Six deadly traps for global branding and advertising

By HAMSINI SHIVAKUMAR

The challenge for global brands is to be internationally consistent while at the same time being locally responsive. The example given here will be familiar to many, illustrating the most common problems that undermine this balancing act. Hamsini Shivakumar analyses these problems and describes ways in which companies can create the right culture, tools and processes to get the balance right

IT IS NOW a commonplace that the globalisation phenomenon of the last two decades has changed the landscape for brands, especially multi-country brands. We may think of global branding as going through three phases.

In the first phase, which lasted from the 1950s to the 1980s, global branding in practice was 'glocal' or multinational/multi-local. This was the era when large multinationals expanded their presence worldwide with a more federal approach. Operating companies in countries had complete freedom in choosing positioning and brand names for globally sold products so that they would succeed in their markets. In fact, the idea of global brands had not been thought of then.

The second phase, which started in the early 1990s, saw the creation of global brands as an idea – a vision of a global brand as one that would reach all corners of the globe, possess uniform characteristics and associations , and deliver a uniformly consistent experience to customers – no matter where they were experienced.

This vision was the result of two sets of factors. The first was the notion of the shrinking world and a more homogeneous global society – born from the communications and IT revolutions. The second was the indirect fallout of brands being seen as financial assets that could be traded and valued on the balance sheet. This, along with deregulation in many markets, led to pressures for realising the economies of scale potentially inherent in global brands – through synergies and harmonisation.

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The case of the new regional brand director

A new regional brand director has just taken charge of a large fmcg brand across Asia. An experienced Asia hand, he enjoys the credibility and respect of country marketing directors across the region. The brand sells across 18 countries in Asia, ranging from Japan to Pakistan, and spans several product categories from soap, shower cream to shampoo.

Pretty soon after he takes charge, he finds that the shower cream range uses no fewer than 50 different fragrances and has 30 different pack designs. And every country makes no fewer than five ads a year, to a slightly different positioning. He immediately spots an opportunity for harmonising and achieving synergy to save costs – in perfume, packaging and advertising.

He sets up a virtual team of marketing managers across key clusters of countries and charges them with achieving some concrete cost-saving goals. At the same time, he sells to country marketing directors the strengths of leveraging a big idea across the region with local interpretation – whether it is in perfume, packaging or advertising. Given his track record and relationship with key stakeholders in the region, he is very confident of achieving his goals.

Very quickly, however, his programme runs into roadblocks. In Japan, one of its key markets, the brand is losing share to a newly aggressive local competitor who is attacking on price. The country's marketing director believes relaunching the brand with new perfume and packaging is the best tactic to get the share up again. In these circumstances, surely, growth is more important than cost savings says the marketing director and, further, he does not have the luxury of waiting for a common solution, which he can then adapt to his market.

Two months later, the regional brand director is feeling frustrated. The Indonesian marketing director is insistent that none of the packaging designs developed regionally is right for his market. His country was not one of the centres for the qualitative testing and selection. He now says none of the designs will work and that they should not be put to quantitative testing without a locally developed alternative. The regional brand director thinks, 'I always suspected that this gentleman is not aligned to the regional agenda and this just confirms my suspicions. The difficulty is that his boss is also known to be a champion of localisation'.

In a quiet moment, the regional brand director muses to himself, 'The trouble I face in gaining alignment is that the country marketing directors report to country chairmen and are rewarded only for their country performance. So, actually, they have no career gain from aligning to my goals. If only we had shared rewards and bonuses, they would be more supportive of the regional agenda'.

Another four months pass. After developing a common brand template for the region based on multi-country qualitative research, he has countries test a set of four TV commercials. These are ads that he feels have big ideas, with the potential to be adapted across the region. While these ads showed potential at the qualitative research stage, they have not scored well at the quantitative stage. When the brand template was agreed and initial ideas shared, countries had raised some concerns and reasons as to why these ideas and ads might not work in their market. However, he had forcefully persuaded them to set aside their reservations and go along with him.

Now it seems that they were right and he had been wrong. And yet, the regional brand director is loath to lose the fruit of four months' labour. He decides to speak to the market research head to see if a common approach can be found, at least for some clusters of countries, based on the findings of the research conducted so far.

Before he realises it, 12 months have passed. He has managed to reduce the number of fragrances used from 50 to 45 and make common ads for clusters. And yet, none of these ads has been a hit in any of the countries in which it has been aired. Nor has the brand grown significantly in revenue or profits. Only local brands in each country have shown good growth. As he scans his email, he finds a new global brand template to follow for the next year ... and sighs ... it feels like his brand and its results are truly lost in the middle.

Standardisation was the holy grail of global executives in this phase.

In the third and current phase, most global corporations (except perhaps owners of prestige brands) have abandoned the goal of standardisation – which is often derided as being mindlessly global. Instead, most of them have embarked on a search for the middle path – the right balance of global consistency and local adaptation. Consultants also believe that this is the worthwhile goal to pursue: 'a vision of attaining global brand management strategies that optimally align organisational capabilities, cultural differences, brand and product nuances across global borders. It's all a question of degree.' The middle path is the new best practice in global branding.

However, this vision of the middle path is proving to be a mirage for many companies. The popular expla-

nation points to external factors – the significant competitive or cultural differences between markets, which make aligned solutions ineffective. However, the real challenge lies elsewhere, it lies internally. Experience suggests that the internal challenges of culture, tools and processes are a bigger barrier to achieving success in practice.

The analogy with mergers is appropriate here. The synergy and scale advantages of mergers have an irresistible allure for companies, despite the contrary evidence from a number of studies. Several studies have shown that mergers do not work in most instances, because of the impossible managerial challenge of merging two cultures to create value for the business.

There are six deadly traps that global, regional and local brand teams get caught in that keep them lost in the middle. These traps are equally applicable to client organisations as well as their network agencies.

For each trap, there are ways out that can help teams realise the vision instead of seeing a mirage.

1 The objectives trap

The objectives trap makes teams work at cross-purposes. Most global and regional brand teams are unclear about what their middle-path agenda is supposed to deliver – growth or cost reduction or a bit of both?

The long shadow of standardisation as a route to cutting costs still clouds many teams. The assumption is that making fewer ads or fewer mixes will ensure superior quality; but frequently it remains just that, an assumption.

Further, there is no clear understanding of how the new or modified global positioning/brand concept will deliver growth for the brand in all key/large markets. A typical case is when the global positioning is designed to compete against a major global competitor brand, but that brand is absent in many of the large markets for the brand.

Global teams pretend to listen while not changing their stance. Local teams pretend to be convinced and aligned, while finding ways to re-interpret the global concept completely

As a result global and local teams are often working at cross-purposes. Global teams believe that local teams are suffering from 'not invented here' syndrome, while local teams are convinced that global teams do not care about delivering business growth in their market.

Way out?

Focus on growth, the only worthwhile business goal.

- Global teams work with local teams in all key markets to understand the growth drivers in that market.
- Together they understand how the new or modified brand concept will actually deliver growth.
- Both teams work out an action plan to address the major issues that arise, including the extent and nature of adaptation required for that market.

2 The alignment trap

The alignment trap results in a culture of power politics rather than teamwork. Success with the middle path, where brands get the benefits of both global consistency (scale, best practice transfer) and local connection (bonding, responsiveness), needs cross-cultural team work of the highest order.

Country teams need to align to global strategies and global teams need to help ensure that their strategy will work for the local country. But, too often, alignment meetings turn into turf wars between country business leaders and global/regional brand leaders. Very quickly a culture of power politics is created, with each side manoeuvring behind the scenes to ensure its strategy is implemented in the market. The full power of the market research arsenal is unleashed to settle disputes and let the consumer decide.

The matrix structure is the common organisational solution to diffuse power throughout the organisation and not concentrate it. But even with a more even distribution of power, unless there is trust and team spirit, precious little will be accomplished.

Way out?

Create a culture of teamwork and trust, with a mindset that searches for and focuses on commonalities, not differences.

- Senior management to lead by example.
- Encourage countries to identify commonalities and up-sides to collaboration versus concentrating on differences and the down-side to collaboration – a maximalist approach works better than a minimalist approach.
- Global, regional and local teams need regular training and facilitation in the skills of effective team building and team working, not least because of the revolving nature of teams.

3 The rewards trap

The rewards trap results in teams chasing different goals. Quite often global and local teams are rewarded on different criteria. Global brand teams are rewarded for generating a global strategy – thinking outputs -

while country marketing teams are rewarded for business results in the marketplace. As long as this is the case, the teams will not work hard enough to get genuine alignment of goals. At the first sign of trouble, each will drive the agenda that will get them rewarded.

Way out?

Set up a shared rewards system.

- Both sides stand to gain from delivering results in the market, in terms of bonuses or performance pay.

4 The feedback trap

The feedback trap results in an elaborate charade of pretence. The world is a complex place, while most managers and workers have a strong desire for simplicity. This leads to segmentation boxes and brand concept charts that attempt to simplify the diversity of consumers into manageable groups.

But, consumers and competition around the world have a way of not fitting so conveniently into the boxes and charts that global brand teams have devised.

This leads to a dilemma for global teams – should they listen to the on-ground feedback from countries and take it seriously? Or should they ignore it and hope it will go away? After all, it is easier to signal that bad news is unwelcome rather than find a way of addressing local issues in ten countries around the world.

Similarly country teams have their own dilemma – should they agree and align, and fail in the market, or disagree and be seen as a troublemaker? Most teams are unable to find a constructive solution to the feedback dilemma and resort to the destructive solution: an elaborate charade of pretence. Global teams pretend to listen while not changing their stance. Local teams pretend to be convinced and aligned, while finding ways to reinterpret the global concept completely – covert localisation.

Way out?

Create an open culture with team custodianship of the brand and results.

Local teams need to feel free to air genuine concerns and issues, and propose alternative solutions. Global teams need to feel confident that the global agenda is on course, even as they adapt to local conditions.

5 The trial-and-error trap

The trial-and-error trap results in slow and uncoordinated responses in the market. Typically global teams automatically start with the assumption that people are the same unless proven otherwise – the hangover of the standardisation agenda. Local teams, of course, start with the reverse assumption.

Depending on who has more power at a point in time, that assumption prevails. Only when marketplace results show otherwise is there space for negotiation. Until then, both sides fiercely resist accepting contrary evidence. This is the trial-and-error approach to finding the middle path.

This approach has two big weaknesses – it is a slow and frustrating approach for the teams involved and it slows down the global competitor against nimble local competitors. So, while global corporations are looking inward and negotiating among themselves for their degrees of freedom, local competitors are walking away with market share.

All team members understand that people and cultures are different, yet human needs are similar. While they are exhorted to search for similarities, there seems to be no systematic tool or approach available to identify the genuine differences that need to be addressed for success, and the others that can easily be ignored. Nor is there a clear picture of what the middle path should look like, in terms of product, packaging and advertising, which teams can work towards.

Way out?

Develop tools for identifying similarities and differences between markets that are germane to the global brand concept, such as category, need and cultural conventions.

- Global, regional and local teams to work together to identify the significant similarities and significant differences using these tools, and agree the extent of adaptation required.

6 The inconsistency trap

The inconsistency trap results in confusion and cynicism. This tends to happen due to the frequent churn in marketing executives in large global corporations (clients and their network agencies). Each new team wants to reinvent or change the global brand concept, be it ever so slightly. This creates confusion down the line because country teams are unable to understand the reasons for these changes as well as how they are now supposed to modify their in-market approach. After some time, cynicism sets in on the global strategists and their frequent changes, which seem to have no connection with consumer or market realities.

Way out?

- Ensure that global brand concepts are consistently maintained for a minimum of three years, without change, and up to five years with minor modifications.

Conclusion

Realising the vision of the middle path as the best practice in global branding is a complex leadership and managerial challenge. It is not easy, nor is it a task for the faint-hearted. Unless teams find ways to address all six deadly traps, they are likely to stay lost in the middle, facing the mirage of global branding.

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