

THE NAME GAME; AT&T's Plans to Phase Out Cingular Brand Rife With Challenges

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By Kelly Hill

AT&T Inc. HAS A HISTORY as a highly respected brand. Cingular Wireless L.L.C., its name and image conjured out of thin air just a few years ago, is a young and thriving brand that AT&T has begun to dismantle.

So far, AT&T has hinted that it might salvage a few vestiges of the Cingular brand: the color orange will be associated with the company's wireless offering, instead of its traditional blue. Cingular's "raising the bar" tagline is being integrated into some of the transitional marketing and may survive in some form. But overall, the company will quash Cingular as thoroughly as the new brand tried to stamp out the former AT&T Wireless Services Inc. when it acquired that company in 2004.

But given the strength of the Cingular name, which had some record performances in its quarterly results for 2006, AT&T could face some bumps in the road-particularly since the old AT&T Wireless brand doesn't have particularly good associations. RCR Wireless News' sister publication Advertising Age has estimated the value of the Cingular brand at \$6.7 million.

"They've done an awesome job with the Cingular brand, and now the Cingular brand is more liked than the AT&T brand," said Ovum analyst Roger Entner. "The AT&T brand has quite a lot of wireless skeletons in its closet. People remember with a shudder when you say 'AT&T Wireless.'"

Before it was acquired by Cingular, AWS' final quarters were rash with customer defections that began with a fumbled wireless local number portability implementation.

Ed Keller, CEO of **Keller Fay Group**, said that no matter what the chosen brand name, telecom companies have a serious problem when it comes to positive word-of-mouth by consumers. Telecom companies such as Verizon Communications Inc., Sprint Nextel Corp. and yes, AT&T, are some of the biggest advertising spenders out there, pouring millions upon millions of dollars into advertising accounts each year.

According to Keller Fay Group's continuous survey of conversations among consumers, telecom companies do succeed in generating mentions of their brands in daily chit-chat. However, most of those mentions are negative or mixed.

“There's no shortage of word-of-mouth,” Keller said. “It's just not good word-of-mouth.” According to Keller, the company's TalkTrack study shows that overall, telecom word-of-mouth has the highest percentage of negative mentions than any of the other categories that the company tracks, and ranks substantially below categories such as healthcare and financial services. And even among the telecom word-of-mouth, AT&T limped in a tie for last in positive word of mouth, while Cingular ranked second.

Rob Enderle, principal analyst for the Enderle Group, called Cingular a more “up and coming and trendy” brand than AT&T, which might have lingering negativity as a dying wireline brand for some consumers.

“When you change the brand, it introduces uncertainty into a market that you want to be very certain,” Enderle said. While the move to a single AT&T brand, he added, is probably a strong strategic move for the company, it also could “be a little painful tactically.”

It's the network

“It's going to be an interesting dance,” he said, adding that “If you spend too much time on corporate branding, you lose focus on the product and sales drop. If you put too much on the product area, the corporate brand doesn't have enough strength.”

On the other hand, new marketing and overall customer service efforts can revitalize a brand, Keller said-but it's not just a matter of spending more money.

“It really does begin by listening,” Keller said. “You can't just buy your way to good word-of-mouth. You truly need to understand the customer experience and resolve problem areas instead of wishing for them to go away. When you start to do that, a different set of possibilities kicks in.”

For Cingular's part, CEO Stan Sigman emphasized during a conference call last week that he isn't worried about the company's ability to rebrand; after all, they've already done it once. Sigman said that the company will do co-branded advertising for as long as it takes until market research shows that consumers and business customers are aware of the transition; he said that he hopes to go ahead with AT&T-only branding by the 2007 holiday season. And, he added, “The strength of Cingular in itself is not the brand. It's the network, it's the customer experience, it's distribution channels and the compelling products and services. That doesn't change.”