# Rethinking G

It is received wisdom that, in order to be successful, a global brand should seek to become part of the local culture, adapting to the unique needs, values and desires of the population. But what evidence do we have that this is really still true? At the beginning of 2008, a global survey, sponsored by Millward Brown, was designed to understand the importance of the local touch. We wanted to answer these questions:

- What role do factors like culture and local production play in people's likelihood to buy a brand?
- Is there a difference between global and local brands in terms of what motivates people to buy them?

Although the overall conclusion, that getting close to local culture does still matter, has been reported elsewhere, this article delves deeper into the research and summarizes new findings and implications for marketers. The Global Brand survey was conducted in eight countries: (from west to east) the United States, Mexico, Brazil, the United Kingdom, Germany, Russia, India and China.

In each country, we compared two global brands to two local brands in each of five categories: cars, beer, fast food, shampoo/conditioners and soft drinks. In total, we interviewed 3,307 people about 91 different brands. About 400 people were interviewed in each country. A single respondent could answer for up to three categories for which they qualified. (The qualification was that they were likely to buy or use a brand in the category.) The fact that the surveys were conducted online limited the sample to people with at least moderate levels of income and education, and quotas were applied to achieve a balance across age groups.

**By Nigel Hollis**

In reality there are relatively few truly global brands and fewer still that manage to create a really strong connection with consumers in many countries. And so, even though the global brands we selected for study were well-known players (McDonald's, KFC, Budweiser, Heineken, Toyota, Ford, Pantene Pro-V, Dove, Coca-Cola and Pepsi), in some countries we had to make substitutions for one or more of these brands. For example, in Russia, we replaced Budweiser with Miller. It is not that Budweiser is not present in Russia, but simply that its presence there is too low for it to serve as a meaningful example of a global brand.

Local brands were selected on a similar basis in each country. They had to be well-known enough for the majority of people to have an opinion of them. Again, we had to make some adjustments for certain countries and categories. For example, because there are no major car brands that are truly "local" to Brazil, we had to select two foreign-owned brands (Volkswagen and Fiat) that are

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# Globalization

regarded as local because they have been manufactured in Brazil for many years. In one or two cases we deliberately selected a brand in order to enable cross-country comparisons (e.g., Buick in the United States and China; Corona in the United States and Mexico).

## Strong Global Brands Are Rare

Before delving into the results of our survey, we need to put the findings in context. This survey was designed to contrast a consistent set of global brands with their local competitors. This design forced us to choose from the very limited set of brands that have already created strong relationships with consumers in multiple countries. As a result, our set of global brands is an unusually strong one. Because the strength of this set of brands might appear to overstate the advantages of global brands, it is important to interpret the results in the light of the following facts.

First, Millward Brown's BrandZ equity database holds data on more than 10,000 brands across almost 100 countries, but only 3 percent of those brands were measured in seven or more countries. The overwhelming majority of brands—84 percent—were measured in only one. (It should be noted that BrandZ typically measures the brands that account for 80 percent of category volume in a market. If a brand is only measured in one country, it implies it does not have a significant share elsewhere.)

Second, on average, the brands measured by BrandZ in just one country created a stronger attitudinal bond with their consumers than those measured in seven or more countries.

Third, an analysis designed to identify brands that created strong attitudinal bonds with consumers across countries and cultures found very few brands that did so. Of the 3 percent of brands measured in seven or more countries, only one in four were classified as being strong in at least half of the countries in which they were studied.

This is really not surprising. Most global brands started out as local brands. As they extended their reach, they had to build relationships from scratch in each new market. Local brands enjoy the advantage of being familiar with local tastes and customs and therefore have a better chance of getting firmly entrenched in the local culture.

In considering the results of The Global Brand survey, readers must remember that the global brands in this study are truly la crème de la crème.


## Global vs. Local

The aggregate results of the survey are summarized in Exhibit 1 on page 14. The first two columns show the average percentage of people mentioning any global or local brand across the five product categories and eight countries studied. In the two rightmost columns, an asterick denotes that

## Executive Summary

**By now all marketers should know they need to "think** global and act local" when trying to extend a brand to new countries and cultures. Global media companies and the Internet ensure that popular culture and news is generally available to all. When people have so much in common, is it still necessary to make that local connection with them? Using results of an extensive Millward Brown survey, this article examines that question.

regression analysis (conducted separately for global and local brands) identified a statistically significant relationship between the image statement and the probability of people purchasing a brand.

It is apparent from the data that the global brands included in our survey are stronger than the local ones. They are more often considered for purchase and receive higher scores on all statements, except those related to where they were made or whether they were part of the local national culture.

In part, this stronger performance derives from the strong, scalable business models these brands have developed over time. Advantages of scale also accrue to global brands in terms of centralized R&D, redeploying marketing practices and assets that have proved successful elsewhere and so on.

Advantages like these have allowed these global brands to enter new markets successfully by disrupting the status quo in a category. Innovation and perceptions of higher quality help them establish a competitive advantage over the competition. In our research, this is reflected by a far stronger perception that they are "setting the trends." The global brands in our survey also lead local brands in being mentioned as "very easy to recognize" and having "very distinctive identities."

**Being part of the national culture drives purchase probability for both global and local brands.** Not everything is stacked in favor of the global brands, however. Local brands typically score far higher than global ones on being seen as part of the national culture, an attribute which, at the aggregate level, is a driver of purchase intent for all brands, both global and local.

This finding confirms that brands that are identified with local culture will perform better than others (all other things being equal). While it has less impact on purchase probability than perceptions that a brand is high quality or setting trends, association with local culture is definitely a benefit. With notable exceptions, our analysis suggests that global brands owe their strength to their reliance on the basics of brand-building. By contrast, local brands, which may lack the business acumen and deep pockets of the MNC brands, draw strength from the home-field advantage (provided that they qualify as strong brands in their own right).

Finally, the analysis also finds that being produced locally is a significant driver for local brands but not global ones. In practice, this advantage is often negated by MNCs establishing local production facilities (e.g., Toyota building cars in the United States or Motorola making mobile phones in China). However, the survey results suggest it is still a potential benefit to some local brands in some countries.

**Not every country thinks local is better.** As with all research conducted across countries and categories, the preceding "global" results hide several differences and exceptions. Most notable for brand marketers are the differences by country.

Regression analysis conducted across the five product categories within individual countries found that two countries deviate from our general finding: Russia and the United Kingdom. The reasons behind these differences point to the innate complexity of marketing brands across countries and cultures.

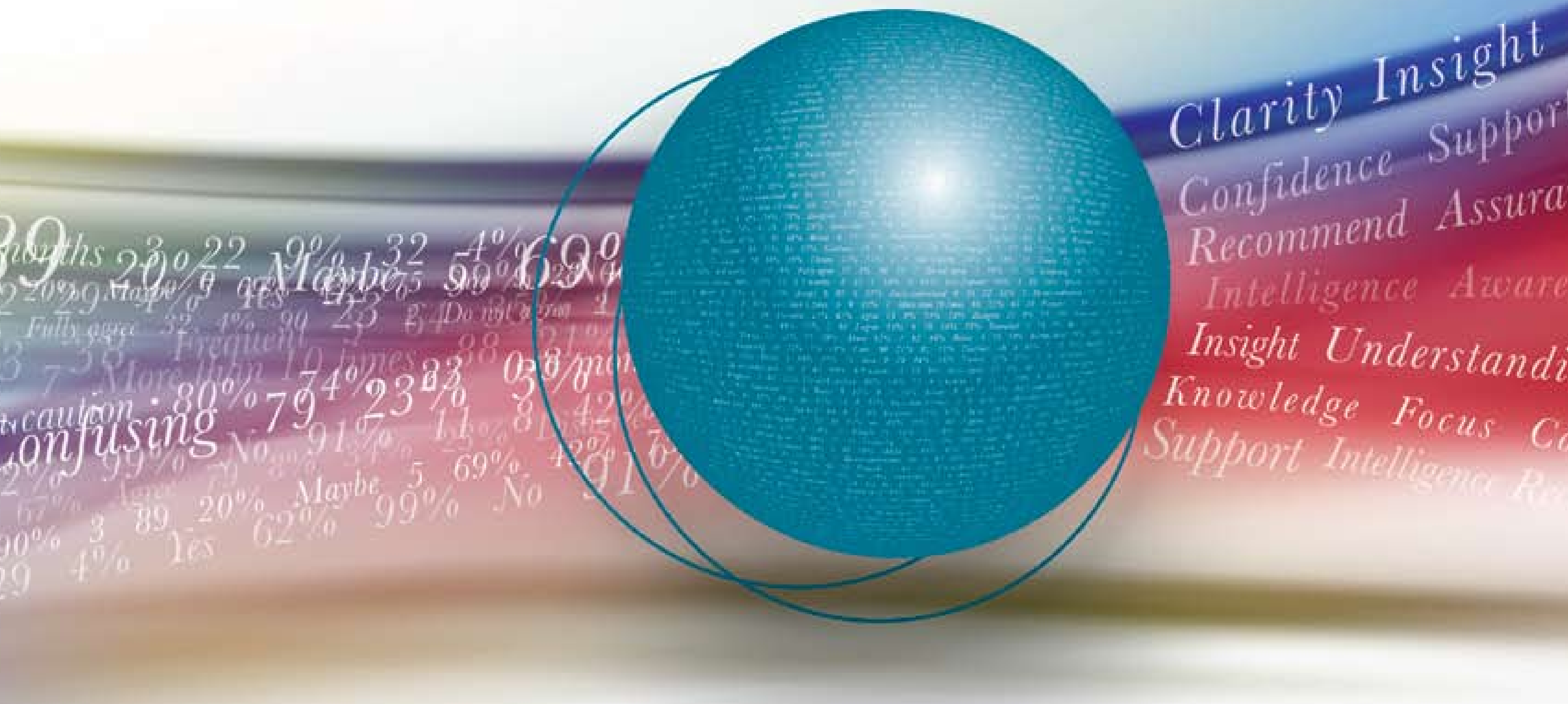
In Russia, for a brand to be seen as part of the national culture actually appears to undermine purchase intent. The relationship between both national culture and local production is significant but negative. As shown in Exhibit 2, Russians are the most likely of the eight nationalities to think choosing the right brand is important (as opposed to getting the right price), but the least likely to agree they always try to buy locally produced brands.

Memories of poor quality goods from the communist era still influence Russian's beliefs today; therefore foreign brands are held in much higher regard. The belief that foreign brands

**Exhibit 1** Average percent mentioning a brand

| | Average percent mentioning any global or local brand | | Significant in relation to purchase | |
|---|---|---|---|---|
| | Global % | Local % | Global % | Local % |
| First choice or seriously considered for purchase | 53 | 40 | | |
| Are very easy to recognize | 63 | 56 | * | |
| Have very distinctive identities | 52 | 43 | * | |
| Are very high-quality brands | 48 | 39 | * | * |
| Have a strong heritage | 42 | 31 | * | * |
| Are brands that are setting the trends | 42 | 27 | * | * |
| Are made in (country) | 25 | 56 | | * |
| Are part of our (nationality) culture | 21 | 42 | * | * |

*Note*: An * indicates that regression analysis (conducted separately for global and local brands) has identified a statistically significant relationship between the image statement and the probability of people purchasing a brand at the 95% level of confidence.

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are typically higher quality or that their consumption helps indicate a person's status is by no means limited to Russia, but only there do we find such a strong, negative view of local brands.

In the U.K., the relationship between local culture, local production and purchase intent is statistically insignificant, a finding that supports government concern that the British no longer value their cultural origins. But then, the British have long been exposed to influences from many different cultures and countries, including foreign brands, and they are much more likely to travel abroad on a regular basis than their peers in other countries (except Germany). Analysis of Global Target Group Index (TGI) data confirms that, in most countries, regular international travelers are more likely to buy foreign brands than their stay-at-home peers.

Like people in other Western countries with developed economies, the British are more likely to believe that most brands are good quality and, lacking any other means to differentiate between them, buy on price (as reported in Exhibit 2). This selection process often favors brands produced abroad.

**Are other countries destined to share the West's outlook on brands?** As I talked to many marketers in the United States and Europe, I encounter an implicit assumption that, as disposable income levels rise around the world, consumers' needs, wants and desires will become more homogeneous. But is this assumption true? The findings reported here suggest there are still significant differences in attitudes toward brands across countries, but will these differences fade with time?

Our survey can only shed light on the current situation. However, other indicators help anticipate whether the world will become more homogenized or not. Analysis of TGI data reveals that the rich and poor within a country have largely similar values, but big differences still exist between people with relatively high standards of living across countries. This is consistent with analysis by Marieke de Mooij, who concluded that "Countries may be converging with respect to income levels but they are not converging with respect to values of national culture." (See her September 1997 ESOMAR paper, "Mapping Cultural Values for Global Marketing and Advertising.")

If history is to be our guide, the developing economies of Asia and South America are likely to follow the examples of Japan and Korea and retain a strong degree of cultural identity. Since its rise as a global powerhouse, Japan has shown little sign of losing its unique culture. Developing brands and marketing communication that will succeed there still presents a significant challenge to global marketers.

Whatever the future brings, it seems unlikely that people's needs, wants and desires will become irrevocably homogenized any time soon. If anything, rising income levels may allow people to celebrate their own cultural identity rather than blindly adopting that of the West. Global brands will still need to win at the local level in order to become successful on a global scale.

## Strategies for Adaptation

How much a brand needs to blend into local culture is dictated by the nature of the product category, the country and the competitive context. Information technology brands are often selling to a relatively upscale group of consumers around the world, particularly in business-to-business categories. Even in the consumer domain, IT products serve mostly as interfaces to content and therefore are less susceptible to the influences of culture. The music and videos I have on my MP3 player will probably be very different from what you have on yours; likewise I may view very different content online from my laptop. The technology, however, is the same for both of us. By comparison with IT brands, however, food and drink brands are much more susceptible to the demands of local tastes and thus require a greater degree of adaptation.

Two brands that stood out in our survey as having succeeded on the world stage through effective adaptation were Coca-Cola and McDonald's. Both brands achieved high purchase intent scores across our eight countries. Not surprisingly, both brands scored very highly on being seen as part of the national culture in the United States. They are identified as American brands by most people interviewed. In spite of this strong American heritage, however, a significant proportion of people in some countries outside of the United States admitted to feeling that these brands were part of their own national culture, as evidenced by the data in Exhibit 3.

This is no mean feat for such iconic American brands. While aspiration for the American lifestyle has no doubt played a strong part in the success of these brands, two other factors are also at work: local adaptation and time in market.

**Combining global positioning with local adaptation.** McDonald's is the world's largest chain of fast food restaurants, currently serving in more than 100 countries in the world. While the brand's presence outside of the United States used to reflect its American heritage, that is no longer true. Menu items, store design and marketing communication are all adapted to meet local needs and values.

The company's launch into India reflects its willingness to adapt to meet local needs. In respect to Hindu and Muslim beliefs, no beef or pork is offered on the menu. The signature

**Exhibit 2** Percent agreeing with each statement

| | Russia | Germany | U.K. | Brazil | U.S. | India | Mexico | China |
|---|---|---|---|---|---|---|---|---|
| I always try to buy brands produced in my own country | 23% | 30% | 31% | 47% | 49% | 50% | 54% | 62% |
| More concerned with getting a specific brand rather than the best price | 81% | 65% | 64% | 69% | 65% | 79% | 74% | 75% |

Big Mac is replaced by the Chicken Maharaja Mac. While the brand's positioning—good food served fast and at a reasonable price—remains the same, its marketing communication reflects local needs.

Initially, advertising was designed to establish the brand's positioning and create an emotional connection between Indian families and the brand. The latest campaign features father-son duos from the Bollywood film industry. Various strategies help ensure that the brand is accessible and relevant. The Happy Price Menu extends its appeal to younger consumers as well as those in socio-economic group B, which consists of higher income, well-educated, urban consumers. A one-minute service guarantee, kitchen tours and home delivery all help to encourage trial and repeat use. Today, 30 percent of Indians interviewed in our survey agreed McDonald's is their first choice for fast food.

Coca-Cola has been similarly successful in building up a strong relationship with consumers across countries and cultures. Unknown to many of its consumers, the Coca-Cola product varies around the world. One only has to travel from the brand's homeland, the United States, to Mexico to find a formulation that uses cane sugar instead of corn syrup. Many Mexican immigrants living in the United States regard this as the "real thing" and will transport cases of the signature glass bottles across the border from Mexico.

Coke is extremely strong in Mexico, and, in spite of the fact that people know it is an American brand, nearly one in two Mexicans agree that it is part of their national culture. Strong distribution and visibility combined with the use of locally produced ads that complement global campaigns contribute to the brand's strength. However, there is one other factor that many marketers would do well to remember: Relationships take time to develop. Just as it takes time to build a strong relationship with another person, it takes time to build a strong relationship between people and a brand. The authorization to bottle Coca-Cola in Mexico was granted in 1926, and therefore most Mexicans have grown up with the brand.

For both McDonald's and Coca-Cola, time in market helps explain the degree to which the brand is seen to be part of the local culture. Looking across the countries studied (excluding the U.S.), the correlation between number of years in market (or from re-entry, in the case of Coca-Cola in India and China) and the proportion perceiving the brand to be part of local culture is 0.66 for Coca-Cola and 0.61 for McDonald's.

**Combining global strengths with a local face.** The aim of successful global brands is to strike the balance between business scale and brand strength that allows them to connect with consumers around the world. With this in mind, branding expert Martin Lindstrom proposes that a global brand needs to maintain a consistent name, logo and color scheme in order to combine marketing efficiencies with the flexibility to localize positioning and communications. (See AdAge video, http://adage.com/article?article_id=115637.)

On face value, this seems to be an appealing proposition, but there are many examples of global brands that flout these guidelines. For example, history has left Unilever with several brands that share the same positioning but have different names in different parts of the world. By retaining local names but sharing a common product formulation, packaging and positioning, Unilever can keep the local connection while leveraging the advantages of scale.

**Exhibit 3** Brands that blend in

| | U.S. | Brazil | U.K. | Germany | India | China | Mexico | Russia |
|---|---|---|---|---|---|---|---|---|
| McDonald's | 81% | 44% | 29% | 22% | 15% | 7% | 6% | 6% |
| Coca-Cola | 80% | 64% | 30% | 26% | 18% | 9% | 47% | 8% |

One such brand is the shampoo brand that is known as Sedal in Mexico, Seda in Brazil and Sunsilk in India, the United States and elsewhere. In Brazil, Seda combines the strengths of a multinational brand with those of a local one. Time in market has given it a high profile and it maintains a distinctive positioning. Many people think that Seda, like its sibling brand, Dove, is setting the trends for the category (44 percent vs. 57 percent, respectively). Like its Brazilian-owned competitor, Natura, Seda is also seen to be part of the Brazilian national culture (56 percent agree this is true of both brands). The combination has helped Seda retain brand leadership in the Brazilian hair care category.

## Does Foreign Ownership Really Matter?

In days gone by, automotive manufacturers used to be a source of significant national pride. Today well-known British brands like Jaguar and Land Rover have been bought and sold by Indian and American companies, and local producers like Seat and Skoda are owned by the German Volkswagen Audi Group. One would think that today no one really cares who owns what. Indeed, substantial confusion often exists over whether a brand is actually owned by a foreign company or not. Even so, our data points to the subtle influence of the local connection in people's attitudes to automotive brands.

In the U.K., 65 percent of people believe the new MINI is part of their country's national culture. Only a minority realizes that it is actually designed and manufactured by the German company BMW. When apprised of this fact, most people greeted the news with indifference, suggesting it would make no difference in the way they viewed the brand. Germany, after all, has a well-established reputation for manufacturing quality automobiles.

By comparison, 68 percent of Germans believe that GM's Opel is a German car brand, and 48 percent think it is part of their national culture. When informed that Opel is owned by an American company (General Motors), 16 percent said it made them feel less favorable about the brand. Only 5 percent felt more favorable. This negative reaction was most notable among the younger respondents, with 31 percent of 16-to-29-year-olds suggesting their opinion of the brand had been lowered. Younger Germans probably do not see the U.S., and particularly the U.S. auto industry, as positively as their older compatriots.

But foreign ownership may not be a bad thing, provided the brand is locally produced. Volkswagen has been produced in Mexico for many years, and the Beetle taxicab, affectionately known as "Vocho," is an icon of the Mexico City streets. In fact, the beloved "Vocho" was so popular that its discontinuation in 2003 was marked with grief. Five years later, 59 percent of Mexicans think that Volkswagen is a part of their national culture in spite of the fact that the majority know of its German origins.

A similar story plays itself out in China with the American brand Buick. In the United States, Buick is not a brand that elicits desire. Along with other U.S. automotive brands, it has suffered from an undue reliance on "cash on the hood" to get people to buy. But, in China, Buick is an aspirational brand. In our global survey, Chinese perceptions of Buick's quality match those of Toyota. The Chinese also gave Buick a slight edge over Toyota on setting the trends in the category. Like many successful global brands in China, Buick markets its sub-brands to separate audiences. Regal targets the winners, the ones with "conquering spirit" who have made it to the top. Excelle, on the other hand, goes after those who are on the move, applauding those who actively play the game. Our data confirms the vast difference in perception between the two countries.

However, in the year since our survey was taken, the situation for GM in China has gotten tougher. While the new Buick Regal, released in China last fall, was greeted with enthusiastic reviews, competition from Honda and Toyota has increased, and affluent Chinese consumers who want a luxury car are increasingly able to afford European makes like Audi and BMW. A combination of American heritage and locally inspired design has powered Buick's success so far, but in the face of increased competition and the news of GM's financial difficulties at home, Buick cannot afford to rest on its laurels.

**Being seen as part of local culture is not a necessity.** Our regression analysis confirms that, on an overall basis, being seen as part of the national culture is a driver of purchase intent for global brands. But unlike perceptions of high quality or a distinctive positioning, being part of the local culture is not a necessity. Three globally successful brands in our study achieved universally low scores on this measure (across the eight countries studied) but still achieved relatively high purchase intent. These brands were Heineken, Toyota and Pantene Pro-V.

To find a beer brand that has achieved success in multiple countries outside its homeland is very unusual. As we can see from Exhibit 5, however, Heineken has achieved strong (if not dominant) consideration scores in most of our eight countries, even though the brand is not seen as part of local culture in any of them. That said, few people can accurately identify what Heineken's nationality really is. Rather than deriving distinction from association with a particular place, Heineken has achieved its current lofty status through innovation, strong marketing and a long history.

Founded in The Netherlands in 1863, Heineken used an innovative brewing process that produced a shelf-stable beer that was well-suited to export. The company became the first serious exporter of beer when it extended distribution to England, Belgium and Northern France. The beer and its distinctive packaging remain consistent around the world and, while the brand's marketing communication varies according to local needs and culture, it remains true to the brand's global "feeling."

Like Heineken, Toyota achieves relatively high purchase consideration scores across the countries in our survey, but is not typically seen to be part of the national culture. Toyota differs from Heineken in that the majority of people in each country know that the brand originates in Japan.

The origins of Procter & Gamble's Pantene Pro-V are less clearly identifiable than those of Toyota. A slightly higher proportion of people suggest the brand is American than state they are not sure of the brand's nationality. Like Heineken, however, Pantene Pro-V shares the characteristics of a successful global brand: high quality, distinctive identity, trendsetting and easy to recognize.

Overall, our research suggests that the "think global act local" mantra does in fact still apply. As with any assessment of the global scene, however, there are exceptions. We cannot assume that the principle will apply in all cultures or that every category or brand will be viewed the same way within a country. The real conclusion from our analysis is that no hard and fast rules apply. The strategy that will produce the best return on investment will vary depending on brand, competition, context and culture. When seeking to develop a strong brand on the global stage, each new opportunity must be judged on its own merits, and the brand offer adapted accordingly. Insightful market research must be a critical element of that process. ●

**Additional Reading**

Hollis, Nigel (2008), *The Global Brand*. London: Palgrave Macmillan.

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After a four-year stint with Cadbury Schweppes in the UK, Nigel joined Millward Brown, where he has worked with clients in many different industries and countries, and has been instrumental in developing some of Millward Brown's most successful research solutions.

Nigel is a four-time winner of WPP's Atticus Award for original thinking in marketing services. His latest thoughts on the world of marketing and market research can be found at http://www.mb-blog.com.