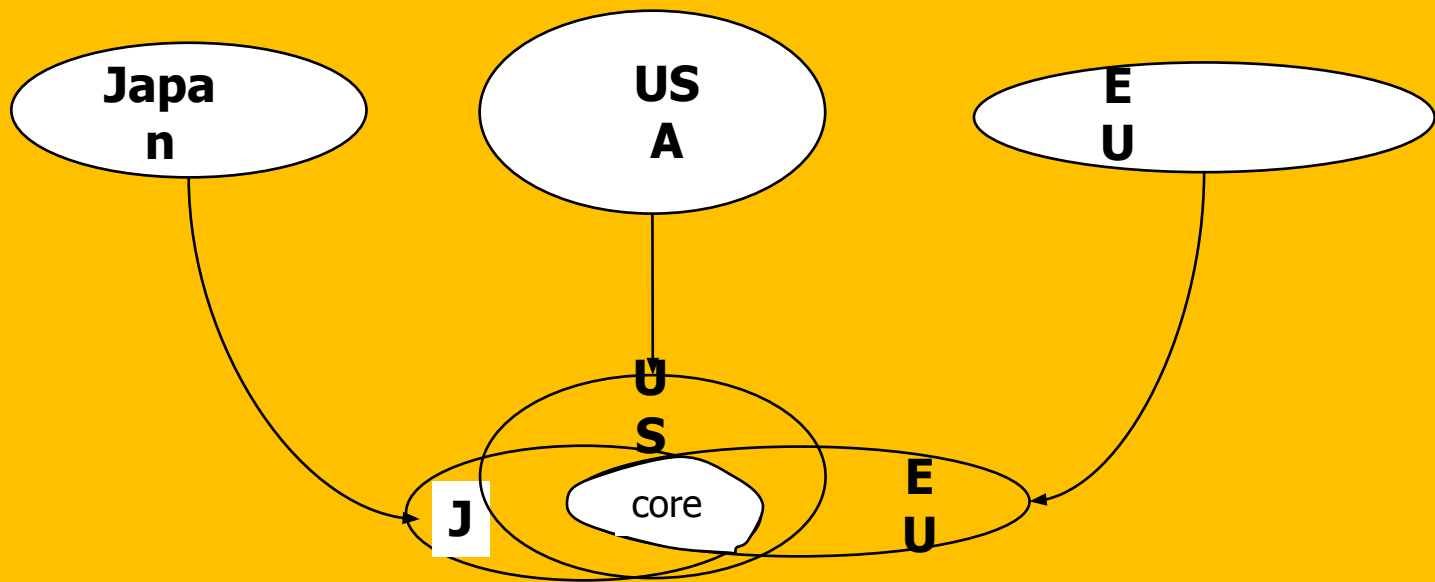


International Marketing



GLOBAL PRODUCTS AND BRANDS

Global Product Management



Global Product Management - a core product which can be adapted for different markets to avoid the cost of developing separate products for each.

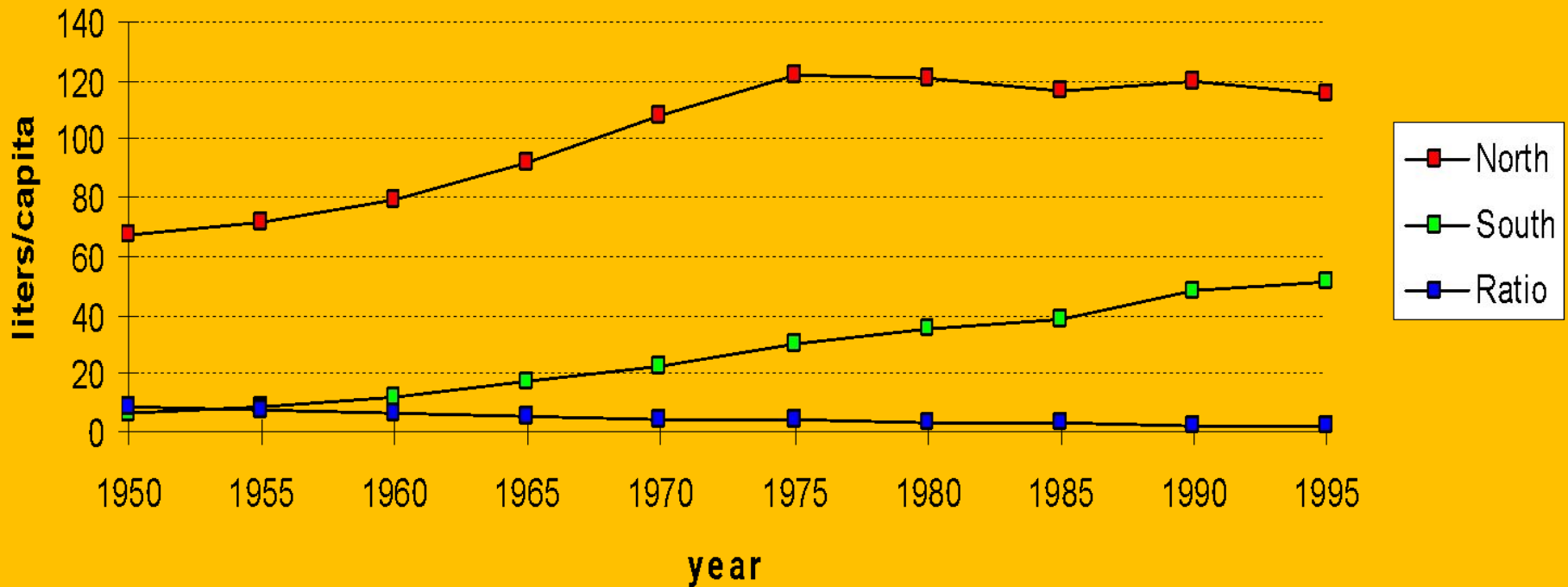
Standardisation or Adaptation?

- Key question in International Marketing
- All elements of the marketing mix can be modified
 - Do they need to be modified?
 - Different needs
 - Different conditions of use or consumption
 - Extra costs

Global Convergence of Consumption Patterns

- Broad product categories over a long time
- Through imitation of foreign consumption patterns and adoption of foreign items which become progressively global and local
- Globalization and modernization
- Socio-demographic trends
 - Age, size of household, proportion of immigrants, gender equality

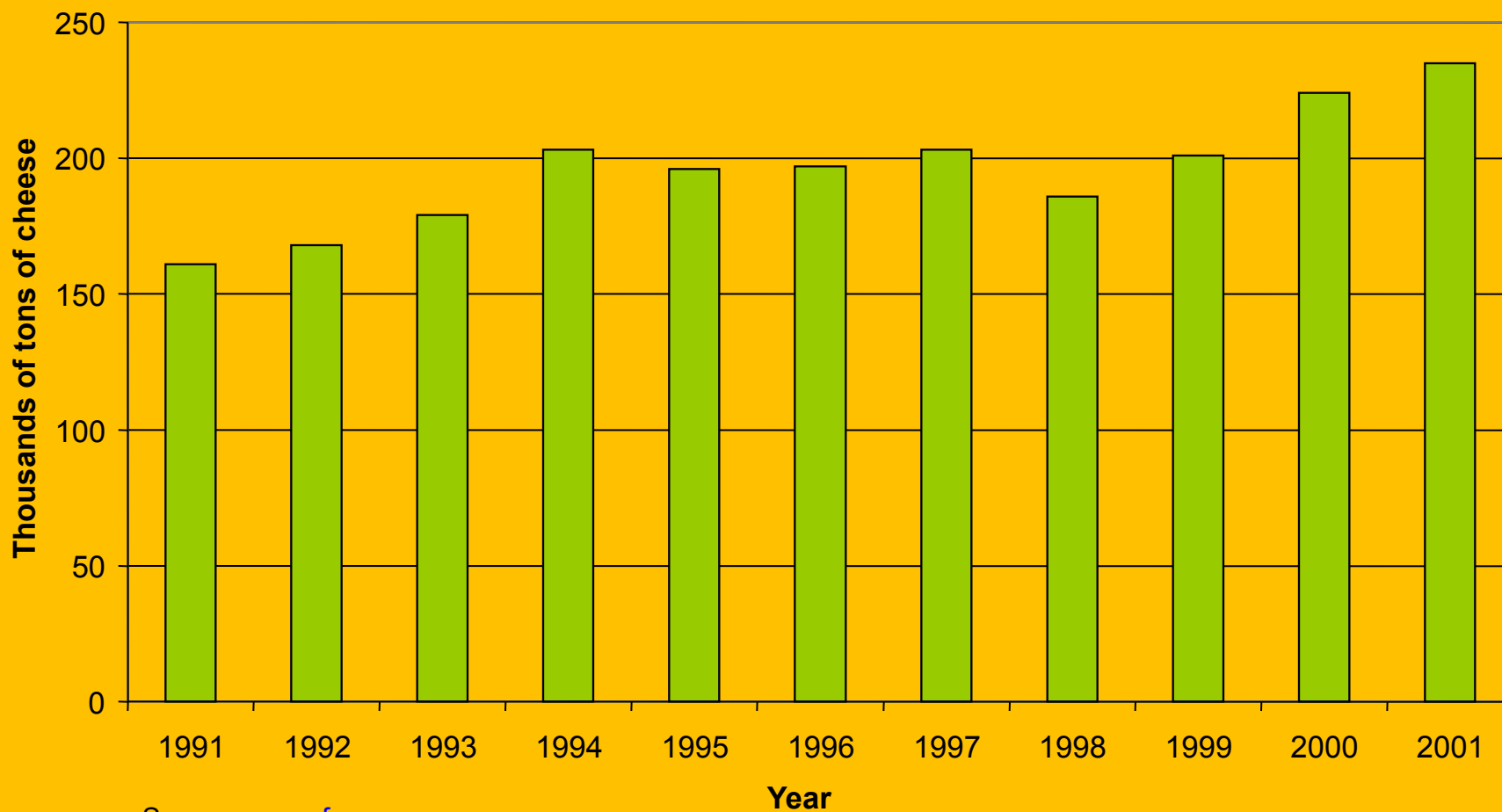
Macro Trends



Beer consumption in northern and southern Europe

(Source: Smith and Heede, 1996, p. 1081)

Consumption of cheese in China (thousands of tons)



Source : www.fao.org

Why are there differences in local consumption patterns?

- Climate (e.g. ice-cream)
- Local diets (for food and beverages especially)
- Local regulations (genetic modifications)
- Different use of similar items (Camembert paniert)
- Different meaning in context for similar products (colours => certain symbolic attributes)
- Differences in motivations and buying behaviour
- Local consumption habits rooted in early childhood, and socialization at school and in the family (Vegemite)

Example of consumer behaviour for milk-based products in France and China

France

- Consumption/cap: 68 litres /year
- Consumption of diversified milk-based products: milk, cheese, butter, yoghurt, etc.
- Daily consumption.
- Purchasing decision: basic quality being well controlled, price is a key factor
- Consumers are used to milk-based products and receptive to symbols which emphasize genuineness, origin, organic manufacturing (labels, bio, etc.)

China

- Consumption/cap: 3 litres/year
- Consumption focused on yoghurt (80%)
- Product perceived as exotic
- Purchasing decision: choice of high quality imported products perceived as having superior quality when compared with domestic products
- Consumers are uneducated for using this kind of product properly (especially as concerns conservation ...)

Product/Country Example: Rice in Malaysia vs. The United States

Malaysia

- Mainly local, Thai rice manufacturers
- Differentiated by grade
- Frequent main dish, crosses social strata
- Mainly plain white rice
- 10 kilogram bags of rice
- Hands also used for serving

US

- Minute Rice, Rice-a-Roni, Uncle Ben's
- Differentiated by brand, flavour, convenience
- Infrequent side dish, ethnic consumption
- A lot of flavoured rice
- Small, quick cooking portions
- Silverware used for rice eating

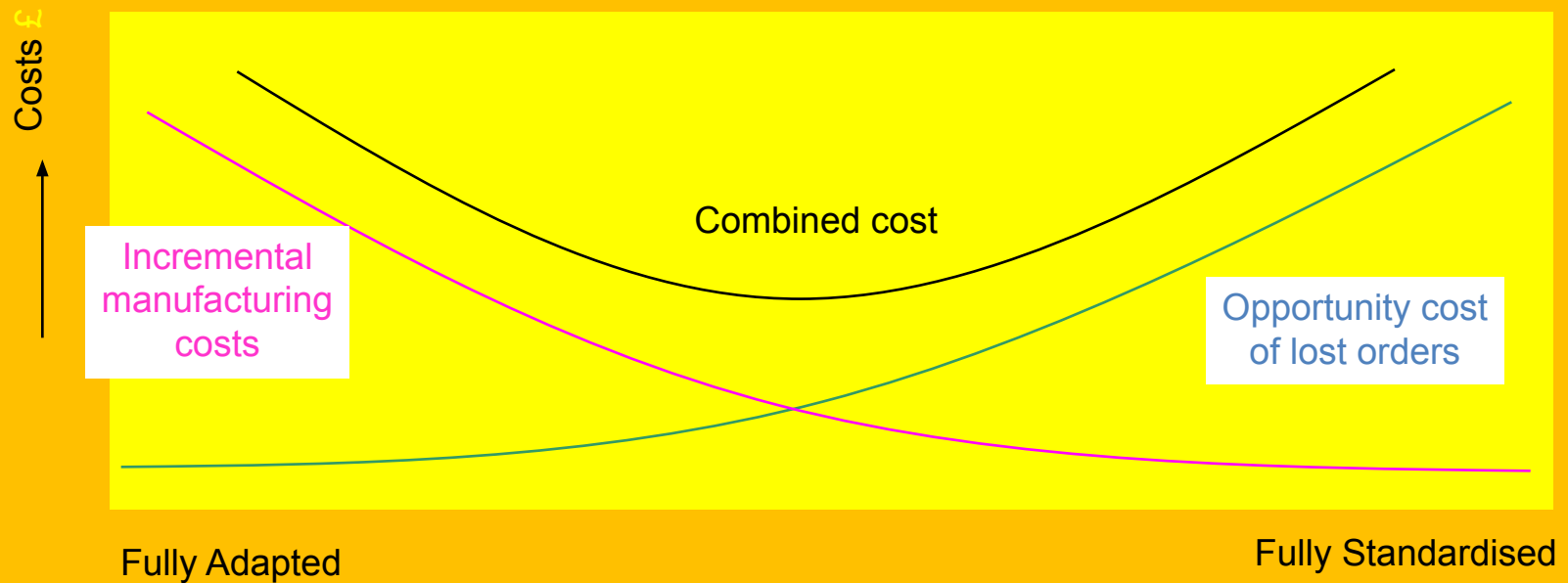
Emergence of a global consumer culture

- **World standard package**
 - Limitations?
- **'McDonaldization' of society:**
 - Standard (key benefit = predictable performance)
 - the same for everybody
 - the same everywhere in the world
 - the same over time

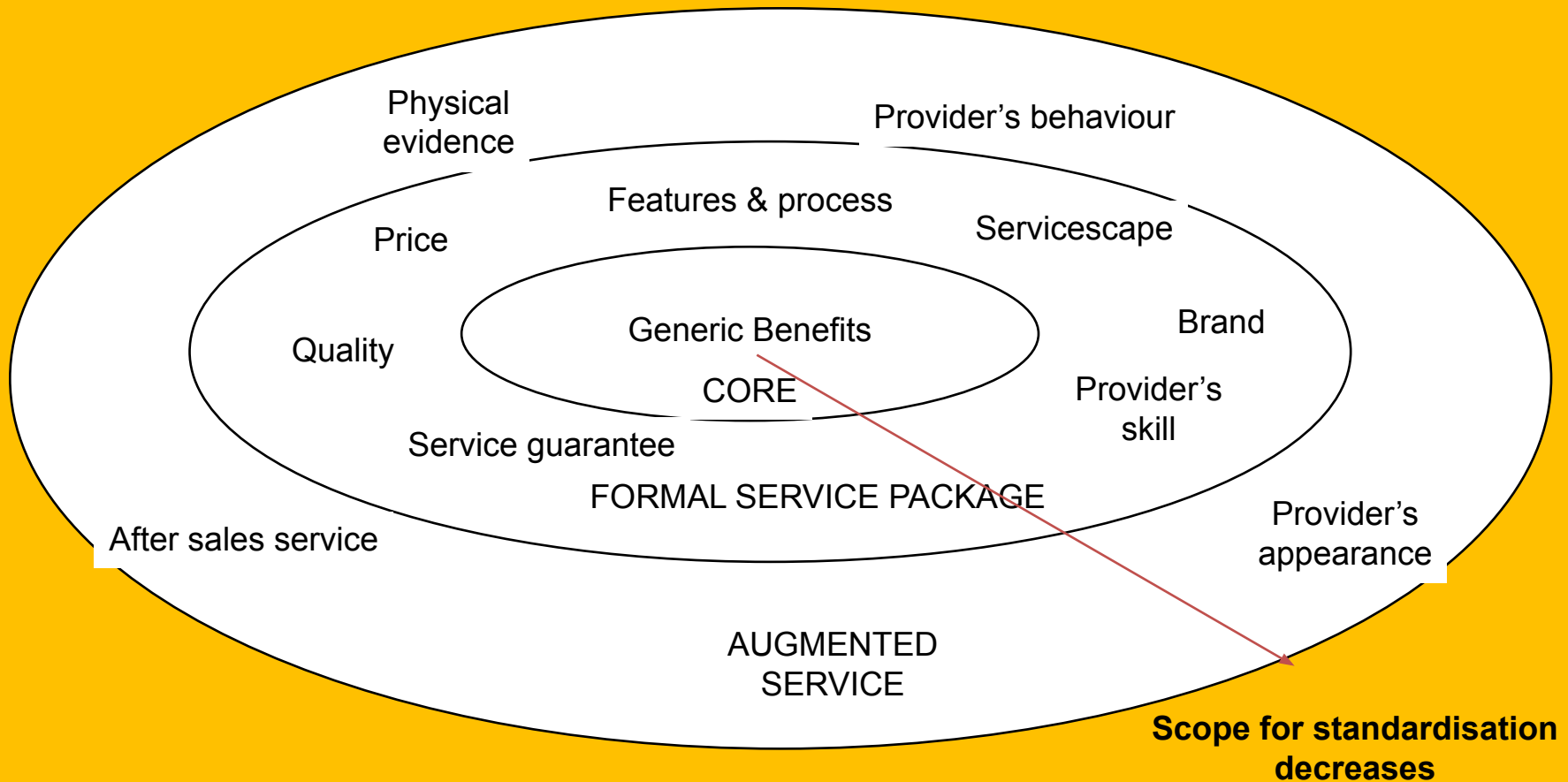
Ritzer (1993): 4 elements

1. Efficiency
2. Systematic quantification
3. Predictability
4. Control: substitution of non-human for human

Standardisation - Adaptation Tradeoff



Components of a Service



Factors Encouraging Standardisation

- Economies of scale
 - production, R&D, marketing
- Global segments, global customers
 - converging customer needs, increased customer mobility, demand spillover
- Need to reduce time to market
- Regional market agreements

Product policy: adapt or standardize

Levitt's (1983) thesis on the globalization of markets

- Standardize as much as feasible
 - a lot can be done
- Customize when needed around a standard core product
 - Coca Cola or McDonald's
- In global industries (more standardization opportunities), firms which standardize show superior performance
- Within an industry (similar world markets & opportunities), firms which customize perform better (Samiee & Roth, 1992)
- A down-to-earth approach based on product attributes

Standardization: Product element

- 78% product quality
- 72% brand name
- 71% image
- 67% performance
- 54% size & colour
- 52% packaging & style
- 48% design & features
- 45% pre-sales service
- 43% after sales service & warranties
- 42% delivery & install

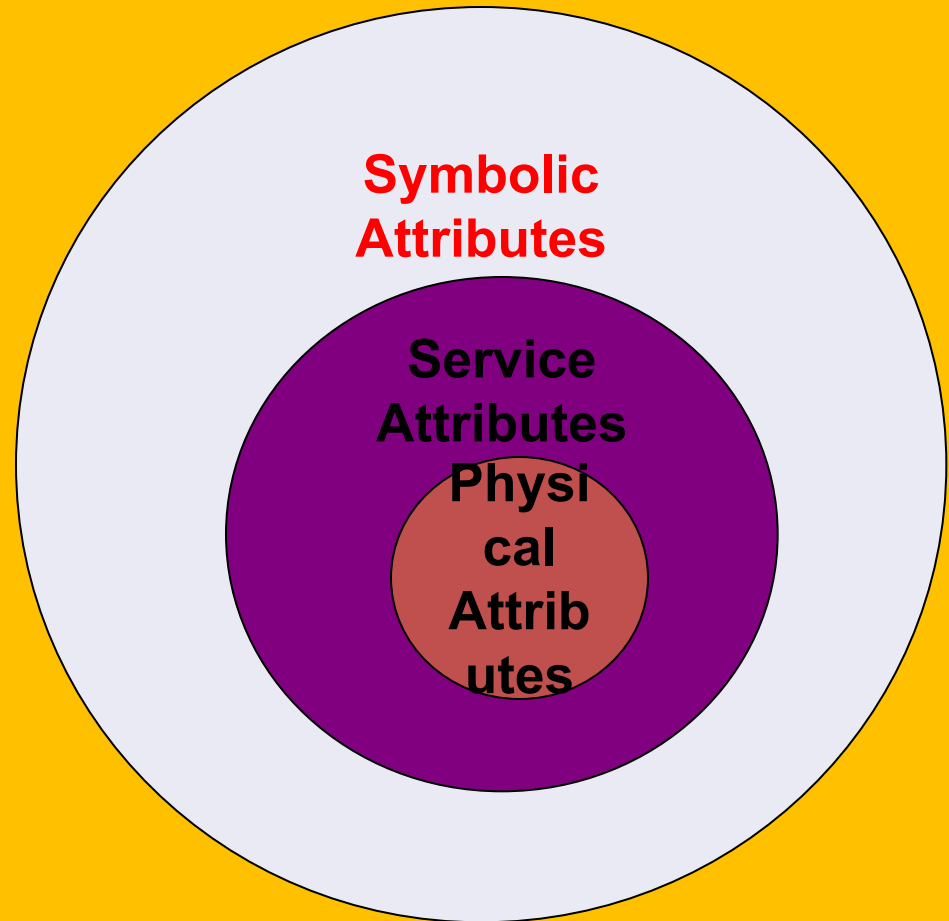
Levels of product attributes

A car :

- Steel+plastics+length+weight, etc.
- Number of persons, gas mileage, level of comfort
- Luxury, economy, dynamism, sporty, ...

A Perfume :

- Physical base: scents based on flowers, fruits, woods, spices, animals scents
- Deodorize, cover odours, etc.
- Feminine/Masculine, Old/young, etc.



Product Attributes

- Physical attributes (size, weight, colour, etc.)
 - The greatest potential for economies of scale
- Service attributes are difficult to standardize:
 - Delivery differs widely
 - Performed in direct relation to local customers
 - More dependent on culture
- Symbolic attributes (interpretive attributes, brand, origin)
 - Ambiguous: consumers have confused attitudes
 - A liking for domestic goods based on nationalism
 - A penchant and even fascination for foreign cultures and goods
 - National identity symbols intermingle with symbols of exoticism

Factors influencing adaptation or standardization of product attributes

Product attributes	Arguments in favour of adaptation	Arguments in favour of standardization
Physical attributes	1 Cost-reducing adaptations Local standards, hygiene and safety regulations, local marketing knowledge, consumer behaviour, marketing and physical environments	2 Experience effects Economies of scale International standards International product use
Services attributes	3 Limited savings related to scale Local peculiarities in service, maintenance and distribution	4 Significant learning effects 'Mobile' clientele
Symbolic attributes	5 Unfavourable image of imported products, company, nationality or brand name Inadequate meaning conveyed by colour, shape, etc.	6 Favourable image of imported products, company, nationality or brand Exotic or ethnic appeal Demands for 'universals'

Categories of symbolic attributes

- Symbolic associations related to physical attributes
 - colour of a product, its shape,...
- Meanings related to the brand name
 - product/corporate
- Connotative meaning of product-design and aesthetics
 - Functional? Easy-to-use? Modern? Luxurious?
- Consumer perceptions of product origin
 - if they are searching for this information,
 - it is available, and
 - they take origins into account
 - manufacturing origin (made-in)
 - country of design
 - country suggested by the brand name

Service Attributes

- Difficult to standardize
- Differences in delivery
- Limited potential for pure economies of scale
- Some potential for economies related to learning
 - international transfer of knowledge is a key issue
- Delivery processes vary cross-culturally
 - Level of performance
 - Style of personnel in contact and attitudes in customer interactions
 - Culture and waiting time: pre-, in- and post-process

Standardisation vs Customisation

Heinz Ketchup

☐ Taste

US: sweet

Mexico: hot

Europe: curry

☐ Usage

Greece: poured on pasta, eggs, meat

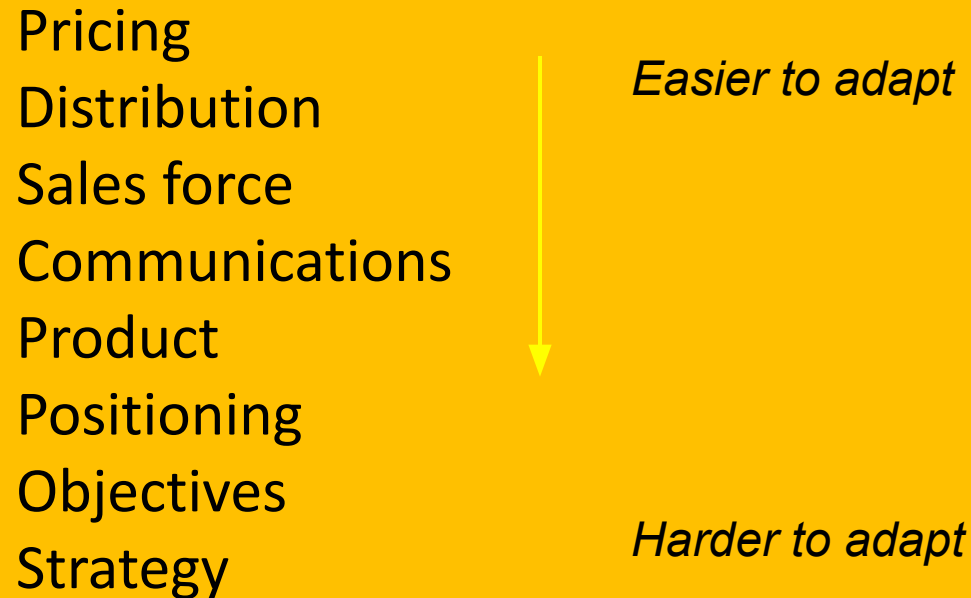
Japan: omlette, sausages, pasta

Sweden: meatballs, fishballs

Mandatory Adaptation or 'Localisation'

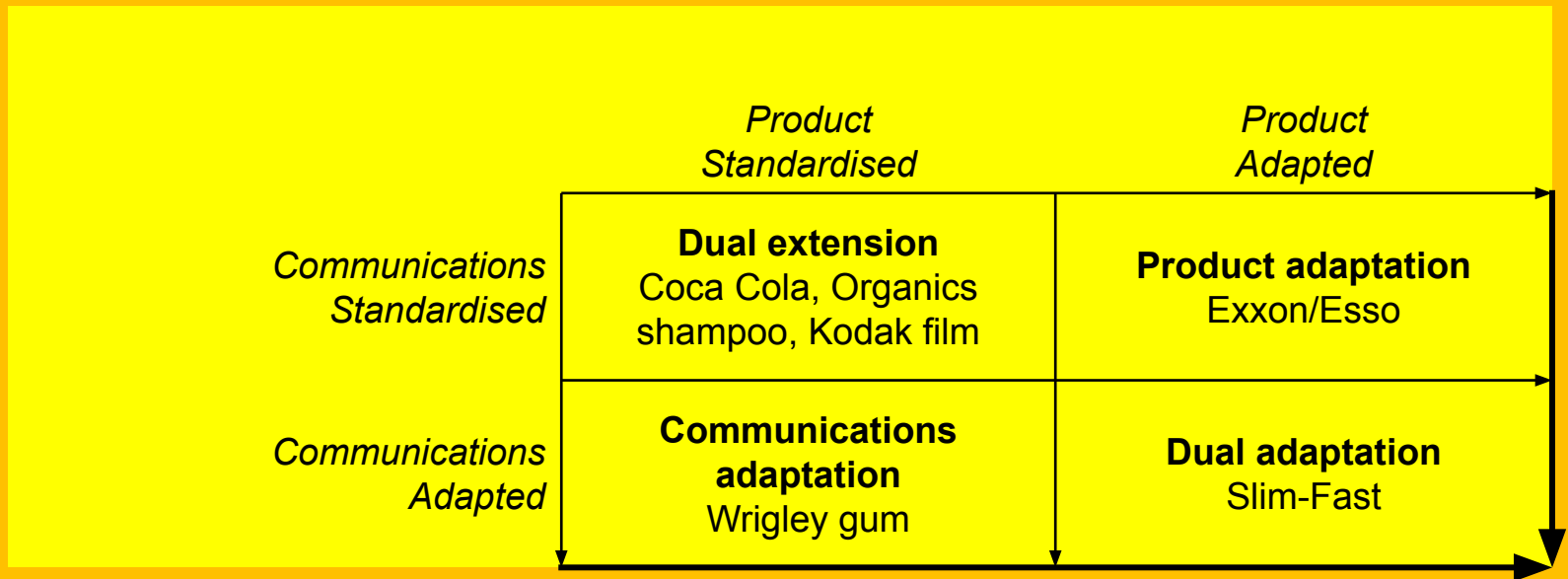
- Government regulations
 - Product standards, testing, design
 - Labelling
- Compatibility
 - Adapting to local infrastructure
 - TV standards
 - Voltages
 - RH / LH drive etc
- Brand name availability (trade marks - © ™)

Standardisation Continuum



Source: Merffet, (1986)

Standardisation or Adaptation?



Adapted from Keegan, W. (1969)

Disadvantages of Standardisation

- **Unresponsive to local taste**
 - Lost sales due to ‘overstandardisation’ (Kashani, 1989)
- **Lack of uniqueness**
- **Unresponsive to local competition**
 - Harder to respond to competitive activity
 - May allow strong local competitors to develop
- **Demotivates overseas employees**
 - NIH syndrome
 - *Can't they understand what our market needs?*

New Products and Services in Global Marketing

- New-product development process
 - Permanent identification of new-product ideas
 - Screening of these ideas and identification of candidates for further investigation
 - Stringent investigation and analysis of the selected new-product ideas
 - Organisation of sufficient resources
- The international new-product department
- Testing new products and services in national markets

Evaluating Potential of a New Product

- How big is the market for this product at various prices?
- What are the likely competitive moves in response to our activity?
- Can we market the product through existing structure?
- Can we source the product at a cost that will yield an adequate profit?
- Does product fit our strategic development plan?

Global Branding

How Global is Branding?

Company	Total brands	Brands found in >50% countries	Brands found in one country only
Colgate	163	6	59
Kraft GF	238	6	104
Nestlé	560	19	250
P&G	217	18	80
Quaker	143	2	55
Unilever	471	17	236

Nestle



NESCAFÉ Instant Coffee (16)

- [Original](#)
- [Gold Blend](#)
- [Decaf](#)
- [Half Caff](#)
- [Blend 37](#)
- [Black Gold](#)
- [Fine Blend](#)
- [Alta Rica](#)



- [Cap Colombie](#)
- [Kenjara](#)
- [Espresso](#)
- [Cappuccino](#)
- [Mocha](#)
- [Latté](#)
- [Café Style](#)
- [Frappé](#)

Kellogg's

Breakfast Cereals Brand Portfolio (45)

- All-bran
- Apricot Bites
- Bran Flakes
- Bran Flakes Yoghurty
- Choco Crispies
- Choco Frosties
- Choco Pops Crunchies
- Choco Pops
- **Corn Flakes**
- Corn Flakes Banana Crunch



- Corn Pops
- Country Store
- Crunchy Nut Corn Flakes
- Crunchy Nut Bar
- Rice Crispies
- Frosties
- Fruit and Nut

Top Ten UK Breakfast Cereal Brands

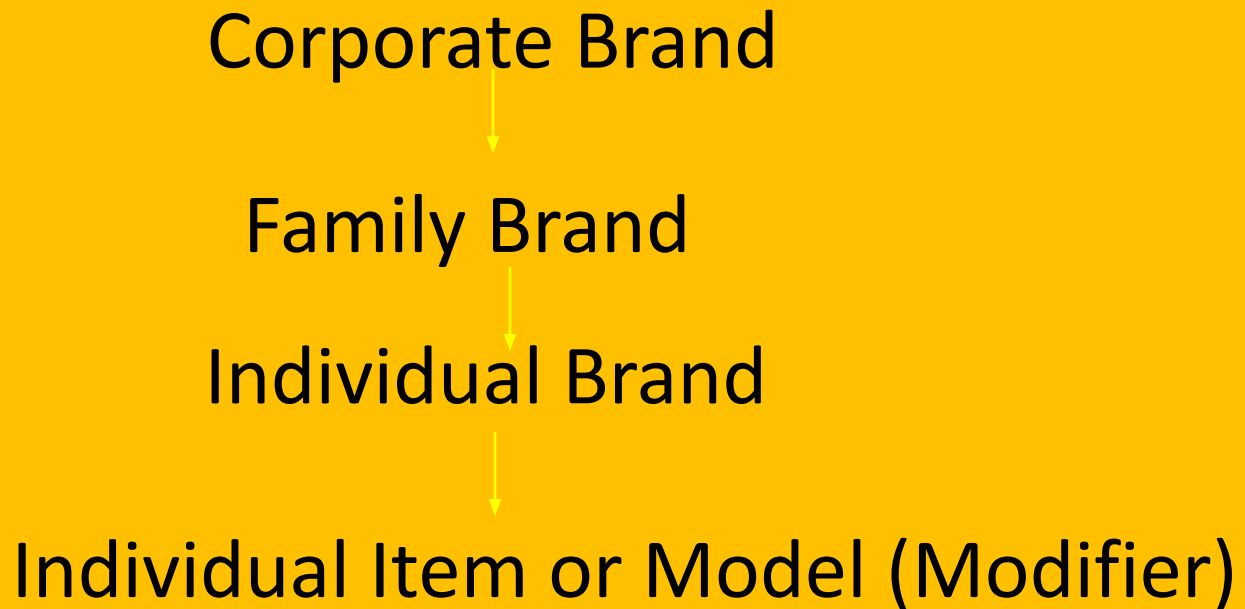
<i>Breakfast Cereals</i> <i>UK 1999</i>	Market- Share %
<u>Brands</u>	
Kelloggs Cornflakes	9
Weetabix	7
Kelloggs Frosties	4
Nestle Shredded Wheat	3
Kelloggs Rice Krispies	3
Kelloggs Crunchy Nut Cornflakes	2
Nestle Shreddies	2
Kelloggs Healthwise Barn Flakes	2
Quaker Sugar Puffs	2
Weetos (Weetabix)	2

Brand Hierarchy

- Shows
 - the ordering of brand elements
 - captures potential branding relationships among different products sold by the firm
 - graphic illustration of a firm's branding strategy
- Different ways of defining levels of hierarchy

Brand Hierarchy Levels

A brand hierarchy can involve multiple levels:



Hierarchy levels

- **Corporate**
 - mostly visible on the product/package
 - adds shareholder value
 - e.g. Nestle, Ford, PepsiCo
- **Family**
 - used in more than one product category but is not necessarily the corporation name
 - e.g.
 - Ben and Jerry's (Unilever): Ice cream, Yoghurt
 - Tropicana (Pepsi): Juices, Juice Drinks, Smoothies

Hierarchy levels...cont.

- **Individual Brand**

- Restricted to essentially one product category
- e.g.
 - Lipton Tea: Black, Lemon, Green, Herbal, Chai;
 - Frito-Lay: Doritos, Fritos corn chips
 - Dasani?

- **Individual Item/Modifier/Variant**

- Flavours (e.g. banana, custard, summer)
- pack-sizes (e.g. small, medium, large, extra large)
- Forms (e.g. tablet, liquid, powder)
- pack-types (e.g. pouch, carton, bag)

Designing the Brand Hierarchy

(Keller 2007)

- Decide on the number of levels
 - ***Principle of simplicity***: Employ as few levels as possible
 - ***Principle of clarity***: Logic and relationship of all brand elements employed must be obvious and transparent

- Decide on the levels of awareness and types of associations to be created at each level
 - ***Principle of relevance***: Create global associations that are relevant across as many individual items as possible
 - ***Principle of differentiation***: Differentiate individual items and brands

Designing the Brand Hierarchy

- Decide on how to link brands from different levels for a product
 - ***Principle of prominence***: The relative prominence of brand elements affects perceptions of product distance and the type of image created for new products

- Decide on how to link a brand across products
 - ***Principle of commonality***: The more common elements shared by products, the stronger the linkages

Diageo: A Corporate Brand

- Smirnoff
- Johnnie Walker
- Guinness
- Baileys
- J&B
- Captain Morgan
- Cuervo
- Tanqueray

Achieving Global Branding Excellence

- Clearly Defined Brand Architecture
- Understand potential of each brand in portfolio
- Develop strong power brands with broad market footprints
- Only introduce sub-brands of a core brand that have clear strategic
- roles
- Maximize market coverage and minimize overlap of all brands
- Co-brand with appropriate brand partners

Achieving Global Branding Excellence: an example

BMW



- **Clever straddle positioning with corporate brand**
- Points-of-parity and points-of-difference
- Luxury and Performance
- **Clearly defined sub-brand roles**
- Brand hierarchy: 3, 5, & 7 series
- New models and brands to expand the brand footprint
- X3, X5, Z4, M3, 6 series, & Mini
- Ingredient brand: Apple iPod

Linguistic elements of brands as marketing assets:e.g. Brand Names

Brand Name:

- Spelling (letters+numbers)
 - writing systems
- Speaking the name
 - pronunciation and phonology
 - Matsushita vs. Technics
- Denotative meaning
 - Choco-BN
- Connotative meaning
 - Kinder (semantics)
- Rhetorical value
 - persuasive content (Tide)

Visual associated with a brand (logo/design)

- The Whiskas example
- Visual aspects in ideographic writing systems
- Global companies must play on a large register of languages and meanings to develop global brands

Linguistic characteristics of brands

Morphological devices

- **Affixation:**
 - Jell-O, Tipp-Ex
- **Compounding:**
 - Janitor-in-a-Drum, Vache-qui-rit

IV. Semantic devices: rhetoric

- **Metaphor:**
 - Aqua-Fresh, Longeurs et Pointes, Head and Shoulders, Tendres Promesses
- **Metonymy:** Application of an object or quality
 - Midas, Ajax, Uncle Ben's, Bounty
- **Personification:** Humanizing nonhuman or ascribing human emotions to the inanimate
 - Clio, Kinder
- **Oxymoron:** Conjunction opposites
 - Crème de peinture
- **Paranomasia:** Pun and word plays
 - Fédor - orange juice
- **Semantic appositeness:** Fit of name with object
 - Nutella

Names Problematic Abroad

- Bimbo (Spanish bread brand)
 - Attractive but empty-headed young woman
- Bums (Dutch bread brand)
 - In German associated with sex; In English...
- MR2 (Toyota brand)
 - Renamed MR in France, MR2 pronounced as merdeux ('full of shit')
- Fiat Uno
 - Not popular in Finland (Uno = dope)
- Super Piss
 - In Finland a popular anti-freeze brand for car locks
- Axe (deodorant) changed to Lynx in the UK

Brand Globalisation Problems

Recommendations for international brand names

- Simple spelling: 2 or 3 syllables
 - no long sequence of either consonants or vowels
 - avoid phonemes which are not translinguistic
- Avoid unintended meaning in target languages
 - Chevy Nova / Laque Cabynet / Cue Tooth paste, etc.
 - Mere translation is dangerous: Tide => Marée (noire)
 - Transliteration: Gillette's Silkiency (US+D); Soyance (F) => Sientel (I)
 - Transparency: Sony, National
- The loss of a brand source meaning is not a major problem since local consumers reinvest the brand name with new meanings (which may fit with the intended local positioning)

Country of Origin effect

- Perceptions about and attitudes toward particular countries often extend to products and brands known to originate in those countries
 - Japan
 - Germany
 - France
 - Italy
- Stereotyped attitudes toward foreign products and services can favour or hinder marketing efforts
- If the quality is perceived to be low
 - Foreign origin of the product can be disguised
 - Foreign identification of the product can be continued and consumer attitudes towards the product can be changed
- In some market segments foreign products have a substantial advantage because they are foreign

Some examples of the combined influence of brand name and country of origin on product image

Product	National image of the generic product	National image of the manufacturer	Country evoked by the brand name label	Country image diffused by the 'Made in' label
Shalimar (perfume by Guerlain)	French	French	India/Orient	French
Kinder (milk chocolate bars made by Ferrero)	Swiss and other countries	Italian (but the manufacturer's name, Ferrero, rarely appears)	German (means 'children' in German)	'Made in' hardly visible – often Italy
National (vacuum cleaner made by Matsushita)	Neutral	The manufacturer's name (Matsushita) does not appear	The National brand makes people believe that is a local product	'Made in' label hardly visible – different national origins
Coca-Cola	International	American	America	Neutral
Kremly (yoghurt by Chambourcy, part of Nestlé)	Balkan/Bulgarian Slav	Looks French, but is a worldwide brand of the Swiss Nestlé	Kremly (name and graphics) evokes the Kremlin, a Slav image	The 'Made in' label is a local one
Brother (typewriters by Brother)	Neutral	English/American (in fact a Japanese company)	International	The 'Made in' label indicates the origin

CASE STUDY