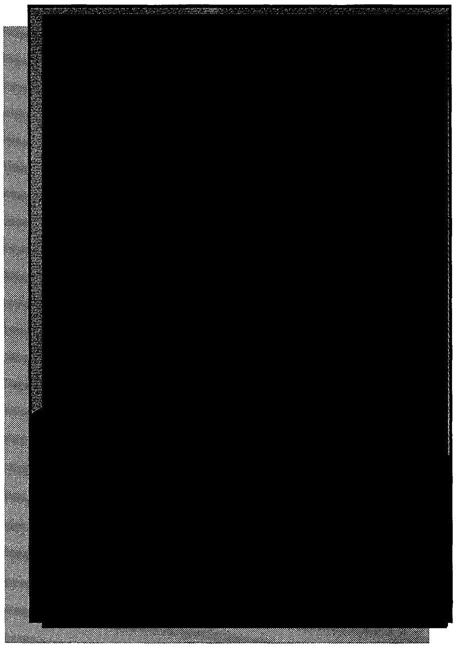
Building Global Brands

The need for consistency over time and across borders.



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Try this. Write down what you think are the three or four most valuable brands in the world. Then estimate their worth in dollars.

Most managers know the most valuable brands — their guesses are usually among the top twenty brands. However, the second question — the value of those brands — they usually find more difficult. Often executives simply say "millions of dollars" or "lots."

In fact, much of what we know about the value of brands suggests the top brands are worth billions of dollars. For most companies, their brands represent their single most valuable salable asset.

Once a year *Financial World* publishes their estimates of the worth of hundreds of brands. Nine of the top ten brands are global and each is estimated to be worth billions of US dollars. Even if one concedes the difficulties of estimating brand equities and considers these estimates to be accurate within, say, 20 percent, these are still huge numbers.

When one compares these values to the market values of the companies owning the brands, the importance of brands is apparent. Generally, for consumer products' companies, brands seem to represent 50 to 70 percent of the company's total value; for industrial products' companies, it's about 10 to 20 percent of the company's value.

These figures illustrate one of the two major points about global brands: They represent lots of money.

The second major point about global brands is: They are built with relentless consistency — over time and across borders.

The two brands generally considered to be the most valuable in the world are Coca-Cola and Marlboro. One Coca-Cola executive has attributed some of their success to consistent focus on a very specific market, 18 - 25 year olds, who have a lot in common around the world.

Probably everyone knows the Marlboro story — introduced first as a cigarette specifically for women, repositioned with "the tattooed man," one of whom was a cowboy who became "the Marlboro man." The Marlboro campaign has been relentlessly consistent over many years.

So, too, has been the Coca-Cola campaign even though local campaigns have catered to specific country cultures (for example, team themed ads in Japan) and there have been occasional creative riffs off of the main campaign such as the polar bears.

To see the power of consistency, consider other industries. While McDonald's and Wendy's have renewed their themes over time and appear to have clear brand positions, it has not always been clear what position Burger King holds. Similarly, one can argue that Visa has a clear position and MasterCard has a somewhat less clear position.

What is a brand?

A few years ago at an Advertising Research Foundation conference on brands, approximately forty speakers trooped to the rostrum for their presentations. Each felt compelled to give her or his definition of a brand and, after a while, one could almost feel the audience groan.

What was interesting, though, was how similar all these definitions were. There seemed to be a clear consensus.

We have replicated this situation in many of our Association of National Advertisers seminars on "Managing Brands for Success." The participants are asked their definitions of a brand. Here are some of their responses:

— "Distinguishable logo or name that creates a preference,"
— "Trust, promise,"
— "Association that identifies brand and is worth paying for,"
— "Nature and strength of relationship consumer has with brand,"
— "How strongly consumers link your name to a personality,"
— "Name that represents set of values,"
— "Ownable difference that allows producer to charge a premium,"
— "Name with promise".

There is a high degree of unanimity in these replies which might be summarized in terms of a brand's components. Substantial research reported the marketing journals over the years suggests that brands consist of:

- Attributes — features, benefits, personality traits.
- Associations — connections between the brand and the attributes in the consumer's mind.

- Identifiers — name, logo, color — any cue that brings the brand to mind.

Marketing strategy tends to focus on the attributes of the product or service. Certainly, products and services must be designed so that they are effectively positioned in the market.

Developing associations requires consistency over time and across markets. That has been the strength of the world's most valuable brands such as Disney, Kodak, and Nescafe

Branding strategy must focus on the associations and identifiers. Developing associations requires consistency over time and across markets. That has been the strength of the world's most valuable brands such as Disney, Kodak, and Nescafe.

That consistency is not easy to achieve when markets include many countries and many cultures. Global brands are brands that are managed globally to develop that consistency.

Global management does not necessarily mean that the product position is identical in every country. Volvo has used campaigns touting their safety, their styling, their handling, and their prestige in different countries, yet they are a global brand because those decisions were made with a global viewpoint.

What is a global market?

At one time, many years ago, most world markets could be described as multi-domestic. A multi-domestic market is one where all the country markets must be viewed as separate markets. Key reasons for multidomestic markets are dissimilar customers and barriers between country markets.

Today, due to globalization, it is more and more difficult to find examples of multi-domestic markets. Illustrations might include local real estate and local news, although the Internet may move those industries toward the global category.

Global markets are markets where all the country markets can be linked, often because the customers are highly similar or because barriers to trade have been reduced or are not a consideration due to the ability to produce locally. Examples of pure global markets are scarce, but cola drinks and cigarettes come close. Commercial aircraft, all sizes of computers, and certain wholesale financial services are other illustrations.

What is important about global markets is the opportunity for efficiency they offer. Because markets can be linked, there are opportunities for cross-border economies with respect to producing the product or service and with respect to marketing communications. For example, Canon can use one camera model in several markets. They may position it differently in those country markets (as high tech or as user-friendly), but because it is the same physical camera, they can enjoy cross border economies of design and production. When Gillette introduced the Sensor razor system to Europe, they utilized a unified advertising program which allowed them to save millions of dollars.

A global brand exploits both types of cross-border economies. The issue is how to develop a strategy that leads to those economies without diluting value to customers in a local country market.

Steps to a global brand

There are four broad steps we employ in building a global brand: 1) Identify a global segment. 2) Evaluate the current positioning of that brand in that segment in the target countries. 3) Determine the desired global positioning for that segment. 4) Establish the marketing programs that will develop the global position for that segment.

The first step concerns segmentation — a concept with which all marketing managers are familiar. Yet despite its familiarity, often segmentation is omitted from the brand strategy. Of the marketing plans companies have given the author to review, nearly 50 percent have consisted of only objectives and action steps — no segmentation, no positioning.

Sometimes segmentation is done, but in terms of products, not customers. Recently, the author examined an analysis of the world cereal market performed by a leading advertising agency. The section headed "segmentation" read, "The cereal market is segmented into hot cereals and cold cereals."

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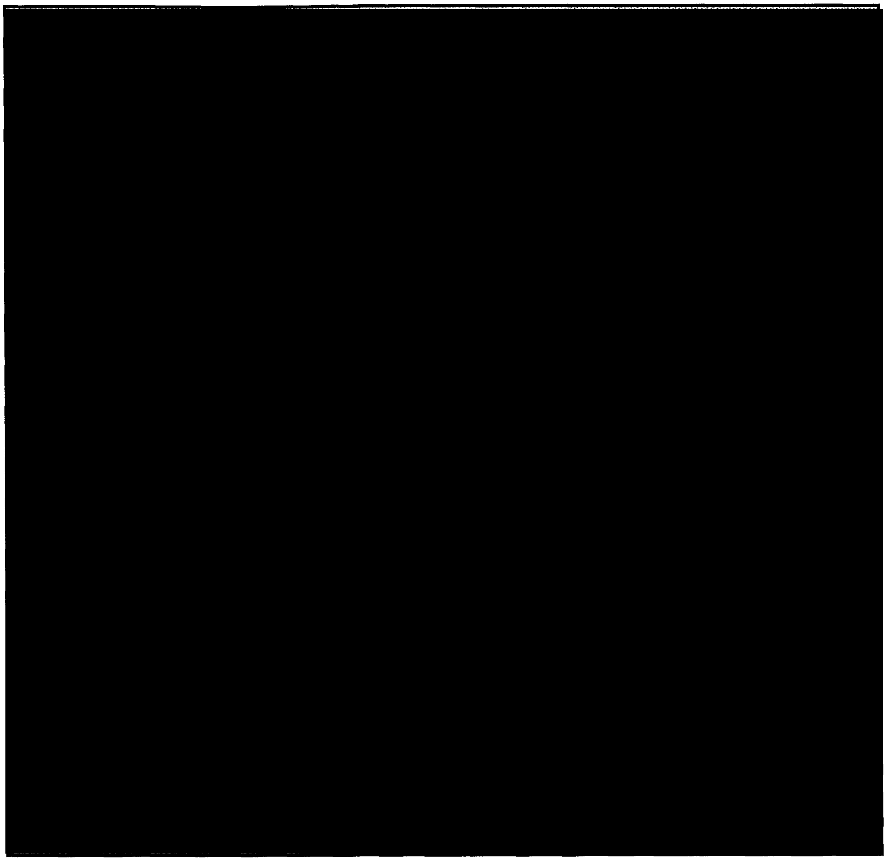
Whoever prepared that report did not understand market segmentation. Market segments consist of people — customers, not products. The power of segmentation comes from finding commonalities among customers.

Those commonalities can transcend borders and that is key to building global brands.

Some years ago, the author was involved in a study of family planning attitudes and practices conducted in several countries including Jamaica, Panama, Venezuela, Turkey, Iran, Thailand, South Korea, and the Philippines. Eight segments were identified in each country, ranging from those who chose not to plan their families for moral or religious reasons to those who were aware of and used several methods of family planning. Members of a specific segment in Iran, had more in common with members of that same segment in Panama or in South Korea than with other Iranians with regards to family planning. Segments can transcend borders.



A global segment is a group of customers seeking similar benefits that can be found in many countries, such as Coca-Cola's 18 - 25 year olds. Identification of a global segment is the first step towards developing a global brand.

The second step is to evaluate the current position of the brand — this information provides a starting point. For example, a producer of cough drops may find that in some countries the cough drops are positioned as medicine, in others as a confection.

The third step is to determine the desired position of the brand with respect to associations and identifiers. This position can vary by country. For example, the cough drop manufacturer may be satisfied with the two product positions of medicine and confection. In this case, the brand position would need to be sufficiently broad to embrace both product positions. Perhaps the brand strategy would focus on the sensation of eating the drop and that message could be employed in all markets.

It is simpler, however, if the main product and brand position is essentially the same in all country markets, as with Coca-Cola and Marlboro. It is still possible to use local campaigns to add local value as Coca-Cola does. For example, in South Korea, Coca-Cola is often consumed in family situations and in Argentina it is often consumed with food. Both consumption situations can be stressed in local campaigns even as the global campaign remains consistent across the global segment.

The final step is to assemble the marketing programs to implement the desired brand position. There are important issues here regarding global versus local control and execution.

Often these issues are resolved by using global or regional teams. For illustration, Procter & Gamble launched a liquid clothing detergent, Vizir (which later became liquid Tide), with a Euro-Team. 3M has employed Marketing Action Teams, consisting of marketing managers from various countries, to develop cross border marketing strategies and achieve buy-in from local managers. Because of the coordination these teams provide, some of their competitors with European headquarters consider Procter & Gamble and 3M to be more "European" than they are.

Summary

Global brands represent enormous cash-producing assets. To build them requires consistency over time and across country borders. The key for developing consistent strategy across country borders is identifying the global segment and the global position. The key for implementing that strategy is often the global marketing team. ■