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Overview

This report summarizes the proceedings of the Marketing Science Institute's conference on “Global Branding” held June 20-21, 2000, in Milan, Italy.

Although much has been written about the value and importance of brands, less attention has been given to the extendibility of the brand across national boundaries. In this conference, leading scholars and MSI member company executives addressed critical questions associated with global branding: Is it necessary or desirable for the brand to be the same in all parts of the world? When do consumers prefer global brands to local ones, and why? How can we understand and make use of the culture-specific meanings associated with particular brands? How can companies build and leverage corporate brand images when competing across multiple markets? Are there universal drivers to great brands? How are companies making strategic use of the Internet for global branding?

The nine presentations summarized here offer a balance of business and academic perspectives. They provide fresh insight and ideas on how to determine when a global brand is the appropriate goal and how best to implement this decision.
Is There Really No Hope for Local Brands?
Jean-Noel Kapferer, Groupe HEC

Overview
This presentation discussed the longevity and the success of the “local brand.” Contrary to current wisdom, in some markets local brands may dominate global ones because of their uniqueness and exceptional goodwill. Strong local brands have a role to play in multinationals’ brand portfolios, because they help finance globalization, they act as a bridgehead that opens doors for the company, and they help the firm dominate the market. The presentation also provided a framework for brand portfolio management.

Background
Since Theodore Levitt’s seminal article on the death of the local brand and the inescapable domination of global brands, the discussion of local versus global brands seems to be over. According to Levitt, the trend towards the globalization of brands should be a result of both technological innovation and the global convergence of social styles. Moreover, in recent years, one after another, big multinational corporations have pruned their brand portfolios and gotten rid of their local brands.

Local versus Global Brands
A typical approach to the globalization of brands is that of Procter & Gamble. In Europe their goal is to increase their brand’s leadership. In order to achieve that goal they need to increase the Europeanization of brands, primarily through developing European segments, keeping only one brand per segment, standardizing their brand mix, and as a result of all the above, suppressing all local brands not fitting that portfolio. However, the reality is not that drastic. Local brands can be found with prominent positions in P&G’s brand portfolio all over Europe.

Building on several different cases similar to the one just described, there are six factors that weigh in favor of local brands:

Structural Factors. There are several important structural factors that favor local brands. First, one finds “nonfrequent purchase,” where equity is passed from one generation to another through family tradition. In contrast, in fast-moving categories people tend to change brands much more as a result of the lower cost of trial. Second, in sectors where the importance of advertising (versus prescription or loyalty) is low, it is very difficult to change consumers’ loyalty towards older brands. Local brands benefit more from word-of-mouth and transmission of reputation. Third, in industries where the importance of the salesforce is high the rela-
tionship between manufacturer and retailer tends to favor local brands. Fourth, when there are few economies of scale, the cost advantage of globalization is reduced. Fifth, if there is a need for local product or packaging adaptation, the manufacturer's market knowledge and capability to adapt also favor local brands. Sixth, although concentrated buyers often prefer to be supplied by global and reliable companies, if the buyers are fragmented, they will probably prefer to work with local operators or brands that can take care of their particular needs. Finally, price accessibility will probably favor local brands. Global brands tend to be constrained by their international price positioning, whereas local brands will adapt completely to their local markets.

Brand Equity Factors. First, if the local brand has dominant consumer awareness, it already has a huge advantage that should be exploited. Also, local brands with strong emotional ties to the community and/or brands whose name has a local meaning have a considerable advantage over global brands, which usually do not benefit greatly from these types of equity in foreign markets. Finally, local brands tend also to develop a high trust relationship with consumers who favor them over global brands.

Competitive Factors. If a local brand has developed a strong leadership and/or a high level of profitability, the company should take advantage of that equity. Local brands with low prices can also help the firm defend itself from distributors' own brands.

General Strategy. Local brands can also play a role in facilitating, culturally as well as financially, the introduction of new global brands into a market.

Organization. Decentralized companies are better at adapting to local cultures and markets.

Environment. Nationalistic sentiment, local norms, and local restrictions are frequently used to create barriers to international global brands. Therefore, international companies can use local brands, which are closely tied to local norms and familiar with local restrictions, to penetrate these markets.

Summary

In conclusion, one should have in mind that many local brands have a tremendous advantage that results from, among other factors, its cultural awareness, penetration, and market share levels. Therefore managers should consider the following advice:

1. Strong local brands do have a role to play in multinationals' brand portfolios:
   - Local brands help finance globalization.
   - Local brands act as a bridgehead, opening doors to the remaining brand portfolio of the multinational.
   - Local brands facilitate market domination.
2. They are often unique and have exceptional goodwill.

3. However, local brands need to be nurtured by R&D and innovation (a natural strength of multinationals) to regain relevance.

4. This has implications in terms of organization and culture; the question is whether multinationals are willing to undertake these changes.
Overview

This presentation discussed the problems and opportunities associated with global branding. It challenged the widespread view that there is no alternative to global branding, and pointed out strategies and tactics for how to align a global corporate strategy with the circumstances of a multinational marketplace.

Standardization or Differentiation?

Brands like Heineken, Mercedes, Campbell's Soup, and Kraft Jacobs Suchard are all considered to be global brands, but they do not have the same positioning, the same product, formula, and so forth all over the world. In order to decide which globalization strategy to follow, firms have to consider different marketing targets and marketing factors. On one hand, a firm faces two conflicting marketing targets: market penetration and economies of scale. On the other hand, there are conflicting marketing factors. These include factors related to consumers, trade, and competition. As a result of the interaction of the marketing targets and marketing factors that firms face, there are two primary and opposing strategies that firms can pursue: standardization and differentiation.

The market penetration target requires a differentiation strategy. In this case, the firm's main criteria are sales goals and market share goals. This implies maximizing penetration (reaching as many households as possible), and maximizing repeat (keeping as many households as possible). This generates a consumer orientation that implies having more brands rather than fewer brands in the brand portfolio. Therefore firms target differentiated brands to different market segments.

Nevertheless, firms have as their main goal the maximization of profits, and this is partially achieved through economies of scale. The economy of scale target (efficiency) is accomplished through integration and therefore requires standardization. This is achieved through maximizing economies of scale in design, advertising, brand, production, etc., and minimizing diversity (e.g., going for the smallest number of brands and SKUs possible). The company orientation now suggests having fewer rather than more brands.

Thus, there is a perceived dilemma between standardization and differentiation, which entail different branding strategies. In order to obtain further evidence in
favor of one of the alternatives, firms have to consider the marketing factors it faces: those related to consumers, trade, and competition.

**Market Factors: Consumer, Trade, and Competition**

Regarding the consumer, the analysis of European markets show that consumer structures remain different; there is still no “Euro-consumer.” There are different brand portfolios from country to country, different need/attitude structures, and different usage/habit structures. This suggests using a differentiation strategy.

On the other hand, the trade-related factors tend to support a standardization strategy. For example, Euro accounts represent 50 percent of Henkel’s turnover. The top retailers trade between 36 percent (in Italy) and 90 percent (in France) of food retail turnover, depending on the countries. Furthermore, the wave of acquisitions and fusions among retailers favor the concentration of European trade. More Euro-negotiations for new listings are the rule. Nevertheless, there is a tendency to go from national assortments to regional assortments, but not to continental ones.

Finally, the competition-related factors tend to suggest adopting a differentiation strategy. The level of importance of private labels differs across Europe; most competitors have a high number of brands, and across European core countries one cannot find the same top three competitors.

These three marketing factors define the battlefield for the two different branding strategies: global and local. The global strategy (standardization) focuses on global market share, with low cost production, low complexity, and speed. The local strategy (differentiation) concentrates on regional market penetration, proximity to the consumer, and flexible responses to different markets.

**Reconciling Local Brands and Transnational Efficiency**

The challenge for Euro-marketing is to design alternative strategic paths for business strategies in the European marketplace, governed by the common need for standardization and differentiation in order to reconcile local brands with transnational efficiency. One alternative is to follow a transnational strategy, which consists of maintaining a balanced portfolio of global and local brands to exploit economies of scale while securing market penetration. This should be combined with an adaptive strategy in order to migrate towards a global portfolio. The adaptive brand portfolio strategy includes growing existing global brands, maintaining existing national brands while striving to globalize them whenever appropriate, creating economies of scale with existing brands by successively harmonizing technical product features, and, finally, building new global brands.

A firm migrates towards a global brand strategy by standardizing both brand elements (e.g., fragrance, color, texture, design, advertising, and brand name) and product features (e.g., formula, packaging formats, production technology). Standardization paths vary depending on whether the brand in question is a new brand or an existing brand. The new brand should benefit from a global standardized approach from the start, with a fast roll-out, Euro-production, and identical
product, positioning, design, advertising, etc. An existing brand requires a brand migration approach with step-by-step standardization. First, the firm should pursue product standardization, and then brand standardization (design, selling proposition, campaign, and brand name, in this order). Note that brand standardization should be done only if it is appropriate from a consumer’s perspective.

Conclusion

The tradeoff between standardization and differentiation that companies face when choosing between local and global brand strategies can be analyzed in terms of three different components: consumers, competition, and trade. While consumers differ by country, trade is becoming much more standardized; yet, competition differs by country as well. The balance among those factors has led to the rise of the transnational marketing strategy, which is a result of believing in a global world but not in a homogeneous one. The transnational strategy is characterized, first, by European business governed by strategic business units with strong ties to the country or regional level. Second, it is characterized by transnational working groups managing balanced (between global and local) brand portfolios. Third, product development is done irrespective of geographies (transnational R&D). Fourth, logistics and production is also transnational. Finally, business intelligence too is done at a transnational level.
Global Brands: Consumer Motivations and Mechanisms

Rajeev Batra, University of Michigan
(presenting research conducted jointly with
Jan-Benedict Steenkamp, Tilburg University,
and Dana Alden, University of Hawaii)

Overview

As more companies move toward globalizing their brand portfolios, it becomes important to understand which consumers prefer global brands to local ones and which consumers do not. In addition to discussing why this is, this presentation discussed the reasons for such preference, the kinds of product categories where these preferences are strongest, and the mechanisms that create such preferences.

Background

When deciding their global strategy, firms must opt between having global brands and having local ones. Two conflicting arguments are used in this decision: business logic and consumer logic.

Business logic (Levitt 1983; Yip 1995) states that using global brands produces economies of scale and scope (R&D, manufacturing, purchasing, inventories, logistics, marketing, ideas, and speed-to-market). Moreover, the infrastructure necessary for the development of global brands exists already: markets, media, events, and agencies. To obtain these economies of scale and scope, and to leverage this infrastructure, one would need to have standardization and global consistency, via global branding.

On the other hand, such global standardization and consistency would create problems unless consumers around the world were similar in their tastes and preferences. Thus we get to the first “consumer logic” justifying global brands: that “consumers are now very similar” (e.g., Levitt 1983) so that it would be foolish not to take advantage of these scale etc. economies. Such similarity certainly tends to be the case for business-to-business customers. Global retailers and web-enabled professionals, such as physicians, also reinforce this trend. Finally, there is indeed a trend toward homogenization of consumer tastes through media and tourism.

However, there are several counterarguments, supporting the idea that “most often the need for a global brand is in the mind of the producer, not the mind of the consumer” (De Mooij 1998, p. 20). First, one argument runs, consumers are not really becoming that similar: there are still idiosyncratic tastes, needs, and values; moreover, income levels vary greatly from country to country. Second, even if consumers are becoming similar, markets can still be very different in different stages.
of the product lifecycle, and different in terms of competition, segments, channels, prices, and laws. This would impede the successful penetration of a global brand. Third, brand equities may not transfer as a result of lack of heritage, or being meaningless (e.g., Dr. Koop of drkoop.com is only relevant for the U.S. consumer). Thus the argument is that managers often want global branding only to have a sense of control and to develop their corporate ego.

Three other “consumer logic” arguments have been raised in favor of global branding.

Consumer Logic #2. The argument here is that global branding is the way to go because consumers prefer global brands, and rate them higher, because global image is associated with higher quality; globalness itself is a signal to consumers of expertise, authority, and credibility (Kapferer 1997).

Consumer Logic #3. It is claimed that in some cultures, there is a desire to display competence among national elites with regard to foreign cultures which is emulated by the masses. Therefore, consumers prefer buying global brands because it lets them show cosmopolitan taste, demonstrate mastery of global culture, and build self-image (Hannerz 1990; Batra et al. 2000).

Consumer Logic #4. There is an argument that in some cultures, individuals might aspire to be a member of the global consumer community, and may be seeking feelings of global connectedness and belonging. These consumers thus prefer global brands. Several studies have argued for this logic. Appadurai (1990) discusses a global cultural flow from the economic “center” to the “periphery.” Hannerz (1990) argues for the interconnectedness of local cultures and the creation of cultures without local anchorage which justify an emergent “world culture.” Because of this interconnectedness, Robertson (1987) argues for the emergence of the “global human condition.” Finally, Dawar and Parker (1994) and Hassan and Katsanis (1994) maintain that there are global consumer segments that share consumption symbols. Alden, Steenkamp, and Batra (1999) have shown how global brands can symbolize this “global consumer culture.”

Consumer Motivations and Mechanisms

Given these different arguments, some research questions arise. How do consumers choose between local and global brands? Why do they prefer global or local brands? Is it because of perceived higher quality, or prestige/status, or a desire to be part of a global consumer culture? When do consumers choose global or local (what are the contingencies in terms of product categories, consumer types and variables, and national cultural types)? What is the process of preference formation and change? Finally, how should a firm position and communicate as a global brand? In order to try to answer these questions, three studies were conducted.

The first study analyzes how perceived brand globalness creates brand value. For that purpose, the following conceptual framework was developed (see Figure 1). The results suggest that there is no direct impact of perceived globalness on purchase intent. However, perceived globalness does have an influence on purchase impact through its impact on quality and prestige. The quality pathway is the most important one.
But is the consumer preference for global brands a function of country, culture, or consumer segment? This question leads to the second study. This study analyzes the effects of brand local and nonlocal origin on consumer attitudes in developing countries. According to cultural anthropological research, in developing countries foreign or Western brands connote higher quality and status (Friedman 1990; Hannerz 1990). The findings are that origin (global/local) does affect attitudes beyond origin-free quality and origin-free image. Moreover, the impact of origin on attitudes is not just through its influence on perceived brand quality: there is a prestige rub-off as well (see Batra et al. 2000 for details).

This study also suggests that there are some consumer segments that are more influenced by global brands. First, as long as the product category is a “badge” category, consumers are more influenced by brand globalness if the consumers rank high in susceptibility to reference group influence; similarly, if consumers have a high admiration of lifestyles in economically developed countries, the brand globalness influence is stronger. Finally, the results partially support the fact that ethnocentric individuals perceive less quality in global brands and therefore show lower purchase intent and attitude premium for global brands.

Regarding product types, one would expect that the global brand appeal would be positive for nondurable products. This should be so because these product categories tend to have more similar consumption habits around the world; they symbolize modernity and cosmopolitanism; and they are more technology- and R&D-intensive (giving global companies a perceived quality advantage). However, the results do not support this hypothesis. Instead, the study found that consumers
prefer global brands more in product categories where quality is harder for consumers to judge, and for “public” categories that provide more status.

Clearly, these questions need more research in terms of the range of countries/cultures studied, better control for unique country and brand effects, and use of stronger measures.

Summary and Recommendations

In conclusion: the case for global branding based on arguments of consumer homogeneity in tastes alone is possibly exaggerated. And the case based on the argument that consumers prefer a global brand because of its globalness per se is subject to various caveats and contingencies. The claim is correct if the global brand is seen as providing higher quality, especially in categories where quality is uncertain. There is also partial support for the case where being global is associated with status; however, this is a function of the country and the consumer segment. All of these effects, in fact, vary by country, culture, and segment.

These contingencies necessarily have implications in terms of when, where, and how to communicate a brand’s being global. In terms of when and where to communicate global brands, firms should stress global brandedness more if:

- The country market is developing, and aspirational meanings and status are relevant; the segments are more susceptible to reference groups (teens, upwardly mobile, aspirers), less ethnocentric, and more global; and if the products are hard to judge on quality, or where quality credibility matters a lot.

- The brand possesses globalizable equities (e.g., technology, style, or country-of-origin).

- The brand has globalizable “fit” and “leverage”: the needs must be global, and the brand equity must be high and appropriate to the market/culture being extended to.

Regarding how to communicate global brands, firms should:

- Reinforce risks of quality ambiguity and stress authority and expertise from scale and scope.

- Focus on these quality advantages more than on the benefits of prestige and “connectedness,” since this appeal is wider in scope and more durable over time.

- Segment messages by the level of development of the country: in developing and emerging markets, prestige and connectedness should be used to communicate the benefits of buying global brands.

- Firms should feature “used worldwide” and “universal needs/lifestyles/aspirations” in advertising themes; also, stress the ideas of modernity and cosmopolitanism (see Alden, Steenkamp, and Batra 1999).
However, globalization is not the same as homogenization; local interpretations and symbols should be used in communicating global brands.

Finally, the implications for the product-mix are that:

- Local needs still differ; thus, there is a need for a portfolio of local + global brands.
- Global branding does not require full uniformity; a firm can use a mix-and-match approach of name/formulation/packaging etc. The firm should feel free to make appropriate product modifications. Even the brand name can be different. There should, however, be an attempt at globalizing at the brand concept level.
- Firm should consider using global segments and country clusters, instead of only having fully global brands.

In conclusion, we should be critical about the supposed need for global brands.

References


General Motors Case Study: Assessing Brands Globally

Philip S. Dykewicz, General Motors Europe

Overview
This presentation reviewed a case study from General Motors that assessed the relative potential of various brands in the countries of Germany, the U.K., Italy, Czech Republic, and Poland. The presentation ended with a discussion of potential opportunities for GM.

Study
Three car brands needed to be assessed to determine which had the strongest market potential globally. The study undertook to understand various attributes of each brand such as awareness, image, purchase consideration, country origin associations, positioning, and brand personality. Consistent measures were not available across all regions and markets so a special study was undertaken to assess the relative potential of the car brands in Germany, the U.K., Italy, Czech Republic and Poland. The output from the study was reviewed.

Findings
The results showed that although the brands were perceived differently, the majority of respondents knew only the name or little of each brand. Due to the low awareness of the brands, it was felt that any of the brands could be used in Europe. Any of the brands selected would need to be supported with a clear and consistent strategy backed by sufficient financial resources to clearly establish the brand. Different results from other global regions complicated the issue, leaving GM management with no obvious solution.
Peacefulness and Passion: 
The Meaning of Brand Personalities Across Cultural Boundaries

Jordi Garolera, Universitat Pompeu Fabra

Overview

This presentation focused on the degree to which a brand should be “global” and the degree to which consumers prefer, choose, and use brands differently across cultural contexts. For that purpose, this presentation examined the degree to which individuals of different cultures share a similar perceptual representation of the personality traits associated with brands.

The Meaning of Brand Personalities Across Cultural Boundaries

Global brand managers, motivated by efficiencies and convenience, often argue for the creation of a global brand, defined as a brand that shares common meaning across cultures. Debate over whether this argument is valid has given rise to a stream of research that examines how individuals across cultures vary in the cognitive processes on which they rely en route to decision-making. Insight into this issue is needed to better understand the viability of a global brand, and to identify conditions under which such a globalization strategy may be effective. Nurturing the culture-specific meaning associated with the particular personality dimension on which the brand is based may deepen the relationship between the brand and consumers in a particular culture.

The perceptual representations of brand meaning differ across cultural contexts. In the United States, the five factors that represent the brand personality traits that have been already identified are:

- Sincerity
- Excitement
- Sophistication
- Competence
- Ruggedness

This study analyzes the perceptual representation of the personality traits associated with brands in Japan and Spain. In Japan, the ruggedness factor is not considered relevant; instead, “peacefulness” appears to be a very important trait. On the
other hand, the studies conducted in Spain discount another factor in addition to ruggedness. Now, not only is ruggedness not relevant, but competence is also cut out from the original five American factors. The Spanish consumers seem to perceive “peacefulness” and “passion” as very important traits.

Below, we have both the Japanese and the Spanish personality dimensions and corresponding traits.

### Japanese Personality Dimensions

<table>
<thead>
<tr>
<th>Excitement</th>
<th>Competence</th>
<th>Peacefulness</th>
<th>Sophistication</th>
<th>Sincerity</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Talkative, funny, optimistic</td>
<td>• Consistent, responsible, reliable</td>
<td>• Shy, mild-mannered, peaceful</td>
<td>• Elegant, smooth, romantic</td>
<td>• Warm, thoughtful, kind</td>
</tr>
<tr>
<td>• Positive, contemporary, free</td>
<td>• Dignified, determined, confident</td>
<td>• Naive, dependent, childlike</td>
<td>• Stylish, sophisticated, extravagant</td>
<td></td>
</tr>
<tr>
<td>• Friendly, happy, likable</td>
<td>• Patient, tenacious, masculine</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Young, energetic, spirited</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

### Spanish Personality Dimensions

<table>
<thead>
<tr>
<th>Excitement</th>
<th>Sincerity</th>
<th>Peacefulness</th>
<th>Sophistication</th>
<th>Passion</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Happy, outgoing, fun</td>
<td>• Considerate, thoughtful, well-mannered</td>
<td>• Affectionate, sweet, gentle</td>
<td>• Good looking, glamorous, stylish</td>
<td>• Fervent, passionate, intense</td>
</tr>
<tr>
<td>• Daring, young, spirited</td>
<td>• Unique, imaginative, independent</td>
<td>• Real, sincere, down-to-earth</td>
<td>• Naive, mild-mannered, peaceful</td>
<td>• Spiritual, mystical, bohemian</td>
</tr>
<tr>
<td>• Unique, imaginative, independent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Methodology of the Study

1. Product categories are generated and rated high or low on symbolism and functionality.

2. Once the product categories are defined, subjects are asked to name brands, based on unaided awareness, for each of the product categories. Both local and global brands were generated.
3. Next, the brand personality traits are generated from human personality literature, advertising agencies, and a survey to subjects who are asked for a set of brands what personality traits come to mind when thinking about these brands.

4. Then, a different group of consumers are asked to rate the brands in terms of these traits.

5. Principal components factor analysis is employed to generate the factors that the traits will load on. As mentioned above, in both Japan and Spain five factors which represented personality dimensions explained most of the variance.

6. Again, principal components factor analysis is used on the traits within each of those five factors in order to reduce the number of traits within each of the factors (these new factors are called facets). This reduces substantially the number of traits within each of the original factors.

When we compare the traits within the facets for each of the three dimensions that are common to the three cultures, the end result is different in terms of personality traits. For example, for the excitement dimension, in the case of Spain one finds “unique” and “independent” as personality traits, which also appear in the American excitement dimension; this is not true in the Japanese market. In Japan one finds, for example, “optimistic” and “positive” as a personality traits that belong to the excitement dimension. Thus, in the deployment of global brands, firms should explore not only the fact that facets differ from culture to culture, but also that personality traits within each facet are different across cultures.

**Conclusion**

In conclusion, when customers go about evaluating brands, they have a perceptual representation of the personality traits associated with brands that differ by culture. This research sheds some light on the differences. The problem for firms is that if they pursue global standard brand image strategies, the same brand positioning and respective messages might be interpreted in the different ways in different corners of the world. Will consumers around the world buy a standardized global brand? This study suggests that that might not be the case. The message is that a company can build a global brand, but it can also nurture some culture-specific elements of brand personality that fit better with a particular culture.
Leveraging the Internet for Global Branding

Rohit Deshpandé, Harvard Business School

Overview
The democratization of information technology and the globalization of products and markets are two of the most critical factors affecting the management of brands. What happens when those forces come together? How are companies leveraging the Internet for global branding? This presentation contrasted the strategies of well-established brands and newer brands with those of the emergent category of “Born Global” brands created by start-ups that want an immediate global presence. The implications for new rules for managing global brands in e-space, as well as issues needing further research, were also discussed.

Background
In analyzing the strategic context of globalization, the following items should be considered:

- The process of globalization is irrevocable.
- Globalization represents discontinuous change that is simultaneous, permanent, structural and destabilizing: “We are living through a transformation that will rearrange the politics and economics of this century. There will be no national products or technologies, no national corporations, no national industries. There will no longer be national economies” (Robert Reich, The Work of Nations, 1992).
- Discontinuous change represents opportunities for branding: “The only constant in our business is that everything is changing. We have to take advantage of change and not let it take advantage of us. We have to be ahead of the game” (Michael Dell, quoted in Competing on the Edge, Shona Brown and Kathleen Eisenhart, Boston: Harvard Business School Press, 1998).

Thus, companies now have to consider all the different opportunities and threats for their brands, particularly for their global brands. In the context of globalization outlined above, there are at least five key trends accelerating global marketing strategies:

- The Democratization of Technology. From Silicon Valley to Singapore, technology is now available to every entrepreneur. Moreover, there is relatively easy access to business angel capital and venture capital. Finally, there is a new performance metric: it is okay to fail! Having failed in the past shows a willingness to take risk and allows learning from previous failures that might help in future ventures.
Social and Technological Leapfrogging. The notion now exists that there are a lot of customers with pent-up demand who want tomorrow today; firms no longer sell their oldest products and older technologies in emerging markets. This is because countries that previously would have bought a product later in its lifecycle are now demanding the newest technologies.

Knowledge Transparency. Traditional rules about segmenting markets and countries are breaking down, because technology, such as smartbots and spiders, and new market agents allow firms and consumers to be knowledgeable about products and prices the world over. Also, new technology facilitates the development of new markets like Internet auctions and exchanges, which creates new trends such as “back to barter.”

The Rise of the “Born Globals.” This relates to companies that, starting from inception, decide to be global. Even if there is no such decision, once a firm puts up a website, it is potentially selling to the whole world. The majority of the companies that take advantage of this new reality are business-to-business firms who are selling a significant breakthrough in technology or process and want to make greater use of licensing, franchising, and joint ventures.

Customer Empowerment. Knowledge is power, and nowadays not only manufacturers and retailers have the knowledge; increasingly, the customer has it too. Thus, firms have to change the way they interact with consumers, from a transaction perspective to a relationship one. For example, some companies have started monitoring global brand communities. These communities are either created by the company, or they are created spontaneously by consumers.

**Taxonomy of Successful Global Branding Strategies**

Given these five trends, the question is, What are the implications for global branding? To try to answer this question, a taxonomy of successful global branding strategies is developed.

Established Brands. First, the best firms all over the world have a similar profile independently of their home country. Second, the single item that is common to all “high performance” firms is innovativeness. Third, we are seeing more and more of these firms putting a higher emphasis on first mover advantage. This is not only because brand awareness is very important, but also because the reinforcement of what that brand means tends to be very important. This results from the fact that the firm wants to leverage the same brand image all over the world and not be forced to use a different brand image as a result of not being the first mover into a specific market. These brands can use a “click and brick” strategy to have accessibility to markets in order to achieve their full potential (e.g., Sony PS2). Finally, established brands have experiential attributes such as being friendly, dependable, and trustworthy.

Emergent Brands. These brands are creating platforms, creating categories, and also fighting the established brands. Many of the results discussed regarding “high performance” firms, which tend to be larger, are being incorporated by emergent brands. This is especially true for some business models like the portal model (e.g.,
Yahoo), where brand awareness and brand credibility are critical. In order to establish themselves very rapidly in local markets throughout the world, these brands have to facilitate brand trial. This is especially relevant for the network business model (e.g., eBay, QXL), because if the brand does not establish itself rapidly in critical markets, the model can be replicated and the brand will not be recognized. Finally, emergent brands tend to have mainly functional attributes such as being innovative, leading-edge, and trustworthy.

Born Global Brands. The need for speed has led to the rise of the Born Global brands. The idea is to establish the brand quickly in multiple markets. “Perhaps the most serious risk of waiting too long to globalize, however, is the plain fact that the Net brutally punishes latecomers. The players who can first scale their business across the globe will erect powerful barriers to those who follow. . . . For example, AOL is being soundly beaten by local ISPs who arrived first at their local markets, such as Freeserve in the U.K., UOL in Brazil, T-Online in Germany, and Tiscali in Italy” (“Jeffrey Davis Go Global,” Business 2.0, May 2000). The context in which the “Established Global Brand Fast” (EGBF) model works is the following (based on work by Prof. Tom Eisenmann, Harvard Business School):

- Winner-take-all dynamics applies as a result of network effects, scale economies, and the ability to retain customers.
- Lifetime value of customer exceeds cost.
- Competitive risks are reasonable.
- Firms can manage growing pains.
- Capital markets reward first movers.

Issues for Discussion and Research
Several items remain to be analyzed, among which one can find the following:

1. How does a firm reconcile the demand for globally Web-advertised brands with the need for local adaptation and customization?
2. How has increased transparency affected the global positioning of brands?
3. How does a firm leverage knowledge about global brand consumer/customer communities?
4. How has global e-commerce changed business and organizational models for managing international brands?

Summary
The democratization of information technology and the globalization of products have affected the way firms manage global brands. In particular, this has led to the rise of the Born Global brands. These are brands that, starting from inception, decide to be global. The basic premise of this type of successful brand strategy is that the players who can first scale their business across the globe will erect power-
ful barriers to those who follow. This also has implications for new rules for managing global brands in e-space.
Overview

Electrolux, the world’s largest producer of kitchen, cleaning, and outdoor appliances, has grown through acquisitions and therefore has a very large and diverse portfolio of brands. As a result of brand complexity, brands were behaving independently, depleting resources, giving rise to both internal and external confusion, and increasing costs. Less than three years ago a process was started to create a new brand policy, a common thought process, and a worldwide brand performance scorecard. This presentation discussed that process: What was the outcome? What can other companies learn from Electrolux’s experience? And what is the next step?

Background

Brands are under attack! In spite of major manufacturer efforts to build brand equity, the reality is:

- The battle is frequently fought at the price level, not at the brand level.
- Instead of trying to build brand loyalty, firms continue to have a transaction mentality.
- Integrated marketing only goes as far as the logotype, in addition to the fact that consumers are exposed to inconsistent communication from different firm levels.
- Trade is gaining more power, and is building loyalty to their brands.

Electrolux has historically been very product-oriented. Under a product-oriented strategy, it is best to have an extremely good production system, to be the low cost producer, not to develop new products, and to copy well other companies’ products. However, this is also the best way to build commodities and destroy markets. In the end, if Electrolux had continued to follow this path, price would have been the only distinctive feature between brands. As an alternative, Electrolux decided to build strong brands and loyalty.

The Beginning of Branding as Electrolux Knows It!

Electrolux acknowledged that the mindset about brands is very important. Moreover, the company decided that it should think about creating long-term value and not sales. Given this, there were four issues that the company found to
be important to develop internally: a brand policy, common goals for the brands, a common language, and common measurements for brand performance. After implementing these four items, a fifth one needed to follow: common principles and processes.

In order to jumpstart this process, which is now in its third year, Electrolux started by creating an internal definition of a strong brand. For Electrolux, a strong brand needs to be familiar, must stand for something (i.e., it must be different, but in a relevant way), and needs to have authority (defined by having quality, leadership, and trust).

After doing some research, Electrolux concluded that there are four equally important main types of successful branding:

- **Solo branding:** Each brand stands on its own, with a product manager running it; for example, this is the branding strategy applied by P&G and Unilever.

- **Hallmark branding:** The firm tags one brand, usually the corporate one, to all products and services, and does not use any sub-brands. This type of branding is based much more on authority (as defined above), and it is employed, for example, by banks.

- **Family branding:** This is a hierarchy of brands that uses the corporate brand as a symbol of authority, and then has a number of product brands under the corporate one.

- **Extension branding:** This is mostly used in fashion industry. The idea is to start with one product and then extend the brand to other product categories, trying to stretch it as far as possible.

Electrolux then divided these successful branding methods into categories and analyzed which type of branding was most used; it concluded that in durable products, firms used either hallmark branding strategy or family branding strategy.

Electrolux decided to go for the family branding strategy, which included:

- Using Electrolux as an endorser standing for quality, leadership, and trust.

- Reducing the number of brands, but creating bigger and stronger ones.

- Converging to worldwide consistently positioned brands; it was determined that this should be done both geographically and across product lines.

- Leaving to the local manager the burden of proving that his or her local situation should be an exception to the worldwide strategy, and not the other way around. This was the most important part of the Electrolux strategy.

Furthermore, it was decided that the brand should also be a result of a group process. The goal is to find the Electrolux way of doing things. Having that in
mind, the company has to know the answer to the following questions: Where are we now and where do we want to be? Then, how do we get there? And finally, how should Electrolux segment the brand?

**Performance Measurement**

While developing this branding strategy, the company had to develop brand performance measures in order to go from debating opinions to analyzing facts. Thus, the goal was to find a balanced scorecard for Electrolux brands. Among other items, the company wanted to measure promise, power, value, loyalty, market share, and profitability. The final challenge was to combine these different measures and make a brand scorecard. The end result was one questionnaire for all brands, regardless of product category. With this questionnaire, every product and brand are measured in exactly the same way.

Having done this, the next step was to define all the brands within a brand pyramid. The questionnaire asks: If the brand were a person, what would be his or her values? How does the consumer feel about the brand? What are the consumer benefits? What are the product benefits? This generates a common thought process, so that all the company can work and communicate brand-related issues in a similar fashion. Given the brand scorecard, the next step Electrolux has to go through is discussing brand performance. Also, one of the future projects of Electrolux will be analyzing the price elasticity for the brand scorecard. Finally, Electrolux intends to translate the scorecard into real value.

**Summary**

Three years ago, Electrolux had a very large and diverse portfolio of brands, giving rise to both internal and external confusion, and increasing costs. A process was started to create a new brand policy, a common thought process, and a worldwide brand performance scorecard. As a result of this process, Electrolux opted for a family branding strategy, in which the different brands are relevantly differentiated and support each other, being part of a worldwide family of consistently positioned brands. This reduced considerably the number of brands, turning the remaining ones into stronger ones. In this new context, the Electrolux brand name will stand for a symbol of quality, leadership, and trust.
Unlocking the Power of Your Corporate Brand with Customers

Gabriel J. Biehal and Daniel A. Sheinin, University of Maryland

Overview

Traditionally, managers have viewed corporate brands and corporate communications primarily as means of providing information to selected noncustomer target segments, such as shareholders, the financial community, opinion leaders, and the general public. However, as many markets have become increasingly competitive, and the cost of competing across multiple markets has concurrently increased, managers are seeking additional avenues of differentiation in a cost-efficient manner. This presentation proposed that the corporate brand may provide companies with an important competitive edge. The discussion should help managers improve their strategic brand decisions and enhance the effectiveness of integrated communications efforts across corporate and product levels.

Background

The links between the company product portfolio and the corporate brand are often not very well developed. There is little or no understanding of what constitutes a corporate brand-to-customer (CBC) strategy, when companies should institute a CBC strategy, or how to implement a CBC strategy.

The Role of the Corporate Brand with Customers

In this context, there are three important questions for managers to consider with regard to the role of the CBC:

1. How can a company unlock the power of the CBC?

The answer to this question is to define the dimensions of a CBC strategy. In a CBC strategy, four dimensions should be considered: objectives, scope, positioning, and sources.

Objectives. A CBC can build the corporate brand's equity and/or product brand equities in the company's portfolio. For example, a CBC message about environmental friendliness should build the corporate equity without directly changing product equities. However, a CBC message about innovativeness may more directly influence the equities of products in the company's portfolio. The CBC message should find the right balance between building corporate and product equities.

Scope. The CBC strategy's coverage can be defined in terms of markets, products, geographic regions, and customer segments. The scope can range from narrow to broad. With a narrow scope, the CBC covers a limited range. For example, companies that have recently merged with or acquired other concerns likely have a port-
folio consisting of products with many different positions and customer segments. This would suggest emphasizing a narrow scope of products that best represent the newly defined corporate entity. With a broad scope, the CBC covers a more expansive range. Here, for example, many products may be positioned along similar platforms, or may share one specific customer target.

Positioning. The CBC positioning can vary to differing degrees across the defined scope. For example, when the company has entered different global markets at different times, a more varied CBC may be required to accommodate disparate international situations. Conversely, a less varied CBC may be instrumental in turbulent markets to provide needed image stability given short product lifecycles and a high degree of product turnover.

Sources. Responsibility in the organization for delivering the CBC strategy can be allocated “top-down” (using corporate communications) or “bottom-up” (using product communications). For example, companies that are operating under time pressure should emphasize top-down sources, due to their ease of execution. However, companies operating under financial pressure should emphasize bottom-up sources, due to their low implementation cost.

2. When should a company develop a CBC strategy?

The customer-based situations in which a company should develop a CBC strategy are the following:

- When customers do not understand the corporate brand. This can be a result of a poorly articulated brand architecture, a rapid rate of product proliferation, an inconsistent or nonexistent use of corporate brand, or advances into new markets.

- When the customers' CBC is wrong or outdated, such as after negative publicity about the company, or mergers and acquisitions.

- When opportunities exist for either customer-based synergies in positioning, targeting, values, and buying, or operations-based synergies in consolidating communications.

- Finally, when the CBC can influence customers' decision-making. This can occur when the CBC plays an endorser role by signaling quality; this endorser role can also be important in opening new channels. The CBC can also be a source of differentiation to customers; this can be more relevant if products lack differentiation or product loyalties are declining. Finally, the CBC can play a role in terms of decision-making efficiency for customers; this can be relevant when the company is set up as a one-stop shop and it seeks to shorten customers' decision-making time while having the ability to fulfill multiple customer demands with greater efficiency.

3. How should a company implement the CBC strategy?

The key is searching for implementation synergies between corporate and product marketing. There are three types of synergies that companies should work on:
Communications-based Synergies. A system where corporate and product communications operate within a consistent framework.

Coordination and Control. Ensure appropriate lines of communication between corporate and product marketing, and provide CBC direction to product managers. In this regard, some companies establish liaison units between corporate and product marketing. Also, companies may use “brand books” which specify how CBC logos, images, and positionings must be used by product managers.

Product Marketing Alignment. Product managers must ensure that their strategies and tactics are consistent with CBC specifications. For example, they may be constrained in how much they can lower their prices if a CBC positioning revolves around superior quality and service.

Risks and Benefits of Establishing a CBC Strategy
The potential benefits of having a CBC strategy are the following:

Communication Efficiency. Instead of incurring communications and managerial costs for each individual product, the company can save resources by integrating at the corporate level.

Communication Effectiveness. If customer loyalty can accrue from both product and corporate benefits, then this will provide enhanced differentiation and protection from low-price pressures.

Organizational Focus of Company. A strong CBC can provide a concrete direction for employees to follow when they work internally and in their dealings with customers.

The potential risks are limitations on product marketing. The greater the magnitude of the CBC strategy, the greater the limitations on product marketing. Consequently, it may become harder for product managers to communicate their sources of differentiation. Thus, there may be a tradeoff between the CBC positioning and allowing product managers appropriate space and time to develop their own strategies.

Additional Issues to Consider
There are two other issues managers should consider:

Ability and Opportunity. Even though the company may want to pursue a CBC strategy, there may be considerations that will affect their opportunity and ability to do so. These considerations include limited resources, time pressures, lack of managerial coordination, and nonintegrated (between corporate and product) reward systems.

Measurement. Here, the issue is, How does the CBC influence product perceptions and choice? How can managers disentangle corporate from product influences? Does the CBC have a direct impact on product brand equities (and if so, is it
through existing product beliefs, or by creating new product beliefs) and customer choices? Alternatively, does the CBC have a more indirect effect?

**Future Directions**

Future research should move toward developing a model for understanding the factors (customers, market, and company) that contribute to the company's CBC strategy and the expected outcomes in terms of customers, managers, and the company. This implies using a survey to move from qualitative to quantitative insights.

**Summary**

The contribution of this research is to link the corporate and product branding fields. The goal is to understand how to build a CBC strategy, whether or not a CBC is an appropriate strategy, and the implementation issues associated with a CBC. For managers, these issues are complex because a CBC image, relative to a single product image, must consider the realities of multiple products across the company's portfolio. For customers, the difficulty, at the product level, is integrating multiple sources of information about the CBC and the products. Thus, building and effectively using a CBC is a significant challenge, and this research represents a first step in understanding CBC development.
What Makes a Great Brand Great?

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Overview

This presentation discussed the perspective of Roper Starch Worldwide, a 30-country consumer intelligence service, on the universal drivers of brand greatness. These factors are brand power, leadership, and vision. The values that great brands stand for are aligned with consumer values, and these brands successfully get the attention of consumers in markets worldwide.

Brand Positioning Strategies

The focus here will be on lessons learned from analyzing global power brands. But first, it is important to define the characteristics of power brands:

- They are leaders in the marketplace: These brands dominate niches, categories, positions.
- They are practitioners of “continuous improvement”: These brands continuously prove their worth via price or value, quality, innovation, marketing, branding, new markets, and giving the consumers more for less.
- They are prophets of the new “values equation”: Power brands link personal values, brand values, category values, and cultural values; they seek “values alignment” with consumers; and they transcend “parity variables.”

Further, behind the rise of power brands is:

- Consumer savvy: Manufacturers have had to adjust to new consumer expectations and experience, which are becoming increasingly sophisticated worldwide.
- Global competition: All brands have worked harder to compete with “foreign” brands—whether global or local brands—on quality, features, and price.
- Retail trade consolidation: This refers to the rise of discount stores, warehouse clubs, the Internet, along with continued trade consolidation in most markets. These developments level the brand playing field.

The different power brand characteristics can be grouped into three main categories: fundamentals, leadership, and values. Fundamentals include familiarity, popularity, and best brand rating. Trust, vision, empathy, intelligence, and 19 other leadership...
skills assert leadership. Finally, within the values’ category there are 40 brand values that include, among others, authenticity, excitement, status, and creativity.

**Brand Leadership Styles**

Out of 22 diagnostic leadership variables, the top 10 leadership attributes of global power brands are: long-term future, trust, global success, industry leadership, cutting-edge technology, constant improvement, loyal customers, worth spending more money for, consistent quality, and understanding of the consumers. However, having these attributes is not enough; how one delivers them is also important; that is, what is the style of leadership that is behind these power brands? Four important leadership styles are proposed: performance, innovation, empathy, and consistency.

The performance-style company focuses on being smarter than its competitors, having the best advertising, and having the best ROI. The innovation-style firm emphasizes having cutting-edge technology, being the industry leader, and being cool and trendy. The empathy-style firm depends on being perceived as caring about its customer and about the environment, and on being seen as a social problem-solver. Finally, consistency-style firms stress offering a product of consistent quality, as well as a consistent message and action, and, above all, making sure to deliver on promises.

Note that different leadership styles can appeal to different groups or consumer segments. Some brand leaders inspire far more passion and commitment than other brand leaders. The number one brand in a product/service category generally enjoys a positive leadership “halo effect.”

The objectives of global brand leaders are to ensure that their brand is perceived by customers as a brand they trust, that it is successful all over the world, and that it will be around for a long time. Those are end results; the question is how to get there.

**Brand Values and Consumer Values**

One way to achieve a leadership position is through the global alignment strategy. One of the greatest challenges for any brand is to build as strong a bond as possible with its consumers. Particularly for global brands, that challenge is difficult, because they are trying to build a bond with consumers who experience different kinds of economic conditions and come from different cultural backgrounds and different retail and technological environments. Thus, the way they actually approach and perceive a brand may be very different. So how can a brand build a bond with consumers all around the world?

One way is to analyze the brand values architecture (core strategic values), consisting of personal values, brand values, product category values, and cultural values. Doing this helps to try to understand whether the brand can forge that bond.

In terms of values branding, the basic questions are:

- What does the brand fundamentally stand for, in terms of core values, in the minds of consumers?
How does that compare to the values' structure of competing brands?

How does it compare to the values' structure of the brand's targeted consumers—and those of competitors?

Which values are the brand's leverage points?

Which values does the brand need to defend against competitive threats?

One key element that is important to assess is the alignment of personal and brand values. This is generally desirable, even necessary, if consumers are to bond with the brand. However, exceptions are possible; for instance, even the most hedonistic person may want an insurance company to embrace rather different values from his or her own.

Assessing brand values is typically done through a four-phase approach:

1. Brand values audit via interviews with executives in marketing, advertising, new product development, and strategic planning
2. Market values analysis via data mining among targeted consumers in the category
3. Brand platform development via qualitative research using proprietary values associations techniques
4. Brand architecture validation and strategic direction via quantitative research among category and brand users

The personal values segmentation is obtained by having consumers rate 57 values by order of importance as “guiding principles in my life.” Value statements are rooted in well-known and established social/psychological research. The most common global consumer segments found are the following:

- Fun seekers: This is a very hedonistic, pleasure-oriented group.
- Intimates: These are individuals orientated towards family and friends.
- Creatives: This group is very open-minded and very strongly interested in learning; it is a segment that embraces technology very strongly.
- Strivers: These individuals are highly driven by wealth, ambition, and status.
- Devouts: This is a very traditional group, driven by respect for themselves and their family.
- Altruists: This is the least distinct group, very socially orientated, and driven by values such as equality and justice.

Note that these segments can be found in varying proportions around the world.

Brands are evaluated in a similar framework. The alignment of personal and brand values resulted in 41 different personal values associated with consumers' “best or most successful brand” in the world. However, usually one does not want to appeal
to just one segment. Thus, a fine balance has to be found across some of the segments. This framework is very helpful for that purpose. Note also that brand values architectures are highly differentiated across “best brands.”

Key performance drivers:

1. Values: what you stand for
   - Align brand values with customer values
   - Leverage core brand values, strengthen vulnerable ones

2. Leadership: how you persuade people
   - Determine natural leadership style
   - Evolve communications strategy for consistent reinforcement

3. Fundamentals: being part of the action
   - You have to be known, and
   - You have to be liked

Summary

There are different leadership styles and different value positionings that can work for different brands. The implications of this conclusion are the following: First, in terms of fundamentals, the brand has to be known and it has to be liked. Second, brand values should be aligned with consumer values; simultaneously, core brand values should be leveraged, and vulnerable ones should be strengthened. Finally, the brand’s natural leadership style should be determined and the communications strategy should evolve for consistent reinforcement.