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Entrepreneurs: Invent a new brand name or revive an old one?☆

Lawrence M. Bellman

Sy Syms School of Business, Yeshiva University, 500 West 185th Street, New York, NY 10033, USA

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Abstract This paper discusses launching an entrepreneurial venture by acquiring a once popular brand name and reviving it. Interviews were conducted with 10 executives who acquired dormant brands and successfully relaunched them into the market. Their comments suggest that, with proper planning, an entrepreneur may be able to substantially increase his or her chances of success by reviving brands, rather than spending the enormous amount of capital required to build new brand image. Conclusions suggest that nostalgia targeting is not enough; the revived brand must be repositioned to satisfy today's customer values. Evidence also suggests licensing a revived brand name to unrelated industries may prove very profitable for the entrepreneur.

1. The value of brands

Several key factors influence the success or failure of entrepreneurial ventures. These include possessing innovative products or services backed by experienced management teams, strong consumer need, and the availability of necessary resources such as skilled labor, excellent facilities, adequate capital, appropriate technology, and profitable revenue models. As importantly, business environments must also be venture hospitable. But what of the influence of brand recognition? In a mature free market economy such as that of the U.S., it is becoming increasingly difficult to introduce new products or even modify existing ones due to the myriad offerings available to cost and value savvy consumers.

According to Wansink (1997), many marketers believe that brands follow a distinct irrevocable life cycle: growth, maturation, decline, and inevitable death. Marketers typically neglect to nurture brands back to life, preferring instead to focus on the introduction of new brands. Can brands be revitalized? Palmer (1999) claims the possibility of successfully launching brand revitalization by segmenting the life style and preferences of both young and old consumers, and tailoring a brand's unique attributes and core values to each segment. Coupled with aggressive promotional campaigns and enhanced physical characteristics such as attractive packaging, Palmer believes that sharply

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E-mail address: lbellman1@aol.com.

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focusing on target consumers can yield successful efforts in brand revitalization.

Broadway typically hosts at least two revivals per theater season. Rhythm and blues hits from the past are repackaged and successfully sold to both young and old, so why shouldn't entrepreneurs consider brand revitalization as business initiatives to enhance the chances of a successful venture launch? In fact, many now are, with results yielding successful relaunches of products that have lain dormant for ages. Consider some of the reasons why brand revival may materially assist an entrepreneur:

- Marketing costs are reduced. It is estimated the cost of building a national brand from scratch would reach, at a minimum, US$20 million in advertising.
- Previously established target markets can be retargeted. Many dormant brands have a history of strong consumer acceptance. With proper marketing strategy, it is possible to rekindle brand value.
- Nostalgia remembrance plays a strong part in establishing a primary or secondary targeted market. It can kick start a brand's comeback.

Examining some recent brand revivals reveals firms with existing market shares in particular industries are actively pursuing this initiative. In 2001, Johnson & Johnson's McNeil Consumer Healthcare Products acquired the St. Joseph aspirin brand, a long established franchise as an orange flavored children's aspirin, reintroducing it to an adult market under the theme of an aspirin a day for heart therapy. Independent entrepreneurs are acquiring dormant brand names that, in some cases, completed their product life cycle 30 to 40 years ago. Tom Bendheim (Bendheim, 2003), a young entrepreneur, recently struck a deal with Stroh to "buy" the Rheingold Beer brand by paying Stroh royalties on all generated revenue, estimated to be US$1.4 million this year and US$45 million by 2007. Founded in 1883, Rheingold had 35% of the market by 1940 and slowly lost market share before finally withdrawing from the industry. Rheingold, along with Ballantine, Schlitz, Pabst, Piels, and others were the top selling beers in past decades. In 1991, the Gold Bond Medicated Powder brand was regional, with US$1 million in annual sales. Jeffrey Himmel (Himmel, 2004), an independent entrepreneur, acquired the brand and increased revenue to US$27 million by 1995, selling it the next year for US$40 million to Chattem. According to Daniels (2002), Himmel repeated his success with Ovaltine, a US$13 million "oldie", turning it into a US$40 million hit. Next, Himmel will test his formula by attempting to successfully reintroduce the Breck Shampoo brand, which he purchased from Dial in July 2002.

This article posits that entrepreneurs should seriously consider acquiring dormant brands as a viable alternative to building their own. To support the conclusion that brand revival is a worthwhile avenue to pursue, the author interviewed 10 key executives with hands-on experience in successfully reviving dormant brands and offers their supporting views on the subject.

Table 1 outlines over 40 recent representative brand revivals. With few exceptions, most of these brand acquisitions have come from independent entrepreneurs.

2. Brand value: Exploit it or shelve it?

What role can brand play in whether a venture will succeed or fail? In examining the value of brands in launching new ventures, a clarification of the term 'brand' must first be offered. According to the American Marketing Association, a brand is a name, term, symbol, sign, design, or some combination thereof that identifies the products of one firm while differentiating them from competitors' offerings. Many consumers are not fully informed when shopping for products and services, and because searching can be time consuming, costly, and often difficult, reliance on known and recognized brand names becomes important. Keller (1998) indicates brand recognition often attracts new customers willing to pay premium prices, and that this materially aids in penetrating new markets and shielding the market from new competitors.

There are many examples of firms that own accepted brand names and extended them to launch new and unrelated products. For example, BIC, which originally offered disposable razors and writing instruments, successfully expanded into the disposable lighter market. Kodak film extended into cameras, and Adidas sneakers entered the sports clothing market. On the other hand, according to Gronhaug, Hem, and Lines (2002), Dunkin' Donuts' attempt to extend their brand to cereal was a fiasco, as were Harley-Davidson's move into cigarettes and Levi's attempt to make business attire.

It is important to differentiate between brand and product. Products typically have a life cycle; for example, LP records gave way to CDs, and calculators have replaced adding machines. Brands, however, can effectively endure through new product generation and do not need to be replaced. Marx (1995) says that Arm & Hammer has been