Retail Brand Reinvention - How to Remain Relevant in an Ever-Changing Marketplace

by Hala Hassoun

In a rapidly-evolving consumer market, it can be challenging for retailers and fashion brands to remain relevant. We often look to iconic brands like Apple that are able to continue their momentum of growth through constant innovation. But what happens to companies that are either struggling to keep up or risk going out of business because they are no longer relevant? The retail landscape is littered with brands that were once at the peak of popularity but were unable to maintain their position and have slipped into oblivion (remember Contempo Casuals or British Knights or LA Gear?).

What makes some brands bounce back from the brink of extinction while others slowly and painfully die out? While there is no single answer, by taking a look at brands that have succeeded in turning themselves around, we can highlight certain pitfalls that should be avoided and actions that can be taken to course-correct a flailing brand. Whether you call it a refresh, reinvention, or rebrand, reviving a struggling brand can mean the difference between a future of growth versus one of bankruptcy.

Warning Signs and Pitfalls

Warning Sign #1 - Losing the Original Identity

Many companies stumble because they extend into categories where they don’t belong. They fail to conduct the proper research before expanding into unfamiliar product categories or new consumer segments. Too often, companies will focus on the future market without factoring in what’s happening today and what baggage currently exists for their brand. Without enough insight to understand what the current customer is doing and what a potential customer wants, it’s impossible to understand how to serve both.

In the mid-2000s, Walmart introduced a selection of higher-end apparel and moved its merchandising office to NYC to be closer to current fashion trends. The company launched its private label brands at higher price points than its core products. What the company didn’t consider enough was whether its target market was actually willing to shop at Walmart stores. Even though the new apparel may have been on-trend and priced right, someone who is used to paying more for clothing than the average Walmart shopper may not be willing to make the switch from his or her current retailer or choice. Walmart didn’t factor in the “baggage” its brand carried in the apparel industry. To make matters worse, as the company struggled to attract more affluent consumers, it quickly expanded the new product lines to stores where there was no market for it, forcing it to clear through the excess inventory and causing frustrations among core consumers who felt alienated by Walmart’s rebranding.

Eddie Bauer’s failure was broader but more gradual. The company started as an outdoor retailer, but as the years progressed, it tried to grow revenue and widen its appeal by offering more casual apparel and specifically targeting women. As a result, the original rugged outdoorsman image faded and Eddie Bauer eventually became a middle-aged lifestyle company. After filing for bankruptcy in 2005, Eddie Bauer brought in Neil Fisk as CEO in 2007 to help turn around the ailing company. Part of Fisk’s strategy included refocusing the merchandise assortment on more outdoor apparel and equipment – essentially returning to the original Eddie Bauer ethos. The plan was partially successful: First Ascent, the company’s new line of expedition and ski wear, received awards and positive response from the outdoor community. However, the company continued to struggle and filed for bankruptcy again in 2009. Despite the gains it had made in the outdoor apparel category, Eddie Bauer still struggled with its broader consumer segment and may have been hurt by higher price points than its competitors, L.L. Bean and Land’s End. Today, Eddie Bauer is still struggling to redefine itself. With a new management team and the appointment of a former Nike executive as VP and Brand Creative Director, the company is clearly trying to regain its reputation in the active outdoor industry. However, the jury is still out whether they’ll succeed.

Warning Sign #2 - Not Keeping up with Changing Consumers

Consumers and market dynamics change. Tastes evolve, new competitors come in, and the playing field shifts. Companies that can’t keep up with the evolution of their market will eventually lose relevancy.

Abercrombie & Fitch was once the epitome of cool for high school and college students and had developed a clearly defined look under the strict guidance of Mike Jeffries. The brand did not waver from its image of young, fit, and highly sexualized men and women. During its heyday, this image of exclusivity was what young consumers wanted and wearing the Abercrombie logo was a clear status symbol. However, teenagers’ tastes began to change and A&F’s core consumers became less and less interested in following a prescribed image. The company stubbornly kept the same look it had since the 1990s even as its customers started moving towards the newer fast fashion competitors in the market. The company tried to evolve by offering more fashionable clothes, reducing the amount of products with logos, and collaborating with other companies such as Keds. However, they tried to play it safe with subtle changes and failed to truly innovate. After 11 straight quarters of same-store sales declines, Mike Jeffries stepped down. The company continues to struggle and has not been able to regain some of its foothold in the market. Without a significant change in its brand identity, A&F may end up being another Blockbuster or Filene’s Basement – a brand that was once at the peak of its market but became irrelevant.
Turning Around an Ailing Brand

Multiple factors are needed to revive a company that has lost its way; strong leadership committed to changing the company, a willingness to take risks, a sense of trust among employees, and true understanding of the consumer. Everyone needs to be committed to the goal (employees, shareholders, executive team, etc.) and not fear reprisal at the first failure. A retail company on the decline must first determine how dire the situation is: do they need to refresh an existing brand to keep up with changing trends, or do they need to completely restage the brand to regain relevancy?

Brand Restage

Classic brands that have faded from the mainstream can survive because of a loyal core consumer. But when a company focuses too narrowly on a single segment, it risks aging itself out of the market. At the same time, brands that extend beyond their capabilities can lose their identity. Companies that have lost their way can regain a foothold in the marketplace by restaging their brand.

Two iconic 1980’s footwear brands are perfect examples of companies that have recently experienced a resurgence in popularity. After the glory days of the preppy 80’s, Sperry Top-Sider and Keds both lost their appeal due to changing trends. However, in the late 2000s as designers and consumers began to pay more attention to heritage brands, both companies partnered with other brands to create buzz-worthy collaboration products. Sperry Top-Sider partnered with cutting-edge fashion labels such as Band of Outsiders, Milly, and A Bathing Ape while Keds worked with likes of Kate Spade and Taylor Swift. These collaborations extended the brands’ exposure and made them more relevant to younger and more fashion-savvy consumers.

Brooks Sports also recently restaged its brand. Despite reaching success in the 1970’s and 90’s, the company was on the verge of bankruptcy in 2001. At that point, the company was selling footwear and apparel for a variety of sports as well as cheaper athletic-style shoes that couldn’t compete with true athletic footwear (CEO Jim Weber refers to them as “barbecue and lawnmower shoes” because that was all wearers would use them for). In order to compete with other footwear companies, the company decided to focus exclusively on running. This specialization allowed them to compete in one category and focus all of their energy into perfecting products for runners. Product innovation became the top priority as the company expanded its material research, partnered with biomechanics researchers and developed a shoe lab to test the effect of its shoes on performance, comfort and biomechanics. By streamlining their product development processes and focusing on new product innovation, the company continues to improve its product offerings.

Brand Refreshes and Brand Extensions

Burberry is constantly mentioned as a great example of a fashion come-back. And for good reason. After years of diluting the brand image through licensing, lower-end product lines, and declining quality control from a broad and disparate supplier network, the 159-year old company has done an excellent job repositioning itself. In 2001 the company appointed Christopher Bailey as Creative Director (now Chief Creative Officer), responsible for all aspects of design including apparel, marketing, store concepts, etc. This ensured that everything the customer saw and interacted with went through his office, creating a more cohesive brand experience. The company eliminated or phased out of its lower-end products and refocused on the luxury consumer. The team continues to develop new products while still remaining true to the company heritage.

L.L. Bean, an iconic brand that has survived for over a century, was at risk of aging itself out of the market. The company benefited from a loyal customers base, but that customer was aging and L.L. Bean was unable to attract younger customers with their existing product lines. The company was not keeping up with current trends and was better known for its hunting boots and “mom jeans.” In order to reach out to a younger and more fashion-conscious consumer without alienating its core customers, L.L. Bean launched Signature in 2010. The Signature line reinterpreted heritage products with new styling details and updated fits to appeal to younger consumers. The line launch garnered significant media exposure in the fashion industry and helped the company attract younger customers. In 2014, the company recorded record profits and four years of revenue growth, driven in part by the success of the Signature line.

Just like there is no single reason for a popular brand to lose its luster, there is no silver bullet solution to revive an ailing brand. A strong and committed leadership needs to be willing to take risks by shaking up the product portfolio, establishing better process and systems to innovate new and more relevant products, and going beyond its comfort zone to attract new customers willing to pay for innovative products. This can’t be done all at once and often requires outside help to provide new perspectives, industry best practices, and a clear understanding of how innovation must be leveraged to make a brand more competitive.

For a list of sources used in this article, please contact Hala Hassoun

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