

GLOBAL OR NATIONAL BRANDS?

Reader PhD Sorina GÎRBOVEANU
University of Craiova

Abstract:

Today, branding is such a strong force that hardly anything goes unbranded. Branding in global markets poses several challenges to the marketers. A key decision is the choice between global and national brands. This article gives the answers to the questions: what is, what is need for, what are the advantages, costs and risks of global and national brands? All go to the following conclusion: use global brands where possible and national brands where necessary.

Keywords: global branding, strategic branding

Introduction

In essence, a brand identifies the seller or maker. It can be a name, trademark, logo, or other symbol. Under trademark law, the seller is granted exclusive rights to the use of the brand name in perpetuity. Thus brands differ from other assets such as patents and copyrights. A brand is essentially a seller's promise to consistently deliver a specific set of features, benefits, and services to the buyers. The best brands convey a warranty of quality. But a brand is even a more complex symbol.

A brand can convey up to six levels of meanings. *Attributes*: a brand first brings to mind certain attributes. *Benefits*: customers are not buying attributes, they are buying benefits. Attributes need to be translated into functional and/or emotional benefits. *Values*: the brand also says something about the producer's values. *Culture*: the brand may represent a certain culture. *Personality*: the brand can also project a certain personality. *User*: the brand suggests the kind of consumer who buys or uses the product. Marketers must decide at which level(s) to deeply anchor the brand's identity. Promoting the brand solely on one or more of its benefits can be risky. The most enduring meanings of a brand are its values, culture and personality. They define the brand's essence [4].

Increasingly, corporate and brand image is being recognized as a major influence on sales. In the commercial world, where it is becoming increasingly easy from a technical point of view to duplicate a competitor's offering, the creation of a favourable or different image may give the company a competitive advantage.

The concept of brand management was created in the 1930s by Procter and Gamble, the giant Cincinnati soap and toiletries company. It came about as a result of the failure to launch successfully a new soap at that time, Camay. P&G's original market strength had been founded on a soap brand called Ivory and it was felt that the sales failure of the company was due to "too much Ivory thinking".

A strong brand reassures the customer; it gives confidence in terms of the quality and satisfaction that can be anticipated from buying it. From all of this comes the possibility of long-term profits. Many brands are household names today, but the concept of brand management has moved beyond the household goods categories.

People with brand-management experience in fast moving consumer goods companies are now in demand by financial institutions, service organizations, retailers and new technology-based companies. Their

marketing skills are being applied to “own label” brands. For example, the Midland Bank has introduced new brands of accounts, with names such as Vector and Orchard, which have been strongly promoted. The Halifax Building Society is moving along similar lines with its “Contents Xtra” insurance scheme.

Without a doubt, the concept of branding can fit in very well with the idea of the corporate image [3]. Take British Airways, for example. Once they were organized on the basis of a number of “marketing centers”, which were essentially geographical areas such as North America, Europe and Australia. With such an organization, it was very difficult to get a focus on customer service and to track down the real needs of customers. There is now an “umbrella” or “master brand”, which is British Airways itself. Under this are

seven “pillar” brands: Concorde, First Class, Club World, Club Europe, World Traveller, Euro-Traveller and Super Shuttle, each run by a brand manager and a group brand manager. Customer service and profitability have both improved under the new system.

Global Brands

A *global brand* is defined as the worldwide use of a name, term, sign, symbol (visual and/or auditory), design, or combination thereof intended to identify goods or services of one seller and to differentiate them from those of competitors. Much like the experience with global products, there is no single answer to the question of whether or not to establish global brands. Table 1 lists the estimated worth (equity) of the 20 top global brands.

Table 1

Top 20 Global Brands

Brand	Description
1. Coca-Cola (United States)	Little innovation beyond its flagship brand and poor management has caught up with Coke as consumers' thirst for Cola has diminished.
2. Microsoft (United States)	It's logo pops up on 400 million computer screens worldwide. But virus plagues and rival Linux took some luster off Gates & Co.
3. IBM (United States)	A leader in defining e-business, with services making up more than half of Big Blue's sales.
4. GE (United States)	With acquisitions in areas from bioscience to bomb detection, it's easier to buy GE's new theme of “imagination at work”.
5. Intel (United States)	No longer just inside PCs, Intel is using its muscle to set the agenda for everything from wireless standards to the digital home.
6. Disney (United States)	Long the gold seal in family entertainment, but newcomers like Nickelodeon and Pixar are siphoning off some of its brand equity.
7. McDonald's (United States)	Big Mac has pulled out of a two-year slump but still has to battle its reputation for supersizing the world's kids.
8. Nokia (Finland)	Tough times for the mobile-phone giant as its market share has slipped and younger buyers turn to rivals such as Samsung.

Table 1
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Brand	Description
9. Toyota (Japan)	With rock-solid quality and the edge in hybrid cars, the Japanese auto maker is on track to overtake Ford in worldwide sales.
10. Marlboro (United States)	The no. 1 name in cigarettes has cut prices and upped marketing to beat back the challenges of higher taxes and fewer smokers.
11. Mercedes (Germany)	With wobbly profits and quality problems, the luxury car brand is struggling to retain premium status.
12. Hewlett-Packard (US)	Covering everything from digital cameras to service, the IT giant wants to dominate the middle ground between Dell and IBM.
13. Citibank (United States)	New CEO Charles Prince has spurred on global expansion and boosted the consumer credit division.
14. American Express (United States)	A recent federal court ruling that allows banks to issue Amex cards should give the brand another boost.
15. Gillette (United States)	Despite the tougher competition from Schick, the King of Blades still reigns new products like the battery-powered M3Power.
16. Cisco (United States)	This networking behemoth used slick TV ads and key acquisitions like Linksys to extend its reach.
17. BMW (Germany)	This Bavarian auto maker is powering higher sales with raft of new models from the sleek 6 Series sports coupe to the X3 baby SUV.
18. Honda (Japan)	Overtaken by Nissan at home and falling further behind rival Toyota in the U.S. market.
19. Ford (United States)	Ford is trying to make quality "Job One" again after an embarrassing run of glitches, but leery consumers haven't yet regained trust.
20. Sony (Japan)	It was late to the LCD TV boom, and the PS2 video game console is slipping. Worse, rival Samsung is in Sony's face.

Source: Cateora, Ph., Graham, J., Bruning, E., *International Marketing*, McGraw-Hill Ryerson, Toronto, 2006, pg. 323

Figure 1 dramatizes the extent of U.S. company domination of global branding. No other country remotely approaches the brand values held by American companies. U.S. companies account for fourteen of the top twenty global brands (70 percent) across both consumer goods and industrial sectors. Others countries within the top twenty rankings are Finland (Nokia) in telecommunications, Japan (Toyota, Honda, and Sony) and Germany

(BMW). In fact, U.S. dominance is much deeper than the rankings reflect.

A successful brand is the most valuable resource a company has [1]. The brand name encompasses the years of advertising, good will, quality evaluation, product experience, and other beneficial attributes the market associates with the product. Brand image is at the very core of business identity and strategy. Customers everywhere respond to images, myths, and metaphors that help them define

their personal and national identities within a global context of world culture and product benefits. Global brand play an important role in that process. The value of Kodak, Sony, Coca-Cola, McDonald's, Toyota, and Marlboro is indisputable. One estimate of the value of Coca-Cola, the world's most valuable brand, places it over \$70 billion and growing. In fact, one authority speculates that brands are so valuable that companies will soon include a "statement of value" addendum to their balance sheets to include intangibles such as the value of their brands. Naturally, companies with such strong brands strive to use those brands globally. In fact, it appears that even perceived "globalness" leads to increases in sales. The Internet and other technologies are accelerating the pace of the globalization of brands. Even for products that must be adapted to local market conditions, a global brand can be successfully used with careful consideration. Heinz produces a multitude of products that are sold under the Heinz brand all over the world. Many are also adapted to local tastes. In the United Kingdom, for example, Heinz Beans Pizza (available with cheese or sausage) was a runaway hit, selling over 2.5 million pizzas in the first six months after its introduction. In the British market, Heinz's brand of baked beans is one of the more popular products. The British consumer eats an average of 16 cans annually, for a sales total of \$1.5 billion a year. The company realizes that the consumers in other countries are unlikely to rush to stores for beans pizzas, but the idea could lead to the creation of products more suited to other cultures and markets.

What are the advantages [4] of a global brand name? One main advantage is economy of scale in preparing standard packaging, labels, promotions, and advertising. Advertising economies result from using standardized ads and the fact that media coverage increasingly overlaps

between countries. Another advantage is that sales may increase because travellers will see their favourite brands advertised and distributed in other markets. Third, trade channels are more ready to accept a global brand that has been advertised in their market. Finally, a worldwide recognized brand name is a power itself, especially when the country-of-origin associations are highly respected. Japanese companies have developed a global reputation for high technology and quality and their names on products give buyers instant confidence that they are getting good value.

But there are also costs and risks to global branding. A single brand name may not be as appealing as locally chosen names. If the company replaces a well-regarded local name with a global name, the changeover cost can be substantial. The company will have to inform millions of people that its brand still exists but under another name. Even the company's local managers may resist the name change ordered from headquarters. The overcentralization of brand planning and programming may dissipate local creativity that might have produced even better ideas for marketing the product.

Even when a company has promoted its global brand name worldwide, it is difficult to standardize its brand associations in all countries. Heineken beer, for example, is viewed as a high-quality beer in Canada, as a grocery beer in the United Kingdom, and as a cheap beer in Belgium. Cheez Whiz, a Kraft General Foods Cheese spread, is viewed as a tasty snack spread in Canada and as a coffee flavourer in Puerto Rico.

Ideally a global brand gives a company a uniform worldwide image that enhance efficiency and cost savings when introducing other products associated with the brand name, but not all companies believe a single global approach is the best.

Indeed, we know that the same brand does not necessarily hold the same meanings in different countries. In addition to companies such as Kodak, Kellogg, Coca-Cola, Caterpillar, and Levi's that use the same brands worldwide, other multinationals such as Nestlé, Mars, Procter&Gamble, and Gillette have some brands that are promoted worldwide and other that are country specific. Among companies that have faced the question of whether or not to make all their brands global, not all have followed the same path. For example, despite BMW's worldwide successes, only recently did the company create its first global brands position.

Companies with successful country-specific brand names must balance the benefits of a global brand against the risk of losing the benefits of an established brand. And some brand names simply do not translate. The cost of reestablishing the same level of brand preference and market share for the global brand that the local brand must be offset against the long-term cost savings and benefits of having only one name worldwide. In those markets where the global brand is unknown, many companies are buying local brands of products that consumers want and revamping, repackaging, and finally relaunched them with a new image. Unilever purchased a local brand of washing powder, Biopan, that had a 9 percent share of the market in Hungary; after relaunching, market share rose to about 25 percent.

When Mars, a U.S. company that includes candy and pet food among its product lines, adopted a global strategy, it brought all its products under a global brand even those with strong local brand names. In Britain, the largest candy market in Europe, M&Ms were sold as Treets and Snickers candy was sold under the name Marathon to avoid association with *knickers*, the British word for women's underpants. To bring the two candy products under the global

umbrella, Mars returned the candies to their original names. The pet food division adopted Whiskas and Sheba for cat foods and Pedigree for dog food as the global name replacing Kalkan. To support this global division that account for over \$4 billion annually, Mars also developed a website for the pet food brands. The site functions as a "global infrastructure" that can be customized locally by any Pedigree Petfoods branch worldwide. For instance, Pedigree offices can localize languages and information on subjects as veterinarians and cat-owner gatherings.

National Brands

A different strategy is followed by the Nestlé Company, which has a stable of global and country-specific *national brands* in its product line. The Nestlé name itself is promoted globally, but its global brand expansion strategy is two-pronged. In some markets it acquires well-established national brands when it can and builds on their strengths – there are 7,000 local brands in its family of brands. In other markets where there are no strong brands to be local, people to be regional, and technology to be global. It does, however, own some of the world's largest global brands; Nestlé is but one.

Unilever is another company that follows a *similar strategy of a mix of national and global brands*. In Poland, Unilever introduced its Omo brand detergent (sold in many other countries), but it also purchased a local brand, Pollena 2000. Despite a strong introduction of two competing brands, Omo by Unilever and Ariel by Procter&Gamble, a refurbished Pollena 2000 had the largest market share a year later. Unilever's explanation was that East European consumers are leery of new brands; they want brands that are affordable and in keeping with their own tastes and values. Pollena 2000 is successful not just because it is cheaper but because it chimes with local values.

Neither Canada nor Australia is represented in the top 100 global brands, as their branding strategy is predominately national. They do not have well-developed consumer goods and services sectors, as in the U.S., and most of their companies cater to local consumer markets. Of the top ten brands in Australia, only two are in consumer products (Woolworth's, in food, and Billabong, in casual clothing). Five of the remaining eight brands are from firms in the financial services sector. Commonwealth Bank, Westpac, ANZ, National Australia Bank, and St. George's Bank. The other three brands are Testra, in telecommunications, Australian Post, government services, and Ansell, health care supply.

Large and small companies must also consider rises in nationalistic pride that occur in some countries and their impact on brands. In India, for example, Unilever considers it critical that its brands, such as Surf detergent and Lux and Lifebuoy soaps, are viewed as Indian Brands. Just as it's the case with products, the answer to the question of when to go global with a brand is, "It depends - the market dictates".

In the past, most companies established new brand names that made sense in their country [4]. When they later attempted to introduce their brand into foreign markets, some companies discovered that the existing brand name was not appropriate. The name was difficult to pronounce, offensive, funny, meaningless, or already co-opted by someone else. The company would be forced to develop a new brand name for the same product when it was introduced in other countries. P&G had to create a different brand name for its Pert Plus shampoo when it introduced it in Japan (called Rejoy) and the United Kingdom (called Vidal Sassoon). Using different brand names for the same product comes at a high cost, however. The company has to prepare different labels, packaging, and advertising.

The trend today is toward a "borderless world." In Europe, custom duties, border delays, and other impediments to inter-European trade are rapidly diminishing. Companies are eager to launch new brands as Eurobrands. P&G launched its detergent Ariel as a Eurobrand. Mars has replaced its Treetts and Bonitas brands names with M&M's worldwide and changed its third largest United Kingdom brand - Marathon - to the Snikers name that it uses in the United States. Unilever is now seeking to market its various detergent brands - All, Omo, Persil, Presto, Skip, and Via - under fewer labels.

Clearly some brand names have gained worldwide acceptance. Such companies as Kodak, McDonald's, IBM, Sony, and Coca-Cola would not think of using different brand names as they enter additional countries.

Conclusions

Branding is a major issue in product strategy. Branding is expensive and time-consuming, and can make or broke a product. The most valuable brands have a brand equity that is considered an important company asset. The best brand name suggest something about the product's benefits; suggest products qualities; are easy to pronounce, recognize, and remember; are distinctive; and do not carry negative meanings or connotations in other countries or languages.

To growing globalization of markets that gives rise to standardization must be balanced with the continuing need to assess all markets for those differences that might require adaptation for successful acceptance. The premise that global communications and other worldwide socializing forces have fostered homogenization of tastes, needs, and values in a significant sector of the population across all cultures is difficult to deny. However, more than one authority notes that in spite of the forces

of homogenization, consumers also see the world of global symbols, company images, and product choice through the lens of their own local culture and its stage of development and market sophistication. Each brand must be viewed in light of how it is perceived by each culture with which it comes in contact. What is acceptable and comfortable within one group may be radically new and resisted within others, depending on the experiences and perceptions of each group.

A brand is essentially a seller's promise to consistently deliver a specific set of features, benefits, and services to the buyers. The best brands convey a warranty of quality. But a brand is even a more complex symbol. A strong brand reassures the customer; it gives confidence in terms of the quality and satisfaction that can be anticipated from buying it. The concept of branding can fit in very well with the idea of the corporate image. Increasingly, corporate and brand image is being recognized as a major influence on sales.

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advertising, good will, quality evaluation, product experience, and other beneficial attributes the market associates with the product. Brand image is at the very core of business identity and strategy.

A global brand is the worldwide use of a name, term, sign, symbol (visual and/or auditory), design, or combination thereof intended to identify goods or services of one seller and to differentiate them from those of competitors. Even when a company has promoted its global brand name worldwide, it is difficult to standardize its brand associations in all countries.

Sometimes, companies are forced to develop a new brand name for the same product when it is introduced in other countries, a strategy of mixing national and global brands. Companies with successful country-specific brand names must balance the benefits of a global brand against the risk of losing the benefits of an established brand.

The major inference to draw from all of this is that wise companies will globalize those elements that make or save substantial sums of money and localize those that competitive positioning and success require.

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