Global brands

Business, Company

When a single brand is marketed by the manufacturer, the brand is assured of receiving full attention for maximum impact. However, a company may choose to market several brands within a single market based on the assumption that the market is heterogeneous and thus it must be segmented. Consequently, a specific brand is designed for a specific market segment. The watch industry provides a good illustration for the practice of using multiple brands in a single market, for different market segments. Citizen, in its attempt to capture the new youth and multiple-watch owners' market, traded down to include a new brand called Vega. Likewise, Hattori Seiko is well known for its Seiko brand , which is sold at the upper-medium price range in better stores; to appeal to a more affluent segment, the company traded up with the Lassale name.

Seiko strategy is to deliberatelydivorcenames, once used together in the public mind, with the gold plated Lassale line and the karat-gold Jean Lassale line. Lassale watches have Seiko mechanisms, but they are produced in the USA and the Western Europe and they are sold only through jewelers and department stores. Swatch Group Ltd. has more than 50% of the Swiss watch industry. Swatch owns a number of well-known brands that include Omega, Longines, Tissot and Calvin Klein.

Multiple brands are suitable when a company wants to trade either up or down because both moves have a tendency to hurt the company's main business. If a company has a reputation for quality, trading down without creating a new brand will hurt the prestige of the existing brand. By the same assumption, if a company is known for its low-priced, mass-produced products, trading up without creating a new brand is hampered by the image of the existing products. Casio is perceived as a manufacturer of low-priced watches and calculators and its name affects its attempt to trade up to personal computers and electronic musical instruments.

There are four recognized branding strategies. The following three kinds of branding strategies are created in order to be suitable for multiple brands. Corporate umbrella branding is used by firms such as Heinz, Kellogg's and Cadbury's. The corporate name is used as the lead name for all their products, for example Kellogg's Healthwise, Kellogg's Frosties, Kellogg's Corn Flakes. Familyumbrella names are used to cover a range of products in a variety of markets.

For example Marks and Spencer use their St. Michael brand for clothing, foodand household goods. Range branding is used for a range of products with a particular link in a specific market such as Lean Cuisine for low-calorie foods. The second category represents another type of branding strategy and it is the individual brand name strategy. Individual brand names are used with individual products in a particular market, with different weights, colors, flavors and pack sizes. Procter ; Gamble and Unilever use individual brand names such as Daz, Ariel and Omo, using no reference to the corporate name.

Local Brands vs. Global Brands When the manufacturer decides to put its own name on the product, the problem does not end there if the manufacturer is an international marketer. The possibility of having to modify the trademark cannot be dismissed. The international marketer must then consider whether to use only one brand name worldwide, or different brands for different markets or countries.

A single worldwide brand is also known as an universal or global brand. A Euro-brand is a slight modification of this approach, since it is a single product, for a single market, with an emphasis on the search for intermarket similarities rather than differences. For a brand to be global or worldwide it must, by definition, have a commonly understood set of characteristics and benefits in all of the markets where it is promoted. Coca Cola is a global brand in the sense that it has been successful in maintaining similar perceptions across countries and cultures. However, most other brands do not enjoy this kind of consistency, making debatable whether a global brand is a practical solution.

A worldwide brand has several advantages. First, it tends to be associated with status and prestige. Second, it achieves maximum market impact overall, while reducing advertising costs because only one brand is promoted. Bata Ltd., a Canadian marketer and shoe retailer in ninety-three countries, Romania including, found out in its research that its consumers generally believed Bata to be a local brand. The company decided after that study, to become the official sponsor of World Cupsoccerin order to enhance Bata's international stature. For Bata and others it is easier to achieve worldwide exposure for one brand than it is for multiple local brands.

Third, a worldwide brand provides a convenient identification and international travelers can easily recognize the product. There would be no sense in creating multiple brands for such international products as

American Express credit card, Shell gasoline, Time magazine and so on. Finally, a worldwide brand is a good approach when a product has a good reputation or is known for quality. In such cases, a company would be wise to extend the brand name to other products in the product line

Global ConsumerCulturePositioning (GCCP) is a tool that suggests one pathway through which a brand may be perceived by consumers as " global". GCCP is an instrument that associates a brand with a widely understood and recognized set of symbols which constitute an emerging global consumer culture. ACNielsen' s Global Mega Brand Franchises report uses a number of criteria to identify mega brands.

A mega brand must be available in at least fifteen out of fifty countries that account for 95% of the global economic output. It must be marketed under the same name in at least three different product categories in three or more regions. Based on these criteria, the mega brands are dominated by the highly extendable personal care and cosmetics manufacturers and by food and drinks manufacturers. The queen of mega brands is Nivea, a brand owned by the German consumer products group Beiersdorf. This skin-care brand is a huge success and the brand has been extended to at least nineteen product categories-shampoos, after-shave, wrinkle lotion and bath foam. In contrast, Coca Cola does not have this power of extendability.

The use of multiple brands is a very common practice. In the case of Unilever, its fabric softener is sold in ten European countries under seven names. Due to decentralization, the multinational firm allows country managers to choose names, packages and formulas that will appeal to local tastes. More recently, the company, while keeping local brand names, has been gradually standardizing packaging and product formulas.

There are several reasons for using local brands. First, developing countries resent international brands because the brand's goodwill is created by an advertising budget that is much greater that research and development costs , resulting in no benefit derived from research and development for local economies. In addition, local consumers are forced to pay higher prices for advertising, not helping the development of local competitive capacity. Such resentment may explain why India's ministries, responding to domestic soft drink producers' pressures, rejected Pepsi's 35% Pepsi-owned joint venture. Second, when the manufacturer is unable to ensure uniform product quality across countries, it should consider local brands. Third, when an existing brand is difficult to pronounce, a new brand may be desirable. Sometimes, consumers avoid buying a certain brand when it is difficult to pronounce, because they want to avoid the embarrassment of a wrong pronunciation.

Then, a local brand is more easily understood and more meaningful for local consumers. By considering foreign tastes and preferences, a company achieves a better marketing impact. Grey, an international advertising agency, worked with Playtex to create different appropriate names for Playtex's brassieres in different languages. The result was Wow in England and Traumbugel (dream of wire) in Germany. Translation may also make a brand more meaningful. This approach is sometimes mistaken for a single-brand approach when in fact a new brand is created. Close up (toothpaste) was translated as Klai-Chid (literally meaning " very close") in Thailand; the translation retained the meaning and the logo of the brand as well as the package design. Fifth, a local brand can avoid a negative connotation. Pepsi introduced a non-cola under the Patio name in America but under the Mirinda elsewhere due to the unpleasant connotation of patio in Spanish.