

GENERAL STRATEGIES FOR GLOBAL BRANDS

By Sicco van Gelder*

Abstract

This paper introduces four general brand strategies and examines the internal and external factors that influence these strategies for global brands. Managers of global and international brands must understand these issues in order to assess the potential for standardising their brands across diverse societies, the factors that necessitate specific brand adaptations, and the prospects for competitive advantages. Likewise, managers of local brands need to understand the particular strengths and weaknesses of the strategies of their global competitors and use this knowledge to devise their competitive responses.

* The author is founder of Brand Meta, a brand strategy and planning consultancy in Amsterdam, the Netherlands. He has over a decade of experience with worldwide research and consultancy on major brands. He can be reached at sicco.van.gelder@brand-meta.com.

INTRODUCTION

Globalisation has been the battle cry of the last decennium of the 20th century. This phenomenon is not new or unique to this period. The process has only been given an added impetus by the political, technological and economic developments that have been unique to the last ten years of the century. The demise of communism, the ICT revolution, the liberalisation of trade are only few of the driving forces of this latest round of intensified globalisation.

The effect that this globalisation has had on brands has been spectacular. New brands are seemingly born global, or at the very least experience a quick rollout from home or lead countries into other markets. Many traditionally local brands are sold, faded-out or face transition to a new regional or global brand name and subsequent harmonisation. Brand portfolios, which have been built-up through decennia of acquisitions, are rationalised in order to focus attention and resources on a limited number of strategic brands. Long established brands have enhanced their dominant positions across the globe, threatening less marketing-savvy local brands, but also encountering stern opposition from local brands that find ways to fight back. Some of the global brands manage to become local institutions by filling a local role in the societies where they operate, while others dominate their category as global monoliths.

Debates have also flared over the supposed supremacy of global brands and the inadequacy of (multi-)local brands. This paper argues that this viewpoint is incorrect and that each individual global or international brand has specific opportunities and limitations when it comes to standardisation or localisation. Only a thorough understanding of a variety of factors that influence brands in their

global and local contexts helps determine the best course for them. Therefore, this paper concerns those involved in global and local brand management, as well as managers of local brands who often struggle with global competition.

We introduce four general brand strategies and examine the internal and external factors that influence these strategies as a brand extends across multiple societies. The general strategies themselves consist of a total of more than 20 strategy sub-types. A discussion of these strategy sub-types exceeds the limitations of this paper. Suffice it to say that each requires its own particular capabilities and competencies, each has its particular competitive advantages, and each offers consumers some distinct appeal. The author is currently writing a study that examines these strategy sub-types. The purpose of this paper is to offer a fresh perspective on global brand strategy and management without attempting to be exhaustive.

GENERAL BRAND STRATEGIES

Brand strategy is aimed at influencing people's perception of a brand in such a way that they are persuaded to act in a certain manner, e.g. buy and use the products and services offered by the brand, purchase these at higher price points, donate to a cause. In addition, most brand strategies aim to persuade people to buy, use, and donate again by offering them some form of gratifying experience. As branding is typically an activity that is undertaken in a competitive environment, the aim is also to persuade people to prefer the brand to competition.

A global brand needs to provide relevant meaning and experience to people across multiple societies. To do so, the brand strategy needs to be devised that takes

account of the brand's own capabilities and competencies, the strategies of competing brands, and the outlook of consumers (including business decision makers) which has been largely formed by experiences in their respective societies. There are four broad brand strategy areas that can be employed.

(1) Brand Domain. Brand domain specialists are experts in one or more of the brand domain aspects (products/services, media, distribution, solutions). A brand domain specialist tries to pre-empt or even dictate particular domain developments. This requires an intimate knowledge, not only of the technologies shaping the brand domain, but also of pertinent consumer behaviour and needs. The lifeblood of a brand domain specialist is *innovation* and *creative* use of its resources. A brand domain specialist is like a cheetah in the Serengeti preying on impala and gazelle. The cheetah is a specialist hunter with superior speed to chase, and the claws and teeth to kill these animals. The cheetah is also very familiar with the habits of its prey. It finds ways of approaching, singling out and capturing its prey. The cheetah is one of the most accomplished of hunters within the wild cat species; it catches up to 70% of prey that it hunts.

(2) Brand Reputation. Brand reputation specialists use or develop specific traits of their brands to support their authenticity, credibility or reliability over and above competitors. A brand reputation specialist needs to have some kind of *history*, *legacy* or *mythology*. It also needs to be able to *narrate* these in a convincing manner, and be able to live up to the resulting reputation. A brand reputation specialist has to have a very good understanding of which stories will convince consumers that the brand is in some way superior. A brand reputation specialist is like a horse. It can

be pure-bred, have a certain nobility and bearing, and exhibit qualities that can be traced back to these (e.g. grace, speed, temperament, looks). Like a horse, the brand reputation specialist can also thrive on association with celebrities.

(3) Brand Affinity. Brand affinity specialists bond with consumers based on one or more of a range of affinity aspects. A brand affinity specialist needs to *outperform* competition in terms of *building relationships* with consumers. This means that a brand affinity specialist needs to have a distinct appeal to consumers, be able to communicate with them affectively, and provide an experience that reinforces the bonding process. A brand affinity specialist is like a pet dog. A dog is generally considered to be man's best friend, due to its affection, its obedience, its loyalty, the status and the protection it provides to its owners. Different kinds of dogs will command a different form of affection.

(4) Brand Recognition. Brand recognition specialists distinguish themselves from competition by raising their profiles among consumers. The brand recognition specialist either convinces consumers that it is somehow *different from competition*, as is the case for niche brands, or *rises above the melee* by becoming more well-known among consumers than competition. The latter is particularly important in categories where brands have few distinguishing features in the minds of consumers. In some cases, a brand recognition specialist needs to be able to outspend competition to gain unbeatable levels of awareness. In other cases, a brand recognition specialist needs to convince a loyal following of consumers that it is unique. A recognition specialist is like a peacock. Most of us will know little about birds, but we can recognise a peacock from

a large distance. We may not know its precise qualities, but if we were to choose between birds we are more likely to plump for a peacock than for a more ordinary specimen, because of its beauty and presence.

To continue the analogy, animals that are transplanted from their original habits, face particular difficulties. Their specialist skills, particular traits or specific qualities may no longer be to their advantage and they may need to develop new ones.

The cheetah may fare fine in other parts of the world where there are grassy plains with sufficient game. However, if the cheetah moves from the plains to the jungle it will need to develop an appetite for different prey (e.g. monkey), change the way it hunts (e.g. climb trees) and compete with new predators (e.g. snakes).

Although horses are widely considered noble animals, the way they are viewed does differ between societies. In some, the horse is mainly considered as a mode of transport and competes with cars and trucks. In another, the horse is mainly seen as an opportunity for gambling and there it competes with casinos and dog races. Yet in others, the horse is hardly used and seen as symbolising independence and pioneering spirit. Each of these roles requires different traits from the same animal.

Similarly, a dog is not considered a loveable or desirable animal in all societies. The relationship with a dog can be functional in some societies (e.g. sleigh dogs), affective in others (e.g. pet dogs), and ambitious (e.g. fighting dogs) in yet other societies. Thus, a dog may need to build a totally different kind of relationship depending on its new owner's background.

A peacock may be highly recognisable all over the world, but it symbolises

something different depending on local culture. In Bengal, the peacock symbolises prosperity, while in Bali it represents the power of knowledge, and in China it symbolises beauty and dignity.

As in the animal kingdom, there is also a place for generalists who mix and match strategies to their advantage. For instance, in some markets Heineken mainly leverages its reputation (e.g. country-of-origin), while in others it applies its formidable media planning expertise to innovative use of various forms of (integrated) media; a specific form of domain specialisation. Brands also use complementary strategies. In the case of Nokia, it has been developing its brand affinity through Club Nokia and the Nokia Game.

The following section deals with factors that influence brands' strategies when operating in societies other than their original habitats.

THE BRAND ENVIRONMENT

A brand operates in a space that is defined by its own company or organisation, its competitors, and the societies where it operates. There are both internal and external factors that influence how a brand is finally perceived and experienced by consumers.

Internal Factors

Factors that are internal to a brand's company or organisation can be categorised as being strategy-related, performance-related and stemming from the brand's past.

The *strategy-related factors* are those that derive from the business strategy and the marketing strategy. There is a strategy hierarchy, whereby business strategy takes

the lead, guiding brand strategy. Brand strategy in its turn guides marketing strategy.

The business strategy is aimed at achieving particular consumer behaviour. Only if consumers actually purchase, use (more often), pay a higher price or donate (more) will objectives of a business strategy be met. These objectives may include a larger market share, increased returns, higher margins and increased shareholder value. Brands are designed to persuade consumers to exhibit the behaviour that will make these objectives come true for the organisation. Thus the influence of business strategy upon brand strategy is direct and compelling.

The marketing strategy aims to translate the brand strategy into actual products or services, with a specific price, to be sold at specific outlets, to be promoted through specific communications activities and channels, and to be supported by specific service. The influence of the marketing strategy is thus indirect in that the correct translation of the brand into the marketing-mix determines whether consumers get the correct impression of the brand.

The *performance-related factors* are dependent upon the marketing implementation, i.e. the actual production and delivery of the products and services, their accompanying messages to consumers, and the actual product or service experience. The implementation eventually determines whether consumers experience what the brand strategy set out to provide. The marketing implementation may make or break a brand at the moment that is of most importance to consumers: e.g. when they actually experience the brand through advertising, promotions, purchase, usage, and after-sales service.

The *factors that stem from the brand's past* are the brand's internal legacy and its

internal conventions. The brand's internal legacy is about who have developed it, who have managed it over the years, and what the role of the brand has become for the organisation. This influences how management, staff, partners, distributors and shareholders view the brand and its future potential. It may prove difficult to change such perceptions once a brand has been slotted into a specific position. The internal conventions of an organisation are such issues as how things are typically done, support systems, what the culture is like, who has the power to decide, who has the power to frustrate decisions, the structure of the organisation, its policies, and its (other) activities.

For a global brand, such influencing factors exist at *central* as well as at *local* levels. More often than not, there are tensions between central and local as specific factors work in opposite directions, and people within the organisation have different agendas for the brand.

External Factors

External influences upon a brand strategy come mainly from three quarters: competition, consumers and media. These external influences will vary between the markets and societies where a brand operates. Therefore, these influences need to be determined locally.

When a brand is introduced into a foreign society, it will encounter particular brand strategies that are being practiced by competitive brands. Unless competitors are very complacent, head-on confrontations with them are generally not the best way of winning the hearts and minds of consumers. It is, therefore, important to determine competitors' brand strategies and to find ways of flanking established competition by choosing an alternative strategy.

Category conventions are the unwritten rules that govern the way in which products or services are designed, advertised, distributed, serviced, priced, experienced, etc. Challenging such conventions may provide a brand with a competitive advantage. It is imperative that such a challenge has value to consumers and that they are willing to go along with the challenge. This is only the case if the particular convention is no longer rock solid. Such opportunities emerge when competition is complacent and underestimates the effects of the challenge. An example is the advent of on-line share trading, which became possible due to the combined development of the Internet and the popularisation of shareholding. Established stockbrokers failed to respond adequately to the challenge to their conventional mode of operations and thus lost a lot of their business to Charles Swab cum suis.

Cultural conventions determine how people in a society interact, what they believe, how they make decisions and what meanings they attach to certain representations. Cultures are not static, but develop through intergenerational and interpersonal learning and experience. A cultural convention can be challenged if it is already losing its value to consumers and is ready to be replaced by something new. Therefore, one needs to be on the lookout for such cultural shifts. Once identified, it becomes a matter of deciding whether the challenge will be of perceived value to consumers and will provide competitive advantage.

Needs conventions determine the forms in which consumers' needs are manifested. Human needs are not universal and neither is the importance placed upon each need. However, the major differences lie in the manner in which a need is articulated or the form of a solution that is provided to a need. For example, although there is a

general need for nutrition, there are considerable differences between societies with regard to which foodstuffs are acceptable for specific meals. Not to mention foods that are totally unacceptable to specific societies, as witnessed by the controversy over the consumption of dog meat during the upcoming world cup soccer finals in Korea.

The media can seriously affect a brand strategy in a positive or a negative manner. In some developing countries foreign brands are promoted by the media as examples of modernity, while in others these same brands may be portrayed as the vanguards of a foreign domination. Particularly, bad news about brands can spread like wild fire across borders, as Coke found out in Belgium, where the outsides of some bottles were contaminated with a fungicide, causing a health scare.

IMPACT ON BRAND STRATEGIES

The factors discussed above each have their own specific impact on the four general brand strategies and their strategy sub-types. Due to the limitations of its format, this paper focuses on factors that influence the four general strategies only. We also limit the discussion to one global branding issues that has attracted a lot of attention among practitioners in recent years, namely brand harmonisation or standardisation. This is not say that the factors discussed above do not also have a profound effect on other global branding issues such as global brand extensions, rationalising a global brand portfolio, global brand architecture and co-branding global brands.

Domain Specialists

Domain specialists generally require economies of scale to be able to sustain

their investments in constant innovation. Brand proposition standardisation or harmonisation is part of this drive towards economies of scale. Domain specialists tend to centralise brand management, which leaves little room for local adaptation. Domain specialists, therefore, need to either establish new conventions themselves (through a successful challenge) or not enter the market at all. Information and communications technology (ICT) companies have had the advantage of establishing conventions without having to challenge existing category conventions. They have had the opportunity to shape their category. This is why many ICT companies have been able to establish highly standardised global brands. Among the world's ten most valuable brands in 2001 (compiled by Interbrand) are four such ICT domain specialists, namely Microsoft, IBM, Intel and Nokia.

Shaping a category does involve having in-depth knowledge not only of technology, but also of consumers. Iridium, the mobile satellite phone operator, did not have this knowledge and failed miserably when it introduced a service that few felt a need for. Most people already had excellent alternatives to the expensive and unwieldy system.

Domain specialists are particularly susceptible to *category conventions*, as these largely govern the brand domain aspects. Renault, which introduced a fair number of innovative car designs during the past decade (e.g. Twingo, Scenic, Espace), has little or no position outside Europe. While the brand has successfully challenged automotive design conventions in Europe, it fails to persuade consumers across the Atlantic. Other European car brands, many less innovative than Renault, have been successful in the USA.

Domain specialists can also be prone to *cultural conventions*, especially beliefs and customs directly related to the products or services involved. For instance, there is a traditional belief in Chinese culture about the efficacy of certain herbs. Proctor & Gamble tapped into such beliefs by adding Showu root extract to its popular Rejoice shampoo, claiming it makes black hair shinier. This adaptation provided Rejoice with a competitive response to local competition such as the Olive brand, which had earlier staked its claim of providing lustre to black hair.

Domain specialists' brand building activities consist mainly of introducing global brand extensions to reinforce the perception of the brand's innovativeness. Without constant and consistent extensions, the brands would quickly lose their relevance to consumers.

Reputation Specialists

Reputation specialists are a diverse bunch, some of whom rely heavily upon their pedigrees while others leverage their connections to celebrities, and yet others build on a promise that they have demonstrably been able to keep. Reputation specialists are often good at tweaking their brands to ensure relevance to consumers in specific societies. This means that brand and marketing management need to be largely localised, with a largely a guiding task for global management. It also means that competencies such as consumer understanding and narration need to be available locally.

Reputation specialists are particularly susceptible to *cultural and needs conventions*. Brands that leverage their country-of-origin make use of beliefs (sometimes stereotypes) about those countries. However, the significance and essence of such beliefs can vary widely

across societies. The same applies to values. Virgin's reputation as a challenger to established brands connects well with the general British distrust of major companies. Whether the same will work for Virgin in the Far East is doubtful, as consumers there tend to trust major companies and their brands more than contenders.

Reputation specialists often make use of people's senses of insecurity and their needs for belonging. A toothpaste brand that is endorsed by dentists may meet security needs in one society, while the relevant security need in another country is whiteness. A particular celebrity endorsement may work wonders in one country, but the same person may not mean a thing in another country. For instance, Nike used American football and baseball star Bo Jackson for advertising in the USA, but substituted him for local sports celebrities in other countries.

Reputation specialists often have a limited scope for challenging category conventions. However, they also have less of a need for doing so. Volkswagen, which builds on a reputation for the excellent quality and resale value of its cars, does not feel the need for constant innovation. Unlike Renault, Volkswagen's sales do not dry up when it doesn't introduce innovative designs every few years.

Reputation specialists' main brand building activities are narration to and education of consumers about their brand, as well as an experience that is consistent with the brands' reputations.

Affinity Specialists

Affinity specialists are able to pluck the heartstrings of consumers. The way they do so differs markedly between brands, but the common result is unrivalled brand loyalty. Some affinity specialists are able

to standardise their brands across societies by using themes that are common across various societies. For instance, Mercedes is a brand that many (successful) people around the world wish to be associated with. However, most affinity specialists need local brand management in order to be able to build a worthwhile rapport with consumers. Affinity specialists need to get close to consumers to be able to connect with them. This closeness requires affinity specialists to understand exactly which conventions can and cannot be challenged. This also means that the brand's organisation must encourage local brand management initiatives.

Affinity specialists are particularly susceptible to *cultural and needs conventions*. For instance, a financial services brand that connects to its customers by employing empathy utilises a society's prevailing values and esteem needs. In a collectivist society, the brand's empathy is likely to be expressed through showing deference to customers. In an individualist society, the empathy is likely to be expressed through personal recognition and advice pertaining to the customers' specific financial situations.

Affinity specialists also make use of people's sense of belonging. Many youth brands seek ways of appealing to consumers in such a manner that they wish to be associated with the brand. This entails constant cool hunting and staying closely in tune with teens and young adults. Tommy Hilfiger was the epitome of teen cool, but when the brand got stuck in the same rut for a season it instantly became obsolete.

Affinity specialists have the greatest scope for *challenging category, needs and cultural conventions*. Due to their general closeness to consumers, affinity specialists are in-tune with their consumers and can sense when conventions are shifting. The

Body Shop challenged packaging conventions by using simple plastic refill bottles, thereby reinforcing the social conscience of the brand, which resonated with likeminded consumers. Maximizer bra challenged values of female modesty in East Asia by promoting a push-up bra using slender dark haired western models. The brand tapped into (professional) Asian women's sense of developing self-consciousness.

The main brand building activity of affinity specialists is *relationship building*. It differs considerably between the types of affinity brands how this is achieved, whether that is through events (e.g. Harley Davidson), through service experience (e.g. Starbucks), a loyalty programme (e.g. Shell), an Internet information site (e.g. Pampers), through demonstrating an understanding of target consumers (e.g. MTV), extolling principles relevant to target consumers (e.g. Greenpeace), or by demonstrating coolness and hipness at relevant occasions (e.g. Burton). The particular connection with consumer needs to be constantly reaffirmed by the brand through behaviour, advertising, publicity, direct communications, brand extensions, etc. Brand extensions generally aim at reinforcing that bond by offering products or services that bring consumers into closer or more frequent contact with the brand (e.g. Harley Davidson aftershave).

Recognition Specialists

Recognition specialists succeed by using two aspects, namely consumers' *inability to discriminate* between a multitude of brands in a category and their *inability to know* more than a few brands in a category. In some categories it is difficult for consumers to understand the differences between brands. Subsequently consumers will opt for those brands that they know, the ones they hear of often. These will usually be the big players in a market. For

instance, most people are not able to fathom the differences in the propositions offered by various banks. What they are aware of are the well-known banks. This awareness breeds confidence and leads most people to choose one of these. A more extreme case is the mass wine category, which is teeming with unfamiliar brands. By raising its profile, the Ernest & Julio Gallo brand provides a safe-haven for consumers. It is a brand that they can trust to provide a consistent quality at an agreeable price.

In some categories, consumers actively know only one or two brands. Apparently, there is an inability or a reluctance to know more brands. This may be due to the fact that competition is weak at raising its profile or the category is a low-interest one. Such brands become the points of reference in their category. For instance, people will generally be actively aware of only one or two toilet paper brands. These brands will usually have very distinct propositions, e.g. one is soft and the other is decorative. Distributors' own brands will usually occupy the value positions. The recognition specialists keep their advertising expenditure at high levels to preserve this situation.

These high levels of advertising expenditure necessitate recognition specialists to find economies of scale in this area. Developing regional or global campaigns is a logical consequence. Recognition specialists, therefore, tend to centralise brand management, which leaves little room for local initiatives. Recognition specialists often have a limited scope of adapting to local conventions. However, recognition specialists are susceptible to category conventions and needs conventions. For example, Citibank presents its credit cards as '*dependable*' in the USA and as having '*distinction*' in Hong Kong. Citibank thus adapts to the

prevailing conventions of representation in both markets.

Obviously, the main brand building activity of recognition specialists is (mass) advertising. A high general awareness among consumers forms a formidable barrier to competition. A recognition specialist, therefore, requires advertising skills as one of its core competencies.

CONCLUDING REMARKS

How best to manage a brand internationally largely depends on the factors discussed in this paper. Brand strategy is not a given and needs to be constantly reassessed. Brand managers must decide what is the best course of action for their brands in particular markets, based on an analysis of the relevant internal and external influences on the brands. The author has developed the *Global Brand Proposition Model*, a unique framework with which to assess these issues. The ideas expressed in this article derive from the model.