



## When Teaming up is your Strongest Strategy:

### *Co-branding and Celebrity Names.*

#### THE OPPORTUNITY:

*“Determine the best way to leverage a popular racer’s name in the motorcycle industry.”*

## The Situation

When you are a retired legendary motorcycle racer, you consider how best to harness the value of your name recognition. Pied Piper Management Company (PPMC) was asked to look into whether a motorcycle brand could be started, based upon the retired racer’s name.

At the time of this case, our legendary racer was running an internationally renowned independent Moto GP motorcycle racing firm. Moto GP is the absolute pinnacle of motorcycle racing: the Formula One of motorcycling. This race firm designed, developed (including engines and chassis) and raced motorcycles. His bikes were raced head to head with such brands as Honda, Yamaha, Suzuki, Kawasaki, Ducati and Aprilia. The firm’s immediate goal was to dominate the Moto GP racing circuit by developing a

a uniquely, superior race bike, taking advantage of the small team’s expertise and quick reaction.

To capitalize on existing design and manufacturing expertise, the team located to the heart of Banbury U.K. (England’s “Formula One Belt”) and teamed up with a like-minded high performance car and bike racing suppliers. The company designed and produced motorcycles on a very small scale, for a handful of team racers. New prototypes were rolled out to the racers every few months. Profits came from sponsorships and endorsements.

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“How can we further leverage our founder’s name to expand our presence in the sports bike market?”

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## The Approach

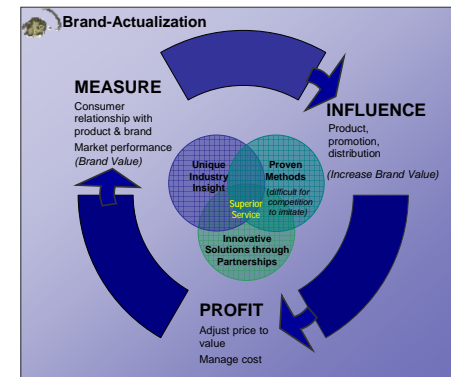
*Multifaceted, Analytical, Insightful, Creative, Practical.*

Our approach to becoming an Icon is straightforward but its implementation requires a highly experienced strategy

expert equally savvy in conceptualizing and implementing marketing strategy as well as calculating financial position and organizational capabilities.

#### ***Become an Icon.***

The diagram below explains PPMC’s unique approach to transforming brands into icons through Brand-Actualization. Brand-Actualization is the process of achieving your brand’s full potential.



#### **Measure, Measure, Measure.**

No guess work here. Our first step was to understand the value of our legendary racer’s name...Who did the name appeal to, who recognized the name, what

attitudes, associations and images did the founder's name invoke in the minds of the consumer, what influence did the name have over the consumers' decision to purchase?

By combining PPMC's unique industry insights with our proven quantitative and qualitative research methods, we measured several aspects of our legendary racer's brand name, as well as the receptivity of his name as a brand within the motorcycling market. We determined that our legend's name was more recognizable in the sport bike market than many of the sport bike manufacturers themselves.

### Influence

Drawing from our industry expertise and research gathered in the measurement phase, PPMC outlined the best product match for our legendary racer. We narrowed our scope to the segment of the motorcycle market where name recognition was at its highest: 89%, and uncovered opportunities within this market, from setting up a motorcycle manufacturing operation to co-branding with existing manufacturers, to setting up a retail dealership to sell motorcycles, parts and apparel.

### Profit

In the process of evaluating potential products, we drafted several model business plans. In each plan the final step was to revisit customer demand and adjust the price according to the brand value. This process identifies

the optimal price for the product, by considering the customer demand.



The above chart is an example of how to determine the optimal price ( $e=1$ ) for a given, customer demand.

## The Result

It was clearly a matter of finances. As a small racing company, funded mostly from sponsorships and endorsements, the capital expenditure necessary to implement most plans would require one or more investors.

Our legend's brand value was strong enough "to influence over 60% of motorcycle enthusiasts to be more inclined to buy a bike, if our legend's brand name was attached". So the brand name was strong enough to promote a line of bikes; however, the large cash investment needed, plus the little experience our team had in mass production manufacturing and distribution created a relatively high market entry risk factor.

Starting a dealership or purchasing an existing dealership carried less risk

than manufacturing bikes, since the upfront costs were less. Franchisers often provide Franchisees with manufacturer sales support, and existing dealerships come with an established customer base.

Similarly, entering into a joint-venture with an established motorcycle manufacturer to launch a line of branded motorcycles offered a much less expensive opportunity.

In the end, the best option was to leverage the legend's name through a co-branding strategy. This approach required the least cash upfront, and provided the greatest opportunity to take advantage of the legend's brand recognition without surrendering control of his name to a third party.