

## **Masters Of The Universe – Why Global Brands Will Continue to Dominate Their Markets**

Everyone wants to be a brand nowadays. It is not just companies and products that embrace branding. Political parties see themselves as brands, football clubs speak of leveraging the brand, and countries seek to promote themselves by branding. Even individuals are now being encouraged to further their careers by personal branding. Branding is firmly enmeshed into all aspects of our lives. Some organisations, however, may be thought of as the masters of the branding universe in that they have created global brands. Nigel Hollis, an internationally respected authority on global brands defines them as ones that have transcended their cultural origins to develop strong relationships across different countries and cultures. This article looks at who these organisations are, how they have achieved that status and what the future might hold for them.

It is useful to re-visit what constitutes branding before examining global brands.

The word brand is derived from the old Norse word *brandr*, which means to burn, and this was the way livestock owners marked their animals to distinguish them from others. As a result branding is sometimes defined as a name, symbol or aspect of design which differentiates a product from its competitors. However to the sophisticated marketer branding is more than creating a name, logo or packaging for a product. Nigel Hollis in his excellent and recommended book “The global brand: How to create and develop lasting brand value in the world market” offers this definition:

*“A brand consists of a set of enduring and shared perceptions in the minds of consumers. The stronger, more coherent and motivating these perceptions are, the more likely they are to influence purchase decisions and add value to a business.”*

This definition provides us with the reason why the brands organisations build over time are one of their most valuable assets. Product features can be copied by competitors, but strongly held attitudes and beliefs firmly lodged in the minds of consumers cannot be easily replicated. Consumers must not think that all brands in a sector are the same. They should be convinced that there are meaningful differences between the different brands operating in the market.

In theoretical terms creating a brand requires a series of successive stages.

In simple terms, this involves looking at the brand from a consumer perspective and asking four 'questions':

1. Who are you? (Brand Identity)
2. What are you? (Brand Meaning)
3. What do I think or feel about you?
4. What kind of relationship would I like to have with you?

In defining the brand by these questions the various elements of brand building are covered:

**Brand identity** - this ensures identification of the brand with consumers and an association of the brand in consumers' minds with a specific product class or customer need.

**Brand meaning** - at this stage the totality of brand meaning is firmly established in the minds of consumers by strategically linking a host of tangible and intangible brand associations with certain properties.

**Brand response** - the selected brand identification and brand meaning should evoke particular consumer responses to brand identity and brand meaning.

**Brand relationship** - here the brand response is cultivated to create an active, trusting, loyal relationship between consumer and brand.

There is a logical sequence to these stages. An identity needs to be created before meaning can be established. Responses cannot occur until the right meaning is developed. A relationship cannot be forged until the proper responses have been developed.

The approach outlined above sounds simple and straightforward but it is far from easy, especially when it means developing a brand across national boundaries.

Interbrand, a major branding consultancy, produces a ranking of the world's most valuable brands. The top ten is made up of such masters of the brand universe as Coca Cola, IBM, Microsoft, GE, Nokia, McDonald, Google, Toyota, Intel and Disney.

To produce their rankings, Interbrand value brands using the same principles analysts use to value other business assets by looking at their existing situation and by considering how

much brands might earn in the future. There are three components to their methodology:

- Financial Analysis – A forecast of current and future earnings specifically attributable to branded products.
- Role of Brand Index – This is a measure of how much of the customer demand was dependent on the brand at point of purchase and is applied to the economic earnings to arrive at Branded earnings.
- Brand Strength Score – This is a measure of the brand’s ability to drive choice and secure ongoing customer demand, and is used to assess the risk associated with forecast brand earnings.

All the global brands in the top ten are characterised by high quality leadership and management, which builds a strong culture. They also take an innovative approach that enables them to adapt to a changing environment. There is a salutary lesson from the examples of one time leading companies such as Kodak and Blockbuster to show how easy it is to be blindsided by changes in the market and so go into decline.

The golden rule of global brand building is to understand the similarities and differences in the global branding landscape. Although there is an increasing harmonisation of tastes the great marketing guru, Theodore Levitt, was certainly premature in declaring in an article in the Harvard Business Review published in 1983 that “Gone are accustomed differences in national and regional preferences.” At this moment in time there is no such thing as a global consumer. Consequently, according to Harvard professors, John Quelch and Edward Hoff, brand marketers face a fundamental issue which is not whether to go global but how to tailor their marketing to local circumstances. The choice is not standardisation or local control but a flexible, highly customised programme.

This involves taking account of local needs and motivations. There are many stories of companies who failed to do this and paid the price in terms of marketing success. Pillsbury found, when they tried to introduce a canned sweet corn as part of their Green Giant brand of vegetables, that instead of serving them as a hot side dish as intended the French added it to salad and ate it cold, the British used it as a sandwich and pizza topping , whilst Japanese children ate it as an after school treat. In bringing their offering to Brazil, Pizza Hut found that the American thick crust pizzas were not as liked as the local thin crust ones.

McDonalds is the world's leading fast food restaurant operator and currently as a truly global brand operates in over 100 countries. McDonalds Indonesia offers customers McRice, McDonalds in India provides vegetarian items instead of the usual meat products. In the Middle East McDonalds serve a McArabia.

As well as meeting consumer tastes, global marketers need to modify their products to accommodate local circumstances on matters such as pricing and distribution. So, to sell expensive jeans in India Levi's offer consumers a three month payment plan. A core competence of Coca Cola is their ability to distribute their product to the most obscure locations.

Of the top 100 most valuable brands identified by Interbrand, some fifty one are American companies. At the moment there are no Chinese or Indian global brands, although that may be a situation about to change. Tata, the Indian company has acquired the Jaguar and Land Rover brands in a move that recognises the strength of brands and a willingness to exploit them in the marketplace.

There are challenges to even these mega brands. The economic future is clouded with uncertainty. However in such times the brand can be an organisation's most valuable asset – a source of trust in good but also bad times.

One emerging challenge brands will have to face is what Naomi Klein, author of "No Logo" calls "brand based investigative activism". In this, consumers harness the various tools of social media to actively oppose brands. It is a phenomenon we will hear more about.

The development and maintenance of global brands is both an art and a science and the global brands discussed in this article have demonstrated an ability to manage their brands in a sound, logical, flexible and creative way. In all probability they will continue to dominate their markets. They would do well though to avoid any complacency, as no brand however strong it is at the moment is immune from the perilous consequences of poor brand management.