**offended:** displeased

**an outlet:** a shop or agency, place where products are sold

**Perrier:** fizzy mineral water from France, sold worldwide

**rivalry:** competition

**soppy:** silly, stupid

**a subsidiary:** a company owned by another company

**a takeover:** when one company buys another

**The *Tour de France*:** a world-famous bicycle race which takes place every July in France

**wet:** silly, not very serious