Hyundai marketing strategy narrative

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Design/methodology/approach – An extensive literature review brings together two search streams, market entry and branding strategy, with particular reference to corporate branding versus product branding. Findings – The choice of branding strategy Is determined In the conditions under study by five antecedent factors and three moderating variables, which are expressed as a visual model and eight propositions.

Practical implications – In a rapidly developing world, this framework and the literature review from which it is derived offer applicable marketing intelligence to planners of branding strategies for international markets. The eight propositions suggest fruitful directions for further academic research. Originality/ value – Draws together two streams within the marketing literature in an original way, and offers a framework for the conceptualization of an important element of marketing strategy in challenging market conditions.

Keywords Corporate branding, Emerging markets, Market entry, Multinational firms Paper type Literature review Introduction Branding strategy Is a focal Issue for firms operating Intoners International marketplace. Seafarer (1992, up. 46-7) argues that branding means more than just giving a brand name to a product or products: " brands are a direct consequence of he strategy of market segmentation and product differentiation". Firms utilize a combination of brand attributes to meet the expectations of specific customers in various economic conditions.

Numerous corporate and product, brands are actively competing in the world markets. Corporate branding refers to the strategy in which brand and

corporate name are the same (De Cornerstone, 1997); product branding builds separate brand Identities for different products. The imagery varies from one brand to another in product branding, despite the fact that a single company may own multiple product brands (Davies and Chunk, 2002). Examples of corporate brands are IBM and Nikkei from the USA, ORBS (Royal Bank of Scotland) and Virgin from the K, or Sony and Mulishly from Japan.

Product brands Include Sprite and Mr. Bulb under the product branding 347 Received January 2005 Accepted March 2006 Marketing Intelligence & Planning Volvo. 24 NO. 4, 2006 up. 347-364 q Emerald Group Publishing Limited 0263-4503 DOI 10. 1108/02634500610672099 MIPS 24, 4 Coca-Cola umbrella, Lug and Dove from Milliner, Toyota and Lexus from Toyota, or Bonnet's Sisley and Killer Loop. Emerging markets are a key factor in the future Roth of the world economy, offering tremendous growth opportunities for firms from developed countries such as the USA and the members of the ELI.

The increasingly mature economies of emerging markets will demand more consumer goods from firms in the developed countries. Dewar and Psychotherapy (2002) contend that multinational firms from developed countries should adapt to the market conditions in emerging markets in order to successfully tap into these markets. Thus, some questions arise: which branding strategy, corporate branding or product branding, do firms prefer to use in their initial entry in the emerging markets? What factors influence the choice of branding strategy in emerging markets?

Urdu (2003) asserts that there are four basic “ brand architectures”; available to firms: corporate, product, corporate-and-product (with dominant use of the corporate brand) product-and-corporate (with dominant use of product brands). Some firms (such as MOM) almost exclusively emphasize their corporate brand while others (such as Procter ; Gamble) focus strategy on their product brands. Others actively deploy corporate branding and product branding simultaneously, shifting their emphasis between the product and the corporation in different markets and contexts.

For example, Nestle markets its products under the master corporate brand but gives equal prominence to such individual brand names as Carnation, Ensnare, Nested, Magi, Peppier and San Pipelining. Likewise, Intel promotes both its corporate brand and its Pentium and Echelon product brands. In this paper, we examine the branding architectures of firms with both corporate and product brands attempting to enter emerging markets. The study of branding has traditionally been dominated by an emphasis on product brands, the focus of which portfolio.

However, the fast innovation, increased service levels and diminishing rand loyalty characterizing today’s marketplaces have led to corporate branding becoming a strategic marketing tool (Morning and Christensen, 2001). Firms must therefore decide whether to build the product brands or the corporate identity (Loins, 1995). Corporate branding has received more and more attention from both practitioners and academics. Ward and Lee (2000) found that there was a shift by firms away from reliance on product brands to reliance on corporate and service brands.

Others have also recently found the use of corporate branding to be on the rise (Asker, 1996; Blamer, 1995, 2001). Although, there exists a body of literature on branding strategies, it has mostly focused on the marketing strategies of firms operating in an American context. Conspicuously missing from the marketing literature, and also from international business and international marketing publications, is a study of multinational corporate-versus-product branding strategies in the context of emerging markets.

There appears to be a research gap from both the marketing and international business perspectives. A convergence of literature on branding strategy and emerging markets is needed to address this international marketing issue. We set out here to close the research gap by analyzing the branding strategies that firms in developed countries choose for their entry into emerging markets. The rest of this paper is organized as follows. First, we present a brief literature review on corporate and product branding.

Second, we propose a conceptual framework encompassing factors that affect the branding decisions of developed- country firms operating in emerging markets, and develop propositions based on this framework. Lastly, we discuss conclusions and implications of this paper, and provide some suggested directions for further research on this topic. The specific focus of this themed issue on China and the Far East is not specifically addressed, but we believe the general principles to be readily transferable.

Literature review Corporate branding Corporate brand architecture is defined by core values shared by different products with a common and overall brand identity, which play a decisive part in coordinating the brand-building

process. The role of the corporate brand is to give credibility in cases such as communications with government, the financial sector, the labor market, and society in general (Urdu, 2003). Organizational values, core values ND added values are the foundation of a corporate brand. The interaction among them forms the value-creating process of the corporate brand (Urdu, 2003).

Companies are faced with the challenge of organizing their resources and internal processes so that the core values for which the corporate brand stands can be strengthened, differentiated and expressed as added value for consumers. The linkage between core values and corporate brand is decisive for a firm's brand equity and competitive position. Management and organization-wide support is crucial in this process (Urdu, 2003). A corporate brand is not necessarily limited to a reparations, their subsidiaries, and groups of companies (Blamer and Gray, 2003).

Blamer (1998) asserts that corporate identity, as an important corporate asset, represents the firm's ethics, goals and values, to differentiate the firm from its competitors. Because markets are becoming more complex and products and services are quickly imitated and homogeneity, maintaining credible product differentiation is increasingly difficult, requiring the positioning of the whole corporation rather than simply its products. Thus, the corporate values and images emerge as key elements of differentiation strategies (Hatch and Schultz, 2001).

The assumption for creating a corporate brand is that a corporate brand will support all aspects of the firm and differentiate the firm from its competitors (Harris and De Cornerstone, 2001; Mind, 1997; Blamer, 2001). Corporate

branding enables firms to use the vision and culture of the whole organization explicitly as part of its uniqueness (Blamer, 1995, 2001 ; De Cornerstone, 1999). De Cornerstone (2001) calls for firms to integrate their strategic vision with their brand building. Corporate brands can increase the firm's visibility, recognition and reputation to a greater extent than can product brands.

Blamer and Gray (2003) maintain that one of the benefits of strong corporate brands is that investors may seek them out deliberately. They furthermore offer more chances for strategic or brand alliances, and play an important role in the recruitment and retention of valuable employees. Alan (1996) attributes the surge of corporate branding to the rising costs of advertising, retailer power, product fragmentation, new product development cost efficiencies, and consumers' expectations of corporate credentials.

Corporate versus 349 350 Product branding Product branding yields different advantages for firms. McDonald et al. (2001) argue hat, a firm using a product-brand strategy rather than corporate branding will experience less damage to its corporate image if one of its individual brands fails. When the Ethylene brand was under siege in the USA because of tainted batches, Procter & Gambler's name and reputation were somewhat shielded by the product-branding strategy, leaving Pampers and Tide undamaged by the Ethylene scare.

A product brand is also flexible, allowing firms to position and appeal to different segments in different markets. Budweiser beer, for example, is sold in the USA as a broadly appealing, quality beer that is solid value for money.

In contrast, it is linked to the American lifestyle. A challenge with product branding is that targeting different small segments through different brands can result in high marketing costs and lower brand profitability. The role of branding and brand management is primarily to create differentiation and preference in the minds of customers.

The development of product branding has been built around the core role maintaining differentiation in a particular market (Knox and Bickerers, 2003). Corporate branding builds on the tradition of product branding, seeking to create differentiation and reference. However, corporate branding is conducted at the level of the firm instead of the product or service, and furthermore extends its reach beyond customers to stakeholders such as employees, customers, investors, suppliers, partners, regulators and local communities (Hatch and Schultz, 2001).

Corporate branding versus product branding A corporate brand can be regarded as the sum of the corporation's marketing efforts to present a controlled representation of the corporation's value system and identity (Mind, 1997; Blamer, 2001). It differs from a product brand in its strategic focus and its implementation, which combines corporate strategy, corporate communications and corporate culture (Blamer, 1995, 2001). Blamer and Gray (2003) and Hatch and Schultz (2003) argue that corporate branding differs from product branding in several other ways. First, the focus shifts from the product to the corporation.

Corporate branding therefore exposes the corporation and its members to a larger extent. Second, managerial responsibility for product brands usually

rest in the middle-management marketing function, while corporate brands usually involve strategic considerations at a higher executive level. Third, product brands typically target specific consumers, while corporate brands usually relate all of the firm's stakeholders and products and services to each other. Fourth, product-brand management is normally conducted within the marketing department, while corporate branding requires support across the corporation and cross-functional coordination.

Fifth, product brands are relatively short-term, compared to corporate brands, with their heritage and strategic vision. Therefore, corporate branding is more strategic than the normally functional product branding. Hatch and Schultz (2003) further argue that it engineers interactions mongo strategic vision, organizational culture and corporate image, to position the firm in its marketplace, and sets up internal support arrangements appropriate to its strategic importance. Similarly, Mind (1997) identifies three key differences.

First, corporate branding acquires a certain degree of tangibility through the messages the firm delivers and the relationship it establishes with various stakeholders. Second, corporate branding is more complex than product branding because of the variety of messages and relationships, and the potentially subsequent confusion. Third, it tends to demand rater attention to issues of ethical or social responsibility. The focus of a product brand is on customers while that of a corporate brand is on stakeholders.

Therefore, corporate brands can provide a sense of trust and quality for the firm in extending a product line or diversifying into other product lines

(Blamer and Gray, 2003). An potential, in that it can be translated to other markets (Apteral, 1993). It is observed that corporate brands are extensively used to launch new products in new markets. Corporate branding typically uses the total corporate communication mix to engage argue audiences who perceive and Judge the company and its products or services.

The overall image of the firm is therefore expected to generate brand equity at the corporate level (Keller, 2000). The core company values and heritage largely influence the image the firm is expected to have. In addition, strategic vision also contributes to the image, in the sense that stakeholders normally seek and use information about the firm beyond what it routinely provides. Hatch and Schultz (2003) conclude that firms successful in establishing a corporate brand are more competitive than firms lying only on product branding in the fragmented markets created by globalization.

On the other hand, corporate branding is also more complex than product branding in that it requires simultaneous and effective interaction of strategic vision, organizational culture, and images. De Cornerstone (1999) holds that it facilitates customers' desire to look deeper into the brand and evaluate the nature of the firm. Trust in the products and brand the firm offers predispose customers to accept its claims about other products and services. Conceptual framework Emerging markets and branding strategy

An emerging market can be defined as one in a country that has experienced a relatively rapid pace of economic development, and has initiated economic liberalizing and a market economy (Arnold and Squelch, 1998). There are two distinct groups of emerging economies, one comprising

the developing countries of Asia, Latin America, Africa and the Middle East and the other the transition economies of the former Soviet Union and China (Hosking's et al. , 2000). There is no definitive list of emerging economies because these countries are at different stages in their economic development process at any given time.

Nonetheless, any disagreement that might exist among scholars should only occur at the fringes of measurement. In this study, we use the terms " emerging market"; and " emerging economy'; interchangeably, to reflect the fact that they normally refer to the same basic concept in a variety of related studies. Given the sluggish growth in the world's developed markets, firms are increasingly turning to emerging markets for business growth and expansion. Emerging markets are attractive for at least three reasons.

First, many are ready for an immediate extra sales effort by firms in developed entries, which can establish a presence and gain new customers relatively quickly if they have a strong existing reputation. Second, saturation of developed markets leads to the exploitation of new markets in emerging 351 352 economies, to shield firms from economic recessions and changing demographics. Third, market size and market growth offer enormous potential for marketing success (Naked and Sparkman, 1997).

Entry to emerging markets also imposes significant challenges because of political risks, non-transparent government policies, fiscal restrictions, and the like. Emerging countries have traditionally protected their economies and their dominant state-owned enterprises. However, such protectionist environments often create product shortages or limited purchase choices,

with the result that competition is relatively low and demand is substantial (Arnold and Squelch, 1998).

Environmental opportunities and challenges exert a direct effect on a firm's strategy and performance by affecting operating costs and risks. Within emerging economies, market opportunities vary across industries and are not isolated from local environmental conditions (Lou, 2002). Firms may need to adopt market-based strategies at different times and stages in different markets. The interaction of firms with their environments therefore greatly affects the development of strategies in these emerging markets (Hosking's et al. , 2000).

Development of brand strategy in an emerging market should be based on an understanding of its economic, technological, socio-cultural, and competitive conditions, all of which may exert a considerable impact on an incoming firms' operations and performance. Figure 1 shows a conceptual framework of the factors that affect a firm's initial choice of branding strategy for an emerging market, and forms the basis of the research propositions that follow shortly. Stakeholder interest Product brands usually need to appeal only too limited group of stakeholders, mostly customers who purchase and use the product.

On the other hand, corporate brands may need to take account of the larger group of internal and external Stakeholder Interests Firm Characteristics Age Size Experience Corporate Image and reputation Market Complexity Choice of Branding Strategy Corporate Brand Product Brand Figure 1. Firms in emerging markets Marketing Costs Product Characteristics stakeholders

identified lealer. Therefore, corporate brands have more significance for he firm's wellbeing than product brands (Davies and Chunk, 2002).

Stakeholders' perceptions of a corporate brand are mainly developed through an accumulative process, in which they interact and communicate with the firm. The value of a corporate brand is based on its recognition by both customers and shareholders, which adds value to the reputation of the firm. Influential authors hold that corporate branding should be adapted to satisfy the needs of various stakeholders (Blamer, 2001; Hatch and Schultz, 2001). Van Riel and van Bragger (2002) argue that decision makers operating at the business-unit level may nevertheless see the advantage in taking full advantage of corporate branding.

It is suggested that four factors will affect management attitudes towards the corporate brand at this level: corporate strategy (related or unrelated); internal organization (degree of centralization); driving force (organizational identification within the unit); perceived external prestige (Van Riel and van Bragger, 2002, p. 242). These last authors define a corporate branding strategy as: a systemically planned and implemented process of creating and maintaining a favorable reputation of an organization and its constituent elements, by sending signals to stakeholders using the corporate brand.

One of the most significant differences between emerging economies and developed economies is the effect of variations in regulations, rules and policies enacted by governments locally (Hosking's et al. , 2000; Penn, 2000). Frequent and unpredictable changes can result in environmental uncertainty and complexity (Lou and Penn, 1999). It is difficult to take

advantage of the revenue-generating potential of emerging markets without a good relationship with host governments. Conversely, a healthy relationship can provide tangible benefits, such as access to market channels or sciences.

Because of rapid growth and increasing competition, a higher level of mass communication is very important in emerging markets. Firms should strive to create true partnership between manufacturers and dealers, for relationship-building is one key to success in such environments. On the other hand, an important task for foreign firms is to create a single and efficient sales and distribution system in an emerging market, integrating disparate organizations in order to become efficient in these complex markets (Bator, 1997).

Corporate branding may prove to be a practical and effective strategy in these circumstances. Multinational firms have obvious potential to successfully build corporate brands in an international context with a high quality brand identity, clearly identified stakeholders and brand positioning (Burt and Sparks, 2002). In markets where market mechanisms are supplemented by self evident in realizing the firms' goals. The first element of our conceptual framework is therefore: PI. The broader the stakeholders' interests, the more likely firms operating in emerging markets are to choose corporate branding.

Corporate image Corporate image is the sum of impressions and expectations of an organization built p in the minds of its stakeholders and the public (Topical, 2003). Many recent works in 353 354 the organizational

field argue that it is imperative for firms to effectively and properly manage corporation reputation: for instance, Bombproof and Van Riel (1997). From the organizational perspective, Hatch and Schultz (1997) contend that branding is a tool that needs to be managed, to create alignment between the internal culture and the external image of the firm.

The organization's vision is thus the key starting point in the management of its brand or brands. The rise of concern for corporate image, or reportage reputation, has mirrored the development of the study of corporate branding (Brat, 1989). Asker (1996) argues that a brand serves to differentiate the product from its competition by means of a set of consumer perceptions. According to both Kelly (1998) and Sharp (1995), many firms have realized that a strong corporate brand can lead to competitive advantage in the presence of increased competition.

In order to improve brand strength, firms need to shape positive customer perceptions. This process is more complex and problematic in emerging markets because of heterogeneity in market structure and consumer behavior. Kowalski and Pawls (2002) maintain that outside perception of the firm's organizational culture may influence its reputation. Therefore, firms should recognize that maintaining a favorable public perception of that culture to the public can have a positive impact on reputation. Common values and common ideas represented by the corporate brand can help the coordination process within the firm.

Public and media interest in companies has grown, as demonstrated by the significant increase in breadth and depth of business news reporting over

recent years. The demand for transparency has been significantly increased by the emergence of he various “ new media”. DiMaggio and Powell (1983) assert that a “ good corporate citizen”; image created by a environments. Similarly, Frogman (1999) and Freeman (1984) claim that respect, legitimacy and trust delivered by corporate branding strategy can assist firms in management of their supply-chain or distribution channels, directly or indirectly.

Blamer and Wilkinson (1991) argue that a strong corporate image is the most effective form of product differentiation. It is increasingly difficult to carve out a competitive edge for firms. The cost of supporting single brands is high, and the pressure from governments and interest roofs for corporate responsibility has mounted. In addition, the increasing influence of corporate ethics in decision-making has driven the rise of the corporate brand. In the current environment, price, product specification and product quality are becoming “ hygiene factors”.

Corporate ethics stand out as a real difference for customers, who expect firms to be more “ ethical”; than their competitors. There is therefore a need to communicate information about the new, distinct values. Furthermore, pressure for transparent and sound corporate behavior mounted in international markets in recent years (Lane, 1998). The core of corporate branding consists of two important concepts: corporate identity and corporate associations (Dacca and Brown, 2002). “ Corporate association”; refers to the beliefs and feelings that an individual has for an organization. Corporate identity’; refers to the characteristics or associations that strategists in an organization want to implant in the minds of their internal

and external constituencies. Dacca and Brown (2002) argue that decision makers in a firm will decide on an intended corporate identity and promote it to various audiences, who will form corporate associations and spend accordingly. When products vary and change over time and across markets, customers usually use corporate brand names and corporate identities to recognize and comprehend products or services.

Multinational firms typically use corporate identities to project their quality, prestige and style to stakeholders (Enamelware and Saunders, 1999). Customers normally derive their perception of a product brand from its advertising, distribution, and communicated image. On the other hand, corporate brand images typically result from customers' interaction with the firm's employees, hysterical presence and overall marketing efforts. A degree of intangibility and complexity is considered to be a central characteristic of a corporate brand (Mind, 1997).

Therefore, corporate branding can provide the strategic focus for the brand's positioning and its consistency across the firm's marketing and communication activity (Siegel, 1994). Many multinational companies from developed countries have multiple subsidiaries, together with multiple brands and cultures. The consequent potential for conflicting corporate associations frequently impedes communication teen the firm and its stakeholders, resulting in a lack of coherence and difficulties in coordination (Unwilled and Will, 2002).