

Lecture 40: Global Branding

To make the students understand the concept of global branding.

- Have you heard the name of Rolex Watches?

Many Global Brands

Have derived much of their sales and profit from nondomestic markets

– For Example

- Coco cola
- Shell
- Bayer
- Rolex
- Mercedes Benz

Rationale for Going International

- Perception of slow growth and increased competition in domestic markets
- Belief in enhanced overseas growth and profit opportunities
- Desire to reduce costs from economies of scale
- Need to diversify risk
- Recognition of global mobility of customers

Advantages of Global Marketing Programs

- Economies of scale in production and distribution
- Lower marketing costs
 - Uniformity in packaging, advertising, promotion and other marketing communication
- Power and scope
 - A global brand may communicate credibility, may indicate expertise and acceptance, may signal high quality, can also signal social status and prestige

Advantages of Global Marketing Programs

contd:

- Consistency in brand image

Gillette

Particularly when there is much consumer mobility or media exposure across the globe

- Ability to leverage good ideas quickly and efficiently

It may lead to increased sustainability by facilitating continued development of core competencies

- Uniformity of marketing practices

Simplifies coordination and provide greater control, hence effectiveness may be improved

Disadvantages of Global Marketing Programs

- Differences in consumer needs, wants, and usage patterns for products
 - ✓ Germany
- Difference in consumer response to Marketing mix elements
 - ✓ Price sensitivity, promotion responsiveness, sponsorship support etc motivates differences in consumer behavior and decision making
- Differences in brand and product development and the competitive environment
 - ✓ Product may be at different stages of life cycle
 - ✓ Position and perception of particular brand may differ
 - ✓ The nature of competition differs

Disadvantages of Global Marketing Programs contd...

- Differences in the legal environment
 - ✓ Poland requires the ad jingles to be sung in polish
 - ✓ Sweden prohibit advertising to children
 - ✓ Austria bans use of children in commercials
- Differences in marketing institutions
 - ✓ Channel of distribution, media availability, media cost, retail practices may vary
- Differences in administrative procedures
 - ✓ Local managers may suffer from the “not invented here syndrome”

Global Brand Strategy

To build brand equity, it is often necessary to create different marketing programs to address different market segments.

- Identify differences in consumer behavior
 - How they purchase and use products
 - What they know and feel about brands
- Adjust branding program
 - Choice of brand elements
 - Nature of supporting marketing program
 - Leverage of secondary associations
 - ✓ secondary associations may vary in their strength, favorability, and uniqueness.

Strategies

- Exporting
- Licensing
- Franchising
- Alliances
- Multidomestic
- Global

Exporting Strategy

- Maintaining facilities within a home country and transferring goods and services abroad for sale in foreign markets
- Cooley and Cooley , Ltd.

Licensing Strategy

- A firm (licensor) in one country giving other domestic or foreign firms (licensees) the right to use a patent, trademark, technology, production process, or product in return for the payment of a royalty or fee
- US and Canadian book publishers allow translations
- Pepsi and Coca-Cola with bottle companies, distributors

Franchising Strategy

- A parent organization (franchiser) granting other companies or individuals (franchisees) the right to use its trademarked name and to produce and sell its goods or services
- McDonalds, Holiday Inn

Alliance Strategy

- Agreeing with other companies to pool physical, financial, and human resources to achieve common goals
- Chinese-foreign joint ventures

Reasons for Alliances

- Share and lower costs of high risks, technology
- Lower costs by sharing the large fixed-costs for manufacturing plants
- Desire to learn another firms technology, or advantages, benchmarking
- Desire to participate in evolution of competitive activity in growing global industries

Multidomestic Strategy

- Adjusting products, services, and practices to individual countries or regions
- Frito Lays and Campbell Foods

Global Strategy

- Stressing worldwide consistency, standardization, and low relative cost
- Black and Decker subsidiary manufacture certain parts for families of products in one country

Assessment questions:

MCQ based on topic