

BT Cellnet to O₂

Undoing the brand

In September 2001, UK mobile phone operator BT Cellnet announced it was getting rid of its brand name in favour of a new international identity. The decision followed a continuing drop in its market share of call revenues. Furthermore, BT Cellnet's arch-rival Orange (often admired for its brand name) increased its revenues and knocked BT Cellnet into third place, behind both Orange and Vodafone. Cellnet's first parent company, British Telecom, had sold off its mobile operation and the new owners felt no reason to stick with the struggling identity.

When the announcement to scrap the brand name was made, analysts agreed it might be the right move. 'Cellnet had a head start being part of BT but it has somewhat sat on its laurels,' said Louisa Greenacre, telecoms analyst at ING Barings. 'Orange has been more aggressive, while Cellnet has not got its branding strategy right, particularly as the brand Genie, BT's mobile phone Internet portal, is slightly distracting.' She added that BT Cellnet's strategy, similar to many mobile operators, had been to grow a customer base as quickly as possible, but brand loyalty would be the key to increasing average revenues from that user base.

The new brand name was O₂, the chemical symbol for Oxygen. 'We have chosen a name that is modern and universal,' said Peter Erskine, chief executive of the mobile business. The new name spelt the end for the variety of brands carried by the BT Wireless Group. These included Cellnet in the UK, VIAG Interkom in Germany, Telfort in the Netherlands and Digifone in the Republic of Ireland. The Genie mobile Internet portal was also to be relabelled.

So why O₂? 'Oxygen is the key thing to life and you don't have to teach people to spell it,' explained Peter Erskine. 'There were hundreds of names to start with and O₂ leapt off the pages fairly early. It's a universal term. We wanted something that was easy, clean and fresh.' The branding exercise was viewed as all-important, both inside and outside the company. 'Brands are now being measured in a way they haven't been measured before,' one analyst told the *Telegraph*. 'They're not seen as a nice accessory, they're seen as a valued part of the business.' BT Cellnet was a confusing brand, complicated by BT's other UK mobile brand identity, Genie. When British Telecom sold off its mobile operation, the new owners felt the name-change would help to forge a clearer, more relevant identity. But did it? The early signs are that it didn't. Indeed, despite a massive marketing campaign including sponsorship of the TV show *Big Brother*, many are unfamiliar with the name. According to a poll conducted by Continental Research for their Summer 2002 Mobile Report, almost eight in ten BT Cellnet subscribers did not realize the service had been renamed O₂. 'The decision of the new owner to abandon the brand has left customers – many of whom are older executives who were the first to buy mobiles – unimpressed,' reported the *Guardian*. 'This does suggest there has been some difficulty communicating the change of name to current users of the O₂ network,' agreed Colin Shaddick, the director of Continental Research.

Lessons from BT Cellnet

Don't overlap brand identities. When BT set up different mobile businesses with different names, such as Cellnet and Genie, it created consumer confusion.

Realize that brand names can't be 'undone' overnight. Despite investing millions into the name change, O2 remains unfamiliar to many mobile users.