

Global, Local or Better Glocal?

Does the Death of Distance in an Ever Smaller World Lead to a Greater Globalization of Brand Strategies?

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Back in 1983 Theodore Levitt proclaimed that the tastes and cultures of nations are going to converge, to become more homogeneous. This may have been seen as overly optimistic (or pessimistic, depending on the reader's stance on globalization). Even with the sea of change ushered in by the onset of the internet, the economic superpowers USA, Japan and Germany still show very distinct cultures and a significant difference in consumption habits. There is no denying that many trends appear to race around the globe in next to no time. This is particularly true when some fashion items become hip being worn in a far reaching TV series or in music videos. However, when you visit the local supermarket on your international trips you will quickly realise that there are still major differences, even in Western Europe itself. So the world has not become a global mega

city yet and is not likely to become one in due course. Where does this leave brand strategies for international brands?

The economics of global mega brands

The thinking is sound. Global as opposed to local brands have some very interesting advantages:

- Scaled savings and increased management know-how due to higher sales volumes
- Entry into new markets with higher growth rates than the current market
- Spreading the risk due to internationalisation
- Driving innovation due to international cross fertilisation
- Displacing competitors
- Making use of country of origin values (German engineering)

- Saving on local marketing management structures

This is all excellent in theory. But when one looks into many markets, the big international brand does not majorly command the same dominant share in the expanding market that it enjoys at home. Because there are, more often than not, strong local competitors that enjoy a rather loyal local consumer base (reasons being: meeting local need, local logistical advantages, cultural and community ties, nostalgia etc.). Take Brazil for example. There is a local soft drink brand *Guarana Antarctica* that competes head on with *Coke* to become No. 1 in the market. The local brand perfectly exploits parts of Brazilian culture by the use of the Guarana fruits and by sponsoring the Brazilian National Soccer Team.

Therefore international success is no low hanging fruit for the global giants. Rather than seeing the local customers abandon their current habits and switching to the glamour of worldwide brands, many stay with the solutions that have worked satisfactorily so far. If a consumer cannot understand/decode the brand signals of the global brand due to differences in cultural schemata then there will be no influence on the decision process. Local competitors do their utmost to stay ahead in the race for the consumer dollars. Consumers tend to prefer what they have positive experience with, and as long as the global brand does not offer a real advantage, they are not likely to switch.

Is local and national culture destined to evaporate over time?

Culture is taught – as well as inherited. Culture is the sum of values, societal structure and capabilities acquired to best ensure survival. Hofstede's cultural value system shows a strong impact on product and media consumption. When you travel the world you will find ethnic communities in major cities, like Hispanics in Los Angeles, Thais in Sydney, Pakistanis in London, Turks in Berlin or North Africans in Paris. The internet actually facilitates media consumption in their native language – one does not have to learn the local language in order to stay informed and entertained. Many in-

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Examples of positive local adaptation



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Although, there is no place like home, cultures are moving and shifting, regardless of national territories or natural barriers. In the past and present people from many different countries and cultural backgrounds were forced to leave their homes behind and migrate to other countries. No matter if it were for political, religious or economic reasons, they had and still have to set up new lives away from their old ones. This becomes especially apparent in the case of Russia, that is the former Soviet Union. Whilst searching the Internet for Russian recipes and eating habits, the desk researchers made an interesting discovery: some of the most detailed recipe compendiums were to be found on websites hosted in New Zealand (see figure 3). Thousands of miles away from home, separated by oceans and continents, people still practice their cultural traditions. On those websites, people of the local Russian community explain how they for instance prepare Vareniky, borscht or beef stroganoff and give insights into the traditions surrounding those dishes. Some even add online videos on how to cook the food the Russian way. This find became the starting point for a research on Russians living as far away from their home country as possibly imaginable. What had happened, and why did the Russian community emerge in New Zealand? Their story and cultural background is diverse, they had to migrate because of hunger, religion or their political beliefs. In 1874 there were just 109 Russians living in New Zealand, Jewish people who had to flee from persecution, 1901 their numbers had

Russian Cooking Website in New Zealand



Russian Food for Kiwis

РУССКАЯ КУХНЯ ДЛЯ КИВИ

Russian food dishes online

Welcome to Russian Cooking for Kiwis, dedicated to helping New Zealanders to make and enjoy some of the many traditional Russian food dishes.

Despite a history punctuated with food shortages, Russian cooks still managed to create delicious, wholesome and nourishing dishes for their families and guests.

Many traditional Russian food dishes are 'one pot' meals - hearty peasant fare like meat and vegetable soups made from seasonally available vegetables and meats, accompanied by dark, coarse bread.

Those lucky enough to have re gardens and dachas (weekend country homes) grew their own fruits and vegetables which were carefully harvested, pickled and preserved so they could enjoy them in the winter months.

The influences of 'invading' cultures have also made their mark on Russian culinary traditions - the Vikings introduced preserving methods, and the Mongols and Tartars brought spices, grilled meats, pickled cabbage and techniques for making sour cream.

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risen to 387. A century later, following two world wars, the collapse of the Tsarist regime, the cold war and the collapse of the Soviet block in 1991, the number of Russians living on the two islands had risen to 4,581 in 2006. In the early 21st century the Russian community, including first-generation children of Russian parents, was probably at least 6,500 strong. These figures are rather telling: On the one hand they say a lot about why a culture exists in the way it does. After all, Russian-New Zealand-culture certainly differs from the current Russian one. A continuation of a culture, existing away from its original home and location. On the other hand, those figures are examples of how cultures spread through migration, alter through the birth of first-generation children of migrants, adapt to the host country's habits and traditions and, in the end, potentially even evolve

into new strands of the original culture or even fully independent cultures. Of course, such processes take years, decades and centuries. Yet, it is these processes that ensure that the world despite globalisation will maintain its cultural diversity. It is this power to be different which will make cultures work and flourish in the future. ▲

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Sollten Sie nicht wissen, wie es Ihrer Marke geht, bevor es Ihre Wettbewerber tun?

Der YouGov BrandIndex zeigt Ihnen das täglich. Er hilft Ihnen nicht nur dabei, heute die richtigen Entscheidungen zu treffen, er zeigt Ihnen auch, ob die Entscheidungen von gestern die richtigen waren.

Sie können die Wirksamkeit einer neuen Werbekampagne bereits nach wenigen Tagen überprüfen oder die Erholung von einem

PR-Desaster in Echtzeit verfolgen. Oder herausfinden, ob die jüngsten Gerüchte Ihre Marke beeinflussen.

Der BrandIndex zeigt Ihnen, wie gut Ihre Wettbewerber sind. Oder Ihren Wettbewerbern, wie gut Sie sind.

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Kurzfassung

Es gibt nicht die richtige Antwort bei internationalen Markenstrategien. Das Top Management muss für jeden Markt verstehen, ob der internationale Marketing Mix erfolgreich gegen die lokalen Marken sein kann oder ob Anpassungen erforderlich sind. Globale Marken sollten so konsistent wie möglich sein aber immer die lokalen kulturellen Besonderheiten und Marktgegebenheiten berücksichtigen. Wie kann Forschung helfen? Marktforscher sind trainiert, Unterschiede bei Käufern und Märkten aufzudecken. Die Autoren schlagen einen neuen Fokus vor: Sind die Unterschiede tatsächlich handlungsrelevant, oder sind die Gemeinsamkeiten wichtiger? Die Maximum Customer Reach Strategie hilft dem Management, so konsistent wie möglich zu agieren und dabei sicherzustellen, dass die Marke lokal fast genauso gut dekodiert werden kann wie im Heimatmarkt.

Abstract

There is no single right answer to international brand strategy. Market by market top management needs to understand, whether the international mix can successfully compete with the locals or whether it needs to adapt. Management should aspire to make a global brand as consistent as possible whilst respecting the local framework of cultural and market specificities. How can research help? A market researcher is thus far trained to look for differences in buyers, markets and countries. The Authors suggest a new focus: are differences really more relevant than common demands that would allow a brand to reach a larger audience? The Maximum Customer Reach helps to be as consistent as possible, but also to make sure that the brand can be decoded locally nearly as preferably as in its home country.

ternet mega brands like *Google*, *Youtube*, *Facebook* or *Bing* offer local language sites. If one can read, view and listen to everything one needs in one's native language then cultural aspects can and will remain unchanged and preserved.

It is our belief that national cultures will remain strong therefore forcing international companies to often adapt their brand marketing to local needs. This is even more likely since there is no longer an international role model for a lead culture, since previous economical super powers like USA, Japan or the EU have lost their lustre in the financial crisis and due to the ongoing wars in Afghanistan and Iraq. New growth is more likely to come from the diverse BRIC states (Brazil, Russia, India and China). So is there going to be a next super role model?

Where being local actually is not enough

Studies show that being local has less benefit in the technology sector. International success appears to be a surrogate for quality, innovation and reliability. Therefore

well-known brands from foreign countries promise superiority over the local products on offer. Think about *Nokia* mobile phones that outperformed even the technological power houses of *Siemens* and *Bosch* in Germany. Country of origin did not play a role – what does Finland stand for in technology anyway? The same is true for *BlackBerry* from Canada, a country best known for its natural resources.

Also prestige brands have less need to adapt locally

Prestige brands strongly rely on their well known heritage. People buy into that and they most definitely do not want to get the feeling that this heritage can be tampered with. They want their *Hermes* or *Chanel* to be original and not local. Therefore products and marketing materials are rather uniform around the world. However, there are allowances for example for local store design. A good example for store designs are the *Louis Vuitton* store fronts in mega cities. They are mostly of striking designs – and definitely not similar but also not really local.

Managing a global brand

There is a decisive financial argument for global executions – one does not need a strong local marketing function. Some companies like Diageo have no real local marketing function in the European countries any more and even the brand teams in the European headquarters are rather understaffed thereby ensuring that the only way to manage the business is by using the standard materials. The local sales teams have some promotional freedom but time will tell whether this one size fits all strategy will be sufficient to keep competitors at bay. It is our impression that currently *Campari* is making the most of the inflexible competition by adapting to local needs, for example with their current well managed success *Aperol Sprizz*.

Managers tend to think that if one has an award-winning campaign – that it should work in most countries. That is not our experience. But let's quote Nigel Hollis from Millward Brown: "We looked at ads that tested exceptionally well in one country and found that just over one in ten did equally well in another country."

BE REAL — GO LOCAL!

YOUR **LOCAL** ONLINE PANEL PROVIDER
IN RUSSIA, UKRAINE, KAZAKHSTAN,
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PANEL SIZE

Consumers:
350k+

Automotive:
75k+

B2B IT:
15k+

Physicians:
5k+ **NEW!**



Brands that were not aware of critical local specificities



Examples of positive local adaptation

Many brands have learned over time to adapt to local needs. Here are some interesting examples (see figure 1): The super premium *Grey Goose* Vodka focuses on quality in most countries but on status in China. So a brand can be global to most markets but glocal in selected countries. *Coca-Cola* is produced from the original recipe – but it is an open secret that the products are adapted to local taste. And so is communication. *Coca-Cola* sponsored the World Cup but made sure that this was adapted locally in any country running the promotions around the event. *McDonald's* has the rule of local freedom in a clear framework. *McDonald's* focuses in India not on beef and pork – but on chicken, lamb and fish burgers as well as a strong line up of vegetarian offers. In Germany it actually temporarily offers the icon of the local fast food heritage: three sausages in a bun. A surprising success according to the Financial Times Germany 27 July 2010. Henkel has a strong mass deodorant and shower gel brand *FA* in Germany. It offers the same marketing mix under different brand names in countries where Henkel has acquired strong local brands: *Neutromed* in Italy or *Barnängen* in Sweden. Any respectable premium cosmetics brand in India also needs to offer a whitening range of products which are sought after by the female population to offset the effects of the sun exposure.

Brands that were not aware of critical local specificities

Ok – let's have some fun at the expense of some unfortunate marketing colleagues (see figure 2):

Clairol launched the *Mist Stick* curling iron in Germany – however since *mist* means manure in German the emotional resonance was rather less enthusiastic than Clairol would have hoped for.

Walmart supermarkets in Germany – not only did they not understand that the German customer focuses on food products rather than non food stuff when selecting their location for the weekly shopping. They also did not understand nor care for the cultural differences in the employer-employee relationship. There was a decree against romance between employees. And there was the anonymous hotline where employees were expected to denounce low performing colleagues. Estimates are around a loss of nearly 4 billion Euros before Walmart sold out to the Metro Group.

Electrolux came up with the famous slogan for their vacuum cleaners: Nothing *sucks* like an Electrolux. In British English that is ok but in American English this actually means: nothing is as much a failure as Electrolux. Quite hastily Electrolux changed to a new slogan.

Take out

There is no right answer to international brand strategy. What a brilliant deduction that is – and who would not have guessed that. Everybody knows that marketing is not easy. Then what? It comes down to a clear market by market analysis. Top management needs to understand for every important market whether the international mix can successfully compete with the locals or whether it needs to adapt to some degree to lure local buyers to the global brand. As we have outlined above, time is not going to help by making the local differences go away. So management cannot expect that the locals are going for the in-

ternational buzz and ignore their local roots. Top management should not delegate the responsibility for this international process of generating true local insights. They will need to understand the information really well to differentiate any 'not invented here' road blocks from adaptations truly necessary to overcome competitive barriers. In the end management should aspire to make a global brand as consistent as possible within the local framework of cultural and market specificities. And what must market researchers do? A market researcher is thus far trained to look for differences in buyers, markets and countries. K&A Brand Research has, for some time, added an additional focus: If there are differences – are they really relevant and important or are there common demands that would allow a brand to reach a larger audience? This Maximum Customer Reach strategy applies for global brands even more. △

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