BRAND FAILURE & PRODUCT LIFE CYCLE: DESCRIPTIVE ANALYSES

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ABSTRACT: *The major objective of this study was to present the descriptive analyses for brand failure in Pakistan and link it with product life cycle. In the initial phase interviews and focus groups were conducted with senior marketing professionals. This led to develop the questionnaire for this study. Sample was selected from a pool of Brand experts with minimum one year brand management experience and appropriate level of training/education in brand management. 196 brand managers / marketing managers/ CEOs participated in this survey. Respondents were asked to mark items related to 'indicators of brand failures', 'reasons of brand failure', 'tactics to save brand from permanent failure' as 'Most important' to 'Least Important' on 5-point scale. All three dimensions were analyzed separately. Many findings can be inferred from this study. Firstly top three reasons for brand failure are (1) Incorrect positioning (M = 4.34); (2) Due to dissatisfied consumers (M = 4.20); (3) Non-availability of product (M = 4.18). Secondly top three indictors of brand failure are (1) Declining brand Awareness (M= 3.98); (2) Declining sales (M = 3.91); (3) Declining brand recall (M= 3.72). Thirdly, top three tactics to save brand from permanent failure are (1) Market research (M=4.36); (2) Re-positioning (M=4.00); (3) Re-vitalization (M=3.99). Finally respondents have linked brand failure with the product life cycle and around 90% respondents declared Introduction and Growth are major phases for brand failure while respondent's opinion was distributed on the phase in which brands can be saved from permanent failure i.e. Introduction (31%), Growth (40 and Maturity (25%). This study provides excellent insights on brand failure and proves to be an excellent support for practicing brand mangers/marketing managers.*

INTRODUCTION

The major objective of this study was to present the descriptive analyses for brand failure in Pakistan and link it with product life cycle.

A minor motivation is a curiosity about when to re-vitalize or re-activate the brand before it is too late in the local context [1]. The inspiration of studying the phenomenon of brand failure in local context is based on the book 'Brand Failures' by Matt Haig. A number of brand failures cases were discussed and inferences were drawn out of these case studies [2].

LITERATURE REVIEW

There is an abundance of literature on brands and branding areas but research on brand failures and their links with product life cycle is almost absent in contemporary literature.

Most products pass through the normal product life cycle stages i.e. Introduction, Growth, Maturity and Decline [3]. Product/Brand failures can happen at any stage of the product life cycle and are considered as regular features in the product oriented industries as well as in the service industries [4]. In the introduction stage the product is introduced to the market through the intense focused marketing efforts designed to establish clear identity. Many trials and impulse purchases occur at this stage. Next consumer interest brings about Growth stage distinguished by increasing sales and emergence of competitors. It is also characterized by sustaining marketing activities on vendor's side and customer is engaged in repeat purchase behavior. Then comes the product's Maturity stage that is characterized by competitors begins to leave the market, upward trends in sales reduces and sales become steady and only loyal customers purchase the product. Continuous decline in sales lead to Decline stage, where sales drop, as consumers may have changed, the product is no longer relevant or useful. Price wars continue, several products are withdrawn and cost control becomes the way out for most products in this stage. Product/brand failures are considered more lethal for businesses when they happen at the introduction and growth stage [5]. New product failure rate is referred to as the percent of new products actually introduced to the market and then fail to meet commercial objectives of the business unit that launched the product. Most of earlier studies on product/brand failure states that 80% of the new products fail [6] [7] (Table 1)

Table 1 Earlier studies on Brand Failure Rate

Earlier studies	Failure Rate
Friedman, H. H. [8]	80%
Berman, Rob. [9]	81%
Scanlon, Scott. [10]	80-90%
Dillon, Karen. [11]	80%
Copernicus Marketing [12]	80-90%

RESEARCH METHODOLOGY

With such a high failure rate it is worthwhile to find out that at what stage the product fails. The population of the survey is the marketing managers belonging to FMCG, health, pharmaceutical, services and manufacturing sectors based in Karachi. The sampling technique used in this survey was judgmental. A sample size of 196 marketing professionals was believed to be adequate for the current study [11].

The primary data was collected with a help of a questionnaire, designed specifically for the present study. In the initial phase of study, several interviews were made with several senior brand managers. These interviews were substantiated with the help of two focus groups. The respondents of focus groups were marketing professionals and faculty members of the top business school of the country. Based on the discussion of interviews and the focus group a questionnaire was designed. Keeping in view of very busy professional as target population, efforts were made to keep the questionnaire short.

Apart from the demographics of the respondents, there were three questions in the questionnaire. First question was based on the perception about the stage at which most brands fail. Second question was based on eight statements showing the indications of brand failure. Third question was about the major reasons of brand failure and had 28 items. Fourth question was about the tactics to save brands from permanent failure and had nine items. Respondents were asked to mark these items on five point Likert scale ranging from 'Not important' to 'Most important'.

DATA ANALYSES

Respondent's Profile:

196 marketing/ brand managers were interviewed for this survey. These professionals were employed in marketing departments of different industries/sectors and they have been grouped in four categories namely (a) FMCG (Fast Moving Consumer Goods), (b) Pharmaceuticals and Health, (c) Services (telecom, education, etc) and (d) Manufacturing. Most of the respondents worked in the service sector and belonged to advertising agencies, media buying houses, banks and consultancies. More than 50% of respondents have more than three years of brand management experience which signifies that selected sample is appropriate and qualified to comment on different aspects of brands and brand failures. 18% respondents have handled more than ten brands and around 34%.on 5-10 brands and 31% worked on 2-5 brands. 48.5 % of the sample was based upon MBAs which shows that these respondents have had the professional education which is relevant to the subject of the survey. 65% of the respondents were either the Chief Executives or Brand Managers or Marketing Managers of different companies. Others might not be having the same positions as required but they all belonged to the marketing departments. The brand knowledge of respondents according to their own perception was categorized as excellent 27%, average 41 % and poor 25% and rest did not answer this question. Combining excellent and average scores, it becomes 68% which was significant to generalize the findings.

Descriptive Analyses

Data was analyzed using descriptive analyses. Table 1 shows that more than 65% of the respondents think that most of the brands fail at the introduction stage and nearly 32% think that a brand that it can be saved in the introduction stage. More than 24% think that brands fail in growth stage and 40% think that they can be saved in the same stage. Failing of brand in the introduction stage is most dangerous. This table shows most brand tend to fail in introduction stage but if they pass on to growth stage their chances of survival increase. Respondents have linked brand failure with the product life cycle and around 90% respondents declared Introduction and Growth are major phases for brand failure while respondent's opinion was distributed on the phase in which brands can be saved from permanent failure i.e. Introduction (31%), Growth (40 and Maturity (25%). This study provides excellent insights on brand failure and proves to be an excellent support for practicing brand mangers/marketing managers.

Table 2 shows frequency distribution, Mean and Standard Deviation of Brand Failure reasons. Brands fail, lose favor, fade from memory, and suffer a decline in effectiveness and value, and this happens for a number of reasons. According to the brand experts who were the respondents of this study the most important reasons of brand failure includes Incorrect positioning, Due to dissatisfied consumers and Non-availability of product.

Top three reasons for brand failure are (1) Incorrect positioning (M = 4.34); (2) Due to dissatisfied consumers (M = 4.20); (3) Non-availability of product (M = 4.18).

Table 3 shows the brand failure indictors. Respondents when asked what do they consider as brand failure. Declining brand awareness and declining sales were the most consistent answers. Top three indictors of brand failure are (1) Declining brand Awareness (M= 3.98); (2) Declining sales (M = 3.91); (3) Declining brand recall (M= 3.72).

Table 4 shows frequency distribution, Mean and Standard Deviation of importance level of branding tactics to save brands from permanent failure. Top three tactics to save brand from permanent failure are (1) Market research (M=4.36); (2) Re-positioning (M=4.00); (3) Re-vitalization (M=3.99).

Table 1 Brand Failure & PLC phases

PLC Phase	Phase in which most brands fail		Phase in which brands can be saved from permanent failure	
	N	%	N	%
Introduction	128	65.31	62	31.63
Growth	48	24.49	79	40.31
Maturity	18	9.18	46	23.47
Decline	2	1.02	9	4.59
Total	196	100.00	196	100.00

Table 2 Frequency distribution, Mean & Standard Deviation of Brand Failure Reasons

Reasons of Brand Failure	Importance level (1 - low; 5 - high)					M	SD
	1	2	3	4	5		
Incorrect positioning	0	8	24	58	106	4.34	0.85
Due to dissatisfied consumers	3	11	25	62	95	4.20	0.97
Non-availability of product	1	9	23	84	79	4.18	0.85
Incorrect target market selection	0	10	29	81	76	4.14	0.85
Ineffective advertising/ promotion	1	8	33	82	72	4.10	0.86
Incorrect market segmentation	3	14	38	59	82	4.04	1.02
Not suitable according to market needs	2	11	31	87	65	4.03	0.90
Poor distribution	3	13	31	85	64	3.99	0.94
Irrelevant Product concepts	1	9	47	84	55	3.93	0.87
Inability to communicate the benefits of the product	0	15	43	82	56	3.91	0.90
Poor Packaging	3	10	41	89	53	3.91	0.90
No USP	2	13	52	65	64	3.90	0.97
Inability to read the market forces	2	13	48	84	49	3.84	0.91
Pricing do not match with the positioning	2	16	45	82	51	3.84	0.94
Due to low brand awareness	3	13	47	85	48	3.83	0.93
Due to executive push of an idea that does not fit the market	3	17	42	89	45	3.80	0.94
Pricing faults	5	13	45	88	45	3.79	0.96
Launching product at the wrong timings	2	16	52	82	44	3.77	0.93
Poor timing of Brand launch	4	16	54	79	43	3.72	0.96
Lack of attention paid to the PLC stages	4	11	66	76	39	3.69	0.92
Inability to read cultural cues properly	3	26	46	81	40	3.66	1.00
Lack of viable niche /segment	4	23	62	77	30	3.54	0.96
Overestimated market size	3	27	65	72	29	3.49	0.96
Inappropriate slogans	4	25	73	63	31	3.47	0.97
Due to societal reasons	3	32	63	67	31	3.46	0.99
Strong competition	9	27	57	70	33	3.46	1.07
People may not be motivated to try a failed brand	9	21	68	71	27	3.44	1.01
Me-too strategies	3	34	63	71	25	3.41	0.97
Due to Cultural reasons	5	35	58	74	24	3.39	1.00
Too many brand extensions	9	33	60	69	25	3.35	1.05
Failed to get high Ad recall	6	32	70	72	16	3.31	0.94
Having unrealistic features	8	36	69	60	23	3.28	1.03
Dilution of brand image due to irrelevant brand extensions	5	48	64	65	14	3.18	0.97
Consumer hatred towards country of origin	24	60	63	40	9	2.74	1.06
Cheap image of country of origin	33	56	56	49	2	2.65	1.06
Global brands fail more often than local brands	39	60	54	37	6	2.55	1.10

Table 3 Frequency distribution, Mean & Standard deviations of Brand Failure Indicators [N=196]

Brand Failure Indictors	Importance level (1 - low; 5 - high)					M	SD
	1	2	3	4	5		
Declining brand Awareness	1	12	39	82	62	3.98	0.90
Declining sales	2	15	46	68	65	3.91	0.98
Declining brand recall	5	18	47	82	44	3.72	1.00
Declining profit margin	11	29	48	70	38	3.48	1.13
Declining market share	2	29	61	80	24	3.48	0.93
Declining advertisement recall	9	27	64	70	26	3.39	1.03
Product withdrawn from market	14	32	52	64	34	3.37	1.16
Shorter product life cycle	7	32	67	65	25	3.35	1.01

Table 4 Frequency distribution, Mean & Standard Deviation of Importance level of Branding Tactics to save Brands

Branding Tactics to save Brands	Importance level (1 - low; 5 - high)					*M*	*SD*
	1	2	3	4	5		
Market research (organizing information about brands & customers).of brand failure	1	4	26	58	107	4.36	0.83
Re-positioning (changing the brand's image in consumer's mind)	0	15	42	67	72	4.00	0.94
Re-vitalization (changing brand elements or promotion mix)	1	9	48	70	68	3.99	0.91
Brand Audit (measuring health of brand & detecting failure early)	2	8	45	77	64	3.98	0.90
Brand Reinforcement (reassuring current attitudes towards a brand)	2	15	54	82	43	3.76	0.92
Brand Activations (engaging customers & extending the PLC)	5	11	58	82	40	3.72	0.94
Brand Tracking (measuring rebranding actions & detecting failure early)	20	14	39	81	42	3.57	1.20
Brand Extensions (launching new products in different category)	9	44	70	57	16	3.14	1.01
Celebrity endorsements (involving celebrities to promote the brand)	6	54	75	49	12	3.04	0.95

CONCLUSION

Product and brand failures occur on an ongoing basis to varying degrees within most product-based organizations. This study highlights that brand failures occur mostly in the introduction and growth stage of product life cycle. The rate of failure of is highest at the introduction stage and the stage at which the brand can be saved is the growth stage.

At introduction stage the company cannot do much to save the brand while in growth stage strategies like Brand Activations by engaging customers, Celebrity endorsements to promote the brand can help to extend the PLC. At maturity stage sales growth slows down, no new channels are established and new competitive forces emerge. It is at this stage the companies think implementing the strategies of Market Development, Product Modification and Marketing Program Modification to save the brand from failure. Brand Audits (measuring health of the brand), Brand Tracking (measuring rebranding actions), Brand Reinforcement and Brand Revitalization (changing brand elements and promotional mix) can also help to save the brand. At the decline stage sales decreases due to number of reasons including technological changes, consumer preference changes and new competitive forces. Many companies have not developed policies to deal with aging products and they let the products either die their natural death or with draw from the market. The saving of brand at this stage depends on the attractiveness/ unattractiveness of the industry. The positioning and differentiation strategy of a company needs to change at different stages of the product life cycle if it wants its products to succeed [4].

LIMITATIONS

The ideal respondents for this study would have been the marketing/brand managers of the companies with failed products but finding such respondents is very difficult. Therefore respondents are those managers that are currently working in marketing departments of established companies. This may adversely affect the composition of the population but that was inevitable. Another limitations was that as no instrument for data collection was available from previous studies hence data collection tool was devised by the authors based qualitative data acquired in exploratory phase of the research. This study is limited to the perceptions of the respondents and no evidence was sought to verify it.

MANAGERIAL IMPLICATIONS

Each product failure can be investigated from the perspective of what, if anything might have been done differently to produce and market a successful product rather than one that failed. The ability to identify key signs in the product development process can be critical. Studying product failures allows those in the planning and implementation process to learn from the mistakes of other product and brand failures. If the product should make it this far, assessing risk before the product is marketed can save an organization's budget, and avoid the intangible costs of exposing their failure to the market.

Analysis of Product Life Cycle can alert a company as to the health of the product in relation to the market it serves. PLC also forces a continuous scan of the market and allows the company to take corrective action faster. But the process is rarely easy.

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