

Branding is another headache for SBC, AT&T

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As rumors fly that SBC plans to drop its brand and adopt AT&T's name when the two companies complete their merger, experts are mixed on whether or not they are doing the right thing.

BusinessWeek Magazine is reporting this week that SBC intends to assume the AT&T brand. The companies themselves say no decision has been made thus far.

Ovum Principal Analyst Jan Dawson said in a statement that SBC's reported decision is the right one.

"AT&T is the right brand for the business market, especially internationally," he said. "If (SBC) intends to ramp up activity around AT&T's consumer VoIP service nationally, the AT&T brand is the logical choice."

Telecommunication industry expert Jeff Kagan expressed doubts about the value of AT&T's name, however.

"They needed to keep the AT&T name months ago, but not so much anymore," Kagan said.

"AT&T is not the same company it was," he added, noting how the company focus has shifted away from long-distance phone service in recent years.

Dawson noted that the SBC brand, "while powerful in SBC's home

region in the west and south of the U.S., is relatively unknown nationally and internationally."

Kagan echoed this, saying that the name that they go with should be connected to the goals of the company.

"They have to decide," he said. "Are they going to be regional player, a U.S. player, or a global player?"

Kagan said it would be "a shame" to discontinue the long-standing AT&T brand.

"AT&T has a long history to it and could be invigorated" by the merger, he said.

A few months after the SBC merger, Verizon and MCI will complete their merger. The same question of branding looms there.

Dawson said the rumors he's heard imply that they're planning to keep the Verizon name globally. "This would be a mistake," Dawson said.

"Having cobbled together the WorldCom business from multiple brands and then rebranded as MCI on emergence from bankruptcy, the last thing MCI needs is the confusion of changing again, this time to Verizon," he said.

Dawson suggested that using both the MCI and Verizon brands could be a possibility.

"Domestically, the Verizon brand is stronger nationally because of the prominence of its wireless arm," he said.

"As a result, maintaining that brand for the consumer market while

maintaining the MCI brand in the business market might be the best strategy."

Kagan came to a different conclusion.

"For the Verizon/MCI merger, it's clear Verizon wins," he said, noting that the MCI brand does not have a long history on its side, as the AT&T brand does in its merger.

"Verizon's name is associated with a very large combined company," Kagan said. "They made a transformation and came up with a new name."

Dawson said that in general, merging companies have a few options: adopt one of the brands of the companies involved, maintain both brands for separate markets, or invent an entirely new brand.

"Thankfully, so far neither company appears to be tempted" to choose the latter option, Dawson said. "There will be disruption and confusion enough from both mergers without adding to it in this way."

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