Strategic Brand Management

Exeter MBA and MSc – Day 3
Lecture 1
Global Brand Strategy

Jack Buckner
Why?
- Access to new markets
- Less competition?
- Reduce costs through economies of scale
- Recognition of global consumers – and global opportunities
- Increasing globalisation of the retail/channel environment - Internet
- Global profile necessary for success
- Perception – the competition will get there first
- Or come here … fast

Why not?
- Costs are often greater than expected
- Risks of losing brand control – unless carefully planned growth (yet more costs)
- Cultural barriers often underestimated (more than the consumer barriers)
- Dilution of core management / brand leadership
A warning on the literature

- Most of the global brand literature is written by brand types…
- Not sleazy financiers who want to make a quick buck overseas…..
- …and there are plenty of sleazy financiers out there

Global Strategic Brand Management

Brand  
Product / Service  

SLEAZY FINANCE TYPES  
Sales Forces  
Retailers  
Head office

Consumers
Expansion Overseas

<table>
<thead>
<tr>
<th>METHOD</th>
<th>ADVANTAGES</th>
<th>DISADVANTAGES</th>
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<tbody>
<tr>
<td>Subsidiary</td>
<td>Brand control</td>
<td>Cost and resources</td>
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<tr>
<td></td>
<td></td>
<td>Lack of local expertise</td>
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<tr>
<td>Alliance</td>
<td>Combines experience</td>
<td>Role clarity</td>
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<td>Joint Venture</td>
<td></td>
<td>Resource duplication?</td>
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<tr>
<td>Distributor</td>
<td>Quick and cheap</td>
<td>Limited brand control</td>
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<tr>
<td>Licensee</td>
<td>Profitable and limited resources</td>
<td>Lack of brand control</td>
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<td>from parent</td>
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Going overseas

- Most of the literature concerns strong domestic brands going global
- The resources exist to expand via subsidiaries
- Distributors and licensees may be the only viable route for small brands
- Global competition (driven by the Internet) forces global expansion before strong domestic market share established
Can a brand afford not to expand overseas?

- Single European market
- Internet
- Communications
- Travel
- “Globalisation” of key consumer groups – Tweens
- …BUT timing is critical

Global Brand Strategy

- Internal Analysis
  - Organization
  - Brand expression
  - Marketing
- External Analysis
  - Conventions
  - Brand perception
  - Brand recognition

Sicco Van Gelder – Global Brand Strategy
Advantages in Global Branding/Marketing

- Economies of scale
- Lower marketing costs
- Power and scope
- Consistency in brand image
- Ability to leverage good ideas quickly
- Uniformity of practice

Keller – Chapter 14

Disadvantages in Global branding/marketing

- Consumer differences
- Differences in consumer response
- Differences in brand and product development
- Differences in the legal environment
- Differences in marketing institutions
- Differences in administrative procedures

Keller Chapter 14
The Key Debate

<table>
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<tr>
<th>STRUCTURE</th>
<th>Advantages</th>
<th>Disadvantages</th>
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<tr>
<td>Centralised</td>
<td>Strong brand control</td>
<td>Weak country management</td>
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<tr>
<td>Mix</td>
<td>Brand and local management balance</td>
<td>Confusion and duplication of functions/resources</td>
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<tr>
<td>De-centralised</td>
<td>Strong country management</td>
<td>Weak global brand</td>
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Dell computers

- Established in 1984 by Michael Dell
- Pioneered direct sales model
- Low cost, high value brand
Dell global expansion

- Established European subsidiaries in late 1980’s
- Asia-Pacific early 1990’s
- 1996 - e-commerce
- Repeated core business / branding model across Europe

Dell in China

- Targeted corporate market first
- Authorized distributors
- First market to operate a “hybrid” business model
- Manufacturing plant
- 530 toll free numbers in 258 cities
- Local promotional events – advertising and direct mail
- 2001 – Smart PC – lower price model
- 2003 China – Dell’s fourth largest market, growing by 50% pa
Global Brand Management

- Global organizations like global branding strategies…
- …and global product ranges
- Markets like to customize product ranges…
- … And sometimes the brands themselves

The Key Tensions

Global Brand Manager

They say it won’t sell here

The local markets

Or here
Or here
Or here
Or here
Let’s discuss and decide what’s in the best interests of the brand

Let’s be realistic about the US

If you don’t do it – you’ll never get a job in HQ

Eurobrands management

- Three phases
  - Decentralised
  - Centralised
  - Decentralised with strong coordination

- Intermediate policies most successful across Europe

Kapferer – Chapter 12
Global Brand/Marketing Planning

- Strong brands define roles and responsibilities
- Coca-Cola and Nestle’s alternative planning systems
- Clarity is more important than the system

The “Mix” approach to global branding

- Core branding elements most centralized – brand identity, core products, R and D
- Secondary branding elements most debated – advertising, in-store
- Below the line branding often most decentralized – pr, sponsorship
The Lure of Global Branding

- Successful global brands
  - Stimulate the sharing of insights and best practices across countries
  - Support a common global brand-planning process
  - Assign managerial responsibility for brands in order to create cross-country synergies and to fight local bias
  - Execute brand-building strategies

Assigning responsibility

- Business Management Team
  - Create global brands without weakening local brand strength
  - Encourage adoption of brand building programmes
  - P and G

- Brand Champion
  - Senior global executive the brand champion
  - Approves all brand-stretching decisions
  - Sony and the Gap

- Global Brand Manager
  - Similar to brand champion but less senior
  - Brand steward approach

- Global Brand Team
  - Involve country management in additional responsibilities
  - Develops joint guidelines

Aaker and Joachimsthaler – the lure of global branding
**Starbucks in Japan**

Third largest coffee market in the world
Retail rentals in Tokyo very expensive
Local competition – Doutor and Pronto
Customisation – smaller portions, limited local product range
Standard – names of offerings, no-smoking policy, store size
Howard Schultz “they said we would not succeed in Japan. It shows the power of believing in what you do.”
BUT – 2002 17% decline in traffic
Increased local product range (Rice/Salmon wraps)

**McDonalds in China**

“McDonalds can both stimulate social change and uphold traditional ways of interacting.”
“..the meanings attached to a brand name can be malleable and sometimes paradoxical in societies where cultural norms are in flux.”
Brand Image and cultural traditions
The natural trend for global brands is to minimise adaptation

Eckhardt and Houston – Cultural paradoxes in Brand Meaning:
McDonalds in Shanghai, China
Some Global brand issues

- The European debate
- The role of the UK within Europe
- US market entry for non-US brands
- Management of Asia
- China and its relation to Asia
- Global key account management

Western Europe

North Europe
- Sweden
- Norway
- Denmark
- Finland

Anglo-Saxon Europe
- United Kingdom
- Ireland

Central Europe
- The Netherlands
- Germany
- Luxemburg
- Belgium
- Austria
- Switzerland
- Italy

Mediterranean Europe
- Spain
- Portugal
- Greece
- Italy
adidas Global Brand Management Evolution

- 1993 – Big 4 – Germany, USA, France and UK
- 1996 – Big 7 – USA, Germany, UK, France, Italy, Japan, Scandinavia
- 1998 – Regional Management – USA, Europe, Asia, Latin America
- Issues remain – role of US, Japan and Asia, Eastern Europe

adidas Global Branding Process

- August (16) – Brand Strategy Meeting
- September – January (12-16) – Global product range design and development
- January(12) – Range review
- January-March(9-12) – Product range revision and concept development
- March(9) – Global Marketing Meeting
- April-June(8-6) – Country marketing and sales
- June-December(6-2) – Range ordering and marketing finalisation
- January – Product and marketing launch