

STRATEGIC ISSUES IN GLOBAL BRANDING

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ABSTRACT

(The strategy to develop a global brand depends on two key factors i.e. the domestic compulsion and the global market opportunity. Entry and success of various multinationals in different emerging markets including India have made the strong domestic players to think about pursuing a global branding strategy. This decision is a functional variable of two key indicators like the pressure for globalization and the degree of key asset convertibility to suit the global business order and taste. This paper highlights some of the key issues related to the global branding strategy with an analysis of the variables for domestic brand success. The author also delves in to the various common approaches to global branding including the tangible benefits of global brand building and its strategic implications)

Key Words: *Global Branding, Product Standardization, Enabling Technology, Brand Building.*

INTRODUCTION

Developing a global brand largely depends on the brands ability to explore fresh avenues and to sustain its competitive advantages in terms of economies of scale and productivity. A global brand is one which is perceived to reflect the same set of values around the world. A global brand removes the national barriers and linguistic blocks while marketing internationally. The basic of brand building applies to the global branding strategy also. For a brand to become successful, a genuine demand or a psychological need must exist in the market. Today when we are looking at a global market, one has to realize that at the most basic level all human beings share common physiological and safety needs as explained by Maslow.

What separates a customer from another customer at some distant geographic location is the complex social, cultural and esteem needs of the customer depending upon the stage at which the civilization/ nation is in the process of development. One common understanding is that despite centuries of technological development these needs have remained as crucial as ever. At best they have undergone changes /modifications due to cultural and social processes.

The real challenges comes for a brand manager when he has to make the consumer aware about the product/service offered in a distinctive pattern ,may be with a name, logo or color so that the strategy enables the customer to correctly identify and choose the brand from a cluttered basket. The brands strength is not

confined to the degree of recognizability and the quality of the product offering. Brands deliver more than just a predictable assurance about quality. Strong global brands deliver to the strong emotional need. A brand like Nike talks about believing in one's limitlessness. Rin speaks about destroying dirt which we see in its most fundamental form as a threat that disrupts the neat orderly world that we live in!

A strong global brand while addressing a fundamental human motivation delivers to this motivation in a distinctive way. They are driven by distinctive brand ideas. The product is seen in the market place as an expression of brand idea. The product merely translates the brand idea in to a tangible form with features and styles that is delivered to the consumer. Dettol being a global brand is driven by an idea of absolute certainty it provides in feeling protected against the hostile forces of the dirty world. This brand idea the company is pursuing through out the globe irrespective of the fact to which cultural domain they are targeting for.

Consumers in all these countries experience the brand idea only through the strategic actions of the brand in the market place. These brands send market signals consistent with the idea that they stand for. Starting from the tangible attribution of the brand through the product to the integrated marketing communication, the brand consistently sends the same signal in every market. The more consistent is this marketing signal, more clear is the brand image across the country for the global brands. The research suggest that strong brands and are built over time. A brand trust gets built over a large number of interactions across a range of situations. So a strong global brand is like a network of complex psychological and market structural issues that include situations, associations, behaviors feelings and symbols held by a strong and powerful driver with a central idea.

A successful marketing strategy has two options in creating a market presence. It has to kill competition by constant communication and advertising or use communication to make the customers feel the method to discriminate in favor of the brand. A strong global brand creates associations in consumer mind to make them see differently by guiding consumers to attach distinct functional and emotional benefits and appropriate meanings and beliefs to the brand. As a response to this effort the consumer is willing to pay a premium for these brands only if they represent added value whether as superior quality or a clear emotional benefit.

The brand communication should also communicate and connect to the people. The connectivity of Britannia with health is well felt all over the world. This connectivity is the rational justification for them to overcome the extra spending to acquire the brand. Successful brands live beyond generations due to this connectivity. It is not only satisfying customers of different countries with varied cultural background but also connects with new generations with their new set of values, hopes and ambitions. For a successful global brand it has to click across the vertical class of generations and horizontal mass of global market.

In a global economy organizations must reach customers in markets far from their home base. Strong brand acts as an ambassador when the companies enter new market or offer new products. It also helps in rectifying the corporate strategy to define which initiatives fit within the brand concept. Brand building for service firms

have to modify their corporate strategy also. Professional Services Company such as Anderson consulting re-branded as Accenture have realized that conveying a sense of trust and shared mission is as important as technical competence in winning multi million dollar contracts across the globe. Information and the media have made us all global citizens. This presents an organization with the opportunity to broaden market scope by internationalizing product and service marketing in order to reap the benefits of economies of scale.

Issues in Developing a Global Brand

There are various issues at the organizational level that decides about the global branding strategy. There are two strategic parameters affecting the decision of global branding. They are the relative strength of globalization pressure in that particular industry and the degree to which the company has internationally transferable assets. If globalization pressures are weak and the company's assets are not transferable including the brand then the company need not go for a global brand .It should concentrate in the domestic market in creating a higher brand value. If globalization pressures are weak and the company has transferable assets then the company should look for extending in to a similar market with a global brand.

The home advantage due to a strong brand proposition can be used as a platform for building brands in selective markets. By this the company can reap added revenue and scale economies with valuable international marketing experience. This category of global brand extension goes for looking at analogous international markets which are similar to the home market in terms of consumer preference, geographic proximity, cultural similarity or even government regulation. Bajaj Auto's extension to the south Asian market for their three wheelers is an example of brand success in analogous market. The success of Indian movies with a typical emotional branding is another example of brand success.

Companies can look for countries with common cultural and linguistic heritage. The success of Ramanand Sagar's serial "Ramayan" in Asian market is also another example. The story of Asian Paints in Indian market has made it to go for global branding in countries like Nepal, Fiji and Korea with its typical low cost formulations and service delivery propositions to support the brand name called "Asian Paints".

Companies from emerging markets can also go global and launch global brands. However for having a global brand one has to take in to consideration a different set of opportunities and constraints. The low cost of wage and proximity to raw materials also give a competitive advantage for domestic companies to go global. If these players can overcome the deficiencies in skills and financial resources then launching a global brand will be a difficult proposition. The success of Infosys and Wipro as brands in the global market is example of global branding success in high-tech industry.

However there are many complex factors that can affect a global marketing strategy. These include the nature of the product (for example consumer durable products being more suited to standardization than non-durables), features of a particular market and even organizational history

Common Approaches to Global Branding

The development of standardized marketing strategies can vary dramatically - for example, should the strategy be based upon the common features of a trans-national mass market or upon the identification of common clusters in different countries? The problem for a multi-national organization is that it operates in a number of countries and adjusts its products and practices in each at substantial cost. So by standardizing elements of the marketing mix through an international strategy, the argument is that efficiency can be greatly improved.

But question marks hover over the extent to which a uniform marketing strategy can be implemented. A great deal of diversity exists in geographical markets in terms of physical conditions and marketing infrastructure, not to mention political and cultural issues which may impact at brand and advertising level. Cultural disparities can be a major stumbling block for the generation of trans-national brand names. Initiatives such as the world trade organization is obvious attempts to combat some of these problems by the removal of national differences and the creation of a borderless world. The idea is that this will enable the rationalization of product mixes to eliminate brands geared towards particular local requirements.

Technology as a Catalyst for Product Standardization

The development of the Internet and satellite television has paved the way for cross-boundary advertising and promotion. But authors such as Mead have also recognized that a basic similarity in tastes between countries is an important factor. Significant commonalities exist in Japanese, American and European lifestyle patterns and consumer demands. It is often argued that increasing travel and electronic communications will lead to the harmonization of such tastes and preferences.

Various factors affect the extent to which companies adopt a uniform global branding approach. There are several types of trans-national approaches that can be adopted. The 'geocentric' approach is of interest here as it may be viewed as being synonymous with the term 'global branding' - whereby a company attempts to identify similarities among markets and implement strategies with standard components. However, standardization and globalization are not necessarily synonymous, as companies may adopt global branding strategies that can contain within them varying degrees of adaptation to local conditions.

The standardization of global branding will take account of two broad dimensions - the marketing process and the marketing mix. In terms of the marketing mix, the manner in which a brand is positioned can affect cross-border transferability. Price is also a key issue as it can reinforce the position and perception of a brand. Price can vary dramatically in different countries due to the competitive structure of the market and taxation. Therefore substantial pricing differences can lead to different brand

strategies being pursued. But brand identity and a clear, consistent message across countries can be asserted through standardized packaging.

Literature survey carried out for this article examined the global fast food industry. It was found that there was a variation in the branding strategies of the companies involved, despite the fact that many were striving to develop some degree of standardization. This seems to indicate that the creation of a global strategy will meet considerable local obstacles. The transition of the Marathon brand to Snickers and Opal Fruits to Starburst may indicate that global branding tends to be developed incrementally. As we can see this leads to long established brands in one country being sacrificed in order to achieve harmonization.

The Brand Offer

A logical brand offer should provide the similar communiqué across all the countries. Long term brand loyalty is akin to getting the consumer to marry a brand and requires that the marketer provide the same set of information one needs to decide upon marrying a person, i.e. information about the physical attributes, the style and the character of the brand.

Questions on physical attributes like how well does the product perform, how competitive is its price may require some adaptation to local market conditions and culture: An American laundry detergent may not satisfy an Indian housewife, used to washing her laundry at near-boiling temperatures. Physical attraction is in great part determined by culture.

Questions on style like how the physical-attributes message is delivered, is even more rooted in culture. British, whose ad culture grew from magazines, want hard facts. Indian culture is inclined to imagery and may resist hard sell. Other Asians are sensitive to symbolism, Americans to humor etc. There is some truth to these generalities, even though the rules are often successfully broken.

Character of the communication is the key element of branding and the backbone of a global branding strategy. It requires an absolute consistency of purpose which one can only achieve by having at the onset of the communication planning, a very clear idea of the set of values to be linked to the brand. A McDonald's commercial from the US, Germany, Brazil or Japan is readily recognized as a McDonald's commercial, even though it may have been produced locally, and by a different ad agency. It will consistently convey some or all of the values (service, friendliness, understanding of family life etc.) which are attached to the company.

Global marketers need to first write a thorough and sustainable Brand Strategy which lists the character traits intended for the brand. Then they should set up an organization which can tactfully direct, teach and evaluate the brand's communication to ensure consistency while at the same time preserving the autonomy (and thereby the quality) of local management. A thorough understanding of influence of brand is necessary while formulating a global branding strategy. Today's leading brands are personalities in their own right and are well known in all societies and cultures as film heroes, cartoon characters, sports stars or great leaders. In Asia, Coca Cola, Sean Connery, Nestle, Sony, Batman, Mercedes and Michael Jackson are equally well known. Thousands of people relate to brand personalities in the same way as they do

to human personalities. There is of course a psychological basis to this and the psychology behind brands really stems from Carl Jung's work where he described the four functions of the mind - thinking, sensation, feeling and intuition.

Tangible Benefits of Global Brand Building

Global brand building drastically reduces marketing investments. A strong brand needs lower and lower levels of incremental investment to sustain itself over time. A new and unknown player will have to spend two to four times the market leader to achieve the same share of mind. Given the huge difference in business volumes, the pressure of the bottom line is much higher for an un-established player.

Global brand building facilitates long range planning. The ability of the managers of Lever, Nestlé or even homegrown organizations like Wipro, Hero or TVS to target and budget primary sales would be infinitely simpler than for someone responsible for a relatively un-established brand in the global market. Strong global brands always account for more stable businesses.

Global brand building commands a premium. As long as there is a distinct value attached to your offering, the consumer will always be willing to pay more for it. That is the only reason why an unknown brand called Titan could command a substantial premium over HMT. That is the same reason why a brand like BPL at a higher cost beat the stuffing out of companies like Akai, Sony and Phillips in the TV wars.

Global brand building builds entry barriers. Human beings as a species love status quo. Therefore, a brand, which is entrenched in the consumer's mind, is very difficult to dislodge. If for nothing else, the sheer inertia will override any cooing and wooing noises that the new entrant would create. This consequently implies stability of business and therefore stability of revenue.

Global brand building increases cash flow efficiency: Today, a Lever distributor leaves signed checkbooks with the company to be filled in on material dispatch. This is true for most global brands with strong franchises. Global brand building also increases value of the business due to the international presence.. Phillip Morris bought Kraft from General Foods in 1991 for US \$13 billion. More than three times its book value. Coca-Cola paid US \$60 M to acquire Thums-Up from Parle's. Neither buyer had any lacunae in manufacturing, finance or human resources. They merely bought business with very powerful brand equities and therefore paid more than the net worth of the businesses.

Strategic Implications

There is an assumption that the world is becoming homogenized, yet national and sub-regional cultures do exist. This makes global branding a tough challenge and one that is handled differently from organization to organization. Some companies pursue strategies based upon the identification of common elements among countries, whilst others find it more profitable to adapt and adjust according to specific conditions in various markets. There are five basic propositions that a global brand manager has to take note of while developing strategy at global level.

Global Orientation at the Corporate Level

Many marketers operate in global markets with a strategy still rooted in the domestic market. The strategy needs to embrace the opportunities and the costs of working in multiple countries. The marketer has to look for his competitive advantage outside the country of origin. What will allow one to compete and win in a country that one has never heard of? Are the product and the brand in particular needed in another culture? Only careful consideration of these questions will create the right platform for a global branding strategy.

A Global Management Team

Global management teams tend to reflect the environment in which they operate. They are made up of representatives of various cultures and backgrounds in their respective countries. As a result, this type of team is a challenge to manage. The work culture and pattern varies across countries. The key to building a global team is to have it start by working on something of substance together- to create and build a common vision of the future. That will globalize the company's strategy while establishing new working relationships across the globe.

The D.U.M.B. Test for a Global Brand Potential

Global branding is not simply a marketing or advertising program. It is a way of doing business that transcends the requirements of advertising and affects every aspect of the business enterprise. A brand is a very valuable commodity in any market-usually commanding a premium price and significant loyalty among its regular users due to the proposed promise of *performance*- one that is consistently delivered at a reasonable value and meets a perceived need among its consumers.

A simple test to see if the company has strong global brand potential is to see if the brand meets the "D.U.M.B." test. Is the brand promise Demonstrable? I.e. can consumers see the promise of performance in action? Is it *Unique* and different from locally available alternatives? Is the promise being made Meaningful? It doesn't help if the brand claims something that isn't important to the local consumers. Is the promise Believable? If they don't buy the claim they won't buy the product.

Technology as an Enabler

If the brand manager makes a bold promise of performance with his brand he must be able to deliver. That requires some "enabling technology" that can carry the brand around the world. The enabling technology should be proprietary, have inherent barriers to direct competitive response, and be applicable to every market the brand enters. Identifying and deploying the enabling technology may be the single most challenging management task.

Adaptability to the Local Markets

A consistent complaint of global management teams is that "home market" management tends to ignore the unique characteristics of local markets. Successful

global products often require targeting a product against a different consumer audience, using a significantly different manufacturing program, or utilizing different distribution channels. These decisions should be the province of the local manager, as long as the global brand and its enabling technology are not violated.

Conclusion

Social and cultural changes provide a favorable platform for global brands. The concept of cultural blockage is gone from the market. It is the global life style, dissemination of information through internet and more customization of the brands to cater to the taste of the local customer that has made many multinational successful in different markets. The marketer can not remain shy to this opening up of various economies to the global business order. What needs to be done for making of a global brand a success is to have a global vision with internationally transferable asset base and a global team to understand and operate in culturally divergent markets to reap the benefit of scale through strong value proposition and brand association?

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