The Ps and Qs of Global Branding

Dr Tapan K Panda

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?

References:

Ball and McCoulloch(!(1993) *International Business: Introduction and Essentials*, 5th edition, (Irwin).

Berry (!(1993), "How Big Is Your Umbrella? Maybe Not So Big After All," *Brandweek*, vol. 34, no. 49, p. 22.

Boddewyn and Falco(1988) "The Size of the Market Sector around the World", *Journal of Macromarketing* (Spring), 32-42.

Buzzell and Quelch(1988), *Multinational Marketing Management, Cases and Readings*, (Addison Wesley).

De Chernatony(1989), 'The Varying Nature of Brands as Assets: Theory and Practice Compared," *International Journal of Advertising*, vol..8, no. 4, p. 339.

Gregory S carpenter, Rashi Glazer, and Kent Nakamoto(1994) “Meaningful brands from Meaningless Differentiation: The Dependence on Irrelevant Attributes,” *Journal of marketing Research*, August,pp.339-350

Heenan(1988), "A Different Look for Multinational Corporations". *The Journal of Business Strategy*, #9, (Jul-Aug), 51-54.

Hudak,(1988) “ Global Branding and Segmentation: Are They Interdependent?”, *Journal of Consumer Marketing*, vol. 5, no. 3, p. 27.

Jordan (1988) "Going Global: How to Join the Second Major Revolution”, *Journa*l *of Consumer Marketing*, vol. 5, no. 1, 1988, p. 39.

Onkvisit and Shaw (1989) “The International Dimension of Branding: Strategic Considerations and Decisions,” *International Marketing Review*, vol. 6, no. 3, pp. 22.