

Experts expect branding to suffer: Company faulted for moving slowly away from namesake

by Greg Gatlin

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A Martha Stewart Living Omnimedia corporate report in 1999 said the value and success of the company's brand "depends, to a large degree, on the reputation of Martha Stewart."

So what happens to the Martha Stewart brand if the domestic stylesetter winds up crafting curtains behind bars? Can the company survive, now that its namesake is no longer at the helm?

Martha Stewart Living Omnimedia said late yesterday that she will step down as chairwoman and chief executive, though she will continue to serve as chief creative officer, and on the board.

Yesterday, the company said it will put a new plan into place aimed at ensuring it can move forward. Sharon Patrick, the company's president and chief operating officer, will take over as chief executive. Jeffrey Ubben, a director, will become chairman.

Stewart said she will continue to be "instrumental in the company's creative efforts."

But branding experts say the company may not have moved rapidly enough to insulate its brand from the potential fallout of a fallen leader. Elsie Maio, president of branding consultant Maio & Co., said the company should have begun to move the brand away from Martha months ago, when the scandal started brewing.

"I think the corporate voice has to come from someone other than her, and it should be very loud," Maio said. "It should be about the organization, about the strength and talent behind the brand and the creativity that will endure."

Joe Marconi, a marketing expert based in Western Springs, Ill., said that while the company's brand was built around Stewart, it now extends beyond her. Marconi expects Martha Stewart Living Omnimedia will survive.

While she may not have shared all the credit, she did make frequent references to the organization producing shows, books and magazine, he said. "I think the brand has an excellent chance of becoming a Betty Crocker-type franchise," he said.

The company's stock closed up 5 percent, or 48 cents, yesterday to \$10.

In a press release, Martha Stewart Living Omnimedia yesterday stressed its "respected brand labels" and its team of 600 "talented" business people, cooks, gardeners, craftspeople, decorators and others.

Stewart said she's stepping aside because it's the right thing to do. "I love this company, its people and everything it stands for," she said, adding her stepping down will help the company build confidence with its customers.

One loyal customer said she'll continue to purchase Stewart's products, despite the charges.

``There's a vendetta against her and people are jealous of her success," said Alice Russell, of Belmont, shopping at the Kmart store in Brighton. ``I think she deserves to be fined, not ruined."

Sean Bean contributed to this report.

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