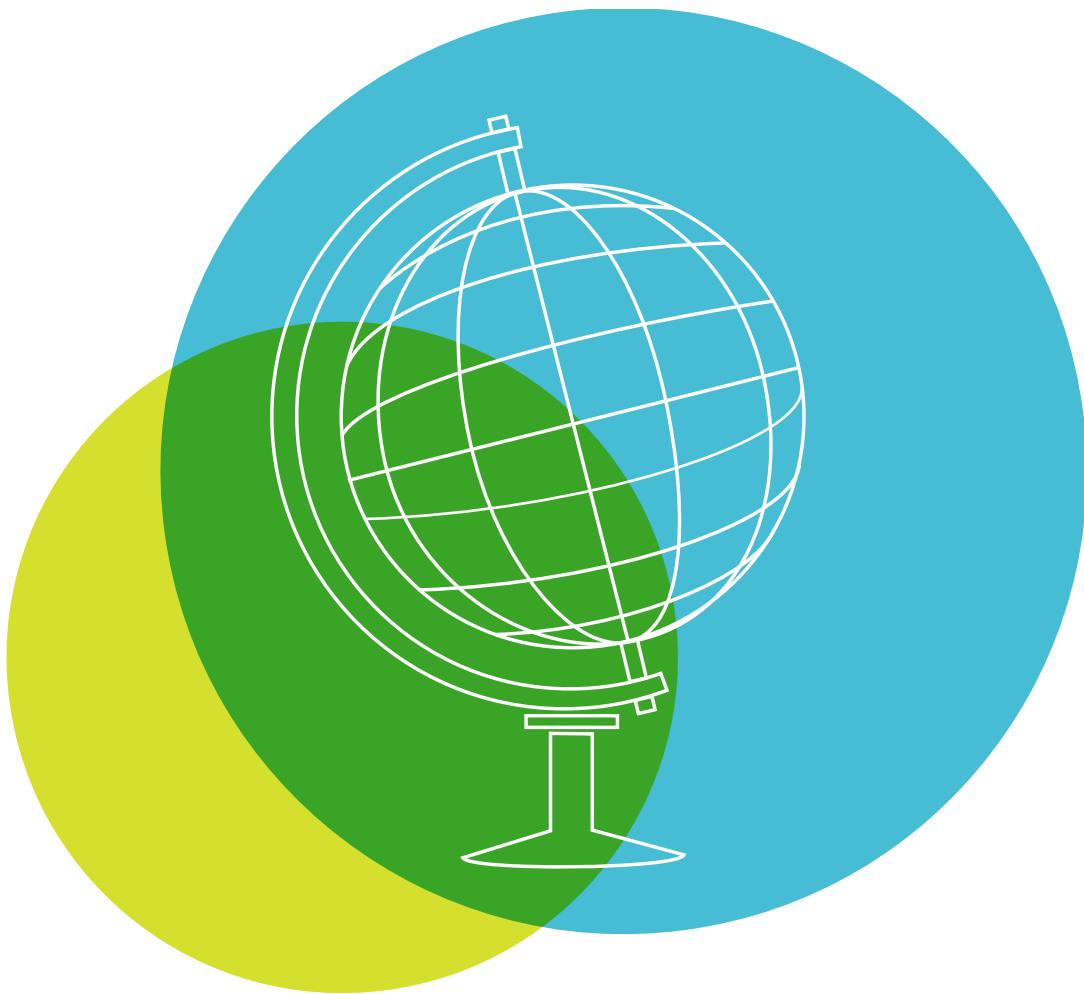


Branding on the Global Stage

how culture impacts global branding



Shikatani Lacroix is a leading branding and design firm located in Toronto, Canada. The company commissions assignments from all around the world, across CPG, retail and service industries, helping clients achieve success within their operating markets. It does this by enabling its clients' brands to better connect with their consumers through a variety of core services including corporate identity and communication, brand experience design, packaging, naming and product design.



About the Author

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Jean-Pierre (JP) Lacroix provides leadership and direction to his firm, which was founded in 1990. He has spent the last 30 years helping organizations better connect their brands with consumers in ways that impact the overall performance of their business. Mr. Lacroix was the first to coin and trademark the statement “The Blink Factor” in 1990, which today is a cornerstone principle to how brands succeed in the marketplace. JP has authored several papers, has been quoted in numerous branding and design articles and, in 2001 he co-authored the book “The Business of Graphic Design” which has sold over 10,000 copies. JP can be reached at jpacroix@sld.com and you can follow his blog at: www.belongingexperiences.com & www.belongingexperiences.wordpress.com.

Other Articles and Books

The Belonging Experience

Not all Moments of Truth are Equal

Business of Graphic Design

“the business landscape today is very different than it used to be.”

As I write this paper GM is struggling and confirmed the end of the Pontiac brand, while in Australia their Holden brand is not only prospering but holds the second largest market share behind Toyota. The Holden Commodore, with 51,093 deliveries, was the top-selling model in 2008, marking last year as the 13th year in a row it has led the market. The Toyota Corolla sold 47,901 units by comparison. While GM is doing well in Australia, Starbucks is exiting the country due to the strength of local café brands, which have retained their market dominance. With the recent economic downturn, companies such as GM and Starbucks have been forced to reconsider their global branding strategies to better enable sustainable growth across the globe.

It is no secret that the business landscape today is very different than it used to be. Multinational opportunities are more accessible and abundant than ever before. So when we look at the global viability of any brand, from its positioning standpoint, can companies just roll out one consistent identity that tries to motivate a variety of diverse market segments, and still succeed?

In reality, the global market has become more complex with communities seeking recognition of their unique cultural needs and wanting to see them reflected in a brand's projected image. The challenge and opportunity for global brand marketers is in striking the right balance between the need for brand awareness and consistency on a global basis and the ability for that brand to speak with relevance against the aspirational and characteristic needs of local markets, to maximize overall performance.

Understanding key factors for how culture impacts global branding efforts is the underlining premise of this white paper. Through discussion across some key areas we will attempt to identify some important considerations for successful global branding.

Document Topic Areas

1. What need is driving the globalization of brands?
2. How does culture influence brand acceptance?
3. What factors are key when a global brand goes local?
4. What is the right approach for global vs. local branding success?

The quest for global dominance

In an ideal world with the global landscape becoming more and more as one, we have an international mega brand; one with a consistent brand image which all consumers can identify with, allowing companies to take full advantage of global brand awareness and efficiencies to yield overall success befitting of the scale of that brand.

Today's efforts against global branding are a lot different than they were in the 70's when we saw the first movement towards branded products abroad. About the only sophistication we saw during this time was in some brands leveraging their countries of origin to profit from their unique halos. For Western brands like Marlboro, Coca-Cola or Levi's, American pop culture was a big deal and it helped them gain significant international market share. Other non-American brands like Lindt, easily benefited from the halo of its country's reputation for creating the finest quality chocolate.

In the decades approaching the new millenium, brands looking to the world stage began to evolve their efforts as their experience abroad now helped them understand that by better aligning their brand essence to the unique characteristics of new markets, they could achieve a stronger level of global success. They knew that their universal brand communication could simply not be as meaningful in some markets.

Breaking down physical barriers

With the Berlin wall gone Western manufacturers, now more than ever, saw the world coming together as one. All of a sudden inaccessible Eastern block nations were theoretically within reach. Not to mention the rapid rate of development in India and China, which today represent lucrative untapped markets. A profitable playground if you know how to play.

The omnipresent internet

To top it all off, with the explosion of the internet, e-commerce and social media tools, marketers today are uber-aware that indeed the global market is unified. Despite what happens on dry land, never before have brands been able to broadcast consistent messaging at will. The internet has allowed consumers to tap into virtual experiences from their favourite brands, from anywhere the internet can be accessed.

Today, the quest endures as the world's landscape continues to evolve, with not only Western countries looking to the East, but with countries like China and India revving up to hit the West. It is an exciting time which continues to challenge current approaches to achieving global branding success.

The Influence of Culture on Brand Acceptance

The influence culture plays on brand acceptance is rooted in any brand's ability to be relevant to its market - its ability to connect in the satisfaction of any number of needs in a manner which speaks with meaning and relevance. In the next section we'll talk about some of the more macro factors which can be used to determine a brand's best approach.

In some "modernizing" societies, brands with icon status can gain acceptance simply because of their aspirational appeal. For these brands, it is enough that their image is a representation of Western culture, which to newly modernizing countries, speaks synonymously to the success and prestige that goes along with it. In fact, we can generally observe this phenomenon of acceptance quite consistently across the globe.

From an internet perspective, many super brands like PepsiCo or Lenovo have adopted .com addresses, wherefrom consumers are directed to localized site pages when they select the country they want. Other brands like MTV, recognizing the deeper significance of their brand proposition to certain regional markets/demographic sets (e.g. youth), opt to get a little closer by creating specific country domains - for example, www.mtvindia.com or www.mtvjapan.com. Other brands like Apple, in another popular approach to achieving this same end, chose to adopt local country extensions as appropriate - e.g. .uk, .cn, .in, etc.

“it is up to the brand to make the right first impression.”

The ability to immediately impact consumers is arguably an important first step towards acceptance given that the medium does represent a 100% consumer initiated contact point. Consumers want the brand and it is up to the brand to make the right first impression.

Tuning into a unique mindset

A friend of mine was hired 15 years ago to grow the Starbucks brand in Canada. The chain had about 10 stores located on the Canadian West coast and had earned great consumer recognition and loyalty. The brand stood for something special - the opportunity of having a retreat or a special treat. And consumers were willing to pay 3-4x the typical cost of a cup of java to share in the badge of this new upcoming brand.

Through my friend's hard work and the appeal of the brand promise, Starbucks grew quickly from 10 locations in Vancouver to over 250 across Canada. It prospered even in markets that had well-established competitors such as Second Cup (our client), Tim Hortons and Timothy's. The lesson? Starbucks identified the needs of a more individualistic consumer in a highly modernized culture, recognizing that it could satisfy its desires for a higher-level experience in coffee.

Does culture always play a part in a brand's acceptance?

Let's not forget that in some categories, brands are not as susceptible to cultural relevancy. It reminds me of a discussion I had with my daughter as we shopped for stereos. "Dad, we need to buy a Sony system - everyone knows that's the best brand". Perhaps, oversimplified, but you get the gist. Some categories are revered for being a global brand with a consistent image of quality that goes with it - in this case, one rooted in trusted performance and technological leadership in electronics. After all, would you feel comfortable investing a considerable amount of money into a home entertainment system that was engineered by a local manufacturer, which did not have a trusted brand name?

Consumer or ?

A friend of mine, who had the opportunity to work in the UK recently, explained to me that the government and media there strongly impact brand acceptance as far as how they help shape consumer perception of those brands.

This high level of media and government involvement makes these non-consumer “targets” key for marketers to address. Not only are UK marketers required to create consumer strategies, but they must do the same for these other stakeholders. The implication? Your brand must be transparent or its equity can be questioned at any turn by highly scrutinizing eyes.

This plays of particular importance to brands which are built on trust; for example, can foods that promise a more “good for you” proposition stand up to this level of transparency? You can bet that any claims will be subject to the scrutiny that perhaps would not be the case in other markets, so a brand here needs to be very trusted and real.

The Jamie Oliver franchise is a brilliant example demonstrating this unique UK environment. His brand completely leverages hot media and government socio-eco issues to build it. Jamie is out to change the world these days. It is estimated that 1 in 4 Brits is either overweight or obese, and Jamie is lobbying government in order to try and effect some extreme measures of change. Not only that, he is hosting documentaries like “Jamie Saves Our Bacon”, to help support local pig farmers. Well done Jamie.

Key Factors Affecting Localization

Today global marketing must not only be efficient but relevant, and through that relevance comes true efficiency. This is because success here involves carving out your most valuable markets and marketing to them in the most focused and meaningful ways without waste.

An overarching strategy may look very different once you factor in cultural characteristics, socio-economic position, geo-level of customization, responsiveness to media and so much more. Can any brand still be well positioned to resonate with meaning and subsequent action (i.e. sales) after being tempered by all these filters?

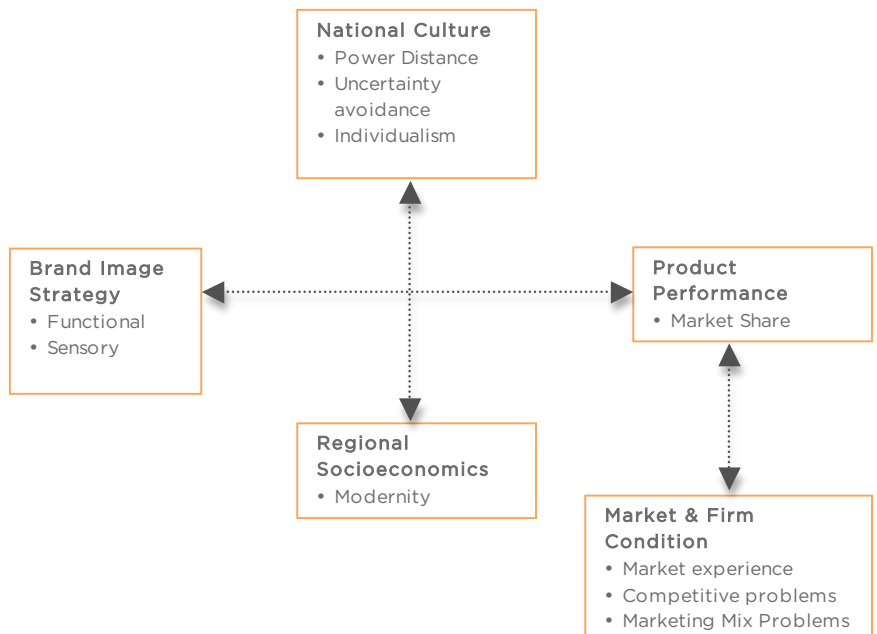
One of the world's mega brands, Nestlé, has been quite successful in analyzing and defining the right markets for its brands. It has effectively created a brand echelon where all its brands operate at various levels – they have 10 corporate and 45 strategic brands globally, plus 140 regional brands and 7,500 local brands. Keep in mind that this level of sophistication does not happen overnight, but as one of the world's leading mega brands, my guess is its focus continues to pay off.

Is my brand relevant?

With so many factors affecting the localization of brands it would be impossible to address them all in detail through this paper. Having said that, I quite enjoyed a recent study I came across from the AMA Journal of Marketing Research. According to a study conducted, the effects of cultural and socio economic factors on the performance of brand image strategies can be charted quite simply, to understand the dynamics a brand must keep in mind as it goes from development of brand strategy to how that equates to overall performance.

FIGURE 1

The Effect of Cultural and Socioeconomic Factors on the Performance of Brand Image Strategies



The flow chart above simply illustrates that when a brand strategy is created, and subsequently, as marketing efforts become more localized in nature, a brand's journey towards optimal success is affected by cultural and socio economic factors along the way. Apart from the usual "business" factors like category development, competitive and organizational issues, if localized efforts do not consider the uniqueness

of the market, the risk is low brand performance or even worse, complete brand irrelevance which can be catastrophic to recover from.

In this particular study, three theoretical brand strategies were outlined: functional, social and sensory (three of many possible factors). These were then tested against the socio economic factors of power distance, cultural uncertainty and cultural individualism – the three aspects of culture that have been said to be “related to consumer needs and brand images”.

Power Distance is about how much any culture values the acquisition of power, prestige and material wealth.

It was observed that in cultures where the power distance was high, a brand could be most successful using strong social types of associations and imagery.

Cultural Uncertainty describes a culture, which is largely motivated by a level of predictability, and stability and one, which is generally, risk averse.

From a branding perspective, the more this factor played as part of a culture, the more this group could be said to be more motivated by functional brand imagery.

Cultural Individualism is a definer, which essentially is “all about me”. People are more about experiences and influences, which enhance personal enjoyment of life.

It is easy to deduce that where markets value a high level of individualism, a brand should be about enhancing the person through communications appealing to the senses.

I humbly submit that this is a great starting point with some sound principles from which to start a thorough brand viability study for any global market. It is important to note, that this study goes into quite a few important correlations within the above parameters.

I highly suggest a separate read by anyone who would benefit from the added depth of analysis (see references on last page).

Food for Thought

Can your global brand image be perceived as locally meaningful, as is? Probably - if you are Sony or Apple. But this can only take you so far in some environments if your brand simply cannot make sense to a country's culture.

If not, can it be adapted to maintain an overall brand image, yet appeal locally to the targeted market?

Not all brands are like Coca-Cola or Nike, or even L'Oreal, as far as their ability to employ successful branding on a global basis. Some brands, like Reebok have adjusted their approach based on market characteristics. In the U.S. it paints as compelling a lifestyle picture as it does an athletic one as far as its footwear line. The same is not true in Western Europe where the line takes a more focused positioning on athletic performance. In this case, Reebok was able to just adapt itself to a local culture (attitude) and maintain its overall positioning, amending it not so much as to result in brand equity erosion.

Even Levi's with its relative global success understood that this success was dependent on evolution; meaning, its ability to see market changes, social and cultural cues and be able to translate them as part of their brand's image to stay relevant - for example, understanding the differences between American and European markets. Today in the U.S. Levi's depicts advertising imagery, which is more social in nature vs. the more sultry, independent campaign imagery, which seems to dominate European market efforts.

If a brand adaptation cannot respect core brand equity, what are the other options?

For many brands, if you cannot change it or adapt it to both satisfy local needs and maintain brand integrity, the best bet is to acquire locally which many companies do.

Companies like McDonalds have opted to acquire locally to help them achieve their globalization objectives. Investing in Prêt a Manger, a popular UK sandwich chain (for example) is a huge departure from McDonald's corporate association with fast food. In fact this local chain is best known for its homemade offerings, which is very fundamentally different from the McDonald's model on fast food. Or, consider Coca-Cola who acquired the locally enjoyed Thumb's Up Cola in India, which is typically consumed by an older demographic, to whom they understood that the virtues of Coca-Cola would perhaps not appeal.

Does your local marketing office have the ability to adjust global brand image within an acceptable range in order to communicate with meaning where local opportunities exist?

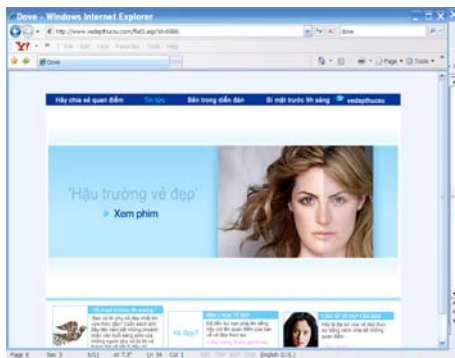
If I can quote an esteemed colleague of mine, global branding must always remain true to WHAT any brand stands for but it is the job of a region or country's marketing departments to then determine the best HOW. So, what you say should always be consistent globally, but how you say it is where local opportunities can be realized.

McDonald's lovable Ronald is a great example. McDonald's stands for fun food all over the world. And as for Ronald, well he celebrates that fun in different ways depending on the country he is in. In fact, it is said that the corporate icon is the second most recognized figure in the world behind Santa Claus, and speaks 31 languages!

Approaching Success

So how do you balance the need to grow a consistent brand image globally while maximizing success in local worldwide markets? How do you do this efficiently and with maximum impact?

Well it is no secret that the more you do it the better you get at it. Secondly, organizationally, the infrastructure for success needs to be in place. Meaning, global companies have to have regional offices and regularly communicate with those leaders, allowing them the autonomy to activate local strategies with game-changing regional differences in mind.



Dove's Campaign for Real Beauty™

Connect quickly

It has been suggested by one source that even for Dove's "Campaign for Real Beauty", although seemingly built on a more broadly appealing, universally accepted truth - self esteem - it needs to consider how comparative imagery may differ from country to country. For example, does the model/celebrity stereotype compare with as much impact in some Eastern nations, as it does in North America? Executional iterations of this global campaign must work to connect and at once be relevant. Does it matter that the woman visualized on the Vietnam "Campaign for Real Beauty" web page is a North American campaign specimen? I would argue yes.

It would make more sense to be like PepsiCo. When I log onto their Italian or Japanese homepages, I instantly connect with visual imagery projecting each country's cultural and lifestyle cues - items which would quickly connect with a deep level of understanding and intimacy - heading towards a more emotional place in consumers' lives and hearts, where all brands want to be.

Similarly, Pepsi keeps aware of shifts and emerging winds of change. Last summer it smartly aligned itself with two of India's most popular movie celebrities at the time, in order help keep the brand current and relevant to the country's influential youth culture.

There's one more learning from Pepsi here as well. They have always been about the youthful spirit and have had success using celebrities as a strategy to convey that spirit. What a great win it was to have a global icon like Michael Jackson signed-up back in the 80's. But today, whether it is soccer personalities in the UK or Italy, or entertainers in Japan, or rising young movie stars in India, Pepsi not only knows their WHAT strategy well, but also their HOW, which makes the brand work in so many markets.

How modernized is the market?

Finally, the maturity of a market is important to note. If there is no media, there is no awareness. If the market is still low on the modernized scale in comparison to more industrialized nations, you are probably not going to have any luck successfully selling a brand which does not satisfy the most basic of needs – unless you are one of the cluster of Western icon brands out there.

Market maturity also means category maturity, so make sure you keep an eye on how many players are in your space and what they are doing to achieve a level of success.

Conclusion

In the end there are lots of things to consider for any company who is, or is thinking about marketing globally.

First, a detailed market analysis is fundamental, looking at key cultural, socio and economic factors, the market's level of modernization, as well as the development of the category. Then, a company must carefully determine the strength of its brand offering and promise and place it against the key findings of the analysis. This will quickly shed light on whether that brand can remain intact with relevance or whether a more localized approach is necessary; whether that involves adaptations of, or enhancements to brand values; or whether acquisition of a local brand is a better route in order to secure global penetration in those markets.

There is no right or wrong answer as far as whether branding should be global or local, as consumers want both. The challenge is in achieving that best mix with selective and focused market efforts plus the organizational support and structure to make it succeed. But it cannot stop there. Markets change so local departments need to remain vigilant and responsive in order to achieve a measure of sustainable success.

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